

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 68-57
March 13, 1968

CONDITION AND INCOME OF MEMBER BANKS ELEVENTH FEDERAL RESERVE DISTRICT

**To All Member Banks
in the Eleventh Federal Reserve District:**

Bank revenues and expenses and total bank credit registered substantial increases at member banks in the Eleventh Federal Reserve District during 1967. The easing of monetary policy and the persistence of high levels of interest rates were major factors contributing to these developments. With rapid growth in deposits, member banks in the District added heavily to their investment holdings (especially investments in non-U.S. Government securities) and expanded their loan portfolios substantially. Total assets of the District member banks rose \$1.8 billion to a total of \$19.9 billion on December 30, 1967, reflecting a gain of more than 10 percent over the previous year-end.

Net income of District member banks rose 11.4 percent during 1967, about the same percentage increase as in 1966. Total current operating revenue advanced 10.7 percent (\$85.3 million), with gains of 13.1 percent (\$22.0 million) in interest and dividends on securities and 9.8 percent (\$53.1 million) in interest and discount on loans. On the expense side, interest paid on time and savings deposits rose 16.1 percent (\$37.9 million) and was the major factor in the 11.1-percent (\$65.2 million) gain in total current operating expenses. In 1966 this item of expense showed a gain of 24 percent.

Credit expansion at District member banks in 1967 totaled \$1.4 billion, or 10.4 percent, more than twice the percentage increase in 1966. Member banks added heavily to their holdings of obligations of states and political subdivisions (\$256.2 million, or 13.6 percent) and U.S. Government securities (\$254.6 million, or 10.8 percent), as yields on these issues were relatively attractive and funds were available. Also, loan portfolios expanded \$767 million, or 8.5 percent. Although the rise in credits extended to commercial and industrial firms accounted for almost one-half of the total gain, notable increases were recorded in loans to individuals and financial institutions and credits secured by real estate.

Total deposits at the District's member banks increased \$1.6 billion, or 10.2 percent, in 1967. In contrast to the experience of other recent years, the rise of 8.9 percent (\$888 million) in demand deposits contributed importantly to total deposit expansion. Partly reflecting the unusually high rate of personal savings during the year and also the attractiveness of time deposit rates relative to open market rates during much of the year, time and savings deposits of individuals, partnerships, and corporations advanced 14.4 percent.

Reflecting the rebuilding of liquidity by District banks, the ratio of total loans to total deposits declined from 56.0 percent on December 31, 1966, to 55.2 percent on December 30, 1967. The ratio of total capital accounts to risk assets declined from 12.3 percent on December 31, 1966, to 11.8 percent on December 30, 1967.

Yours very truly,

P. E. Coldwell

President

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

(Amounts in thousands of dollars)

Item	Dec. 30, 1967p	June 30, 1967	Dec. 31, 1966
Loans (net), including overdrafts ¹	9,775,599	9,218,284	9,008,633
U.S. Government obligations, direct and guaranteed.....	2,610,106	2,266,988	2,355,472
Obligations of states and political subdivisions.....	2,135,242	1,988,990	1,879,082
Other securities.....	529,715	449,197	383,831
TOTAL LOANS (NET) AND INVESTMENTS	15,050,662	13,923,459	13,627,018
Cash and balances due from banks.....	4,279,750	3,456,519	3,930,450
TOTAL ASSETS	19,906,823	17,909,610	18,096,045
Individual — Demand deposits.....	7,954,309	6,756,825	7,183,613
Individual — Time deposits.....	5,749,867	5,447,052	5,026,958
Deposits of U.S. Government, including postal savings.....	199,848	212,199	172,113
Deposits of states and political subdivisions.....	1,735,181	1,718,002	1,761,794
Deposits of banks.....	1,845,007	1,465,903	1,745,193
Certified and officers' checks, etc.....	224,547	161,200	183,559
TOTAL DEPOSITS	17,708,759	15,761,181	16,073,230
TOTAL CAPITAL ACCOUNTS	1,539,435	1,511,731	1,454,963
Borrowings from Federal Reserve Bank.....	5,800	3,435	400
All other borrowings.....	375,201	392,439	316,814
Ratio of loans to total deposits.....	55.2%	58.5%	56.0%
Ratio of cash and balances due from banks to total deposits.....	24.2%	21.9%	24.5%
Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets).....	11.8%	12.4%	12.3%
Number of member banks.....	667	671	673

¹ Includes Federal funds sold.

p—Preliminary.

**PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS
1958-67**

ELEVENTH FEDERAL RESERVE DISTRICT

(In thousands of dollars)

Date	Total Deposits	Total Loans (Net) ¹	Total Investments	Total Loans (Net) and Investments	Total U.S. Gov. Secs.	Total Capital Accounts
Dec. 31, 1958	10,659,885	4,617,590	3,544,026	8,161,616	2,711,203	849,568
1959	10,669,985	4,857,870	3,469,554	8,327,424	2,594,655	909,042
1960	11,215,770	5,154,181	3,501,845	8,656,026	2,620,601	973,089
1961	12,167,914	5,645,684	3,893,949	9,539,633	2,904,526	1,034,789
Dec. 28, 1962	12,456,678	6,167,837	4,099,016	10,266,853	2,910,190	1,132,235
Dec. 20, 1963	12,968,887	6,854,157	4,200,729	11,054,886	2,767,547	1,202,411
Dec. 31, 1964	14,489,488	7,740,423	4,268,358	12,008,781	2,669,966	1,298,084
1965	15,366,002	8,509,564	4,481,641	12,991,205	2,498,091	1,378,642
1966	16,073,230	² 9,008,633	² 4,618,385	13,627,018	2,355,472	1,454,963
Dec. 30, 1967p	17,708,759	9,775,599	5,275,063	15,050,662	2,610,106	1,539,435

¹ Includes Federal funds sold.

² Commodity Credit Corporation certificates of interest and Export-Import Bank participations are henceforth included in "Total Investments," rather than "Total Loans (Net)."

p—Preliminary.

**COMPARATIVE STATEMENT OF INCOME AND DIVIDENDS OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT**

(Amounts in thousands of dollars)

Item	1967 ^p	1966	Net Change, 1967 from 1966
Interest and dividends on securities.....	189,702	167,741	21,961
Interest and discount on loans.....	596,913	543,846	53,067
Service charges on deposit accounts.....	37,119	33,883	3,236
All other revenue.....	59,363	52,364	6,999
TOTAL CURRENT OPERATING REVENUE.....	883,097	797,834	85,263
Salaries and wages.....	173,483	159,949	13,534
Interest on time and savings deposits.....	273,098	235,226	37,872
All other expenses.....	204,986	191,222	13,764
TOTAL CURRENT OPERATING EXPENSES.....	651,567	586,397	65,170
NET CURRENT OPERATING EARNINGS.....	231,530	211,437	20,093
Total recoveries, transfers from valuation reserves, and profits.....	12,134	8,880	3,254
Total losses, charge-offs, and transfers to valuation reserves.....	60,989	56,076	4,913
Net income before related taxes.....	182,675	164,241	18,434
Taxes on net income.....	52,665	47,497	5,168
NET INCOME.....	130,010	116,744	13,266
Cash dividends declared ¹	64,606	59,816	4,790
Number of member banks.....	667	673	—6

¹ Includes interest on capital notes and debentures.

^p—Preliminary.

**PRINCIPAL ITEMS OF INCOME AND DIVIDENDS OF MEMBER BANKS
1958-67**

ELEVENTH FEDERAL RESERVE DISTRICT

(Amounts in thousands of dollars)

Year	Total Current Operating Revenue ¹	Total Current Operating Expenses ¹	Net Current Operating Earnings	Total Recoveries, Transfers, and Profits	Total Losses, Charge-offs, and Transfers	Net Income	Cash Dividends Declared ²	Number of Member Banks
1958	378,067	241,292	136,775	19,610	29,947	76,123	34,315	631
1959	424,727	269,118	155,609	9,638	43,381	70,630	37,623	633
1960	458,798	289,110	169,688	10,665	32,038	88,765	40,702	632
1961	459,019	295,129	163,890	19,768	35,737	88,748	42,164	630
1962	516,727	344,023	172,704	13,765	38,872	89,803	44,167	632
1963	573,061	396,221	176,840	15,714	39,873	90,545	46,668	656
1964	637,030	452,370	184,660	14,330	51,096	95,942	50,956	672
1965	701,424	509,130	192,294	9,569	50,802	105,100	56,080	675
1966	797,834	586,397	211,437	8,880	56,076	116,744	59,816	673
1967 ^p	883,097	651,567	231,530	12,134	60,989	130,010	64,606	667

¹ Beginning in 1961, income and expenses related to bank premises are reported net (plus or minus) under current operating expenses.

² Includes interest on capital notes and debentures.

^p—Preliminary.