

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 69-57
March 21, 1969

CONDITION AND INCOME OF MEMBER BANKS ELEVENTH FEDERAL RESERVE DISTRICT

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

Most of the major balance sheet and income and expense items increased markedly during 1968 at member banks in the Eleventh Federal Reserve District. Rapid expansion in the economy and record interest rates contributed to this development. Inflows of both demand deposits and, particularly, of time deposits were quite large. With heavy deposit inflows, the District's member banks expanded their loans more rapidly than in any previous year of this decade and also added to their investment portfolios. Total assets of the District's member banks were \$22.3 billion as of December 31, 1968, up 12.1 percent from December 30, 1967.

Net current operating earnings of District member banks rose \$38.1 million, or 16.5 percent, in 1968, almost double the gain in the previous year. Total current operating revenue advanced \$152.1 million, or 17.2 percent, as both interest and dividends on securities and interest and discount on loans rose about 17 percent. Current operating expenses also increased rapidly, advancing \$114.0 million, or 17.5 percent. Interest payments on time and savings deposits, by far the largest single expense item, rose 20.4 percent, reflecting both larger amounts of these deposits and higher effective rates.

Total credit extended by the District's member banks last year advanced \$1.9 billion, or 12.4 percent, somewhat above the gain in 1967. Loan demand was quite strong, with total loans rising more than 14 percent. The increase in loans was fairly general throughout the major loan categories. However, gains in real estate loans, commercial and industrial loans, and loans for purchasing or carrying securities were particularly noticeable and accounted for 60 percent of the loan advance over the year-earlier total. Credit extended under credit card arrangements and related plans almost doubled last year. Investments in obligations of state and local governments surged, increasing 18.7 percent, but holdings of U.S. Government obligations showed little change.

Total deposits at the District's member banks increased about \$1.9 billion, or 10.7 percent, during 1968. Demand deposits of individuals, partnerships, and corporations expanded 8.5 percent, slightly below the 1967 gain. IPC time deposits, however, rose 13.6 percent, as large certificates of deposit increased sharply. In addition, borrowings by the District's member banks also rose, principally reflecting increased purchases of Federal funds. Borrowings totaled \$742 million on December 31, 1968, which was almost double the amount on December 30, 1967. These borrowings equaled 46 percent of capital accounts at the end of 1968, compared with only 25 percent a year earlier.

Reflecting the rapid increase in loans, the ratio of total loans to total deposits advanced to a level of 57.0 percent on December 31, 1968. Moreover, the ratio of total capital accounts to risk assets fell almost one full percentage point and was 11.0 percent on December 31, 1968.

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. 31, 1968p	June 29, 1968	Dec. 30, 1967
Loans (net), including overdrafts ¹	11,169,525	10,063,136	9,775,383
U.S. Government obligations	2,649,463	2,393,234	2,610,139
Obligations of states and political subdivisions.....	2,534,216	2,256,767	2,135,273
Other securities	561,199	522,915	529,792
TOTAL LOANS (NET) AND INVESTMENTS	16,914,403	15,236,052	15,050,587
Cash and balances due from banks.....	4,781,424	3,713,945	4,279,773
TOTAL ASSETS	22,311,166	19,548,958	19,906,830
Individual — Demand deposits	8,627,401	7,413,775	7,954,181
Individual — Time deposits	6,533,560	6,070,450	5,749,849
Deposits of U.S. Government, including postal savings.....	187,520	205,908	199,880
Deposits of states and political subdivisions.....	2,012,226	1,771,434	1,735,222
Deposits of banks	1,993,962	1,510,681	1,845,026
Certified and officers' checks, etc.....	248,701	176,696	224,574
TOTAL DEPOSITS	19,603,370	17,148,944	17,708,732
TOTAL CAPITAL ACCOUNTS	1,630,085	1,601,550	1,539,474
Borrowings from Federal Reserve Bank.....	5,300	16,233	5,800
All other borrowings.....	736,509	475,637	375,201
Ratio of loans to total deposits.....	57.0%	58.7%	55.2%
Ratio of cash and balances due from banks to total deposits.....	24.4%	21.7%	24.2%
Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets).....	11.0%	11.9%	11.8%
Number of member banks.....	651	663	667

¹ Includes Federal funds sold.

p—Preliminary.

PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS

1959-68

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, 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, 1967	17,708,732	9,775,383	5,275,204	15,050,587	2,610,139	1,539,474
Dec. 31, 1968p	19,603,370	11,169,525	5,744,878	16,914,403	2,649,463	1,630,085

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	1968 ^p	1967	Net Change, 1968 from 1967
Interest and dividends on securities.....	222,256	189,708	32,548
Interest and discount on loans.....	697,902	596,916	100,986
Service charges on deposit accounts.....	41,455	37,121	4,334
All other revenue.....	73,603	59,348	14,255
TOTAL CURRENT OPERATING REVENUE.....	1,035,216	883,093	152,123
Salaries and wages.....	192,644	173,486	19,158
Interest on time and savings deposits.....	328,942	273,100	55,842
All other expenses.....	243,990	204,980	39,010
TOTAL CURRENT OPERATING EXPENSES.....	765,576	651,566	114,010
NET CURRENT OPERATING EARNINGS.....	269,640	231,527	38,113
Total recoveries, transfers from valuation reserves, and profits.....	13,346	12,136	1,210
Total losses, charge-offs, and transfers to valuation reserves.....	64,426	60,989	3,437
Net income before related taxes.....	218,560	182,674	35,886
Taxes on net income.....	65,609	52,663	12,946
NET INCOME.....	152,951	130,011	22,940
Cash dividends declared ¹	78,066	64,604	13,462
Number of member banks.....	651	667	—16

¹ Includes interest on capital notes and debentures.
p—Preliminary.

**PRINCIPAL ITEMS OF INCOME AND DIVIDENDS OF MEMBER BANKS
1959-68**

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
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	883,093	651,566	231,527	12,136	60,989	130,011	64,604	667
1968 ^p	1,035,216	765,576	269,640	13,346	64,426	152,951	78,066	651

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.