

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 71-170
July 29, 1971

**CONDITION AND INCOME OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT**

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

Total credit and net income increased substantially during 1970 at member banks in the Eleventh Federal Reserve District. These increases reflected mainly sizeable deposit inflows and the relatively high interest rates prevailing over much of the year. But loan demand at banks was rather modest, as was the pace of economic activity generally, and banks employed a large portion of the deposit inflows to increase their holdings of securities — both to rebuild depleted liquidity positions and to take advantage of attractively priced long-term securities.

Total credit outstanding advanced \$2.2 billion during 1970, or an increase of 12.8 percent. This was the largest increase in credit for any year in the postwar period. And while total loans outstanding rose by \$1.4 billion, or 11.2 percent, nearly two-thirds of this increase represented loans to financial institutions, largely in the form of Federal funds sales to other commercial banks. Loan demands from other sectors of the economy were quite modest. Commercial and industrial loans rose by 4.5 percent, real estate loans by 2.6 percent, and agricultural loans by .3 percent. Outstanding loans associated with credit card plans doubled, but declines in other consumer loans more than offset this increase.

In view of the lackluster loan demand and the sizable inflow of deposits, District member banks increased their holdings of securities by 16.4 percent, again the largest annual increase in the postwar period. About half of this advance represented net acquisitions of obligations of states and political subdivisions. With the large volume of such securities coming to market, the yields of these securities were quite attractive. Banks also added substantially to their holdings of other securities, with the exception of U.S. Government obligations which rose only nominally.

Total deposits at District member banks rose by \$1.9 billion during 1970, for nearly a 10-percent increase. Net inflows of time and savings deposits accounted for almost two-thirds of this advance. Deposits of the U.S. Government and of state and political subdivisions also rose fairly rapidly. Demand deposits of individuals, however, increased only by a relatively small amount.

Net income of District member banks was \$30.1 million greater in 1970 than in 1969, an increase of about 16 percent. This rise reflected in part the \$158.1 million, or 12.6 percent, increase in total operating income. Interest and fees on loans continued to make up the bulk of the rise in operating income. However, in percentage terms, the category "all other operating income" — which includes income from Federal funds sales — showed the largest increase, rising by 37.5 percent. Total operating expenses advanced by \$133.4 million, or 13.9 percent. Interest on time and savings deposits remained the largest single item in both dollar and percentage terms in the increase in total operating expenses.

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, 1970	June 30, 1970	Dec. 31, 1969
Loans (gross), including overdrafts ¹	13,496,198	11,848,383	12,138,578
U.S. Treasury securities	2,194,238	1,949,988	2,148,747
Obligations of states and political subdivisions	3,115,573	2,915,439	2,686,685
Other securities	887,014	487,595	487,424
TOTAL LOANS (GROSS) AND INVESTMENTS	19,693,023	17,201,405	17,461,434
Cash and balances due from banks	4,877,358	4,179,507	4,797,346
TOTAL ASSETS	25,424,845	22,240,020	23,059,976
Individual — Demand deposits	8,852,029	7,874,158	8,645,418
Individual — Time deposits	7,350,691	6,249,486	6,183,496
Deposits of U.S. Government	339,469	349,647	263,460
Deposits of states and political subdivisions	2,246,860	2,032,264	1,944,647
Deposits of banks	2,241,465	1,745,080	2,078,504
Certified and officers' checks, etc.	280,361	195,562	288,168
TOTAL DEPOSITS	21,310,875	18,446,197	19,403,693
TOTAL CAPITAL ACCOUNTS	1,872,565	1,809,987	1,730,892
Borrowings from Federal Reserve Bank	0	5,625	17,350
All other borrowings	1,401,813	1,086,668	1,060,548
Ratio of loans to total deposits	63.3%	64.2%	62.6%
Ratio of cash and balances due from banks to total deposits	22.9%	22.7%	24.7%
Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets)	10.2%	11.2%	10.7%
Number of member banks	634	634	640

¹ Includes Federal funds sold.

PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS
1961-70

ELEVENTH FEDERAL RESERVE DISTRICT

(In thousands of dollars)

Date	Total Deposits	Total Loans (Gross) ¹	Total Investments	Total Loans (Gross) and Investments	Total U.S. Treasury Securities	Total Capital Accounts
Dec. 30, 1961	12,167,914	5,750,851	3,893,949	9,644,800	2,904,526	1,034,789
Dec. 28, 1962	12,456,678	6,272,027	4,099,016	10,371,043	2,910,190	1,132,235
Dec. 20, 1963	12,968,887	6,973,324	4,200,729	11,174,053	2,767,547	1,202,411
Dec. 31, 1964	14,489,488	7,887,222	4,268,358	12,155,580	2,669,966	1,298,084
1965	15,366,002	8,669,530	4,481,641	13,151,171	2,498,091	1,378,642
1966	16,073,230	² 9,176,977	² 4,618,385	13,795,362	2,355,472	1,454,963
Dec. 30, 1967	17,708,732	9,957,491	5,275,204	15,232,695	2,610,139	1,539,474
Dec. 31, 1968	19,603,344	11,370,944	5,744,992	17,115,936	2,649,477	1,630,114
1969	19,403,693	12,138,578	5,322,856	17,461,434	2,148,747	1,730,892
1970	21,310,875	13,496,198	6,196,825	19,693,023	2,194,238	1,872,565

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 (Gross)."

**COMPARATIVE STATEMENT OF INCOME, EXPENSES AND DIVIDENDS
OF MEMBER BANKS**

ELEVENTH FEDERAL RESERVE DISTRICT

(Amounts in thousands of dollars)

Item	1970	1969	Net Change, 1970 from 1969
Interest and dividends on securities	265,200	238,545	26,655
Interest and fees on loans	936,572	851,747	84,825
Service charges on deposit accounts	48,679	45,122	3,557
All other operating income ¹	157,882	114,808	43,074
TOTAL OPERATING INCOME	1,408,333	1,250,222	158,111
Salaries and wages	244,486	219,266	25,220
Interest on time and savings deposits	416,773	361,020	55,753
All other operating expenses	432,646	380,184	52,462
TOTAL OPERATING EXPENSES	1,093,905	960,470	133,435
INCOME BEFORE INCOME TAXES AND SECURITIES			
GAINS OR LOSSES	314,428	289,752	24,676
Applicable income taxes	94,126	91,817	2,309
Net securities gains or losses	80	-10,439	10,519
Extraordinary items and other charges or credits	-588	2,185	-2,773
NET INCOME	219,794	189,681	30,113
Cash dividends declared ²	82,034	72,812	9,222
Number of member banks	634	640	-6

¹ Includes income from Federal funds sold and securities purchased under agreements to resell.

² Includes interest on capital notes and debentures.

**PRINCIPAL ITEMS OF INCOME, EXPENSES AND DIVIDENDS
OF MEMBER BANKS**

ELEVENTH FEDERAL RESERVE DISTRICT

(Amounts in thousands of dollars)

Year	Total Operating Income	Total Operating Expenses	Income before Taxes and Securities Gains or Losses	Net Income	Cash Dividends Declared ¹	Number of Member Banks
1961	459,019	295,129	163,890	88,748	42,164	630
1962	516,727	344,023	172,704	89,803	44,167	632
1963	573,061	396,221	176,840	90,545	46,668	656
1964	637,030	452,370	184,660	95,942	50,956	672
1965	701,424	509,130	192,294	105,100	56,080	675
1966	797,834	586,397	211,437	116,744	59,816	673
1967	883,093	651,566	231,527	130,011	64,604	667
1968	1,035,225	765,580	269,645	152,949	78,065	651
1969	1,250,222	960,470	289,752	189,681	72,812	640
1970	1,408,333	1,093,905	314,428	219,794	82,034	634

¹ Includes interest on capital notes and debentures.