

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 72-102
June 6, 1972

**OPERATING RATIOS OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT**

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

There is presented on the inside pages of this letter the annual statement of operating ratios of member banks in the Eleventh Federal Reserve District for 1971, with comparative ratios for 1970.

Enclosed in the statement sent to the chief executive officer of your bank is a separate tabulation giving the 1971 and 1970 operating ratios for your bank.

If you should like to have additional copies of this report, we will be glad to send them to you.

Yours very truly,

P. E. Coldwell
President

Enclosure

OPERATING RATIOS OF MEMBER BANKS FOR THE YEARS 1971 AND 1970 — ELEVENTH FEDERAL RESERVE DISTRICT

	BANKS WITH AVERAGE DEPOSITS (In thousands of dollars)														
	Under \$5,000		\$5,000-\$10,000		\$10,000-\$25,000		\$25,000-\$50,000		\$50,000-\$100,000		\$100,000-\$500,000			Over \$500,000	
	1971	1970	1971	1970	1971	1970	1971	1970	1971	1970	1971	1970		1971	1970
Number of banks in group	139	157	160	178	198	176	62	46	24	31	37	29	6	6	
PROFITABILITY															
Percentage of Equity Capital Including All Reserves:															
1. Income after taxes and before securities gains or losses ¹	8.52	9.73	9.00	10.44	11.17	12.25	10.71	12.70	10.57	10.81	9.44	10.07	11.54	11.12	1
2. Net income	9.10	9.82	9.75	10.57	12.30	12.46	11.54	12.69	11.31	11.13	10.26	9.89	11.83	11.21	2
Percentage of Net Income:															
3. Cash dividends paid	27.55	33.82	25.49	24.82	27.35	29.15	32.03	33.19	30.14	31.05	34.26	36.40	48.42	46.25	3
SOURCES AND DISPOSITION OF INCOME															
Percentage of Total Assets:															
4. Total operating income	6.14	6.23	6.33	6.58	6.34	6.50	6.34	6.52	5.88	6.07	5.61	5.95	5.07	5.45	4
5. Salaries, wages, and fringe benefits	1.87	1.89	1.60	1.64	1.41	1.46	1.37	1.43	1.15	1.21	1.12	1.19	.79	.82	5
6. Interest on deposits	1.47	1.32	2.00	1.84	2.16	2.00	2.22	2.03	2.17	2.11	1.99	1.87	1.51	1.51	6
7. Net occupancy expense of bank premises	.22	.23	.22	.25	.24	.23	.24	.28	.22	.22	.16	.17	-.01	.02	7
8. All other operating expenses	1.39	1.35	1.43	1.50	1.31	1.37	1.42	1.40	1.19	1.23	1.36	1.48	1.41	1.59	8
9. Total operating expense	4.97	4.81	5.26	5.24	5.14	5.08	5.27	5.16	4.75	4.79	4.65	4.73	3.71	3.96	9
10. Income after taxes and before securities gains or losses ¹	.85	1.02	.79	.95	.90	1.00	.80	1.00	.86	.92	.71	.79	.95	.99	10
11. Net income	.91	1.04	.86	.97	.98	1.01	.86	1.00	.91	.94	.77	.78	.98	1.00	11
Percentage of Total Operating Income:															
12. Interest on U.S. Treasury securities	16.71	17.74	11.78	11.14	11.36	10.17	6.98	7.04	12.18	11.55	9.44	8.05	5.46	5.34	12
13. Interest on securities of U.S. Government agencies and corporations	7.18	5.81	6.19	4.99	5.20	4.40	4.34	3.49	4.12	2.72	2.26	1.73	.15	.02	13
14. Interest on obligations of states and political subdivisions	4.95	4.69	8.76	7.73	10.18	9.31	9.70	9.67	10.28	8.71	8.08	6.92	9.76	9.56	14
15. Interest and dividends on all other securities	.58	.34	.56	.14	.21	.26	.46	.29	.61	.36	.61	.30	.53	.46	15
16. Interest and fees on loans ²	62.87	63.95	63.45	66.57	63.73	66.49	67.89	68.86	63.70	67.44	68.42	72.81	71.35	74.39	16
17. All other operating income	7.68	7.45	9.23	9.40	9.28	9.35	10.59	10.63	9.07	9.18	11.17	10.17	12.73	10.21	17
18. Total operating income	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	18
19. Service charges on deposit accounts (Included in item 17) ³	3.93	4.05	6.26	6.49	6.05	6.06	6.08	6.35	4.04	3.99	2.63	2.52	.94	1.08	19
20. Trust department income (Included in item 17) ³	—	.05	.05	.07	.23	.33	.79	.92	1.79	1.62	2.92	3.12	4.90	4.39	20
21. Salaries and wages	28.92	28.74	23.06	22.78	19.95	20.24	19.10	19.05	17.24	17.39	17.39	17.65	13.47	13.09	21
22. Officer and employee benefits	1.93	1.91	2.26	2.20	2.43	2.31	2.56	2.94	2.56	2.60	2.67	2.57	2.23	2.13	22
23. Interest on deposits	23.74	21.05	31.79	28.18	34.33	31.13	35.37	31.50	36.97	34.84	35.62	31.75	29.86	27.72	23
24. Interest on borrowed money	.06	.05	.09	.25	.16	.29	.38	1.03	1.12	2.08	3.53	5.48	12.08	14.37	24
25. Net occupancy expense of bank premises	3.68	3.68	3.58	3.89	3.88	3.68	4.07	4.46	3.91	3.84	3.04	2.97	-.34	.59	25
26. Provision for loan losses	4.07	4.31	4.26	4.89	3.53	3.79	3.78	3.31	3.19	2.73	3.78	3.19	1.97	1.66	26
27. All other operating expenses	17.64	16.89	16.80	16.81	16.55	16.57	16.80	16.96	15.61	15.28	16.84	15.85	14.01	13.13	27
28. Total operating expense	80.07	76.66	81.88	79.03	80.86	78.05	82.08	79.27	80.62	78.78	82.90	79.49	73.30	72.71	28
29. Interest on capital notes and debentures (Included in item 27) ³	.03	—	.01	.01	.05	.07	.22	.18	.10	.03	.22	.24	—	—	29
30. Income before taxes and securities gains or losses	19.92	23.33	18.11	20.96	19.13	21.94	17.91	20.72	19.37	21.21	17.09	20.50	26.69	27.28	30
31. Income after income taxes and before securities gains or losses	14.90	17.45	13.96	15.60	14.78	15.96	14.26	15.43	14.85	15.37	12.88	13.58	18.85	18.33	31
32. Net securities gains (+) or losses (—), after tax effect	.37	-.41	.78	-.26	1.04	-.09	.79	.16	.85	.38	1.20	-.13	.42	.17	32
33. All other additions and subtractions, net, including minority interest, if any	.17	.03	.18	-.02	.01	-.01	-.06	-.13	.04	.06	-.12	-.06	.06	—	33
34. Net income	15.45	17.07	14.94	15.31	15.84	15.85	14.99	15.46	15.76	15.82	13.96	13.38	19.34	18.51	34
RATES OF RETURN ON SECURITIES AND LOANS															
Return on Securities: ⁴															
35. Interest on U.S. Treasury securities	5.58	5.84	5.77	5.77	5.85	5.48	5.63	5.44	5.77	5.63	5.55	5.38	5.23	4.87	35
36. Interest on securities of U.S. Government agencies and corporations ⁵	4.74	3.58	5.05	4.94	4.87	4.84	5.13	4.72	5.59	4.33	4.94	4.57	3.28	—	36
37. Interest on obligations of states and political subdivisions	3.74	3.76	4.04	4.03	4.18	4.10	4.04	4.11	4.12	3.95	3.85	4.08	3.98	4.22	37
38. Interest and dividends on all other securities	3.89	3.70	3.79	3.51	4.30	4.40	5.42	5.48	5.67	5.34	5.85	5.39	5.45	4.98	38
Return on Loans: ²															
39. Interest and fees on loans	9.28	8.91	9.15	9.48	9.05	9.36	9.08	9.05	8.22	8.55	7.81	8.73	8.55	8.33	39
40. Net losses (—) or recoveries (+) on loans	-.01	-.06	-.31	-.34	-.36	-.53	-.74	-.57	-.60	-.39	-.47	-.62	-.38	-.30	40
DISTRIBUTION OF TOTAL ASSETS															
Percentage of Total Assets:															
41. U.S. Treasury securities ⁴	16.92	17.98	12.52	12.22	12.02	11.49	7.51	8.01	12.28	12.02	9.61	8.86	5.49	6.02	41
42. Securities of other U.S. Government agencies and corporations ⁵	6.31	4.88	5.88	4.91	5.26	4.07	4.03	3.54	3.52	2.23	1.77	1.58	.14	—	42
43. Obligations of states and political subdivisions	6.88	7.17	12.24	11.70	14.78	14.38	15.21	14.70	14.75	13.24	12.05	10.35	12.43	12.15	43
44. All other securities	.71	.39	.63	.32	.40	.35	.44	.34	.72	.65	.40	.30	.49	.43	44
45. Gross loans ²	47.14	47.48	49.14	51.22	49.17	50.49	52.17	52.26	49.03	50.75	53.36	54.34	54.59	53.50	45
46. Cash assets	20.07	20.30	17.28	17.22	15.82	16.61	16.63	17.24	16.48	17.68	18.92	20.48	20.87	22.17	46
47. Real estate	1.40	1.34	1.78	1.93	1.88	1.92	2.63	2.65	2.12	2.27	2.13	2.14	2.60	2.63	47
DISTRIBUTION OF LOANS															
Percentage of Gross Loans: ²															
48. Real estate loans	11.56	11.80	13.15	13.46	15.50	15.66	15.58	15.88	13.09	13.50	12.04	11.43	9.80	8.79	48
49. Loans to farmers	28.92	28.87	20.96	19.41	13.31	13.31	6.48	5.01	4.42	4.40	3.98	3.74	.27	.33	49
50. Commercial and industrial loans	18.19	18.88	22.17	24.08	27.86	29.69	35.63	36.44	40.81	42.66	41.03	41.19	42.66	49.45	50
51. Consumer loans to individuals	26.80	27.19	30.18	30.79	31.02	30.65	31.85	33.38	28.95	27.38	21.06	22.30	12.14	13.43	51
52. All other loans ²	14.50	13.24	13.52	12.24	12.28	10.66	10.43	9.26	12.71	12.03	21.87	21.30	35.11	27.98	52
OTHER RATIOS															
53. Total capital accounts and reserves to total assets ⁶	10.90	10.80	9.06	9.15	8.32	8.53	8.03	8.26	8.33	8.67	7.82	8.30	8.79	9.41	53
54. Time and savings deposits to total deposits	35.47	33.10	45.94	44.03	48.42	46.51	48.90	46.20	49.02	46.29	45.47	41.88	37.53	34.55	54
55. Interest on time and savings deposits to total time deposits	4.14	4.00	4.83	4.63	4.94	4.79	5.10	4.98	4.98	5.18	5.09	5.24	5.24	5.59	55
56. Income taxes to net income plus income taxes	26.51	21.47	20.10	27.32	17.46	24.63	19.83	20.83	25.00	24.75	26.06	28.86	27.24	29.55	56
57. Interest and fees on loans to other loans	8.68	8.50	8.48	8.62	8.52	8.58	8.49	8.63	7.84	8.10	7.40	7.92	7.01	7.61	57

For notes see back page.

NOTES FOR TABLE

Each of the 1971 ratios represents an average of the ratios of individual banks computed from data taken from Call Reports of Condition as of December 31, 1970; June 30, 1971; and December 31, 1971; and from Consolidated Reports of Income for the year 1971. Figures used as a basis for the 1970 ratios are averages of amounts taken from Call Reports of Condition as of December 31, 1969; June 30, 1970; and December 31, 1970; and from Consolidated Reports of Income for the year 1970.

¹ Excludes minority interest in operating income, if any.

² Loans include Federal funds sold and securities purchased under agreements to resell.

³ Banks reporting zero amounts were excluded in computing this average.

⁴ Excludes trading account securities.

⁵ Figures are not shown where there were fewer than three banks in a group.

⁶ Includes capital notes and debentures and all valuation reserves.

NOTE: Details may not add to totals because of rounding.

Prepared by
Research Department

Federal Reserve Bank
of Dallas