

# FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 73-77  
Dallas, Texas, April 13, 1973

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

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

The comparative statements of condition and income for member banks in the Eleventh District reflect the general expansion of economic activity that characterized 1972. Total assets of member banks, for example, increased more than 15 percent to \$33 billion, surpassing the previous record increase set in 1971. Net income, after taxes, grew at a slightly slower pace but still provided a return to total capital of more than 12 percent, a slight increase from the previous year.

Accompanying this expansion in assets and income was a significant change in the composition of the total loan and investment portfolios of member banks. While banks increased both loans and holdings of state, municipal, and other securities about 19 percent, they added only 1 percent to their holdings of U.S. Treasury securities. This realignment of assets resulted in a decrease in the ratio of capital accounts to risk assets from 9.5 percent to 8.8 percent and was partially responsible for an increase in the ratio of loans to deposits from 63.2 percent to 65.5 percent.

There was also a significant change in the composition of total bank loans as some types of loans deviated widely from the average growth rate. Led by a very rapid increase in loans to finance residential construction, real-estate loans increased 31.7 percent, and by the end of 1972 constituted 13.3 percent of total bank loans. For similar reasons, loans to individuals for mobile home purchases and repairs and modernization of houses also rose very sharply. Special strength was noted in loans extended under credit cards, check credit, and revolving credit plans. Commercial and industrial loans, accounting for more than one third of all bank loans, increased only 12 percent in 1972. The very large increase of nearly 40 percent in loans to financial institutions reflected mainly sales of Federal funds rather than any fundamental credit demand.

The two largest components of bank liabilities — demand deposits and time deposits of individuals — almost kept pace with the increase in bank assets, increasing 14.5 percent and 14.8 percent, respectively. U.S. Government deposits actually decreased from their 1971 level. Revenue sharing payments added significantly to deposit balances of state and local governments in December, however, contributing to a 29.1-percent annual increase in this category. Despite the growth in total deposits and in bank capital accounts, expanding loan demand outstripped available funds in 1972, resulting in substantial increases in bank borrowings from the Federal Reserve Bank and other sources.

Net income of the District's member banks increased \$29 million in 1972, or 12.3 percent. This increase primarily reflected a larger volume of bank business, as both operating income and operating expenses gained about 12 percent over 1971 levels. As would be expected from the redistribution of assets, interest and dividends on securities grew a little more slowly than interest and fees on the more rapidly expanding holdings of loans. And the trend of rising interest rates throughout 1972 resulted in falling prices of securities so that income from security transactions contributed much less to bank income in 1972 than in 1971.

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, 1972p	June 30, 1972	Dec. 31, 1971
Loans (gross), including overdrafts <sup>1</sup> .....	18,041,392	15,637,590	15,223,814
U.S. Treasury securities .....	2,389,357	2,165,661	2,365,542
Obligations of states and political subdivisions.....	4,423,724	4,103,945	3,696,171
Other securities (including trading account securities)....	1,406,807	1,192,251	1,182,703
<b>TOTAL LOANS (GROSS) AND INVESTMENTS</b> .....	<b>26,261,280</b>	<b>23,099,447</b>	<b>22,468,230</b>
Cash and balances due from banks.....	5,921,719	5,085,837	5,460,387
<b>TOTAL ASSETS</b> .....	<b>33,278,941</b>	<b>29,195,635</b>	<b>28,884,891</b>
Individual — Demand deposits .....	11,031,515	9,333,672	9,637,036
Individual — Time deposits .....	9,642,200	8,808,190	8,402,382
Deposits of U.S. Government .....	420,352	379,904	568,944
Deposits of states and political subdivisions.....	3,642,002	3,347,020	2,821,285
Deposits of banks .....	2,409,859	1,938,730	2,363,241
Certified and officers' checks, etc.....	387,383	230,347	312,315
<b>TOTAL DEPOSITS</b> .....	<b>27,533,311</b>	<b>24,037,863</b>	<b>24,105,203</b>
<b>TOTAL CAPITAL ACCOUNTS</b> .....	<b>2,199,748</b>	<b>2,127,374</b>	<b>2,002,638</b>
Borrowings from Federal Reserve Bank .....	41,335	200	575
All other borrowings .....	2,531,297	2,039,377	1,851,518
Ratio of loans to total deposits .....	65.5%	65.1%	63.2%
Ratio of cash and balances due from banks to total deposits .....	21.5%	21.2%	22.7%
Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets).....	8.8%	9.7%	9.5%
Number of member banks .....	633	632	633

<sup>1</sup> Includes Federal funds sold.  
p—Preliminary

**PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS  
1963-1972**

**ELEVENTH FEDERAL RESERVE DISTRICT**

(In thousands of dollars)

Date	Total Deposits	Total Loans (Gross) <sup>1</sup>	Total Investments	Total Loans (Gross) and Investments	Total U.S. Treasury Securities	Total Capital Accounts
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	<sup>2</sup> 9,176,977	<sup>2</sup> 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
1971	24,105,203	15,223,814	7,244,416	22,468,230	2,365,542	2,002,638
1972p	27,533,311	18,041,392	8,219,888	26,261,280	2,389,357	2,199,748

<sup>1</sup> Includes Federal funds sold.

<sup>2</sup> Commodity Credit Corporation certificates of interest and Export-Import Bank participations are henceforth included in "Total Investments," rather than "Total Loans (Gross)."  
p—Preliminary.

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

**ELEVENTH FEDERAL RESERVE DISTRICT**

(Amounts in thousands of dollars)

Item	1972p	1971	Net Change, 1972 from 1971
Interest and dividends on securities.....	343,642	309,108	34,534
Interest and fees on loans.....	1,079,563	963,241	116,322
Service charges on deposit accounts.....	52,595	50,768	1,827
All other operating income <sup>1</sup> .....	211,989	185,612	26,377
<b>TOTAL OPERATING INCOME</b> .....	<b>1,687,789</b>	<b>1,508,729</b>	<b>179,060</b>
Salaries and wages .....	283,088	262,210	20,878
Interest on time and savings deposits.....	560,933	494,133	66,800
All other operating expenses .....	506,536	449,565	56,971
<b>TOTAL OPERATING EXPENSES</b> .....	<b>1,350,557</b>	<b>1,205,908</b>	<b>144,649</b>
<b>INCOME BEFORE INCOME TAXES AND SECURITIES GAINS OR LOSSES</b> .....	<b>337,232</b>	<b>302,821</b>	<b>34,411</b>
Applicable income taxes.....	80,349	78,783	1,566
Net securities gains or losses .....	7,671	12,500	-4,829
Extraordinary items and other charges or credits.....	1,373	258	1,115
<b>NET INCOME</b> .....	<b>265,927</b>	<b>236,796</b>	<b>29,131</b>
Cash dividends declared <sup>2</sup> .....	95,031	94,471	560
Number of member banks .....	633	633	—

<sup>1</sup> Includes income from Federal funds sold and securities purchased under agreements to resell.

<sup>2</sup> Includes interest on capital notes and debentures.

p—Preliminary.

**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 <sup>1</sup>	Number of Member Banks
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
1971	1,508,729	1,205,908	302,821	236,796	94,471	633
1972p	1,687,789	1,350,557	337,232	265,927	95,031	633

<sup>1</sup> Includes interest on capital notes and debentures.

p—Preliminary.