

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 76-81
June 11, 1976

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

**TO ALL MEMBER BANKS IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:**

Member banks in the Eleventh District experienced strong growth in 1975. Total assets increased 10.6 percent, which is considerably more than the 6.5-percent gain in 1974. Total loans increased 7.6 percent, compared with 5.0 percent in the previous year. Deposits increased 9.4 percent, slightly more than in 1974. The increase in deposits and a sharp expansion in borrowing — mainly in the Federal funds market — enabled banks to accommodate the modest rise in loans and make record net acquisitions of U.S. Government securities. Overall, holdings of Government obligations increased 65.7 percent in 1975. Holdings of municipal and other securities increased 6.7 percent, compared with 11.0 percent in the previous year.

With the recession ended and the rate of inflation abating, bank lending picked up noticeably in the District in the last half of 1975. As the prime rate fell and bond rates continued high, businesses sought additional bank credit. Loans to businesses rose 8.8 percent during the six months and, at year-end, were 9.1 percent above the year-earlier level.

Following a year of somewhat depressed automobile sales in the District, consumer demand for automobiles surged in 1975, and automobile instalment loans rose sharply at the member banks. Other consumer instalment loans also increased, reflecting an improvement in retail sales.

Loans to financial institutions rose sharply in the first half of the year as member banks sold a large volume of Federal funds. Then, with other loan demand strengthening, the banks sharply reduced sales of Federal funds in the second half. Security brokers and dealers more than doubled their bank borrowings last year.

Agricultural loans rose sharply in the last six months of the year. Weakness in the first six months was partly attributable to sharply curtailed livestock feeding in the District because of high production costs and low prices for finished beef. Real estate loans continued sluggish, as construction activity in the District remained rather weak.

Individuals and businesses accounted for most of the increase in deposits at member banks in the District, enlarging their demand deposits 10.8 percent and their time deposits 11.5 percent. Savings deposits and small-denomination time deposits rose sharply, partially reflecting the sizable volume of tax rebates, tax refunds, and supplemental Social Security payments in 1975.

Total operating income declined 1.4 percent, or \$40.8 million, in 1975. Interest and fees received on loans decreased \$95.1 million, as falling interest rates greatly reduced the return on these income-producing assets. However, with banks acquiring a record volume of securities, interest and dividends on securities rose 21.5 percent. The falling interest rates also had an impact on operating expenses. Interest paid on total time and savings deposits showed a slight decrease — in contrast to an increase of 39.8 percent in 1974. The cost of large certificates of deposit declined sharply last year, as the interest rates paid on these deposits fell to less than half the peak levels reached in 1974. Salaries and wages continued to rise, but other operating expenses declined. Income before taxes or securities adjustments rose 1.8 percent. Net income of member banks in the District increased 7.2 percent in 1975.

Sincerely yours,

Ernest T. Baughman

President

COMPARATIVE STATEMENT OF CONDITION OF MEMBER BANKS

ELEVENTH FEDERAL RESERVE DISTRICT

(Amounts in thousands of dollars)

Item	Dec. 31, 1975p	June 30, 1975	Dec. 31, 1974
Loans (gross), including overdrafts ¹	23,553,993	22,308,585	21,897,329
U.S. Treasury securities	3,357,490	2,522,597	2,026,000
Obligations of states and political subdivisions	6,058,423	5,963,645	5,744,738
Other securities (including trading account securities) ..	1,639,471	1,455,450	1,467,245
TOTAL LOANS (GROSS) AND INVESTMENTS	34,609,377	32,250,277	31,135,312
Cash and balances due from banks	7,423,585	6,029,087	7,141,099
TOTAL ASSETS	44,024,456	40,072,897	39,794,541
Individual — Demand deposits	13,472,672	12,202,157	12,159,295
Individual — Time deposits	13,931,306	12,957,845	12,496,891
Deposits of U.S. Government	199,668	207,328	255,625
Deposits of states and political subdivisions	4,641,369	4,645,548	4,642,418
Deposits of banks	3,217,514	2,434,954	2,849,047
Certified and officers' checks, etc.	384,438	286,037	379,295
TOTAL DEPOSITS	35,846,967	32,733,869	32,782,571
TOTAL CAPITAL ACCOUNTS	3,031,655	2,918,196	2,765,183
Borrowings from Federal Reserve Bank	200	489	23,100
All other borrowings	3,640,072	3,046,354	2,897,492
Ratio of loans to total deposits	65.7%	68.2%	66.8%
Ratio of cash and balances due from banks to total deposits	20.7%	18.4%	21.8%
Ratio of total capital accounts to risk assets (total assets less Government securities and cash assets)	9.1%	9.3%	9.0%
Number of member banks	673	663	658

¹ Includes Federal funds sold.

p—Preliminary.

PRINCIPAL ASSET AND LIABILITY ITEMS OF MEMBER BANKS

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. 31, 1966	16,073,230	9,176,977	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
1972	27,533,316	18,043,657	8,223,521	26,267,178	2,389,335	2,222,533
1973	30,125,994	20,861,033	8,619,969	29,481,002	2,121,498	2,484,022
1974	32,782,571	21,897,329	9,237,983	31,135,312	2,026,000	2,765,183
1975p	35,846,967	23,553,993	11,055,384	34,609,377	3,357,490	3,031,655

¹ Includes Federal funds sold.

p—Preliminary.

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

ELEVENTH FEDERAL RESERVE DISTRICT

(Amounts in thousands of dollars)

Item	1975p	1974	Net Change
Interest and dividends on securities	573,520	471,930	101,590
Interest and fees on loans	1,772,451	1,867,507	-95,056
Service charges on deposit accounts	68,027	62,292	5,735
All other operating income ¹	404,352	457,424	-53,072
TOTAL OPERATING INCOME	2,818,350	2,859,153	-40,803
Salaries and wages	389,009	357,362	31,647
Interest on time and savings deposits	1,100,744	1,105,019	-4,275
All other operating expenses	859,533	936,064	-76,531
TOTAL OPERATING EXPENSES	2,349,286	2,398,445	-49,159
INCOME BEFORE INCOME TAXES AND SECURITIES GAINS OR LOSSES	469,064	460,708	8,356
Applicable income taxes	87,732	98,163	-10,431
Net securities gains or losses	3,574	-2,693	6,267
Extraordinary items and other charges or credits	2,217	1,365	852
NET INCOME	387,123	361,217	25,906
Cash dividends declared ²	140,881	96,422	44,459
Number of member banks	673	658	15

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

² 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)

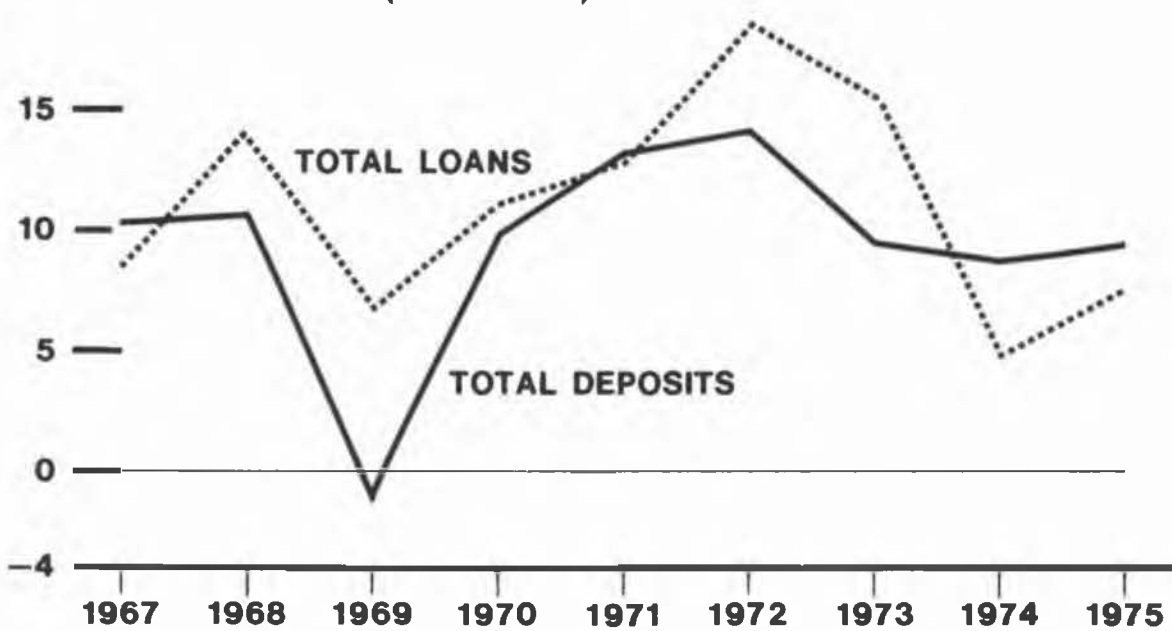
Year	Total Operating Income	Total Operating Expenses	Income before Taxes and Securities Gains or Losses	Net Income	Cash Dividends Declared ¹	Number of Member Banks
1966	797,834	586,397	211,437	116,744	59,816	673
1967	883,093	651,566	231,527	130,011	64,604	667
1968	1,035,225	765,580	269,645	152,949	78,065	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
1972	1,687,789	1,350,622	337,167	263,860	95,537	633
1973	2,246,807	1,855,069	391,738	302,415	93,171	642
1974	2,859,153	2,398,445	460,708	361,217	96,422	658
1975p	2,818,350	2,349,286	469,064	387,123	140,881	673

¹ Includes interest on capital notes and debentures.

p—Preliminary.

**CHANGES IN LOANS AND DEPOSITS AT MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT**

20 PERCENT CHANGE (End of Year)



**CHANGES IN OPERATING EXPENSES AND INCOME OF MEMBER BANKS
ELEVENTH FEDERAL RESERVE DISTRICT**

40 PERCENT CHANGE (Year to Year)

