

FEDERAL RESERVE BANK OF DALLAS
DALLAS, TEXAS 75222

Circular No. 78-95
July 20, 1978

OPERATING RATIOS OF COMMERCIAL 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 commercial banks in the Eleventh Federal Reserve District for 1977 with comparative ratios for 1976.

Enclosed in the statement sent to the chief executive officer of your bank is a separate tabulation giving the 1977 and 1976 operating ratios for your bank.

Additional copies of this report are available upon request.

Sincerely yours,

Ernest T. Baughman

President

Enclosure

OPERATING RATIOS OF COMMERCIAL BANKS FOR THE YEARS 1977 AND 1976 — 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		
	1977	1976	1977	1976	1977	1976	1977	1976	1977	1976	1977	1976	1977	1976	
Number of banks in group	207	249	282	305	559	530	266	254	128	96	78	68	12	10	
PROFITABILITY															
Percentage of Equity Capital:															
1. Income after taxes and before securities gains or losses ¹	7.06	5.85	10.08	9.46	13.10	12.06	14.06	13.24	14.70	12.37	14.45	12.07	14.14	13.99	1
2. Net income	7.18	6.24	10.30	10.21	13.55	12.70	14.51	13.66	15.08	13.89	14.84	12.09	14.11	14.05	2
Percentage of Net Income:															
3. Cash dividends paid	32.50	33.78	27.56	26.56	26.08	26.94	26.13	27.08	31.89	27.33	30.03	32.36	44.60	41.77	3
SOURCES AND DISPOSITION OF INCOME															
Percentage of Total Assets:															
4. Total operating income	7.38	7.36	7.74	7.66	7.75	7.57	7.67	7.54	7.50	7.33	7.16	6.95	6.52	6.42	4
5. Salaries, wages and fringe benefits	2.12	2.06	1.78	1.77	1.58	1.55	1.45	1.44	1.34	1.34	1.19	1.16	.95	.89	5
6. Interest on deposits	2.31	2.24	2.77	2.76	3.00	2.95	3.10	3.05	3.10	3.12	2.98	3.00	2.60	2.65	6
7. Interest on borrowed money and subordinated notes and debentures	.01	.02	.02	.02	.03	.03	.04	.05	.08	.08	.27	.25	.74	.65	7
8. Net occupancy expense of bank premises	.40	.41	.35	.35	.29	.29	.28	.29	.28	.29	.22	.22	.09	.08	8
9. All other operating expenses	1.92	1.94	1.81	1.77	1.58	1.59	1.47	1.57	1.40	1.44	1.26	1.33	1.07	1.04	9
10. Total operating expenses	6.76	6.67	6.73	6.67	6.48	6.41	6.34	6.40	6.20	6.27	5.92	5.96	5.45	5.31	10
11. Income after taxes and before securities gains or losses ¹	.54	.54	.86	.86	1.04	.97	1.09	.99	1.04	.89	.98	.83	.83	.84	11
12. Net income	.56	.63	.89	.93	1.08	1.03	1.12	1.04	1.07	.95	1.00	.83	.83	.84	12
Percentage of Total Operating Income:															
13. Interest on U.S. Treasury securities	12.04	12.69	9.49	10.26	8.43	8.69	7.67	7.30	7.15	7.97	9.90	9.23	9.25	9.81	13
14. Interest on securities of U.S. Government agencies and corporations	5.03	5.39	6.47	6.72	5.65	6.18	5.04	4.97	4.30	4.90	3.20	4.21	.77	.72	14
15. Interest on obligations of states and political subdivisions	3.12	3.77	6.32	6.93	8.44	9.63	9.45	10.70	9.81	10.32	9.46	9.99	8.04	7.96	15
16. Interest and dividends on all other securities	.61	.52	.38	.39	.41	.43	.40	.43	.67	.66	.38	.25	.25	.28	16
17. Interest and fees on loans	59.10	57.79	61.97	60.60	62.80	61.06	63.97	62.86	64.81	63.39	63.72	62.05	60.82	61.01	17
18. Income on Federal funds sold and securities purchased to resell	8.42	7.10	5.45	4.84	4.56	4.32	3.79	3.49	3.58	3.05	4.54	4.94	5.10	5.31	18
19. All other operating income	11.68	12.74	9.92	10.26	9.71	9.69	9.68	10.25	9.68	9.71	8.80	9.33	15.77	14.91	19
20. 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	20
21. Trust Department income (included in item 19) ²	—	—	1.23	1.45	.65	.47	.61	.67	1.30	1.43	2.05	2.21	3.67	3.44	21
22. Salaries and employee benefits	30.86	30.24	23.15	23.21	20.28	20.45	18.89	19.03	17.88	18.24	16.56	16.74	14.53	13.74	22
23. Interest on deposits	31.31	33.37	35.92	36.71	39.01	39.44	40.68	40.78	41.50	42.71	41.91	43.36	40.05	41.39	23
24. Interest on borrowed money	.11	.33	.25	.22	.29	.23	.37	.48	.85	.81	3.55	3.45	10.87	9.72	24
25. Interest on subordinated notes and debentures	.03	.04	.08	.08	.13	.14	.21	.25	.32	.38	.34	.30	.68	.54	25
26. Net occupancy expense of bank premises	6.23	6.64	4.53	4.56	3.75	3.92	3.74	3.89	3.74	3.95	3.07	3.22	1.42	1.30	26
27. Provision for loan losses	4.48	4.33	5.04	4.62	3.67	3.83	3.46	4.51	3.37	4.14	3.03	3.95	2.72	3.53	27
28. All other operating expenses	19.36	18.32	18.20	17.03	16.29	16.59	15.63	15.98	15.13	15.26	14.16	14.75	13.36	12.48	28
29. Total operating expenses	92.38	93.27	87.17	86.43	83.42	84.60	82.98	84.92	82.79	85.49	82.62	85.77	83.63	82.70	29
30. Income before income taxes and securities gains or losses ¹	7.62	6.73	12.83	13.57	16.58	15.40	17.02	15.08	17.21	14.51	17.38	14.23	16.37	17.30	30
31. Income after income taxes and before securities gains or losses ¹	8.38	4.86	11.26	10.90	13.70	13.03	14.32	12.78	13.93	12.19	13.76	11.94	12.81	13.07	31
32. Net securities gains (+) or losses (-), after tax effect	.26	.71	.47	.82	.43	.63	.38	.60	.30	.53	.01	-.01	.01	.07	32
33. Net income	8.40	5.65	11.36	11.77	14.18	13.54	14.72	13.45	14.27	12.94	14.07	11.97	12.79	13.14	33
RATE OF RETURN ON SECURITIES AND LOANS															
Return on Securities:³															
34. Interest on U.S. Treasury securities ²	6.54	6.55	6.81	6.85	6.84	6.78	6.85	6.86	6.67	6.60	6.68	6.64	6.45	6.34	34
35. Interest on securities of U.S. Government agencies and corporations ²	6.90	6.91	7.19	7.28	7.38	7.38	7.28	7.53	7.19	7.12	7.21	6.91	7.11	7.11	35
36. Interest on obligations of states and political subdivisions ²	5.22	5.29	5.16	5.34	5.02	5.12	4.92	5.01	4.86	5.06	4.90	4.84	4.71	4.83	36
37. Interest and dividends on all other securities ²	6.96	6.89	6.83	7.17	6.62	6.61	6.07	6.51	6.18	6.49	6.36	6.23	6.25	6.57	37
Return on Loans (excluding unearned income and Federal funds sold):															
38. Interest and fees on loans	9.58	9.09	9.71	9.68	9.64	9.64	9.65	9.62	9.50	9.46	9.16	9.12	8.43	9.27	38
39. Net losses (-) or recoveries (+) on loans	-.42	-.49	-.55	-.57	-.42	-.49	-.38	-.60	-.37	-.55	-.35	-.51	-.19	-.53	39
DISTRIBUTION OF TOTAL ASSETS															
Percentage of Total Assets:															
40. Cash assets	15.81	15.95	13.41	14.11	12.15	12.77	11.72	12.49	12.21	12.91	12.74	13.83	20.11	20.60	40
41. U.S. Treasury securities ⁴	12.91	13.21	10.53	10.87	9.40	9.47	8.67	8.15	7.97	8.53	10.43	9.48	9.15	9.69	41
42. Securities of other U.S. Government agencies and corporations	5.51	5.75	6.70	7.16	5.84	6.30	5.24	5.05	4.45	5.05	3.05	3.98	.73	.64	42
43. Obligations of states and political subdivisions	4.64	5.25	9.10	9.77	12.81	14.04	14.60	16.12	15.13	15.29	13.90	14.24	11.22	10.71	43
44. All other securities	.75	.77	.50	.51	.54	.57	.48	.46	.74	.70	.38	.43	.25	.25	44
45. Net loans including Federal funds sold	56.58	54.86	56.41	54.29	56.03	53.60	55.36	53.67	55.46	53.17	55.56	53.99	53.90	53.08	45
46. Real estate	2.94	2.97	2.32	2.24	2.02	2.05	2.27	2.30	2.41	2.64	2.28	2.31	2.01	2.27	46
47. All other assets	.86	1.24	1.03	1.05	1.21	1.20	1.66	1.76	1.63	1.71	1.66	1.74	2.63	2.76	47
DISTRIBUTION OF LOANS AT DOMESTIC OFFICES															
Percentage of Gross Loans:															
48. Real estate loans	13.28	13.16	15.80	15.51	19.06	17.97	21.14	19.87	22.90	21.92	18.80	16.29	13.27	12.80	48
49. Loans to farmers	17.01	17.13	16.86	16.57	12.52	13.32	8.60	8.20	4.30	3.59	3.68	4.00	1.02	1.09	49
50. Commercial and industrial loans	18.87	20.04	20.39	21.59	24.05	24.19	26.52	28.50	32.20	35.04	36.68	37.02	42.54	42.00	50
51. Consumer loans to individuals	30.43	28.61	31.88	31.02	31.81	30.83	31.87	30.79	29.11	27.95	25.17	23.11	13.54	12.76	51
52. Federal funds sold with agreements to repurchase	16.76	17.01	11.98	11.93	9.53	10.46	8.08	8.44	7.24	7.47	9.65	12.17	12.65	13.34	52
53. All other loans	3.65	4.05	3.09	3.38	3.03	3.23	3.79	4.20	4.25	4.03	6.02	7.41	16.98	18.01	53
OTHER RATIOS															
54. Total capital accounts to total assets ⁴	13.20	13.22	9.83	9.45	8.44	8.42	7.99	8.01	7.65	7.64	7.14	7.10	6.62	6.61	54
55. Time and savings deposits to total deposits (domestic offices)	51.72	49.18	55.61	54.26	57.86	56.70	59.41	58.12	59.66	59.04	59.68	58.45	52.60	51.42	55
56. Interest on time and savings deposits to total time and savings deposits (domestic offices)	5.35	5.05	5.58	5.58	5.72	5.73	5.76	5.81	5.75	5.86	5.69	5.85	5.61	5.77	56
57. Interest on large CD's to large CD's (domestic offices) ²	6.06	6.27	6.58	6.48	6.37	6.39	6.42	6.35	6.21	6.69	6.06	6.34	5.58	6.02	57
58. Income taxes to net income plus income taxes	11.57	11.28	12.25	13.25	13.57	13.98	16.74	14.30	17.24	14.12	19.25	14.44	19.34	22.17	58
59. Interest and fees on loans to total loans	9.57	9.08	9.69	9.72	9.60	9.63	9.60	9.60	9.41	9.40	9.04	9.05	8.27	8.38	59

NOTES FOR BANKS

Each of the 1977 ratios represents an average of the ratios of individual banks computed from data taken from Call Reports of Condition as of March 1, 1977; June 30, 1977; September 30, 1977; and December 31, 1977; and from Consolidated Reports of Income for the year 1977. Each of the 1976 ratios represents an average of the ratios of individual banks computed from data taken from Call Reports of Condition as of March 31, 1976; June 30, 1976; September 30, 1976; and December 31, 1976; and from Consolidated Reports of Income for the year 1976. For those banks having foreign operations, the reports consolidating foreign and domestic subsidiaries were used in the calculation of these ratios. In all other cases, the reports consolidating domestic subsidiaries only were used in the computations.

¹ Excludes minority interest in operating income, if any.

² Banks reporting zero amounts were excluded in computing this average. Figures are not shown where there were fewer than three banks in a group.

³ Excludes trading account securities.

⁴ Includes capital notes and debentures.

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

**Prepared by
Statistical Department**

**Federal Reserve Bank
of Dallas**