

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

[Circular No. 5017
March 29, 1961]

**Results of Bidding for 172-Day Treasury Bills, Dated April 3, 1961
Tax Anticipation Series**

*To All Incorporated Banks and Trust Companies, and Others
Concerned, in the Second Federal Reserve District:*

The Treasury Department announced last evening that the tenders for \$1,500,000,000, or thereabouts, of Tax Anticipation Series 172-Day Treasury bills to be dated April 3, and to mature September 22, 1961, which were offered on March 23, were opened at the Federal Reserve Banks on March 28.

The details of this issue are as follows:

Total applied for . . . \$3,894,635,000
Total accepted . . . \$1,501,150,000 (includes \$218,935,000 entered on a non-competitive basis and accepted in full at the average price shown below)

Range of accepted competitive bids (excepting three tenders totaling \$1,900,000):

High	98.863	Equivalent rate of discount approx. 2.380% per annum
Low	98.810	Equivalent rate of discount approx. 2.491% per annum
Average	98.818	Equivalent rate of discount approx. 2.473% per annum ¹

(47 percent of the amount bid for at the low price was accepted)

<i>Federal Reserve District</i>	<i>Total applied for</i>	<i>Total accepted</i>
Boston	\$ 213,880,000	\$ 106,080,000
New York	1,689,980,000	416,785,000
Philadelphia	186,190,000	75,878,000
Cleveland	379,695,000	177,675,000
Richmond	69,930,000	37,498,000
Atlanta	121,975,000	70,103,000
Chicago	431,415,000	215,984,000
St. Louis	114,265,000	41,702,000
Minneapolis	97,480,000	58,055,000
Kansas City	88,900,000	39,730,000
Dallas	245,500,000	169,850,000
San Francisco	255,425,000	91,810,000
TOTAL	\$3,894,635,000	\$1,501,150,000

¹ On a coupon issue of the same length and for the same amount invested, the return on these bills would provide a yield of 2.54 percent. Interest rates on bills are quoted in terms of bank discount, with the return related to the face amount of the bills payable at maturity rather than the amount invested, and their length in actual number of days related to a 360-day year. In contrast, yields on certificates, notes, and bonds are computed in terms of interest on the amount invested, and relate the number of days remaining in an interest payment period to the actual number of days in the period, with semiannual compounding if more than one coupon period is involved.

ALFRED HAYES,
President.



215-017

OPERATING RATIOS EARNINGS AND EXPENSES 1960

OF SECOND DISTRICT MEMBER BANKS

March 30, 1961

*To All Member Banks of the Second
Federal Reserve District:*

On the following pages is a report on the earnings and expenses and the operating ratios of our member banks for the year 1960, prepared by our Bank Examinations Department. We are pleased to send you this report for use as a management tool at your bank. In form, the report follows the presentation we made for the year 1959.

Additional copies are available upon request.

ALFRED HAYES,
President.

Federal Reserve Bank of New York

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PART I

Earnings and Expenses of Second District Member Banks in 1960

Summary

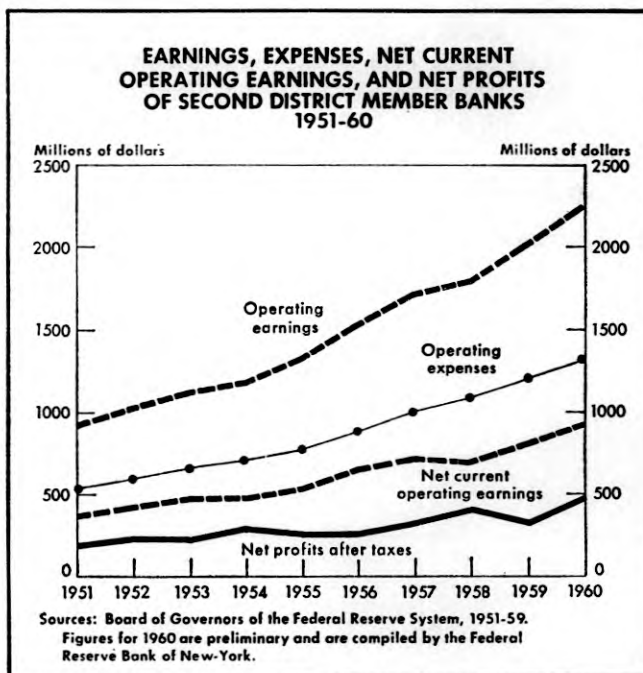
Net operating earnings of Second District member banks in 1960 rose 14.5 per cent above the record high earnings in 1959, despite divergent economic trends that developed during the year. Late in August, major banks in New York City initiated a reduction in the 5 per cent prime rate, which had been in effect since September 1, 1959, to 4.5 per cent. Since a large portion of the loan portfolio—including mortgage and consumer credit as well as outstanding term loans—is not readily responsive to the prime rate, the reduction did not adversely affect total earnings from the larger loan volume. While loan earnings reflected higher average interest rates on increased average volume outstanding, earnings on U.S. Government and other securities showed only a modest increase over 1959—a netting of lower average holdings and slightly higher yields. Despite sharply increased net profits after adjustments for nonoperating gains, losses, and taxes, cash dividends were only slightly higher. As a result, average capital accounts at Second District member banks were strengthened during the 1960 banking year.

Operating Earnings

Approximately 80 per cent of the total \$224 million gain in gross operating earnings can be attributed to higher returns on loans, an asset category that has been accounting for a growing proportion of total operating earnings throughout the postwar years. The most significant increases in the major types of loans for all member banks since the end of 1959 were in commercial loans (higher by 4.3 per cent) and consumer loans, which increased at more than double the rate of commercial loans.

Federal Reserve action during the final months of 1960 affected the availability of funds and the potential lending power of member banks. Permission for all member banks' vault cash to be counted as reserves became effective November 24, and central reserve city banks' reserve requirements were lowered effective December 1 (country banks' reserve requirements were raised slightly, partially offsetting the effect of the new vault cash rules). These changes only slightly affected 1960 earnings.

Earnings on U. S. Government and other securities were



improved by the higher average yield for all member banks in the District, 3.16 per cent contrasted with 2.84 per cent in 1959. Central reserve city banks averaged even higher returns than other banks in the District. The switching operations of these banks, from long to short maturities in the early part of the year also provided advantages of liquidity.

Operating Expenses

Personnel expenses were higher because of improved salary scales and the increased number of officers and employees. Increased interest outlays on time and savings deposits reflected primarily higher average interest rates paid. The interest costs have increased until they now account for almost one-quarter of all operating expenses—in contrast to less than 10 per cent a decade ago. Interest and discount on borrowed money also increased in 1960 as a result of pressures on some banks to borrow reserves, particularly during the early portion of the year.

Nonoperating Items

The netting of all nonoperating items in 1960 resulted in only modest deductions from income of banks both within and outside New York City—unlike 1959 when improved operating earnings were diminished by heavy securities losses taken largely to expand loanable funds. Among nonoperating transactions, however, both groups of banks showed net charge-offs on loans, the bulk taken by the central reserve New York City banks. (The adverse situation resulting from political developments in Cuba accounted for unusually large charge-offs of presently uncollectible loans.)

Taxes, Dividends, and Retained Earnings

Provision for income taxes (paid or accrued in 1960) by

member banks was about 76 per cent higher than in 1959, when substantial losses on security sales resulted in tax savings.

Against the favorable 1960 background, dividends were only slightly higher than in 1959 and represented less than one-half of the net profits available either for distribution to stockholders or addition to capital funds. (By contrast, the portion paid out during 1959 absorbed two-thirds of net profits.) As a result, retained 1960 earnings, even exclusive of transfers to valuation reserves, were more than double the dollar amount in 1959. Viewed differently, the remaining 1960 net profits available for strengthening capital accounts amounted to \$5.04 per \$100 of average capital in contrast to less than half that amount, \$2.44 per \$100, for the earlier year.

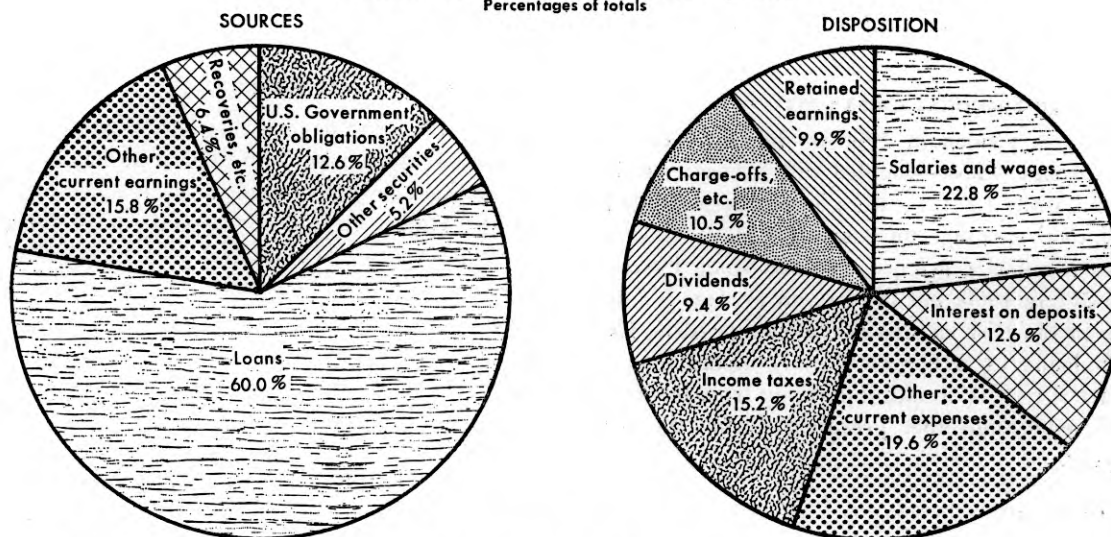
Earnings and Expenses of Second District Member Banks 1958-60

(In millions of dollars)

Item	All Second District member banks			Central reserve New York City banks			Reserve city and country banks		
	1958	1959	1960	1958	1959	1960	1958	1959	1960
Number of banks.....	529	508	492	18	16	15	511	492	477
Earnings:									
On United States Government securities.....	272.6	295.9	299.8	170.1	181.8	187.0	102.5	114.1	112.8
On other securities.....	106.1	118.5	123.2	61.3	68.5	70.4	44.8	50.0	52.8
On loans (including service charges and fees on loans)...	1,084.3	1,248.1	1,427.3	699.0	812.2	942.1	385.3	435.9	485.2
Service charges on deposit accounts.....	72.9	76.3	81.7	26.5	27.0	30.9	46.4	49.3	50.8
Trust department earnings.....	136.5	156.1	167.7	119.6	136.9	146.9	16.9	19.2	20.8
Other current earnings.....	113.0	106.3	125.5	87.5	79.7	98.5	25.5	26.6	27.0
Total current operating earnings.....	1,785.4	2,001.2	2,225.2	1,164.0	1,306.1	1,475.8	621.4	695.1	749.4
Expenses:									
Salaries and wages—officers and employees.....	478.4	502.8	542.6	299.9	314.9	345.4	178.5	187.9	197.2
Interest on time deposits (including savings deposits)...	246.3	276.5	299.1	109.9	122.9	131.6	136.4	153.6	167.5
Interest and discount on borrowed money.....	9.4	28.6	31.2	8.3	25.1	28.5	1.1	3.5	2.7
Taxes other than on net income.....	30.4	33.7	40.0	15.8	17.6	22.0	14.6	16.1	18.0
Recurring depreciation on banking house, furniture, and fixtures.....	28.9	31.3	34.1	13.6	14.3	16.1	15.3	17.0	18.0
Other current operating expenses.....	301.0	328.0	361.7	189.0	204.2	231.5	112.0	123.8	130.2
Total current operating expenses.....	1,094.4	1,200.9	1,308.7	636.5	699.0	775.1	457.9	501.9	533.6
Net current operating earnings before income taxes.....	691.0	800.3	916.5	527.5	607.1	700.7	163.5	193.2	215.8
Net recoveries (+) or charge-offs (-) on loans.....	- 2.7	- 6.4	- 76.4	+ 3.7	- .1	- 67.9	- 6.4	- 6.3	- 8.5
Securities profits and recoveries (+) or charge-offs (-) ..	+116.5	-240.1	+ 6.5	+ 86.6	-188.7	+ 2.8	+ 29.9	- 51.4	+ 3.7
All other recoveries (+) or charge-offs (-).....	- 2.6	+ 10.8	+ 21.0	- 1.4	+ 14.9	+ 23.0	- 1.2	- 4.1	- 2.0
Net additions to (-) or deductions from (+) valuation reserves for:									
Loan losses.....	- 37.9	- 59.9	- 33.0	- 17.6	- 41.7	- 12.6	- 20.3	- 18.2	- 20.4
Securities losses.....	- 32.1	+ 26.2	- 14.5	- 23.1	+ 19.7	- 8.1	- 9.0	+ 6.5	- 6.4
Net profits before income taxes.....	732.2	530.9	820.1	575.7	411.2	637.9	156.5	119.7	182.2
Taxes on net income.....	333.9	204.9	361.1	275.9	171.4	293.3	58.0	33.5	67.8
Net profits after income taxes.....	398.3	326.0	459.0	299.8	239.8	344.6	98.5	86.2	114.4
Cash dividends paid or declared.....	208.0	216.9	224.6	160.2	166.3	174.6	47.8	50.6	50.0
Retained earnings.....	190.3	109.1	234.4	139.6	73.5	170.0	50.7	35.6	64.4

Sources: Board of Governors of the Federal Reserve System, 1958, 1959; 1960 figures are preliminary and were compiled by the Federal Reserve Bank of New York.

SOURCES AND DISPOSITION OF INCOME SECOND DISTRICT MEMBER BANKS, 1960



Source: Figures for 1960 are preliminary and are compiled by the Federal Reserve Bank of New York.

PART II

Operating Ratios of Second District Member Banks for the Year 1960

Summary Ratios

Net current earnings ratios (#1 and #7) of all District member banks were higher in 1960 than in the preceding year, largely because of firmer rates of return both on loans and securities. Improvement was also shown in the net profits ratio in relation to total capital accounts (#3) and to total assets (#8). For all member banks in the District, the ratio of return on capital rose to the highest level since 1954 and above the average for the last ten years. In spite of these favorable net profit ratios, cash dividends were increased only slightly, partly because of the necessity of retaining more earnings to maintain the capital to risk asset ratio (#36) which was not as favorable in 1960.

Sources and Disposition of Earnings

Earnings on loans continued the trend of recent years, accounting for a greater proportion of earnings. This source (#11) contributed an even larger share than in any previous year for which operating ratios were published.

A larger proportion of earnings derived from loans characterized the averages for each of the eight deposit groupings, with the averages of those groups with greater deposits being generally higher: the smallest size group of banks—those under \$2 million deposits—obtained 59.7 per cent of their total earnings from loan income, and Group V banks, with deposits of \$50 million or over, received 65.3 per cent of their income from this source. In comparing group results, however, it should be noted that the ratios of loans to total assets of individual banks vary greatly within a group. (It might also be noted that a number of factors qualify the ratio of loans to total assets as a generally used measure of a bank's liquidity, such as its capital strength, the types of loans that comprise its portfolio, and the characteristics of the community it serves.)

Total operating expenses were slightly lower in relation to total earnings (#19) than in 1959. This lower ratio was the result of total earnings increasing more rapidly than major expenses, rather than lowered dollar costs. For example, the expenses of salaries and wages (#16) and other

current expenses (#18) both accounted for a lesser proportion of total earnings than in 1959 despite higher outlays. By contrast, increased interest cost on time and savings deposits registered a higher proportion of total earnings (#17).

Rates of Return on Securities and Loans

The higher rates yielded in 1960 on loans (#28) and securities (#25 and #26)—coupled with a heavier weight of loans in total assets (#32)—were largely responsible for the improved total earnings on assets (#5).

Most banks in all size groups absorbed some losses on securities (#27) in 1960, but the loss on average holdings for all banks in the District was minor compared to 1959. Net losses on loans (#29) were slightly higher than the District average for 1959, resulting partially from less favorable economic conditions that prevailed during the latter part of the year.

Distribution of Assets

The ratios of assets held in U.S. Government securities and loans (#30 and #32) continued the unbroken trend evidenced throughout the past ten years of shifting out of securities in favor of expanding loans at profitable rates, as the accompanying chart shows. Other securities are largely

tax exempt State and municipal issues. As shown, these usually represent more permanent investments and therefore reflect only slight changes in relation to assets (#31) from one year to the next.

Capital and Deposit Ratios

The capital and deposit ratios show the growth of capital accounts keeping pace with deposit and asset growth. High average loan and interest rate levels reached in 1960 afforded the opportunity to upgrade capital ratios, but the increase in capital has not maintained pace with the rising investment in risk assets. Although the ratios of capital to total assets and to total deposits (#35 and #37) indicated virtual constancy or modest strengthening, the capital to risk assets ratio (#36) showed some weakening as a result of loan expansion.

The ratio of time deposits to total deposits (#38) for all Second District banks continued to grow until time deposits accounted for one-half of total deposits in 1960. This increased ratio was not, however, reflected at the largest banks.

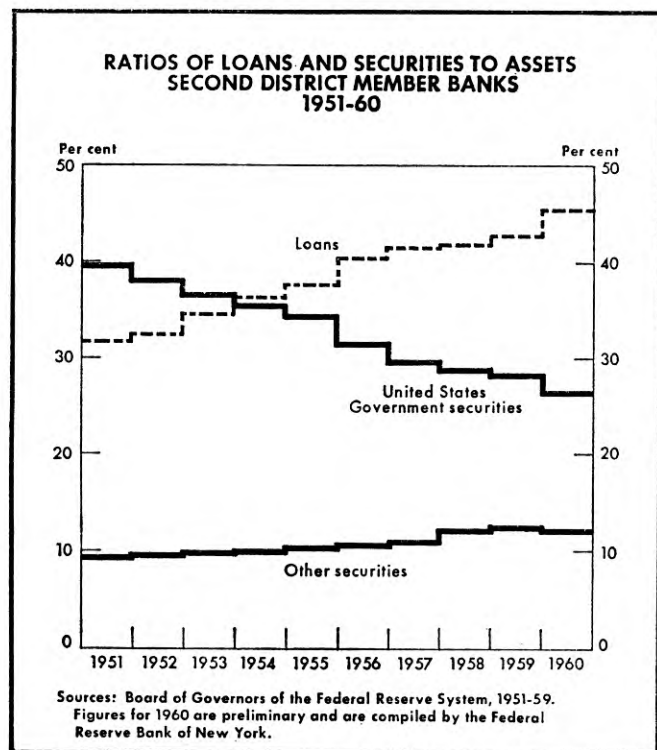
Outlays for attracting and retaining time and savings accounts (#39) were reflected in the 2.60 per cent average interest rate on time deposits in 1960 contrasted with 2.37 per cent in 1959. The average interest rate has risen steadily in each year since 1951.

Technical Notes

In the tables of operating ratios shown on the following pages, banks located outside New York City are included in Groups I through V, ranged by deposit size, and New York City banks are apportioned among Groups VI through VIII. The blank column accompanying each size group is for your convenience, enabling you to enter the ratios of your bank for quick comparisons with the group averages.

Comparisons between the earnings and expense data in Part I and the operating ratios are inappropriate because the former are total amounts from reports of all Second District member banks, while the operating ratios are arithmetical averages of the ratios of individual banks in each group.

A change has been made this year in the groupings of banks located outside New York City. The increasing deposit size of banks formerly grouped in the highest category—over \$20 million—required further subdividing of that former Group IV classification: a new Group V has been created for banks having deposits of \$50 million or over. The 1959 ratios have not been re-computed separately for each of the two new groupings.



1960 Average Operating Ratios of All Member Banks in the Second District

(All ratios in this table and in the tables on the following pages are expressed in percentages and are arithmetical averages of the ratios of individual banks in each group, rather than ratios based on aggregate dollar figures.)

Note: Balance-sheet figures used as a basis for the 1960 ratios are averages of amounts reported for December 31, 1959, March 15, 1960, June 15, 1960, October 3, 1960, and December 31, 1960.	All Second District Banks		BANKS IN NEW YORK CITY*						YOUR BANK	
			GROUP VI Deposits under \$100 million		GROUP VII Deposits \$100 million to \$1 billion		GROUP VIII Deposits over \$1 billion			
	1959	1960	1959	1960	1959	1960	1959	1960		
SUMMARY RATIOS	Number of banks.....		507	489	7	5	6	7	8	8
Percentage of Total Capital Accounts										
1. Net current earnings before income taxes.....	13.4	14.1	15.1	15.1	21.1	22.9	18.6	20.7		
2. Profits before income taxes.....	9.6	11.6	11.1	12.9	14.8	21.0	12.4	19.3		
3. Net profits.....	6.9	8.1	6.9	8.5	7.2	10.8	7.3	10.4		
4. Cash dividends declared.....	3.0	3.1	1.6	1.4	5.0	4.8	5.1	4.9		
Percentage of Total Assets										
5. Total earnings.....	4.22	4.46	4.27	4.60	4.50	4.76	3.64	3.90		
6. Total expenses.....	3.13	3.29	3.23	3.34	2.49	2.67	1.94	2.00		
7. Net current earnings before income taxes.....	1.09	1.17	1.04	1.26	2.01	2.09	1.70	1.90		
8. Net profits.....	0.57	0.68	0.48	0.71	0.56	1.02	0.66	0.96		
SOURCES AND DISPOSITION OF EARNINGS										
Percentage of Total Earnings										
9. Interest on United States Government securities.....	19.8	19.0	15.8	15.1	13.7	10.9	14.3	12.9		
10. Interest and dividends on other securities.....	8.2	8.0	6.9	7.0	4.9	3.7	4.9	4.4		
11. Earnings on loans ¹	60.5	61.8	61.6	62.6	56.7	61.4	63.4	65.1		
12. Service charges on deposit accounts.....	7.2	7.0	6.9	6.3	2.0	3.2	2.1	2.0		
13. Other current earnings.....	4.3	4.2	8.8	9.0	22.7	20.8	15.3	15.6		
14. Total earnings.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15. Trust department earnings ² (part of item 13).....	2.2	3.0	8.7	12.0	17.8	18.2	9.3	9.0		
16. Salaries and wages.....	27.1	26.1	31.0	29.3	28.5	28.8	24.6	23.9		
17. Interest on time and savings deposits.....	25.7	26.9	20.2	19.6	5.5	5.1	9.0	8.2		
18. Other current expenses.....	21.4	21.0	24.3	23.4	21.4	22.0	19.6	19.4		
19. Total expenses.....	74.2	74.0	75.5	72.3	55.4	55.9	53.2	51.5		
20. Net current earnings before income taxes.....	25.8	26.0	24.5	27.7	44.6	44.1	46.8	48.5		
21. Net profits and recoveries (+) or losses (-) ³	- 5.8	- 2.5	- 4.4	- 3.4	-13.6	+ 0.6	-14.4	- 2.3		
22. Net increase (-) or decrease (+) in valuation reserves ⁴	- 1.1	- 2.0	- 2.0	- 0.4	- 0.7	- 3.6	- 1.3	- 0.6		
23. Taxes on net income.....	5.2	6.3	6.7	8.2	16.1	20.1	12.9	21.0		
24. Net profits.....	13.7	15.2	11.4	15.7	14.2	21.0	18.2	24.6		
RATES OF RETURN ON SECURITIES AND LOANS										
Return on Securities										
25. Interest on United States Government securities.....	2.85	3.13	2.83	3.01	3.02	3.03	2.84	3.28		
26. Interest and dividends on other securities.....	2.69	2.86	3.24	3.56	2.94	3.24	2.86	3.06		
27. Net profits & recoveries(+) or losses(-) on total securities ⁵	- 0.51	- 0.05	- 0.44	a	- 1.51	+ 0.60	- 2.51	+ 0.18		
Return on Loans										
28. Earnings on loans ¹	5.99	6.08	5.69	5.99	5.08	5.52	4.78	5.12		
29. Net losses (-) or recoveries (+) on loans ⁶	- 0.10	- 0.15	- 0.15	- 0.30	- 0.06	- 0.13	0.00	- 0.32		
DISTRIBUTION OF ASSETS										
Percentage of Total Assets										
30. United States Government securities.....	28.3	26.3	23.5	23.0	20.0	16.8	18.4	15.3		
31. Other securities.....	12.5	12.1	9.0	9.2	7.5	6.0	6.1	5.6		
32. Loans.....	43.0	45.5	46.3	48.0	47.5	50.5	48.3	49.5		
33. Cash assets.....	14.7	14.5	19.2	18.0	22.6	24.4	23.8	25.5		
34. Real estate assets.....	1.3	1.3	1.2	1.2	0.6	0.6	0.8	0.8		
CAPITAL AND DEPOSIT RATIOS										
35. Capital accounts to total assets.....	8.5	8.6	7.2	8.4	9.8	9.4	9.3	9.3		
36. Capital accounts to total assets, less United States Government securities and cash assets.....	15.6	15.1	13.1	15.0	17.3	16.0	15.9	15.6		
37. Capital accounts to total deposits.....	9.5	9.6	8.0	9.4	11.6	10.8	10.9	11.1		
38. Time to total deposits.....	49.2	50.0	33.1	36.9	19.2	18.0	15.6	13.9		
39. Interest on time deposits.....	2.37	2.60	2.77	2.67	1.87	1.96	2.36	2.63		
AVERAGE BANK IN GROUP—In thousands of dollars										
40. Total deposits.....	87,069	93,295	58,208	42,681	282,383	267,062	3,521,651	3,609,817		
41. Capital accounts.....	8,736	9,480	4,480	4,129	31,495	29,213	388,582	403,164		

1960 Average Operating Ratios of Second District Member Banks in Group I — Deposits under \$2 Million

Note: Balance-sheet figures used as a basis for the 1960 ratios are averages of amounts reported for December 31, 1959, March 15, 1960, June 15, 1960, October 3, 1960, and December 31, 1960.		Group average		Loans to total assets, per cent—1960				YOUR BANK
		1959	1960	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS	Number of banks.....	42	38	8	14	11	5	
Percentage of Total Capital Accounts								
1. Net current earnings before income taxes.....		10.3	11.3	9.3	11.1	12.8	11.5	
2. Profits before income taxes.....		8.2	9.0	7.4	8.7	10.7	8.4	
3. Net profits.....		6.3	6.7	5.5	6.5	8.3	5.6	
4. Cash dividends declared.....		2.0	2.0	1.7	1.7	2.4	2.7	
Percentage of Total Assets								
5. Total earnings.....		4.12	4.48	3.94	4.28	4.84	5.13	
6. Total expenses.....		3.02	3.25	2.89	3.10	3.48	3.77	
7. Net current earnings before income taxes.....		1.10	1.23	1.05	1.18	1.36	1.36	
8. Net profits.....		0.69	0.71	0.63	0.65	0.89	0.66	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Earnings								
9. Interest on United States Government securities.....		23.3	23.2	34.5	25.1	18.8	9.2	
10. Interest and dividends on other securities.....		8.4	8.7	17.3	7.8	5.1	5.3	
11. Earnings on loans ¹		59.6	59.7	39.0	59.3	67.0	77.7	
12. Service charges on deposit accounts.....		6.3	6.3	7.1	5.8	6.9	5.0	
13. Other current earnings.....		2.4	2.1	2.1	2.0	2.2	2.8	
14. Total earnings.....		100.0	100.0	100.0	100.0	100.0	100.0	100.0
15. <i>Trust department earnings² (part of item 13)</i>		b	b	b	b	b	b	
16. Salaries and wages.....		29.8	28.2	27.5	27.0	29.7	29.6	
17. Interest on time and savings deposits.....		23.1	24.7	29.3	25.0	23.3	19.8	
18. Other current expenses.....		20.4	20.0	16.9	20.4	19.6	24.9	
19. Total expenses.....		73.3	72.9	73.7	72.4	72.6	74.3	
20. Net current earnings before income taxes.....		26.7	27.1	26.3	27.6	27.4	25.7	
21. Net profits and recoveries (+) or losses (-) ³		- 2.8	- 5.9	- 3.9	- 9.5	- 3.2	- 5.3	
22. Net increase (-) or decrease (+) in valuation reserves ⁴		- 2.0	+ 0.3	- 0.3	+ 2.4	- 1.0	- 1.6	
23. Taxes on net income.....		4.9	5.6	5.6	5.4	5.5	6.4	
24. Net profits.....		17.0	15.9	16.5	15.1	17.7	12.4	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
25. Interest on United States Government securities.....		2.89	3.33	3.26	3.32	3.42	3.28	
26. Interest and dividends on other securities.....		2.80	3.06	3.52	3.23	2.71	2.59	
27. Net profits & recoveries(+) or losses(-) on total securities ⁵		- 0.18	- 0.21	- 0.22	- 0.37	- 0.10	+ 0.02	
Return on Loans								
28. Earnings on loans ¹		6.40	6.46	6.34	6.25	6.73	6.65	
29. Net losses (-) or recoveries (+) on loans ⁶		- 0.13	- 0.36	- 0.24	- 0.60	- 0.12	- 0.46	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
30. United States Government securities.....		32.0	30.2	41.6	32.2	26.4	14.5	
31. Other securities.....		11.4	11.4	18.2	10.2	8.8	9.7	
32. Loans.....		38.8	41.9	24.3	40.6	48.1	59.7	
33. Cash assets.....		16.8	15.5	15.2	15.9	15.6	14.7	
34. Real estate assets.....		0.9	0.9	0.6	1.0	0.9	1.3	
CAPITAL AND DEPOSIT RATIOS								
35. Capital accounts to total assets.....		11.0	11.0	11.4	11.0	10.8	11.8	
36. Capital accounts to total assets, less United States Government securities and cash assets.....		22.6	21.4	28.5	21.3	18.5	16.7	
37. Capital accounts to total deposits.....		12.5	12.7	13.0	12.6	12.2	13.6	
38. Time to total deposits.....		46.9	47.4	48.8	45.9	49.5	45.1	
39. Interest on time deposits.....		2.15	2.45	2.35	2.44	2.49	2.55	
AVERAGE BANK IN GROUP—In thousands of dollars								
40. Total deposits.....		1,484	1,479	1,648	1,456	1,460	1,312	
41. Capital accounts.....		184	185	211	180	178	176	

¹ See page 11 for this note and other note references in this table.

1960 Average Operating Ratios of Second District Member Banks in Group II — Deposits of \$2 Million to \$5 Million

Note: Balance-sheet figures used as a basis for the 1960 ratios are averages of amounts reported for December 31, 1959, March 15, 1960, June 15, 1960, October 3, 1960, and December 31, 1960.		Group average		Loans to total assets, per cent—1960				YOUR BANK
		1959	1960	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS	Number of banks.....	118	110	16	39	32	23	
Percentage of Total Capital Accounts								
1. Net current earnings before income taxes.....		11.6	11.8	10.7	10.7	11.5	14.7	
2. Profits before income taxes.....		8.9	9.9	9.5	9.4	9.6	11.7	
3. Net profits.....		6.4	7.3	7.4	7.3	6.9	8.1	
4. Cash dividends declared.....		2.4	2.7	2.6	2.5	2.9	2.7	
Percentage of Total Assets								
5. Total earnings.....		4.18	4.41	3.89	4.19	4.60	4.87	
6. Total expenses.....		3.09	3.29	2.92	3.18	3.48	3.49	
7. Net current earnings before income taxes.....		1.09	1.12	0.97	1.01	1.12	1.38	
8. Net profits.....		0.61	0.70	0.68	0.69	0.67	0.77	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Earnings								
9. Interest on United States Government securities.....		20.9	21.5	36.5	24.0	17.2	12.8	
10. Interest and dividends on other securities.....		7.7	7.2	10.7	8.7	5.7	4.2	
11. Earnings on loans ¹		62.6	62.8	43.5	58.1	68.4	76.3	
12. Service charges on deposit accounts.....		6.4	6.3	6.6	7.1	6.0	5.3	
13. Other current earnings.....		2.4	2.2	2.7	2.1	2.7	1.4	
14. Total earnings.....		100.0	100.0	100.0	100.0	100.0	100.0	100.0
15. Trust department earnings ² (part of item 13).....		0.3	1.5	2.3	0.6	1.2	b	
16. Salaries and wages.....		27.3	26.2	26.1	27.3	26.8	23.6	
17. Interest on time and savings deposits.....		26.3	28.5	30.4	27.8	28.7	28.3	
18. Other current expenses.....		20.6	20.3	18.6	20.9	20.4	20.2	
19. Total expenses.....		74.2	75.0	75.1	76.0	75.9	72.1	
20. Net current earnings before income taxes.....		25.8	25.0	24.9	24.0	24.1	27.9	
21. Net profits and recoveries (+) or losses (-) ³		- 4.6	- 2.6	- 1.7	- 1.6	- 3.0	- 4.4	
22. Net increase (-) or decrease (+) in valuation reserves ⁴		- 1.0	- 1.2	- 0.9	- 1.5	- 1.0	- 1.1	
23. Taxes on net income.....		5.5	5.5	4.9	4.6	5.8	6.9	
24. Net profits.....		14.7	15.7	17.4	16.3	14.3	15.5	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
25. Interest on United States Government securities.....		2.85	3.31	3.41	3.19	3.23	3.54	
26. Interest and dividends on other securities.....		2.83	2.94	3.09	2.92	2.87	2.95	
27. Net profits & recoveries(+) or losses(-) on total securities ⁵		- 0.32	- 0.08	- 0.06	- 0.02	- 0.09	- 0.20	
Return on Loans								
28. Earnings on loans ¹		6.11	6.13	5.92	6.06	6.25	6.23	
29. Net losses (-) or recoveries (+) on loans ⁶		- 0.13	- 0.15	- 0.08	- 0.11	- 0.14	- 0.27	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
30. United States Government securities.....		29.5	28.0	40.9	31.6	24.5	17.9	
31. Other securities.....		11.2	10.8	14.8	12.6	9.2	7.3	
32. Loans.....		43.2	45.6	28.7	40.3	50.3	59.7	
33. Cash assets.....		14.6	14.1	14.5	14.4	14.2	13.4	
34. Real estate assets.....		1.3	1.4	1.0	1.0	1.7	1.7	
CAPITAL AND DEPOSIT RATIOS								
35. Capital accounts to total assets.....		9.8	9.8	9.4	9.6	10.4	9.4	
36. Capital accounts to total assets, less United States Government securities and cash assets.....		18.5	17.8	24.9	18.0	17.0	13.7	
37. Capital accounts to total deposits.....		10.9	11.0	10.5	10.8	11.8	10.5	
38. Time to total deposits.....		50.9	52.5	50.4	48.9	55.0	56.0	
39. Interest on time deposits.....		2.34	2.60	2.60	2.51	2.66	2.68	
AVERAGE BANK IN GROUP—In thousands of dollars								
40. Total deposits.....		3,363	3,443	3,411	3,431	3,321	3,658	
41. Capital accounts.....		360	371	349	366	376	385	

¹ See page 11 for this note and other note references in this table.

1960 Average Operating Ratios of Second District Member Banks in Group III — Deposits of \$5 Million to \$20 Million

Note: Balance-sheet figures used as a basis for the 1960 ratios are averages of amounts reported for December 31, 1959, March 15, 1960, June 15, 1960, October 3, 1960, and December 31, 1960.		Group average		Loans to total assets, per cent—1960				YOUR BANK
		1959	1960	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS	Number of banks.....	205	201	30	72	80	19	
Percentage of Total Capital Accounts								
1. Net current earnings before income taxes.....		12.7	13.4	12.2	12.9	13.9	14.8	
2. Profits before income taxes.....		9.4	10.8	11.0	10.6	11.1	9.4	
3. Net profits.....		6.8	8.0	8.8	8.0	7.9	6.5	
4. Cash dividends declared.....		2.8	2.9	3.1	2.9	2.9	3.1	
Percentage of Total Assets								
5. Total earnings.....		4.18	4.40	3.82	4.21	4.66	4.94	
6. Total expenses.....		3.17	3.33	2.88	3.22	3.53	3.65	
7. Net current earnings before income taxes.....		1.01	1.07	0.94	0.99	1.13	1.29	
8. Net profits.....		0.53	0.64	0.67	0.62	0.64	0.59	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Earnings								
9. Interest on United States Government securities.....		20.4	19.8	30.9	21.9	15.7	11.4	
10. Interest and dividends on other securities.....		8.6	8.7	13.2	9.7	7.0	4.7	
11. Earnings on loans ¹		59.3	60.4	42.8	56.8	66.6	75.4	
12. Service charges on deposit accounts.....		7.9	7.6	9.6	8.0	6.9	5.6	
13. Other current earnings.....		3.8	3.5	3.5	3.6	3.8	2.9	
14. Total earnings.....		100.0	100.0	100.0	100.0	100.0	100.0	100.0
15. Trust department earnings ² (part of item 13).....		1.3	1.7	1.1	1.9	1.7	2.2	
16. Salaries and wages.....		26.2	25.4	25.9	25.1	25.8	24.1	
17. Interest on time and savings deposits.....		28.4	29.5	29.3	31.0	28.4	28.4	
18. Other current expenses.....		21.4	21.0	20.2	20.5	21.5	21.7	
19. Total expenses.....		76.0	75.9	75.4	76.6	75.7	74.2	
20. Net current earnings before income taxes.....		24.0	24.1	24.6	23.4	24.3	25.8	
21. Net profits and recoveries (+) or losses (-) ³		- 5.3	- 2.5	- 2.4	- 2.4	- 2.4	- 3.2	
22. Net increase (-) or decrease (+) in valuation reserves ⁴		- 0.9	- 2.0	- 0.2	- 1.6	- 2.3	- 5.1	
23. Taxes on net income.....		5.0	5.1	4.4	4.6	5.6	5.3	
24. Net profits.....		12.8	14.5	17.6	14.8	14.0	12.2	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
25. Interest on United States Government securities.....		2.85	3.09	3.10	3.07	3.11	3.04	
26. Interest and dividends on other securities.....		2.60	2.82	2.87	2.83	2.72	3.14	
27. Net profits & recoveries(+) or losses(-) on total securities ⁵		- 0.41	- 0.07	- 0.05	- 0.12	- 0.08	+ 0.19	
Return on Loans								
28. Earnings on loans ¹		5.96	6.05	5.65	5.94	6.25	6.30	
29. Net losses (-) or recoveries (+) on loans ⁶		- 0.09	- 0.13	- 0.11	- 0.08	- 0.14	- 0.31	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
30. United States Government securities.....		29.0	27.3	37.6	30.0	23.2	18.3	
31. Other securities.....		13.5	13.1	17.8	14.2	11.7	7.7	
32. Loans.....		41.8	44.1	29.1	40.3	49.5	59.3	
33. Cash assets.....		14.1	13.9	14.3	13.9	13.8	13.2	
34. Real estate assets.....		1.4	1.4	1.0	1.4	1.5	1.3	
CAPITAL AND DEPOSIT RATIOS								
35. Capital accounts to total assets.....		8.1	8.2	8.1	7.9	8.3	9.0	
36. Capital accounts to total assets, less United States Government securities and cash assets.....		14.7	14.5	19.3	14.1	13.3	13.2	
37. Capital accounts to total deposits.....		9.0	9.1	9.1	8.7	9.3	10.2	
38. Time to total deposits.....		53.0	53.7	50.1	54.2	53.6	58.5	
39. Interest on time deposits.....		2.41	2.61	2.39	2.61	2.68	2.61	
AVERAGE BANK IN GROUP—In thousands of dollars								
40. Total deposits.....		10,438	10,768	10,520	11,166	10,822	9,318	
41. Capital accounts.....		917	959	897	963	984	942	

1960 Average Operating Ratios of Second District Member Banks in Group IV — Deposits of \$20 Million to \$50 Million

Note: Balance-sheet figures used as a basis for the 1960 ratios are averages of amounts reported for December 31, 1959, March 15, 1960, June 15, 1960, October 3, 1960, and December 31, 1960.		Group average		Loans to total assets, per cent—1960				YOUR BANK
		1959 ^c	1960	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS	Number of banks.....	121	64	5	15	35	9	
Percentage of Total Capital Accounts								
1. Net current earnings before income taxes.....		16.6	16.0	13.1	17.3	15.9	15.8	
2. Profits before income taxes.....		10.6	13.3	12.7	14.3	13.6	11.1	
3. Net profits.....		7.9	9.5	10.6	10.7	9.4	7.2	
4. Cash dividends declared.....		4.0	3.5	2.1	3.8	3.5	3.9	
Percentage of Total Assets								
5. Total earnings.....		4.38	4.48	3.53	4.35	4.57	4.88	
6. Total expenses.....		3.22	3.31	2.47	3.16	3.38	3.73	
7. Net current earnings before income taxes.....		1.16	1.17	1.06	1.19	1.19	1.15	
8. Net profits.....		0.56	0.70	0.86	0.75	0.71	0.54	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Earnings								
9. Interest on United States Government securities.....		17.1	15.9	24.8	18.7	14.5	11.5	
10. Interest and dividends on other securities.....		8.2	9.1	16.6	12.3	7.7	4.6	
11. Earnings on loans ¹		61.1	62.5	44.9	55.3	65.4	72.6	
12. Service charges on deposit accounts.....		7.7	7.9	10.7	8.7	7.4	6.9	
13. Other current earnings.....		5.9	4.6	3.0	5.0	5.0	4.4	
14. Total earnings.....		100.0	100.0	100.0	100.0	100.0	100.0	100.0
15. Trust department earnings ² (part of item 13).....		3.1	2.4	0.8	3.3	2.5	1.9	
16. Salaries and wages.....		27.2	25.8	26.7	24.0	26.1	27.3	
17. Interest on time and savings deposits.....		24.1	27.0	24.9	28.0	26.7	27.3	
18. Other current expenses.....		22.4	21.1	18.5	20.9	21.3	21.9	
19. Total expenses.....		73.7	73.9	70.1	72.9	74.1	76.5	
20. Net current earnings before income taxes.....		26.3	26.1	29.9	27.1	25.9	23.5	
21. Net profits and recoveries (+) or losses (-) ³		- 7.7	- 1.5	+ 0.9	- 1.8	- 1.3	- 3.0	
22. Net increase (-) or decrease (+) in valuation reserves ⁴		- 1.4	- 2.7	- 1.6	- 2.4	- 2.7	- 3.4	
23. Taxes on net income.....		4.3	6.1	4.7	5.7	6.4	6.0	
24. Net profits.....		12.9	15.8	24.5	17.2	15.5	11.1	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
25. Interest on United States Government securities.....		2.84	2.95	2.77	3.14	2.91	2.85	
26. Interest and dividends on other securities.....		2.61	2.75	2.69	2.87	2.74	2.65	
27. Net profits & recoveries(+) or losses(-) on total securities ⁵		- 0.81	- 0.08	+ 0.10	- 0.10	- 0.04	- 0.28	
Return on Loans								
28. Earnings on loans ¹		5.93	6.00	5.62	5.89	6.04	6.19	
29. Net losses (-) or recoveries (+) on loans ⁶		- 0.07	- 0.08	- 0.08	- 0.08	- 0.07	- 0.10	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
30. United States Government securities.....		25.9	23.6	31.3	25.8	22.6	19.5	
31. Other securities.....		13.1	14.3	22.4	18.5	12.8	8.4	
32. Loans.....		45.2	46.8	28.1	40.8	49.4	57.2	
33. Cash assets.....		13.9	13.5	17.1	13.2	13.4	12.8	
34. Real estate assets.....		1.4	1.5	1.0	1.3	1.5	1.8	
CAPITAL AND DEPOSIT RATIOS								
35. Capital accounts to total assets.....		7.1	7.6	8.1	7.1	7.7	7.5	
36. Capital accounts to total assets, less United States Government securities and cash assets.....		11.7	12.1	15.7	11.6	12.1	11.0	
37. Capital accounts to total deposits.....		7.8	8.4	9.0	7.8	8.6	8.3	
38. Time to total deposits.....		46.6	49.9	42.4	49.1	49.9	54.9	
39. Interest on time deposits.....		2.43	2.64	2.14	2.70	2.68	2.67	
AVERAGE BANK IN GROUP—In thousands of dollars								
40. Total deposits.....		93,138	31,661	27,895	35,715	29,880	33,927	
41. Capital accounts.....		7,125	2,622	2,513	2,731	2,558	2,753	

¹ See page 11 for this note and other note references in this table.

1960 Average Operating Ratios of Second District Member Banks in Group V—Deposits of \$50 Million or over

Note: Balance-sheet figures used as a basis for the 1960 ratios are averages of amounts reported for December 31, 1959, March 15, 1960, June 15, 1960, October 3, 1960, and December 31, 1960.		Group average		Loans to total assets, per cent—1960				YOUR BANK
		1959 ^c	1960	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS	Number of banks.....	121	56	0	15	26	15	
Percentage of Total Capital Accounts								
1. Net current earnings before income taxes.....		16.6	19.2		17.0	19.2	21.2	
2. Profits before income taxes.....		10.6	15.2		13.3	15.1	17.1	
3. Net profits.....		7.9	9.1		8.9	9.1	9.2	
4. Cash dividends declared.....		4.0	4.7		4.3	5.0	4.6	
Percentage of Total Assets								
5. Total earnings.....		4.38	4.73		4.24	4.73	5.22	
6. Total expenses.....		3.22	3.39		3.14	3.37	3.68	
7. Net current earnings before income taxes.....		1.16	1.34		1.10	1.36	1.54	
8. Net profits.....		0.56	0.64		0.58	0.65	0.67	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Earnings								
9. Interest on United States Government securities.....		17.1	14.6		20.5	13.8	10.3	
10. Interest and dividends on other securities.....		8.2	6.5		8.9	6.9	3.3	
11. Earnings on loans ¹		61.1	65.3		57.0	65.7	72.7	
12. Service charges on deposit accounts.....		7.7	7.0		6.6	7.2	6.8	
13. Other current earnings.....		5.9	6.6		7.0	6.4	6.9	
14. Total earnings.....		100.0	100.0		100.0	100.0	100.0	100.0
15. Trust department earnings ² (part of item 13).....		3.1	3.5		4.3	3.4	3.1	
16. Salaries and wages.....		27.2	27.2		27.5	27.2	26.8	
17. Interest on time and savings deposits.....		24.1	21.5		23.0	21.0	20.8	
18. Other current expenses.....		22.4	23.2		23.6	23.0	23.2	
19. Total expenses.....		73.7	71.9		74.1	71.2	70.8	
20. Net current earnings before income taxes.....		26.3	28.1		25.9	28.8	29.2	
21. Net profits and recoveries (+) or losses (-) ³		- 7.7	- 1.1		- 2.7	- 0.9	+ 0.3	
22. Net increase (-) or decrease (+) in valuation reserves ⁴		- 1.4	- 4.5		- 2.4	- 4.9	- 5.7	
23. Taxes on net income.....		4.3	9.1		7.1	9.1	11.0	
24. Net profits.....		12.9	13.4		13.7	13.9	12.8	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
25. Interest on United States Government securities.....		2.84	3.01		2.99	3.00	3.05	
26. Interest and dividends on other securities.....		2.61	2.70		2.77	2.73	2.57	
27. Net profits & recoveries (+) or losses (-) on total securities ⁵		- 0.81	+ 0.09		- 0.15	+ 0.08	+ 0.34	
Return on Loans								
28. Earnings on loans ¹		5.93	6.15		5.81	6.22	6.37	
29. Net losses (-) or recoveries (+) on loans ⁶		- 0.07	- 0.10		- 0.10	- 0.09	- 0.10	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
30. United States Government securities.....		25.9	22.5		29.1	21.6	17.5	
31. Other securities.....		13.1	10.8		13.5	11.7	6.6	
32. Loans.....		45.2	50.3		41.7	49.9	59.7	
33. Cash assets.....		13.9	14.5		14.1	14.9	14.1	
34. Real estate assets.....		1.4	1.4		1.2	1.4	1.6	
CAPITAL AND DEPOSIT RATIOS								
35. Capital accounts to total assets.....		7.1	7.0		6.5	7.1	7.4	
36. Capital accounts to total assets, less United States Government securities and cash assets.....		11.7	11.2		11.6	11.2	10.8	
37. Capital accounts to total deposits.....		7.8	7.8		7.2	7.9	8.2	
38. Time to total deposits.....		46.6	43.6		41.9	43.6	45.4	
39. Interest on time deposits.....		2.43	2.56		2.54	2.54	2.62	
AVERAGE BANK IN GROUP—In thousands of dollars								
40. Total deposits.....		93,138	179,219		175,109	159,403	217,676	
41. Capital accounts.....		7,125	13,874		13,174	12,449	17,045	

¹See page 11 for this note and other note references in this table.

NOTES TO PAGES 5-10

* New York City banks include only those banks which have their main office located in Manhattan. One trust company was not included in the computation of average ratios.

1 Includes service charges and other fees on loans.

2 Banks not reporting this item or reporting negligible amounts were excluded in computing this average.

3 Includes recoveries, charge-offs, profits, or losses charged or credited to either undivided profits or valuation reserves.

4 Represents the net increase or decrease for the year in valuation reserves against loans and investments. Calculated by deducting the balances in Schedule D of the earnings and dividends report at the end of the preceding year from the balance on hand at the end of the current year.

5 Transfers to and from valuation reserves for losses on securities excluded.

6 Transfers to and from valuation reserves for losses on loans excluded.

a Less than 0.01 per cent.

b Averages are not shown when fewer than three banks are in a group.

c The ratios in the 1959 column are of banks (121 in number) with deposits of \$20 million or over. For 1960, banks with deposits of \$20 million or over were segregated into two groups, Group IV (64 banks with deposits of \$20 million to \$50 million) and Group V (56 banks with deposits of \$50 million or over); the 1960 ratios were computed separately for each of the two groups.

NOTE: Year-to-year comparisons by size-groups may be affected by mergers and shifts of banks from one size-group to another.

YOUR NOTES