



at 5476

OPERATING RATIOS 1963

INCOME AND DIVIDENDS

OF SECOND DISTRICT MEMBER BANKS

March 31, 1964

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

We are pleased to send you this report on the income and dividends and the operating ratios of our member banks for the year 1963, prepared by our Bank Examinations Department. The report is intended for use by your management in analyzing and making comparisons of your operations with those of banks in the same deposit grouping. Should any questions arise, you may direct your inquiries to the Bank Examinations Department.

Additional copies of this report are available upon request.

ALFRED HAYES,
President.

Federal Reserve Bank of New York

CONTENTS

	<i>Page</i>
PART I, Income and Dividends of Second District Member Banks in 1963	1
Table: Income, Expenses, and Dividends of Second District Member Banks, 1961-63.....	3
PART II, Operating Ratios of Second District Member Banks for the Year 1963	3
<i>Tables</i>	
1963 Average Operating Ratios of All Member Banks in the Second District.....	6
1963 Average Operating Ratios of Second District Member Banks:	
In New York City	6
In Group I —Deposits under \$2 Million	7
In Group II —Deposits of \$2 Million to \$5 Million	8
In Group III—Deposits of \$5 Million to \$20 Million	9
In Group IV—Deposits of \$20 Million to \$50 Million	10
In Group V—Deposits of \$50 Million or over	11
Notes to Pages 6-11	12

PART I

Income and Dividends of Second District Member Banks in 1963

Summary

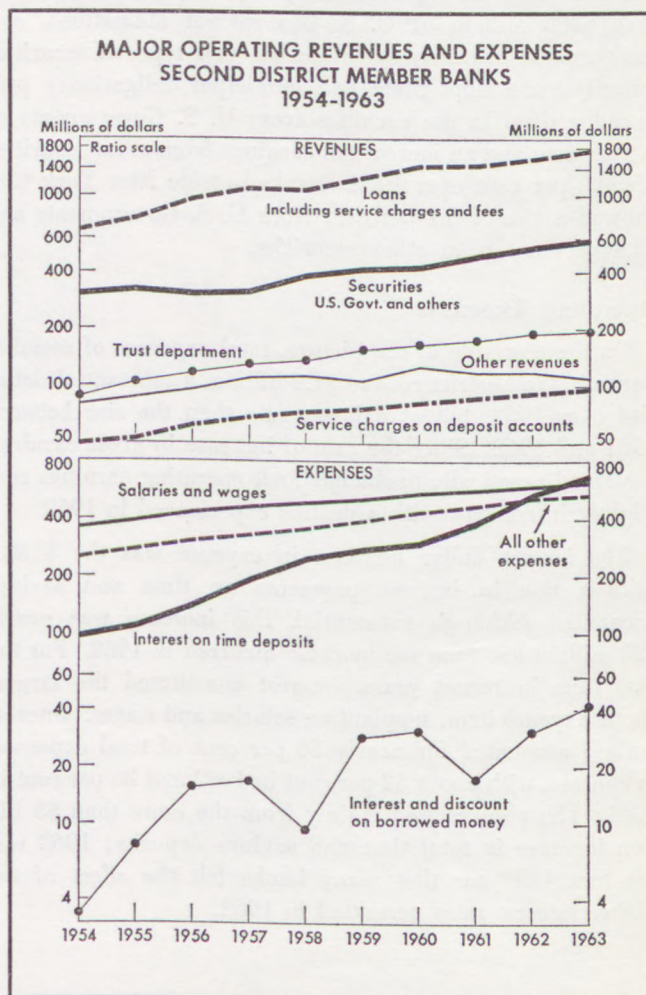
Net current operating earnings of \$841.8 million for Second District member banks in 1963 were \$5.5 million over the previous year. This increase was in contrast with the more than \$26 million decline registered in 1962, and a reversal of the downward trend from the record level of \$916.5 million set in 1960. Despite this overall increase, net operating earnings of the large New York City banks* continued to decline, but in an amount substantially less than that of the previous year. Outside New York City, net earnings rose by \$17.5 million.

Total operating revenues continued to rise over preceding years and the \$2.7 billion for 1963 represents an increase of 18.9 per cent in two years. However, total operating expenses rose to \$1.9 billion, an increase of 31.8 per cent in the same period. Interest paid on time and savings deposits totaled \$673.5 million, up \$138.3 million from the previous year. Lower net deductions in nonoperating items allowed net income before related taxes to gain by \$38.1 million from the 1962 level. This gain, aided by lower tax payments, caused largely by a shift to tax-exempt investment obligations, especially by banks within New York City, accounted for a rise in net income after taxes. The rise, offset by only a conservative increase in dividend payments, produced nearly a 30 per cent gain in net income after dividends over 1962 results. The 1963 increase in retained income is in sharp contrast with the declines of the two prior years.

In spite of rising costs, banks this year have been able to level off some major expense items sufficiently to produce a small rise in net earnings—the first since 1960. The major reason for higher net earnings appears to be the continued increase in loans, particularly mortgage financing and consumer credit, in a volume sufficient to offset the continually increasing costs of operation.

Preliminary figures for 1963 are tabulated on page 3, and trends throughout the past decade are shown on the accompanying chart.

* This and all other references to New York City member banks are to those that were central reserve city member banks prior to July 28, 1962, when the central reserve city classification was abolished. The category is retained for yearly comparisons.



Operating Revenue

The \$216 million rise in total current operating revenue for 1963 over 1962, an 8.6 per cent increase, was slightly less than the gain recorded in 1962. The \$1.7 billion earnings from loans, however, reflected an 11.0 per cent gain. This was higher than the gain recorded in 1962 and was once again due to growth in loan volume. A \$1.5 billion increase in two important loan categories—consumer installment and real estate loans—more than doubled the rise of 1962, carrying total outstanding loans to a record \$35.3 billion for the entire District. Commercial and business

loans increased by nearly \$1 billion over 1962, but accounted for a smaller portion of total loans than in the previous year.

The decline in income from U. S. Governments and the higher earnings derived from "other securities" holdings reflect the shift by banks into tax-exempt State and municipal securities. A liquidation by the City banks of more than \$900 million of U. S. Government obligations, and the purchase of nearly \$1 billion of other types of securities (mostly tax-exempt State and municipal obligations) produced a drop in the earnings from U. S. Governments of 5.5 per cent and an increase in earnings from other securities of 30.6 per cent over 1962. Banks outside New York City showed a rise of 5.1 per cent from U. S. Governments and 25.4 per cent from other securities.

Operating Expenses

On the cost side of the picture, total expenses of member banks in the District rose to \$1.9 billion, a substantial dollar rise over 1962, but at a lower rate than the rise between 1961 and 1962. Since the rate of increase in gross earnings remained practically unchanged, net operating earnings rose slightly in contrast with a decline experienced in 1962.

The largest dollar increase in expense was the \$138.3 million rise in interest payments on time and savings accounts. Although substantial, this increase was nearly \$20 million less than the increase incurred in 1962. For the first time in recent years, interest constituted the largest single expense item, supplanting salaries and wages. Interest outlays accounted for nearly 36 per cent of total expenses, in contrast with about 32 per cent in 1962 and 26 per cent in 1961. The rise resulted mainly from the more than \$3 billion increase in total time and savings deposits; 1963 was the first full year that many banks felt the effect of the higher interest rates permitted in 1962.

Salaries and wages rose by 4.9 per cent to a record \$623.5 million. The percentage rise for these outlays was greater for banks outside New York City (10.7 per cent) than for banks in the City (1.6 per cent). Interest and discount on borrowed money continued on an upward trend and totaled \$11.5 million over 1962. Again, virtually all the increase stemmed from New York City banks' borrowings to replenish temporary shortages of reserves. Other items of expense either held steady or showed minor increases over comparable items in 1962.

Nonoperating Items, Taxes, Dividends, and Retained Earnings

Although charge-offs on loans were higher, and profits and recoveries on securities lower than in the previous year, any adverse effect that this would have produced on "net current operating earnings" was offset by the drop of some \$63 million in "additions to valuation reserve for loan losses" from the past year. A substantial reduction of \$56.5 million for the same item permitted the New York City banks to show a rise in net income before taxes of \$30.2 million. Banks outside New York City showed an increase in this "net" of only \$7.9 million.

The heavy investment in tax-exempt securities enabled Second District banks to show a rise in net income after taxes of some \$74 million, or 16 per cent, over 1962 results. By comparison, the rise in 1962 over 1961 was less than \$2 million.

Dividends to shareholders continued to increase, with payments of 4.7 per cent more than in 1962. The total net income retained after the payment of dividends for all banks was nearly 30 per cent greater than the corresponding amount in 1962.

Income, Expenses, and Dividends of Second District Member Banks 1961-1963

(In millions of dollars)

Item	All Second District member banks			New York City member banks*			All other Second District member banks		
	1963	1962	1961	1963	1962	1961	1963	1962	1961
Number of banks.....	426	451	475	12	13	13	414	438	462
Current Operating Revenue:									
On United States Government securities.....	362.0	367.1	338.3	213.0	225.3	215.4	149.0	141.8	122.9
On other securities.....	222.8	173.3	139.4	137.5	105.3	81.4	85.3	68.0	58.0
On loans (including service charges and fees on loans)...	1,740.9	1,568.7	1,432.3	1,078.5	1,000.1	917.9	662.4	568.6	514.4
Service charges on deposit accounts.....	97.1	91.8	86.9	33.8	35.0	33.2	63.3	56.8	53.7
Trust department earnings.....	194.0	190.1	177.1	166.7	156.2	143.0	27.3	33.9	34.1
Other current operating revenue.....	109.5	119.0	118.8	87.6	95.5	100.8	21.9	20.5	18.0
Total current operating revenue.....	2,726.3	2,510.0	2,292.8	1,717.1	1,620.4	1,491.7	1,009.2	889.6	801.1
Current Operating Expenses:									
Salaries and wages—officers and employees.....	623.5	594.5	564.4	385.2	379.3	360.3	233.3	215.2	204.1
Pension, hospitalization, social security taxes, etc.	117.5	111.5	101.6	82.1	80.1	73.1	35.4	31.4	28.5
Interest on time and savings deposits.....	673.5	535.2	377.8	354.6	273.5	187.7	318.9	261.7	190.1
Interest and discount on borrowed money.....	42.0	30.5	17.5	38.7	28.6	16.1	3.3	1.9	1.4
Net occupancy expense of bank premises.....	143.1	131.6	121.2	92.4	88.7	81.2	50.7	42.9	40.0
Furniture and equipment—depreciation, rents, etc.....	49.9	41.8	36.3	28.0	21.5	18.7	23.9	20.3	17.6
Other current operating expenses.....	235.0	228.6	211.5	124.5	123.1	111.2	110.5	105.5	100.3
Total current operating expenses.....	1,884.5	1,673.7	1,430.3	1,103.5	994.8	848.3	781.0	678.9	582.0
Net current operating earnings.....	841.8	836.3	862.5	613.6	625.6	643.4	228.2	210.7	219.1
Net recoveries (+) or charge-offs (-) on loans.....	- 63.7	- 26.0	- 40.1	- 36.8	- 14.5	- 25.6	- 26.9	- 11.5	- 14.5
Securities profits and recoveries (+) or charge-offs (-) ..	+ 22.4	+ 33.4	+ 77.6	+ 16.2	+ 24.9	+ 65.2	+ 6.2	+ 8.5	+ 12.4
All other recoveries (+) or charge-offs (-).....	+ 11.6	+ 5.4	- 9.6	+ 0.4	- 5.6	- 7.7	+ 11.2	+ 11.0	- 1.9
Net additions to (-) or deductions from (+) valuation reserves for:									
Loan losses.....	- 29.5	- 92.5	- 92.3	- 6.4	- 62.9	- 74.4	- 23.1	- 29.6	- 17.9
Securities losses.....	+ 9.9	- 2.2	- 13.9	+ 11.9	+ 1.2	- 7.5	- 2.0	- 3.4	- 6.4
Net income before related taxes.....	792.5	754.4	784.2	598.9	568.7	593.4	193.6	185.7	190.8
Taxes on net income.....	257.5	293.4	324.7	203.9	239.3	257.0	53.6	54.1	67.7
Net income.....	535.0	461.0	459.5	395.0	329.4	336.4	140.0	131.6	123.1
Cash dividends declared.....	260.7	249.1	242.8	193.2	189.2	182.5	67.5	59.9	60.3
Net income after dividends.....	274.3	211.9	216.7	201.8	140.2	153.9	72.5	71.7	62.8

* Includes only those member banks that were "central reserve city member banks" prior to July 28, 1962, when the central reserve city classification was abolished.

PART II

Operating Ratios of Second District Member Banks for the Year 1963

Summary Ratios

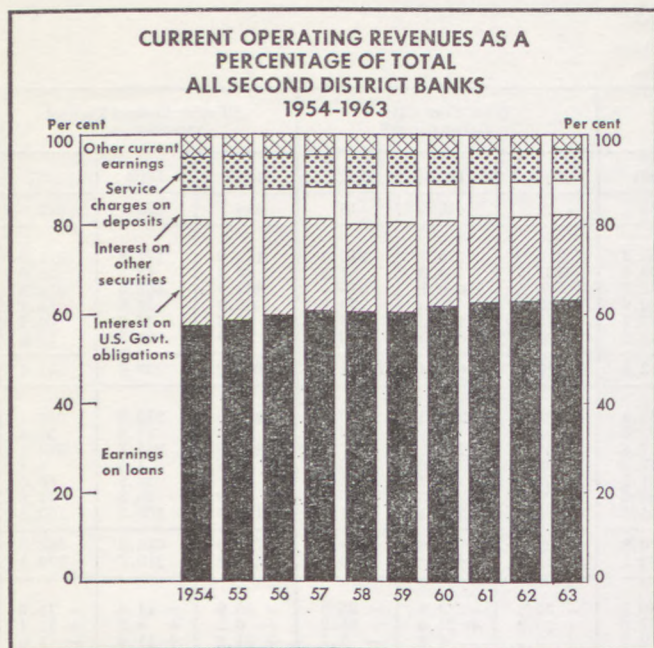
The operating ratios of all member banks on a District-wide basis as tabulated on page 6 show no significant changes since 1962. Net current operating earnings, both as a percentage of total capital accounts (#1) and of total assets (#7), declined only slightly from the previous year. This decline was, however, not nearly as large as that which occurred between 1961 and 1962. Total operating revenue to assets (#5) reached a postwar high in 1963, but was not large enough to offset the increase in total current operating expenses (#6), thus producing the aforementioned decline in net operating earnings. Net income before taxes as a percentage of total capital accounts (#2) also dropped slightly,

but the percentage of retained earnings (#3 minus #4) was equal to 1962.

Sources and Disposition of Earnings

Sources of operating revenues as percentages of total earnings changed only slightly as reported in ratios #9 through #13. The aforementioned increase in total operating revenue to assets (#5) reflected the higher income on loans (#11) that arose largely from a continued buildup of loan volume. Over the last decade, as Chart I shows, the portion of revenue derived from loans rose from 57.4 per cent in 1954 to 63.2 per cent in 1963. By contrast, the chart indicates the decline in the portion of income derived from U. S.

Chart 1



Government securities from 23.4 per cent to 18.9 per cent over the same period.

The proportion of total current operating expenses to total earnings (#21) continued to increase, but the rate of increase declined sharply compared with 1962. The major factor in the rise continued to be the interest cost on time and savings deposits (#18), which absorbed a higher percentage of total operating revenues in 1963 than in any previous year. Underlying the increase was the continuing rise in interest rates (#41), as shown on Chart 2, and the growth in time and savings deposits relative to total deposits (#40). The increase in interest expense was particularly apparent in the larger New York City banks (Group VII and Group VIII), reflecting the rapid movement of these banks to the maximum interest rate ceilings, particularly on time certificates of deposit.

There was no significant change in the other operating expense ratios. As we have noted in previous years, the relatively low salary and wage ratios (#16) of certain groups of banks—such as the largest New York City banks—are attributable to the high total operating revenues upon which the ratios are computed, rather than low average salary levels.

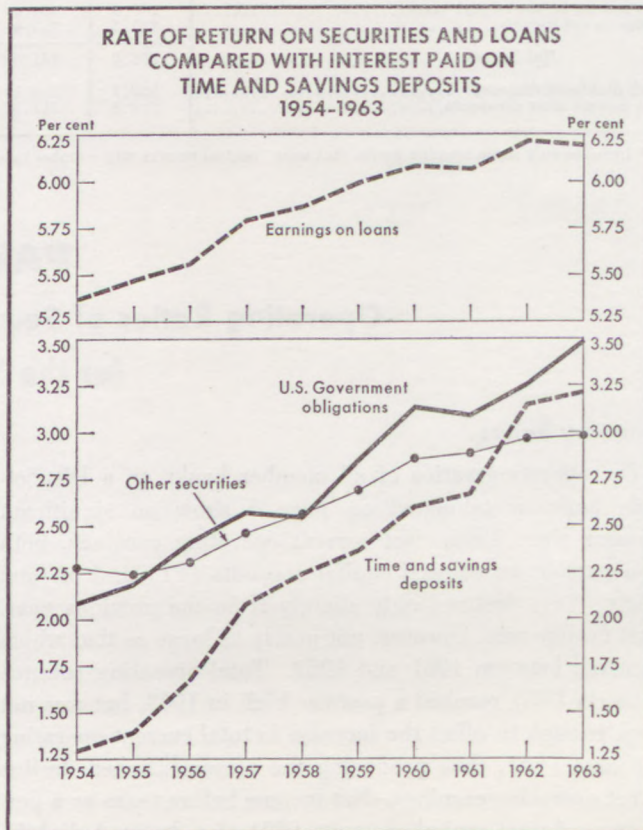
Largely as a result of the less pronounced rate of increase in total current operating expenses, the ratio of net current operating earnings to total current operating revenue (#22)

decreased less than in 1962. Net income as a percentage of total operating revenue (#26) continued to decrease, but the drop was less than half that sustained in 1962. The lower 1963 net income ratio resulted mainly from higher operating expenses, as the total of nonoperating accounts (#23) and transfers to valuation reserves (#24) showed little change. The reduced tax burden (#25), resulting from lower taxable income, partially offset the higher expenses.

Rates of Return on Securities and Loans

Most of the ratios showing rates of return on securities and loans give the details accounting for the higher total current operating revenue. With the exception of New York City banks in Group VI, the average rate of return on 1963 Government securities holdings (#27) rose over that of 1962. Yields on other securities (#28) increased for five of the eight bank groups, with Groups II, VII, and VIII recording declines. The higher interest returns reflect shifts toward longer maturities as well as the average higher rates on short-term instruments that prevailed in the 1963 money markets.

Chart 2



The moderately lower rate of returns on loans (#30) reversed the previous year's increase. Chart 2 shows a comparison between the rate of return on loans and securities and the rate of interest paid on time and savings deposits.

Distribution of Assets

As shown on Chart 3, the unbroken postwar downward trend in Second District member banks' holdings of U. S. Governments as a proportion of total assets (#32) continued in 1963, the decline in the past decade approximating 30 per cent. Holdings of other securities (#33), largely the tax-exempt State, county, and municipal issues, are approximately 26 per cent higher, while the loan sector (#34) increased approximately 35 per cent during the same period. The nonearning cash holdings continued their uninterrupted descent.

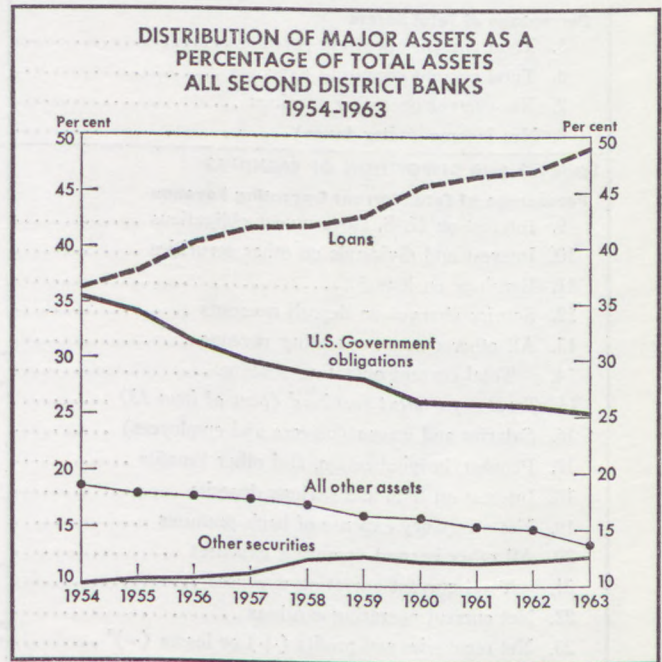
Capital and Deposit Ratios

For the District as a whole, no change occurred in the ratios of capital accounts to total assets (#37) and total deposits (#39). Banks in Groups IV, VII, and VIII recorded moderate declines, while banks in the other groups maintained or increased their capital strength. The ratio of capital to so-called "risk assets" (#38) continued to decline in correlation with the sustained downward trend in Government securities and cash holdings as percentages of total assets.

The increases in the ratio of time deposits to total deposits (#40) and in the average rate of interest paid (#41) were

spread generally throughout the District. All New York City banks now have more than 25 per cent of their total deposits in time and savings money. The movement of banks in Groups VII and VIII above this percentage is due primarily to the continuing interest of customers in the negotiable interest-bearing time certificates of deposit.

Chart 3



1963 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.)

	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		
			1963	1962	1963	1962	1963	1962	
Note: Balance-sheet figures used as a basis for the 1963 ratios are averages of amounts reported for December 28, 1962; June 29, 1963; and December 20, 1963.									
SUMMARY RATIOS									
Number of banks.....	425	446	4	5	8	7	7	7	
Percentage of Total Capital Accounts									
1. Net current operating earnings	12.0	12.1	15.3	15.6	18.6	20.3	15.8	16.7	
2. Net income before related taxes	10.3	10.5	9.5	10.3	14.2	18.1	15.0	15.2	
3. Net income	7.4	7.4	6.0	6.5	7.7	9.2	9.7	8.9	
4. Dividends declared	3.1	3.1	2.5	2.6	4.3	4.6	5.1	5.1	
Percentage of Total Assets									
5. Total current operating revenue.....	4.75	4.61	4.73	4.58	4.76	4.80	3.78	3.78	
6. Total current operating expenses	3.77	3.61	3.58	3.40	3.11	2.96	2.43	2.31	
7. Net current operating earnings	0.98	1.00	1.15	1.18	1.65	1.84	1.35	1.47	
8. Net income (after taxes)	0.60	0.61	0.46	0.49	0.72	0.85	0.83	0.78	
SOURCES AND DISPOSITION OF EARNINGS									
Percentage of Total Current Operating Revenue									
9. Interest on U. S. Government obligations	18.9	18.9	12.2	16.4	13.9	12.9	12.3	14.1	
10. Interest and dividends on other securities	7.8	7.8	1.7	4.2	4.7	3.8	8.2	6.5	
11. Earnings on loans ¹	63.2	62.8	73.0	66.5	59.4	57.7	63.0	62.0	
12. Service charges on deposit accounts	6.6	6.8	4.3	5.2	3.1	2.9	1.9	2.0	
13. All other current operating revenue	3.5	3.7	8.8	7.7	18.9	22.7	14.6	15.4	
14. Total current operating revenue	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)	3.4	3.2	b	b	16.7	20.2	9.5	9.7	
16. Salaries and wages (officers and employees)	24.3	24.7	24.9	25.6	27.6	28.3	22.9	23.7	
17. Pension, hospitalization, and other benefits	3.0	2.9	4.3	3.9	4.7	4.9	4.4	4.6	
18. Interest on time and savings deposits	33.5	32.6	29.6	28.4	16.0	10.6	20.3	16.5	
19. Net occupancy expense of bank premises	4.5	4.5	4.4	4.4	5.3	5.5	5.3	5.2	
20. All other current operating expenses	14.2	13.7	12.0	11.9	12.1	12.4	11.3	11.0	
21. Total current operating expenses	79.5	78.4	75.2	74.2	65.7	61.7	64.2	61.0	
22. Net current operating earnings	20.5	21.6	24.8	25.8	34.3	38.3	35.8	39.0	
23. Net recoveries and profits (+) or losses (-) ³	- 1.2	- 0.6	- 5.6	- 2.2	- 5.9	a	- 1.2	+ 0.3	
24. Net increase (-) or decrease (+) in valuation reserves ⁴	- 1.6	- 2.0	- 3.1	- 6.2	- 1.6	- 3.7	- 0.5	- 3.8	
25. Taxes on net income	5.0	5.6	6.0	6.5	12.4	17.1	12.3	14.8	
26. Net income	12.7	13.4	10.1	10.9	14.4	17.5	21.8	20.7	
RATES OF RETURN ON SECURITIES AND LOANS									
Return on Securities									
27. Interest on U. S. Government obligations	3.49	3.25	3.23	3.29	3.35	3.34	3.27	3.06	
28. Interest and dividends on other securities	2.98	2.96	4.14	3.69	3.03	3.09	2.90	3.01	
29. Net recoveries & profits (+) or losses (-) on total securities ⁵	+ 0.05	+ 0.09	- 0.42	- 0.38	+ 0.07	+ 0.23	+ 0.09	+ 0.23	
Return on Loans									
30. Earnings on loans ¹	6.19	6.22	5.49	5.56	5.35	5.16	4.94	5.07	
31. Net losses (-) or recoveries (+) on loans ⁶	- 0.16	- 0.15	- 0.25	- 0.08	- 0.54	- 0.07	- 0.15	- 0.06	
DISTRIBUTION OF ASSETS									
Percentage of Total Assets									
32. U. S. Government obligations	25.1	26.0	18.5	23.1	19.1	17.9	14.1	17.4	
33. Other securities	12.5	12.1	2.0	4.7	8.2	6.6	10.5	8.1	
34. Loans	48.8	46.9	63.8	55.7	49.5	49.7	48.3	46.1	
35. Cash assets	11.9	13.4	14.2	15.0	20.4	23.0	22.1	23.6	
36. Real estate assets	1.4	1.4	0.8	0.9	0.8	0.7	1.1	1.0	
CAPITAL AND DEPOSIT RATIOS									
37. Capital accounts to total assets	8.5	8.5	7.6	7.6	9.0	9.3	8.6	8.9	
38. Capital accounts to total assets, less U. S. Government securities and cash assets	14.2	14.7	11.7	12.8	14.7	15.6	13.5	15.2	
39. Capital accounts to total deposits	9.6	9.6	8.5	8.4	10.3	10.7	10.5	10.6	
40. Time and savings to total deposits	54.1	52.3	44.1	41.4	29.0	23.3	26.9	22.1	
41. Interest on time and savings deposits	3.21	3.14	3.48	3.39	2.91	2.67	3.43	3.35	
AVERAGE BANK IN GROUP—In thousands of dollars									
Total deposits	131,159	116,238	66,857	53,825	313,775	314,010	5,006,748	4,688,437	
Capital accounts	12,591	11,159	5,683	4,521	32,319	33,599	525,709	496,974	

* See page 12 for the note to "Banks in New York City" and other notes referred to in this table.

1963 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 1963 ratios are averages of amounts reported for December 28, 1962; June 29, 1963; and December 20, 1963.		Group average		Loans to total assets, per cent—1963				YOUR BANK
		1963	1962	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS	Number of banks.....	19	23	1	7	9	2	
Percentage of Total Capital Accounts								
1.	Net current operating earnings	7.8	9.8		8.6	10.4		
2.	Net income before related taxes	7.0	8.1		8.1	8.4		
3.	Net income	5.6	5.6		6.4	6.5		
4.	Dividends declared	1.5	1.6		1.9	1.5		
Percentage of Total Assets								
5.	Total current operating revenue.....	4.77	4.61		4.76	4.85		
6.	Total current operating expenses	3.92	3.55		3.73	3.82		
7.	Net current operating earnings	0.85	1.06		1.03	1.03		
8.	Net income (after taxes)	0.60	0.58		0.78	0.69		
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Current Operating Revenue								
9.	Interest on U. S. Government obligations	22.9	23.2		27.3	18.3		
10.	Interest and dividends on other securities	6.2	7.3		6.0	7.2		
11.	Earnings on loans ¹	62.5	61.3		58.0	66.8		
12.	Service charges on deposit accounts	6.2	5.9		6.8	5.6		
13.	All other current operating revenue	2.2	2.3		1.9	2.1		
14.	Total current operating revenue	100.0	100.0	FEWER THAN THREE BANKS IN THIS SUB-GROUP	100.0	100.0	FEWER THAN THREE BANKS IN THIS SUB-GROUP	100.0
15.	Trust department earnings ² (part of item 13)	b	b		b	b		
16.	Salaries and wages (officers and employees)	28.9	26.8		29.2	25.7		
17.	Pension, hospitalization, and other benefits	2.5	2.2		2.4	2.9		
18.	Interest on time and savings deposits	28.9	30.2		29.4	27.6		
19.	Net occupancy expense of bank premises	5.1	3.8		2.8	5.7		
20.	All other current operating expenses	17.3	14.1		14.6	15.8		
21.	Total current operating expenses	82.7	77.1		78.4	77.7		
22.	Net current operating earnings	17.3	22.9		21.6	22.3		
23.	Net recoveries and profits (+) or losses (-) ³	- 1.4	- 4.0		- 1.0	- 4.1		
24.	Net increase (-) or decrease (+) in valuation reserves ⁴	- 0.1	- 0.5		- 0.2	- 0.2		
25.	Taxes on net income	3.5	5.8		4.2	4.2		
26.	Net income	12.3	12.6		16.2	13.8		
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
27.	Interest on U. S. Government obligations	3.37	3.30		3.51	3.33		
28.	Interest and dividends on other securities	3.65	3.47		3.21	4.19		
29.	Net recoveries & profits (+) or losses (-) on total securities ⁵	+ 0.12	+ 0.08		+ 0.16	+ 0.01		
Return on Loans								
30.	Earnings on loans ¹	6.59	6.57		7.09	6.32		
31.	Net losses (-) or recoveries (+) on loans ⁶	- 0.20	- 0.47		- 0.16	- 0.27		
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
32.	U. S. Government obligations	30.8	31.1		36.2	26.2		
33.	Other securities	8.4	9.3		9.3	8.4		
34.	Loans	45.8	43.3		39.0	51.3		
35.	Cash assets	13.9	15.5		14.8	13.0		
36.	Real estate assets	1.0	0.8		0.6	1.0		
CAPITAL AND DEPOSIT RATIOS								
37.	Capital accounts to total assets	12.0	11.2		12.3	10.8		
38.	Capital accounts to total assets, less U. S. Government securities and cash assets	22.5	21.8		25.1	17.7		
39.	Capital accounts to total deposits	14.0	12.8		14.4	12.3		
40.	Time and savings to total deposits	48.6	50.7		47.6	48.4		
41.	Interest on time and savings deposits	3.01	2.90		2.82	3.07		
AVERAGE BANK IN GROUP—in thousands of dollars								
	Total deposits	1,425	1,450		1,509	1,396		
	Capital accounts	168	186		217	172		

¹ See page 12 for the note to "Earnings on loans" and other notes referred to in this table.

**1963 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 1963 ratios are averages of amounts reported for December 28, 1962; June 29, 1963; and December 20, 1963.	Group average		Loans to total assets, per cent—1963				YOUR BANK
	1963	1962	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS Number of banks.....	81	94	8	26	25	22	
Percentage of Total Capital Accounts							
1. Net current operating earnings	9.8	9.6	8.0	8.2	10.9	11.1	
2. Net income before related taxes	8.8	8.4	7.4	7.4	10.0	9.7	
3. Net income	6.4	5.9	5.7	5.6	7.5	6.4	
4. Dividends declared	2.3	2.4	2.6	2.3	2.4	2.2	
Percentage of Total Assets							
5. Total current operating revenue.....	4.75	4.55	4.21	4.42	4.83	5.24	
6. Total current operating expenses	3.82	3.61	3.42	3.67	3.72	4.26	
7. Net current operating earnings	0.93	0.94	0.79	0.75	1.11	0.98	
8. Net income (after taxes)	0.59	0.58	0.57	0.49	0.75	0.54	
SOURCES AND DISPOSITION OF EARNINGS							
Percentage of Total Current Operating Revenue							
9. Interest on U. S. Government obligations	20.9	20.4	32.5	23.4	19.4	15.2	
10. Interest and dividends on other securities	7.2	7.4	12.7	9.1	6.9	3.3	
11. Earnings on loans ¹	63.9	63.9	45.5	58.7	66.2	74.1	
12. Service charges on deposit accounts	6.3	6.4	7.5	6.8	5.8	5.7	
13. All other current operating revenue	1.7	1.9	1.8	2.0	1.7	1.7	
14. Total current operating revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15. Trust department earnings ² (part of item 13)	0.8	1.4	b	0.8	b	b	
16. Salaries and wages (officers and employees)	25.6	25.4	24.5	27.8	25.0	23.9	
17. Pension, hospitalization, and other benefits	2.8	2.7	2.0	3.2	2.7	2.9	
18. Interest on time and savings deposits	33.4	33.6	38.2	30.9	33.3	34.8	
19. Net occupancy expense of bank premises	4.2	4.2	3.0	5.7	3.1	4.1	
20. All other current operating expenses	14.9	13.6	13.6	16.0	13.1	16.0	
21. Total current operating expenses	80.9	79.5	81.3	83.6	77.2	81.7	
22. Net current operating earnings	19.1	20.5	18.7	16.4	22.8	18.3	
23. Net recoveries and profits (+) or losses (-) ³	- 1.6	- 1.3	- 0.5	- 1.3	- 2.0	- 1.9	
24. Net increase (-) or decrease (+) in valuation reserves ⁴	- 0.4	- 1.4	- 0.6	- 0.4	- 0.2	- 0.6	
25. Taxes on net income	4.8	5.2	4.1	4.1	5.0	5.8	
26. Net income	12.3	12.6	13.5	10.6	15.6	10.0	
RATES OF RETURN ON SECURITIES AND LOANS							
Return on Securities							
27. Interest on U. S. Government obligations	3.55	3.25	3.59	3.40	3.63	3.62	
28. Interest and dividends on other securities	3.02	3.10	3.21	3.06	2.89	3.05	
29. Net recoveries & profits (+) or losses (-) on total securities ³	+ 0.01	+ 0.02	+ 0.05	- 0.05	a	+ 0.07	
Return on Loans							
30. Earnings on loans ¹	6.37	6.38	6.13	6.29	6.44	6.48	
31. Net losses (-) or recoveries (+) on loans ⁹	- 0.15	- 0.12	- 0.19	- 0.07	- 0.15	- 0.22	
DISTRIBUTION OF ASSETS							
Percentage of Total Assets							
32. U. S. Government obligations	27.5	27.7	38.4	30.4	26.0	21.8	
33. Other securities	11.1	10.9	17.4	13.5	11.2	5.8	
34. Loans	47.9	46.5	31.4	41.1	40.8	60.0	
35. Cash assets	11.9	13.4	11.8	13.3	11.7	10.5	
36. Real estate assets	1.4	1.4	0.9	1.5	1.2	1.7	
CAPITAL AND DEPOSIT RATIOS							
37. Capital accounts to total assets	10.4	10.1	10.0	10.5	10.5	10.3	
38. Capital accounts to total assets, less U. S. Government securities and cash assets	17.5	17.6	20.9	18.8	17.0	15.3	
39. Capital accounts to total deposits	11.8	11.4	11.2	11.9	11.9	11.7	
40. Time and savings to total deposits	55.5	54.1	57.2	49.1	56.4	61.4	
41. Interest on time and savings deposits	3.13	3.08	3.09	2.93	3.19	3.31	
AVERAGE BANK IN GROUP—In thousands of dollars							
Total deposits	3,405	3,482	3,235	3,511	3,103	3,686	
Capital accounts	402	397	362	418	369	431	

¹ See page 12 for the note to "Earnings on loans" and other notes referred to in this table.

1963 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 1963 ratios are averages of amounts reported for December 28, 1962; June 29, 1963; and December 20, 1963.		Group average		Loans to total assets, per cent—1963				YOUR BANK
		1963	1962	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS	Number of banks.....	161	183	18	44	58	41	
Percentage of Total Capital Accounts								
1.	Net current operating earnings	11.3	11.3	9.9	10.8	11.2	12.7	
2.	Net income before related taxes	9.7	10.2	9.9	9.4	9.4	10.2	
3.	Net income	7.0	7.3	8.1	7.0	7.0	6.7	
4.	Dividends declared	2.7	2.9	2.8	2.9	2.6	2.8	
Percentage of Total Assets								
5.	Total current operating revenue.....	4.68	4.58	4.02	4.45	4.79	5.19	
6.	Total current operating expenses	3.75	3.66	3.22	3.59	3.89	4.08	
7.	Net current operating earnings	0.93	0.92	0.80	0.86	0.90	1.11	
8.	Net income (after taxes)	0.58	0.60	0.64	0.57	0.56	0.59	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Current Operating Revenue								
9.	Interest on U. S. Government obligations	20.6	20.0	38.5	25.2	17.8	11.6	
10.	Interest and dividends on other securities	7.7	8.3	11.0	9.0	7.6	5.1	
11.	Earnings on loans ¹	62.4	61.6	39.0	55.7	65.0	76.0	
12.	Service charges on deposit accounts	6.9	7.3	8.3	7.2	7.2	5.8	
13.	All other current operating revenue	2.4	2.8	3.2	2.9	2.4	1.5	
14.	Total current operating revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0
15.	Trust department earnings ² (part of item 13)	1.7	1.7	2.6	2.0	1.6	0.8	
16.	Salaries and wages (officers and employees)	23.2	23.9	23.3	23.4	23.2	22.9	
17.	Pension, hospitalization, and other benefits	2.7	2.7	2.7	2.5	2.9	2.6	
18.	Interest on time and savings deposits	36.1	35.1	36.3	37.3	36.5	34.2	
19.	Net occupancy expense of bank premises	4.3	4.5	4.0	4.1	4.3	4.5	
20.	All other current operating expenses	14.0	13.9	13.7	13.5	14.3	14.4	
21.	Total current operating expenses	80.3	80.1	80.0	80.8	81.2	78.6	
22.	Net current operating earnings	19.7	19.9	20.0	19.2	18.8	21.4	
23.	Net recoveries and profits (+) or losses (-) ³	- 1.0	- 0.3	+ 1.1	- 0.8	- 1.5	- 1.3	
24.	Net increase (-) or decrease (+) in valuation reserves ⁴	- 1.7	- 1.4	- 1.1	- 1.5	- 1.3	- 2.7	
25.	Taxes on net income	4.6	5.0	3.9	4.3	4.2	5.9	
26.	Net income	12.4	13.2	16.1	12.6	11.8	11.5	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
27.	Interest on U. S. Government obligations	3.44	3.24	3.38	3.52	3.46	3.38	
28.	Interest and dividends on other securities	2.91	2.87	3.17	2.77	2.70	3.12	
29.	Net recoveries & profits (+) or losses (-) on total securities ⁵	+ 0.05	+ 0.13	+ 0.12	+ 0.03	+ 0.07	+ 0.01	
Return on Loans								
30.	Earnings on loans ¹	6.25	6.28	6.03	6.09	6.26	6.51	
31.	Net losses (-) or recoveries (+) on loans ³	- 0.13	- 0.16	- 0.06	- 0.08	- 0.17	- 0.13	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
32.	U. S. Government obligations	27.3	27.4	45.5	32.0	24.6	18.0	
33.	Other securities	12.5	13.0	14.9	14.4	12.9	8.8	
34.	Loans	47.4	45.3	26.2	40.7	49.6	60.9	
35.	Cash assets	11.2	12.7	12.2	11.5	11.2	10.5	
36.	Real estate assets	1.4	1.4	1.1	1.3	1.5	1.7	
CAPITAL AND DEPOSIT RATIOS								
37.	Capital accounts to total assets	8.3	8.2	8.4	8.0	8.1	8.8	
38.	Capital accounts to total assets, less U. S. Government securities and cash assets	14.4	14.4	25.6	14.3	12.7	12.3	
39.	Capital accounts to total deposits	9.2	9.1	9.4	8.9	9.0	9.8	
40.	Time and savings to total deposits	58.0	55.4	51.4	58.5	58.5	59.6	
41.	Interest on time and savings deposits	3.20	3.15	2.98	3.11	3.27	3.31	
AVERAGE BANK IN GROUP—In thousands of dollars								
	Total deposits	10,741	11,056	10,228	11,550	10,794	10,022	
	Capital accounts	988	1,006	961	1,028	971	982	

¹ See page 12 for the note to "Earnings on loans" and other notes referred to in this table.

1963 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 1963 ratios are averages of amounts reported for December 28, 1962; June 29, 1963; and December 20, 1963.		Group average		Loans to total assets, per cent—1963				YOUR BANK		
		1963	1962	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D			
SUMMARY RATIOS		Number of banks.....		76	63	4	18	31	23	
Percentage of Total Capital Accounts										
1.	Net current operating earnings	12.5	13.0	8.7	11.5	12.8	13.5			
2.	Net income before related taxes	10.4	11.2	8.6	10.5	10.6	10.3			
3.	Net income	7.7	7.9	8.3	8.1	7.7	7.2			
4.	Dividends declared	3.4	3.5	3.3	3.3	3.5	3.4			
Percentage of Total Assets										
5.	Total current operating revenue	4.76	4.65	4.13	4.45	4.73	5.14			
6.	Total current operating expenses	3.82	3.64	3.51	3.60	3.75	4.11			
7.	Net current operating earnings	0.94	1.01	0.62	0.85	0.98	1.03			
8.	Net income (after taxes)	0.57	0.62	0.54	0.61	0.58	0.55			
SOURCES AND DISPOSITION OF EARNINGS										
Percentage of Total Current Operating Revenue										
9.	Interest on U. S. Government obligations	16.9	16.4	28.7	21.6	16.6	11.7			
10.	Interest and dividends on other securities	9.4	8.7	14.1	12.6	9.1	6.4			
11.	Earnings on loans ¹	63.1	64.1	43.8	54.3	63.8	72.3			
12.	Service charges on deposit accounts	7.1	7.1	9.2	7.7	7.1	6.2			
13.	All other current operating revenue	3.5	3.7	4.2	3.8	3.4	3.4			
14.	Total current operating revenue	100.0	100.0	100.0	100.0	100.0	100.0			100.0
15.	Trust department earnings ² (part of item 13)	2.4	2.2	1.7	3.3	2.1	2.4			
16.	Salaries and wages (officers and employees)	23.8	24.3	25.4	24.2	22.8	24.6			
17.	Pension, hospitalization, and other benefits	3.1	3.0	2.9	3.0	3.2	3.1			
18.	Interest on time and savings deposits	35.0	33.3	36.1	35.7	35.6	33.6			
19.	Net occupancy expense of bank premises	4.7	4.4	5.3	4.8	4.7	4.4			
20.	All other current operating expenses	13.7	13.2	14.9	13.5	13.0	14.5			
21.	Total current operating expenses	80.3	78.2	84.6	81.2	79.3	80.2			
22.	Net current operating earnings	19.7	21.8	15.4	18.8	20.7	19.8			
23.	Net recoveries and profits (+) or losses (-) ³	- 1.3	- 0.2	+ 0.6	- 0.3	- 1.4	- 2.4			
24.	Net increase (-) or decrease (+) in valuation reserves ⁴	- 1.9	- 2.7	- 2.2	- 1.2	- 2.1	- 2.1			
25.	Taxes on net income	4.3	5.5	0.6	3.5	4.9	4.7			
26.	Net income	12.2	13.4	13.2	13.8	12.3	10.6			
RATES OF RETURN ON SECURITIES AND LOANS										
Return on Securities										
27.	Interest on U. S. Government obligations	3.56	3.23	3.41	3.45	3.69	3.50			
28.	Interest and dividends on other securities	2.96	2.91	2.73	3.10	2.78	3.11			
29.	Net recoveries & profits (+) or losses (-) on total securities ⁵	+ 0.02	+ 0.04	+ 0.17	+ 0.14	+ 0.07	- 0.15			
Return on Loans										
30.	Earnings on loans ¹	6.12	6.16	5.79	6.11	6.06	6.28			
31.	Net losses (-) or recoveries (+) on loans ⁶	- 0.17	- 0.09	- 0.23	- 0.17	- 0.18	- 0.15			
DISTRIBUTION OF ASSETS										
Percentage of Total Assets										
32.	U. S. Government obligations	22.5	23.3	34.9	27.8	21.7	17.3			
33.	Other securities	15.1	13.9	21.0	18.4	15.5	10.8			
34.	Loans	49.3	48.6	31.2	39.4	50.0	59.2			
35.	Cash assets	11.3	12.4	10.9	12.7	10.9	10.7			
36.	Real estate assets	1.5	1.5	1.5	1.3	1.6	1.6			
CAPITAL AND DEPOSIT RATIOS										
37.	Capital accounts to total assets	7.6	7.8	6.7	7.4	7.7	7.7			
38.	Capital accounts to total assets, less U. S. Government securities and cash assets	11.5	12.3	12.2	12.6	11.5	10.7			
39.	Capital accounts to total deposits	8.4	8.7	7.4	8.2	8.5	8.6			
40.	Time and savings to total deposits	54.8	53.0	49.5	52.7	55.3	56.9			
41.	Interest on time and savings deposits	3.32	3.21	3.02	3.31	3.33	3.37			
AVERAGE BANK IN GROUP—in thousands of dollars										
	Total deposits	29,794	31,315	26,212	27,478	30,237	31,633			
	Capital accounts	2,503	2,724	1,940	2,253	2,570	2,720			

¹ See page 12 for the note to "Earnings on loans" and other notes referred to in this table.

1963 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 1963 ratios are averages of amounts reported for December 28, 1962; June 29, 1963; and December 20, 1963.		Group average		Loans to total assets, per cent—1963				YOUR BANK
		1963	1962	0-34.9 A	35-44.9 B	45-54.9 C	55 and up D	
SUMMARY RATIOS	Number of banks.....	69	64	0	14	29	26	
Percentage of Total Capital Accounts								
1.	Net current operating earnings	15.6	15.9		14.4	15.1	16.8	
2.	Net income before related taxes	13.4	13.6		13.4	12.7	14.3	
3.	Net income	9.6	9.7		9.7	9.5	9.6	
4.	Dividends declared	4.6	4.5		4.7	4.4	4.8	
Percentage of Total Assets								
5.	Total current operating revenue.....	4.89	4.80		4.50	4.78	5.24	
6.	Total current operating expenses	3.81	3.79		3.50	3.77	4.05	
7.	Net current operating earnings	1.08	1.01		1.00	1.01	1.10	
8.	Net income (after taxes)	0.66	0.68		0.68	0.64	0.68	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Current Operating Revenue								
9.	Interest on U. S. Government obligations	15.1	15.8		20.8	15.3	11.8	
10.	Interest and dividends on other securities	8.2	7.4		10.7	9.7	5.1	
11.	Earnings on loans ¹	64.8	64.5		56.1	63.2	71.4	
12.	Service charges on deposit accounts	6.6	6.9		6.9	6.7	6.4	
13.	All other current operating revenue	5.3	5.4		5.5	5.1	5.3	
14.	Total current operating revenue	100.0	100.0		100.0	100.0	100.0	100.0
15.	Trust department earnings ² (part of item 13)	3.5	3.7		3.9	3.2	3.7	
16.	Salaries and wages (officers and employees)	24.5	25.3		23.6	24.7	24.9	
17.	Pension, hospitalization, and other benefits	3.7	3.7		3.7	3.6	3.7	
18.	Interest on time and savings deposits	30.7	29.1		32.6	31.2	29.0	
19.	Net occupancy expense of bank premises	5.1	5.1		4.6	5.1	5.4	
20.	All other current operating expenses	14.0	13.7		13.2	14.1	14.3	
21.	Total current operating expenses	78.0	76.9		77.7	78.7	77.3	
22.	Net current operating earnings	22.0	23.1		22.3	21.3	22.7	
23.	Net recoveries and profits (+) or losses (-) ³	- 0.3	+ 0.8		+ 1.2	- 0.4	- 1.0	
24.	Net increase (-) or decrease (+) in valuation reserves ⁴	- 2.6	- 3.9		- 2.9	- 2.9	- 2.2	
25.	Taxes on net income	5.5	5.7		5.7	4.5	6.5	
26.	Net income	13.6	14.3		14.9	13.5	13.0	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
27.	Interest on U. S. Government obligations	3.52	3.31		3.48	3.56	3.49	
28.	Interest and dividends on other securities	2.85	2.79		2.76	2.99	2.74	
29.	Net recoveries & profits (+) or losses (-) on total securities ⁵	+ 0.11	+ 0.14		+ 0.15	+ 0.10	+ 0.08	
Return on Loans								
30.	Earnings on loans ¹	6.08	6.16		5.95	5.96	6.29	
31.	Net losses (-) or recoveries (+) on loans ⁶	- 0.18	- 0.14		- 0.07	- 0.16	- 0.27	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
32.	U. S. Government obligations	20.5	22.4		26.8	20.4	17.3	
33.	Other securities	13.6	12.2		17.5	15.3	9.7	
34.	Loans	52.3	50.4		42.3	50.6	59.6	
35.	Cash assets	11.6	13.1		11.6	11.9	11.3	
36.	Real estate assets	1.3	1.3		1.2	1.2	1.4	
CAPITAL AND DEPOSIT RATIOS								
37.	Capital accounts to total assets	7.0	7.0		6.9	6.8	7.2	
38.	Capital accounts to total assets, less U. S. Government securities and cash assets	10.3	10.9		11.2	10.1	10.1	
39.	Capital accounts to total deposits	7.7	7.7		7.7	7.6	8.0	
40.	Time and savings to total deposits	50.1	47.8		48.1	50.3	51.0	
41.	Interest on time and savings deposits	3.28	3.20		3.38	3.25	3.27	
AVERAGE BANK IN GROUP—In thousands of dollars								
	Total deposits	197,407	190,609		174,635	230,772	172,455	
	Capital accounts	15,200	14,677		13,447	17,533	13,796	

¹ See page 12 for the note to "Earnings on loans" and other notes referred to in this table.

NOTES TO PAGES 6-11

* New York City banks include only those banks that have their main office located in Manhattan.

¹ Includes service charges and other fees on loans.

² Excludes banks not reporting this item or reporting negligible amounts.

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 income and dividends report at the end of the preceding year from the balance on hand at the end of the current year.

⁵ Excludes transfers to and from valuation reserves for losses on securities.

⁶ Excludes transfers to and from valuation reserves for losses on loans.

^a Less than 0.01 per cent.

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

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