



OPERATING RATIOS INCOME AND DIVIDENDS

1964

OF SECOND DISTRICT MEMBER BANKS

March 31, 1965

*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 1964, 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. If you should have any questions that arise from this report, you may direct your inquiries to the Bank Examinations Department.

Additional copies of this report are available upon request.

ALFRED HAYES,
President.

CONTENTS

	<i>Page</i>
PART I, Income and Dividends of Second District Member Banks in 1964	1
Table: Income, Expenses, and Dividends of Second District Member Banks, 1962-64.	3
PART II, Operating Ratios of Second District Member Banks for the Year 1964	3
<i>Tables</i>	
1964 Average Operating Ratios of All Member Banks in the Second District.	6
1964 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 1964

Summary

The year 1964 was one of substantial overall improvement in operating results for Second District member banks. Net current operating earnings rose 6.5 per cent over the 1963 level to an aggregate of \$896.3 million, compared with an increase of 0.7 per cent recorded in 1963. The higher growth rate resulted from gains made by the large New York City banks.* With an increase of 6.0 per cent, the New York banks reversed a downward trend from the record earnings of \$700.7 million attained in 1960. For all other District banks, the 1964 increase was 7.8 per cent, compared with 8.3 per cent in the preceding year.

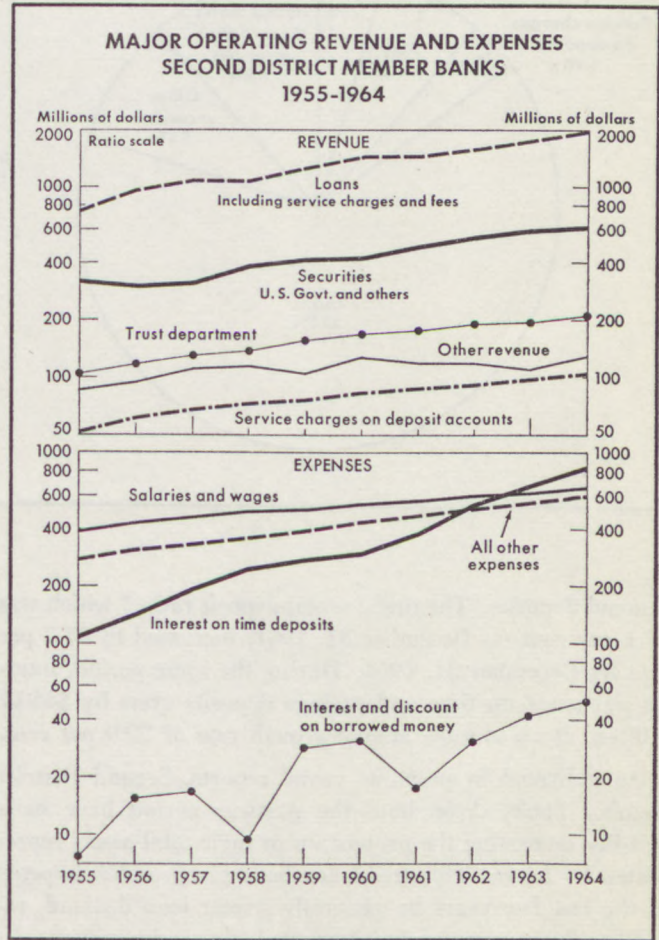
Higher earnings can be traced predominantly to continued strong loan demand. This was reflected in a gain of \$4.3 billion in the total gross loan portfolio of Second District banks as well as an increase of \$223.6 million in aggregate loan revenue. This latter amount represents 77.6 per cent of the total gain in current operating revenue achieved during the year.

The trend of substantial annual increases in interest payments on time and savings deposits was continued in 1964. Such expense rose \$153.0 million above the 1963 level, a gain of 22.7 per cent. For the year, interest payments on time and savings deposits reached the record amount of \$826.5 million, passing combined salaries, wages, and fringe benefits, to rank as the most significant expense factor for Second District banks. The effects of higher interest rates on costs and the increasing importance of time deposits in the deposit structure were felt more strongly by the large New York City banks. Interest payments on time and savings deposits rose 34.5 per cent for the New York banks, compared with 9.6 per cent for all other District banks.

As a result of security charge-offs and increases in valuation reserves, there was a \$40.1 million decline from the 1963 amount of total net income before taxes. Lower before-tax income and increases in dividends paid were partially offset by a slight decline in taxes. For the year, retained earnings declined \$41.0 million.

* 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.

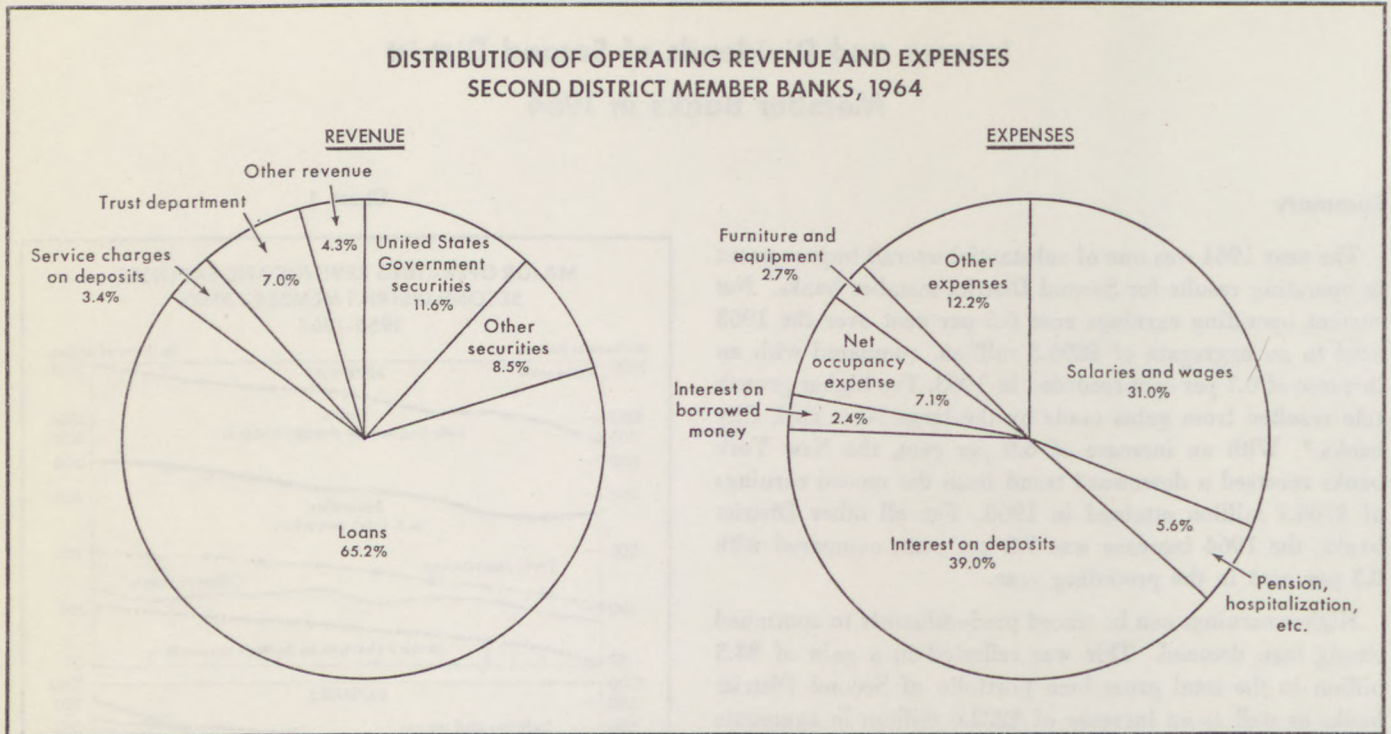
Chart 1



Operating Revenue and Expenses

The significant developments with respect to operating revenue and expenses during 1964 can be discussed in terms of forces affecting the banking industry and the economy in general during the last few years. A series of liberalizations, beginning in January 1962, in the permitted interest rates on time and savings deposits has resulted in a considerable change in the composition of deposits in the Second District. During the three-year period, 1962-64, time deposits increased by \$9.9 billion, compared with \$1.3 billion for

Chart 2



demand deposits. The time-to-total-deposit ratio,* which was 27.1 per cent on December 31, 1961, increased to 37.7 per cent by December 31, 1964. During the same period, interest payments on time and savings deposits grew by \$448.7 million, at an average annual growth rate of 29.9 per cent.

As indicated in previous years' reports, Second District member banks throughout the postwar period have been steadily increasing the proportion of their total assets represented by loans. This trend has been given added impetus in the last few years by generally strong loan demand, reflecting four years of uninterrupted economic growth. In addition, the three years, 1961-64, have been a period of substantial shifting of portfolio composition from low-yielding U. S. Government securities to higher-yielding secu-

* Based on total deposits for all Second District member banks, unadjusted for Government or interbank deposits.

rities and loans as an offset to increasing costs associated with interest payments on time and savings deposits.

The above influences were evident in the operating results for 1964. Operating revenue rose \$288.3 million, a gain of 10.6 per cent over the previous year. The factors of continued strong loan demand and portfolio shifting were reflected in the increases of 12.8 per cent in loan revenue, 15.6 per cent in revenue from other securities, and the decline of 3.1 per cent in income originating from holdings of U. S. Government securities.

All expense categories showed increases over 1963. Excluding interest payments on time and savings deposits, operating expenses increased 6.7 per cent during the year, far below the gain in operating revenue. The addition of interest payments, however, increased the growth rate of combined expenses to 12.4 per cent.

Income, Expenses, and Dividends of Second District Member Banks 1962-1964

(In millions of dollars)

Item	All Second District member banks			New York City member banks*			All other Second District member banks		
	1964	1963	1962	1964	1963	1962	1964	1963	1962
Number of banks.....	419	426	451	12	12	13	407	414	438
Current Operating Revenue:									
On United States Government securities.....	350.8	362.0	367.1	205.2	213.0	225.3	145.6	149.0	141.8
On other securities.....	257.6	222.8	173.3	158.9	137.5	105.3	98.7	85.3	68.0
On loans (including service charges and fees on loans).....	1,964.5	1,740.9	1,568.7	1,232.9	1,078.5	1,000.1	731.6	662.4	568.6
Service charges on deposit accounts.....	102.5	97.1	91.8	38.6	33.8	35.0	65.9	63.3	56.8
Trust department earnings.....	211.4	194.0	190.1	181.8	166.7	156.2	29.6	27.3	33.9
Other current operating revenue.....	127.8	109.5	119.0	103.8	87.6	98.5	24.0	21.9	20.5
Total current operating revenue.....	3,014.6	2,726.3	2,510.0	1,919.2	1,717.1	1,620.4	1,095.4	1,009.2	889.6
Current Operating Expenses:									
Salaries and wages—officers and employees.....	656.4	623.5	594.5	403.7	385.2	379.3	252.7	238.3	215.2
Pension, hospitalization, social security taxes, etc.....	119.5	117.5	111.5	82.2	82.1	80.1	37.3	35.4	31.4
Interest on time and savings deposits.....	826.5	673.5	535.2	477.0	354.6	273.5	349.5	318.9	261.7
Interest and discount on borrowed money.....	50.1	42.0	30.5	44.8	38.7	28.6	5.3	3.3	1.9
Net occupancy expense of bank premises.....	151.4	143.1	131.6	95.0	92.4	88.7	56.4	50.7	42.9
Furniture and equipment—depreciation, rents, etc.....	56.3	49.9	41.8	29.7	26.0	21.5	26.6	23.9	20.3
Other current operating expenses.....	258.1	235.0	228.6	136.4	124.5	123.1	121.7	110.5	105.5
Total current operating expenses.....	2,118.3	1,884.5	1,673.7	1,268.8	1,103.5	994.8	849.5	781.0	678.9
Net current operating earnings.....	896.3	841.8	836.3	650.4	613.6	625.6	245.9	228.2	210.7
Net recoveries (+) or charge-offs (-) on loans.....	- 43.1	- 63.7	- 26.0	- 13.7	- 36.8	- 14.5	- 29.4	- 26.9	- 11.5
Securities profits and recoveries (+) or charge-offs (-).....	- 28.8	+ 22.4	+ 33.4	- 20.4	+ 16.2	+ 24.9	- 8.4	+ 6.2	+ 8.5
All other recoveries (+) or charge-offs (-).....	+ 3.9	+ 11.6	+ 5.4	+ 1.9	+ 0.4	- 5.6	+ 2.0	+ 11.2	+ 11.0
Net additions to (-) or deductions from (+) valuation reserves for:									
Loan losses.....	- 76.7	- 29.5	- 92.5	- 48.3	- 6.4	- 62.9	- 28.4	- 23.1	- 29.6
Securities losses.....	+ 0.8	+ 9.9	- 2.2	+ 0.5	+ 11.9	+ 1.2	+ 0.3	- 2.0	- 3.4
Net income before related taxes.....	752.4	792.5	754.4	570.4	598.9	568.7	182.0	193.6	185.7
Taxes on net income.....	241.1	257.5	293.4	200.7	203.9	239.3	40.4	53.6	54.1
Net income.....	511.3	535.0	461.0	369.7	395.0	329.4	141.6	140.0	131.6
Cash dividends declared.....	278.0	260.7	249.1	204.7	193.2	189.2	73.3	67.5	59.9
Net income after dividends.....	233.3	274.3	211.9	165.0	201.8	140.2	68.3	72.5	71.7

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

PART II

Operating Ratios of Second District Member Banks for the Year 1964

Summary Ratios

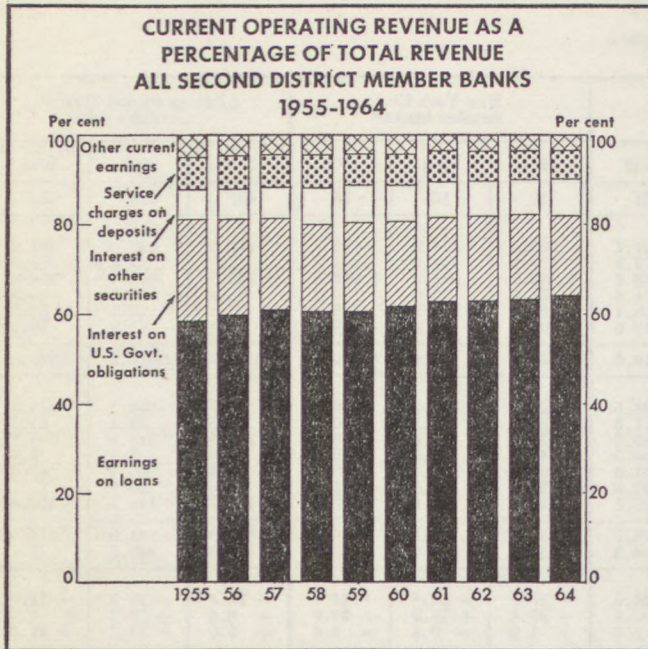
Net current operating earnings, in relation to both total capital accounts (#1) and total assets (#7), increased for member banks on a Districtwide basis. This overall improvement was the result of increases in both ratios for banks in Groups I through V, which were only partially offset by moderate declines in the ratios for the New York City banks. For the entire District, after-tax income as a percentage of total capital accounts (#3) and total assets (#8) was greater than in 1963. In relation to total capital accounts, the additional after-tax income was not fully absorbed by the increase in dividends declared (#4). The result was a rise for the year in the ratio of retained earnings to total capital accounts (#3 minus #4).

Sources and Disposition of Earnings

During the year, there was a gain in the proportion of total current operating revenue accounted for by loans (#11) in all groups except I and VI. The increased importance of loan revenue was accompanied by a decline, for all Second District member banks combined, in the percentage of total current operating revenue accounted for by holdings of U. S. Government obligations (#9). This change in the relative significance of revenue from loans and U. S. Government securities is a continuation of a trend existing, almost without interruption, throughout the postwar period.

For all District banks combined, a moderate decline or no change was registered for each operating expense cate-

Chart 3



gory taken as a percentage of total current operating revenue. Substantial increases for the New York City banks and banks in Group V in the ratio of interest payments on time and savings deposits to total operating income (#18) were offset by declines for banks in Groups I through III, producing an overall decrease in the ratio for the District. The increases in the interest expense ratio for the New York City banks reflect the substantially higher growth rate during 1964 in interest payments on time and savings deposits registered by these institutions, as previously commented upon in Part I of this report.

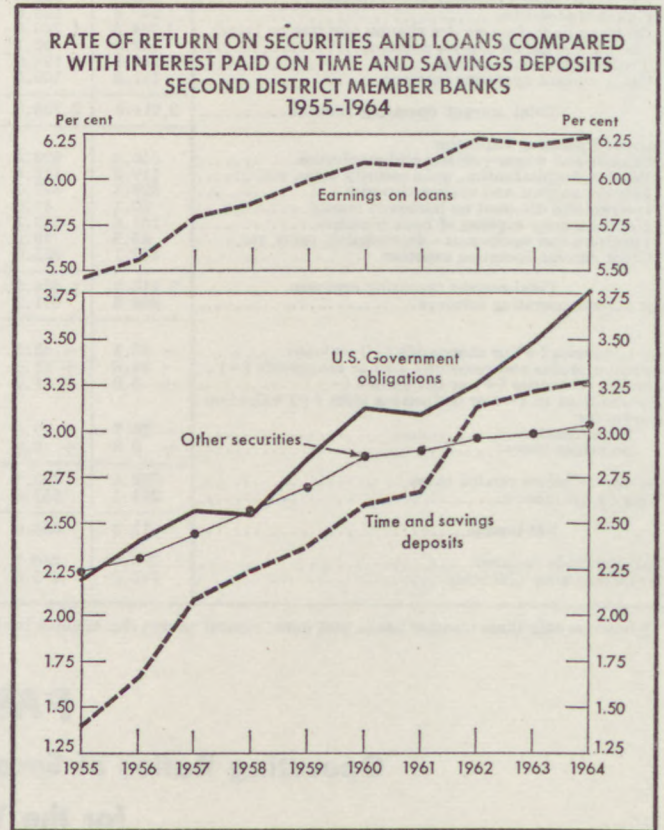
There was a significant increase in loan and security charge-offs in relation to total current operating revenue (#23). The decrease in taxes on net income as a percentage of total operating revenue (#25) resulted, to some extent, from the lower Federal tax rates that became effective during the year. For all District banks combined, net income after taxes as a percentage of total operating revenue (#26) was higher than in 1963.

Rates of Return on Securities and Loans

The generally tighter credit conditions during the year, as compared with 1963, resulted in higher yields on loans and securities (#27, #28, and #30). The largest gains were made in yields on U. S. Government obligations, reflecting

the effect of discount rate changes in the Treasury bill market. Gains in the rate of return on loans were recorded for banks in all groups except New York City banks in Groups VI and VII. The ten-year trend in yields on loans and securities is shown in Chart 4. The rate of return on loans recorded in 1964 for combined Second District banks was the highest in the postwar period.

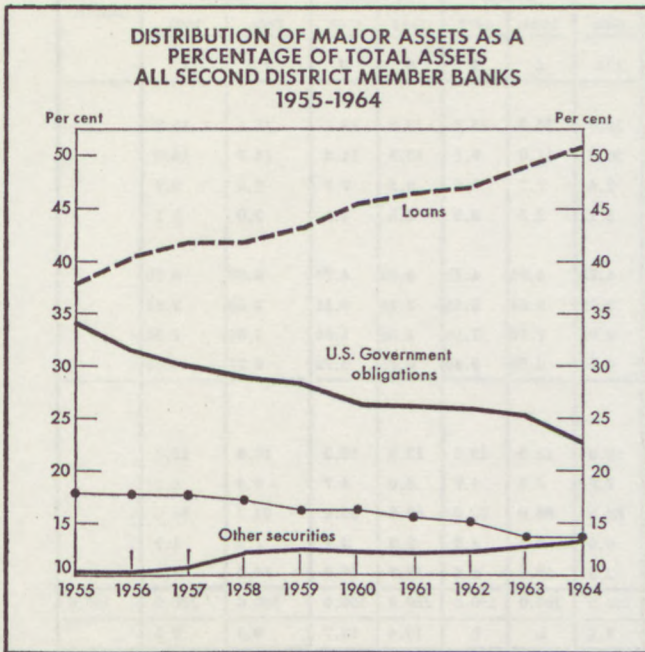
Chart 4



Distribution of Assets

For the first time since World War II, loans exceeded 50 per cent of total assets (#34) for member banks on a Districtwide basis. The increase in the loan ratio was accompanied by a decline in holdings of U. S. Government securities (#32) and an increase in holdings of other securities (#33), both taken as percentages of total assets. In addition, there was a slight decline in the percentage of total assets accounted for by cash assets (#35). Gains in the loan ratio were recorded for banks in all groups except VI, and there were declines in the proportion of assets represented by holdings of U. S. Government obligations in all eight groups.

Chart 5



Capital and Deposit Ratios

Slight declines were registered in the ratios of capital accounts to total assets (#37) and capital accounts to total deposits (#39) for combined Second District banks. Considering the individual groups, gains in these ratios were recorded only for banks in Groups V and VI while in all others there were slight declines or no changes.

The changing asset composition of Second District member banks, as previously discussed, was evident in a decline in the ratio of total capital accounts to "risk assets" (#38). This ratio declined for the entire District and for each individual group except II and VI.

Liberalizations in permitted interest rates on time and savings deposits were reflected in a higher average rate (#41) for all Second District banks combined. Increases in interest rates on time and savings deposits were recorded by all groups except I. This group was also the only one showing a decline in the ratio of time and savings deposits to total deposits (#40).

1964 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 1964 ratios are averages of amounts reported for December 20, 1963; June 30, 1964; and December 31, 1964.	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			
	1964	1963	1964	1963	1964	1963	1964	1963		
SUMMARY RATIOS	Number of banks.....		407	425	4	4	8	8	7	7
Percentage of Total Capital Accounts										
1. Net current operating earnings	13.3	12.0	14.2	15.3	18.2	18.6	15.6	15.8		
2. Net income before related taxes	10.8	10.3	11.9	9.5	13.4	14.2	13.7	15.0		
3. Net income (after taxes)	8.0	7.4	7.2	6.0	8.5	7.7	8.9	9.7		
4. Dividends declared	3.2	3.1	2.5	2.5	4.5	4.3	5.0	5.1		
Percentage of Total Assets										
5. Total current operating revenue.....	4.90	4.75	4.74	4.73	4.86	4.76	3.92	3.78		
6. Total current operating expenses	3.88	3.77	3.62	3.58	3.28	3.11	2.58	2.43		
7. Net current operating earnings	1.07	0.98	1.12	1.15	1.58	1.65	1.34	1.35		
8. Net income (after taxes)	0.65	0.60	0.59	0.46	0.77	0.72	0.77	0.83		
SOURCES AND DISPOSITION OF EARNINGS										
Percentage of Total Current Operating Revenue										
9. Interest on U. S. Government obligations	17.9	18.9	12.5	12.2	12.6	13.9	10.8	12.3		
10. Interest and dividends on other securities	8.1	7.8	4.3	1.7	6.0	4.7	8.5	8.2		
11. Earnings on loans ¹	64.0	63.2	68.9	73.0	59.8	59.4	64.2	63.0		
12. Service charges on deposit accounts	6.4	6.6	4.1	4.3	2.9	3.1	1.9	1.9		
13. All other current operating revenue	3.6	3.5	10.2	8.8	18.7	18.9	14.6	14.6		
14. Total current operating revenue	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)	3.4	3.4	b	b	19.4	16.7	9.3	9.5		
16. Salaries and wages (officers and employees)	23.6	24.3	24.7	24.9	27.4	27.6	21.5	22.9		
17. Pension, hospitalization, and other benefits	2.9	3.0	3.7	4.3	4.4	4.7	3.9	4.4		
18. Interest on time and savings deposits	33.2	33.5	31.2	29.6	18.2	16.0	24.3	20.3		
19. Net occupancy expense of bank premises	4.5	4.5	4.4	4.4	5.2	5.3	4.9	5.3		
20. All other current operating expenses	13.9	14.2	11.9	12.0	12.9	12.1	11.4	11.3		
21. Total current operating expenses	78.1	79.5	75.9	75.2	68.1	65.7	66.0	64.2		
22. Net current operating earnings	21.9	20.5	24.1	24.8	31.9	34.3	34.0	35.8		
23. Net recoveries and profits (+) or losses (-) ³	- 2.4	- 1.2	- 4.3	- 5.6	- 2.4	- 5.9	- 1.7	- 1.2		
24. Net increase (-) or decrease (+) in valuation reserves ⁴	- 1.4	- 1.6	+ 0.3	- 3.1	- 5.3	- 1.6	- 2.1	- 0.5		
25. Taxes on net income	4.8	5.0	7.8	6.0	9.1	12.4	10.5	12.3		
26. Net income	13.3	12.7	12.3	10.1	15.1	14.4	19.7	21.8		
RATES OF RETURN ON SECURITIES AND LOANS										
Return on Securities										
27. Interest on U. S. Government obligations	3.77	3.49	3.49	3.23	3.50	3.35	3.57	3.27		
28. Interest and dividends on other securities	3.04	2.98	4.44	4.14	2.94	3.03	2.98	2.90		
29. Net recoveries & profits (+) or losses (-) on total securities ⁵	- 0.04	+ 0.05	- 0.03	- 0.42	- 0.05	+ 0.07	- 0.18	+ 0.09		
Return on Loans										
30. Earnings on loans ¹	6.23	6.19	5.42	5.49	5.32	5.35	4.97	4.94		
31. Net losses (-) or recoveries (+) on loans ⁶	- 0.21	- 0.16	- 0.63	- 0.25	- 0.20	- 0.54	- 0.06	- 0.15		
DISTRIBUTION OF ASSETS										
Percentage of Total Assets										
32. U. S. Government obligations	22.7	25.1	17.0	18.5	16.9	19.1	12.0	14.1		
33. Other securities	13.1	12.5	3.9	2.0	10.4	8.2	11.1	10.5		
34. Loans	50.7	48.8	60.5	63.8	51.0	49.5	50.6	48.3		
35. Cash assets	11.7	11.9	16.7	14.2	18.8	20.4	21.4	22.1		
36. Real estate assets	1.4	1.4	0.9	0.8	0.9	0.8	1.1	1.1		
CAPITAL AND DEPOSIT RATIOS										
37. Capital accounts to total assets	8.4	8.5	8.1	7.6	8.7	9.0	8.6	8.6		
38. Capital accounts to total assets, less U. S. Government securities and cash assets	13.5	14.2	12.6	11.7	13.6	14.7	12.9	13.5		
39. Capital accounts to total deposits	9.4	9.6	9.1	8.5	10.1	10.3	10.4	10.5		
40. Time and savings to total deposits	54.7	54.1	45.1	44.1	30.9	29.0	30.5	26.9		
41. Interest on time and savings deposits	3.27	3.21	3.64	3.48	3.11	2.91	3.75	3.43		
AVERAGE BANK IN GROUP—In thousands of dollars										
Total deposits	140,151	131,159	70,638	66,857	335,018	313,775	4,981,576	5,006,748		
Capital accounts	13,174	12,591	6,428	5,683	33,837	32,319	518,084	525,709		

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

1964 Average Operating Ratios of Second District Member Banks in Group I — Deposits under \$2 Million

		Group average		Loans to total assets, per cent—1964				YOUR BANK
		1964	1963	Under 35 A	35-45 B	45-55 C	Over 55 D	
Note: Balance-sheet figures used as a basis for the 1964 ratios are averages of amounts reported for December 20, 1963; June 30, 1964; and December 31, 1964.								
SUMMARY RATIOS								
	Number of banks.....	16	19	2	4	7	3	
Percentage of Total Capital Accounts								
1.	Net current operating earnings	12.3	7.8		11.7	12.0		
2.	Net income before related taxes	10.3	7.0		8.3	10.7		
3.	Net income (after taxes)	8.0	5.6		6.5	8.0		
4.	Dividends declared	1.6	1.5		1.3	1.4		
Percentage of Total Assets								
5.	Total current operating revenue.....	5.11	4.77		4.78	5.33		
6.	Total current operating expenses	3.74	3.92		3.69	3.92		
7.	Net current operating earnings	1.37	0.85		1.09	1.41		
8.	Net income (after taxes)	0.91	0.60		0.69	0.97		
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Current Operating Revenue								
9.	Interest on U. S. Government obligations	23.0	22.9		27.7	18.5		
10.	Interest and dividends on other securities	6.1	6.2		4.1	5.6		
11.	Earnings on loans ¹	61.4	62.5		61.0	69.1		
12.	Service charges on deposit accounts	6.2	6.2		6.0	5.1		
13.	All other current operating revenue	3.3	2.2		1.2	1.7		
14.	Total current operating revenue	100.0	100.0		100.0	100.0		100.0
15.	Trust department earnings ² (part of item 13)	b	b		b	b		
16.	Salaries and wages (officers and employees)	25.9	28.9		25.6	27.1		
17.	Pension, hospitalization, and other benefits	2.3	2.5		2.5	2.0		
18.	Interest on time and savings deposits	26.7	28.9		33.1	25.8		
19.	Net occupancy expense of bank premises	3.6	5.1		4.2	3.6		
20.	All other current operating expenses	14.6	17.3		12.2	15.1		
21.	Total current operating expenses	73.1	82.7		77.6	73.6		
22.	Net current operating earnings	26.9	17.3		22.4	26.4		
23.	Net recoveries and profits (+) or losses (-) ³	- 4.4	- 1.4		- 7.1	- 3.8		
24.	Net increase (-) or decrease (+) in valuation reserves ⁴	+ 0.4	- 0.1		a	+ 1.3		
25.	Taxes on net income	5.3	3.5		3.4	5.8		
26.	Net income	17.6	12.3		11.9	18.1		
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
27.	Interest on U. S. Government obligations	3.72	3.37		3.63	3.83		
28.	Interest and dividends on other securities	3.97	3.65		3.15	3.35		
29.	Net recoveries & profits (+) or losses (-) on total securities ⁵	+ 0.03	+ 0.12		+ 0.07	a		
Return on Loans								
30.	Earnings on loans ¹	6.75	6.59		7.06	7.25		
31.	Net losses (-) or recoveries (+) on loans ⁶	- 0.42	- 0.20		- 0.83	- 0.35		
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
32.	U. S. Government obligations	30.1	30.8		35.9	25.9		
33.	Other securities	7.7	8.4		6.1	8.8		
34.	Loans	47.1	45.8		41.0	51.3		
35.	Cash assets	14.1	13.9		16.2	13.2		
36.	Real estate assets	0.9	1.0		0.7	0.7		
CAPITAL AND DEPOSIT RATIOS								
37.	Capital accounts to total assets	11.5	12.0		9.1	12.2		
38.	Capital accounts to total assets, less U. S. Government securities and cash assets	22.0	22.5		19.0	20.4		
39.	Capital accounts to total deposits	13.3	14.0		10.1	14.3		
40.	Time and savings to total deposits	48.3	48.6		55.0	48.5		
41.	Interest on time and savings deposits	2.96	3.01		3.11	3.19		
AVERAGE BANK IN GROUP—In thousands of dollars								
	Total deposits	1,447	1,425		1,581	1,371		
	Capital accounts	192	199		160	196		

1964 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 1964 ratios are averages of amounts reported for December 20, 1963; June 30, 1964; and December 31, 1964.	Group average		Loans to total assets, per cent—1964				YOUR BANK
	1964	1963	Under 35 A	35-45 B	45-55 C	Over 55 D	
SUMMARY RATIOS	Number of banks.....		6	15	25	24	
Percentage of Total Capital Accounts							
1. Net current operating earnings	10.9	9.8	8.7	9.5	12.1	11.0	
2. Net income before related taxes	9.5	8.8	9.8	8.9	10.2	9.1	
3. Net income (after taxes)	6.9	6.4	8.3	7.2	7.0	6.8	
4. Dividends declared	2.4	2.3	2.9	3.0	2.6	1.7	
Percentage of Total Assets							
5. Total current operating revenue.....	4.91	4.75	4.26	4.50	4.99	5.26	
6. Total current operating expenses	3.86	3.82	3.29	3.60	3.79	4.24	
7. Net current operating earnings	1.05	0.93	0.97	0.90	1.20	1.02	
8. Net income (after taxes)	0.67	0.59	0.88	0.68	0.68	0.59	
SOURCES AND DISPOSITION OF EARNINGS							
Percentage of Total Current Operating Revenue							
9. Interest on U. S. Government obligations	20.9	20.9	33.4	27.1	20.7	13.8	
10. Interest and dividends on other securities	7.1	7.2	13.7	10.2	6.4	4.1	
11. Earnings on loans ¹	64.0	63.9	41.1	54.8	64.4	75.5	
12. Service charges on deposit accounts	6.2	6.3	9.8	5.9	6.5	5.0	
13. All other current operating revenue	1.8	1.7	2.0	2.0	2.0	1.6	
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)	1.2	0.8	b	1.3	b	b	
16. Salaries and wages (officers and employees)	25.5	25.6	28.0	25.5	25.5	25.0	
17. Pension, hospitalization, and other benefits	2.5	2.8	1.8	2.4	2.7	2.6	
18. Interest on time and savings deposits	32.4	33.4	28.7	36.3	30.3	38.1	
19. Net occupancy expense of bank premises	4.0	4.2	4.3	3.6	3.5	4.4	
20. All other current operating expenses	14.2	14.9	14.6	12.2	13.9	15.7	
21. Total current operating expenses	78.6	80.9	77.4	80.0	75.9	80.8	
22. Net current operating earnings	21.4	19.1	22.6	20.0	24.1	19.2	
23. Net recoveries and profits (+) or losses (-) ³	- 2.4	- 1.6	- 1.8	- 1.0	- 3.4	- 2.4	
24. Net increase (-) or decrease (+) in valuation reserves ⁴ ..	- 0.3	- 0.4	+ 3.8	- 0.1	- 0.8	- 0.9	
25. Taxes on net income	5.0	4.8	4.4	3.8	6.2	4.7	
26. Net income	18.7	12.8	20.2	15.1	13.7	11.2	
RATES OF RETURN ON SECURITIES AND LOANS							
Return on Securities							
27. Interest on U. S. Government obligations	3.80	3.55	3.67	3.81	3.91	3.71	
28. Interest and dividends on other securities	3.29	3.02	3.70	3.16	2.91	3.66	
29. Net recoveries & profits(+) or losses(-) on total securities ⁵ ..	- 0.02	+ 0.01	- 0.06	+ 0.02	- 0.02	- 0.02	
Return on Loans							
30. Earnings on loans ¹	6.48	6.37	6.43	6.14	6.51	6.47	
31. Net losses (-) or recoveries (+) on loans ⁶	- 0.17	- 0.15	- 0.28	- 0.11	- 0.24	- 0.12	
DISTRIBUTION OF ASSETS							
Percentage of Total Assets							
32. U. S. Government obligations	26.4	27.5	39.7	31.9	26.4	19.4	
33. Other securities	11.1	11.1	19.9	14.7	11.2	6.3	
34. Loans	49.4	47.9	27.4	40.0	49.3	61.4	
35. Cash assets	11.4	11.9	11.9	12.1	11.5	10.9	
36. Real estate assets	1.5	1.4	0.9	1.2	1.5	1.7	
CAPITAL AND DEPOSIT RATIOS							
37. Capital accounts to total assets	10.0	10.4	11.5	9.7	10.3	9.7	
38. Capital accounts to total assets, less U. S. Government securities and cash assets	17.8	17.5	37.5	17.7	16.6	14.1	
39. Capital accounts to total deposits	11.4	11.8	13.3	10.8	11.7	11.0	
40. Time and savings to total deposits	55.5	55.5	46.9	57.7	52.9	59.1	
41. Interest on time and savings deposits	3.15	3.13	2.64	3.11	3.17	3.29	
AVERAGE BANK IN GROUP—In thousands of dollars							
Total deposits	3,447	3,405	3,627	3,527	3,894	3,408	
Capital accounts	893	402	482	381	397	375	

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

1964 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 1964 ratios are averages of amounts reported for December 20, 1963; June 30, 1964; and December 31, 1964.		Group average		Loans to total assets, per cent—1964				YOUR BANK
		1964	1963	Under 35 A	35-45 B	45-55 C	Over 55 D	
SUMMARY RATIOS	Number of banks.....	157	161	14	37	57	49	
Percentage of Total Capital Accounts								
1.	Net current operating earnings	12.9	11.3	12.2	11.2	13.5	13.7	
2.	Net income before related taxes	10.6	9.7	11.1	9.6	11.1	10.7	
3.	Net income (after taxes)	7.7	7.0	8.8	7.3	8.3	7.1	
4.	Dividends declared	2.8	2.7	2.9	2.9	2.7	2.9	
Percentage of Total Assets								
5.	Total current operating revenue.....	4.87	4.68	4.17	4.54	4.89	5.31	
6.	Total current operating expenses	3.82	3.75	3.24	3.64	3.83	4.15	
7.	Net current operating earnings	1.05	0.93	0.93	0.90	1.06	1.16	
8.	Net income (after taxes)	0.62	0.58	0.68	0.58	0.65	0.61	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Current Operating Revenue								
9.	Interest on U. S. Government obligations	19.8	20.6	40.1	26.3	17.7	11.5	
10.	Interest and dividends on other securities	7.9	7.7	12.7	9.1	8.5	5.1	
11.	Earnings on loans ¹	63.4	62.4	37.3	54.9	64.8	75.7	
12.	Service charges on deposit accounts	6.6	6.9	7.4	6.5	6.7	6.2	
13.	All other current operating revenue	2.3	2.4	2.5	3.2	2.3	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)	1.5	1.7	1.1	2.5	1.2	0.7	
16.	Salaries and wages (officers and employees)	22.4	23.2	20.9	22.6	22.9	22.1	
17.	Pension, hospitalization, and other benefits	2.7	2.7	2.5	2.7	2.8	2.8	
18.	Interest on time and savings deposits	35.8	36.1	38.8	37.2	35.0	34.8	
19.	Net occupancy expense of bank premises	4.2	4.3	3.4	4.6	4.0	4.4	
20.	All other current operating expenses	13.5	14.0	11.8	13.2	13.6	14.1	
21.	Total current operating expenses	78.6	80.3	77.4	80.3	78.3	78.2	
22.	Net current operating earnings	21.4	19.7	22.6	19.7	21.7	21.8	
23.	Net recoveries and profits (+) or losses (-) ³	- 2.2	- 1.0	- 1.5	- 2.1	- 2.1	- 2.5	
24.	Net increase (-) or decrease (+) in valuation reserves ⁴	- 1.4	- 1.7	- 0.5	- 0.6	- 1.7	- 1.9	
25.	Taxes on net income	4.9	4.6	4.2	4.1	4.6	5.9	
26.	Net income	12.9	12.4	16.4	12.9	13.3	11.5	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
27.	Interest on U. S. Government obligations	3.81	3.44	3.77	3.94	3.79	3.73	
28.	Interest and dividends on other securities	2.94	2.91	3.14	2.80	2.88	3.04	
29.	Net recoveries & profits (+) or losses (-) on total securities ⁵	- 0.02	+ 0.05	- 0.04	- 0.08	- 0.02	+ 0.04	
Return on Loans								
30.	Earnings on loans ¹	6.27	6.25	6.01	6.06	6.29	6.49	
31.	Net losses (-) or recoveries (+) on loans ⁶	- 0.17	- 0.13	- 0.10	- 0.11	- 0.16	- 0.23	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
32.	U. S. Government obligations	24.6	27.3	44.2	30.6	22.8	16.3	
33.	Other securities	13.0	12.5	16.8	15.2	14.2	9.0	
34.	Loans	49.7	47.4	26.0	41.1	50.5	62.0	
35.	Cash assets	11.1	11.2	11.9	11.5	10.9	10.7	
36.	Real estate assets	1.5	1.4	0.9	1.3	1.4	1.8	
CAPITAL AND DEPOSIT RATIOS								
37.	Capital accounts to total assets	8.2	8.3	7.9	8.1	8.2	8.4	
38.	Capital accounts to total assets, less U. S. Government securities and cash assets	13.3	14.4	20.6	14.0	12.4	11.6	
39.	Capital accounts to total deposits	9.2	9.2	8.8	8.9	9.1	9.5	
40.	Time and savings to total deposits	58.7	58.0	54.5	59.0	58.0	60.6	
41.	Interest on time and savings deposits	3.25	3.20	3.19	3.12	3.24	3.38	
AVERAGE BANK IN GROUP—In thousands of dollars								
	Total deposits	10,991	10,741	11,494	11,937	10,496	10,709	
	Capital accounts	1,011	988	1,011	1,062	955	1,017	

1964 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 1964 ratios are averages of amounts reported for December 20, 1963; June 30, 1964; and December 31, 1964.		Group average		Loans to total assets, per cent—1964				YOUR BANK
		1964	1963	Under 35 A	35-45 B	45-55 C	Over 55 D	
SUMMARY RATIOS		72	76	4	14	26	28	
Number of banks.....								
Percentage of Total Capital Accounts								
1. Net current operating earnings		13.6	12.5	11.2	13.2	12.9	14.7	
2. Net income before related taxes		10.9	10.4	8.2	10.0	10.7	11.8	
3. Net income (after taxes)		8.4	7.7	6.4	8.9	8.3	8.6	
4. Dividends declared		3.4	3.4	3.1	3.6	3.3	3.4	
Percentage of Total Assets								
5. Total current operating revenue		4.96	4.76	4.24	4.65	4.86	5.32	
6. Total current operating expenses		3.95	3.82	3.38	3.70	3.93	4.18	
7. Net current operating earnings		1.01	0.94	0.86	0.95	0.93	1.14	
8. Net income (after taxes)		0.62	0.57	0.49	0.63	0.59	0.67	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Current Operating Revenue								
9. Interest on U. S. Government obligations		16.2	16.9	28.3	21.8	16.4	11.4	
10. Interest and dividends on other securities		9.4	9.4	13.8	12.1	10.1	6.8	
11. Earnings on loans ¹		63.8	63.1	45.6	53.5	63.0	72.3	
12. Service charges on deposit accounts		7.0	7.1	8.7	7.7	7.4	6.0	
13. All other current operating revenue		3.6	3.5	3.6	4.9	3.1	3.5	
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)		2.4	2.4	1.7	4.8	1.7	2.1	
16. Salaries and wages (officers and employees)		23.3	23.8	25.5	23.5	22.6	23.6	
17. Pension, hospitalization, and other benefits		3.0	3.1	2.8	2.9	3.0	3.0	
18. Interest on time and savings deposits		35.0	35.0	31.9	35.6	37.1	33.1	
19. Net occupancy expense of bank premises		4.7	4.7	5.2	4.5	4.8	4.5	
20. All other current operating expenses		13.7	13.7	13.8	13.3	13.3	14.5	
21. Total current operating expenses		79.7	80.3	79.2	79.8	80.8	78.7	
22. Net current operating earnings		20.3	19.7	20.8	20.2	19.2	21.3	
23. Net recoveries and profits (+) or losses (-) ³		- 2.9	- 1.3	- 0.5	- 6.5	- 1.6	- 2.7	
24. Net increase (-) or decrease (+) in valuation reserves ⁴		- 1.3	- 1.9	- 5.5	+ 1.2	- 1.7	- 1.5	
25. Taxes on net income		3.6	4.3	3.0	1.4	3.8	4.7	
26. Net income		12.5	12.2	11.8	13.5	12.1	12.4	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
27. Interest on U. S. Government obligations		3.76	3.56	3.52	3.77	3.72	3.83	
28. Interest and dividends on other securities		2.94	2.96	3.03	2.79	2.98	2.96	
29. Net recoveries & profits (+) or losses (-) on total securities ⁵		- 0.04	+ 0.02	- 0.01	- 0.04	a	- 0.09	
Return on Loans								
30. Earnings on loans ¹		6.25	6.12	5.77	6.22	6.14	6.44	
31. Net losses (-) or recoveries (+) on loans ⁶		- 0.27	- 0.17	- 0.04	- 0.67	- 0.15	- 0.21	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
32. U. S. Government obligations		20.9	22.5	34.1	26.6	21.2	15.9	
33. Other securities		15.6	15.1	18.8	19.8	16.5	12.2	
34. Loans		50.9	49.3	33.5	40.1	49.9	59.7	
35. Cash assets		10.8	11.3	11.7	12.0	10.6	10.2	
36. Real estate assets		1.5	1.5	1.5	1.2	1.6	1.6	
CAPITAL AND DEPOSIT RATIOS								
37. Capital accounts to total assets		7.5	7.6	7.6	7.2	7.2	7.8	
38. Capital accounts to total assets, less U. S. Government securities and cash assets		11.0	11.5	14.0	11.8	10.6	10.6	
39. Capital accounts to total deposits		8.3	8.4	8.4	8.0	7.9	8.8	
40. Time and savings to total deposits		55.9	54.8	45.8	54.2	57.7	56.6	
41. Interest on time and savings deposits		3.40	3.32	3.08	3.33	3.40	3.47	
AVERAGE BANK IN GROUP—In thousands of dollars								
Total deposits		30,545	29,794	28,181	29,942	29,563	32,095	
Capital accounts		2,535	2,503	2,367	2,395	2,335	2,824	

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

1964 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 1964 ratios are averages of amounts reported for December 20, 1963; June 30, 1964; and December 31, 1964.		Group average		Loans to total assets, per cent—1964				YOUR BANK
		1964	1963	Under 35 A	35-45 B	45-55 C	Over 55 D	
SUMMARY RATIOS	Number of banks.....	73	69	0	8	33	32	
Percentage of Total Capital Accounts								
1.	Net current operating earnings	15.8	15.6		15.8	15.2	16.5	
2.	Net income before related taxes	12.3	13.4		13.1	12.7	11.6	
3.	Net income (after taxes)	9.4	9.6		10.6	10.1	8.4	
4.	Dividends declared	4.6	4.6		4.5	4.7	4.7	
Percentage of Total Assets								
5.	Total current operating revenue.....	4.98	4.89		4.63	4.82	5.23	
6.	Total current operating expenses	3.88	3.81		3.56	3.77	4.06	
7.	Net current operating earnings	1.10	1.08		1.07	1.05	1.17	
8.	Net income (after taxes)	0.66	0.66		0.72	0.69	0.60	
SOURCES AND DISPOSITION OF EARNINGS								
Percentage of Total Current Operating Revenue								
9.	Interest on U. S. Government obligations	13.3	15.1		20.0	14.4	10.6	
10.	Interest and dividends on other securities	8.9	8.2		12.5	10.4	6.3	
11.	Earnings on loans ¹	66.2	64.8		55.0	63.7	71.6	
12.	Service charges on deposit accounts	6.4	6.6		7.5	6.3	6.3	
13.	All other current operating revenue	5.2	5.3		5.0	5.2	5.2	
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)	3.4	3.5		3.1	3.4	3.6	
16.	Salaries and wages (officers and employees)	23.8	24.5		22.6	23.4	24.5	
17.	Pension, hospitalization, and other benefits	3.5	3.7		3.1	3.7	3.5	
18.	Interest on time and savings deposits	31.1	30.7		34.0	32.2	29.1	
19.	Net occupancy expense of bank premises	5.2	5.1		4.7	4.9	5.5	
20.	All other current operating expenses	14.2	14.0		12.2	14.0	15.1	
21.	Total current operating expenses	77.8	78.0		76.6	78.2	77.7	
22.	Net current operating earnings	22.2	22.0		23.4	21.8	22.3	
23.	Net recoveries and profits (+) or losses (-) ³	- 2.3	- 0.3		- 2.9	- 0.5	- 4.0	
24.	Net increase (-) or decrease (+) in valuation reserves ⁴	- 2.5	- 2.6		- 1.1	- 3.1	- 2.3	
25.	Taxes on net income	4.1	5.5		3.6	3.9	4.4	
26.	Net income	13.3	13.6		15.8	14.3	11.6	
RATES OF RETURN ON SECURITIES AND LOANS								
Return on Securities								
27.	Interest on U. S. Government obligations	3.72	3.52		3.89	3.69	3.70	
28.	Interest and dividends on other securities	2.85	2.85		2.74	3.01	2.71	
29.	Net recoveries & profits (+) or losses (-) on total securities ⁵	- 0.12	+ 0.11		- 0.11	- 0.08	- 0.16	
Return on Loans								
30.	Earnings on loans ¹	6.13	6.08		6.05	5.99	6.29	
31.	Net losses (-) or recoveries (+) on loans ⁶	- 0.19	- 0.18		- 0.12	- 0.14	- 0.27	
DISTRIBUTION OF ASSETS								
Percentage of Total Assets								
32.	U. S. Government obligations	17.6	20.5		23.8	18.7	14.8	
33.	Other securities	15.1	13.6		21.3	16.5	11.9	
34.	Loans	53.9	52.3		42.0	51.1	59.7	
35.	Cash assets	11.6	11.6		11.2	11.7	11.5	
36.	Real estate assets	1.3	1.3		1.0	1.3	1.3	
CAPITAL AND DEPOSIT RATIOS								
37.	Capital accounts to total assets	7.1	7.0		6.8	7.0	7.2	
38.	Capital accounts to total assets, less U. S. Government securities and cash assets	10.0	10.3		10.5	10.0	9.8	
39.	Capital accounts to total deposits	7.9	7.7		7.5	7.8	8.1	
40.	Time and savings to total deposits	51.2	50.1		50.5	51.3	51.2	
41.	Interest on time and savings deposits	3.33	3.28		3.45	3.39	3.25	
AVERAGE BANK IN GROUP—In thousands of dollars								
	Total deposits	205,734	197,407		161,039	243,200	178,270	
	Capital accounts	16,253	15,200		12,078	18,970	14,440	

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.