

AT 6135



# OPERATING RATIOS INCOME AND DIVIDENDS OF SECOND DISTRICT MEMBER BANKS

# 1967

March 12, 1968

*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 1967, 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. Please note that in this report member banks outside New York City have been distributed within deposit size groups according to the proportion of time deposits to total deposits; in prior reports, such distribution was made according to the proportion of loans to total assets. If you should have any questions relating to this report, you may direct your inquiries to the Banking Studies Division of the Bank Examinations Department.

Additional copies of this report are available upon request.

ALFRED HAYES,  
*President.*

Federal Reserve Bank of New York

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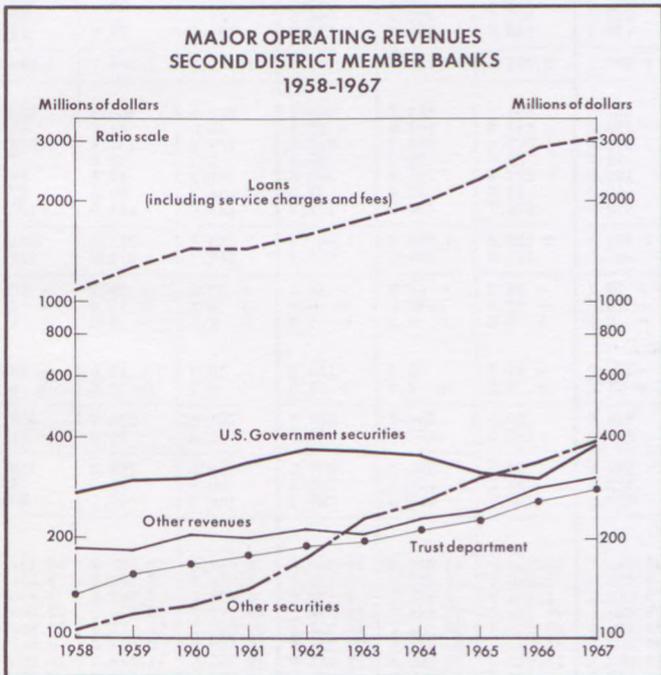
## Income, Expenses, and Dividends of Second District Member Banks

### Summary

Net income after taxes of all member banks in the Second Federal Reserve District advanced sharply in 1967 to \$680.6 million, surpassing the 1966 level by \$121.6 million, or 22 percent. The advance, the largest since 1960, resulted primarily from an increase in net current operating earnings of \$98.7 million, or 9 percent, above the 1966 level, and a decline in losses and charge-offs on securities. Such losses and charge-offs were reduced by \$137.3 million from substantial losses of \$160.6 million incurred in 1966 when Second District member banks sold large volumes of securities at a loss to meet strong loan demands of business customers. An increase in 1967 of \$84.9 million in income taxes partly offset the gains in income.

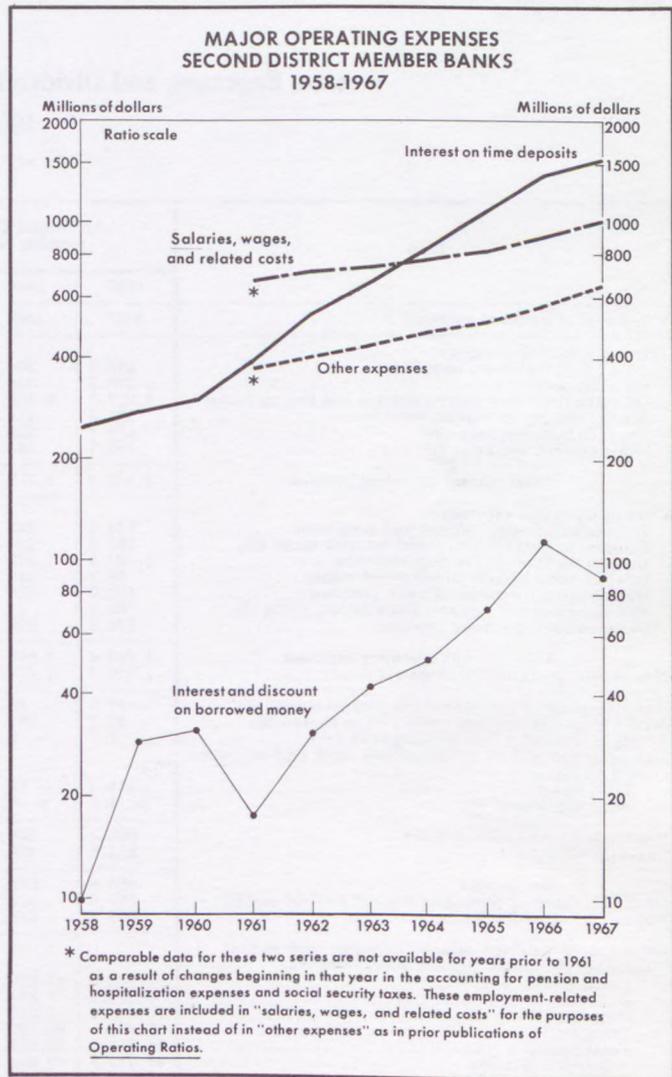
### Operating revenues

Total current operating revenues of the Second District member banks rose by \$394.6 million, or 10 percent, to a



new high of \$4.4 billion in 1967. Earnings on loans contributed \$232.4 million to the rise in revenues and topped the \$3 billion level for the first time. The rise in loan income, however, amounted to only 8 percent as compared with a

rise of 24 percent in 1966. The 1967 increase in such revenues was due principally to a rise in average outstanding net loans of 7 percent. By contrast, the 1966 increase in loan income reflected a 14 percent rise in average outstanding net loans as well as a sizable increase in the effective rate of return.



\* Comparable data for these two series are not available for years prior to 1961 as a result of changes beginning in that year in the accounting for pension and hospitalization expenses and social security taxes. These employment-related expenses are included in "salaries, wages, and related costs" for the purposes of this chart instead of in "other expenses" as in prior publications of *Operating Ratios*.

Increases were recorded for all other revenue categories as well, including income from U. S. Government securities, which showed an upturn for the first time since 1962. Earnings from Government securities amounted to \$378.3

million, a rise of \$73.7 million, or 24 percent, for the year. This increase was concentrated in the New York City reserve city banks in which earnings from Government securities rose \$69.0 million, or 39 percent. These large City banks had made substantial sales of Government securities in 1966 to meet the heavy loan demand of businesses, and they replaced these securities in 1967 with higher yielding issues. Districtwide earnings on "other securities," consisting primarily of tax-exempt State and municipal issues, increased 13 percent over the previous year, reflecting both larger holdings and higher rates of return. Service charges on deposit accounts, trust department income, and "other operating revenue" showed increases of 7, 8, and 10 percent, respectively, in 1967.

### Operating expenses

Most operating expense categories showed increases for 1967, contributing to a 10 percent rise in total current operating expense. Interest on time and savings deposits for all member banks remained the largest single expense item, increasing by \$143.3 million in 1967. While this increase was more than 10 percent over last year's level of interest payments on deposits, it fell far short of the larger increases of recent years, which have ranged between 23 percent and 42 percent per year since 1961. On the other hand, the growth in the total of wages, salaries, and related costs exceeded that of recent years; they mounted to \$1.0 billion, an increase of \$103.9 million, or 12 percent, over

## Income, Expenses, and Dividends of Second District Member Banks 1965-1967

(In millions of dollars)

Item	All Second District member banks			New York City reserve city banks			All other Second District member banks		
	1967	1966	1965	1967	1966	1965	1967	1966	1965
Number of banks at year-end	384*	399	409	12	12	12	372*	387	397
<b>Current operating revenue:</b>									
On U. S. Government securities	378.3	304.6	310.9	244.9	175.9	178.9	133.4	128.7	132.0
On other securities	378.5	336.1	305.6	232.0	212.0	203.6	146.5	124.1	102.0
On loans (including service charges and fees on loans)	3,087.8	2,855.4	2,304.3	2,158.9	1,996.6	1,558.2	928.9	858.8	746.1
Service charges on deposit accounts	124.5	116.3	109.5	52.4	48.2	46.7	72.1	68.1	62.8
Trust department earnings	278.8	258.1	227.7	239.3	220.7	194.2	39.5	37.4	33.5
Other current operating revenue	184.1	166.9	129.1	152.5	139.3	106.0	31.6	27.6	23.1
<b>Total current operating revenue</b>	<b>4,432.0</b>	<b>4,037.4</b>	<b>3,387.1</b>	<b>3,080.0</b>	<b>2,792.7</b>	<b>2,287.6</b>	<b>1,352.0</b>	<b>1,244.7</b>	<b>1,099.5</b>
<b>Current operating expenses:</b>									
Salaries and wages—officers and employees	844.6	752.8	687.4	554.5	484.5	438.2	290.1	268.3	249.2
Pension, hospitalization, social security taxes, etc.	156.6	144.5	129.6	111.6	101.8	92.1	45.0	42.7	37.5
Interest on time and savings deposits	1,522.8	1,379.5	1,073.6	1,037.4	951.7	710.7	485.4	427.8	362.9
Interest and discount on borrowed money	89.7	112.3	70.7	83.3	99.7	63.4	6.4	12.6	7.3
Net occupancy expense of bank premises	190.0	176.7	161.0	127.1	118.1	106.8	62.9	58.6	54.2
Furniture and equipment—depreciation, rents, etc.	80.1	67.7	60.6	45.2	37.2	33.5	34.9	30.5	27.1
Other current operating expenses	374.6	329.0	279.6	229.7	195.0	156.7	144.9	134.0	122.9
<b>Total current operating expenses</b>	<b>3,258.4</b>	<b>2,962.5</b>	<b>2,462.5</b>	<b>2,188.8</b>	<b>1,988.0</b>	<b>1,601.4</b>	<b>1,069.6</b>	<b>974.5</b>	<b>861.1</b>
<b>Net current operating earnings</b>	<b>1,173.6</b>	<b>1,074.9</b>	<b>924.6</b>	<b>891.2</b>	<b>804.7</b>	<b>686.2</b>	<b>282.4</b>	<b>270.2</b>	<b>238.4</b>
<b>Net recoveries (+) or charge-offs (-) on loans</b>	<b>- 76.9</b>	<b>- 88.0</b>	<b>- 59.1</b>	<b>- 49.6</b>	<b>- 59.3</b>	<b>- 40.1</b>	<b>- 27.3</b>	<b>- 28.7</b>	<b>- 19.0</b>
<b>Securities profits and recoveries (+) or charge-offs (-)</b>	<b>- 23.3</b>	<b>-160.6</b>	<b>- 3.6</b>	<b>- 23.6</b>	<b>-143.0</b>	<b>+ 0.8</b>	<b>+ 0.3</b>	<b>- 17.6</b>	<b>- 4.4</b>
<b>All other recoveries (+) or charge-offs (-)</b>	<b>- 1.7</b>	<b>- 3.1</b>	<b>- 0.6</b>	<b>+ 0.3</b>	<b>+ 0.2</b>	<b>- 2.3</b>	<b>- 2.0</b>	<b>- 3.3</b>	<b>+ 1.7</b>
<b>Net additions to (-) or deductions from (+) valuation reserves for:</b>									
Loans losses	-113.4	- 74.3	-172.0	- 97.5	- 60.8	-154.0	- 15.9	- 13.5	- 18.0
Securities losses	+ 4.1	+ 7.0	+ 21.3	- 0.2	+ 2.4	+ 17.0	+ 4.3	+ 4.6	+ 4.3
<b>Net income before related taxes</b>	<b>962.4</b>	<b>755.9</b>	<b>710.6</b>	<b>720.6</b>	<b>544.2</b>	<b>507.6</b>	<b>241.8</b>	<b>211.7</b>	<b>203.0</b>
<b>Taxes on net income</b>	<b>281.8</b>	<b>196.9</b>	<b>174.8</b>	<b>236.6</b>	<b>155.0</b>	<b>129.9</b>	<b>45.2</b>	<b>41.9</b>	<b>44.9</b>
<b>Net income</b>	<b>680.6</b>	<b>559.0</b>	<b>535.8</b>	<b>484.0</b>	<b>389.2</b>	<b>377.7</b>	<b>196.6</b>	<b>169.8</b>	<b>158.1</b>
<b>Dividends declared (including interest on debt capital)</b>	<b>374.5</b>	<b>342.1</b>	<b>315.0</b>	<b>284.2</b>	<b>259.4</b>	<b>240.3</b>	<b>90.3</b>	<b>82.7</b>	<b>74.7</b>
<b>Net income after dividends</b>	<b>306.1</b>	<b>216.9</b>	<b>220.8</b>	<b>199.8</b>	<b>129.8</b>	<b>137.4</b>	<b>106.3</b>	<b>87.1</b>	<b>83.4</b>
<b>Averages of selected assets, deposits, and capital accounts of Second District member banks:</b>									
Loans (net)	51,302.0	47,988.1	42,248.1	36,285.0	34,209.2	30,140.2	15,017.0	13,778.9	12,107.9
U. S. Government securities	8,396.9	7,854.1	8,653.9	5,240.1	4,685.8	5,152.6	3,156.8	3,168.3	3,501.3
Other securities	10,603.7	9,646.0	9,813.5	6,418.9	4,853.7	6,342.9	4,184.8	4,792.3	3,470.6
<b>Total assets</b>	<b>92,438.0</b>	<b>84,728.4</b>	<b>78,385.1</b>	<b>66,720.2</b>	<b>61,768.3</b>	<b>56,078.2</b>	<b>25,717.8</b>	<b>22,960.1</b>	<b>22,306.9</b>
<b>Total deposits</b>	<b>76,355.5</b>	<b>70,658.8</b>	<b>66,299.8</b>	<b>53,410.3</b>	<b>49,545.4</b>	<b>46,393.0</b>	<b>22,945.2</b>	<b>21,113.4</b>	<b>19,906.8</b>
Demand deposits	44,332.9	40,684.8	39,009.7	33,784.7	30,705.8	29,328.2	10,548.2	9,979.0	9,681.5
Time and savings deposits	32,022.6	29,974.0	27,290.1	19,625.6	18,839.6	17,064.8	12,397.0	11,134.4	10,225.3
<b>Total capital accounts</b>	<b>7,466.0</b>	<b>6,977.3</b>	<b>6,535.2</b>	<b>5,566.7</b>	<b>5,192.3</b>	<b>4,871.5</b>	<b>1,899.3</b>	<b>1,785.0</b>	<b>1,663.7</b>

\*Member banks that merged during 1967 reported consolidated statistics, with the exception of one bank that merged on December 31, 1967 and is accounted for as a separate institution.

Sources: Income, expenses, and dividends are derived from the year-end *Reports of Income and Dividends* submitted by member banks in the Second Federal Reserve District. Selected assets, deposits, and capital accounts for each year are based upon an average of five quarterly *Reports of Condition*—four during the year plus the preceding December.

1966. Interest expense on borrowed money was the only expense account to show a decline, falling by \$22.6 million, about 20 percent, because of the easier money market conditions that prevailed in 1967.

### Net income, taxes, dividends, and retained earnings

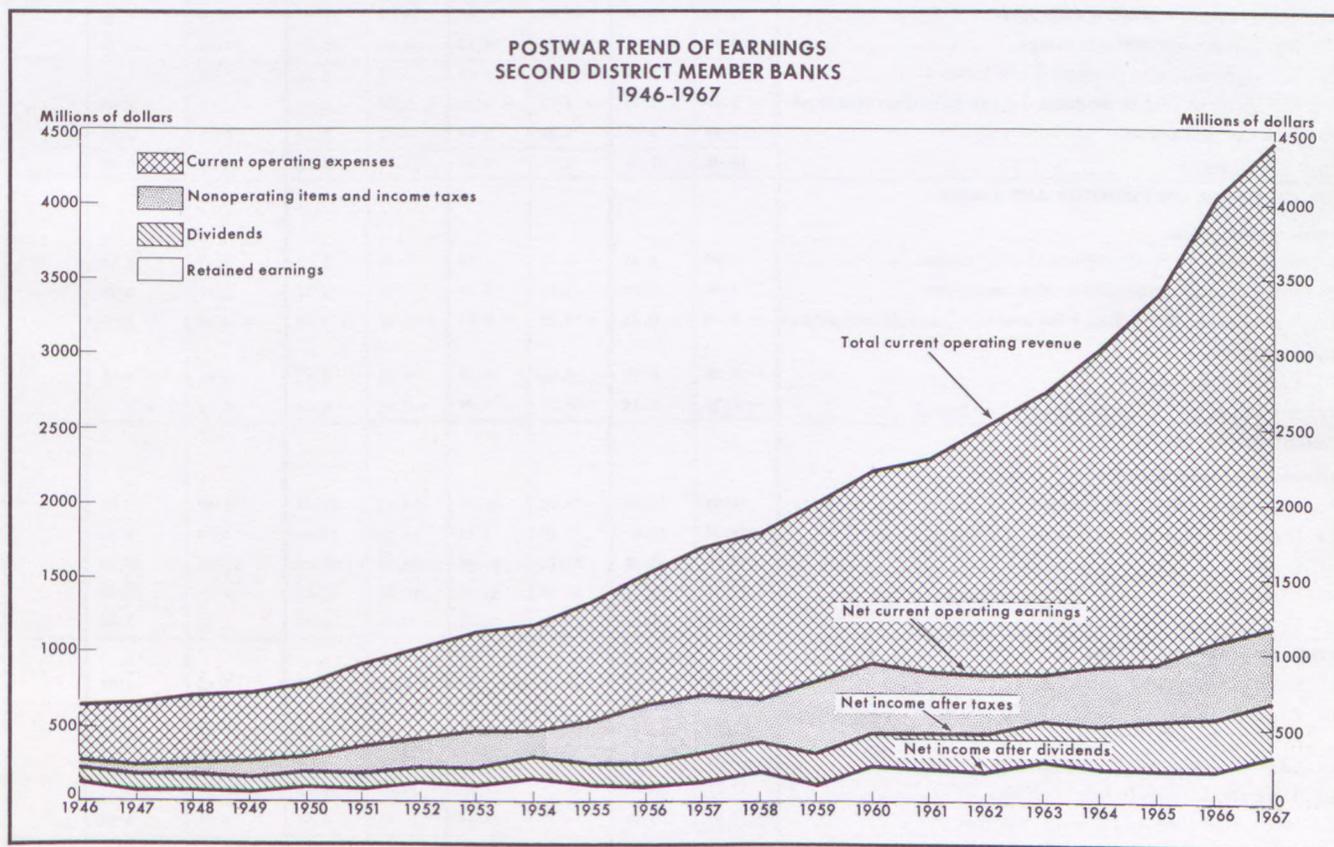
The improvement in current operating earnings and the decline in securities losses boosted net income before taxes by \$206.5 million, or 27 percent, over the 1966 level, notwithstanding substantial increases in transfers to valuation reserves for loan losses and a continued high level of net charge-offs on loans. In 1966 taxes on net income had increased only moderately, in part because the large securities losses incurred in that year reduced taxable income. In 1967, taxes increased by a substantial \$84.9 million, or 43 percent, as securities losses declined. The fluctuations in securities losses and taxes during these years were concentrated to a large extent in the New York City reserve city banks.

Dividend payments on a Districtwide basis increased \$32.4 million, or 9 percent, to a record total of \$374.5 million. Despite the higher dividend payments, retained earnings (net income after dividends) also achieved a new high of \$306.1 million, reversing the downward trend of the last

three years. In fact, the year's gain in retained earnings of \$89.2 million, or 41 percent, was the largest since 1960.

### Postwar trend of earnings

An accompanying chart shows the postwar trend of earnings and income of member banks in the Second Federal Reserve District. The chart shows that the upward trend in net current operating earnings was interrupted only in 1947, 1958, 1961, and 1962. In 1947 the decline in net operating earnings reflected a reduction in income from Government securities coincident with the retirement of Government debt, but in the other aforementioned years the principal factor was sharply higher interest payments on time and savings deposits. Net income after taxes has grown at a slower rate and with greater year-to-year fluctuations than operating earnings because of the impact of recoveries, charge-offs, valuation reserve fluctuations, and income taxes. The 1967 level of net income after taxes is about three and one-half times that of the late forties. Dividend payments have risen at about the same rate as net income over the postwar years, and the rise has been steadier despite fluctuations in available net income. Over the postwar period as a whole District member banks have added about 45 percent of their available net income to their capital accounts.



# 1967 Average Operating Ratios of 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 1967 ratios are averages of amounts reported for December 31, 1966, April 25, 1967, June 30, 1967, October 4, 1967, and December 30, 1967. Ratios for 1966 have been computed by using a similar base.	Second District banks		BANKS IN NEW YORK CITY*						YOUR BANK
			Deposits under \$100 million		Deposits of \$100 million to \$1 billion		Deposits over \$1 billion		
		1967	1966	1967	1966	1967	1966	1967	
<b>SUMMARY RATIOS</b>	Number of banks . . . . .		4	3	6	6	9	8	
<b>Percentage of Total Capital Accounts</b>									
1. Net current operating earnings . . . . .	13.66	13.83	10.57	16.91	19.60	19.79	16.79	16.14	
2. Net income before related taxes . . . . .	10.87	10.50	6.59	9.02	16.47	16.85	13.57	10.39	
3. Net income (after taxes) . . . . .	8.59	8.29	3.32	5.02	10.69	12.13	8.67	7.19	
4. Dividends declared . . . . .	3.29	3.28	2.30	3.45	2.74	4.03	5.20	5.31	
<b>Percentage of Total Assets</b>									
5. Total current operating revenue . . . . .	5.31	5.21	5.51	5.46	5.35	5.33	4.57	4.45	
6. Total current operating expenses . . . . .	4.23	4.11	4.62	4.20	4.06	3.91	3.20	3.17	
7. Net current operating earnings . . . . .	1.09	1.10	0.89	1.26	1.29	1.41	1.37	1.28	
8. Net income (after taxes) . . . . .	0.68	0.66	0.29	0.37	0.73	0.88	0.71	0.58	
<b>SOURCES AND DISPOSITION OF EARNINGS</b>									
<b>Percentage of Total Current Operating Revenue</b>									
9. Interest on U. S. Government obligations . . . . .	14.11	15.20	10.91	8.97	9.42	9.22	8.39	6.91	
10. Interest and dividends on other securities . . . . .	9.68	8.78	3.43	3.11	9.75	11.17	6.97	6.88	
11. Earnings on loans <sup>1</sup> . . . . .	67.09	66.65	76.41	71.62	68.73	68.82	68.49	71.81	
12. Service charges on deposit accounts . . . . .	5.70	5.95	3.39	3.77	2.85	3.31	1.31	1.50	
13. All other current operating revenue . . . . .	3.43	3.42	5.86	12.54	9.26	7.48	14.83	12.91	
14. Total current operating revenue . . . . .	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
15. Trust department earnings <sup>2</sup> (part of item 13) . . . . .	2.49	2.67	a	a	5.21	5.81	10.01	7.93	
16. Salaries and wages (officers and employees) . . . . .	21.81	22.03	26.70	23.14	18.21	20.69	19.87	17.95	
17. Pension, hospitalization, and other benefits . . . . .	2.89	2.89	2.77	4.03	2.91	3.33	3.42	3.35	
18. Interest on time and savings deposits . . . . .	37.11	36.29	31.00	33.09	39.84	32.37	29.92	32.38	
19. Net occupancy expense of bank premises . . . . .	4.20	4.19	7.00	4.08	3.68	4.69	4.37	4.16	
20. All other current operating expenses . . . . .	13.49	13.59	15.69	12.48	11.37	12.86	12.61	13.41	
21. Total current operating expenses . . . . .	79.49	78.99	83.16	76.83	76.01	73.95	70.19	71.25	
22. Net current operating earnings . . . . .	20.51	21.01	16.84	23.17	24.00	26.05	29.81	28.75	
23. Net recoveries and profits (+) or losses (-) <sup>3</sup> . . . . .	- 2.56	- 3.37	- 2.87	- 6.49	- 2.97	- 2.72	- 2.00	- 7.52	
24. Net increase (-) or decrease (+) in valuation reserves <sup>4</sup> . . . . .	- 1.43	- 1.57	- 3.62	- 4.75	- 0.60	- 0.63	- 3.68	- 2.64	
25. Taxes on net income . . . . .	3.49	3.37	4.84	5.18	6.67	6.13	8.67	5.71	
26. Net income . . . . .	13.03	12.69	5.51	6.74	13.76	16.58	15.46	12.88	
<b>RATES OF RETURN ON SECURITIES AND LOANS</b>									
<b>Return on Securities</b>									
27. Interest on U. S. Government obligations . . . . .	4.44	4.33	4.41	3.55	3.71	3.79	4.82	3.81	
28. Interest and dividends on other securities . . . . .	3.60	3.23	9.17	2.68	3.39	3.82	3.71	3.61	
29. Net recoveries & profits (+) or losses (-) on total securities <sup>5</sup> . . . . .	- 0.06	- 0.24	+ 0.07	- 0.77	+ 0.37	- 0.33	- 0.19	- 1.49	
<b>Return on Loans</b>									
30. Earnings on loans <sup>1</sup> . . . . .	6.50	6.46	6.68	6.20	6.49	6.60	5.81	5.71	
31. Net losses (-) or recoveries (+) on loans <sup>6</sup> . . . . .	- 0.20	- 0.18	- 0.27	- 0.34	- 0.41	- 0.24	- 0.11	- 0.17	
<b>DISTRIBUTION OF ASSETS</b>									
<b>Percentage of Total Assets</b>									
32. U. S. Government obligations . . . . .	16.66	18.07	12.94	14.27	13.52	12.80	8.00	7.91	
33. Other securities . . . . .	14.78	14.17	4.10	3.92	13.02	14.91	8.70	8.55	
34. Loans . . . . .	55.09	54.03	63.12	62.96	56.43	55.03	53.50	55.99	
35. Cash assets . . . . .	11.31	11.59	16.32	16.58	15.26	14.92	24.42	22.26	
36. Real estate assets . . . . .	1.44	1.43	2.22	0.65	0.48	0.80	1.07	1.06	
<b>CAPITAL AND DEPOSIT RATIOS</b>									
37. Capital accounts to total assets . . . . .	8.29	8.21	13.49	7.60	6.71	7.13	8.18	8.02	
38. Capital accounts to total assets, less U. S. Government securities and cash assets . . . . .	12.04	12.29	18.71	11.03	9.46	9.95	12.08	11.45	
39. Capital accounts to total deposits . . . . .	9.38	9.25	16.76	8.52	7.47	8.00	10.17	9.87	
40. Time and savings to total deposits . . . . .	57.62	56.69	45.01	44.47	49.01	39.95	33.24	35.22	
41. Interest on time and savings deposits . . . . .	3.81	3.69	4.55	4.44	4.81	4.65	5.01	5.01	
<b>AVERAGE BANK IN GROUP—in thousands of dollars</b>									
Total deposits . . . . .	199,126	181,199	38,123	80,042	171,463	299,588	5,570,671	5,773,652	
Capital accounts . . . . .	19,415	17,791	5,286	6,984	12,693	26,654	587,596	608,509	

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

See page 9 for the note to "Earnings on loans" and other notes referred to in this table.

**1967 Average Operating Ratios of Second District Member Banks  
Outside New York City with Deposits Under \$5 Million**

Note: Balance-sheet figures used as a basis for the 1967 ratios are averages of amounts reported for December 31, 1966, April 25, 1967, June 30, 1967, October 4, 1967, and December 30, 1967. Ratios for 1966 have been computed by using a similar base.	Group average		Time deposits to total deposits, per cent—1967					YOUR BANK
	1967	1966	Under 50	50-55	55-60	60-65	65 and over	
<b>SUMMARY RATIOS</b>								
Number of banks.....	54	63	8	10	13	8	15	
<b>Percentage of Total Capital Accounts</b>								
1. Net current operating earnings.....	11.87	11.25	11.92	13.31	10.75	14.26	10.59	
2. Net income before related taxes.....	9.46	8.90	10.60	10.53	8.91	10.30	8.18	
3. Net income (after taxes).....	6.99	6.83	7.42	8.51	7.17	7.84	5.14	
4. Dividends declared.....	2.15	2.19	2.20	2.20	2.20	2.64	1.78	
<b>Percentage of Total Assets</b>								
5. Total current operating revenue.....	5.35	5.22	5.13	5.27	5.16	5.53	5.59	
6. Total current operating expenses.....	4.15	4.08	3.66	3.95	4.02	4.11	4.67	
7. Net current operating earnings.....	1.20	1.13	1.47	1.33	1.13	1.41	0.92	
8. Net income (after taxes).....	0.72	0.68	0.93	0.85	0.77	0.76	0.45	
<b>SOURCES AND DISPOSITION OF EARNINGS</b>								
<b>Percentage of Total Current Operating Revenue</b>								
9. Interest on U. S. Government obligations.....	19.87	20.81	19.50	21.78	21.45	21.17	16.74	
10. Interest and dividends on other securities.....	7.70	6.43	4.87	8.16	8.47	6.90	8.67	
11. Earnings on loans <sup>1</sup> .....	65.46	64.90	66.35	62.51	62.95	66.70	68.47	
12. Service charges on deposit accounts.....	5.36	5.68	6.75	6.04	5.90	3.68	4.59	
13. All other current operating revenue.....	1.61	2.17	2.54	1.51	1.24	1.57	1.53	
14. Total current operating revenue.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
15. <i>Trust department earnings<sup>2</sup> (part of item 13)</i> .....	a	a	a	a	a	a	a	
16. Salaries and wages (officers and employees).....	23.90	24.14	29.96	24.93	24.15	19.87	21.92	
17. Pension, hospitalization, and other benefits.....	2.66	2.41	3.96	2.34	2.83	2.39	2.19	
18. Interest on time and savings deposits.....	34.47	34.67	18.18	31.96	36.37	37.72	41.45	
19. Net occupancy expense of bank premises.....	3.33	3.44	4.72	3.18	3.12	3.12	2.98	
20. All other current operating expenses.....	13.25	13.76	14.33	13.37	11.66	11.81	14.75	
21. Total current operating expenses.....	77.62	78.43	71.17	75.80	78.14	74.88	83.28	
22. Net current operating earnings.....	22.38	21.57	28.84	24.19	21.86	25.11	16.73	
23. Net recoveries and profits (+) or losses (-) <sup>3</sup> .....	- 3.84	- 3.30	- 1.21	- 6.90	- 2.46	- 8.66	- 1.84	
24. Net increase (-) or decrease (+) in valuation reserves <sup>4</sup> .....	- 0.34	- 1.03	- 1.34	+ 2.34	- 1.01	+ 0.97	- 1.72	
25. Taxes on net income.....	4.61	3.96	7.96	3.78	3.56	3.93	4.66	
26. Net income.....	13.59	13.27	18.28	15.87	14.85	13.46	8.54	
<b>RATES OF RETURN ON SECURITIES AND LOANS</b>								
<b>Return on Securities</b>								
27. Interest on U. S. Government obligations.....	4.60	4.44	4.06	4.64	4.48	5.48	4.49	
28. Interest and dividends on other securities.....	3.94	3.30	5.29	3.94	3.11	3.46	4.19	
29. Net recoveries & profits (+) or losses (-) on total securities <sup>5</sup> .....	- 0.22	- 0.17	- 0.07	- 0.74	- 0.12	- 0.23	- 0.04	
<b>Return on Loans</b>								
30. Earnings on loans <sup>1</sup> .....	6.82	6.69	7.01	6.84	6.71	6.77	6.82	
31. Net losses (-) or recoveries (+) on loans <sup>6</sup> .....	- 0.23	- 0.24	- 0.06	- 0.31	- 0.13	- 0.53	- 0.20	
<b>DISTRIBUTION OF ASSETS</b>								
<b>Percentage of Total Assets</b>								
32. U. S. Government obligations.....	23.24	24.14	25.11	24.47	24.52	22.48	20.73	
33. Other securities.....	11.73	10.72	8.17	12.62	13.93	11.27	11.38	
34. Loans.....	51.77	51.25	49.42	48.40	48.86	54.38	56.39	
35. Cash assets.....	11.53	12.21	15.56	12.80	11.09	10.04	9.73	
36. Real estate assets.....	1.15	1.23	1.15	1.07	1.27	1.14	1.09	
<b>CAPITAL AND DEPOSIT RATIOS</b>								
37. Capital accounts to total assets.....	10.44	10.48	13.08	9.83	10.65	10.01	9.48	
38. Capital accounts to total assets, less U. S. Government securities and cash assets.....	17.78	18.36	29.20	15.83	18.33	15.05	13.96	
39. Capital accounts to total deposits.....	11.95	12.02	15.60	11.06	12.06	11.46	10.74	
40. Time and savings to total deposits.....	56.47	56.24	32.74	52.45	56.87	61.81	68.61	
41. Interest on time and savings deposits.....	3.54	3.49	2.75	3.52	3.65	3.79	3.75	
<b>AVERAGE BANK IN GROUP—in thousands of dollars</b>								
Total deposits.....	3,207	3,140	2,881	3,111	3,162	3,170	3,503	
Capital accounts.....	373	369	456	330	380	355	361	

<sup>1</sup>See page 9 for the note to "Earnings on loans" and other notes referred to in this table.

## 1967 Average Operating Ratios of Second District Member Banks Outside New York City with Deposits of \$5 Million to \$20 Million

Note: Balance-sheet figures used as a basis for the 1967 ratios are averages of amounts reported for December 31, 1966, April 25, 1967, June 30, 1967, October 4, 1967, and December 30, 1967. Ratios for 1966 have been computed by using a similar base.	Group average		Time deposits to total deposits, per cent—1967					YOUR BANK	
	1967	1966	Under 50	50-55	55-60	60-65	65-70		70 and over
	144	149	16	16	24	35	20		33
<b>SUMMARY RATIOS</b> <span style="float: right;">Number of banks . . . . .</span>									
<b>Percentage of Total Capital Accounts</b>									
1. Net current operating earnings . . . . .	12.75	13.39	12.49	14.37	12.43	13.09	11.71	12.61	
2. Net income before related taxes . . . . .	9.82	9.86	10.45	12.36	9.75	9.94	8.55	8.97	
3. Net income (after taxes) . . . . .	7.70	7.85	7.80	9.52	7.51	7.77	7.32	7.06	
4. Dividends declared . . . . .	2.64	2.82	2.93	2.70	2.41	2.80	2.21	2.74	
<b>Percentage of Total Assets</b>									
5. Total current operating revenue . . . . .	5.25	5.14	5.12	4.90	5.09	5.33	5.40	5.43	
6. Total current operating expenses . . . . .	4.19	4.06	4.00	3.74	4.00	4.22	4.48	4.43	
7. Net current operating earnings . . . . .	1.06	1.08	1.12	1.16	1.08	1.11	0.92	1.00	
8. Net income (after taxes) . . . . .	0.64	0.64	0.74	0.78	0.64	0.64	0.58	0.56	
<b>SOURCES AND DISPOSITION OF EARNINGS</b>									
<b>Percentage of Total Current Operating Revenue</b>									
9. Interest on U. S. Government obligations . . . . .	16.05	17.46	17.55	18.35	17.43	14.24	16.01	15.13	
10. Interest and dividends on other securities . . . . .	9.29	8.55	10.21	9.66	8.46	8.51	10.75	9.21	
11. Earnings on loans <sup>1</sup> . . . . .	66.64	65.88	61.82	64.06	66.50	69.41	63.25	69.47	
12. Service charges on deposit accounts . . . . .	5.73	5.91	7.37	5.62	5.58	6.02	6.71	4.21	
13. All other current operating revenue . . . . .	2.29	2.21	3.05	2.32	2.03	1.82	3.28	1.98	
14. Total current operating revenue . . . . .	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
15. Trust department earnings <sup>2</sup> (part of item 13) . . . . .	0.84	1.22	0.76	1.18	0.57	1.15	0.51	0.90	
16. Salaries and wages (officers and employees) . . . . .	21.31	21.52	26.72	22.96	21.99	20.45	20.56	18.78	
17. Pension, hospitalization, and other benefits . . . . .	2.61	2.63	3.03	2.84	2.51	2.64	2.50	2.42	
18. Interest on time and savings deposits . . . . .	38.65	37.89	24.22	34.30	38.18	39.67	41.64	45.21	
19. Net occupancy expense of bank premises . . . . .	3.98	3.97	5.53	3.84	3.77	3.98	4.32	3.26	
20. All other current operating expenses . . . . .	13.30	13.07	18.38	12.65	12.48	12.53	13.86	12.22	
21. Total current operating expenses . . . . .	79.86	79.07	77.89	76.58	78.93	79.27	82.89	81.88	
22. Net current operating earnings . . . . .	20.14	20.93	22.12	23.42	21.07	20.73	17.11	18.12	
23. Net recoveries and profits (+) or losses (-) <sup>3</sup> . . . . .	- 2.45	- 2.99	- 0.67	- 0.73	- 1.88	- 3.46	- 3.64	- 2.78	
24. Net increase (-) or decrease (+) in valuation reserves <sup>4</sup> . . . . .	- 2.03	- 2.32	- 2.24	- 2.28	- 2.63	- 1.86	- 0.69	- 2.36	
25. Taxes on net income . . . . .	3.37	3.17	4.53	4.71	3.88	3.39	1.85	2.67	
26. Net income . . . . .	12.29	12.44	14.68	15.70	12.68	12.02	10.93	10.31	
<b>RATES OF RETURN ON SECURITIES AND LOANS</b>									
<b>Return on Securities</b>									
27. Interest on U. S. Government obligations . . . . .	4.60	4.51	4.39	4.72	4.27	4.73	4.98	4.52	
28. Interest and dividends on other securities . . . . .	3.57	3.18	3.99	3.51	3.38	3.66	3.38	3.54	
29. Net recoveries & profits (+) or losses (-) on total securities <sup>5</sup> . . . . .	- 0.04	- 0.20	+ 0.06	- 0.04	- 0.05	- 0.05	- 0.01	- 0.07	
<b>Return on Loans</b>									
30. Earnings on loans <sup>1</sup> . . . . .	6.39	6.39	6.20	6.08	6.35	6.47	6.41	6.57	
31. Net losses (-) or recoveries (+) on loans <sup>6</sup> . . . . .	- 0.20	- 0.15	- 0.15	- 0.05	- 0.16	- 0.25	- 0.29	- 0.20	
<b>DISTRIBUTION OF ASSETS</b>									
<b>Percentage of Total Assets</b>									
32. U. S. Government obligations . . . . .	18.27	19.95	19.45	19.91	20.09	16.05	18.25	17.93	
33. Other securities . . . . .	13.92	13.79	13.01	14.28	12.86	13.76	16.37	13.65	
34. Loans . . . . .	55.09	53.25	51.47	51.77	53.66	57.62	53.78	57.59	
35. Cash assets . . . . .	10.65	10.98	13.68	11.90	11.57	10.56	9.37	8.80	
36. Real estate assets . . . . .	1.55	1.54	1.77	1.45	1.44	1.49	1.72	1.54	
<b>CAPITAL AND DEPOSIT RATIOS</b>									
37. Capital accounts to total assets . . . . .	8.62	8.32	9.54	8.39	9.01	8.82	8.07	8.15	
38. Capital accounts to total assets, less U. S. Government securities and cash assets . . . . .	12.54	12.45	15.65	12.56	13.36	12.13	11.93	11.21	
39. Capital accounts to total deposits . . . . .	9.73	9.30	10.97	9.32	10.20	9.99	9.04	9.12	
40. Time and savings to total deposits . . . . .	60.30	59.39	37.59	51.87	56.87	61.26	67.18	72.70	
41. Interest on time and savings deposits . . . . .	3.74	3.60	3.69	3.59	3.80	3.85	3.71	3.70	
<b>AVERAGE BANK IN GROUP—in thousands of dollars</b>									
Total deposits . . . . .	10,895	10,783	10,913	9,365	10,411	10,443	12,389	11,554	
Capital accounts . . . . .	1,043	976	1,205	855	1,062	1,014	1,079	1,051	

<sup>1</sup>See page 9 for the note to "Earnings on loans" and other notes referred to in this table.

## 1967 Average Operating Ratios of Second District Member Banks Outside New York City with Deposits of \$20 Million to \$50 Million

Note: Balance-sheet figures used as a basis for the 1967 ratios are averages of amounts reported for December 31, 1966, April 25, 1967, June 30, 1967, October 4, 1967, and December 30, 1967. Ratios for 1966 have been computed by using a similar base.	Group average		Time deposits to total deposits, per cent—1967					YOUR BANK
	1967	1966	Under 50	50-55	55-60	60-65	65 and over	
	80	77	13	9	17	17	24	
<b>SUMMARY RATIOS</b>	Number of banks.....							
<b>Percentage of Total Capital Accounts</b>								
1. Net current operating earnings.....	14.00	14.04	14.63	11.64	14.54	13.86	14.25	
2. Net income before related taxes.....	10.74	10.44	13.23	9.08	10.47	11.63	9.59	
3. Net income (after taxes).....	8.88	8.84	10.55	8.49	7.76	9.66	8.19	
4. Dividends declared.....	3.30	3.19	4.57	2.52	3.08	2.92	3.32	
<b>Percentage of Total Assets</b>								
5. Total current operating revenue.....	5.34	5.27	5.06	5.12	5.48	5.30	5.51	
6. Total current operating expenses.....	4.34	4.26	3.88	4.30	4.38	4.32	4.57	
7. Net current operating earnings.....	1.01	1.01	1.17	0.83	1.10	0.98	0.93	
8. Net income (after taxes).....	0.65	0.60	0.88	0.62	0.60	0.68	0.54	
<b>SOURCES AND DISPOSITION OF EARNINGS</b>								
<b>Percentage of Total Current Operating Revenue</b>								
9. Interest on U. S. Government obligations.....	12.46	13.13	13.08	15.56	11.76	13.33	10.85	
10. Interest and dividends on other securities.....	10.72	9.78	11.43	12.66	8.77	11.85	10.19	
11. Earnings on loans <sup>1</sup> .....	67.21	66.92	63.53	60.52	69.77	65.67	70.97	
12. Service charges on deposit accounts.....	6.60	6.86	7.19	7.79	6.75	6.62	5.72	
13. All other current operating revenue.....	3.01	3.31	4.77	3.47	2.95	2.54	2.27	
14. Total current operating revenue.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
15. Trust department earnings <sup>2</sup> (part of item 13).....	1.64	2.04	2.73	2.38	1.75	1.37	0.47	
16. Salaries and wages (officers and employees).....	21.74	22.15	24.44	25.78	22.44	20.67	19.04	
17. Pension, hospitalization, and other benefits.....	2.92	3.05	3.55	3.49	2.93	2.79	2.44	
18. Interest on time and savings deposits.....	38.08	37.11	29.04	33.27	36.07	40.40	44.57	
19. Net occupancy expense of bank premises.....	4.43	4.48	4.79	5.54	4.94	4.10	3.68	
20. All other current operating expenses.....	13.86	14.05	14.81	15.88	13.36	13.54	13.17	
21. Total current operating expenses.....	81.03	80.84	76.62	83.95	79.74	81.50	82.90	
22. Net current operating earnings.....	18.97	19.16	23.38	16.04	20.26	18.51	17.10	
23. Net recoveries and profits (+) or losses (-) <sup>3</sup> .....	- 2.03	- 3.03	- 1.16	- 2.11	- 2.59	- 1.78	- 2.25	
24. Net increase (-) or decrease (+) in valuation reserves <sup>4</sup> .....	- 2.01	- 1.76	- 0.68	- 1.30	- 2.55	- 1.13	- 3.24	
25. Taxes on net income.....	2.66	2.86	4.04	0.83	3.89	2.80	1.63	
26. Net income.....	12.27	11.52	17.49	11.82	11.22	12.79	9.98	
<b>RATES OF RETURN ON SECURITIES AND LOANS</b>								
<b>Return on Securities</b>								
27. Interest on U. S. Government obligations.....	4.17	4.16	4.22	4.20	3.95	4.18	4.27	
28. Interest and dividends on other securities.....	3.37	3.22	3.42	3.46	3.36	3.42	3.28	
29. Net recoveries & profits (+) or losses (-) on total securities <sup>5</sup> .....	- 0.05	- 0.22	- 0.03	+ 0.05	- 0.07	- 0.03	- 0.10	
<b>Return on Loans</b>								
30. Earnings on loans <sup>1</sup> .....	6.51	6.49	6.07	6.45	6.61	6.49	6.71	
31. Net losses (-) or recoveries (+) on loans <sup>6</sup> .....	- 0.13	- 0.14	- 0.10	- 0.23	- 0.15	- 0.17	- 0.08	
<b>DISTRIBUTION OF ASSETS</b>								
<b>Percentage of Total Assets</b>								
32. U. S. Government obligations.....	15.46	16.40	14.40	19.04	15.83	16.41	13.76	
33. Other securities.....	16.57	15.75	17.17	18.41	13.57	17.71	16.86	
34. Loans.....	55.37	54.58	53.10	48.19	57.92	53.90	58.51	
35. Cash assets.....	10.47	11.08	13.42	11.78	10.35	10.05	8.76	
36. Real estate assets.....	1.60	1.60	1.42	1.88	1.87	1.38	1.55	
<b>CAPITAL AND DEPOSIT RATIOS</b>								
37. Capital accounts to total assets.....	7.31	7.33	8.33	7.12	7.67	7.10	6.73	
38. Capital accounts to total assets, less U. S. Government securities and cash assets.....	9.96	10.20	11.65	10.25	10.46	9.69	8.76	
39. Capital accounts to total deposits.....	8.13	8.17	9.38	7.90	8.55	7.87	7.44	
40. Time and savings to total deposits.....	59.25	58.05	43.54	52.50	57.39	61.52	69.99	
41. Interest on time and savings deposits.....	3.78	3.72	3.77	3.58	3.80	3.82	3.84	
<b>AVERAGE BANK IN GROUP—in thousands of dollars</b>								
Total deposits.....	30,285	29,856	31,386	27,831	29,399	30,199	31,298	
Capital accounts.....	2,471	2,465	2,964	2,168	2,506	2,399	2,342	

<sup>1</sup>See page 9 for the note to "Earnings on loans" and other notes referred to in this table.

## 1967 Average Operating Ratios of Second District Members Banks Outside New York City with Deposits of \$50 Million and Over

Note: Balance-sheet figures used as a basis for the 1967 ratios are averages of amounts reported for December 31, 1966, April 25, 1967, June 30, 1967, October 4, 1967, and December 30, 1967. Ratios for 1966 have been computed by using a similar base.	Group average		Time deposits to total deposits, per cent—1967					YOUR BANK
	1967	1966	Under 50	50-55	55-60	60-65	65 and over	
	85	82	16	13	21	20	15	
<b>SUMMARY RATIOS</b>	Number of banks.....							
<b>Percentage of Total Capital Accounts</b>								
1. Net current operating earnings.....	15.42	15.64	16.85	15.84	16.06	13.61	15.06	
2. Net income before related taxes.....	13.18	12.53	15.05	13.32	14.32	11.53	11.69	
3. Net income (after taxes).....	10.96	10.11	11.88	11.22	11.83	10.21	9.52	
4. Dividends declared.....	5.03	4.77	5.47	5.46	5.42	4.71	4.07	
<b>Percentage of Total Assets</b>								
5. Total current operating revenue.....	5.44	5.34	5.16	5.62	5.44	5.46	5.57	
6. Total current operating expenses.....	4.34	4.21	3.89	4.43	4.33	4.49	4.54	
7. Net current operating earnings.....	1.10	1.13	1.27	1.18	1.12	0.97	1.03	
8. Net income (after taxes).....	0.79	0.73	0.89	0.83	0.85	0.73	0.64	
<b>SOURCES AND DISPOSITION OF EARNINGS</b>								
<b>Percentage of Total Current Operating Revenue</b>								
9. Interest on U. S. Government obligations.....	9.79	10.20	8.94	9.58	10.47	9.94	9.72	
10. Interest and dividends on other securities.....	11.21	10.29	11.26	10.23	11.99	10.98	11.23	
11. Earnings on loans <sup>1</sup> .....	68.05	68.33	67.06	67.36	66.54	69.26	70.21	
12. Service charges on deposit accounts.....	5.79	6.07	5.83	5.98	6.28	5.59	5.16	
13. All other current operating revenue.....	5.16	5.12	6.91	6.84	4.73	4.22	3.69	
14. Total current operating revenue.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
15. Trust department earnings <sup>2</sup> (part of item 13).....	3.15	3.28	4.50	4.86	2.35	2.26	1.99	
16. Salaries and wages (officers and employees).....	21.62	21.67	23.63	23.59	21.36	21.01	18.91	
17. Pension, hospitalization, and other benefits.....	3.42	3.48	3.82	4.34	3.49	2.87	2.83	
18. Interest on time and savings deposits.....	36.09	34.65	26.78	32.25	35.80	40.30	44.13	
19. Net occupancy expense of bank premises.....	4.77	4.85	5.33	4.89	4.99	4.67	3.93	
20. All other current operating expenses.....	13.74	14.11	15.83	13.94	13.74	13.38	11.81	
21. Total current operating expenses.....	79.64	78.75	75.39	79.01	79.38	82.24	81.61	
22. Net current operating earnings.....	20.36	21.25	24.61	20.99	20.62	17.76	18.39	
23. Net recoveries and profits (+) or losses (-) <sup>3</sup> .....	- 2.44	- 3.96	- 2.68	- 2.74	- 1.58	- 2.47	- 3.10	
24. Net increase (-) or decrease (+) in valuation reserves <sup>4</sup> .....	- 0.28	- 0.30	- 0.12	- 0.56	+ 0.15	- 0.24	- 0.85	
25. Taxes on net income.....	2.97	3.26	4.50	2.84	3.24	1.73	2.70	
26. Net income.....	14.68	13.72	17.32	14.84	15.94	13.32	11.74	
<b>RATES OF RETURN ON SECURITIES AND LOANS</b>								
<b>Return on Securities</b>								
27. Interest on U. S. Government obligations.....	4.34	4.19	4.08	4.67	4.47	4.24	4.30	
28. Interest and dividends on other securities.....	3.39	3.19	3.31	3.39	3.46	3.29	3.51	
29. Net recoveries & profits (+) or losses (-) on total securities <sup>5</sup> .....	- 0.02	- 0.25	- 0.05	- 0.08	+ 0.10	- 0.03	- 0.07	
<b>Return on Loans</b>								
30. Earnings on loans <sup>1</sup> .....	6.56	6.48	6.41	6.56	6.54	6.58	6.69	
31. Net losses (-) or recoveries (+) on loans <sup>6</sup> .....	- 0.20	- 0.20	- 0.25	- 0.27	- 0.18	- 0.18	- 0.14	
<b>DISTRIBUTION OF ASSETS</b>								
<b>Percentage of Total Assets</b>								
32. U. S. Government obligations.....	12.17	13.06	11.27	12.06	12.44	12.49	12.42	
33. Other securities.....	17.75	16.91	17.31	16.86	18.84	17.77	17.42	
34. Loans.....	56.60	56.49	54.05	57.69	55.50	57.62	58.56	
35. Cash assets.....	11.17	11.24	14.87	11.31	10.75	9.83	9.49	
36. Real estate assets.....	1.37	1.34	1.66	1.18	1.29	1.30	1.44	
<b>CAPITAL AND DEPOSIT RATIOS</b>								
37. Capital accounts to total assets.....	7.17	7.24	7.52	7.51	7.00	7.17	6.73	
38. Capital accounts to total assets, less U. S. Government securities and cash assets.....	9.38	9.61	10.22	9.81	9.13	9.25	8.65	
39. Capital accounts to total deposits.....	8.03	8.12	8.53	8.46	7.81	8.02	7.44	
40. Time and savings to total deposits.....	56.04	54.61	40.51	52.66	56.48	61.72	67.33	
41. Interest on time and savings deposits.....	3.88	3.76	3.74	3.86	3.83	3.97	4.00	
<b>AVERAGE BANK IN GROUP—in thousands of dollars</b>								
Total deposits.....	242,163	219,209	324,419	139,547	301,855	282,249	106,340	
Capital accounts.....	19,559	18,235	29,132	11,321	23,164	22,360	7,707	

## NOTES TO PAGES 4-8

<sup>1</sup> Includes service charges and other fees on loans.

<sup>2</sup> Excludes banks not reporting this item or reporting negligible amounts.

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

<sup>4</sup> 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.

<sup>5</sup> Excludes transfers to and from valuation reserves for losses on securities.

<sup>6</sup> Excludes transfers to and from valuation reserves for losses on loans.

<sup>a</sup> Averages are not shown when fewer than three banks are in a group or when no banks in the group have trust department earnings.

Note: Ratios do not add exactly in every case to their respective totals because of rounding. Year-to-year comparisons by size groups may be affected by mergers and shifts of banks from one size group to another. Member banks whose ratios are distorted by unusual circumstances in asset structure or operation are excluded from the calculations in order to eliminate their effect upon the averages.