R-431

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

March 22, 1939.

Dear Sir:

A special project in the field of bank earnings is being undertaken jointly by the Federal Reserve System and the Federal Deposit Insurance Corporation. It is based largely on the operating ratios of member banks for 1938, which are in preparation or have recently been prepared at the Federal Reserve banks. For this purpose a supply of tabulation forms like the one attached (F. R. 456) is being forwarded to you. It will be appreciated if you will have one of these forms filled out for each member bank in your district whose figures were used in your 1938 compilation of average operating ratios, and if you will return the completed forms to the Board. Instructions concerning the tabulation of the desired data are contained in the accompanying memorandum.

Upon receipt of the completed forms by the Board, the coding items (6-14) will be entered (for sorting purposes), and the data shown on the forms will be transferred to punched cards. The cards will then be sorted and tabulated in order to make available various analyses of member bank operating ratios in addition to the size of bank and geographic distributions which the Federal Reserve banks have prepared or are making.

Very truly yours,

L. P. Bethea,
Assistant Secretary.

Enclosures

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

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Federal Reserve Bank of St. Louis

R-431-a

INSTRUCTIONS CONCERNING TABULATION OF
DATA ON FORM F. R. 456

The items and captions on form F. R. 456 are for the most part self-explanatory. All of the balance sheet items (1-5) and most of the ratio items (15-46) presumably have already been computed in accordance with the plan of the Presidents' Conference Committee on Operating Ratios of Member Banks. Except for items 17, 18, 30, and 45, which need not be filled in where the necessary basic data have not already been tabulated, the ratios not already provided for on your worksheets (form ERNX or some similar form) may be calculated from other data shown on such worksheets. All figures may be recorded on form F. R. 456 either by typewriter or in longhand. In order that possible errors may be avoided, it is suggested that the figures shown for all the items except possibly 32-34 and 37-39, which are self-balancing, be individually checked before the forms are forwarded to the Board. Items 15-25 are also self-balancing, but, unless the ratios for "all other current earnings" and "all other current expenses" were computed directly rather than by subtraction, this does not constitute an adequate check.

In districts where the basic data for items 17 and 18, service charges and trust department earnings, have been tabulated, figures for these items should be reported separately for each member bank that derived any earnings from these sources; in other districts they will be comprehended in the ratio reported for "all other current earnings" (item 19).

It is assumed that item 22, interest on deposits, includes interest paid on deposits of other banks and on other demand deposits as reported for the first half of the year. If this is not the case, please indicate in an accompanying memorandum how the computation of this ratio was handled in your district.

The total of items 15-19 must equal item 20 (100.0%), and the total of items 21-23 must equal item 24. Item 24 plus item 25 must also equal item 20. Similarly, the difference between items 32 and 33 must equal item 34, and the difference between items 37 and 38 must equal item 39, these differences being shown as minus figures unless recoveries are larger than losses.

The ratio of total deposits to total capital account, item 46, is the only one which is not to be expressed as a percentage. It will be an actual or direct ratio, carried to 1 decimal, as 10.0 (when deposits are 10 times capital account).

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