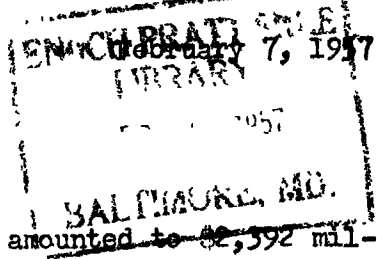


BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

E.5

(For Immediate Release)

MEMBER BANK EARNINGS, 1956

Net current earnings before income taxes amounted to \$2,592 million in 1956, \$314 million more than in 1955, according to preliminary tabulations of member bank earnings. Net profits after taxes, however, increased only \$41 million because of a substantial increase in net losses and charge-offs. The ratio of net profits to average total capital accounts decreased from 7.9 to 7.7 per cent.

Gross current earnings were \$722 million higher. An increase of \$640 million in earnings on loans was the major item, with average holdings of loans increasing \$9.7 billion and the rate of return from 4.77 to 5.01 per cent. Earnings on United States Government securities declined slightly, as a result of a decrease in holdings of \$5.9 billion and a rise in the average rate of return from 2.09 to 2.31 per cent. Other earnings rose \$102 million. Gross current expenses increased \$408 million.

The net of losses, recoveries, profits, etc., was a loss of \$646 million, compared to \$401 million in 1955. Profits before income taxes were reported \$70 million higher, and taxes on net income increased \$29 million.

Dividends amounted to \$546 million or 53 per cent of 1956 net profits; this represented a return on average total capital accounts of 4.1 per cent, compared with 4.0 per cent in 1955. Retained earnings were \$481 million, approximately the same as in 1955.

(Over)

MEMBER BANK EARNINGS, BY CLASS OF BANK, 1956 AND 1955

(In millions of dollars, 1956 figures preliminary)

Item	All Member Banks		Central Reserve City Banks				Reserve City Banks		Country Banks	
			New York		Chicago					
	1956	1955	1956	1955	1956	1955	1956	1955	1956	1955
Earnings	6,064	5,343	1,014	867	243	209	2,390	2,095	2,417	2,173
On U. S. Government securities	1,098	1,118	133	156	49	57	402	420	513	485
On loans ^{1/}	3,724	3,083	634	484	145	105	1,510	1,232	1,435	1,263
All other	1,243	1,141	248	227	49	47	478	443	469	424
Expenses	3,673	3,265	536	472	123	111	1,435	1,274	1,578	1,408
Net current earnings before income taxes	2,392	2,077	478	395	119	98	955	821	839	764
Recoveries, profits, and transfers from valuation reserves ^{2/}	235	213	75	48	14	12	2	91	54	62
Losses, charge-offs, and transfers to valuation reserves ^{3/}	881	614	207	124	51	27	325	240	297	224
Profits before income taxes	1,746	1,676	346	319	82	83	722	671	596	603
Taxes on net income	720	691	157	133	30	34	303	278	230	246
Net profits	1,026	985	189	187	52	49	419	393	366	357
Cash dividends declared	546	501	133	124	23	21	222	202	168	154
Ratios (per cent):										
Net current earnings before income taxes to average total capital accounts	18.0	16.6	17.0	14.4	18.7	16.0	19.6	18.3	17.0	16.4
Net profits to average total capital accounts	7.7	7.9	6.7	6.8	8.2	8.1	8.4	8.8	7.4	7.7
Average return on U. S. Government securities	2.31	2.09	2.22	2.02	2.19	2.05	2.30	2.09	2.35	2.11
Average return on loans	5.01	4.77	4.14	3.66	4.19	3.68	5.02	4.76	5.63	5.56

^{1/} Includes charges on loans other than interest; these charges are estimated for 1956.

^{2/} Does not include recoveries credited to valuation reserves.

^{3/} Does not include losses charged to valuation reserves.