

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

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MEMBER BANK EARNINGS, FIRST HALF OF 1957ENOCH PRATT STANLEY  
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Net profits after taxes for the first six months of 1957 were \$569 million, \$25 million higher than for the first half of 1956, according to preliminary tabulations of member bank earnings reports. The ratio of net profits to average total capital accounts declined from 8.3 per cent to 8.2 per cent on an annual basis.

Gross current earnings increased \$332 million from the first half of last year. After deducting current expenses, which increased \$268 million, net current earnings before income taxes were \$64 million higher than for the corresponding period last year. The larger earnings were principally on loans, as both the average volume of loan holdings and the average rate of return were higher during the first half of 1957. Although average holdings of United States Government obligations declined, earnings thereon increased moderately due to a higher rate of return.

The net of losses, recoveries, profits, etc., deducted from net current earnings before taxes amounted to \$178 million, \$8 million more than for the first six months of 1956. Taxes on net income increased \$30 million.

Cash dividends declared amounted to \$281 million, \$28 million higher than for the first half of 1956. This represented a return on average total capital accounts of 4.1 per cent and amounted to a 49 per cent distribution of net profits after taxes, compared with 3.9 per cent and 47 per cent, respectively, in the first half of 1956. Retained earnings were \$288 million, about the same as for the first half of last year.

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## MEMBER BANK EARNINGS, BY CLASS OF BANK, FIRST AND SECOND HALVES OF 1956 AND FIRST HALF OF 1957

(In millions of dollars; first half 1957 preliminary)

Item	All Member Banks			Central Reserve City Banks						Reserve City Banks			Country Banks		
				New York			Chicago								
	First Half 1956	Second Half 1956	First Half 1957	First Half 1956	Second Half 1956	First Half 1957	First Half 1956	Second Half 1956	First Half 1957	First Half 1956	Second Half 1956	First Half 1957	First Half 1956	Second Half 1956	First Half 1957
Earnings:	2,930	3,148	3,262	486	528	551	117	126	131	1,153	1,249	1,279	1,174	1,246	1,301
On U. S. Government securities	553	547	571	68	65	68	26	23	23	203	201	207	257	258	273
On loans 1/	1,773	1,952	2,022	297	336	349	66	77	81	718	793	816	692	747	775
All other	604	649	669	121	127	134	25	25	26	232	255	256	226	241	253
Expenses	1,754	1,926	2,022	259	277	289	60	64	67	693	748	806	743	837	860
Net current earnings before income taxes	1,176	1,223	1,240	227	251	262	58	62	64	460	501	473	431	409	440
Recoveries, profits, and transfers from valuation reserves 2/	85	141	58	27	47	7	6	8	3	32	55	21	20	30	27
Losses, charge-offs, and transfers to valuation reserves 3/	255	625	236	54	153	38	20	31	28	93	232	77	87	209	93
Profits before income taxes	1,006	738	1,061	201	145	232	43	39	39	399	324	417	363	230	374
Taxes on net income	462	255	492	103	54	114	19	11	17	175	127	193	166	63	168
Net profits	544	483	569	98	91	118	24	28	21	224	197	224	198	167	206
Cash dividends declared	253	294	281	63	70	70	14	9	15	103	120	115	74	94	81
Ratios - annual basis (in per cent):															
Net current earnings before income taxes to average total capital accounts	18.0	18.1	17.9	16.3	17.7	18.1	18.2	19.1	19.4	19.3	20.1	18.5	17.8	16.2	17.1
Net profits to average total capital accounts	8.3	7.1	8.2	7.0	6.5	8.2	7.7	8.6	6.5	9.4	7.9	8.7	8.1	6.6	8.0
Average return on U. S. Govt. securities	2.29	2.35	2.47	2.18	2.26	2.44	2.19	2.22	2.31	2.27	2.35	2.45	2.35	2.38	2.52
Average return on loans	4.89	5.12	5.17	4.00	4.30	4.34	3.99	4.27	4.40	4.90	5.13	5.16	5.54	5.74	5.77

<sup>1/</sup> Includes charges on loans other than interest; these charges are estimated for 1957.<sup>2/</sup> Does not include recoveries credited to valuation reserves.<sup>3/</sup> Does not include losses charged to valuation reserves.

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