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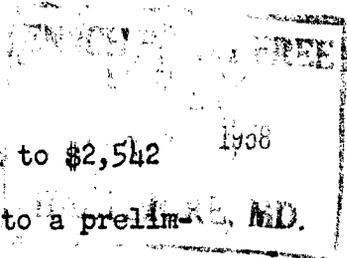
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

E.5

(For Immediate Release)

February 10, 1958

MEMBER BANK EARNINGS, 1957



Net current earnings before income taxes amounted to \$2,542 million in 1957, \$143 million more than in 1956, according to a preliminary tabulation of member bank earnings. A decline in net losses and charge-offs was offset by an increase in income taxes, and net profits after taxes increased \$142 million over 1956. The ratio of net profits to average total capital accounts increased from 7.7 to 8.3 per cent.

Gross current earnings were \$678 million higher than in 1956, but they were largely offset by an increase of \$534 million in current expenses. Earnings on loans rose \$464 million, with average holdings of loans increasing \$4.8 billion and the rate of return from 5.02 to 5.30 per cent. Earnings on United States Government securities increased \$61 million; a decline in holdings of \$1.5 billion was more than offset by a rise in the average rate of return from 2.31 to 2.52 per cent. Other earnings rose \$152 million.

The net of losses and charge-offs, recoveries, profits, etc., was a loss of \$479 million, compared with \$654 million in 1956. Profits before income taxes were \$318 million higher, and taxes on net income increased \$176 million.

Dividends amounted to \$604 million or 52 per cent of net profits; this represented a return on average total capital accounts of 4.3 per cent, compared with 4.1 per cent in 1956. Retained earnings were \$565 million, an increase of \$85 million over 1956.

(Over)

MEMBER BANK EARNINGS, BY CLASS OF BANK, 1957 AND 1956

(In millions of dollars. 1957 figures preliminary)

Item	All		Central Reserve City Banks				Reserve		Country Banks	
	Member Banks		New York		Chicago		City Banks		1957	1956
	1957	1956	1957	1956	1957	1956	1957	1956		
Earnings	6,756	6,078	1,137	1,014	274	243	2,660	2,402	2,685	2,419
On U. S. Government securities	1,162	1,101	137	133	46	49	426	404	553	514
On loans ^{1/}	4,190	3,725	725	633	172	143	1,689	1,511	1,605	1,438
All other	1,404	1,252	275	248	56	51	546	487	527	467
Expenses	4,214	3,680	594	536	136	123	1,664	1,441	1,820	1,579
Net current earnings before income taxes	2,542	2,398	544	478	137	119	996	961	865	840
Recoveries, profits, and transfers from valuation reserves ^{2/}	175	226	31	75	16	14	66	88	62	50
Losses, charge-offs, and transfers to valuation reserves ^{3/}	654	880	132	207	60	51	212	326	250	296
Profits before income taxes	2,063	1,744	442	346	93	82	850	723	677	593
Taxes on net income	894	718	209	157	41	30	385	302	259	229
Net profits	1,169	1,027	234	189	53	52	464	421	418	364
Cash dividends declared	604	547	152	133	24	23	242	223	186	168
Ratios (per cent):										
Net current earnings before income taxes to average total capital accounts	18.0	18.1	18.2	17.0	20.6	18.7	19.2	19.7	16.4	17.0
Net profits to average total capital accounts	8.3	7.7	7.8	6.7	7.9	8.2	8.9	8.6	7.9	7.4
Average return on U. S. Government securities	2.52	2.31	2.47	2.22	2.36	2.19	2.53	2.31	2.55	2.36
Average return on loans	5.30	5.02	4.52	4.15	4.56	4.14	5.29	5.02	5.88	5.64

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

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