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FEDERAL RESERVE SYSTEM  
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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

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(For Immediate Release)

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MEMBER BANK EARNINGS, FIRST HALF OF 1959

Preliminary figures on member bank earnings indicate that net current earnings before income taxes were \$1,385 million, an increase of \$110 million over the first six months of last year. However, net profits after taxes were \$598 million or \$230 million lower than in the first half of last year when greater profits were reported on the sales of securities; they are more comparable to the \$568 million reported in the first half of 1957. The ratio of net profits on an annual basis to average total capital accounts declined from 11.2 per cent in the first half of 1958 to 7.6 per cent in the first half of 1959.

Earnings on loans rose \$208 million and earnings on U. S. Government securities rose \$67 million. These increases resulted from larger average holdings of Government securities and loans, and higher average interest rates. Percentagewise, expenses increased slightly more than earnings.

The net effect of security transactions, other profit and loss adjustments, and changes in valuation reserves was a loss of \$376 million, compared to a gain of \$245 million in the first six months of 1958. The 1959 position represents the usual relationship among these items; in other postwar years member banks had reported net gains from these transactions only in 1946 and 1954.

Provisions for income taxes amounted to \$411 million, \$281 million lower than in the corresponding period last year, reflecting the decline in profits before income taxes.

Cash dividends declared amounted to \$326 million in the first half of 1959, representing a distribution of 5<sup>4</sup> per cent of net profits after taxes and an approximate yield of 4.2 per cent on average total capital accounts on an annual basis.

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MEMBER BANK EARNINGS, BY CLASS OF BANK, FIRST AND SECOND HALVES OF 1958 AND FIRST HALF OF 1959  
(In millions of dollars; first half of 1959 preliminary)

Item	All Member Banks			Central Reserve City Banks						Reserve City Banks			Country Banks		
	First Half 1958	Second Half 1958	First Half 1959	New York			Chicago			First Half 1958	Second Half 1958	First Half 1959	First Half 1958	Second Half 1958	First Half 1959
				First Half 1958	Second Half 1958	First Half 1959	First Half 1958	Second Half 1958	First Half 1959						
Earnings:	3,515	3,612	3,846	585	578	621	138	134	144	1,393	1,442	1,526	1,399	1,457	1,554
On U. S. Government securities	633	633	700	81	89	96	28	31	31	236	242	258	288	271	315
On loans <sup>1/</sup>	2,130	2,197	2,337	354	345	372	81	76	82	868	891	956	827	885	928
All other	752	782	808	150	145	153	30	27	32	289	309	312	283	301	312
Expenses	2,240	2,377	2,461	318	319	343	72	70	75	892	931	985	957	1,058	1,058
Net current earnings before income taxes	1,275	1,235	1,385	267	260	278	66	64	70	500	512	541	441	399	497
Recoveries, profits, and transfers from valuation reserves <sup>2/</sup>	599	179	141	87	25	28	41	15	19	285	69	52	186	69	43
Losses, charge-offs, and transfers to valuation reserves <sup>3/</sup>	353	328	517	26	39	128	27	20	40	183	130	198	118	139	151
Profits before income taxes	1,520	1,085	1,009	329	247	177	80	59	49	602	451	394	509	328	388
Taxes on net income	692	456	411	156	120	73	42	27	21	285	205	148	209	104	170
Net profits	828	629	598	173	127	105	38	32	28	318	245	246	300	224	219
Cash dividends declared	307	339	326	77	83	79	15	11	17	124	133	132	90	112	98
Ratios - annual basis (in per cent):															
Net current earnings before income taxes to average total capital accounts	17.2	16.1	17.7	16.8	16.0	16.9	18.9	17.9	19.0	18.3	18.0	18.5	16.1	14.0	17.1
Net profits to average total capital accounts	11.2	8.2	7.6	10.9	7.8	6.4	11.0	8.9	7.5	11.6	8.6	8.4	10.9	7.9	7.6
Average return on U. S. Govt. securities	2.56	2.35	2.68	2.42	2.32	2.72	2.38	2.33	2.51	2.54	2.35	2.65	2.64	2.35	2.71
Average return on loans	5.31	5.39	5.45	4.40	4.37	4.57	4.51	4.42	4.60	5.38	5.40	5.46	5.84	6.03	6.01

<sup>1/</sup> Includes charges on loans other than interest.

<sup>2/</sup> Does not include recoveries credited to valuation reserves.

<sup>3/</sup> Does not include losses charged to valuation reserves.