



FEDERAL RESERVE

statistical release

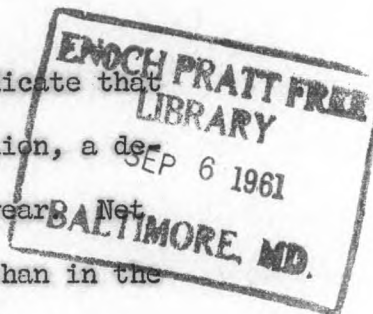
E.5 FR 1.11/3

(For Immediate Release)

BUS & ECON
August 22, 1961

MEMBER BANK INCOME, FIRST HALF OF 1961

Preliminary figures on member bank earnings indicate that net current earnings before income taxes were \$1,560 million, a decrease of \$90 million from the first six months of last year. Net income after taxes was \$860 million or \$39 million more than in the first half of last year. On an annual basis, the ratio of net income to average total capital accounts declined from 9.9 per cent in the first half of 1960 to 9.7 per cent in the first half of 1961.



Gross current operating revenue was \$86 million larger than in the first half of last year; earnings on loans rose \$46 million and earnings on U. S. Government securities rose by \$43 million as larger average holdings of loans and investments offset a decline in the average rates of return. Expenses rose \$176 million or 6 per cent over the comparable period a year ago.

The net effect of security transactions, other profit and loss adjustments, and changes in valuation reserves was a gain of \$37 million; in the first six months of last year these transactions had resulted in a net loss of \$168 million.

Provisions for income taxes amounted to \$737 million, \$76 million more than in the corresponding period last year.

Cash dividends declared amounted to \$377 million in the first half of 1961, representing a distribution of 44 per cent of net income after taxes and an approximate yield of 4.3 per cent on average total capital accounts on an annual basis.

(Over)

MEMBER BANK INCOME, BY CLASS OF BANK, FIRST AND SECOND HALVES OF 1960 AND FIRST HALF OF 1961
(In millions of dollars; first half of 1961 preliminary)

Item	All Member Banks			Central Reserve City Banks						Reserve City Banks			Country Banks		
	First Half 1960	Second Half 1960	First Half 1961	New York			Chicago			First Half 1960	Second Half 1960	First Half 1961	First Half 1960	Second Half 1960	First Half 1961
				First Half 1960	Second Half 1960	First Half 1961	First Half 1960	Second Half 1960	First Half 1961						
Revenue:	4,388	4,540	4,474	721	753	732	172	181	172	1,704	1,766	1,737	1,790	1,840	1,832
On U. S. Government securities	695	720	738	84	103	101	27	28	28	230	247	263	353	341	346
On loans ^{1/}	2,823	2,907	2,869	468	473	451	111	115	110	1,151	1,177	1,157	1,093	1,142	1,151
All other	870	913	867	169	177	181	34	38	34	323	342	317	344	357	335
Expenses	2,738	2,916	2,914	371	403	411	90	91	92	1,066	1,114	1,126	1,211	1,308	1,284
Net current earnings before income taxes	1,650	1,623	1,560	350	350	320	82	89	80	638	652	611	579	532	548
Recoveries, transfers from valuation reserves, and profits ^{2/}	130	374	374	25	83	64	7	21	41	53	145	149	44	125	120
Losses, charge-offs, and transfers to valuation reserves ^{3/}	298	550	337	41	129	55	24	26	35	122	204	134	110	190	113
Net income before related taxes	1,482	1,447	1,597	334	303	329	65	85	86	569	593	626	513	467	555
Taxes on net income	661	579	737	163	130	157	31	35	46	265	265	293	203	149	240
Net income	821	868	860	171	173	172	35	50	40	305	328	333	310	317	315
Cash dividends declared	349	386	377	84	91	91	17	12	15	143	154	154	105	129	116
Ratios - annual basis (in per cent):															
Net current earnings before income taxes to average total capital accounts	20.0	19.0	17.7	20.7	20.0	17.9	21.7	22.6	19.3	20.8	20.6	18.6	18.6	16.3	16.4
Net income to average total capital accounts	9.9	10.1	9.7	10.1	9.9	9.6	9.1	12.6	9.6	9.9	10.4	10.1	10.0	9.7	9.4
Average return on U. S. Govt. securities	3.13	3.10	2.99	3.38	3.29	2.90	3.04	3.14	2.93	2.95	3.04	2.99	3.21	3.09	3.02
Average return on loans	5.91	5.93	5.77	5.24	5.35	4.96	5.28	5.29	5.03	5.95	5.97	5.81	6.29	6.26	6.21

^{1/} Includes charges on loans other than interest.

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

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