

FRI. 11/3 1961

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BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

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(For Immediate Release)

February 28, 1962

MEMBER BANK EARNINGS, 1961

Preliminary figures on member bank earnings indicate that net current earnings before income taxes were \$3,142 million in 1961, this was \$131 million lower than in 1960. Net income after taxes, however, increased slightly; they amounted to \$1,712 million, \$23 million more than last year, as the slight decline in net current earnings was offset by a smaller net loss on nonoperating transactions. The ratio of net income to average total capital accounts fell from 10.0 per cent in 1960 to 9.5 per cent in 1961.

Gross current operating revenue rose \$286 million or by about 3 per cent. Earnings on loans rose \$138 million and earnings on U. S. Government securities by \$122 million. Slightly lower average interest rates on these earning assets were more than offset by increases in average holdings. Current operating revenue from all other sources rose by \$25 million over the previous year. Total expenses rose \$417 million or 7 per cent over a year ago.

The net effect of security transactions, other profit and loss adjustments, and changes in valuation reserves was a loss of \$181 million, compared to \$343 million in 1960.

Provisions for income taxes amounted to \$1,250 million, about the same as last year.

Cash dividends declared amounted to \$792 million, representing a distribution of 46 per cent of net profits after taxes and an approximate yield of 4.4 per cent on average total capital accounts.

(Over)

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MEMBER BANK INCOME, BY CLASS OF BANK, 1961 AND 1960  
(In millions of dollars. 1961 figures preliminary)

Item	All member banks		Central reserve city banks				Reserve city banks		Country banks	
	1961	1960	New York		Chicago		1961	1960	1961	1960
			1961	1960	1961	1960				
Revenue	9,214	8,928	1,492	1,474	354	353	3,582	3,471	3,786	3,630
On U. S. Government securities	1,536	1,414	215	187	60	56	550	477	710	695
On loans <u>1/</u>	5,868	5,730	918	941	221	225	2,365	2,329	2,364	2,235
All other	1,809	1,784	358	346	73	72	667	665	711	701
Expenses	6,072	5,655	848	774	188	181	2,334	2,180	2,702	2,519
Net current earnings before income taxes	3,142	3,273	643	700	166	172	1,248	1,291	1,085	1,111
Recoveries, transfers from valuation reserves, and profits <u>2/</u>	627	504	125	108	57	29	255	198	190	169
Losses, charge-offs, and transfers to valuation reserves <u>3/</u>	808	847	175	171	69	50	302	326	262	300
Net income before related taxes	2,962	2,929	593	637	155	150	1,201	1,162	1,013	980
Taxes on net income	1,250	1,241	257	293	76	65	533	530	384	352
Net income	1,712	1,689	336	344	79	84	668	633	629	628
Cash dividends declared	792	735	182	175	31	29	321	297	257	234
Ratios (per cent):										
Net current earnings before income taxes to average total capital accounts	17.5	19.5	17.7	20.3	19.7	22.1	18.7	20.7	15.9	17.5
Net income to average total capital accounts	9.5	10.0	9.3	10.0	9.4	10.9	10.0	10.1	9.2	9.9
Average return on U. S. Government securities	2.99	3.10	2.87	3.31	2.92	3.06	2.99	2.98	3.04	3.14
Average return on loans	5.82	5.93	5.03	5.30	5.09	5.29	5.86	5.96	6.25	6.28

1/ Includes charges on loans other than interest.

2/ Does not include recoveries credited directly to valuation reserves.

3/ Does not include losses charged directly to valuation reserves.

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