



# FEDERAL RESERVE

statistical release

FR 11/3:1962

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

US & ECON

E.5

(For Immediate Release)

February 21, 1963

## MEMBER BANK EARNINGS, 1962

ENOCH PRATT FRIE  
FEB 27 1963  
BALTIMORE, MD.

Preliminary figures on member bank earnings indicate that net current earnings before income taxes were \$3,098 million; this was \$45 million lower than in 1961. Net income after taxes was \$1,689 million, a decline of \$23 million from last year; and the ratio of net income to average total capital accounts fell to 8.9 from 9.6.

Gross current operating revenue increased \$912 million or by about 10 per cent. Earnings on loans were \$550 million and earnings on U. S. Government securities were \$145 million larger than last year, as average holdings and rates of return rose. Total expenses were \$956 million or 16 per cent greater than a year ago, largely resulting from an increase of \$639 million in interest on time and savings deposits.

The net effect of security transactions, other profit and loss adjustments, and changes in valuation reserves was a loss of \$303 million, compared to \$181 million in 1961.

Provision for income taxes amounted to \$1,104 million, \$146 million less than last year.

Cash dividends declared amounted to \$828 million, representing a distribution of 49 per cent of net income after taxes and an approximate yield of 4.3 per cent on average total capital accounts.

(Over)

MEMBER BANK INCOME, BY CLASS OF BANK, 1962 AND 1961  
(In millions of dollars. 1962 figures preliminary)

Item	All member banks		Reserve city banks						Country banks	
	1962	1961	New York		Chicago		Other		1962	1961
			1962	1961	1962	1961	1962	1961		
Revenue	10,129	9,217	1,644	1,492	406	354	3,873	3,583	4,206	3,788
On U. S. Government securities	1,682	1,537	228	215	65	60	590	551	798	711
On loans <sup>1/</sup>	6,420	5,870	1,017	918	250	221	2,534	2,365	2,620	2,365
All other	2,026	1,810	399	358	90	73	749	667	788	712
Expenses	7,030	6,074	1,010	848	255	188	2,690	2,334	3,075	2,703
Net current earnings before income taxes	3,098	3,143	634	643	151	166	1,183	1,248	1,131	1,085
Recoveries, transfers from valuation reserves, and profits <sup>2/</sup>	389	627	69	125	26	57	126	255	168	190
Losses, charge-offs, and transfers to valuation reserves <sup>3/</sup>	692	808	127	175	43	69	249	302	272	262
Net income before related taxes	2,793	2,962	575	593	133	155	1,059	1,201	1,026	1,013
Taxes on net income	1,104	1,250	241	257	49	76	448	533	366	384
Net income	1,689	1,712	334	336	83	79	611	668	661	629
Cash dividends declared	828	793	191	182	33	31	331	321	272	257
Ratios (per cent):										
Net current earnings before income taxes to average total capital accounts	16.2	17.5	16.9	17.8	16.9	19.8	16.6	18.9	15.5	15.9
Net income to average total capital accounts	8.9	9.6	8.9	9.3	9.3	9.4	8.6	10.1	9.0	9.2
Average return on U.S. Govt. secs.	3.21	3.05	3.15	2.93	3.17	3.11	3.15	3.05	3.28	3.08
Average return on loans	5.91	5.84	5.17	5.07	5.34	5.06	5.85	5.88	6.40	6.26

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

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

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

(over)