



# FEDERAL RESERVE

statistical release

BUS. SCI. TECH

For immediate release  
C.4

MARCH 17 1969

AUG 19 1969

## MEMBER BANK INCOME, 1968

A substantial increase in the volume and rate of return of loans, as well as considerable expansion in U. S. Government and other securities, raised the net income after taxes of the approximately 6,000 Federal Reserve member banks in calendar 1968 despite greater expenses.

Net income after taxes, according to preliminary information, rose \$196 million, or 7.5 per cent over 1967. The factor most restrictive to higher net income was a \$1,201 million increase in the net effect of security transactions, other profit and loss adjustments on loans and other assets, and changes in valuation reserves. The comparable increase in 1967 had been \$736 million.

Gross current operating revenue increased \$2,959 million, more than 16 per cent, during 1968. Loan revenue contributed \$2,015 million, nearly 70 per cent of the total increase, primarily due to expanded loan volume. Substantially larger earnings -- up \$274 million for U. S. Government securities and \$368 million for other securities, from 1967 to 1968 -- overshadowed modest increases in the rate of return on those investments.

Total current operating expenses rose nearly 17 per cent, or \$2,250 million in 1968. About 45 per cent of the increase, or \$1,017 million, was reflected in the moderately higher interest paid on substantially larger holdings of time deposits. The increased cost of salaries, wages, and other employee benefits, at \$519 million, was overshadowed by the considerable rise of all other expenses, from \$274 million in 1967 to \$714 million, accounting for nearly 32 per cent of the 1968 increase in expenses. This was due in part to large interest payments on borrowed money.

Net current earnings before income taxes was \$5,061 million, up 16 per cent over 1967. The substantial reduction of \$1,201 million from the net effect of security transactions and other profit and loss adjustments on loans and other assets was well over the \$1,088 million figure for 1967, and even more than the \$1,046 million recorded in 1966. The large net reduction was due primarily to increased losses on securities sold.

Net income before taxes was \$3,860 million, or \$244 million more than in 1967. Taxes on net income rose \$47 million to \$1,054. Net income after taxes rose to \$2,805 million.

Income and expense reports from these member banks usually represent slightly over 80 per cent of the accounts of all commercial banks in the country.

(Over)

MEMBER BANK INCOME, BY CLASS OF BANK, 1968 and 1967  
(In millions of dollars, 1968 figures preliminary)

	All member banks		Reserve City Banks						Country banks	
	1968	1967	New York City		City of Chicago		Other		1968	1967
			1968	1967	1968	1967	1968	1967		
Revenue:	20,818	17,859	3,675	3,080	889	763	7,777	6,673	8,478	7,344
On U. S. Government securities	2,208	1,934	268	245	83	69	686	611	1,170	1,009
On other securities	1,929	1,561	280	232	72	60	701	578	875	691
On loans <u>1/</u>	14,143	12,128	2,599	2,159	612	527	5,389	4,598	5,543	4,843
All other	2,539	2,236	527	444	121	106	1,000	885	890	800
Expenses:	15,757	13,507	2,640	2,189	642	558	5,950	5,092	6,525	5,667
Salaries, wages, and benefits	4,730	4,211	780	666	164	150	1,769	1,572	2,018	1,823
Interest on time deposits	7,108	6,091	1,175	1,037	327	274	2,708	2,331	2,899	2,449
All other	3,919	3,205	685	485	153	134	1,471	1,190	1,608	1,396
Net current earnings before income taxes	5,061	4,353	1,035	891	246	205	1,827	1,580	1,953	1,676
Recoveries, transfers from valuation reserves, and profits <u>2/</u>	263	352	31	20	14	20	103	173	115	138
Losses, charge-offs, and transfers to valuation reserves <u>3/</u>	1,464	1,088	332	191	81	36	532	421	520	440
Net income before related taxes	3,860	3,616	734	721	179	189	1,398	1,332	1,548	1,375
Taxes on net income	1,054	1,007	228	237	55	58	374	362	397	351
Net income	2,805	2,609	506	484	124	131	1,024	970	1,151	1,024
Cash dividends declared	1,385	1,248	320	284	56	52	546	493	463	420
Ratios (per cent):										
Net current earnings before income taxes to average total capital accounts	17.4	16.0	17.3	16.1	17.8	16.3	17.6	16.2	17.2	15.7
Net income to average total capital accounts	9.6	9.6	8.5	8.7	9.0	10.4	9.9	9.9	10.1	9.9
Average return on U. S. Govt. securities	4.78	4.48	4.71	4.60	4.79	4.41	4.81	4.56	4.77	4.41
Average return on other securities	3.68	3.49	3.83	3.67	3.65	3.54	3.74	3.61	3.60	3.34
Average return on loans	6.82	6.39	6.41	5.81	6.38	5.88	6.90	6.45	7.01	6.69
Interest on time to average time deposits	4.57	4.32	5.79	5.32	5.50	4.93	4.57	4.34	4.14	3.93

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.

(over)