



FEDERAL RESERVE

statistical release

C.4

For Immediate Release

May 13, 1974

MEMBER BANK INCOME, 1973

Income before security gains and losses (after taxes) increased \$687 million, or 15.8 per cent at Federal Reserve member banks during 1973, substantially more than the 1972 increase of \$364 million (9.2 per cent). In contrast to net security gains in 1972, member banks recorded slight net security losses in 1973. Nonetheless, net income of member banks in 1973 increased \$612 million, or 13.9 per cent. The ratio of net income to average equity capital and reserves was 11.0 per cent in 1973, compared to 10.5 per cent in 1972.

Total operating revenue increased \$10,373 million, or 33.1 per cent in 1973. Income from loans, which increased 9.5 per cent in 1972, rose by \$9,316 million or 44.8 per cent in 1973. Average loans outstanding also increased in 1973. Moreover, the average rate of return on these loans increased substantially in 1973 and reversed the two consecutive decreases in this ratio recorded in 1972 and 1971. Income from member banks' investment portfolios increased \$446 million (7.3 per cent), or roughly the same as in 1972. Average investments at member banks increased 3.0 per cent in 1973 as compared to a 9.3 per cent increase in 1972; and, the average rate of return of these investments rose. Income on U.S. Treasury securities declined \$20 million. Income on "other securities," a major portion of which is securities of states and political subdivisions, increased \$466 million, or 12.7 per cent, slightly below the percentage increase in 1972. "All other" operating income, which includes trust department income, service charges on deposit accounts, and other fees, increased \$611 million or 13.7 per cent during 1973.

Member bank operating expenses increased \$9,388 million, or 36.6 per cent, during calendar year 1973. An increase of \$7,633 million in interest on time deposits accounted for 81 per cent of this overall rise. Higher average amounts held and substantially higher average interest paid on these deposits contributed to this increase. Salaries and wages, also an important expense item, increased 10.1 per cent, 3.3 percentage points greater than the 1972 increase. Expense from "all other sources," which includes such items as interest on borrowed money and capital notes and debentures, decreased \$631 million, or 7.9 per cent. This contrasts to a 10.4 per cent increase in 1972.

Reflecting all of these changes, net operating income (before income taxes and security gains and losses) increased \$985 million, or 17.3 per cent, in 1973 as compared to a 7 per cent increase the previous year. Applicable income taxes increased \$298 million, or 22 percent, during 1973. Member banks recorded slight security transaction losses in 1973 as opposed to small gains in 1972; nonetheless, net income increased \$612 million to \$5,012 million, a 13.9 per cent increase.

Income and expenses from these member banks usually represent about four-fifths of the total for all insured commercial banks in the country.

(over)

MEMBER BANK INCOME, BY CLASS OF BANK 1973 and 1972
(In millions of dollars)

Item	All member banks		Large banks						All other banks	
	1973	1972	New York City		City of Chicago		Other		1973	1972
			1973	1972	1973	1972	1973	1972		
Revenue:	41,708	31,335	7,483	4,992	2,147	1,285	15,829	11,679	16,249	13,378
On loans ^{1/}	30,107	20,791	5,448	3,229	1,638	849	11,769	7,999	11,251	8,714
On U.S. Treasury securities	2,392	2,412	249	260	79	77	730	757	1,334	1,318
On other securities	4,139	3,673	433	406	159	141	1,294	1,148	2,252	1,977
All other	5,070	4,459	1,352	1,098	271	217	2,035	1,775	1,411	1,369
Expenses:	35,027	25,639	6,159	3,915	1,826	1,021	13,548	9,679	13,494	11,023
Salaries, wages, and benefits	7,806	7,093	1,293	1,206	281	248	2,963	2,691	3,268	2,948
Interest on time deposits	19,819	12,186	3,611	1,262	1,284	418	7,884	3,794	7,041	5,039
All other	7,402	6,360	1,255	1,447	261	355	2,701	3,195	3,185	3,034
Income bef. inc. taxes & sec. gains & losses	6,681	5,696	1,324	1,077	321	264	2,281	2,000	2,754	2,355
Applicable income taxes	1,654	1,356	393	296	84	58	593	513	584	488
Income before sec. gains and losses	5,027	4,340	931	781	237	205	1,689	1,487	2,170	1,867
Net gains & credits (+) or losses & charges (-) after taxes ^{2/}	-14	60	-12	8	-3	-4	2	-4	---	60
Net income	5,012	4,400	919	788	233	201	1,690	1,484	2,169	1,927
Cash dividends declared	2,018	1,839	353	310	101	122	828	719	737	688
Ratios (per cent): ^{3/}										
To equity capital (incl. reserves):										
Income (after taxes) before sec. gains & losses	11.00	10.38	10.53	9.72	10.50	9.89	10.68	10.24	11.56	10.86
Net Income	10.97	10.54	10.39	9.81	10.34	9.68	10.69	10.23	11.55	11.24
Average return on loans	8.34	6.90	8.39	6.08	8.53	6.00	8.46	6.92	8.16	7.35
Average return on U.S. Treasury securities	5.80	5.41	5.93	5.53	5.57	5.26	5.51	5.20	5.96	5.53
Average return on other securities	4.76	4.52	4.83	4.58	4.91	4.76	4.56	4.31	4.85	4.62
Interest on time deposits to average time deposits	5.82	4.61	7.03	4.51	6.89	4.68	5.95	4.59	5.26	4.65

^{1/} Includes income on Federal funds sold and charges on loans other than interest.

^{2/} Includes primarily net gains and losses on sales of securities. Also included are net miscellaneous losses and credits and minority interest in consolidated subsidiaries.

^{3/} The asset, liability, and capital account items used in calculating these ratios are averages of the June and December call dates for the calendar year and the December call date for the preceding year.

^{4/} Less than \$500,000.

NOTE: Details may not add to totals because of rounding.

MARKET PERCENTAGES

County	Applicant		Cronwell		Combined	
	Personal ^{1/} Loans	Sales ^{2/} Finance	Personal Loans	Sales Finance	Personal Loans	Sales Finance
Elkhart	2.30	.14	1.53	2.98	3.82	3.12
Kosciusko	.38	0	3.68	10.87	4.06	10.87
Lagrange	0	0	7.30	34.2	7.30	34.2
Marshall (Plymouth)	1.04	.19	3.44	8.57	4.48	8.76
Nobel	.49	0	4.57	18.6	5.06	18.6
St. Joseph (South Bend)	12.1	13.53	.03	.48	12.13	14.01

1/ Item 6(e) and 6(b)(2) on the Report of Condition, Schedule A.

2/ Item 6(c)(2) on the Report of Condition, Schedule A.



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1/ Item 6(e) and 6(b)(2) on the Report of Condition, Schedule A.

2/ Item 6(c)(2) on the Report of Condition, Schedule A.