

FEDERAL RESERVE statistical release



February 11, 1981

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Immediate Release

INCOME COMMERCIAL BANK INCOME

Net profits of all insured commercial banks increased in 1979 by over 19 percent to \$12.8 billion. Both the return on assets and the return on equity rose to record levels for the decade. With interest rates rising, gross interest income continued to rise rapidly, but interest expense grew at an even faster pace. As a result, net interest margins grew more slowly in 1979 than a year earlier. Provisions for loan losses decreased as a percentage of assets; an increase in other noninterest expenses was equalled by an increase in non-interest income.

This release will resume regular publication with this issue. It is derived from the Report of Income, which was revised substantially in December 1978. From that time until the fall of 1980 final data were not available. A detailed analysis of commercial bank profits in 1979 appears in the September 1980 Federal Reserve Bulletin.

INSURED BANK INCOME BY SIZE OF BANK, 1979 and 1978
(in millions of dollars)

Item	All		With Consolidated Assets:					
	Insured Banks		Under		\$100 million		\$1 billion	
	1979	1978	1979	1978	1979	1978	1979	1978
Interest revenue	137,398	102,761	27,181	23,473	26,733	21,017	83,444	58,271
On loans	101,965	75,983	19,373	16,779	19,652	15,348	62,941	43,857
On securities	18,765	16,449	5,945	5,579	5,275	4,619	7,545	6,251
On federal funds sold	6,108	3,666	1,619	966	1,477	821	3,013	1,879
On balances with banks	10,560	6,663	245	149	369	229	9,946	6,284
Interest expense	87,686	59,228	13,733	11,266	14,783	10,599	59,170	37,363
On domestic CDs > \$100,000	18,109	11,693	2,386	1,545	4,169	2,531	11,553	7,617
On other domestic savings and time deposits	29,074	23,831	10,792	9,388	8,188	6,662	10,095	7,781
On deposits in foreign offices	24,523	14,558	0	0	176	84	24,347	14,474
On federal funds purchased	12,319	7,248	339	226	1,816	1,119	10,164	5,903
On other borrowed money	3,661	1,898	217	107	433	202	3,011	1,588
Net interest revenue	49,712	43,533	13,448	12,208	11,989	10,418	24,275	20,907
Noninterest income	12,431	10,463	1,919	1,670	2,385	2,021	8,126	6,772
Loan loss provision	3,773	3,515	789	760	746	670	2,237	2,084
Other noninterest expense	40,534	35,426	9,708	8,993	9,741	8,521	21,085	17,912
Income before taxes and securities gain or losses	17,836	15,055	4,870	4,124	3,888	3,247	9,079	7,683
Income taxes	4,733	4,156	1,097	898	795	665	2,841	2,593
Gains and losses ^{1/}	- 651	- 448	- 144	- 73	- 136	- 76	- 370	- 300
Net income	12,789	10,720	3,690	3,201	3,042	2,568	6,057	4,951
Cash dividends declared	4,452	3,718	931	828	1,082	887	2,438	2,004
Number of banks	14,351	14,378	12,816	12,985	1,362	1,230	173	163
Ratio to average equity capital ^{2/}								
Net income	14.0	12.9	14.1	13.1	14.0	13.3	13.9	12.7
Retained earnings	9.1	8.5	10.6	9.7	9.0	8.7	8.3	7.6

^{1/} Includes net gains or losses from securities and extraordinary items.

^{2/} Equity capital includes common and preferred stock, surplus, contingency reserves, and undivided profits.