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## FARM CREDIT ADMINISTRATION

Expense data for the fiscal year 1953 and comparisons with other years

Expenses of the Farm Credit Administration for the fiscal year 1953 represent expenses applicable to employees in Washington, to employees in the district offices of the registrars and resident examiners, to chief reviewing appraisers, and to field examiners. Other employees of the chief reviewing appraisers' offices who previously had been on the payroll of the Farm Credit Administration were transferred to the payrolls of the Federal land banks effective July 1, 1951.

Section 601 of the Department of Agriculture Organic Act of 1944 directs the Farm Credit Administration to estimate and

apportion equitably its expenses for the ensuing fiscal year to the institutions comprising the Farm Credit system, to assess in advance the amounts so apportioned, and at the end of the year to allocate its actual expenses equitably and make necessary adjustments for the difference between the advance assessments and the allocations of actual expenses.

Tables 1 through 5 show pertinent information concerning the expenses of the Farm Credit Administration and the allocations of these expenses to the Farm Credit institutions and to appropriations from the U. S. Treasury.

Table 1 - Actual expenses by object classification  
fiscal year 1953

Actual expenses of the Farm Credit Administration (net of reimbursements from other agencies) totaled \$2,535,920 in 1953. Salaries of \$2,201,304 accounted for 87 percent of the total expenses, travel expenses 9 percent, and all other costs 4 percent.

Object	Amount
Salaries.....	\$2,201,304
Travel.....	226,337
Transportation of things.....	2,958
Communication services.....	17,032
Rents and utility services.....	10,811
Printing and reproduction.....	49,261
Other contractual services.....	7,773
Supplies and materials.....	15,226
Equipment.....	3,665
Refunds, awards, and indemnities.....	-
Taxes and assessments.....	1,553
<b>Total expenses.....</b>	<b>2,535,920</b>

Table 2 - Comparison of actual man-years and expenses,  
fiscal years 1940 and 1953

Actual man-years (average number of employees) and expenses of the Farm Credit Administration decreased substantially during the period 1940-53. Data used for 1940 exclude man-years and expenses applicable to functions in that year not performed by the Farm Credit Administration in 1953, except that employees of the chief reviewing appraisers' offices and their expenses have not been eliminated from 1940 data. These employees were transferred from the payroll of the Farm Credit Administration to the payrolls of the Federal land banks effective July 1, 1951. The functions performed in 1953 required 373 employees and cost \$2,535,920, whereas the same functions in 1940, with the exception above noted, required 1,308 employees and cost \$4,018,500 -- a reduction of 71 percent in personnel and 37 percent in expenses. All divisions showed reductions in personnel. Expenses did not decrease in proportion to personnel strength, primarily for two reasons:

(1) with the reduction in personnel the proportion of employees in the higher grade jobs increased due to the nature of the supervisory and examination activities, and (2) the salaries of employees retained were increased by statutory pay raises and within grade increases required by law.

Division or Office	1940 a/		1953	
	Man-years	Expenses	Man-years	Expenses
<b>Salaries and travel:</b>				
Governor's Office.....	18	\$85,900	15	\$121,091
Land Bank Division b/.....	146	596,200	34	304,590
Intermediary Credit Division.....	11	57,200	6	45,323
Production Credit Division.....	26	127,500	11	89,561
Cooperative Division.....	20	84,800	8	64,983
Cooperative Research and Service Division.....	85	305,000	46	300,148
Examination Division b/.....	196	777,600	98	714,525
Finance and Accounts Division b/.....	324	739,900	78	428,295
Administrative Division.....	366	661,000	48	185,224
Personnel Division.....	49	121,800	9	54,457
Economic and Credit Analysis Division.....	37	106,700	11	65,923
Information and Extension Division.....	30	94,700	9	53,521
<b>Total salaries and travel.....</b>	<b>1,308</b>	<b>3,758,300</b>	<b>373</b>	<b>2,427,641</b>
<b>General administrative expenses (all other).....</b>		<b>260,200</b>		<b>108,279</b>
<b>Total expenses.....</b>		<b>4,018,500</b>		<b>2,535,920</b>

a/ Adjusted for comparability with 1953, except that employees of chief reviewing appraisers' offices and their expenses have not been eliminated from Land Bank Division.

b/ Includes field employees:	1940		1953	
	Man-years	Expenses	Man-years	Expenses
Land Bank Division.....	41	\$210,000	11	\$126,676
Examination Division.....	139	612,500	82	618,377
Finance and Accounts Division.....	84	194,400	28	161,398
<b>Total.....</b>	<b>264</b>	<b>1,016,900</b>	<b>121</b>	<b>906,451</b>

## FARM CREDIT ADMINISTRATION

Table 3 - Authorized funds, actual expenses, and unexpended assessments or savings, by activity and source of funds, fiscal year 1953

Authorized funds of the Farm Credit Administration (administrative expense funds authorized by Congress) for the fiscal year 1953 totaled \$2,751,171. Assessments from Farm Credit institutions to cover supervision and examination of, and facilities and services to, these institutions represented \$2,321,451 of this amount, and appropriations from the U. S. Treasury for research and technical assistance, including facilities and services, to farmers' cooperatives represented \$429,720.

Actual expenses of the Farm Credit Administration totaled \$2,535,920, of which \$731,598 represented expenses applicable to examinations of Farm Credit institutions and \$1,804,322 all other expenses (expenses of supervising and furnishing facilities and services to Farm Credit institutions and providing research and technical assistance to farmer cooperatives). The allocation of examination expense to sources of funds was estimated by the chief examiner and will be revised to reflect the actual distribution based on examiners' time reports for 1953 when such reports are available. Examination expense

applicable to the district offices of the Federal Farm Mortgage Corporation is included in the assessments to the Federal land banks and is recovered by the banks through their contracts with the Corporation. The distribution of other expenses was made either directly or on predetermined divisional percentages established by a comprehensive analysis of the activities and expenses of the Farm Credit Administration.

Of the total expenses, 83.5 percent (\$2,117,887) was applicable to the advance assessments from the Farm Credit institutions and 16.5 percent (\$418,033) to appropriations. This compares with 84 percent allocated to the institutions and 16 percent allocated to appropriated funds in 1952.

Unexpended assessments or savings (difference between authorized funds and actual expenses) totaled \$215,251 in 1953. The unexpended assessments of \$203,564 will be returned to the Farm Credit institutions and savings of appropriations in the amount of \$11,687 will be returned to the U. S. Treasury.

FARM CREDIT ADMINISTRATION

Table 3 - Authorized funds, actual expenses, and unexpended assessment or savings by activity and source of funds fiscal year 1953

Activity Source of Funds	Authorized funds	Actual expenses						Unexpended assessments or savings
		Examination <u>a/</u>		All other		Total		
		Percent	Amount	Percent	Amount	Percent	Amount	
<u>Supervision and examination of and facilities and services to Farm Credit banks and corporations</u>								
Assessments from Farm Credit institutions:								
Federal land banks.....	\$1,152,500	53.7	\$392,800	35.3	\$637,296	40.6	\$1,030,096	\$122,404
Federal Farm Mortgage Corporation.....	92,100	0.1	b/ 400	4.4	80,427	3.2	80,827	11,273
Federal intermediate credit banks.....	367,000	11.9	87,300	13.9	250,081	13.3	337,381	29,619
District banks for cooperatives.....	226,900	7.9	58,200	8.6	155,332	8.4	213,532	13,368
Central Bank for Cooperatives.....	55,100	0.5	3,800	2.7	48,405	2.1	52,205	2,895
Production credit corporations.....	259,100	3.0	21,900	11.9	214,748	9.3	236,648	22,452
Production credit associations.....	167,000	21.7	158,500	-	-	6.3	158,500	8,500
Other.....	1,751	1.2	8,698	-	-	0.3	8,698	c/ -6,947
Total assessments for this activity.....	2,321,451	100.0	731,598	76.8	1,386,289	83.5	2,117,887	203,564
<u>Research and technical assistance, including facilities and service to farmers' cooperatives</u>								
Appropriations from U. S. Treasury for this activity....	429,720	-	-	23.2	418,033	16.5	418,033	11,687
Totals.....	2,751,171	100.0	731,598	100.0	1,804,322	100.0	2,535,920	215,251

a/ Distribution based on estimates of chief examiner.

b/ Cost of examination of FFMC central office accounts. The costs of examination of the FFMC district office accounts are distributed to the PLB's and are recovered by the banks under their contracts with the FFMC.

c/ Excess over authorization to be recovered through billings.

## FARM CREDIT ADMINISTRATION

Table 4 - Average number of employees (man-years), average salary, and total expenses a/  
fiscal years 1940-1953

Average number of employees (man-years) and total expenses reflect generally a downward trend during the period 1940-1953. Man-years decreased each year and salaries and total expenses decreased in all except 3 years (1947, 1949, and 1950). Average salary cost increased each year beginning in 1942 with the total increase during the period being about 130 percent.

submissions including reimbursements from agencies other than Farm Credit institutions rather than actual expenses net of reimbursements from other agencies as shown in tables 1 through 3 and 5. Data for the years 1940-1952 have been adjusted for comparability with 1953, except that employees of the chief reviewing appraisers' offices and their expenses have not been eliminated.

These data represent actual obligations shown in the budget

Fiscal year	Average number of employees (man-years)	Average salary	Expenses		
			Salaries	Other	Total
1940.....	1,308	\$2,582	\$3,376,259	\$642,249	\$4,018,508
1941.....	1,271	2,546	3,236,282	629,390	3,865,672
1942.....	1,162	2,625	3,050,301	554,345	3,604,646
1943.....	1,002	2,878	2,883,265	519,740	3,403,005
1944.....	806	3,324	2,679,762	397,996	3,077,758
1945.....	739	3,461	2,556,053	361,169	2,917,222
1946.....	694	3,556	2,467,640	389,443	2,857,083
1947.....	655	4,090	2,681,076	383,434	3,064,510
1948.....	536	4,374	2,344,490	357,449	2,701,939
1949.....	492	4,830	2,377,164	344,895	2,722,059
1950.....	468	5,082	2,378,544	413,839	2,792,383
1951.....	447	5,243	2,343,521	393,272	2,736,793
1952.....	391	5,847	2,286,063	365,887	2,651,950
1953.....	373	5,950	2,219,284	339,062	2,558,346

a/ Obligation basis including reimbursements from agencies other than Farm Credit institutions; adjusted for comparability with 1953, except for employees of chief reviewing appraisers' offices.

FARM CREDIT ADMINISTRATION

Table 5 - Supervision and service costs and examination costs allocated to Farm Credit institutions a/, fiscal years 1944-1953

Supervision and service costs and examination costs allocated to Farm Credit institutions in 1953 totaled \$2,117,887; this compares with \$2,213,960 in 1952. During the last ten years such costs ranged from a high of \$2,531,200 in 1944 to a low of \$2,079,404 in 1948.

Allocation percentages in this table are not comparable with those in table 3 as they are based on assessable expenses only, whereas those in table 3 are based on total expenses including the amount allocated to appropriated funds.

Fiscal year	Detail	Distribution by institutions, showing percent of total																	
		FLBs		FFMC <u>b/</u>		PICBs		DBC's		CBC		PCC's		PCA's		OTHER <u>o/</u>		TOTAL	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1944	Supervision..	\$747,216	38.0	\$620,618	31.5	\$197,509	10.0	\$117,039	6.0	\$55,644	2.8	\$229,589	11.7	-	-	-	-	\$1,967,615	100.0
	Examination..	393,137	69.8	19,677	3.5	36,813	6.5	15,060	2.7	1,201	0.2	6,872	1.2	\$70,638	12.5	\$20,187	3.6	563,585	100.0
	Total....	1,140,353	45.1	640,295	25.3	234,322	9.3	132,099	5.2	56,845	2.2	236,461	9.3	70,638	2.8	20,187	0.8	2,531,200	100.0
1945	Supervision..	702,293	38.8	538,745	29.7	197,738	10.9	100,941	5.6	52,588	2.9	218,649	12.1	-	-	-	-	1,810,954	100.0
	Examination..	382,722	66.9	35,281	6.2	39,023	6.8	20,986	3.7	1,010	0.2	7,408	1.3	72,514	12.7	12,893	2.2	571,837	100.0
	Total....	1,085,015	45.5	574,026	24.1	236,761	9.9	121,927	5.1	53,598	2.2	226,057	9.5	72,514	3.1	12,893	0.6	2,382,791	100.0
1946	Supervision..	624,895	36.7	496,549	29.2	222,168	13.0	99,233	5.8	42,880	2.5	218,634	12.8	-	-	-	-	1,704,359	100.0
	Examination..	328,920	63.9	24,840	4.8	44,566	8.7	20,432	4.0	1,277	0.2	7,385	1.4	75,154	14.6	12,173	2.4	514,747	100.0
	Total....	953,815	42.9	521,389	23.5	266,734	12.0	119,665	5.4	44,157	2.0	226,019	10.2	75,154	3.4	12,173	0.6	2,219,106	100.0
1947	Supervision..	665,781	38.4	476,762	27.5	226,533	13.1	105,018	6.0	41,084	2.4	219,351	12.6	-	-	-	-	1,734,529	100.0
	Examination..	378,316	63.2	20,364	3.4	50,613	8.5	26,846	4.5	1,649	0.3	12,155	2.0	96,920	16.2	11,339	1.9	598,202	100.0
	Total....	1,044,097	44.8	497,126	21.3	277,146	11.9	131,864	5.6	42,733	1.8	231,506	9.9	96,920	4.2	11,339	0.5	2,332,731	100.0
1948	Supervision..	722,727	46.6	271,994	17.6	204,756	13.2	105,025	6.8	38,230	2.5	206,886	13.3	-	-	-	-	1,549,618	100.0
	Examination..	322,317	60.8	18,740	3.6	43,018	8.1	29,688	5.6	2,829	0.5	13,992	2.7	88,585	16.7	10,617	2.0	529,786	100.0
	Total....	1,045,044	50.2	290,734	14.0	247,774	11.9	134,713	6.5	41,059	2.0	220,878	10.6	88,585	4.3	10,617	0.5	2,079,404	100.0
1949	Supervision..	811,137	51.6	161,522	10.3	192,372	12.2	137,944	8.8	55,908	3.5	213,967	13.6	-	-	-	-	1,572,850	100.0
	Examination..	326,007	57.9	8,204	1.5	52,395	9.3	38,292	6.8	3,521	0.6	16,055	2.9	105,857	18.8	12,370	2.2	562,701	100.0
	Total....	1,137,144	53.2	169,726	7.9	244,767	11.4	176,236	8.3	59,429	2.8	230,022	10.8	105,857	5.0	12,370	0.6	2,135,551	100.0
1950	Supervision..	833,962	51.7	166,044	10.3	197,632	12.3	141,730	8.8	51,746	3.2	220,076	13.7	-	-	-	-	1,611,190	100.0
	Examination..	338,504	56.6	248	-	60,741	10.2	41,393	6.9	2,274	0.4	15,853	2.7	124,312	20.8	14,063	2.4	597,388	100.0
	Total....	1,172,466	53.1	166,292	7.5	258,373	11.7	183,123	8.3	54,020	2.5	235,929	10.7	124,312	5.6	14,063	0.6	2,208,578	100.0
1951	Supervision..	844,252	54.4	119,391	7.7	198,086	12.7	143,269	9.2	38,413	2.5	209,298	13.5	-	-	-	-	1,552,709	100.0
	Examination..	360,572	55.5	778	0.1	70,337	10.8	46,860	7.2	4,274	0.7	15,036	2.3	137,855	21.2	14,026	2.2	649,738	100.0
	Total....	1,204,824	54.7	120,169	5.5	268,423	12.2	190,129	8.6	42,687	1.9	224,334	10.2	137,855	6.3	14,026	0.6	2,202,447	100.0
1952	Supervision..	674,749	45.9	96,859	6.6	257,035	17.5	167,031	11.4	49,787	3.4	223,576	15.2	-	-	-	-	1,469,037	100.0
	Examination..	396,569	53.2	4,992	0.7	85,846	11.5	57,056	7.7	6,456	0.9	17,857	2.4	158,441	21.2	17,706	2.4	744,923	100.0
	Total....	1,071,318	48.4	101,851	4.6	342,881	15.5	224,087	10.1	56,243	2.5	241,433	10.9	158,441	7.2	17,706	0.8	2,213,960	100.0
1953	Supervision..	637,296	45.9	80,427	5.8	250,081	18.1	155,332	11.2	48,405	3.5	214,748	15.5	-	-	-	-	1,386,289	100.0
	Examination..	392,800	53.7	400	0.1	87,300	11.9	58,200	7.9	3,800	0.5	21,900	3.0	158,500	21.7	8,698	1.2	731,598	100.0
	Total....	1,030,096	48.6	80,827	3.8	337,381	15.9	213,532	10.1	52,205	2.5	236,648	11.2	158,500	7.5	8,698	0.4	2,117,887	100.0

b/ Examination costs for 1953 distributed on estimates of chief examiner.

B/ Examination costs represent only the costs of examining the FFMC central office accounts. Costs of examining the district office accounts are allocated to the FLE's and recovered by the banks through their contracts with the Corporation.

o/ Includes joint stock land banks, general agents, fiscal agent, and audit of NFLA-PCA retirement plans.



FARM CREDIT ADMINISTRATION AND FARM CREDIT INSTITUTIONS

Table 6 - Comparative data on personal services, operating expenses, and volume of business, fiscal years 1940 and 1953

Personal services, both man-years and costs, of the Farm Credit Administration and in total for the district Farm Credit institutions (excludes associations) were substantially less in 1953 than in 1940 for comparable functions.\* The number of employees of the Administration was 71 percent less and of the district institutions 65 percent less. Salary costs of the Administration were 34 percent less and of the district institutions 22 percent less.

Total operating expenses of the Farm Credit Administration in 1953 were 36 percent less than in 1940 for comparable functions,\* whereas total operating expenses of all Farm Credit institutions, including associations, were 28 percent higher. The increase in the total expenses of all institutions was quite small, however, in comparison with the substantial increase in the total volume of business handled by these institutions. The total expenses of the institutions include FCA costs of \$1.4 million in 1940 and \$2.1 million in 1953. In 1940 the institutions paid only examination costs, except the FFMC which also paid supervisory costs, whereas in 1953 all institutions paid both supervisory and examination costs, except the PCA's which do not pay supervisory costs.

All institutions, except the FFMC, contributed to the increase from 1940 to 1953 in total operating expenses. The PCA's had

the largest increase of any of the systems both in dollar amount (\$10.1 million) and percentagewise (149 percent). The FLB system (FLB's and NFLA's) had the next largest amount increase (\$6.3 million), and the BC's the next largest percentage increase (their \$1 million increase representing 97 percent). The PCC's and FICB's had relatively small increases in amount, while the FFMC dropped about \$8.9 million.

Volume of business of all Farm Credit institutions as reflected by the total amount of loans made was about 4 times as great in 1953 as in 1940. The volume of loans serviced by the institutions, except by the FLB's, also increased during this period.

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\* Farm Credit Administration data for 1940 exclude man-years and expenses applicable to functions in that year not performed by the Farm Credit Administration in 1953, except that employees of the chief reviewing appraisers' offices and their expenses have not been eliminated from 1940 data.

## FARM CREDIT ADMINISTRATION AND FARM CREDIT INSTITUTIONS

Table 6 - Comparative data on personal services, operating expenses,  
and volume of business, fiscal years 1940 and 1953

	Fiscal year 1940		Fiscal year 1953			
	Number	Amount	Number	Amount	Percentage change from 1940	
					Number	Amount
<b>Personal services (man-years and cost):</b>						
Farm Credit Administration a/.....	1,308	\$3,376,259	373	\$2,219,284	-71	-34
<b>Farm Credit system:</b>						
Federal land banks (including reimbursements from FFMC)	4,614	9,246,408	1,139	5,816,166	-75	-37
Federal intermediate credit banks.....	431	1,073,975	283	b/ 1,271,598	-34	+18
Production credit corporations.....	294	881,575	167	b/ 1,043,599	-43	+18
Banks for cooperatives.....	220	649,699	231	1,285,249	+5	+98
General agents.....	432	838,769	253	545,229	-41	-35
<b>Total.....</b>	<b>5,991</b>	<b>12,690,426</b>	<b>2,073</b>	<b>9,961,841</b>	<b>-65</b>	<b>-22</b>
<b>Total operating expenses:</b>						
Farm Credit Administration a/.....	-	4,018,508	-	2,558,346	-	-36
<b>Farm Credit system: c/</b>						
Federal land bank system (FLB's and NPLA's).....	-	12,317,100	-	18,603,642	-	+51
Federal Farm Mortgage Corporation.....	-	9,864,126	-	915,776	-	-91
Federal intermediate credit banks.....	-	1,490,764	-	1,968,996	-	+32
Production credit corporations.....	-	1,362,934	-	1,652,679	-	+21
Production credit associations.....	-	6,757,632	-	16,816,749	-	+149
Banks for cooperatives.....	-	1,036,678	-	2,043,214	-	+97
<b>Total.....</b>	<b>-</b>	<b>32,829,234</b>	<b>-</b>	<b>42,001,056</b>	<b>-</b>	<b>+28</b>
<b>Volume of business:</b>						
<b>Federal land banks:</b>						
National farm loan associations.....	3,867	-	1,145	-	-70	-
Loans made.....	14,735	55,820,107	45,247	272,355,716	+207	+388
Loans outstanding.....	616,308	1,880,408,005	315,750	1,135,782,090	-51	-40
<b>Federal Farm Mortgage Corporation:</b>						
Loans made.....	18,066	30,251,371	45	43,319	-99	-99
Loans outstanding.....	433,706	668,850,213	30,507	20,300,806	-93	-97
<b>Federal intermediate credit banks:</b>						
Loans made.....	-	471,921,279	-	1,906,139,248	-	+304
Loans outstanding.....	-	237,338,443	-	830,218,669	-	+250
<b>Production credit corporations:</b>						
<b>Production credit associations:</b>						
Wholly-farmer owned.....	528	-	499	-	-5	-
Members.....	-	-	283	-	-	-
Farmer-owned stock.....	290,578	-	479,250	-	+65	-
Loans made.....	229,566	16,680,100	-	92,228,217	-	+453
Loans outstanding.....	217,128	328,342,002	270,335	1,290,038,908	+18	+293
		199,802,560	248,609	768,182,904	+14	+284
<b>Banks for cooperatives:</b>						
Credit extended.....	-	92,868,454	-	505,562,554	-	+444
Loans outstanding.....	1,689	63,333,429	2,024	319,108,548	+20	+404

a/ Obligation basis including reimbursements from agencies other than Farm Credit institutions; 1940 data adjusted for comparability with 1953, except for employees of chief reviewing appraisers' offices transferred to FLB's effective July 1, 1951.

b/ Includes directors' compensation (FICB's \$26,776 and PCC's \$28,609) which item is not available for 1940.

c/ 1940 total operating expenses are on a calendar year basis.

## FARM CREDIT INSTITUTIONS

Table 7 - Operating expenses for years ended December 31, 1940,  
and June 30, 1944 and 1948 through 1953

Total operating expenses of the Farm Credit institutions of \$42 million in 1953 were about 28 percent greater than in 1940 and 5 percent greater than in 1952. The general trend of operating expenses for each system of institutions has been upward, except for the FFMC which has been in the process of liquidating its loans since July 1, 1947. The PCA's have had the largest increase since 1940 of any system (\$10.1 million or 149 percent), the FLB's the next largest (\$6.3 million or 51 percent) and the BC's next (\$1,000,000 or 97 percent). The FICB's and PCC's have had relatively small increases and the FFMC has dropped \$8.9 million. Additional data on the individual systems are included in separate tables for those systems.

Total FCA costs included in the Farm Credit institutions' expenses each year since July 1, 1943, when the last of the district institutions began paying supervisory costs, have

ranged from \$2.5 million in 1944 to \$2.0 million in 1949. For the last 6 years, except for 1949, this amount has been about \$2.2 million and has represented from 6.5 percent of the institutions' total expenses in 1948 to 5.2 percent in 1953.

The \$1.4 million of FCA costs included in the Farm Credit institutions' total expenses in 1940 represented examination costs of all institutions and supervision costs of only the FFMC. This amount was 4.4 percent of the institutions' total expenses in that year. Supervision costs applicable to the other institutions amounting to \$2.2 million were paid from appropriated funds. The total amount of \$3.6 million of FCA costs in 1940 applicable to the Farm Credit institutions represented 10.3 percent of the institutions' total expenses plus FCA supervision costs not included in those expenses.

Institution	Year ended December 31, 1940	Year ended June 30						
		1944	1948	1949	1950	1951	1952	1953
PCA's a/.....	\$6,757,632	\$8,141,533	\$10,105,002	\$11,696,957	\$12,703,997	\$13,908,453	\$15,613,961	\$16,816,749
PCC's.....	1,362,934	1,613,080	1,763,456	1,525,940	1,582,269	1,585,551	1,643,807	1,652,679
FICB's.....	1,490,764	1,565,536	1,521,968	1,526,592	1,612,208	1,704,301	1,860,111	1,968,996
BC's.....	1,036,678	1,257,297	1,702,820	1,696,590	1,759,169	1,829,077	2,010,965	2,043,214
FLB System b/.....	12,317,100	11,568,314	16,040,546	15,675,535	15,821,745	16,777,728	17,883,599	18,603,642
FFMC c/.....	9,864,126	7,777,563	2,372,089	1,871,106	1,603,731	1,250,828	1,086,972	915,776
Total.....	\$32,829,234	\$31,923,323	d/\$33,505,881	\$33,992,720	\$35,083,119	\$37,055,938	\$40,099,415	\$42,001,056
(1) FCA costs included in above total e/.....	f/\$1,440,151	\$2,526,777	\$2,183,148	\$2,011,447	\$2,205,963	\$2,226,321	\$2,191,466	\$2,200,049
(2) FCA supervision costs not included in above total; paid from appropriated funds	g/ 2,163,625	xxx	xxx	xxx	xxx	xxx	xxx	xxx
(3) Total FCA costs applicable to Farm Credit institutions.....	3,603,776	2,526,777	2,183,148	2,011,447	2,205,963	2,226,321	2,191,466	2,200,049
(4) Item (3) as a percent of total institutions' expenses plus item (2).....	10.30%	7.92%	6.52%	5.92%	6.29%	6.01%	5.47%	5.24%

a/ Amounts exclude estimated income taxes paid by PCA's in the years 1949-1953.

b/ Amounts represent expenses of the FLB's and NFLA's incurred on their own behalf.

c/ Amounts include expenses of the FLB's and NFLA's incurred on behalf of the FFMC.

d/ Includes accrued annual leave applicable to prior years of \$1,755,000, set up in 1948 by the PCC's, FICB's, BC's, and FLB's.

e/ These amounts do not agree with the amounts shown in tables 3 and 5 as allocations to Farm Credit institutions because the amounts in this table represent assessments for the current year's expenses plus or minus adjustments of the assessments for the prior year's expenses, whereas the amounts in the other tables represent the final adjusted costs for particular years.

f/ Represents examination costs of all institutions and supervision costs of the FFMC; amount represents 4.39% of the institutions' total expenses.

g/ Represents supervision costs of all institutions except the FFMC.

## PRODUCTION CREDIT ASSOCIATIONS

Table 8 - Selected income and expense items and ratios - calendar years  
1940, 1944, 1948, 1950, 1951, and 1952

Income from loan operations (interest and service fees less patronage refunds) in 1952 of \$44.4 million was over 4 times as much as in 1940 and 21 percent more than in 1951. The increases resulted from more business and higher interest rates. Per annum rate of income\* increased from 5.56 percent in 1940 to 6.41 percent in 1952.

Cost of borrowed funds (interest paid to FICB's) in 1952 of \$18.3 million was 7 times as much as in 1940 and 41 percent more than in 1951. The increases were due to more borrowings and higher interest rates. Higher money costs absorbed entirely the increase in the per annum rate of income from loan operations between 1940 and 1952.

Operating expenses in 1952 of \$16.4 million more than doubled those in 1940 and were about 11 percent higher than in 1951. Per annum rate of expenses,\* however, dropped from 3.71 percent in 1940 to 2.36 percent in 1952.

Net gain from loan operations (income from loan operations less cost of money and operating expenses) in 1952 of \$9.7 million was over 12 times as much as in 1940 and about 7 percent more than in 1951. Per annum rate of net gain\* increased from 0.42 percent in 1940 to 1.41 percent in 1952.

Net earnings before provision for losses and income taxes (net gain from loan operations, plus investment and other income) in 1952 of \$12.8 million were over 3 times those in 1940 and

were 6 percent more than in 1951. Interest on investments of \$3.3 million in 1940 represented about 80 percent of this item, whereas the \$3.0 million in 1952 represented only about 24 percent. Per annum rate\* dropped from 2.24 percent in 1940 to 1.85 percent in 1952.

Final net earnings (after losses and provision for losses and income taxes) in 1952 of \$8.5 million more than doubled those in 1940 but were over 5 percent less than in 1951. Losses and provision for losses increased from \$200,000 in 1940 to \$2.9 million in 1952. Income taxes in 1952 amounted to \$1.5 million. Per annum rate of final net earnings\* decreased from 2.13 percent in 1940 to 1.23 percent in 1952. Rates of return on paid-in capital and total net worth in 1952 were 8.79 percent and 4.85 percent, respectively, compared with 4.29 percent and 3.62 percent in 1940.

PCC operating expenses as a per annum rate of PCA loans outstanding decreased from 0.75 percent in 1940 to 0.24 percent in 1952. Dollar amount of PCC operating expenses actually increased from \$1.4 million in 1940 to \$1.7 million in 1952. (Washington office supervisory costs aggregating over \$200,000 a year are included in the PCC expenses since July 1, 1942.) Combined PCA and PCC operating expenses as a per annum rate of PCA loans outstanding decreased from 4.46 percent in 1940 to 2.60 percent in 1952.

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\* Based upon average balance of loans outstanding (column 17).





PRODUCTION CREDIT CORPORATIONS

Table 9 - Selected income and expense items - years ended  
December 31, 1940, and June 30, 1944, 1948, 1951, 1952, and 1953

Operating income (primarily interest on securities, but also includes dividends on class A stock of PCA's and miscellaneous income) of \$1.2 million in 1953 was 27 percent less than in 1940 but slightly more than in 1952. The decrease from earlier years resulted from sales of securities in 1949 which were made to obtain funds to retire U. S. Government capital.

Operating expenses in 1953 of \$1.7 million were 21 percent greater than in 1940 and slightly more than in 1952. Operating expenses include FCA examination costs and, except in 1940, FCA supervisory costs. Since the corporations began paying the latter costs, effective July 1, 1942, they have aggregated over \$200,000 a year for the system. Included in 1948 expenses is a nonrecurring charge of \$219,000 representing the cost of establishing as a liability on the records of the corporations the value of accrued annual leave of their employees applicable to 1947 and prior years.

Net gain or loss from operations (operating income less operating expenses). In 1953 the corporations showed a net loss

from operations of \$480,000 which compares with a gain of \$238,000 in 1940 and a loss of \$514,000 in 1952. The operating losses in recent years have resulted from the smaller amounts of operating income, as explained above, not being sufficient to pay operating expenses.

Final net earnings or loss (net gain or loss from operations adjusted for profit or loss on sales of securities). In 1953 the corporations had a final net loss of \$779,000 which compares with final net earnings of \$1.8 million in 1940 and a loss of \$587,000 in 1952. The large net earnings in 1940 resulted from the sale at substantial premiums of holdings of consolidated Federal farm loan bonds callable in 1944. The proceeds of such sales were reinvested in long-term U. S. Treasury bonds. Final net earnings in 1948 include \$464,000, representing the reinstatement of security premiums previously written off.

## PRODUCTION CREDIT CORPORATIONS

Table 9 - Selected income and expense items  
1940, 1944, 1948, 1951, 1952 and 1953 a/

Corporation and year	Operating income	Operating expenses b/	Net gain or loss (-) from operations	Final net earnings or loss (-)
	(1)	(2)	(3)	(4)
<b>System</b>				
1940.....	\$1,600,642	\$1,362,934	\$237,708	\$1,833,544
1944.....	1,467,769	1,613,080	-145,311	668,317
1948.....	1,773,089	1,763,456	9,633	634,052
1951.....	1,098,802	1,585,551	-486,749	-600,622
1952.....	1,129,624	1,643,807	-514,183	-586,646
1953.....	1,172,538	1,652,679	-480,141	-778,931
<b>Springfield</b>				
1940.....	135,024	118,316	16,708	189,122
1944.....	140,251	139,055	1,196	56,882
1948.....	151,752	159,562	-7,810	39,585
1951.....	91,815	132,862	-41,047	-111,598
1952.....	96,405	133,306	-36,901	-37,073
1953.....	98,883	131,599	-32,716	-32,716
<b>Baltimore</b>				
1940.....	138,449	121,128	17,321	180,577
1944.....	115,054	139,871	-24,817	42,813
1948.....	151,947	120,032	31,915	100,868
1951.....	90,225	119,567	-29,342	-76,957
1952.....	96,011	128,929	-32,918	-42,070
1953.....	95,577	130,641	-35,064	-56,451
<b>Columbia</b>				
1940.....	138,484	131,151	7,333	181,801
1944.....	114,028	165,049	-51,021	40,465
1948.....	163,651	173,570	-9,919	44,076
1951.....	91,978	157,716	-65,738	-70,969
1952.....	104,728	157,905	-53,177	-55,357
1953.....	117,654	164,487	-46,833	-46,833
<b>Louisville</b>				
1940.....	135,779	128,473	7,306	123,013
1944.....	111,804	154,335	-42,531	-24,844
1948.....	162,080	163,134	-1,054	29,247
1951.....	100,199	158,847	-58,648	-140,025
1952.....	105,387	161,732	-56,345	-87,215
1953.....	113,879	161,518	-47,639	-86,789
<b>New Orleans</b>				
1940.....	109,618	85,818	23,800	139,680
1944.....	111,666	112,544	-878	42,695
1948.....	132,005	131,293	712	41,703
1951.....	78,451	123,474	-45,023	-53,415
1952.....	91,875	126,074	-34,199	-36,071
1953.....	90,377	123,096	-32,719	-32,719
<b>St. Louis</b>				
1940.....	165,644	129,206	36,438	113,713
1944.....	122,501	152,144	-29,643	7,947
1948.....	160,604	175,175	-14,571	22,912
1951.....	110,428	157,526	-47,098	-49,718
1952.....	113,829	162,275	-48,446	-50,318
1953.....	111,946	165,122	-53,176	-84,763

## PRODUCTION CREDIT CORPORATIONS

Table 9 - Selected income and expense items - continued  
1940, 1944, 1948, 1951, 1952 and 1953 a/

Corporation and year	Operating income	Operating expenses b/	Net gain or loss (-) from operations	Final net earnings or loss (-)
	(1)	(2)	(3)	(4)
<b>St. Paul</b>				
1940.....	\$175,849	\$130,106	\$45,743	\$181,099
1944.....	140,603	135,563	5,040	47,858
1948.....	151,984	159,427	-7,443	56,437
1951.....	103,439	132,279	-28,840	-8,913
1952.....	103,652	138,562	-34,910	-39,080
1953.....	101,674	139,083	-37,409	-37,409
<b>Omaha</b>				
1940.....	109,892	108,974	918	131,179
1944.....	116,114	125,207	-9,093	44,039
1948.....	141,855	121,302	20,553	87,316
1951.....	85,935	118,673	-32,738	-32,205
1952.....	86,899	127,450	-40,551	-47,213
1953.....	91,792	129,038	-37,246	-109,719
<b>Wichita</b>				
1940.....	129,951	110,934	19,017	170,694
1944.....	101,478	133,977	-32,499	20,056
1948.....	138,250	134,492	3,758	63,600
1951.....	82,871	124,280	-41,409	-71,530
1952.....	69,622	127,437	-57,815	-66,341
1953.....	83,785	127,662	-43,877	-156,163
<b>Houston</b>				
1940.....	111,397	92,040	19,357	120,569
1944.....	100,086	127,125	-27,039	46,541
1948.....	142,201	137,275	4,926	46,262
1951.....	82,690	119,733	-37,043	-28,995
1952.....	82,401	128,985	-46,584	-47,990
1953.....	82,043	126,734	-44,691	-46,321
<b>Berkeley</b>				
1940.....	119,196	116,949	2,247	109,936
1944.....	139,535	119,891	19,644	150,405
1948.....	139,686	154,742	-15,056	48,667
1951.....	96,965	126,085	-29,120	-27,458
1952.....	92,752	129,641	-36,889	-36,889
1953.....	96,552	130,901	-34,349	-34,349
<b>Spokane</b>				
1940.....	131,359	89,839	41,520	192,161
1944.....	154,649	108,319	46,330	193,460
1948.....	137,074	133,452	3,622	53,379
1951.....	83,806	114,509	-30,703	71,161
1952.....	86,063	121,511	-35,448	-41,029
1953.....	88,376	122,798	-34,422	-54,699

a/ 1940 calendar year; other years fiscal ended June 30.

b/ 1940 data do not include Washington office supervisory costs which, since the corporations began paying these costs effective July 1, 1942, have aggregated systemwide over \$200,000 a year.





PRODUCTION CREDIT SYSTEM

Table 10 - Operating expenses of the PCA's and PCC's related to (1) the number of PCA loans made and (2) the average number of PCA loans outstanding -- calendar years 1940, 1944, 1948, 1950, 1951, and 1952

Operating expenses in this table are the same as those in tables 8 and 9 except that (1) all PCC expenses are on a calendar year basis for comparability with PCA expenses and (2) PCC expenses in 1948 have been adjusted to eliminate a nonrecurring charge of \$219,000 representing the cost of establishing as a liability on the records of the corporations the value of the accrued annual leave of their employees applicable to 1947 and prior years.

Operating expense per PCA loan made in 1952 amounted to \$64.51, of which \$58.57 represented PCA expense and \$5.94 represented PCC expense. The PCA unit cost compares with \$29.26 in 1940 and \$51.91 in 1951, and the PCC cost with \$5.90 and \$5.64, respectively. Increase in PCA unit cost from 1940 to 1952 resulted from PCA expenses increasing at a faster rate than the number of loans made; expenses more than doubled while the number of loans increased only 21 percent. Increase from 1951 to 1952 resulted from PCA expenses increasing nearly 11 percent while the number of loans made dropped 1.7 percent.

Increase in PCC unit cost between 1940 and 1952 resulted from PCC expenses increasing at a slightly faster rate than PCA loans made; the increase between 1951 and 1952 reflects the increase in PCC expenses and decrease in PCA loans made. PCC unit cost for 1940 does not reflect Washington office supervisory expense as the corporations did not pay these expenses prior to July 1, 1942.

Operating expenses per PCA loan outstanding in 1952 amounted to \$80.13, of which \$72.75 represented PCA expenses and \$7.38 PCC expenses. Comparable rates in 1940 were for the system \$41.69, PCA's \$34.69, and PCC's \$7.00, and in 1951, system \$72.85, PCA's \$65.71, and PCC's \$7.14. These average costs are greater than the costs per PCA loan made for comparable periods as the average number of PCA loans outstanding for any year is less than the number of loans made. This is due to the major volume of PCA business being for terms of less than one year.

## PRODUCTION CREDIT SYSTEM

Table 10 - Operating expenses of the PCA's and PCC's related to (1) the number of PCA loans made and (2) the average number of PCA loans outstanding  
Calendar years 1940, 1944, 1948, 1950, 1951 and 1952

District and year	Operating expenses			Operating expenses per PCA loan made				Operating expenses per PCA loan outstanding			
	PCA a/	PCC b/	Total	Number of PCA loans made	PCA	PCC	Total	Average number of PCA loans outstanding	PCA	PCC	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
System											
1940 c/.....	\$6,757,632	\$1,362,934	\$8,120,566	230,940	\$29.26	\$5.90	\$35.16	194,794	\$34.69	\$7.00	\$41.69
1944.....	8,101,255	1,584,300	9,685,555	218,345	37.10	7.26	44.36	174,036	46.55	9.10	55.65
1948.....	10,910,178	1,556,186	12,466,364	274,397	39.76	5.67	45.43	200,255	54.48	7.77	62.25
1950.....	13,250,388	1,570,270	14,820,658	288,068	46.00	5.45	51.45	222,928	59.44	7.04	66.48
1951.....	14,756,754	1,604,443	16,361,197	284,270	51.91	5.64	57.55	224,590	65.71	7.14	72.85
1952.....	16,371,788	1,660,993	18,032,781	279,538	58.57	5.94	64.51	225,038	72.75	7.38	80.13
Springfield											
1940 c/.....	362,759	118,316	481,075	13,088	27.72	9.04	36.76	11,152	32.53	10.61	43.14
1944.....	521,814	142,867	664,681	15,345	34.01	9.31	43.32	12,632	41.31	11.31	52.62
1948.....	738,577	130,767	869,344	18,651	39.60	7.01	46.61	15,337	48.15	8.53	56.68
1950.....	883,318	129,220	1,012,538	19,475	45.35	6.64	51.99	16,508	53.51	7.83	61.34
1951.....	930,085	133,434	1,063,519	19,138	48.60	6.97	55.57	16,204	57.40	8.23	65.63
1952.....	976,321	132,973	1,109,294	19,141	51.00	6.95	57.95	16,063	60.78	8.28	69.06
Baltimore											
1940 c/.....	394,333	121,128	515,461	13,217	29.84	9.16	39.00	10,931	36.07	11.08	47.15
1944.....	467,704	137,227	604,931	12,000	38.98	11.44	50.42	10,916	42.85	12.57	55.42
1948.....	595,841	109,757	705,598	16,677	35.73	6.58	42.31	13,499	44.14	8.13	52.27
1950.....	712,657	117,454	830,111	17,560	40.58	6.69	47.27	15,733	45.29	7.47	52.76
1951.....	784,007	122,323	906,330	17,918	43.75	6.83	50.58	16,335	48.59	7.58	56.17
1952.....	839,295	131,666	970,961	18,067	46.45	7.29	53.74	16,492	50.89	7.98	58.87
Columbia											
1940 c/.....	814,676	131,151	945,827	43,991	18.52	2.98	21.50	31,197	26.11	4.20	30.31
1944.....	893,399	163,509	1,056,908	37,799	23.64	4.33	27.97	26,185	34.12	6.24	40.36
1948.....	1,224,565	150,312	1,374,877	51,197	23.92	2.94	26.86	33,862	36.16	4.44	40.60
1950.....	1,495,399	155,178	1,650,577	51,683	28.94	3.00	31.94	36,883	40.54	4.21	44.75
1951.....	1,593,475	155,603	1,749,078	51,313	31.05	3.03	34.08	35,965	44.30	4.33	48.63
1952.....	1,720,152	163,860	1,884,012	51,182	33.61	3.20	36.81	36,334	47.34	4.51	51.85
Louisville											
1940 c/.....	859,552	128,473	988,025	34,814	24.69	3.69	28.38	33,171	25.91	3.87	29.78
1944.....	1,032,349	147,847	1,180,196	29,838	34.60	4.95	39.55	26,835	38.47	5.51	43.98
1948.....	1,360,890	151,832	1,512,722	38,580	35.27	3.94	39.21	30,593	44.48	4.96	49.44
1950.....	1,731,919	155,883	1,887,802	44,299	39.10	3.52	42.62	36,965	46.85	4.22	51.07
1951.....	2,015,184	157,547	2,172,731	44,962	44.82	3.50	48.32	38,301	52.62	4.11	56.73
1952.....	2,257,656	166,168	2,423,824	44,724	50.48	3.72	54.20	39,063	57.80	4.25	62.05
New Orleans											
1940 c/.....	481,265	85,818	567,083	22,755	21.15	3.77	24.92	19,237	25.02	4.46	29.48
1944.....	640,432	104,866	745,298	27,967	22.90	3.75	26.65	20,947	30.57	5.01	35.58
1948.....	889,936	118,505	1,008,441	31,880	27.91	3.72	31.63	23,384	38.06	5.07	43.13
1950.....	993,056	124,741	1,117,797	31,426	31.60	3.97	35.57	23,727	41.85	5.26	47.11
1951.....	1,093,585	121,292	1,214,877	30,191	36.22	4.02	40.24	21,737	50.31	5.58	55.89
1952.....	1,260,765	128,657	1,389,422	30,685	41.09	4.19	45.28	21,277	59.25	6.05	65.30
St. Louis											
1940 c/.....	769,847	129,206	899,053	29,616	25.99	4.36	30.35	23,757	32.41	5.44	37.85
1944.....	952,342	147,844	1,100,186	26,173	36.39	5.65	42.04	19,886	47.89	7.43	55.32
1948.....	1,172,292	154,440	1,326,732	31,664	37.02	4.88	41.90	21,708	54.00	7.11	61.11
1950.....	1,446,442	152,779	1,599,221	32,295	44.79	4.73	49.52	23,820	60.72	6.41	67.13
1951.....	1,610,563	164,159	1,774,722	31,765	50.70	5.17	55.87	23,907	67.37	6.86	74.23
1952.....	1,881,868	156,997	2,038,865	30,253	62.20	5.19	67.39	23,786	79.12	6.60	85.72

## PRODUCTION CREDIT SYSTEM

Table 10 - Operating expenses of the PCA's and PCC's related to (1) the number of PCA loans made and (2) the average number of PCA loans outstanding  
Calendar years 1940, 1944, 1948, 1950, 1951 and 1952 - continued

District and year	Operating expenses			Operating expenses per PCA loan made				Operating expenses per PCA loan outstanding			
	PCA a/	PCC b/	Total	Number of PCA loans made	PCA	PCC	Total	Average number of PCA loans outstanding	PCA	PCC	Total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
St. Paul											
1940 c/.....	\$639,869	\$130,106	\$769,975	25,624	\$24.97	\$5.08	\$30.05	25,132	\$25.46	\$5.18	\$30.64
1944.....	604,314	136,191	740,505	18,727	32.27	7.27	39.54	16,251	37.19	8.38	45.57
1948.....	848,448	134,682	983,130	22,233	38.16	6.06	44.22	17,396	48.77	7.74	56.51
1950.....	1,076,686	128,861	1,205,547	24,156	44.57	5.33	49.90	20,629	52.19	6.25	58.44
1951.....	1,200,927	135,036	1,335,963	23,841	50.37	5.66	56.03	20,674	58.09	6.53	64.62
1952.....	1,325,249	141,356	1,466,605	23,255	56.99	6.08	63.07	20,513	64.61	6.89	71.50
Omaha											
1940 c/.....	428,066	108,974	537,040	9,273	46.16	11.75	57.91	8,009	53.45	13.61	67.06
1944.....	523,235	120,801	644,036	9,005	58.10	13.41	71.51	7,723	67.75	15.64	83.39
1948.....	613,819	115,762	729,581	9,115	67.34	12.70	80.04	7,030	87.31	16.47	103.78
1950.....	790,940	118,779	909,719	10,942	72.28	10.86	83.14	8,647	91.47	13.74	105.21
1951.....	926,640	122,960	1,049,600	10,895	85.05	11.29	96.34	9,478	97.77	12.97	110.74
1952.....	1,022,150	128,748	1,150,898	10,548	96.90	12.21	109.11	9,697	105.41	13.28	118.69
Wichita											
1940 c/.....	480,516	110,934	591,450	10,863	44.23	10.21	54.44	9,494	50.61	11.68	62.29
1944.....	548,366	131,563	679,929	9,969	55.01	13.20	68.21	8,002	68.53	16.44	84.97
1948.....	711,502	118,868	830,370	12,813	55.53	9.28	64.81	8,755	81.27	13.58	94.85
1950.....	886,107	122,240	1,008,347	13,635	64.98	8.97	73.95	10,109	87.66	12.09	99.75
1951.....	1,011,223	123,821	1,135,044	12,522	80.75	9.89	90.64	10,563	95.73	11.72	107.45
1952.....	1,103,965	130,329	1,234,294	11,807	93.50	11.04	104.54	10,176	108.48	12.81	121.29
Houston											
1940 c/.....	515,840	92,040	607,880	12,393	41.62	7.43	49.05	9,841	52.42	9.35	61.77
1944.....	858,591	122,389	980,980	16,941	50.68	7.22	57.90	14,057	61.08	8.71	69.79
1948.....	1,235,536	121,450	1,356,986	22,689	54.46	5.35	59.81	15,515	79.63	7.83	87.46
1950.....	1,508,249	123,529	1,631,778	21,867	68.97	5.65	74.62	14,809	101.85	8.34	110.19
1951.....	1,623,645	120,886	1,744,531	20,103	80.77	6.01	86.78	15,703	103.40	7.70	111.10
1952.....	1,781,986	128,375	1,910,361	18,727	95.16	6.35	102.01	15,230	117.00	8.43	125.43
Berkeley											
1940 c/.....	470,639	116,949	587,588	7,014	67.10	16.67	83.77	5,878	80.07	19.90	99.97
1944.....	500,163	119,073	619,236	6,359	78.65	18.73	97.38	4,845	103.23	24.58	127.81
1948.....	701,773	134,567	836,340	7,609	92.23	17.69	109.92	5,450	128.77	24.69	153.46
1950.....	785,174	124,678	909,852	8,170	96.10	15.26	111.36	5,929	132.43	21.03	153.46
1951.....	899,679	130,374	1,030,053	8,427	106.76	15.47	122.23	6,215	144.76	20.98	165.74
1952.....	987,594	129,324	1,116,918	8,512	116.03	15.19	131.22	6,567	150.39	19.69	170.08
Spokane											
1940 c/.....	540,270	89,839	630,109	8,292	65.16	10.83	75.99	6,995	77.24	12.84	90.08
1944.....	558,546	110,123	668,669	8,222	67.93	13.39	81.32	5,757	97.02	19.13	116.15
1948.....	816,999	115,244	932,243	11,289	72.37	10.21	82.58	7,726	105.74	14.92	120.66
1950.....	940,441	116,928	1,057,369	12,560	74.88	9.31	84.19	9,169	102.57	12.75	115.32
1951.....	1,067,741	117,008	1,184,749	13,195	80.92	8.87	89.79	9,708	109.99	12.05	122.04
1952.....	1,214,787	122,540	1,337,327	12,637	96.13	9.70	105.83	9,840	123.46	12.45	135.91

a/ Exclude income taxes in the years 1950, 1951, and 1952.

b/ 1948 amounte exclude chargee for accrued annual leave applicable to 1947 and prior years.

c/ PCC expensee for 1940 do not include Washington office supervisory costs which, since the corporations began paying these costs effective July 1, 1942, have aggregated eyetemwide over \$200,000 a year.



## FEDERAL INTERMEDIATE CREDIT BANKS

Table 11 - Selected income and expense items and ratios - years ended  
December 31, 1940, and June 30, 1944, 1948, 1951, 1952, and 1953

Income from loan operations (interest on loans and discounts, less compensation to the BC's for servicing loans rediscounted; system amounts exclude income on interbank transactions) in 1953 of \$21.8 million was more than 6 times as much as in 1940 and 10 percent more than in 1952. The increases resulted from a greater average loan volume -- from \$225 million in 1940 to \$785 million in 1952 and \$805 million in 1953, and higher average loan and discount rates\*-- from 1.47 percent in 1940 to 2.52 percent in 1952 and 2.71 percent in 1953.

Cost of borrowed funds (interest expense, commissions, and fiscal agent and debenture expense; system amounts exclude interest on interbank borrowings) in 1953 of \$18 million was almost 19 times as much as in 1940 and 6 percent more than in 1952. The increases resulted from a greater amount of borrowings and higher rates of cost on debentures outstanding -- from 0.45 percent in 1940 to 2.23 percent in 1952 and 2.31 percent in 1953. In 1953 and 1952 money costs absorbed 2.24 and 2.16 percentage points, respectively, of the per annum rate of income on loans, as compared with only 0.42 points in 1940.

Operating expenses in 1953 of nearly \$2 million were 32 percent greater than in 1940 and nearly 6 percent greater than in 1952. The per annum rate of expense\* which amounted to 0.66 percent in 1940 dropped to 0.24 percent in 1952 and 1953.

Operating expenses include FCA examination costs and, except in 1940, FCA supervisory costs. Since the banks began paying the latter costs effective July 1, 1942, they have ranged for the system from about \$190,000 to \$260,000 a year. Expenses in 1948 include a nonrecurring charge of \$181,000 representing the cost of establishing as a liability on the records of the banks the value of the accrued annual leave of their employees applicable to 1947 and prior years.

Net gain from loan operations (income from loan operations less cost of borrowed funds and operating expenses) in 1953 of

\$1.9 million was more than twice as much as in 1940 and almost twice as much as in 1952. Per annum rate\* declined from 0.39 percent in 1940 to 0.12 percent in 1952 and 0.23 percent in 1953. The increase in rate between 1952 and 1953 reflects an increase in loan income which was much larger than the increases in money costs and operating expenses. The small amount (\$21,800) of net gain in 1948 was due in part to the nonrecurring charge for accrued annual leave mentioned in connection with operating expenses.

Final net earnings (net gain from loan operations plus net income from investments, adjusted for charge-offs, recoveries, and allowances for losses) in 1953 of \$3.2 million was 36 percent less than in 1940 but 33 percent more than in 1952. The substantial amount of net earnings in 1940 reflects slightly over \$3 million profit on sales of securities; these sales were necessary to provide funds to return \$40 million of paid-in capital to the revolving fund in the U. S. Treasury. Net earnings in 1948 include \$490,500 representing the reinstatement of security premiums previously written off. Charge-offs, recoveries, and allowances for losses have been nominal in amounts and have affected net earnings very little. Per annum rate of net earnings\* in 1953 was 0.39 percent compared with 0.30 percent in 1952 and 2.21 percent in 1940.

Earnings as a rate of return on paid-in capital and total net worth in 1953 were 4.73 percent and 2.84 percent, respectively, compared with 5.62 percent and 4.52 percent in 1940, and 3.76 percent and 2.27 percent in 1952.

Franchise taxes paid U. S. Government in 1953 of \$387,000 represented 12 percent of final net earnings before transfers to reserve for contingencies; the comparable proportion in 1940 was 11 percent and in 1952 it was 12 percent.

\* Based upon the average daily balance of loans, discounts, and notes receivable outstanding (column 15).



## FEDERAL INTERMEDIATE CREDIT BANKS

Table 11 - Selected income and expense items and ratios  
1940, 1944, 1948, 1951, 1952 and 1953 a/ - continued

Bank and year	Income from loan operations		Cost of borrowed funds			Operating expenses		Net gain from loan operations		Final net earnings				Franchise taxes paid U. S. Government	Memorandum Average daily balance of loans, discounts and notes receivable outstanding
	Amount	Per annum rate b/	Amount	Per annum rate b/	Rate of cost of debentures outstanding c/	Amount d/	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Rate of return on			
												Paid-in capital	Total net worth		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
St. Paul															
1940.....	\$282,019	1.49	\$85,186	0.45	0.48	\$143,186	0.76	\$53,647	0.28	\$670,372	3.54	7.76	5.74	\$137,593	\$18,941,516
1944.....	306,634	1.43	163,028	0.76	0.92	138,366	0.65	5,240	0.02	77,439	0.36	1.55	0.89	19,360	21,347,872
1948.....	440,410	1.53	325,883	1.13	1.32	118,039	0.41	-3,512	-0.01	135,347	0.47	2.71	1.48	21,336	28,720,683
1951.....	937,291	2.02	698,176	1.50	1.65	147,708	0.32	91,407	0.20	182,750	0.39	3.66	1.91	33,188	46,384,145
1952.....	1,429,473	2.52	1,181,795	2.08	2.24	159,406	0.28	88,272	0.16	182,444	0.32	3.65	1.88	30,611	56,729,569
1953.....	1,656,499	2.75	1,305,342	2.17	2.32	165,746	0.27	185,411	0.31	282,017	0.47	5.64	2.84	35,504	60,223,320
Omaha															
1940.....	225,767	1.53	60,753	0.41	0.47	118,813	0.81	46,201	0.31	397,490	2.70	5.17	3.77	49,372	14,745,228
1944.....	312,282	1.45	172,647	0.80	0.93	131,269	0.61	8,366	0.04	90,762	0.42	1.82	1.08	22,690	21,513,849
1948.....	384,306	1.50	293,033	1.14	1.35	119,627	0.47	-28,354	-0.11	100,740	0.39	2.01	1.14	12,685	25,560,364
1951.....	947,491	2.00	734,256	1.55	1.68	132,792	0.28	80,443	0.17	169,931	0.36	3.40	1.84	42,483	47,307,560
1952.....	1,589,006	2.49	1,359,306	2.13	2.26	141,622	0.22	88,078	0.14	181,965	0.29	3.64	1.95	39,241	63,703,921
1953.....	1,573,473	2.63	1,305,462	2.18	2.30	154,170	0.26	113,841	0.19	213,879	0.36	4.28	2.24	47,220	59,863,296
Wichita															
1940.....	268,212	1.49	69,525	0.39	0.43	117,602	0.65	81,085	0.45	476,497	2.65	5.55	4.44	56,624	17,958,705
1944.....	357,740	1.41	213,868	0.84	0.92	133,437	0.53	10,435	0.04	101,901	0.40	2.04	1.30	19,225	25,424,828
1948.....	480,830	1.56	366,184	1.19	1.32	120,806	0.39	-6,160	-0.02	120,055	0.39	2.40	1.46	11,264	30,883,790
1951.....	996,408	2.00	790,581	1.58	1.69	137,212	0.28	68,615	0.14	163,265	0.33	3.27	1.88	15,816	49,803,980
1952.....	1,597,781	2.54	1,346,329	2.14	2.24	153,889	0.24	97,563	0.16	198,057	0.31	3.96	2.25	24,514	62,885,757
1953.....	1,598,853	2.75	1,272,650	2.19	2.30	162,847	0.28	163,356	0.28	262,703	0.45	5.25	2.90	40,676	58,105,115
Houston															
1940.....	395,651	1.48	108,843	0.41	0.43	141,768	0.53	145,040	0.54	446,052	1.67	6.66	4.67	39,013	26,736,466
1944.....	618,644	1.43	370,739	0.86	0.93	139,080	0.32	108,825	0.25	186,866	0.43	3.74	2.13	34,216	43,351,022
1948.....	814,403	1.59	630,859	1.23	1.34	127,833	0.25	55,711	0.11	148,102	0.29	2.96	1.59	12,025	51,375,552
1951.....	1,482,088	2.03	1,157,359	1.59	1.69	133,343	0.18	191,386	0.26	301,436	0.41	6.03	2.99	12,859	72,744,388
1952.....	2,302,910	2.53	1,960,208	2.16	2.23	157,069	0.17	185,633	0.20	324,751	0.36	6.05	3.03	6,188	90,807,846
1953.....	2,550,416	2.75	2,073,152	2.24	2.30	167,623	0.18	309,641	0.33	464,193	0.50	8.60	4.15	41,048	92,737,888
Berkeley															
1940.....	334,423	1.41	95,509	0.40	0.42	140,468	0.59	98,446	0.42	730,611	3.08	6.54	6.14	90,153	23,752,858
1944.....	428,125	1.42	268,371	0.89	0.94	134,914	0.45	24,840	0.08	78,676	0.26	1.57	1.18	19,669	30,188,638
1948.....	643,688	1.75	456,002	1.24	1.29	134,222	0.37	53,464	0.14	157,020	0.43	3.14	2.26	14,255	36,658,218
1951.....	1,042,607	2.03	824,812	1.61	1.68	140,434	0.27	77,361	0.15	162,310	0.32	3.25	2.19	15,578	51,408,628
1952.....	1,881,860	2.53	1,588,570	2.14	2.22	149,833	0.20	143,457	0.19	229,947	0.31	4.28	2.90	32,487	74,309,760
1953.....	2,158,487	2.75	1,746,344	2.23	2.31	158,459	0.20	253,684	0.32	361,180	0.46	5.17	3.66	40,295	78,492,641
Spokane															
1940.....	339,691	1.45	107,464	0.46	0.49	145,014	0.62	87,213	0.37	536,477	2.30	5.84	4.84	65,369	23,287,839
1944.....	330,899	1.42	194,803	0.84	0.92	126,022	0.54	10,074	0.04	104,271	0.45	2.09	1.39	26,068	23,318,162
1948.....	507,383	1.63	383,701	1.23	1.34	127,114	0.41	-3,432	-0.01	126,070	0.40	2.52	1.60	31,518	31,145,722
1951.....	999,227	2.02	775,623	1.57	1.68	127,949	0.26	95,655	0.19	186,765	0.38	3.74	2.25	34,191	49,315,900
1952.....	1,617,257	2.52	1,362,285	2.12	2.22	142,688	0.22	112,284	0.18	210,054	0.33	4.20	2.50	40,014	64,212,401
1953.....	1,853,395	2.75	1,481,923	2.20	2.31	150,640	0.22	220,832	0.33	318,867	0.47	6.38	3.67	67,216	67,401,661

a/ 1940 calendar year; other years fiscal ended June 30.

b/ Based upon the average daily balance of loans, discounts and notes receivable outstanding (column 15).

c/ Net debenture costs, excluding fiscal agent and debenture expense, related to the average daily balance of debentures outstanding.

d/ 1940 operating expenses do not include Washington office supervisory costs which, since the banks began paying these costs effective July 1, 1942, have ranged for the system from about \$190,000 to \$260,000 a year.





## BANKS FOR COOPERATIVES

Table 12 - Selected income and expense items and ratios - years ended  
December 31, 1940, and June 30, 1944, 1948, 1951, 1952, and 1953

Income from loan operations\* in 1953 of \$12.6 million was slightly more than 6 times as much as in 1940 and 4.1 percent more than in 1952. Higher interest rates accounted for the increase between 1952 and 1953 while a combination of higher interest rates and increased loan volume was the reason for the change between 1940 and 1953. The average<sup>†</sup> balance of net credit outstanding was \$77.4 million in 1940 as compared with \$371.4 million in 1952 and \$369.8 million in 1953. Per annum rate of income\*\* increased from 2.67 percent in 1940 to 3.25 percent in 1952 and to 3.40 percent in 1953. The 1944 per annum rate was only 1.78 percent, due to the banks' substantial investment in CCC paper on which the interest varied from 3/4 of 1 percent to 1 percent.

Cost of borrowed funds (interest expenses and fiscal agent costs, less compensation for services to FICB's; system amounts exclude interest on interbank borrowings) in 1953 of \$4.4 million compares with \$87,000 in 1940 and \$4.3 million in 1952. The increase between 1952 and 1953 was entirely due to higher interest rates. The per annum rate of money costs\*\* increased from 0.11 percent in 1940 to 1.16 percent in 1952 and to 1.20 percent in 1953.

Operating expenses in 1953 of slightly more than \$2 million were almost twice as much as in 1940 and 1.6 percent higher than in 1952. Per annum rate of expenses\*\*, however, decreased from 1.34 percent in 1940 to 0.54 percent in 1952 and 0.55 percent in 1953 due to the greater volume of credit outstanding. Operating expenses include FCA examination costs and, except in 1940, FCA supervisory costs. Since the banks began paying the latter costs effective July 1, 1943, they have ranged from \$140,000 to over \$200,000 a year. Expenses in 1948 include a nonrecurring charge of \$209,000 representing the cost of establishing as a liability on the records of the banks the value of the accrued leave of their employees applicable to 1948 and prior years.

Net gain from loan operations (income from loan operations less cost of borrowed funds and operating expenses) in 1953 of \$6.1 million was 6.5 times as much as in 1940 and 6.0 percent more than in 1952. Per annum rate of net gain\*\* was 1.22 percent

in 1940 as compared with 1.55 percent in 1952 and 1.65 percent in 1953.

Net earnings before provision for losses (net gain from loan operations plus investment and other income) in 1953 of \$7.1 million was about 1.6 times as much as in 1940 and 5.2 percent more than in 1952. Investment and other income in 1940 amounted to \$3.5 million (includes profit of over \$2 million on sales of securities which were necessary to retire \$60 million of the banks' Government capital) and represented about 80 percent of earnings before losses. In 1953 it amounted to \$1 million and represented only 14.6 percent of the item. Per annum rate\*\* dropped from 5.79 percent in 1940 to 1.83 percent in 1952 and increased to 1.93 percent in 1953.

Final net earnings (after loan losses and provision for losses) in 1953 of \$8.8 million were 64.8 percent higher than in 1940 and were 58.5 percent more than in 1952. Downward adjustments of loss reserves and profits on the sale of acquired assets increased net earnings \$1.7 million in 1953, whereas in 1952 losses and provision for losses decreased net earnings \$1.2 million. Per annum rate of final net earnings\*\* decreased from 6.93 percent in 1940 (reflects the large volume of investment income and net downward reserve adjustment in that year) to 1.50 percent in 1952 and increased in 1953 to 2.39 percent.

The rates of return in 1953 on paid-in capital of 4.47 percent and on total net worth of 3.31 percent were considerably higher than the rates in 1952 of 2.83 percent and 2.15 percent, respectively, and compare favorably with the 1940 rates of 3.82 percent and 3.41 percent. The differences between 1953 and 1952 reflect primarily the fluctuations in losses and provision for losses.

\* Interest on loans, investments under CCC programs, loans to other banks for cooperatives and notes receivable, other interest, compensation for services under CCC programs, compensation income on participations sold, and appraisal and loan service fees, less compensation expense on participation loans. System amounts exclude income on interbank transactions.  
\*\* Based upon average amount of net credit outstanding (column 15).







## FEDERAL LAND BANK SYSTEM

Table 13 - Selected income and expense items and ratios -  
years ended June 30, 1948 through 1953

(FLB and NFLA data have been consolidated with adjustments having been made to eliminate items causing duplication, such as compensation, loan closing fees and dividends paid by the banks to the NFLA's)

Income from loan operations (interest on loans and real estate sales paper, miscellaneous interest, and loan closing fees received from borrowers) in 1953 of \$45 million was 19 percent greater than in 1948 and 8 percent more than in 1952. The increases resulted from a greater average loan volume (see column 19) and higher rates of interest on new loans closed at 3 banks. The per annum rate of all income from loan operations\* was 4.11 percent in 1953 compared with 4.10 percent in 1952 and 4.16 percent in 1948.

Cost of borrowed funds (all costs of CFFL bonds, interest on notes payable, and interest on future payment funds) in 1953 of \$20 million was 76 percent more than in 1948 and 38 percent greater than in 1952. The increases resulted from larger borrowings and higher interest rates. The average interest rate on CFFL bonds outstanding (weighted average face rate on bonds outstanding at the end of the year) increased from 1.55 percent in 1948 to 2.07 percent in 1952 and 2.35 percent in 1953. Money costs in 1953 absorbed 1.83 percentage points of the per annum rate of income on loans\* as compared with 1.25 points in 1948.

Operating expenses (net of recoveries from the FFMC and for surplus property disposal) of \$18.6 million in 1953 were 16 percent greater than in 1948 and 4 percent more than in 1952. The per annum rate of expense\* in 1953 was 1.70 percent compared with 1.77 percent in 1948 and 1.76 percent in 1952. Operating expenses in 1948 include a nonrecurring charge of \$1,146,000 representing the cost of establishing as a liability on the records of the banks the value of accrued annual leave of their employees applicable to 1948 and prior years.

Net gain from loan operations (income from loan operations less cost of borrowed funds and operating expenses) in 1953 of \$6.3 million was 39 percent less than in 1948 and 31 percent less than in 1952. The per annum rate\* in 1953 was 0.58 percent as compared with 1.14 percent in 1948 and 0.91 percent in 1952.

Net earnings before provision for losses (net gain from loan operations plus net income from investments and mineral rights, and miscellaneous income) in 1953 of \$12.6 million were 11 percent less than in 1948 and 18 percent less than in 1952. These decreases would have been substantially greater were it not for income from mineral reservations, this income having increased from \$777,000 in 1948 to \$2,700,000 in 1952 and \$2,300,000 in 1953. The per annum rate of net earnings before provision for losses\* was 1.15 percent in 1953 as compared with 1.56 percent in 1948 and 1.51 percent in 1952. Net earnings before provision for losses represented about an 18 percent rate of return on capital stock in 1953 compared with rates of about 25 percent in 1948 and 24 percent in 1952. The rate of return on total net worth of the system was 3.32 percent in 1953 as compared with 4.99 percent in 1948.

Final net earnings (after provision for losses) in 1953 of \$21.3 million were 51 percent greater than in 1948 but were 21 percent less than in 1952. The year to year changes in final net earnings were due largely to differences in the amount of net downward adjustments in the banks' reserve for losses, which were made after determining that such reserves were too high. These reserves had been built up by charges to earnings in previous years. In 1953 a smaller net gain from lending operations also was a major factor in the decline in final net earnings. The per annum rate of final net earnings\* was 1.95 percent in 1953 as compared with 1.55 percent in 1948 and 2.65 percent in 1952.

The rate of return in 1948 of final net earnings on capital stock was 24.98 percent and on total net worth 4.98 percent. The comparable rates in 1953 were 30.40 percent and 5.62 percent, respectively, and in 1952 they were 41.32 percent and 7.55 percent.

Dividends declared by NFLA's to borrowers have ranged from \$3.5 million in 1948 to \$4.1 million in 1953.

\*Based upon the average unpaid balance of loans and real estate sales paper outstanding.









## FEDERAL LAND BANK SYSTEM

(Federal Land Banks and National Farm Loan Associations)

Table 14 - Operating expense: Average number and cost of units serviced and average amount and cost per \$100 of loans and sales paper outstanding - years ended December 31, 1940, and June 30, 1944, 1948, 1951, 1952, and 1953

Total operating expenses in this table differ from those in Table 13 in that (1) FLB and NFLA expenses include those incurred for the FFMC in its regular operations (they still exclude those applicable to the disposal of surplus property and mineral rights under P. L. 760), (2) FLB expenses exclude the nonrecurring charge of \$1,146,000 in 1948 for accrued annual leave of the banks' employees applicable to prior years, and (3) NFLA expenses exclude lump sum payments made for past service credits of employees under association retirement plans for the years in which the payments were made. The latter two adjustments were made in order to afford comparability between years. As in Table 13, FLB expenses exclude compensation and loan closing fees to the NFLA's in order to avoid overstating the system's expenses. Also, FLB expenses in 1940 do not include FCA supervisory costs which, since the banks began paying these costs effective July 1, 1943, have ranged systemwise from \$623,000 to over \$800,000 a year.

Operating expenses (as described above) of the FLB system (FLB's and NFLA's) in 1953 of \$19.4 million were 8 percent less than in 1940 but 3 percent more than in 1952. FLB expenses of \$9.6 million in 1953 were 36.5 percent less than in 1940 but slightly higher than in 1952, while NFLA expenses of \$9.9 million in 1953 were 62 percent greater than in 1940 and 4 percent larger than in 1952. As in 1952 NFLA expenses exceeded FLB expenses.

Cost per unit serviced (average number of FLB and FFMC mortgage loans, real estate sales paper, and real estate owned, with joint FLB-FFMC loans counted as one unit) for the system has increased steadily from \$23.61 in 1940 to \$55.55 in 1952 and to \$57.58 in 1953. FLB expenses per unit serviced increased

from \$16.79 in 1940 to \$27.57 in 1952 and to \$28.32 in 1953 while the NFLA costs moved from \$6.82 to \$27.98 in 1952 and to \$29.26 in 1953. The increase in FLB unit costs from 1940 to 1952 resulted from the number of units serviced having declined at a faster rate than FLB operating expenses; in 1953 expenses increased slightly as the number of units serviced continued to drop. The increase in NFLA unit costs reflects the smaller number of units together with the higher NFLA operating expenses. The average number of units serviced declined from 897,000 in 1940 to 339,000 in 1952 and to 337,500 in 1953.

Cost per \$100 of loans and sales paper outstanding (average unpaid balance of FLB and FFMC units) for the system increased from \$0.80 in 1940 to \$1.79 in 1952 and then declined to \$1.74 in 1953. The major portion of this increase occurred between 1944 and 1948 and resulted from the average balance of loans declining at a much faster rate than operating expenses. The cost for the FLB's was \$0.57 in 1940 as compared with \$0.89 in 1952 and \$0.86 in 1953, while for the NFLA's it was \$0.23 in 1940, \$0.90 in 1952 and \$0.88 in 1953. The relative stability in the rates during the past several years indicates that changes in operating expenses and in the average balance of loans outstanding have been in about the same proportion. The average balance of loans and real estate sales paper outstanding declined from \$2,660 million in 1940 to under \$1,000 million in 1949 and 1950, then increased to \$1,119 million in 1953.



FEDERAL LAND BANK SYSTEM

(Federal Land Banks and National Farm Loan Associations)

Table 14 - Operating expenses: Average number and cost of units serviced; and average amount and cost per \$100 of loans and sales paper outstanding Years ended December 31, 1940, and June 30, 1944, 1948, 1951, 1952 and 1953 - continued

Table with 13 columns: District and year, Operating expense a/ (FLB, NFLA, Total), Average number and cost of units serviced (Number b/, Cost per unit serviced: FLB, NFLA, Total), Average amount, and cost per \$100 of loans and sales paper outstanding (Amount c/, Cost per \$100 balance: FLB, NFLA, Total), and Memorandum (Compensation and loan closing fees to NFLA's excluded from FLB operating expense d/).

a/ Represents expense incurred for their own account and for the FFMC in its regular operations but not that applicable to the disposal of surplus property, or mineral rights under P. L. 760. FLB expense excludes compensation and loan closing fees to NFLA's in all years and supplemental allowances in 1940 and 1944 (column 12). FLB expense in 1940 does not include Washington office supervisory costs which, since the banks began paying these costs effective July 1, 1943, have ranged systemwide from \$623,000 to over \$800,000. FLB expense in 1948 excludes charges for accrued annual leave applicable to 1948 and prior years, which totaled \$1,146,000 for the 12 land banks. b/ Represents the average number of FLB and LBC mortgage loans, purchase money mortgages, real estate sales contracts and notes receivable outstanding and real estate owned during the year, with joint FLB-LBC loans counted as one unit. c/ Represents average of the unpaid principal balances of FLB and LBC mortgages loans and real estate sales paper outstanding during the year. d/ Since July 1, 1947, eight banks (Columbia, Louisville, New Orleans, St. Louis, Omaha, Wichita, Houston, and Barksley) have adopted compensation plans which provide that only part of association operating expenses be met from FLB compensation and the balance from dividends and other income. e/ The number of units and dollar volume used in determining these rates exclude data for Puerto Rico. f/ The delegation of servicing authority to the NFLA of San Juan during 1951 resulted in the curtailment of the operations of the Baltimore bank's branch office in Puerto Rico; consequently, no segregation of costs between the States and Puerto Rico has been made since that date. g/ Excludes contributions for past service under employee retirement plans.

## FEDERAL FARM MORTGAGE CORPORATION

Table 15 - Selected income and expense items and ratios - years ended December 31, 1940, and June 30, 1944 and 1948 through 1953

(Comparisons of Corporation data for the years 1948 through 1953 with 1940 and 1944 are not too valid since the Corporation has been in the process of liquidating its loans since July 1, 1947.)

Income from loan operations (interest on loans and real estate sales paper, miscellaneous interest, and loan fees) in 1953 of \$1.3 million was 26 percent less than in 1952. The per annum rate of income from loan operations\* was 4.99 percent in 1952 and in 1953.

Income from investments (income from all investments, including CFFL bonds and FLB notes receivable). The Corporation has had no income from this source since 1948.

Cost of borrowed funds (all costs relating to FFMC bonds plus other interest expense). All of the amounts shown for 1953, 1952, and 1951 and practically all for 1950 and 1949 represent other interest expense, primarily interest on future payment funds of borrowers.

Operating expenses in 1953 of \$916,000 were 16 percent less than in 1952. The per annum rate of operating expenses\* was 3.63 percent in 1953 as compared with 3.17 percent in 1952.

Net earnings before provision for losses (income from loan operations and from investments, less cost of borrowed funds

and operating expenses, plus net mineral income and in 1944, profit on sale of securities) in 1953 of \$1.5 million were 15 percent less than in 1952, reflecting the decrease in income from loan operations. Mineral income in 1953 was about the same as in 1952. The per annum rate of net earnings before losses\* was 6.00 percent in 1953 as compared with 5.17 percent in 1952. The 1953 earnings represent a rate of return on the Corporation's total net worth of 5.69 percent.

Final net earnings (after provision for losses or adjustment of such provision) were \$1.5 million in 1953. Beginning in 1944 and through 1952 net earnings were increased each year by downward adjustments of the Corporation's reserve for losses resulting from reduced reserve requirements due to the liquidation of loans. In 1952 the Corporation changed its reserve for losses from a valuation reserve to a surplus reserve, and in that year returned \$4.9 million to earnings.

Dividends paid to U. S. Treasury during 1953 amounted to \$9 million and increases the total of such payments to \$122 million.

\* Based upon the average unpaid balance of loans and real estate sales paper outstanding.

## FEDERAL FARM MORTGAGE CORPORATION

Table 15 - Selected income and expense items and ratios 1940, 1944, 1948 through 1953 a/

Year	Income from loan operations		Income from investments		Cost of borrowed funds		Operating expenses		Net earnings before provision for losses			Final net earnings			Dividends paid to U. S. Treasury	Memorandum Average balance of mortgage loans and real estate sales paper outstanding
	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Rate of return on total net worth	Amount	Per annum rate b/	Rate of return on total net worth		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1940....	\$35,780,353	5.26	\$29,388,122	4.32	\$37,892,783	5.57	\$9,864,126	1.45	\$17,411,297	2.56	7.88	\$3,154,260	0.46	1.43	-	\$680,350,594
1944....	21,664,140	5.03	17,126,255	3.98	24,661,403	5.73	7,777,563	1.81	8,212,364	1.91	7.23	42,129,559	9.79	37.08	-	430,337,592
1948....	5,697,546	5.13	205,685	0.19	130,276	0.12	2,372,089	2.13	3,474,446	3.13	3.01	17,535,369	15.78	15.17	-	111,149,302
1949....	4,038,104	4.98	-	-	53,641	0.07	1,871,106	2.31	2,222,324	2.74	2.71	7,688,605	9.49	9.37	\$68,000,000	81,049,387
1950....	3,039,944	4.99	-	-	37,453	0.06	1,603,731	2.63	1,537,333	2.52	2.77	3,368,038	5.53	6.08	17,000,000	60,906,214
1951....	2,298,555	5.00	-	-	26,753	0.06	1,250,828	2.72	1,157,073	2.52	2.67	2,654,224	5.78	6.12	14,000,000	45,950,494
1952....	1,712,806	4.99	-	-	18,242	0.05	1,086,972	3.17	1,772,369	5.17	5.21	6,687,640	19.49	19.65	14,000,000	34,312,129
1953....	1,259,976	4.99	-	-	13,280	0.05	915,776	3.63	1,514,733	6.00	5.69	1,514,733	6.00	5.69	9,000,000	25,250,533

a/ Calendar year 1940 and fiscal years ended June 30, 1944 and 1948 through 1953.

b/ Based upon the average balance of mortgage loans and real estate sales paper outstanding (column 16).



