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FARM CREDIT ADMINISTRATION

Expense data for the fiscal year 1952 and comparisons with other years

Expenses of the Farm Credit Administration for the fiscal year 1952 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 a/ by object classification fiscal year 1952

Actual expenses of the Farm Credit Administration (net of reimbursements from other agencies) totaled \$2,636,785 in 1952. Salaries of \$2,273,371 accounted for 86 percent of the total expenses, travel expenses 9 percent, and all other costs 5 percent.

Object	Amount
Salaries.....	\$2,273,371
Travel.....	243,601
Transportation of things.....	3,034
Communication services.....	17,992
Rents and utility services.....	10,771
Printing and reproduction.....	56,927
Other contractual services.....	10,578
Supplies and materials.....	15,710
Equipment.....	3,843
Refunds, awards, and indemnities.....	25
Taxes and assessments.....	933
Total expenses.....	2,636,785

a/ Final settlement basis.

Table 2 - Comparison of actual man-years and expenses, a/ fiscal years 1940 and 1952

Actual man-years (average number of employees) and expenses of the Farm Credit Administration decreased substantially during the period 1940-52. Data used for 1940 exclude man-years and expenses applicable to functions in that year not performed by the Farm Credit Administration in 1952, except that employees of the chief reviewing appraisers' offices and their expenses have not been eliminated from 1940 data. These employees (22 in number) 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 1952 required 391 employees and cost \$2,636,785, whereas the same functions in 1940, with the exception above noted, required 1,308 employees and cost \$4,018,500 -- a reduction of 70 percent in personnel and 34 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 <u>b/</u>		1952	
	Man-years	Expenses	Man-years	Expenses
Salaries and travel:				
Governor's Office.....	18	\$85,900	14	\$119,754
Land Bank Division <u>c/</u>	146	596,200	37	330,145
Intermediate Credit Division..	11	57,200	6	52,528
Production Credit Division....	26	127,500	12	70,516
Cooperative Division	20	84,800	9	89,174
Cooperative Research and Service Division.....	85	305,000	47	309,557
Examination Division <u>c/</u>	196	777,600	101	728,816
Finance and Accounts Division <u>c/</u>	324	739,900	84	451,189
Administrative Division.....	366	661,000	49	187,099
Personnel Division.....	49	121,800	10	58,937
Economic and Credit Analysis Division.....	37	106,700	12	64,421
Information and Extension Division.....	30	94,700	10	54,836
Total salaries and travel.	1,308	3,758,300	391	2,516,972
General administrative expenses (all other).....		260,200		119,813
Total expenses.....		4,018,500		2,636,785

a/ Final settlement basis.

b/ Adjusted for comparability with 1952, except that employees of chief reviewing appraisers' offices and their expenses have not been eliminated from Land Bank Division.

c/ Includes field employees:

	1940		1952	
Land Bank Division.....	41	\$210,000	12	\$131,982
Examination Division.....	139	612,500	85	632,965
Finance and Accounts Division.....	84	194,400	29	167,619
Total.....	264	1,016,900	126	932,566

FARM CREDIT ADMINISTRATION

Table 3 - Authorized funds, actual expenses a/, and unexpended assessments or savings, by activity and source of funds, fiscal year 1952

Authorized funds of the Farm Credit Administration (administrative expense funds authorized by Congress) for the fiscal year 1952 totaled \$2,750,000. Assessments from Farm Credit institutions to cover supervision and examination of, and facilities and services to, these institutions represented \$2,322,100 of this amount, and appropriations from the U. S. Treasury for research and technical assistance, including facilities and services, to farmers' cooperatives represented \$427,900.

Actual expenses of the Farm Credit Administration totaled \$2,636,785, of which \$744,953 represented expenses applicable to examinations of Farm Credit institutions and \$1,891,832 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 1952 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, 84 percent (\$2,213,990) was applicable to the advance assessments from the Farm Credit institutions and 16 percent (\$422,795) to appropriations. This compares with 81 percent allocated to the institutions and 19 percent allocated to appropriated funds in 1951.

Unexpended assessments or savings (difference between authorized funds and actual expenses) totaled \$113,215 in 1952. The unexpended assessments of \$108,110 will be returned to the Farm Credit institutions and savings of appropriations in the amount of \$5,105 will be returned to the U. S. Treasury.

a/ Final settlement basis.

FARM CREDIT ADMINISTRATION

Table 3 - Authorized funds, actual expenses a/, and unexpended assessment or savings by activity and source of funds fiscal year 1952

Activity Source of Funds	Authorized funds	Actual expenses						Unexpended assessments or savings
		Examination <u>b/</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.....	\$1,143,200	54.7	\$407,834	35.7	\$674,749	41.1	\$1,082,583	\$60,617
Federal Farm Mortgage Corporation	109,000	0.1	<u>c/</u> 400	5.1	96,859	3.7	97,259	11,741
Federal intermediate credit banks.....	349,800	11.5	85,670	13.6	257,035	13.0	342,705	7,095
District banks for cooperatives.....	231,500	7.2	53,851	8.8	167,031	8.4	220,882	10,618
Central Bank for Cooperatives.....	56,400	0.7	5,000	2.6	49,787	2.1	54,787	1,613
Production credit corporations.....	272,300	2.3	17,134	11.8	223,576	9.1	240,710	31,590
Production credit associations.....	157,700	21.4	159,420	-	-	6.0	159,420	<u>d/</u> -1,720
Other.....	2,200	2.1	15,644	-	-	0.6	15,644	<u>d/</u> -13,444
Total assessments for this activity.....	2,322,100	100.0	744,953	77.6	1,469,037	84.0	2,213,990	108,110
<u>Research and technical assistance, including facilities and services to farmers' cooperatives</u>								
Appropriations from U. S. Treasury for this activity...	427,900	-	-	22.4	422,795	16.0	422,795	5,105
Totals.....	2,750,000	100.0	744,953	100.0	1,891,832	100.0	2,636,785	113,215

a/ Final settlement basis.

b/ Distribution based on estimates of chief examiner.

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

d/ 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 1940-1952

Average number of employees (man-years) and total expenses reflect generally a downward trend during the period 1940-1952. 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 125 percent.

These data represent actual obligations shown in the budget

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 1940-1951 have been adjusted for comparability with 1952, except that employees of the chief reviewing appraisers' offices and their expenses have not been eliminated.

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

a/ Obligation basis including reimbursements from agencies other than Farm Credit institutions; adjusted for comparability with 1952, 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 1944-1952

Supervision and service costs and examination costs allocated to Farm Credit institutions in 1952 totaled \$2,213,990; this compares with \$2,202,447 in 1951. (The allocation of examination expense for 1952 was estimated and will be revised later, as explained for table 3). During the last nine 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>		FICBs		DBC's		CEC		PCC's		PCAs		OTHER <u>c/</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..	407,834	54.7	400	0.1	85,670	11.5	53,851	7.2	5,000	0.7	17,134	2.3	159,420	21.4	15,644	2.1	744,953	100.0
	Total....	1,082,583	48.9	97,259	4.4	342,705	15.5	220,882	10.0	54,787	2.5	240,710	10.8	159,420	7.2	15,644	0.7	2,213,990	100.0

a/ Final settlement basis, except examination costs for 1952 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 FLB's and recovered by the banks through their contracts with the Corporation.

c/ 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 1952

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 1952 than in 1940 for comparable functions.* The number of employees of the Administration was 70 percent less and of the district institutions 65 percent less. Salary costs of the Administration were 32 percent less and of the district institutions 22 percent less.

Total operating expenses of the Farm Credit Administration in 1952 were 34 percent less than in 1940 for comparable functions,* whereas total operating expenses of all Farm Credit institutions, including associations, were 22 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 \$2.2 million in 1952. In 1940 the institutions paid only examination costs, except the FFMC which also paid supervisory costs, whereas in 1952 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 1952 in total operating expenses. The PCA's had

the largest increase of any of the systems both in dollar amount (\$8.8 million) and percentagewise (131%). The FLB system (FLB's and NFLA's) had the next largest amount increase (\$5.6 million), and the BC's the next largest percentage increase (their \$975,000 increase representing 94%). The PCC's and FICB's had relatively small increases in amount, while the FFMC dropped about \$8.8 million.

Volume of business of all Farm Credit institutions as reflected by the total amount of loans made was almost 4 1/2 times as great in 1952 as in 1940. The volume of loans serviced by the institutions, except by the FLB's, also increased substantially during this period.

*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 1952, except that employees of the chief reviewing appraisers' offices and their expenses have not been eliminated from 1940 data. These employees (22 in number) were transferred from the payroll of the Farm Credit Administration to the payrolls of the Federal land banks, effective July 1, 1951.

FARM CREDIT ADMINISTRATION AND FARM CREDIT INSTITUTIONS

Table 6 - Comparative data on personal services, operating expenses,
and volume of business, fiscal years 1940 and 1952

	Fiscal year 1940		Fiscal year 1952			
	Number	Amount	Number	Amount	Percentage change from 1940	
					Number	Amount
Personal services (man-years and cost):						
Farm Credit Administration a/	1,308	\$3,376,259	391	\$2,286,063	-70	-32
Farm Credit system:						
Federal land banks (including reimbursements from FFMC)	4,614	9,246,408	1,177	5,776,592	-74	-38
Federal intermediate credit banks.....	431	1,073,975	279	b/ 1,213,053	-35	+13
Production credit corporations.....	294	881,575	168	b/ 1,034,461	-43	+17
Banks for cooperatives.....	220	649,699	232	1,276,502	+5	+96
General agents.....	432	838,769	261	546,902	-40	-35
Total.....	5,991	12,690,426	2,117	9,847,510	-65	-22
Total operating expenses:						
Farm Credit Administration a/.....	-	4,018,508	-	2,651,950	-	-34
Farm Credit system: c/						
Federal land bank system (FLB's and NFLA's).....	-	12,317,100	-	17,883,599	-	+45
Federal Farm Mortgage Corporation.....	-	9,864,126	-	1,086,972	-	-89
Federal intermediate credit banks.....	-	1,490,764	-	1,860,111	-	+25
Production credit corporations.....	-	1,362,934	-	1,643,807	-	+21
Production credit associations.....	-	6,757,632	-	15,613,961	-	+131
Banks for cooperatives.....	-	1,036,678	-	2,010,965	-	+94
Total.....	-	32,829,234	-	40,099,415	-	+22
Volume of business:						
Federal land banks:						
National farm loan associations.....	3,867	-	1,180	-	-69	-
Loans made.....	14,735	55,820,107	41,501	237,059,076	+182	+325
Loans outstanding.....	616,308	1,880,408,005	310,638	1,046,439,779	-50	-44
Federal Farm Mortgage Corporation:						
Loans made.....	18,066	30,251,371	55	48,036	-99	-99
Loans outstanding.....	433,706	668,850,213	37,701	27,459,622	-91	-96
Federal intermediate credit banks:						
Loans made.....	-	471,921,279	-	2,077,272,277	-	+340
Loans outstanding.....	-	237,338,443	-	903,310,831	-	+281
Production credit corporations:						
Production credit associations	528	-	499	-	-5	-
Wholly-farmer owned.....	-	-	243	-	-	-
Members.....	290,578	-	475,576	-	+64	-
Farmer-owned stock.....	-	16,680,100	-	87,849,052	-	+427
Loans made.....	229,566	328,342,002	281,062	1,376,542,930	+22	+319
Loans outstanding.....	217,128	199,802,560	254,805	797,612,105	+17	+299
Banks for cooperatives:						
Credit extended.....	-	92,868,454	-	536,879,618	-	+478
Loans outstanding.....	1,689	63,333,429	1,995	342,377,354	+18	+441

a/ Obligation basis including reimbursements from agencies other than Farm Credit institutions; 1940 data adjusted for comparability with 1952, except for employees of chief reviewing appraisers' offices transferred to FLB's effective July 1, 1951.

b/ Includes directors' compensation (FICB's \$24,864 and PCC's \$26,945) 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 1952

Total operating expenses of the Farm Credit institutions of \$40.1 million in 1952 were about 22% greater than in 1940 and 8% greater than in 1951. 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 (\$8.8 million or 131%), the FLB's the next largest (\$5.6 million or 45%) and the BC's next (\$975,000 or 94%). The FICB's and PCC's have had relatively small increases and the FFMC has dropped \$8.8 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 5 years, except for 1949, this amount has been about \$2.2 million and has represented from 6.5% of the institutions' total expenses in 1948 to 5.5% in 1952.

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% 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% 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
PCA's a/.....	\$6,757,632	\$8,141,533	\$10,105,002	\$11,696,957	\$12,703,997	\$13,908,453	\$15,613,961
PCC's.....	1,362,934	1,613,080	1,763,456	1,525,940	1,582,269	1,585,551	1,643,807
FICB's.....	1,490,764	1,565,536	1,521,968	1,526,592	1,612,208	1,704,301	1,860,111
BC's.....	1,036,678	1,257,297	1,702,820	1,696,590	1,759,169	1,829,077	2,010,965
FLB System b/.....	12,317,100	11,568,314	16,040,546	15,675,535	15,821,745	16,777,728	17,883,599
FFMC c/.....	9,864,126	7,777,563	2,372,089	1,871,106	1,603,731	1,250,828	1,086,972
Total.....	\$32,829,234	\$31,923,323	d/\$33,505,881	\$33,992,720	\$35,083,119	\$37,055,938	\$40,099,415
(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) FCA supervision costs not included in above total; paid from appropriated funds	g/ 2,163,625	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
(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%

a/ Amounts exclude estimated income taxes paid by PCA's in the years 1949-1952.

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, and 1951

Income from loan operations (interest and service fees less patronage refunds) in 1951 of \$3.8 million was over 3 1/2 times as much as in 1940 and 28 percent more than in 1950. The increases resulted from more business and higher interest rates. Per annum rate of income* increased from 5.56 percent in 1940 to 6.15 percent in 1951.

Cost of borrowed funds (interest paid to FICB's) in 1951 of \$13.0 million was 5 times as much as in 1940 and 39 percent more than in 1950. 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 1951.

Operating expenses in 1951 of \$14.8 million more than doubled those in 1940 and were about 11 percent higher than in 1950. Per annum rate of expenses,* however, dropped from 3.71 percent in 1940 to 2.46 percent in 1951.

Net gain from loan operations (income from loan operations less cost of money and operating expenses) in 1951 of \$9.1 million was over 11 times as much as in 1940 and about 45 percent more than in 1950. Per annum rate of net gain* increased from 0.42 percent in 1940 to 1.52 percent in 1951.

Net earnings before provision for losses and income taxes (net gain from loan operations, plus investment and other income) in 1951 of \$12.1 million were about 3 times those in 1940 and

were 33 percent more than in 1950. Interest on investments of \$3.3 million in 1940 represented about 80 percent of this item, whereas the \$3.0 million in 1951 represented only about 25 percent. Per annum rate* dropped from 2.24 percent in 1940 to 2.02 percent in 1951.

Final net earnings (after losses and provision for losses and income taxes) in 1951 of \$9.0 million more than doubled those in 1940 and were over 23 percent more than in 1950. Losses and provision for losses increased from \$200,000 in 1940 to \$2.0 million in 1951. Income taxes in 1951 amounted to \$1.0 million. Per annum rate of final net earnings* decreased from 2.13 percent in 1940 to 1.50 percent in 1951. Rates of return on paid-in capital and total net worth in 1951 were 10.01 percent and 5.64 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 0.27 percent in 1951. Dollar amount of PCC operating expenses actually increased from \$1.4 million in 1940 to \$1.6 million in 1951. (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 2.73 percent in 1951.

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

PRODUCTION CREDIT ASSOCIATIONS

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

District and year	Income from loan operations a/		Cost of borrowed funds		Operating expenses b/		Net gain from loan operations		Net earnings before provisions for losses and income taxes		Final net earnings				Dividends paid to stockholders	Patronage refunds paid to borrowers	Memoranda	
	Amount	Per annum rate c/	Amount	Per annum rate c/	Amount	Per annum rate c/	Amount	Per annum rate c/	Amount	Per annum rate c/	Amount	Per annum rate c/	Rate of return on				Average balance of PCA loans outstanding	Per annum rate of PCC operating expenses c/ d/
													Total paid-in capital	Total net worth				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
System																		
1940.....	\$10,142,155	5.56	\$2,610,992	1.43	\$6,757,632	3.71	\$773,531	0.42	\$4,084,147	2.24	\$3,884,421	2.13	4.29	3.62	\$86,178	-	\$182,394,000	0.75
1944.....	12,335,021	5.24	3,444,375	1.46	8,101,255	3.44	789,391	0.34	3,560,762	1.51	3,404,977	1.45	3.69	2.78	215,755	-	235,623,000	0.67
1948.....	22,716,193	5.64	7,068,164	1.75	10,910,178	2.71	4,737,851	1.18	7,395,580	1.84	6,949,101	1.73	8.44	5.37	304,784	\$128,581	402,580,000	0.44
1950.....	28,862,231	6.07	9,361,929	1.97	13,250,388	2.78	6,249,914	1.32	9,096,386	1.91	7,261,106	1.53	8.52	4.96	394,038	142,318	475,789,000	0.33
1951.....	36,830,784	6.15	12,978,736	2.17	14,756,754	2.46	9,095,294	1.52	12,085,147	2.02	8,979,818	1.50	10.01	5.64	426,987	159,403	598,706,000	0.27
Springfield.																		
1940.....	587,568	4.88	171,432	1.42	362,759	3.01	53,377	0.45	277,219	2.30	240,306	2.00	3.84	3.41	-	-	12,043,000	0.98
1944.....	847,894	4.73	258,347	1.44	521,814	2.91	67,733	0.38	229,638	1.28	254,505	1.42	4.45	3.42	10,788	-	17,934,000	0.80
1948.....	1,652,921	5.07	559,686	1.72	738,577	2.26	354,658	1.09	515,646	1.58	491,443	1.51	8.65	5.72	5,373	-	32,612,000	0.47
1950.....	1,935,300	5.58	658,147	1.90	883,318	2.55	393,835	1.13	552,449	1.59	435,057	1.26	7.69	4.58	15,221	-	34,664,000	0.37
1951.....	2,014,217	5.64	706,385	1.98	930,085	2.60	377,747	1.06	534,573	1.50	386,467	1.08	7.07	3.97	38,880	-	35,683,000	0.37
Baltimore																		
1940.....	552,390	5.82	140,970	1.49	394,333	4.15	17,087	0.18	238,390	2.51	204,301	2.15	3.27	2.86	-	-	9,486,000	1.28
1944.....	746,997	5.38	219,814	1.58	467,704	3.37	59,479	0.43	238,777	1.72	221,226	1.59	3.70	2.88	-	-	13,890,000	0.99
1948.....	1,417,971	5.52	447,542	1.74	595,041	2.32	374,588	1.46	513,703	2.00	501,276	1.95	10.44	6.48	23,280	-	25,695,000	0.48
1950.....	1,826,281	5.88	614,797	1.98	712,657	2.29	498,827	1.61	654,583	2.11	589,879	1.90	12.03	6.65	29,544	-	31,066,000	0.38
1951.....	2,154,618	5.94	779,265	2.15	784,007	2.16	591,346	1.63	765,966	2.11	623,807	1.72	12.59	6.55	32,296	-	36,239,000	0.34
Columbia																		
1940.....	957,688	6.50	212,862	1.44	814,676	5.53	-69,850	-0.47	336,253	2.28	284,839	1.93	2.62	2.31	-	-	14,729,000	0.89
1944.....	1,306,531	5.89	333,803	1.50	893,399	4.03	79,329	0.36	431,405	1.94	459,921	2.07	3.92	3.14	-	-	22,189,000	0.74
1948.....	2,541,306	6.55	754,729	1.94	1,224,565	3.16	562,012	1.45	914,112	2.36	803,353	2.07	7.61	5.03	-	-	38,793,000	0.46
1950.....	3,290,445	7.25	938,191	2.07	1,495,399	3.29	856,855	1.89	1,178,280	2.60	1,063,359	2.34	10.46	6.05	2,923	-	45,399,000	0.34
1951.....	3,818,248	7.24	1,228,172	2.33	1,593,475	3.02	996,601	1.89	1,334,435	2.53	1,298,827	2.46	12.38	6.82	3,904	-	52,726,000	0.30
Louisville																		
1940.....	1,200,351	5.60	304,599	1.42	859,552	4.01	36,200	0.17	310,737	1.45	266,137	1.24	3.28	2.84	-	-	21,431,000	0.60
1944.....	1,395,062	5.26	389,088	1.47	1,032,349	3.89	-26,375	-0.10	245,253	0.92	216,402	0.82	2.10	1.75	8,447	-	26,533,000	0.56
1948.....	2,640,268	5.53	762,728	1.60	1,360,890	2.85	516,650	1.08	788,118	1.65	735,128	1.54	7.99	5.78	7,212	-	47,733,000	0.36
1950.....	3,522,838	5.97	1,179,934	2.00	1,731,919	2.94	610,985	1.03	934,700	1.58	833,430	1.41	8.91	5.74	14,492	9,293	59,007,000	0.26
1951.....	4,245,193	6.01	1,532,667	2.17	2,015,184	2.85	697,342	0.99	1,031,999	1.46	856,702	1.21	8.88	5.45	9,423	20,370	70,666,000	0.22
New Orleans																		
1940.....	758,319	6.54	164,127	1.42	481,265	4.15	112,927	0.97	371,957	3.21	238,796	2.06	3.55	2.90	-	-	11,596,000	0.74
1944.....	1,087,973	5.76	273,794	1.45	640,432	3.39	173,747	0.92	381,261	2.02	337,117	1.79	4.88	3.53	10,048	-	18,864,000	0.56
1948.....	1,874,298	6.28	538,458	1.80	889,936	2.98	445,904	1.50	601,932	2.02	645,478	2.16	10.97	6.44	15,022	-	29,861,000	0.45
1950.....	2,211,865	6.64	646,714	1.94	993,056	2.98	572,095	1.72	749,560	2.25	671,613	2.02	10.15	5.68	46,377	37,270	33,325,000	0.37
1951.....	2,827,193	6.78	933,266	2.24	1,093,585	2.62	800,342	1.92	979,005	2.35	959,682	2.30	14.57	7.69	24,164	12,137	41,727,000	0.29
St. Louis																		
1940.....	1,123,333	5.76	281,150	1.44	769,847	3.95	72,336	0.37	347,308	1.78	350,693	1.80	4.54	3.91	-	-	19,485,000	0.66
1944.....	1,300,002	5.34	348,063	1.43	952,342	3.91	-403	-	251,954	1.03	242,397	1.00	2.45	1.97	-	-	24,350,000	0.61
1948.....	2,425,015	5.86	728,588	1.76	1,172,292	2.83	524,135	1.27	815,824	1.97	830,088	2.01	8.47	6.05	-	-	41,380,000	0.42
1950.....	3,128,829	6.26	967,715	1.94	1,446,442	2.89	714,672	1.43	1,005,156	2.01	857,169	1.72	8.75	5.64	13,812	-	49,962,000	0.31
1951.....	4,089,986	6.22	1,408,263	2.14	1,610,563	2.45	1,071,160	1.63	1,365,223	2.08	1,182,469	1.80	11.53	7.03	16,026	-	65,709,000	0.25

PRODUCTION CREDIT ASSOCIATIONS

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

District and year	Income from loan operations a/		Cost of borrowed funds		Operating expenses b/		Net gain from loan operations		Net earnings before provisions for losses and income taxes		Final net earnings				Dividends paid to stockholders	Patronage refunds paid to borrowers	Memoranda	
	Amount	Per annum rate c/	Amount	Per annum rate c/	Amount	Per annum rate c/	Amount	Per annum rate c/	Amount	Per annum rate c/	Amount	Per annum rate c/	Rate of return on				Average balance of PCA loans outstanding	Per annum rate of FCC operating expenses c/ d/
													Total paid-in capital	Total net worth				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
St. Paul																		
1940.....	\$826,294	5.61	\$208,949	1.42	\$639,869	4.34	-\$22,524	-0.15	\$264,310	1.79	\$288,982	1.96	3.68	3.17	-	-	\$14,741,000	0.88
1944.....	805,744	5.07	221,207	1.39	604,314	3.80	-19,777	-0.12	175,551	1.11	163,802	1.03	2.30	1.80	-	-	15,880,000	0.86
1948.....	1,492,843	5.56	437,916	1.63	848,448	3.16	206,479	0.77	385,710	1.44	372,709	1.39	6.20	4.22	\$6,365	-	26,872,000	0.57
1950.....	2,150,651	6.17	686,063	1.97	1,076,686	3.09	387,902	1.11	588,851	1.69	518,253	1.49	9.11	5.47	22,341	-	34,832,000	0.37
1951.....	2,543,164	6.25	888,824	2.19	1,200,927	2.95	453,413	1.11	667,517	1.64	470,424	1.16	8.09	4.66	25,113	-	40,665,000	0.33
Omaha																		
1940.....	672,046	5.06	188,335	1.42	428,066	3.22	55,645	0.42	314,754	2.37	334,253	2.52	4.76	3.95	24,662	-	13,288,000	0.82
1944.....	828,936	4.75	253,036	1.45	523,235	3.00	52,665	0.30	251,853	1.44	229,304	1.32	3.50	2.53	46,711	-	17,430,000	0.69
1948.....	1,218,327	4.64	421,770	1.61	613,819	2.34	182,738	0.69	369,400	1.41	365,853	1.39	6.87	4.24	68,448	\$72,211	26,269,000	0.49
1950.....	1,868,532	5.31	674,021	1.91	790,940	2.25	403,571	1.15	591,755	1.68	430,472	1.22	7.95	4.53	80,968	51,409	35,191,000	0.34
1951.....	2,831,773	5.58	1,057,009	2.08	926,640	1.83	848,124	1.67	1,034,617	2.04	650,724	1.28	10.36	5.97	53,100	8,053	50,767,000	0.24
Wichita																		
1940.....	797,357	5.35	212,718	1.43	480,516	3.22	104,123	0.70	369,441	2.48	352,099	2.36	4.92	3.96	9,027	-	14,894,000	0.74
1944.....	829,126	5.14	234,710	1.46	548,366	3.40	46,050	0.28	271,467	1.68	261,208	1.62	3.89	2.68	-	-	16,117,000	0.82
1948.....	1,672,807	5.31	548,612	1.74	711,502	2.26	412,693	1.31	632,398	2.01	594,026	1.89	10.16	5.85	48,224	19,871	31,475,000	0.44
1950.....	2,106,773	5.60	724,970	1.93	886,107	2.35	495,696	1.32	730,204	1.94	622,143	1.65	10.15	5.34	29,230	-	37,647,000	0.32
1951.....	3,017,460	5.83	1,100,501	2.13	1,011,223	1.95	905,736	1.75	1,162,426	2.25	913,614	1.76	13.89	7.05	37,638	10,230	51,769,000	0.24
Houston																		
1940.....	821,947	5.36	214,320	1.40	515,840	3.36	91,787	0.60	347,926	2.27	372,965	2.43	5.36	4.48	-	-	15,343,000	0.60
1944.....	1,346,362	5.23	375,945	1.46	858,591	3.34	111,826	0.43	375,678	1.46	350,734	1.36	4.14	3.18	13,085	-	25,731,000	0.48
1948.....	2,594,363	6.15	759,180	1.80	1,235,536	2.93	599,647	1.42	859,095	2.04	737,566	1.75	9.49	5.94	15,762	8,236	42,153,000	0.33
1950.....	3,099,030	6.56	941,006	1.99	1,508,249	3.19	649,775	1.38	969,507	2.05	395,436	0.84	4.12	2.53	18,964	11,191	47,245,000	0.26
1951.....	4,196,506	6.63	1,401,939	2.21	1,623,645	2.57	1,170,922	1.85	1,534,538	2.42	602,074	0.95	5.53	3.45	20,889	14,142	63,310,000	0.19
Berkeley																		
1940.....	798,471	5.27	215,565	1.42	470,639	3.11	112,267	0.74	397,649	2.63	466,618	3.08	6.11	5.07	31,709	-	15,138,000	0.77
1944.....	927,927	4.99	268,206	1.44	500,163	2.69	159,558	0.86	373,217	2.01	342,477	1.84	5.31	3.53	40,590	-	18,603,000	0.64
1948.....	1,387,994	5.25	491,640	1.86	701,773	2.66	194,581	0.73	401,840	1.52	335,144	1.27	6.15	3.41	50,607	28,263	26,411,000	0.58
1950.....	1,513,921	5.43	547,562	1.96	785,174	2.82	181,185	0.65	399,214	1.43	364,302	1.31	6.70	3.53	64,669	33,155	27,871,000	0.45
1951.....	2,067,254	5.52	823,254	2.20	899,679	2.40	344,321	0.92	567,461	1.52	378,900	1.01	6.66	3.47	99,995	94,471	37,417,000	0.35
Spokane																		
1940.....	1,046,391	5.17	295,965	1.46	540,270	2.67	210,156	1.04	508,203	2.51	484,432	2.40	6.08	4.74	20,780	-	20,220,000	0.44
1944.....	912,467	5.04	268,362	1.48	558,546	3.09	85,559	0.47	334,708	1.85	325,884	1.80	5.09	3.24	86,086	-	18,102,000	0.61
1948.....	1,798,080	5.40	617,315	1.85	816,999	2.45	363,766	1.10	597,802	1.79	537,037	1.61	8.90	4.95	64,491	-	33,326,000	0.40
1950.....	2,207,766	5.58	782,809	1.98	940,441	2.38	484,516	1.22	742,127	1.88	479,993	1.21	7.41	3.89	55,497	-	39,580,000	0.30
1951.....	3,025,172	5.81	1,119,191	2.15	1,067,741	2.05	838,240	1.61	1,107,387	2.13	656,128	1.26	9.24	4.85	65,559	-	52,028,000	0.22

a/ After patronage refunds.

b/ Excludes income taxes, which for the system totaled \$364,925 in 1950 and \$999,699 in 1951.

c/ Based upon the average balance of PCA loans outstanding.

d/ FCC expenses for 1940 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 CORPORATIONS

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

Operating income (primarily interest on securities, but also includes dividends on class A stock of PCA's and miscellaneous income) of \$1.1 million in 1952 was 29 percent less than in 1940 but slightly more than in 1951. 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 1952 of \$1.6 million were 21 percent greater than in 1940 and slightly more than in 1951. 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 1952 the corporations showed a net loss

from operations of \$514,000 which compares with a gain of \$238,000 in 1940 and a loss of \$487,000 in 1951. 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 1952 the corporations had a final net loss of \$587,000 which compares with final net earnings of \$1.8 million in 1940 and a loss of \$601,000 in 1951. 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 and 1952 a/

Corporation and year	Operating income	Operating expenses b/ from operations	Net gain or loss (-) from operations	Final net earnings or loss (-)
	(1)	(2)	(3)	(4)
System				
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
Springfield				
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
Baltimore				
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
Columbia				
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
Louisville				
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
New Orleans				
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
St. Louis				
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

PRODUCTION CREDIT CORPORATIONS

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

Corporation and year	Operating income	Operating expenses b/ from operations	Net gain or loss (-) from operations	Final net earnings or loss (-)
	(1)	(2)	(3)	(4)
St. Paul				
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
Omaha				
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
Wichita				
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
Houston				
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
Berkeley				
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
Spokane				
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

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, and 1951

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 1951 amounted to \$57.55, of which \$51.91 represented PCA expense and \$5.64 represented PCC expense. The PCA unit cost compares with \$29.26 in 1940 and \$46.00 in 1950 and the PCC cost with \$5.90 and \$5.45, respectively. Increase in PCA unit cost from 1940 to 1951 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 23 percent. Increase from 1950 to 1951 resulted from PCA expenses increasing 11 percent while the number of loans made were dropping 1.3

percent. Decrease in PCC unit cost between 1940 and 1951 resulted from PCC expenses increasing at a slightly slower rate than PCA loans made; the increase between 1950 and 1951 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 average number of PCA loans outstanding in 1951 amounted to \$72.85, of which \$65.71 represented PCA expense and \$7.14 PCC expense. Comparable rates in 1940 were for the system \$41.69, PCA's \$34.69, and PCC's \$7.00, and in 1950 system \$66.48, PCA's \$59.44, and PCC's \$7.04. 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 and 1951

District and year	Operating expenses			Operating expenses per PCA loans made				Operating expenses per average number of PCA loans 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
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
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	16,135	48.59	7.58	56.17
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
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
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
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

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 and 1951 - continued

District and year	Operating expenses			Operating expenses per PCA loans made				Operating expenses per average number of PCA loans 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
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
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
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	122,339	980,930	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
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
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

a/ Excludes income taxes in the years 1950 and 1951.

b/ 1948 amounts exclude charges for accrued annual leave applicable to 1947 and prior years.

c/ PCC expenses for 1940 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.

FEDERAL INTERMEDIATE CREDIT BANKS

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

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 1952 of \$19.7 million was almost 6 times as much as in 1940 and 55 percent more than in 1951. The increases resulted from a greater average loan volume -- from \$225 million in 1940 to \$625 million in 1951 and \$785 million in 1952, and higher average loan and discount rates*-- from 1.47 percent in 1940 to 2.03 percent in 1951 and 2.52 percent in 1952.

Cost of borrowed funds (interest expense, commissions, and fiscal agent and debenture expense; system amounts exclude interest on interbank borrowings) in 1952 of \$16.9 million was almost 18 times as much in 1940 and 70 percent more than in 1951. The increases resulted from a greater amount of borrowings and higher rates of cost on debentures outstanding -- from 0.45 percent in 1940 to 1.67 percent in 1951 and 2.23 percent in 1952. In 1952 and 1951 money costs absorbed 2.16 and 1.59 percentage points, respectively, of the per annum rate of income on loans, as compared with only 0.42 points in 1940.

Operating expenses in 1952 of \$1.9 million were 25 percent greater than in 1940 and 9 percent greater than in 1951. Per annum rate of expense,* however, dropped from 0.66 percent in 1940 to 0.27 percent in 1951 and 0.24 percent in 1952.

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 aggregated about \$200,000 a year for the system. 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 1952 of \$0.9 million was 6 percent greater than in 1940 but 13 percent less

than in 1951. Per annum rate* declined from 0.39 percent in 1940 to 0.17 percent in 1951 and 0.12 percent in 1952. The drop in rate between 1951 and 1952 was due to the increase in the cost of borrowed funds. 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 1952 of \$2.4 million was 52 percent less than in 1940 but 7 percent more than in 1951. 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 1952 was 0.30 percent compared with 0.36 percent in 1951 and 2.21 percent in 1940.

Earnings as a rate of return on paid-in capital and total net worth in 1952 were 3.77 percent and 2.27 percent, respectively, compared with 5.62 percent and 4.52 percent in 1940, and 3.70 percent and 2.22 percent in 1951.

Franchise taxes paid U. S. Government in 1952 of \$285,000 represented 12 percent of final net earnings before transfers to reserve for contingencies; the comparable proportion in 1940 was 11 percent and in 1951 it was 13 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 and 1952 a/

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)	
System															
1940.....	\$3,324,864	1.47	\$954,150	0.42	0.45	\$1,490,764	0.66	\$879,950	0.39	\$4,966,738	2.21	5.62	4.52	\$547,934	\$225,143,628
1944.....	4,638,243	1.42	2,806,657	0.86	0.93	1,565,536	0.48	266,050	0.08	1,203,045	0.37	2.01	1.34	231,011	325,520,026
1948.....	6,940,985	1.60	5,397,199	1.24	1.33	1,521,968	0.35	21,818	0.01	1,512,723	0.35	2.52	1.60	178,181	434,065,655
1951.....	12,740,014	2.03	9,954,201	1.59	1.67	1,704,301	0.27	1,081,512	0.17	2,223,098	0.36	3.70	2.22	299,525	625,394,589
1952.....	19,741,614	2.52	16,945,254	2.16	2.23	1,860,111	0.24	936,249	0.12	2,376,200	0.30	3.77	2.27	285,300	784,588,447
Springfield															
1940.....	192,176	1.49	53,614	0.41	0.44	111,639	0.87	26,923	0.21	199,020	1.54	3.78	2.83	7,255	12,920,962
1944.....	283,583	1.46	159,918	0.82	0.92	113,371	0.59	10,294	0.05	94,319	0.49	1.89	1.29	23,580	19,342,920
1948.....	547,206	1.56	430,911	1.23	1.30	121,675	0.35	-5,380	-0.02	128,640	0.37	2.57	1.67	19,660	35,123,399
1951.....	749,503	2.00	573,417	1.53	1.64	131,979	0.35	44,107	0.12	134,801	0.36	2.70	1.67	21,200	37,425,412
1952.....	970,110	2.41	854,867	2.13	2.26	145,952	0.36	-30,709	-0.08	62,574	0.16	1.25	0.77	3,143	40,202,786
Baltimore															
1940.....	172,823	1.53	48,799	0.43	0.45	111,653	0.99	12,371	0.11	264,199	2.34	4.77	3.87	16,050	11,301,086
1944.....	263,056	1.49	146,601	0.83	0.93	129,955	0.74	-13,500	-0.08	81,096	0.46	1.62	1.18	20,274	17,599,043
1948.....	480,119	1.68	360,168	1.26	1.33	129,669	0.45	-9,718	-0.03	148,031	0.52	2.96	2.04	18,258	28,543,744
1951.....	805,386	2.12	609,683	1.60	1.66	147,438	0.39	48,265	0.13	143,932	0.38	2.88	1.87	23,483	37,970,830
1952.....	1,151,805	2.51	1,001,801	2.18	2.25	164,524	0.36	-14,520	-0.03	84,900	0.18	1.70	1.09	14,975	45,916,098
Columbia															
1940.....	221,959	1.49	56,687	0.38	0.43	114,658	0.77	50,614	0.34	418,946	2.81	4.75	4.48	42,236	14,916,719
1944.....	375,472	1.41	248,532	0.93	0.93	132,273	0.50	-5,333	-0.02	74,614	0.28	1.49	1.23	6,154	26,575,356
1948.....	725,154	1.66	598,936	1.37	1.35	137,263	0.31	-11,045	-0.02	106,465	0.24	2.11	1.66	1,616	43,538,091
1951.....	1,080,241	2.12	864,679	1.70	1.67	152,638	0.30	62,924	0.12	149,505	0.29	2.93	2.14	12,376	50,848,339
1952.....	1,560,910	2.60	1,316,449	2.19	2.18	164,508	0.27	79,953	0.14	176,853	0.29	3.14	2.28	19,213	60,044,305
Louisville															
1940.....	337,917	1.48	111,037	0.49	0.46	117,103	0.51	109,777	0.48	378,148	1.66	6.83	5.05	34,537	22,809,535
1944.....	460,854	1.45	280,949	0.88	0.94	127,312	0.40	52,593	0.17	119,968	0.38	2.40	1.58	17,492	31,671,955
1948.....	662,674	1.50	554,879	1.26	1.33	129,114	0.29	-21,319	-0.05	98,507	0.22	1.97	1.21	5,877	44,046,988
1951.....	1,412,607	2.02	1,103,473	1.58	1.65	149,583	0.21	159,551	0.23	239,138	0.34	4.78	2.77	22,285	69,758,463
1952.....	2,091,211	2.41	1,903,134	2.19	2.25	162,044	0.19	26,033	0.03	112,810	0.13	2.16	1.26	3,203	86,772,773
New Orleans															
1940.....	217,469	1.44	52,783	0.35	0.37	107,097	0.71	57,589	0.38	143,336	0.95	2.43	2.11	4,584	15,143,107
1944.....	394,799	1.40	260,812	0.92	0.92	124,660	0.44	9,327	0.04	88,340	0.31	1.77	1.37	8,585	28,198,654
1948.....	572,182	1.69	462,324	1.37	1.32	123,845	0.36	-13,987	-0.04	114,672	0.34	2.29	1.69	16,168	33,769,414
1951.....	949,771	2.11	760,419	1.69	1.65	143,165	0.32	46,187	0.10	192,917	0.43	3.86	2.68	35,729	45,107,166
1952.....	1,418,014	2.58	1,208,777	2.20	2.20	147,730	0.27	61,507	0.11	403,961	0.74	7.28	5.05	38,490	54,847,904
St. Louis															
1940.....	337,319	1.49	104,512	0.46	0.45	121,763	0.54	111,044	0.49	305,590	1.35	5.73	4.40	5,148	22,629,607
1944.....	518,495	1.40	338,729	0.92	0.93	134,877	0.36	44,889	0.12	104,793	0.28	2.10	1.44	13,698	36,987,727
1948.....	710,635	1.59	562,324	1.26	1.33	132,761	0.30	15,550	0.03	129,074	0.29	2.58	1.68	13,519	44,699,690
1951.....	1,363,840	2.03	1,088,573	1.62	1.66	160,060	0.24	115,207	0.17	196,348	0.29	3.89	2.40	30,337	67,319,778
1952.....	2,151,829	2.56	1,882,685	2.24	2.27	170,846	0.20	98,298	0.12	207,884	0.25	3.55	2.28	33,221	84,155,327

FEDERAL INTERMEDIATE CREDIT BANKS

Table 11 - Selected income and expense items and ratios
1940, 1944, 1948, 1951 and 1952 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
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
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
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
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
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

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.

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

Income from loan operations* in 1952 of \$12.1 million was almost 6 times as much as in 1940 and 23 percent more than in 1951. A greater volume of business was the principal reason for the increases although higher interest rates were also a factor. Per annum rate of income** increased from 2.67 percent in 1940 to 3.18 percent in 1951 and to 3.25 percent in 1952. 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 1952 of \$4.3 million compares with \$87,000 in 1940 and \$2.3 million in 1951. The increases were due to substantially greater borrowings at higher interest rates. Per annum rate of money costs** increased from 0.11 percent in 1940 to 0.76 percent in 1951 and to 1.16 percent in 1952.

Operating expenses in 1952 of \$2 million were almost twice as much as in 1940 and 10 percent higher than in 1951. Per annum rate of expenses,** however, decreased from 1.34 percent in 1940 to 0.59 percent in 1951 and to 0.54 percent in 1952 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 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 1952 of \$5.8 million was over 6 times as much as in 1940 and 2 percent more than in 1951. Per annum rate of net gain** was 1.22 percent in 1940 as compared with 1.83 percent in 1951 and 1.55 percent in 1952. The drop in rate between 1951 and 1952 was due to the increase in the cost of borrowed funds.

Net earnings before provision for losses (net gain from loan operations plus investment and other income) in 1952 of \$6.8 million was about 1 1/2 times as much as in 1940 and 4 percent more than in 1951. 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 1952 it amounted to \$1 million and represented only 15 percent of the item. Per annum rate of return** dropped from 5.79 percent in 1940 to 2.11 percent in 1951 and to 1.83 percent in 1952.

Final net earnings (after loan losses and provision for losses) in 1952 of \$5.6 million were only 4 percent higher than in 1940 and were 18 percent less than in 1951. Losses and provision for losses decreased net earnings \$1.2 million in 1952, whereas downward adjustments of loss reserves increased net earnings \$0.9 million in 1940 and \$0.3 million in 1951. 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 2.20 percent in 1951 and to 1.50 percent in 1952.

The rates of return in 1952 on paid-in capital of 2.83 percent and on total net worth of 2.15 percent were considerably less than the rates in 1940 of 3.82 percent and 3.41 percent, respectively, and in 1951 of 3.49 percent and 2.71 percent, respectively. The decreases were due largely to the increases in cost of borrowed money and the fluctuations in investment income and in losses and provision for losses as previously described.

* 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).

BANKS FOR COOPERATIVES

Table 12 - Selected income and expense items and ratios
1940, 1944, 1948, 1951 and 1952 a/

Bank and year	Income from loan operations		Cost of borrowed funds		Operating expenses		Net gain from loan operations		Net earnings before provision for losses		Final net earnings				Memorandum
	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount d/	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Rate of return on		Average balance of net credit outstanding
													Paid-in capital	Total net worth	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
System															
1940.....	\$2,069,326	2.67	\$87,354	0.11	\$1,036,678	1.34	\$945,294	1.22	\$4,476,223	5.79	\$5,363,860	6.93	3.02	3.41	\$77,364,961
1944.....	3,679,335	1.78	665,194	0.32	1,257,297	0.61	1,756,844	0.85	2,498,769	1.21	2,815,769	1.36	1.56	1.35	206,497,455
1948.....	6,488,995	2.74	1,019,228	0.43	1,702,820	0.72	3,766,947	1.59	5,057,603	2.14	3,348,139	1.41	1.76	1.44	236,703,908
1951.....	9,817,925	3.18	2,343,192	0.76	1,829,077	0.59	5,645,656	1.83	6,510,567	2.11	6,792,953	2.20	3.49	2.71	309,016,355
1952.....	12,091,823	3.25	4,316,923	1.16	2,010,965	0.54	5,763,935	1.55	6,794,988	1.83	5,577,057	1.50	2.83	2.15	371,419,489
Springfield															
1940.....	124,297	3.02	1,329	0.04	75,906	1.84	47,062	1.14	211,748	5.14	209,781	5.09	2.84	2.66	4,121,007
1944.....	151,111	2.85	9,439	0.18	85,195	1.61	56,477	1.06	94,653	1.78	106,936	2.01	1.80	1.55	5,307,877
1948.....	516,445	4.55	55,193	0.48	114,509	1.01	346,743	3.06	387,435	3.42	278,720	2.46	3.98	3.23	11,343,538
1951.....	495,166	3.91	64,996	0.51	114,030	0.90	316,140	2.50	351,739	2.78	402,241	3.18	4.65	3.52	12,641,071
1952.....	620,482	4.17	122,452	0.82	132,000	0.89	366,030	2.46	407,782	2.74	397,457	2.67	4.42	3.28	14,879,458
Baltimore															
1940.....	117,625	3.34	5,996	0.17	67,111	1.91	44,518	1.26	247,709	7.03	55,557	1.58	0.87	0.80	3,524,246
1944.....	100,433	2.85	3,056	0.09	72,386	2.05	24,991	0.71	66,326	1.88	92,973	2.63	1.97	1.64	3,528,900
1948.....	483,078	3.18	91,670	0.60	155,016	1.02	236,392	1.56	278,562	1.84	-411,229	-2.71	-5.85	-4.78	15,179,253
1951.....	661,049	3.75	145,670	0.83	159,358	0.90	356,021	2.02	388,375	2.20	343,078	1.95	3.02	2.74	17,626,229
1952.....	786,535	3.97	241,905	1.22	181,650	0.92	362,980	1.83	407,641	2.06	392,746	1.98	3.41	3.01	19,791,946
Columbia															
1940.....	94,247	2.77	1,116	0.03	60,227	1.77	32,904	0.97	223,404	6.58	164,012	4.83	2.52	2.26	3,397,051
1944.....	208,285	2.05	43,153	0.42	87,249	0.86	77,883	0.77	130,389	1.28	152,021	1.50	1.61	1.41	10,160,183
1948.....	366,085	2.81	70,002	0.54	113,856	0.87	182,227	1.40	238,296	1.83	238,589	1.83	2.46	2.01	13,025,194
1951.....	412,025	3.23	93,589	0.73	124,633	0.98	193,803	1.52	250,766	1.96	301,055	2.36	2.94	2.47	12,767,633
1952.....	488,461	3.34	161,768	1.11	139,595	0.95	187,098	1.28	244,061	1.67	130,031	0.89	1.26	1.04	14,605,298
Louisville															
1940.....	127,442	2.55	4,950	0.10	61,374	1.23	61,118	1.22	200,470	4.02	193,560	3.88	2.50	2.28	4,989,937
1944.....	184,049	2.40	13,583	0.18	85,019	1.11	85,447	1.11	135,905	1.77	138,072	1.80	1.65	1.42	7,683,584
1948.....	387,168	3.13	43,463	0.35	121,314	0.98	222,391	1.80	279,288	2.26	280,565	2.27	3.19	2.53	12,371,148
1951.....	616,923	3.63	128,235	0.76	142,235	0.84	345,938	2.03	403,239	2.37	425,310	2.50	4.45	3.29	16,990,676
1952.....	716,768	3.72	198,076	1.03	150,830	0.78	367,862	1.91	425,162	2.21	165,434	0.86	1.69	1.22	19,245,044
New Orleans															
1940.....	165,349	3.39	10,553	0.22	83,931	1.72	70,865	1.45	167,865	3.44	128,317	2.63	1.62	1.55	4,873,448
1944.....	268,202	2.45	69,673	0.63	113,521	1.04	85,008	0.78	146,656	1.34	95,838	0.88	0.97	0.88	10,948,982
1948.....	308,442	3.04	50,064	0.49	129,483	1.28	128,895	1.27	190,997	1.89	137,216	1.35	1.37	1.18	10,129,535
1951.....	361,325	3.51	28,078	0.27	134,329	1.31	198,918	1.93	250,258	2.43	326,507	3.17	3.22	2.63	10,295,461
1952.....	381,595	3.72	31,765	0.31	141,434	1.38	208,396	2.03	273,105	2.66	116,625	1.14	1.18	0.94	10,251,136
St. Louis															
1940.....	79,202	3.06	1,711	0.07	61,996	2.39	15,495	0.60	202,264	7.81	207,122	8.00	3.35	2.93	2,589,061
1944.....	204,583	2.21	38,601	0.42	76,273	0.82	89,709	0.97	120,500	1.30	138,302	1.50	2.25	1.84	9,249,249
1948.....	665,449	2.96	144,339	0.64	129,909	0.58	391,201	1.74	423,185	1.88	123,485	0.55	1.35	1.08	22,505,494
1951.....	1,001,304	3.36	267,040	0.90	153,372	0.51	580,892	1.95	613,774	2.06	811,916	2.72	5.52	4.56	29,833,727
1952.....	1,047,710	3.52	335,962	1.13	162,099	0.54	549,649	1.85	582,055	1.95	612,394	2.06	4.15	3.29	29,775,072

BANKS FOR COOPERATIVES

Table 12 - Selected income and expense items and ratios
1940, 1944, 1948, 1951 and 1952 a/ - continued

Bank and year	Income from loan operations		Cost of borrowed funds		Operating expenses		Net gain from loan operations		Net earnings before provision for losses		Final net earnings				Memorandum
	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount d/	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Rate of return on		Average balance of net credit outstanding
													Paid-in capital	Total net worth	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
St. Paul															
1940.....	\$131,840	2.89	\$871	0.02	\$87,421	1.92	\$43,548	0.95	\$169,526	3.71	\$131,901	2.89	1.62	1.51	\$4,564,062
1944.....	266,394	2.10	14,276	0.11	105,906	0.84	146,212	1.15	201,122	1.59	298,607	2.36	2.53	2.25	12,665,763
1948.....	606,650	2.86	89,166	0.42	129,322	0.61	388,162	1.83	446,530	2.10	344,739	1.62	2.76	2.28	21,243,645
1951.....	865,858	3.16	225,411	0.82	148,189	0.54	492,258	1.80	540,275	1.97	496,571	1.81	3.34	2.62	27,379,846
1952.....	1,006,487	3.17	368,879	1.16	153,882	0.49	483,726	1.52	544,825	1.72	509,119	1.61	3.39	2.59	31,704,693
Omaha															
1940.....	72,488	3.23	31	c/	74,039	3.30	-1,582	-0.07	141,516	6.31	101,490	4.53	1.51	1.48	2,242,372
1944.....	164,757	2.45	17,288	0.26	81,842	1.22	65,627	0.97	103,703	1.54	125,450	1.86	2.03	1.80	6,733,816
1948.....	199,163	2.64	26,622	0.35	114,741	1.52	57,800	0.77	96,263	1.28	101,840	1.35	1.62	1.35	7,530,419
1951.....	356,250	3.00	106,641	0.90	109,724	0.92	139,885	1.18	178,550	1.51	188,981	1.59	2.88	2.32	11,863,169
1952.....	432,994	3.07	181,019	1.28	120,787	0.86	131,188	0.93	169,852	1.21	169,498	1.20	2.51	1.99	14,086,796
Wichita															
1940.....	150,361	2.82	6,827	0.13	68,316	1.28	75,218	1.41	213,273	4.00	156,158	2.93	2.16	2.00	5,334,949
1944.....	242,502	2.38	29,257	0.28	90,584	0.89	122,661	1.21	184,949	1.82	224,933	2.21	2.07	1.85	10,170,109
1948.....	402,504	3.54	27,530	0.24	119,374	1.05	255,600	2.25	324,341	2.86	344,230	3.04	2.99	2.48	11,345,725
1951.....	862,930	4.22	146,929	0.72	169,505	0.83	546,496	2.65	603,312	2.95	516,725	2.53	4.15	3.24	20,454,346
1952.....	949,222	4.15	229,033	1.00	200,419	0.88	519,770	2.27	591,616	2.59	470,329	2.06	3.73	2.83	22,863,278
Houston															
1940.....	97,794	3.50	213	0.01	65,863	2.36	31,718	1.13	167,513	5.99	147,035	5.26	2.34	2.12	2,794,567
1944.....	228,096	2.13	15,631	0.15	98,503	0.92	113,962	1.06	170,246	1.59	179,241	1.67	1.71	1.53	10,731,271
1948.....	335,581	3.08	28,409	0.26	113,466	1.04	193,706	1.78	249,631	2.29	311,786	2.86	2.89	2.40	10,905,765
1951.....	517,191	3.31	77,351	0.50	112,684	0.72	327,156	2.09	383,082	2.45	276,400	1.77	2.53	1.95	15,617,239
1952.....	639,615	3.53	141,670	0.78	117,974	0.65	379,971	2.10	435,897	2.41	395,923	2.19	3.55	2.70	18,099,709
Berkeley															
1940.....	313,621	2.76	24,047	0.21	119,265	1.05	170,309	1.50	406,411	3.57	342,383	3.01	2.43	2.24	11,369,531
1944.....	236,030	2.05	46,526	0.40	116,191	1.01	73,313	0.64	157,846	1.37	242,846	2.11	2.01	1.69	11,532,040
1948.....	558,181	2.87	128,656	0.66	146,109	0.75	283,416	1.46	359,193	1.85	94,716	0.49	0.89	0.69	19,444,844
1951.....	671,031	3.01	164,997	0.74	159,645	0.72	346,389	1.55	412,677	1.85	564,085	2.53	4.32	3.30	22,305,791
1952.....	1,027,922	3.15	434,282	1.33	161,803	0.50	431,837	1.32	510,362	1.56	656,073	2.01	4.83	3.59	32,634,024
Spokane															
1940.....	202,457	3.27	7,549	0.12	84,064	1.36	110,844	1.79	282,502	4.56	294,232	4.75	2.89	2.66	6,190,037
1944.....	204,883	2.77	14,111	0.19	100,062	1.35	90,710	1.23	153,375	2.07	177,451	2.40	1.98	1.68	7,394,926
1948.....	381,961	2.89	52,420	0.39	123,965	0.94	205,576	1.56	267,511	2.03	237,111	1.80	2.55	2.00	13,195,712
1951.....	470,741	3.23	83,612	0.57	121,664	0.84	265,465	1.82	316,348	2.17	336,461	2.31	3.33	2.48	14,587,834
1952.....	618,149	3.30	186,287	1.00	133,559	0.71	298,303	1.59	362,636	1.93	308,434	1.65	2.98	2.17	18,748,933
Central Bank															
1940.....	393,375	1.84	22,933	0.11	127,165	0.59	243,277	1.14	1,842,022	8.62	3,232,312	15.12	7.09	5.91	21,374,693
1944.....	1,266,914	1.26	397,504	0.40	144,566	0.14	724,844	0.72	833,099	0.83	843,099	0.84	1.12	0.96	100,390,755
1948.....	1,643,099	2.40	576,505	0.84	191,756	0.28	874,838	1.28	1,516,371	2.21	1,266,371	1.85	1.63	1.34	68,483,636
1951.....	3,054,882	3.16	1,338,878	1.39	179,709	0.18	1,536,295	1.59	1,818,172	1.88	1,803,623	1.87	2.91	2.17	96,653,333
1952.....	4,507,600	3.61	2,815,542	2.26	214,933	0.17	1,477,125	1.18	1,839,994	1.48	1,252,994	1.00	2.01	1.47	124,734,102

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

b/ Based on average balance of credit outstanding net of participations sold.

c/ Less than 0.005%.

d/ 1940 data do not include Washington office supervisory costs which, since the banks began paying these costs effective July 1, 1943, have ranged from about \$140,000 to over \$200,000 a year.

Table 13 - Selected income and expense items and ratios -
years ended June 30, 1948 through 1952

(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 1952 of \$41.5 million was about 10 percent greater than in 1948 and 5 percent more than in 1951. 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 4.10 percent in both 1951 and 1952 compared with 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 1952 of \$14.5 million was 28 percent more than in 1948 and 14 percent greater than in 1951. 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 1.62 percent in 1951 and 2.07 percent in 1952. Money costs in 1952 absorbed 1.43 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 \$17.9 million in 1952 were 11 percent greater than in 1948 and 7 percent more than in 1951. The per annum rate of expense* has not varied to any extent between 1948 and 1952, the rate in 1952 being 1.76 percent. 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 1952 of \$9.1 million was 12 percent less than in 1948 and 9 percent less than in 1951. The per annum rate* in 1952 was 0.91 percent as compared with 1.14 percent in 1948 and 1.04 percent in 1951.

Net earnings before provision for losses (net gain from loan operations plus net income from investments and mineral rights, and miscellaneous income) in 1952 of \$15.4 million were 9 percent greater than in 1948 and 8 percent greater than in 1951. These increases reflect principally greater income from mineral reservations, this income having increased from \$777,000 in 1948 to \$1,200,000 in 1951 and to \$2,700,000 in 1952. The per annum rate of net earnings before provision for losses* was 1.51 percent in 1952 as compared with 1.56 percent in 1948 and 1.48 percent in 1951. Net earnings before provision for losses represented about a 25 percent rate of return on capital stock in 1948 compared with 23 percent in subsequent years. The rate of return on total net worth of the system was 4.99 percent in 1948 as compared with 4.31 percent in 1952.

Final net earnings (after provision for losses) in 1952 of \$26.9 million were 91 percent greater than in 1948 and 24 percent greater than in 1951. These increases were due principally to a net downward adjustment of \$11.6 million in 1952 in the banks' reserves for losses resulting from reduced reserve requirements in certain banks. In each of the years 1949-52 some of the banks transferred substantial amounts back to earnings from their reserve for losses accounts after determining that such reserves were too high. These reserves had been built up by charges to earnings in previous years. The per annum rate of final net earnings* was 2.65 percent in 1952 as compared with 1.55 percent in 1948 and 2.26 percent in 1951.

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. Because of the downward adjustments in reserves, these rates increased substantially and in 1952 were 41.32 percent and 7.55 percent, respectively.

Dividends declared by NFLA's to borrowers have ranged from \$3.5 million in 1948 to \$3.9 million in 1951 and 1952.

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

FEDERAL LAND BANK SYSTEM

(Data for Federal Land Banks and National Farm Loan Associations have been consolidated) a/
Table 13 - Selected income and expense items and ratios
Years ended June 30, 1948 through 1952

Bank and year	Income from loan operations		Cost of borrowed funds			Operating expenses		Net gain from loan operations		Net earnings before provision for losses				Final net earnings				Dividends declared by NFLA's to borrowers	Average balance of mortgage loans and real estate sales paper outstanding
	Amount	Per annum rate b/	Amount	Per annum rate b/	Average interest rate on bonds outstanding	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Rate of return on		Amount	Per annum rate b/	Rate of return on			
												Capital stock	Total net worth			Capital stock	Total net worth		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
System																			
1948.....	\$37,715,890	4.16	\$11,370,298	1.25	1.55	\$16,040,546	1.77	\$10,305,046	1.14	\$14,102,232	1.56	25.03	4.99	\$14,073,500	1.55	24.98	4.98	\$3,487,261	\$907,116,419
1949.....	36,264,590	4.08	11,410,015	1.28	1.55	15,675,535	1.77	9,179,040	1.03	13,176,472	1.48	23.15	4.49	13,982,012	1.57	24.57	4.77	3,876,806	888,104,611
1950.....	37,742,760	4.10	12,312,192	1.34	1.62	15,821,745	1.72	9,608,823	1.04	13,901,828	1.51	23.45	4.49	18,119,943	1.97	30.56	5.85	3,621,520	920,784,857
1951.....	39,482,509	4.10	12,722,795	1.32	1.62	16,777,728	1.74	9,981,986	1.04	14,210,244	1.48	23.10	4.29	21,795,493	2.26	35.44	6.59	3,961,406	963,658,219
1952.....	41,542,306	4.10	14,532,120	1.43	2.07	17,883,599	1.76	9,126,587	0.91	15,369,085	1.51	23.56	4.31	26,950,673	2.65	41.32	7.55	3,923,937	1,015,241,096
Springfield																			
1948.....	2,403,577	4.24	788,861	1.39	1.65	1,085,918	1.92	528,798	0.93	617,426	1.09	17.47	5.07	555,684	0.98	15.73	4.57	49,729	56,644,847
1949.....	2,356,280	4.20	788,995	1.41	1.65	1,038,239	1.85	529,046	0.94	646,188	1.15	18.12	5.09	571,714	1.02	16.03	4.50	67,393	56,049,668
1950.....	2,389,297	4.22	825,432	1.46	1.71	1,085,734	1.92	478,131	0.84	595,167	1.05	16.49	4.34	1,070,328	1.89	29.65	7.81	105,397	56,572,051
1951.....	2,423,752	4.28	830,096	1.47	1.71	1,137,362	2.01	456,294	0.80	589,093	1.04	16.14	4.16	560,192	0.99	15.35	3.95	123,000	56,630,938
1952.....	2,467,879	4.31	864,013	1.51	2.06	1,110,292	1.94	493,574	0.86	655,321	1.15	17.43	4.29	1,131,205	1.98	30.09	7.40	134,262	57,232,571
Baltimore																			
1948.....	1,678,759	4.36	453,692	1.18	1.45	951,778	2.47	273,289	0.71	368,176	0.96	14.70	3.80	368,176	0.96	14.70	3.80	-	38,505,540
1949.....	1,643,003	4.26	473,976	1.23	1.45	867,616	2.25	301,411	0.78	389,693	1.01	15.19	3.85	364,807	0.95	14.22	3.61	-	38,573,963
1950.....	1,693,348	4.26	520,148	1.31	1.55	881,686	2.22	291,514	0.73	401,518	1.01	15.05	3.80	345,902	0.87	12.97	3.28	-	39,749,391
1951.....	1,782,826	4.20	547,490	1.29	1.55	951,062	2.24	284,274	0.67	356,383	0.84	12.42	3.23	268,150	0.63	9.34	2.43	1,374	42,463,162
1952.....	1,919,376	4.17	684,737	1.49	1.95	1,018,757	2.21	215,882	0.47	326,472	0.71	11.17	2.57	1,707,114	3.71	58.42	13.42	60,156	46,043,350
Columbia																			
1948.....	1,961,379	4.47	613,000	1.40	1.43	1,127,033	2.57	221,346	0.50	360,263	0.82	12.63	4.85	292,776	0.67	10.27	3.94	-	43,880,708
1949.....	2,054,156	4.37	677,489	1.44	1.43	1,111,068	2.36	265,599	0.57	409,120	0.87	13.58	5.05	502,989	1.07	16.69	6.21	-	47,005,829
1950.....	2,321,979	4.55	782,613	1.53	1.53	1,213,206	2.38	326,160	0.64	473,889	0.93	14.55	5.41	425,873	0.83	13.08	4.86	-	51,075,954
1951.....	2,483,107	4.54	829,948	1.52	1.53	1,288,399	2.35	364,760	0.67	559,709	1.02	16.29	5.97	443,959	0.81	12.92	4.73	-	54,661,413
1952.....	2,683,960	4.65	939,946	1.63	2.23	1,267,421	2.19	476,593	0.83	653,463	1.13	17.54	6.37	591,789	1.02	15.88	5.77	-	57,746,307
Louisville..																			
1948.....	2,357,738	4.07	520,557	0.90	1.75	1,364,107	2.35	473,074	0.82	630,342	1.09	15.69	1.80	1,630,342	2.82	40.57	4.65	268,857	57,955,094
1949.....	2,290,297	4.02	514,790	0.90	1.75	1,550,052	2.72	225,455	0.40	382,756	0.67	9.45	1.09	278,123	0.49	6.86	0.79	249,999	56,987,512
1950.....	2,439,397	4.03	602,236	1.00	1.75	1,496,411	2.47	340,750	0.56	526,982	0.87	12.29	1.48	526,982	0.87	12.29	1.48	253,853	60,513,682
1951.....	2,608,877	4.02	649,276	1.00	1.75	1,588,803	2.45	370,798	0.57	557,099	0.86	12.52	1.55	460,432	0.71	10.35	1.28	251,454	64,785,853
1952.....	2,758,988	4.01	777,587	1.13	2.11	1,672,059	2.43	309,342	0.45	506,318	0.74	10.73	1.39	412,821	0.60	8.75	1.13	255,889	68,832,314
New Orleans																			
1948.....	2,106,606	4.40	429,854	0.90	1.35	1,074,169	2.24	602,583	1.26	1,271,242	2.66	41.95	6.20	1,200,813	2.51	39.63	5.85	120,149	47,836,771
1949.....	2,044,546	4.20	444,391	0.91	1.35	1,256,718	2.58	343,437	0.71	949,873	1.95	30.02	4.44	863,619	1.77	27.29	4.03	112,265	48,663,267
1950.....	2,224,686	4.24	530,210	1.01	1.48	1,081,012	2.06	613,464	1.17	1,367,959	2.61	39.80	6.00	1,262,065	2.40	36.72	5.54	141,834	52,511,164
1951.....	2,335,000	4.17	581,698	1.04	1.48	1,198,046	2.14	555,256	0.99	1,158,222	2.07	32.56	4.37	3,752,325	6.71	105.49	14.17	168,897	55,890,428
1952.....	2,408,058	4.15	684,683	1.18	2.27	1,266,974	2.18	456,401	0.79	1,343,102	2.32	36.07	4.84	1,297,248	2.24	34.84	4.68	207,863	57,986,420
St. Louis																			
1948.....	3,484,756	4.07	1,284,801	1.50	1.69	1,333,995	1.56	865,960	1.01	1,332,032	1.56	24.03	5.67	979,868	1.15	17.67	4.17	327,706	85,643,181
1949.....	3,321,127	4.01	1,260,828	1.52	1.70	1,247,426	1.51	812,873	0.98	1,258,524	1.52	22.75	5.15	1,258,524	1.52	22.75	5.15	271,007	82,886,705
1950.....	3,444,086	4.01	1,360,528	1.58	1.74	1,276,157	1.49	807,401	0.94	1,251,015	1.46	21.83	4.89	1,251,015	1.46	21.83	4.89	284,231	85,847,338
1951.....	3,649,290	4.01	1,403,295	1.54	1.74	1,419,172	1.56	826,823	0.91	1,251,956	1.38	21.01	4.67	1,251,956	1.38	21.01	4.67	262,103	90,997,772
1952.....	3,851,038	4.01	1,604,678	1.67	2.09	1,488,627	1.55	757,733	0.79	1,243,716	1.29	19.74	4.42	1,243,716	1.29	19.74	4.42	248,086	96,178,883

FEDERAL LAND BANK SYSTEM

(Data for Federal Land Banks and National Farm Loan Associations have been consolidated) a/
Table 13 - Selected income and expense items and ratios
Years ended June 30, 1948 through 1952 - continued

Bank and year	Income from loan operations		Cost of borrowed funds			Operating expenses		Net gain from loan operations		Net earnings before provision for losses				Final net earnings				Dividends declared by NFLA's to borrowers	Memorandum Average balance of mortgage loans and real estate sales paper outstanding
	Amount	Per annum rate b/	Amount	Per annum rate b/	Average interest rate on bonds outstanding	Amount	Per annum rate b/	Amount	Per annum rate b/	Amount	Per annum rate b/	Rate of return on		Amount	Per annum rate b/	Rate of return on			
												Capital stock	Total net worth			Capital stock	Total net worth		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	
St. Paul																			
1948....	\$5,201,626	4.17	\$1,497,820	1.20	1.39	\$1,759,927	1.41	\$1,943,879	1.56	\$2,469,744	1.98	34.55	9.77	\$2,371,267	1.90	33.17	9.38	\$358,578	\$124,647,196
1949....	4,727,863	4.03	1,473,073	1.26	1.39	1,844,543	1.57	1,410,247	1.20	2,015,258	1.72	28.46	7.55	1,816,901	1.55	25.66	6.81	340,923	117,242,596
1950....	4,745,821	4.01	1,394,856	1.18	1.45	1,665,665	1.41	1,685,300	1.42	2,153,865	1.82	29.61	7.60	1,826,127	1.54	25.10	6.44	338,773	118,457,216
1951....	4,894,156	4.03	1,401,627	1.15	1.45	1,818,170	1.50	1,674,359	1.38	2,188,463	1.80	29.21	7.29	1,823,307	1.50	24.34	6.07	361,535	121,532,728
1952....	5,141,480	4.00	1,641,182	1.28	2.03	2,098,277	1.63	1,402,021	1.09	2,672,829	2.07	32.57	6.15	13,063,764	10.13	159.17	30.07	367,132	128,899,891
Omaha																			
1948....	6,939,041	4.03	2,434,428	1.42	1.65	2,175,825	1.26	2,328,788	1.35	2,765,653	1.60	26.56	5.65	2,699,155	1.56	25.92	5.51	1,277,094	172,063,749
1949....	6,597,967	4.00	2,409,854	1.46	1.65	2,125,059	1.29	2,063,054	1.25	2,571,926	1.56	24.84	5.17	2,474,254	1.50	23.90	4.98	1,659,225	165,137,133
1950....	6,755,456	4.00	2,562,330	1.52	1.72	2,489,070	1.47	1,704,056	1.01	2,237,448	1.32	20.88	4.39	2,104,937	1.24	19.65	4.13	1,264,700	169,331,051
1951....	7,049,472	4.00	2,609,767	1.48	1.72	2,325,278	1.32	2,114,427	1.20	2,614,361	1.48	23.76	5.00	2,439,184	1.38	22.17	4.67	1,406,630	176,584,977
1952....	7,332,099	4.00	2,813,055	1.53	2.11	2,448,121	1.34	2,070,923	1.13	2,696,555	1.47	23.39	4.99	2,516,169	1.37	21.82	4.65	1,220,861	183,449,049
Wichita																			
1948....	2,865,769	4.12	1,042,693	1.50	1.65	1,296,394	1.86	526,682	0.76	962,743	1.38	22.41	4.44	902,782	1.30	21.02	4.17	192,432	69,608,708
1949....	2,756,827	4.08	1,013,256	1.50	1.66	1,371,218	2.03	372,353	0.55	902,847	1.34	20.86	4.04	797,866	1.18	18.44	3.57	186,170	67,507,675
1950....	2,911,056	4.10	1,064,498	1.50	1.72	1,245,379	1.75	601,179	0.85	1,154,410	1.63	25.24	4.22	5,010,537	7.06	109.56	18.30	192,544	70,959,685
1951....	3,083,269	4.09	1,084,754	1.44	1.72	1,375,501	1.82	623,014	0.83	1,128,480	1.50	23.52	3.96	1,072,821	1.42	22.36	3.77	204,927	75,407,282
1952....	3,262,817	4.08	1,228,440	1.54	1.99	1,503,351	1.88	531,026	0.66	1,258,473	1.57	24.81	4.24	1,120,320	1.40	22.09	3.78	223,164	80,011,762
Houston																			
1948....	4,009,244	4.12	911,392	0.94	1.46	1,804,809	1.85	1,293,043	1.33	1,684,912	1.73	27.77	3.65	1,614,521	1.66	26.61	3.50	567,508	97,227,224
1949....	3,757,744	4.06	892,134	0.96	1.46	1,334,961	1.44	1,530,649	1.66	1,981,248	2.14	32.76	4.18	1,895,106	2.05	31.34	4.00	654,914	92,541,495
1950....	3,792,962	4.07	985,885	1.06	1.54	1,380,872	1.48	1,426,205	1.53	1,999,767	2.15	32.95	4.12	1,890,962	2.03	31.16	3.89	735,931	93,185,995
1951....	3,878,043	4.07	1,010,024	1.06	1.55	1,532,398	1.61	1,335,621	1.40	2,030,137	2.13	32.27	3.62	7,260,196	7.61	115.40	12.93	632,546	95,345,904
1952....	4,162,189	4.06	1,215,875	1.19	1.89	1,666,378	1.62	1,279,936	1.25	1,956,616	1.91	29.09	3.44	1,956,406	1.91	29.09	3.44	830,728	102,436,239
Berkeley																			
1948....	2,604,127	4.07	798,567	1.25	1.58	1,006,866	1.57	798,694	1.25	937,217	1.55	24.81	4.95	834,121	1.31	20.96	4.19	180,512	63,940,599
1949....	2,642,561	4.03	828,159	1.26	1.58	986,667	1.51	827,735	1.26	1,009,646	1.54	24.73	4.52	2,498,716	3.81	61.21	11.18	186,956	65,572,355
1950....	2,749,407	4.03	932,081	1.37	1.66	1,024,046	1.50	793,280	1.16	1,025,636	1.50	24.27	4.42	868,197	1.27	20.55	3.74	143,457	68,156,178
1951....	2,778,866	4.03	939,304	1.36	1.66	1,061,781	1.54	771,781	1.13	1,034,891	1.50	24.47	4.17	1,773,236	2.57	41.94	7.14	153,500	68,890,908
1952....	2,782,464	4.01	1,014,697	1.46	2.08	1,209,858	1.75	557,909	0.80	890,993	1.29	20.28	3.48	788,526	1.14	17.95	3.08	157,194	69,308,842
Spokane																			
1948....	2,103,268	4.28	594,633	1.21	1.38	1,059,725	2.16	448,910	0.91	652,482	1.33	22.00	5.41	623,995	1.27	21.04	5.17	144,696	49,162,802
1949....	2,072,219	4.15	633,070	1.27	1.38	941,968	1.89	497,181	0.99	659,393	1.32	21.06	5.18	659,393	1.32	21.06	5.18	147,954	49,936,413
1950....	2,275,265	4.18	751,375	1.38	1.53	982,507	1.81	541,383	0.99	714,172	1.31	20.75	4.96	1,537,018	2.82	44.65	10.67	160,800	54,425,152
1951....	2,515,851	4.16	835,516	1.38	1.53	1,081,756	1.79	598,579	0.99	741,450	1.23	19.64	4.87	689,735	1.14	18.27	4.53	195,440	60,466,854
1952....	2,771,958	4.13	1,063,227	1.58	2.16	1,133,484	1.69	575,247	0.86	1,165,227	1.74	28.10	7.06	1,121,595	1.67	27.05	6.80	218,602	67,115,468

a/ Adjustments have been made to eliminate those items which would cause duplication, such as compensation, loan closing fees and dividends paid by the banks to NFLA's.

b/ Based upon the average balance of mortgage 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 and 1952.

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 1952 of \$18.8 million were 11% less than in 1940 but 5% more than in 1951. FLB expenses of \$9.3 million in 1952 were 38% less than in 1940 but slightly higher than in 1951, while NFLA expenses of \$9.5 million in 1952 were 56% greater than in 1940 and 10% larger than in 1951. NFLA expenses exceeded FLB expenses for the first time in 1952.

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 \$51.95 in 1951

and to \$55.55 in 1952. FLB expenses per unit serviced increased from \$16.79 in 1940 to \$26.89 in 1951 and to \$27.57 in 1952, while the NFLA costs moved from \$6.82 to \$25.06 in 1951 and to \$27.98 in 1952. The increase in FLB unit costs from 1940 to 1951 resulted from the number of units serviced having declined at a faster rate than FLB operating expenses; in 1952 expenses increased slightly as the number of units 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 345,000 in 1951 and to 339,000 in 1952.

Cost per \$100 of loans and sales paper outstanding (average unpaid balance of FLB and FFMC units) for the system has increased from 0.80% in 1940 to 1.78% in 1951 and to 1.79% in 1952. 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 rate for the FLB's was 0.57% in 1940 as compared with 0.92% in 1951 and 0.89% in 1952, while for the NFLA's it was 0.23% in 1940, 0.86% in 1951 and 0.90% in 1952. 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 \$1,050 million in 1952.

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 and 1952

District and year	Operating expense a/			Average number and cost of units serviced			Average amount, and cost per \$100, of loans and sales paper outstanding			Memorandum		
	FLB	NFLA	Total	Number b/	Cost per unit serviced		Amount c/	Cost per \$100 balance		Compensation and loan closing fees to NFLA's excluded from FLB operating expense d/		
					FLB	NFLA		Total	FLB			NFLA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
System												
1940.....	\$15,061,600	\$6,077,900	\$21,139,500	897,001	\$16.79	e/\$6.82	\$23.61	\$2,660,118,500	\$0.57	e/\$0.23	\$0.80	\$6,650,500
1944.....	11,845,000	6,677,800	18,522,800	693,766	17.07	e/ 9.69	26.70	1,875,427,800	0.63	e/ 0.36	0.99	6,872,000
1948.....	9,200,200	7,265,800	16,466,000	388,397	23.69	e/18.91	42.40	1,018,265,700	0.90	e/ 0.72	1.61	7,178,600
1951.....	9,270,000	8,640,800	17,910,800	344,766	26.89	25.05	51.95	1,009,608,700	0.92	0.86	1.78	7,462,100
1952.....	9,346,700	9,483,700	18,830,400	339,001	27.57	27.98	55.55	1,049,553,200	0.89	0.90	1.79	7,811,800
Springfield												
1940.....	1,172,600	80,800	1,253,400	38,416	30.52	2.10	32.62	108,913,600	1.08	0.07	1.15	124,100
1944.....	900,300	107,300	1,007,600	35,188	25.59	3.05	28.64	90,005,600	1.00	0.12	1.12	72,500
1948.....	780,800	415,600	1,196,400	24,472	31.91	16.98	48.89	66,245,100	1.18	0.63	1.81	418,900
1951.....	740,600	503,300	1,243,900	22,368	33.11	22.50	55.61	60,977,900	1.21	0.83	2.04	521,100
1952.....	677,900	530,300	1,208,200	22,250	30.47	23.83	54.30	60,437,900	1.12	0.88	2.00	561,200
Baltimore States f/												
1940.....	894,300	215,500	1,109,800	36,588	24.44	5.89	30.33	85,040,200	1.05	0.25	1.30	177,700
1944.....	733,500	298,100	1,031,600	27,701	26.48	10.76	37.24	58,638,200	1.25	0.51	1.76	307,700
1948.....	535,200	308,900	844,100	15,284	35.02	20.21	55.23	32,613,100	1.64	0.95	2.59	329,500
1951.....	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
1952.....	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Puerto Rico f/												
1940.....	173,000	-	173,000	5,187	33.35	-	33.35	12,558,700	1.38	-	1.38	-
1944.....	174,800	-	174,800	4,664	37.48	-	37.48	11,252,600	1.55	-	1.55	-
1948.....	170,600	-	170,600	4,112	41.49	-	41.49	12,194,200	1.40	-	1.40	-
1951.....	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
1952.....	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx	xx
Total f/												
1940.....	1,067,300	215,500	1,282,800	41,775	xx	xx	30.71	97,598,900	xx	xx	1.31	177,700
1944.....	298,300	908,300	1,206,400	32,365	xx	xx	37.27	69,890,800	xx	xx	1.73	307,700
1948.....	705,800	308,900	1,014,700	19,396	xx	xx	52.31	44,807,300	xx	xx	2.26	329,500
1951.....	603,400	419,700	1,023,100	17,216	35.05	24.38	59.43	45,284,000	1.33	0.93	2.26	442,500
1952.....	555,000	523,400	1,078,400	16,752	33.13	31.24	64.37	48,197,900	1.15	1.09	2.24	532,800
Columbia												
1940.....	1,110,500	397,300	1,507,800	71,372	15.56	5.57	21.13	119,778,100	0.93	0.33	1.26	436,300
1944.....	949,700	472,600	1,422,300	56,041	16.95	8.43	25.38	85,020,300	1.12	0.56	1.68	474,500
1948.....	785,100	482,400	1,267,500	32,690	24.02	14.76	38.78	54,744,700	1.43	0.88	2.31	488,700
1951.....	792,800	607,400	1,400,200	31,199	25.41	19.47	44.88	58,771,500	1.35	1.03	2.38	502,200
1952.....	742,800	630,200	1,373,000	30,753	24.16	20.49	44.65	60,778,500	1.22	1.04	2.26	469,200
Louisville												
1940.....	1,159,500	598,900	1,758,400	97,293	11.92	6.16	18.08	250,305,000	0.46	0.24	0.70	750,500
1944.....	915,200	559,800	1,475,000	67,692	13.52	8.27	21.79	148,190,700	0.62	0.38	1.00	639,800
1948.....	686,100	713,600	1,399,700	32,892	20.86	21.70	42.56	63,963,600	1.07	1.12	2.19	687,700
1951.....	779,000	1,657,400	2,436,400	27,854	27.97	31.54	59.51	66,865,900	1.17	1.31	2.48	802,200
1952.....	828,500	897,800	1,726,300	26,997	30.69	33.25	63.94	70,256,500	1.18	1.28	2.46	512,200
New Orleans												
1940.....	922,000	420,000	1,342,000	77,039	11.97	5.45	17.42	108,556,500	0.85	0.39	1.24	439,700
1944.....	723,000	424,700	1,147,700	58,524	12.35	7.26	19.61	76,831,600	0.94	0.55	1.49	473,300
1948.....	709,000	458,400	1,167,400	34,237	20.71	13.39	34.10	53,114,300	1.33	0.86	2.19	277,800
1951.....	672,600	599,000	1,271,600	33,099	20.32	18.10	38.42	57,889,700	1.16	1.03	2.19	256,200
1952.....	691,100	643,100	1,334,200	32,772	21.09	19.62	40.71	59,434,900	1.16	1.08	2.24	258,700

(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 and 1952 - continued

District and year	Operating expense a/			Average number and cost of units serviced			Average amount, and cost per \$100, of loans and sales paper outstanding				Memorandum Compensation and loan closing fees to NFLA's excluded from FLB operating expense d/	
	FLB	NFLA	Total	Number b/	Cost per unit serviced		Amount c/	Cost per \$100 balance				
					FLB	NFLA		Total	FLB	NFLA		Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
St. Louis												
1940.....	\$1,097,900	\$499,900	\$1,597,800	74,901	\$14.66	\$6.67	\$21.33	\$260,470,500	\$0.42	\$0.19	\$0.61	\$482,100
1944.....	861,700	564,700	1,426,400	56,343	15.29	10.02	25.31	174,796,100	0.49	0.32	0.81	563,900
1948.....	638,500	g/ 640,000	1,278,500	31,762	20.10	20.15	40.25	93,005,900	0.69	0.69	1.38	694,100
1951.....	756,700	739,300	1,496,000	28,676	26.39	25.78	52.17	94,033,200	0.80	0.79	1.59	503,700
1952.....	760,700	791,600	1,552,300	28,225	26.95	28.05	55.00	98,453,600	0.77	0.81	1.58	530,300
St. Paul												
1940.....	2,225,900	947,700	3,173,600	138,744	16.04	6.83	22.87	432,846,000	0.51	0.22	0.73	1,049,500
1944.....	1,710,500	1,060,000	2,770,500	107,944	15.85	9.82	25.67	305,596,800	0.56	0.35	0.91	1,099,000
1948.....	1,046,500	870,300	1,916,800	56,351	18.57	15.44	34.01	144,490,800	0.72	0.60	1.32	970,500
1951.....	997,400	1,010,500	2,007,900	47,902	20.82	21.10	41.92	130,679,700	0.76	0.77	1.53	1,339,000
1952.....	1,119,500	1,153,800	2,273,300	47,330	23.65	24.38	48.03	136,026,800	0.82	0.85	1.67	1,647,500
Omaha												
1940.....	1,780,600	944,500	2,725,100	100,309	17.75	29.42	27.17	488,610,800	0.36	0.19	0.55	1,111,000
1944.....	1,451,800	1,075,900	2,527,700	81,659	17.78	13.18	30.96	366,854,800	0.40	0.29	0.69	1,182,400
1948.....	1,140,100	1,050,900	2,191,000	48,702	23.41	21.58	44.99	182,749,800	0.62	0.58	1.20	1,109,900
1951.....	1,182,800	1,217,200	2,400,000	42,723	27.69	28.49	56.18	180,517,400	0.66	0.67	1.33	1,198,500
1952.....	1,170,500	1,337,800	2,508,300	42,187	27.75	31.71	59.46	186,453,600	0.63	0.72	1.35	1,286,900
Wichita												
1940.....	1,413,100	638,800	2,051,900	78,166	18.08	8.17	26.25	227,073,400	0.62	0.28	0.90	471,000
1944.....	1,143,000	578,100	1,721,100	60,897	18.77	9.49	28.26	155,205,300	0.74	0.37	1.11	566,200
1948.....	784,900	597,400	1,382,300	30,318	25.89	19.70	45.59	78,630,000	1.00	0.76	1.76	623,600
1951.....	760,300	713,500	1,473,800	26,122	29.11	27.31	56.42	78,600,200	0.97	0.91	1.88	521,700
1952.....	785,600	792,600	1,578,200	25,675	30.60	30.87	61.47	82,192,300	0.96	0.96	1.92	542,400
Houston												
1940.....	1,029,500	590,400	1,619,900	85,291	12.07	6.92	18.99	244,551,800	0.42	0.24	0.66	736,000
1944.....	904,700	819,900	1,724,600	70,274	12.87	11.67	24.54	183,567,300	0.49	0.45	0.94	746,100
1948.....	665,900	g/ 844,300	1,510,200	42,117	15.81	20.05	35.86	106,113,700	0.63	0.80	1.43	762,700
1951.....	658,500	970,800	1,629,300	34,879	18.88	27.83	46.71	99,003,100	0.67	0.98	1.65	491,200
1952.....	678,700	1,073,500	1,752,200	34,025	19.95	31.55	51.50	105,176,200	0.65	1.02	1.67	513,200
Berkeley												
1940.....	1,049,500	366,600	1,416,100	40,149	26.14	9.13	35.27	172,601,500	0.61	0.21	0.82	484,600
1944.....	748,000	368,000	1,116,000	29,974	24.95	12.28	37.23	119,932,200	0.62	0.31	0.93	429,700
1948.....	649,100	423,900	1,073,000	15,828	41.01	26.78	67.79	73,844,600	0.88	0.57	1.45	362,500
1951.....	713,500	444,200	1,157,700	14,739	48.41	30.14	78.55	73,277,000	0.97	0.61	1.58	365,900
1952.....	728,000	g/ 526,000	1,254,000	14,143	51.48	37.19	88.67	72,585,900	1.00	0.73	1.73	396,000
Spokane												
1940.....	1,033,200	377,500	1,410,700	53,546	19.30	7.05	26.35	148,812,400	0.69	0.25	0.94	388,000
1944.....	628,800	348,700	977,500	36,865	17.06	9.46	26.52	99,536,300	0.63	0.35	0.98	356,900
1948.....	608,400	460,100	1,068,500	19,632	30.99	23.44	54.43	56,555,900	1.08	0.81	1.89	452,700
1951.....	612,400	537,500	1,149,900	17,989	34.04	29.88	63.92	63,709,100	0.96	0.84	1.80	517,900
1952.....	608,400	583,600	1,192,000	17,892	34.00	32.62	66.62	69,559,100	0.87	0.84	1.71	561,400

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 real 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 mortgage 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 Berkeley) 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 1952

(Comparisons of Corporation data for the years 1948 through 1952 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 1952 of \$1.7 million was 25 percent less than in 1951. The per annum rate of income from loan operations* was 4.99 percent in 1952.

Income from investments (income from all investments, including CFFL bonds and FLE 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 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 1952 of \$1.1 million were 13 percent less than in 1951. The per annum rate of operating expenses* was 3.17 percent in 1952 as compared with 2.72 percent in 1951.

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 1952 of \$1.8 million were 53 percent more than in 1951. These higher earnings reflect increased mineral income, such income in 1952 amounting to over \$1 million as compared with only \$135,000 in 1951. The per annum rate of net earnings before losses* was 5.17 percent in 1952 as compared with 2.52 percent in 1951. The 1952 earnings represent a rate of return on the Corporation's total net worth of 5.21 percent.

Final net earnings (after provision for losses or adjustment of such provision) were \$6.7 million in 1952. Beginning in 1944 net earnings have been 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 which resulted in returning \$4.9 million to earnings.

Dividends paid to U. S. Treasury during 1952 amounted to \$14 million and increases the total of such payments to \$113 million.

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

FEDERAL FARM MORTGAGE CORPORATION

Table 15 - Selected income and expense items and ratios
1940, 1944, 1948 through 1952 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)		
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....	1,712,866	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

a/ Calendar year 1940 and fiscal years ended June 30, 1944 and 1948 through 1952.

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

Farm Credit Institutions

Financing and investment operations

Approximately \$1 1/2 billion of Federal land bank bonds, Federal intermediate credit bank debentures, and debentures of the Central Bank for Cooperatives were issued during the fiscal year ended June 30, 1952. On that date, a total of over \$1 3/4 billion of these obligations was outstanding, and the banks, corporations, and associations of the Farm Credit system held nearly \$400 million of Treasury bonds and other securities in their investment portfolios. Factors affecting the securities market, therefore, are of the utmost importance to these institutions in handling their financing and investment programs. There appears below a review of developments in the market over the past two years, followed by comments on the market outlook and a summary of recent financing and investment operations of the Farm Credit banks and corporations.

Factors affecting the securities market, 1950-1952. a/

The most important single event in recent years was the outbreak of hostilities in Korea. Its impact on the economy and the Government securities market was profound. A major building boom, already well started, carried construction to new high levels. The volume of mortgages made available increased the supply of investments for insurance company and savings bank funds. At the same time, the expansion of industrial production brought an enlarged supply of corporate issues to these institutional investors. Commercial loans and consumer loans expanded at a rapid rate. Business borrowing was stimulated by the accumulation of inventories in the hands of manufacturers and distributors. As a result, there was a large shift from Government securities into mortgages, corporate securities, and loans of all types.

Federal Reserve policy actions taken to restrain the inflationary pressures which appeared included open market operations, a rise in the discount rate, restrictions on real es-

a/ Some of the information in this section was taken, with permission, from "Securities of the U. S. Government," 1952 ed. (The First Boston Corporation)

tate and installment credit, and an increase in reserve requirements. An additional step was the formulation of a Voluntary Credit Restraint Program, providing for organized effort by all types of financial institutions to restrain unnecessary credit expansion and to channel credit into defense and defense-supporting activities.

The two-year period 1950-51 saw a substantial decline in the price level of U. S. Government, Federal agency, and other securities, which was interrupted only occasionally by temporary and slight rallies in the market. Higher interest rates made it necessary for the Treasury Department, as well as other issuers, to offer securities with higher coupon rates than had prevailed in the war and post-war period.

The "unpegging" of the long-term market during March and April 1951 represents one of the outstanding developments in the Government market and in Federal Reserve policy since the start of the second world war. This crucial step was accomplished successfully in the face of predictions that any attempt to end the policy of supporting long-term Governments at 100 would end in chaotic conditions in the market. Prices of Government securities declined substantially as a result of this action and the volume of trading in longer-term issues was sharply reduced. Speculative selling largely disappeared and institutions facing large capital losses as a result of about a 3 point discount on long-term issues restricted their selling to actual needs. Some investment buying became evident at this level of the market and these purchases generally were sufficient to absorb the securities offered for sale. This situation prevailed through the end of 1951.

The long-term market rallied early in 1952 as January investment funds and money returning from circulation created a demand for bonds which exceeded the supply. Bond prices advanced and the short-term money market eased progressively until about May. The demand for commercial and consumer loans declined somewhat, and the Federal Reserve relaxed or removed its credit restrictive measures. Beginning in May, however,

the market situation turned in the other direction. The response by investors to the Treasury's offering of additional non-marketable 2 3/4 percent bonds of 1975-80 for cash or exchange subscription was not satisfactory. Out of \$14.7 billion of exchangeable 2 1/2 percent bonds outstanding, only \$1.3 billion were turned in, and cash subscriptions amounted to only \$450 million.

In June the Treasury conducted its largest "new money" financing since 1945 through the sale of \$4.2 billion of 2 3/8 percent 6-year bonds. Although most of this highly successful offering was allotted to non-bank investors, a sharp increase in required reserves of member banks grew out of bank financing of the issue. Banks extended considerable credit to other investors to pay for the new bonds and paid for their own allotments by credit to Treasury tax and loan accounts; additional reserves had to be provided to back the deposits thus created. The Federal Reserve apparently made no attempt to alleviate the resulting tightness, except in a very limited manner. Commercial banks were forced to borrow from the Reserve banks to obtain the reserves they needed. Treasury bill rates rose sharply and the long-term bonds lost a large part of the price gains they made earlier in the year, being quoted during the second week of August at two points or more below their May highs. To refund the 1 7/8 percent certificates maturing in August and September, the Treasury increased the rate on 1-year certificates of indebtedness to 2 percent, the highest since 1933.

Changes in certain basic interest rates which have occurred in the past several years are shown in the attached table, which also affords a comparison with rates prevailing just after the war.

Outlook for the market.

The course of the money market and the Government securities market over the next few months will depend in large measure on Federal Reserve policy. Seasonal factors will tend to tighten the market but it seems reasonable to assume that the Federal, in its role of central bank, will act to avoid any extreme stringency such as occurred in December 1951, although

perhaps continuing to be reluctant to make outright purchases of securities in the market. Consequently, the market will likely be under some pressure for the remainder of the year, and the outlook for interest rates for the months immediately ahead would appear to range from stable to somewhat higher.

To attempt to predict the trend of interest rates over a longer period is considerably more hazardous. However, indications are that rates, and security prices, will most likely fluctuate near recent levels for the next year, barring unforeseen major changes in the economy such as total war or considerable improvement in the international situation, since otherwise the principal supply and demand factors should not change materially during that period.

The rate of supply of liquid savings is expected to continue high so long as the national income does not decline. Individual income after taxes in 1951 was at an all-time peak of \$223 billion, and the amount remaining after all spending for current consumption was \$17 billion. Personal savings in 1952 are estimated to be at least as great as in 1951.

On the other hand, there is no immediate prospect for an overall lessening of the heavy demand which is being placed on the market by the U. S. Treasury, State and municipal governments, and private corporations.

It is expected that the new funds needed by the Treasury in the months immediately ahead may be raised in large part through the sale of tax anticipation bills and increases in the regular weekly bill offerings. The intermediate and long-term sectors of the market will likely not be called on again for funds for at least several months.

Corporate financing, mostly for expansion of plant and equipment, has been maintained at a high level for the past several years. Total corporate offerings (excluding exchanges) for the calendar year 1951 were \$7.7 billion, of which \$5.7 billion represented notes, bonds, and debentures and the remainder common and preferred stock. Corporate offerings totaled \$2.1 billion in the first quarter of 1952 and \$2.9 billion in the second quarter. Indications are that long-term business borrowing may level off within the next 12

months or so, but planned expenditures for plant and equipment and corporate liquidity needs, plus the effect of the steel strike and its solution, are likely to prevent much of a drop-off soon.

Financing by municipalities has trended steadily upward since 1946. New offerings in 1951 totaled \$3.2 billion, including \$330 million of the new public housing bonds. Requirements for the necessary modernization of schools, water developments, airports, roads, etc., continue heavy, and the result will undoubtedly be a further increase in municipal debt this year, limited mainly by voters' willingness to pay the accompanying higher taxes.

In view of the foregoing, as a general outlook for 1953 the market will likely continue to be subject to a degree of pressure, which will be reflected in the interest rate structure.

Financing Operations of Farm Credit Institutions.

Operation of the forces of supply and demand in the open market largely determines the interest rates of Federal land bank bonds, Federal intermediate credit bank debentures, and Central Bank for Cooperatives debentures. Farm credit securities are regarded as prime quality investments, and, as such, are in direct competition only with other Federal agency obligations and the very best corporate issues, e.g., equipment trust certificates. To a lesser degree, they compete with high-grade municipal bonds, after allowance for the tax exemption feature of the latter as applicable to different investors.

The Federal land banks sold publicly two issues of consolidated bonds during the last fiscal year. In November 1951 they issued \$70,000,000 of 2 1/2 percent 3-year bonds to provide approximately \$44,000,000 for the repayment of commercial bank borrowings and \$26,000,000 for lending operations. This offering was well received despite the somewhat depressed market prevailing last fall. In May of this year, under much improved market conditions, the banks issued \$228,300,000 of 2 5/8 percent 4-year bonds to redeem approximately \$198,000,000 of 1 1/4 percent bonds issued in 1946, due May 1, 1952, to repay commercial bank borrowings, and to provide funds for lending. This issue proved quite popular and was generously oversubscribed.

Consolidated bonds were outstanding on August 1, 1952, in the

net amount of \$816 million bearing an average face rate of 2.07 percent, as compared with \$715 million at an average rate of 1.62 percent a year earlier. The banks will have to refund about \$186 million of 1 1/2 percent bonds due January 1, 1953, and will likely also obtain some amount of funds for new loans. Assuming a continuation of recent market conditions, the banks at that time might have to issue bonds at somewhat higher cost in relation to term than the last two issues. Accordingly, the January financing will likely increase the average cost of the banks' funded debt to possibly 2.30 percent or more.

The Federal intermediate credit banks issued \$1,152,110,000 of debentures during the fiscal year 1952, an all-time high since their organization. The weighted average cost of these debentures, including dealers' commissions, was 2.26 percent per annum. In fiscal year 1951 the banks issued \$903,610,000 debentures at an average cost of 1.92 percent, and in fiscal year 1950 they issued \$727,055,000 debentures costing an average of 1.44 percent. Debentures outstanding on August 1, 1952, totaled \$901,715,000 and had an average total cost of 2.22 percent, which compares with \$790,235,000 and 2.12 percent on August 1, 1951, and \$569,255,000 and 1.43 percent on August 1, 1950. Debenture rates thus reflected the general rise in other short-term rates during this period. For example, market yields on Treasury certificates and notes with approximately 9 months to maturity increased from about 1.20 percent in June 1950 to 1.95 percent in August 1952. The much greater demand for money by the credit banks in recent years has also been a factor influencing debenture rates during this period.

The Central Bank for Cooperatives sold \$40,000,000 of 2 1/2 percent 28-month debentures for delivery October 1, 1951, and a similar amount of 2 1/8 percent 1-year debentures for delivery June 2 of this year. The market reception of these issues parallels the two land bank offerings mentioned above: the first met with fair success, while the second was very well received. The Central Bank now has three issues of debentures outstanding totaling \$110,000,000 with an average cost, including commission, of 2.20 percent per annum, which compares with the 2 3/4 percent most of the banks for cooperatives have been paying on borrowings from commercial banks and the credit banks. Two issues of Central Bank debentures mature and will need to be refinanced next year, \$30,000,000 in February and \$40,000,000 in June. Since the \$30,000,000 issue, which was

sold in 1950, carries a 1 5/8 percent coupon, it is likely that its refunding will increase somewhat the Bank's average debenture cost.

In addition to the sale of their securities in the open market, the Federal land banks, Federal intermediate credit banks, and the banks for cooperatives obtain funds through commercial bank borrowings. The land banks generally borrow for periods up to a year to provide for lending activities between bond sales. The credit banks' borrowings are ordinarily for periods of less than a month and are repaid from loan liquidation or the proceeds of the next debenture sale. Borrowings from commercial banks are obtained by the banks for cooperatives to finance seasonal peaks in their loan volume.

During fiscal year 1952 the Federal land banks borrowed \$23 million from commercial banks at a maximum rate of 2 percent, with one exception. In that period the intermediate credit banks borrowed \$75 million at rates of 2 percent or less, while the 13 banks for cooperatives borrowed \$138 million from commercial banks mostly at 2 3/4 percent. The banks for cooperatives follow the practice of collateralizing their borrowings usually with notes of farmers cooperatives, whereas the land banks and credit banks ordinarily tender as security Treasury bonds or (in the case of some land banks) consolidated Federal farm loan bonds.

Investments of Farm Credit Institutions.

The various institutions of the Farm Credit system held securities totaling nearly \$400 million as of June 30, 1952. The securities owned included Treasury obligations, land bank bonds, and credit bank debentures, and ranged in term from 91-day Treasury bills, representing the temporary investment of surplus funds, to the Treasury 2 3/4 percent non-marketable bonds of April 1, 1975-80. The land banks, credit banks, and banks for cooperatives maintain permanent portfolios of diversified medium- and long-term bonds which are available for use as collateral for short-term borrowings and as a secondary reserve to meet peak lending needs or emergency requirements. Since interest from investments comprises the major source of income to the production credit corporations, it is their in-

vestment policy to hold securities which will produce the greatest effective return consistent with maintenance of a reasonable maturity diversification. In addition, the land banks and credit banks often invest for temporary periods surplus funds provided in connection with security offerings or arising by reason of heavy loan liquidation.

The national farm loan associations invest available cash funds in excess of operating requirements in Federal land bank bonds, Treasury obligations, or unsecured demand obligations of the land banks issued to the associations for this purpose. The production credit associations usually invest in long-term Treasury bonds but attempt to maintain a reasonable maturity diversification in their holdings. Their investments amounted to 69.3 percent of their net worth on June 30, 1952, and, except for investments in the guaranty fund in accordance with law, are mostly pledged with the credit banks as collateral for direct loans.

In the Farm Credit Administration, the Finance Subdivision acts as contact point for matters connected with financing, investment, commercial bank borrowings, and interbank loans. With respect to public financing operations, the Subdivision in conjunction with the Fiscal Agent's office advises with the respective Commissioners and institutions, making recommendations as to the rate, term, pricing, commission to dealers, and other details of security offerings. It also prepares prospectuses and other documents as needed, arranging for printing of the securities, and issuing instructions for the disposition of funds. A continuous review is conducted of the security holdings of the banks and corporations and adjustments recommended to improve earnings or investment position. New offerings of Treasury securities are brought to the attention of the district institutions and subscriptions entered when desired. The Washington office is kept informed by the land banks, credit banks, and banks for cooperatives of surplus funds available for temporary investment, as well as of needs for funds, and is therefore often in a position to suggest interbank loans mutually advantageous to both lending and borrowing banks. Interbank loans between credit banks totaled \$24,350,000 for fiscal year 1952. When no surplus funds are available, prospective borrowing banks are advised of general conditions in the money market

and prevailing borrowing rates in other districts and are therefore in a better position to negotiate for their local requirements. Investments of temporarily excess funds, in lieu of interbank loans, are suggested to the banks and effected after clearance with the appropriate Commissioner.

Trends in Interest Rates, 1946-52
(Percent per annum)

Item	4/25/46	1/12/48	8/13/48	8/21/50	2/8/51	9/4/51	6/2/52	8/18/52
Federal Reserve discount rate <u>1/</u>	1	1 1/4	1 1/2	1 3/4	1 3/4	1 3/4	1 3/4	1 3/4
Treasury 91-day bills <u>2/</u>	0.376	0.976	1.066	1.247	1.391	1.646	1.737	1.841
Treasury 1-year certificates <u>3/</u>	7/8	1 1/8	1 1/4	1 1/4	1.55 (est.)	1 7/8 (11-mo.)	1 7/8 (11-mo.)	2
90-day bankers' acceptances <u>4/</u>	7/16	1 1/16	1 3/16	1 5/16	1 1/2	1 5/8	1 3/4	1 3/4
4- to 6-month prime commercial paper.....	3/4	1 1/4	1 1/2	1 1/2	1 7/8 - 2	2 1/8 - 2 1/4	2 1/4	2 1/4
Bank loans to prime commercial borrowers.....	1 1/2	1 3/4	2	2 1/4	2 1/2	2 1/2	3	3
FICB 9-month debentures <u>5/</u>	0.90	1.55	1.65	1.40	1.85	2.25	2	2.30
Treasury 2 1/2% bonds, 12/15/67-72 <u>6/</u>	2.25	2.47	2.47	2.42	2.44	2.56 (to maturity)	2.60 (to maturity)	2.68 (to maturity)

1/ Applicable to advances to member banks secured by Government obligations (or FICB debentures maturing within 6 months) and to discounts of and advances secured by eligible paper.

2/ Average yield of accepted bids.

3/ Face rate of new issues.

4/ Dealers' ask rate.

5/ Offering basis rate.

6/ Market yield to call date.

Note: The first four dates shown are those on which the discount rate at the Federal Reserve Bank of New York was changed; the last four were selected arbitrarily to illustrate changes in other rates.

