APPENDIX B

Some Problems Encountered in Classifying Bank Stocks into Groups

Early in the development of this study it was realized that all of the 117 bank stocks might not be similar, or even comparable, and that an attempt to obtain average weights for all of them might be as incongruous as trying to average sheep and goats. But although it was apparent that classifying the stocks into internally homogeneous groups would be highly desirable, it was by no means clear how, or even whether, such a classification could be obtained. The design actually used, Table B-1, was devised strictly as an experiment. First, the stocks of the seventeen New York City banks seemed to constitute a reasonable group in themselves. Then, among the stocks of banks outside New York, there were twenty-five that seemed to make up a second group; they were all stocks of large banks, quoted daily in such papers as the Wall Street Journal or the New York Times, and often discussed in analyses and market letters from the leading investment services. Finally, the remaining stocks, representing on the whole smaller and less well known institutions, were divided into four groups according to a broad geographical classification.

To be sure, this rather elementary classification leaves much to be desired. Even though the large and fairly consistent differences in weights from group to group indicate at least a measure of success, there is abundant evidence that the classification falls short of its objective — namely, to provide internally homogeneous groups for statistical analysis. Consider, for example, some of the differences that occurred within the New York group early in 1953. The largest of the seventeen banks had almost 40 times the assets of the smallest, 75 times as many shares outstanding, and some 41 times as many stockholders. Some of the smaller banks did not meet the $40 million
capital requirement imposed by Massachusetts for savings bank investment. Just one of the banks had its stock listed on the New York Stock Exchange. Another bank had a self-perpetuating board of directors — not elected by the stockholders. A third was not a member of the Federal Reserve System. The number of banking offices in the New York area ranged all the way from 1 to 109, and the number of offices abroad varied from none to 57.

The above list represents a haphazard collection of differences easily compiled from investment manuals and other sources. Some of these items may affect stock prices; others may not. Certain items seem to be of direct interest to investors, such as listing on the Exchange. Others, like the number of offices at home or abroad, may be of indirect interest to the extent that they indicate the type of banking business engaged in. Clearly the above list could be greatly extended — and supplemented by similar lists for the other groups. But although such lists serve to highlight the problem of heterogeneity, they do not materially aid our analysis — either by pointing the way to a much improved classification system, or by shedding light on the nature of intergroup differences in weights.

A desirable preliminary to any attempt at improving the classification of bank stocks into groups would be a systematic analysis of stockholders by categories that would reveal their investment needs, preferences, and behavior — in short, a systematic analysis of the bank stock market. Unfortunately, there is very little pertinent information for such an analysis.

One bit of information available for virtually all banks is the number of stockholders, and from this it is a simple matter to determine the average size of holding. Such information is illustrated in Table B-2 for both group I and group II banks. In this respect, too, it is obvious that there are great differences among banks, for the largest average holding in each group is well over ten times the smallest. However, no systematic differences are apparent as between the two groups though there may be a slight tendency for the group II holdings to exceed those of group I.

Additional information on stockholders, specially supplied by fifteen of the banks in group I and twenty of the banks in group II, is summarized in Table B-3.1 This tabulation brings out substantial differences between the groups — especially in the items "joint

1The information duplicated that which was compiled jointly by the Brookings Institution, the New York Stock Exchange, and the banks in question, among others, and which was analyzed by Lewis H. Kimmel in Share Ownership in the United States, The Brookings Institution, 1952.
accounts” and “nominees.” But the nature of the stockholder breakdown is not such as to indicate whether there are also important differences in the holdings of individuals in the high tax bracket. In effect, though there is an abundance of evidence of nonuniformity in stockholder lists, we cannot determine whether this lack of uniformity explains intergroup differences in weights.

**Table B-1**

List of Bank Stocks (Common) Included in Statistical Study

**Group I: 17 New York City Banks**

Bank of the Manhattan Co.
Bank of New York
Bankers Trust Co.
Chase National Bank
Chemical Bank and Trust Co.
Corn Exchange Bank and Trust Co.
Empire Trust Co.
The First National Bank
Guaranty Trust Co.
Hanover Bank
Irving Trust Co.
Manufacturers Trust Co.
J. P. Morgan and Co.
National City Bank
New York Trust Co.
Public National Bank and Trust Co.
United States Trust Co.

**Group II: 25 Banks of Major Investor Interest outside New York**

American Trust Co., San Francisco, California
Bank of America, San Francisco, California
California Bank, Los Angeles, California
Central National Bank of Cleveland, Cleveland, Ohio
City National Bank and Trust Co. of Chicago, Chicago, Illinois
Cleveland Trust Co., Cleveland, Ohio
Continental-Illinois National Bank and Trust Co. of Chicago, Chicago, Illinois
Detroit Bank, Detroit, Michigan
Fidelity-Philadelphia Trust Co., Philadelphia, Pennsylvania
Fidelity Union Trust Co., Newark, New Jersey
First National Bank of Baltimore, Baltimore, Maryland

*aFigures adjusted for City Bank Farmers Trust Co.*
First National Bank of Boston and Old Colony,\(^b\) Boston, Massachusetts
First National Bank of Chicago, Chicago, Illinois
First National Bank in St. Louis, St. Louis, Missouri
Harris Trust and Savings Bank, Chicago, Illinois
Manufacturers National Bank of Detroit, Detroit, Michigan
National Bank of Detroit, Detroit, Michigan
National City Bank of Cleveland, Cleveland, Ohio
National Shawmut Bank of Boston, Boston, Massachusetts
Northern Trust Co., Chicago, Illinois
Pennsylvania Co., Philadelphia, Pennsylvania
Philadelphia National Bank, Philadelphia, Pennsylvania
Republic National Bank of Dallas, Dallas, Texas
Security–First National Bank of Los Angeles, Los Angeles, California
United States National Bank of Portland, Portland, Oregon

**Group III: 17 Northeastern Banks**\(^c\)

- Central–Penn National Bank, Philadelphia, Pennsylvania
- County Trust Co., White Plains, New York
- First National Bank and Trust Co. of Bridgeport, Bridgeport, Connecticut
- Hartford–Connecticut Trust Co., Hartford, Connecticut
- Hartford National Bank and Trust Co., Hartford, Connecticut
- Industrial Trust Co., Providence, Rhode Island
- Liberty Bank of Buffalo, Buffalo, New York
- Lincoln Rochester Trust Co., Rochester, New York
- Manufacturers and Traders Trust Co., Buffalo, New York
- National Newark and Essex Banking Co., Newark, New Jersey
- National State Bank, Newark, New Jersey
- Phoenix State Bank and Trust Co., Hartford, Connecticut
- State Bank of Albany, Albany, New York
- Worcester County Trust Co., Worcester, Massachusetts
- Provident Trust Co. of Pennsylvania, Philadelphia, Pennsylvania

**Group IV: 17 Midwestern Banks**\(^e\)

- American National Bank of Indianapolis, Indianapolis, Indiana
- Bank of the Commonwealth, Detroit, Michigan
- Central Trust Co., Cincinnati, Ohio
- Drovers National Bank of Chicago, Chicago, Illinois

\(^b\)Figures adjusted for Old Colony Trust Company
\(^e\)Other than group II.
Fifth Third Union Trust Co., Cincinnati, Ohio
First National Bank of Akron, Akron, Ohio
First National Bank of Cincinnati, Cincinnati, Ohio
Fletcher Trust Co., Indianapolis, Indiana
Huntington National Bank of Columbus, Columbus, Ohio
Indiana National Bank of Indianapolis, Indianapolis, Indiana
Marine National Exchange Bank of Milwaukee, Milwaukee, Wisconsin
Marshall and Illsley Bank, Milwaukee, Wisconsin
Michigan National Bank, Lansing, Michigan
Old Kent Bank, Grand Rapids, Michigan
Toledo Trust Co., Toledo, Ohio
Union Bank of Commerce, Cleveland, Ohio

**Group V: 17 Southeastern Banks**

American Security and Trust Co., Washington, D.C.
Citizens and Southern National Bank, Savannah, Georgia
First American National Bank, Nashville, Tennessee
First National Bank, Atlanta, Georgia
First National Bank of Miami, Miami, Florida
First National Bank of Birmingham, Birmingham, Alabama
First National Bank of Memphis, Memphis, Tennessee
Fulton National Bank of Atlanta, Atlanta, Georgia
Hibernia National Bank in New Orleans, New Orleans, Louisiana
National Bank of Commerce, New Orleans, Louisiana
Riggs National Bank of Washington, Washington, D.C.
South Carolina National Bank, Charleston, South Carolina
State—Planters Bank and Trust Co., Richmond, Virginia
Third National Bank in Nashville, Nashville, Tennessee
Trust Company of Georgia, Atlanta, Georgia
Union Planters National Bank, Memphis, Tennessee
Whitney National Bank of New Orleans, New Orleans, Louisiana

**Group VI: 24 Southwestern and Western Banks**

Bank of California National Association, San Francisco, California
Boatmen's National Bank, St. Louis, Missouri
Citizens National Trust and Savings Bank, Los Angeles, California
City National Bank and Trust Co., Kansas City, Missouri
Commerce Trust Company, Kansas City, Missouri
Crocker First National Bank of San Francisco, San Francisco, California
Farmers and Merchants National Bank, Los Angeles, California
First National Bank and Trust Co. of Tulsa, Tulsa, Oklahoma
First National Bank and Trust Co., Oklahoma City, Oklahoma

*Other than group II.
First National Bank in Dallas, Dallas, Texas
First National Bank of Fort Worth, Fort Worth, Texas
First National Bank in Houston, Houston, Texas
First National Bank of Kansas City, Kansas City, Missouri
First National Bank of Portland, Portland, Oregon
Fort Worth National Bank, Fort Worth, Texas
Liberty National Bank and Trust Co., Oklahoma City, Oklahoma
Mercantile National Bank, Dallas, Texas
National Bank of Tulsa, Tulsa, Oklahoma
Seattle-First National Bank, Seattle, Washington
Second National Bank of Houston, Houston, Texas
South Texas National Bank of Houston, Houston, Texas
Union Bank and Trust Co. of Los Angeles, Los Angeles, California
Valley National Bank, Phoenix, Arizona
Wells Fargo Bank and Union Trust Co., San Francisco, California
### Table B-2

Average Size of Shareholding for New York City Banks and for Large Banks Elsewhere, Early 1953

<table>
<thead>
<tr>
<th>BANK</th>
<th>NO. OF STOCKHOLDERS</th>
<th>NO. OF SHARES (000)</th>
<th>PRICE</th>
<th>AVERAGE SHARES PER STOCKHOLDER</th>
<th>VALUE OF AVERAGE HOLDINGS PER STOCKHOLDER</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>17 New York City Banks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank of Manhattan</td>
<td>27,010</td>
<td>2,750</td>
<td>32¾</td>
<td>102</td>
<td>$3,340</td>
</tr>
<tr>
<td>Bank of New York</td>
<td>2,002</td>
<td>80</td>
<td>388</td>
<td>40</td>
<td>15,520</td>
</tr>
<tr>
<td>Bankers Trust</td>
<td>19,158</td>
<td>3,000</td>
<td>54¾</td>
<td>157</td>
<td>8,517</td>
</tr>
<tr>
<td>Chase National</td>
<td>79,500</td>
<td>7,400</td>
<td>48½</td>
<td>93</td>
<td>4,510</td>
</tr>
<tr>
<td>Chemical Bank and Trust</td>
<td>16,592</td>
<td>2,540</td>
<td>51¼</td>
<td>153</td>
<td>7,841</td>
</tr>
<tr>
<td>Corn Exchange</td>
<td>10,136</td>
<td>750</td>
<td>65¾</td>
<td>74</td>
<td>4,828</td>
</tr>
<tr>
<td>Empire Trust</td>
<td>1,423</td>
<td>100</td>
<td>142</td>
<td>70</td>
<td>9,940</td>
</tr>
<tr>
<td>First National</td>
<td>7,719</td>
<td>300</td>
<td>397</td>
<td>39</td>
<td>15,483</td>
</tr>
<tr>
<td>Guaranty Trust</td>
<td>22,201</td>
<td>5,000</td>
<td>72</td>
<td>225</td>
<td>16,200</td>
</tr>
<tr>
<td>Hanover Bank</td>
<td>10,565</td>
<td>1,200</td>
<td>101</td>
<td>114</td>
<td>11,514</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>52,003</td>
<td>5,000</td>
<td>23¾</td>
<td>96</td>
<td>2,280</td>
</tr>
<tr>
<td>Manufacturers Trust</td>
<td>28,224</td>
<td>2,519</td>
<td>65¾</td>
<td>89</td>
<td>5,852</td>
</tr>
<tr>
<td>J. P. Morgan</td>
<td>1,727</td>
<td>250</td>
<td>289</td>
<td>145</td>
<td>41,905</td>
</tr>
<tr>
<td>National City</td>
<td>58,358</td>
<td>7,500</td>
<td>52</td>
<td>129</td>
<td>6,708</td>
</tr>
<tr>
<td>New York Trust</td>
<td>7,255</td>
<td>600</td>
<td>115¾</td>
<td>83</td>
<td>9,586</td>
</tr>
<tr>
<td>Public National</td>
<td>5,736</td>
<td>756</td>
<td>47¾</td>
<td>132</td>
<td>6,303</td>
</tr>
<tr>
<td>U.S. Trust</td>
<td>2,299</td>
<td>100</td>
<td>291</td>
<td>43</td>
<td>12,513</td>
</tr>
</tbody>
</table>
### 25 Banks outside New York

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Shares</th>
<th>Price</th>
<th>Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fidelity Union Trust, Newark</td>
<td>1,934</td>
<td>500</td>
<td>51¾</td>
<td>259</td>
</tr>
<tr>
<td>First National, Boston</td>
<td>22,841</td>
<td>2,600</td>
<td>53</td>
<td>114</td>
</tr>
<tr>
<td>National Shawmut, Boston</td>
<td>7,034a</td>
<td>800</td>
<td>33</td>
<td>114</td>
</tr>
<tr>
<td>Fidelity–Philadelphia Trust</td>
<td>3,028</td>
<td>343</td>
<td>66</td>
<td>113</td>
</tr>
<tr>
<td>Pennsylvania Co., Philadelphia</td>
<td>11,572</td>
<td>1,360</td>
<td>41¾</td>
<td>118</td>
</tr>
<tr>
<td>Philadelphia National</td>
<td>10,854</td>
<td>733</td>
<td>111</td>
<td>68</td>
</tr>
<tr>
<td>Central National, Cleveland</td>
<td>4,080</td>
<td>562</td>
<td>33½</td>
<td>138</td>
</tr>
<tr>
<td>National City, Cleveland</td>
<td>5,682</td>
<td>875</td>
<td>44½</td>
<td>154</td>
</tr>
<tr>
<td>Cleveland Trust</td>
<td>2,390</td>
<td>175</td>
<td>410</td>
<td>73</td>
</tr>
<tr>
<td>First National, Baltimore</td>
<td>7,036</td>
<td>500</td>
<td>49½</td>
<td>71</td>
</tr>
<tr>
<td>City National, Chicago</td>
<td>507a</td>
<td>240</td>
<td>56½</td>
<td>473</td>
</tr>
<tr>
<td>Continental–Illinois, Chicago</td>
<td>13,977</td>
<td>2,250</td>
<td>92¾</td>
<td>161</td>
</tr>
<tr>
<td>First National, Chicago</td>
<td>5,100</td>
<td>900</td>
<td>268</td>
<td>176</td>
</tr>
<tr>
<td>Harris Trust, Chicago</td>
<td>470</td>
<td>120</td>
<td>345</td>
<td>255</td>
</tr>
<tr>
<td>Northern Trust, Chicago</td>
<td>676</td>
<td>60</td>
<td>380</td>
<td>89</td>
</tr>
<tr>
<td>Detroit Bank</td>
<td>2,158</td>
<td>750</td>
<td>39</td>
<td>348</td>
</tr>
<tr>
<td>Manufacturers National, Detroit</td>
<td>1,158</td>
<td>300</td>
<td>63½</td>
<td>259</td>
</tr>
<tr>
<td>National Bank of Detroit</td>
<td>8,275</td>
<td>1,566</td>
<td>50</td>
<td>189</td>
</tr>
<tr>
<td>Republic National, Dallas</td>
<td>2,814</td>
<td>1,050</td>
<td>57½</td>
<td>373</td>
</tr>
<tr>
<td>First National, St. Louis</td>
<td>5,200</td>
<td>700</td>
<td>52½</td>
<td>135</td>
</tr>
<tr>
<td>California Bank, Los Angeles</td>
<td>2,925</td>
<td>400</td>
<td>59</td>
<td>137</td>
</tr>
<tr>
<td>Security–First, Los Angeles</td>
<td>12,000</td>
<td>1,200</td>
<td>106½</td>
<td>100</td>
</tr>
<tr>
<td>American Trust, San Francisco</td>
<td>7,682</td>
<td>2,000</td>
<td>31½</td>
<td>260</td>
</tr>
<tr>
<td>U.S. National, Portland</td>
<td>4,206</td>
<td>700</td>
<td>66½</td>
<td>166</td>
</tr>
<tr>
<td>Bank of America, San Francisco</td>
<td>220,000</td>
<td>24,000</td>
<td>32</td>
<td>109</td>
</tr>
</tbody>
</table>

Data on number of stockholders are from Moody's and refer to December 31, 1952, except as otherwise noted. Price and number of shares refer to January 31, 1953.

*Data for December 31, 1951.*
### Table B-3

Distribution of Stockholders and Shareholdings by Class of Stockholder for New York City Banks and for Others, 1951

<table>
<thead>
<tr>
<th>CLASS OF STOCKHOLDER</th>
<th>15 NEW YORK BANKS</th>
<th></th>
<th>20 OTHER BANKS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stockholders</td>
<td>Shareholdings</td>
<td>Stockholders</td>
<td>Shareholdings</td>
</tr>
<tr>
<td>Men</td>
<td>34.46%</td>
<td>21.12%</td>
<td>29.61%</td>
<td>27.05%</td>
</tr>
<tr>
<td>Women</td>
<td>43.52</td>
<td>20.08</td>
<td>39.38</td>
<td>25.73</td>
</tr>
<tr>
<td>Joint accounts</td>
<td>6.28</td>
<td>2.04</td>
<td>23.54</td>
<td>12.12</td>
</tr>
<tr>
<td>Fiduciaries</td>
<td>9.68</td>
<td>9.70</td>
<td>4.48</td>
<td>8.61</td>
</tr>
<tr>
<td>Institutions and foundations</td>
<td>2.09</td>
<td>3.59</td>
<td>0.97</td>
<td>2.80</td>
</tr>
<tr>
<td>Stock brokers and directors</td>
<td>0.54</td>
<td>3.77</td>
<td>0.25</td>
<td>2.09</td>
</tr>
<tr>
<td>Nominees</td>
<td>0.85</td>
<td>20.21</td>
<td>0.38</td>
<td>7.35</td>
</tr>
<tr>
<td>Other</td>
<td>2.57</td>
<td>19.49</td>
<td>1.44</td>
<td>14.25</td>
</tr>
</tbody>
</table>

From information expressly supplied, and referring to dates on or about December 31, 1951. See footnote one of this appendix.