

First State Bank of Mathis



CAPITAL AND SURPLUS \$225,000.00

MATHIS, TEXAS,

78368

PRESIDENT'S ANNUAL REPORT TO STOCKHOLDERS

Because of my impending retirement, this will be my last annual report, so I am especially pleased to report another year of profitable operations; making new highs in most all categories of earnings. Interest on Federal Funds and Exchange showing the largest percentage of increase. We also had increases in expense, with income tax being the worse offender. We have paid \$45,000.00 on our estimated tax for 1974 and set aside \$20,000.00 for the March and June 1975 installments.

Banking is about the only business you can find that brag about how much they owe: that is their deposits. In round figures, our deposits increased from \$4,200,000.00 at the beginning of the year to \$5,700,000.00 at the close of the year, an increase of over 35%. This is the largest percentage increase since the highly inflationary years after World War II.

1974 crops were good and collections on loans from the harvest of grain was good. Then farmers found they could contract their grain for January delivery at a better price. As a result of this, we made many loans against warehouse receipts that increased our loans to more than \$1,400,000.00. We collected some of these loans in December and are collecting the January maturites now. It seems that our loan total might go below \$700,000.00 before January is over.

For a more detailed look at the year's figures we will read the Earnings and Dividend report for 1974 - - - - This report shows profits, before income taxes and dividends, at \$158,890.75. After deducting \$65,379.98 income tax and \$15,000.00 (20%) cash dividend, we have a total of \$78,510.77 to add to Undivided Profits, making Undivided Profits \$440,617.21. However, this meeting is approving a 100% Stock Dividend, which will change the Capital Account, but not the total.

As for the prospects for 1975 - mostly good. For a farming community like Mathis, having a good season in the ground is a big PLUS. Our cotton crops will be cut in 1975 because our 1974 crops, though of good yield, was not profitable because of low prices. Fertilizer and fuel prices are very high, but the profit margin is still there. Interest rates declined late in the year but are still high. National City Bank of New York, one of the "BellWethers", of the money market, just increased their prime rate. I see no reason why we should not have a good year in 1975.