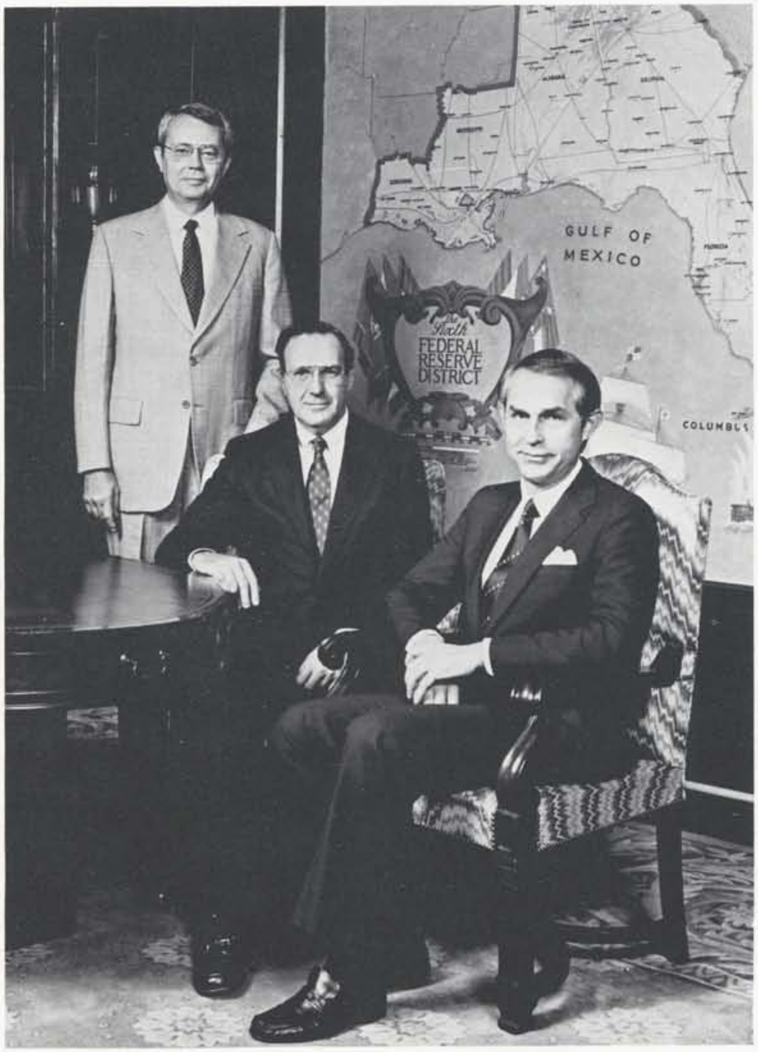
FEDERAL RESERVE BANK OF ATLANTA

1981 ANNUAL REPORT

CONTENTS

FROM THE BOARDROOM



left to right, Deputy Chairman Weitnauer,
Chairman Fickling,
President Ford

Behind the handsome Georgia marble facade of our Atlanta headquarters, the Federal Reserve Bank of Atlanta is a professional community of people — people facing perhaps the Bank's greatest challenge since it was founded in 1914.

That challenge is the Monetary Control Act of 1980—which accelerated competition in the nation's financial services industry—and the groundswell toward deregulating our industry.

Atlanta Fed employees responded to their new mandate during an unprecedented year of outreach in 1981, involving not only member banks and new constituents but the business and academic communities within the Sixth Federal Reserve District and even beyond.

During the year, the Atlanta Bank staged two major conferences whose provocative themes attracted hundreds of visitors from around the nation. Four hundred came to Georgia for a conference on the Future of the Financial Services Industry, while more than 300 attended our conference on the Future of the U.S. Payments System.

In addition, our employees organized smaller gatherings that attracted leading bankers, Atlanta's consular corps and economic forecasters from District universities. The Bank invited business leaders to hear and question such guest speakers as Georgia Gov. George Busbee, Citibank economist Leif Olsen, Harvard University's Martin Feldstein, Emory University President James T. Laney and Federal Reserve Board Governor Emmett Rice.

The diversity of those activities suggests the diversity of our staff, which represents a broad range of specialties and talents. Central banking may be our function, yet bankers represent only a minority of our work force. Rather, our people may be uniformed guards protecting the millions of dollars that pass through the Bank every day, Service Department employees working in the print shop turning out Bank publications or Cash Services employees screening out tattered currency.

Each employee contributes in his or her own way to the Atlanta Fed's multiple missions: acting as the Treasury Department's banker and financial agent; distributing currency and coin; processing checks; holding constituents' reserve deposits; transferring funds at banks' requests and examining state member banks to assure their safety.

Our employees process an awesome 8.3 million checks, worth $3.8 billion, each working day. In terms of physical volume and labor, this is — by far — our most important line of business. Employees also handle about $15 billion in wire transfers each day, along with nearly 10 million coins (shipments of pennies alone average about 400 tons a month at our six offices) and about $65 million in cash.

Our employees' ingenuity was put to the test in 1981 as they began to implement the Monetary Control Act. That historic legislation granted new powers to savings and loan associations, authorized the nationwide introduction of interest-bearing checking accounts and decreed the phaseout of interest rate ceilings on savings accounts.

The Act also brought dramatic changes to the Atlanta Fed, which serves as a regulatory authority and central bank within a six-state southeastern district comprising more than 30 million people, some 13 percent of the nation's population. It created a new relationship between our Bank and such institutions as nonmember banks, savings and loan associations and credit unions. Through its provisions, it expanded the Atlanta Fed's responsibilities within the Sixth Federal Reserve District from serving 700 institutions to serving about 2,900.

The Bank's staff was tested further because the Congress, seeking to encourage competition in the financial services industry, directed that Reserve Banks begin charging constituent institutions for services traditionally provided to member banks without cost.

If the arrival of pricing is a novel challenge for our staff, challenge itself is nothing new. During the first three quarters of 1981, our people handled their myriad assignments with one of the system's most impressive records of efficiency. We are now processing checks and cash at almost 20 percent less expense per item than the Federal Reserve System as a whole, a testament to the dedication of our staff.

Year after year, our people through technology and innovation have been able to handle a burgeoning volume of work , even as the staff has been trimmed at our home base in Atlanta and our five branches—in Jacksonville and Miami, Florida; Nashville, Tennessee; Birmingham, Alabama and New Orleans, Louisiana. The staff we counted at year-end, for example, had dropped below 2,200 employees, down from last year's December head count of about 2,370 and a 1975 level of 2,850. That continuing reduction was accomplished even though our Bank's production was growing at a 10 percent annual rate through most of the period. As a result, our District continued to maintain a strong first place in the 12-bank Federal Reserve System in overall cost efficiency.

One reason for our success has been the helpful counsel of our Board of Directors, particularly valuable during the past year of transition. Our sincere thanks and best wishes go to Fred Adams Jr. and Floyd W. Lewis, who stepped down from the board as their terms expired. Adams is president of Cal-Maine Foods, Inc., Jackson, Mississippi. Lewis is chairman of Middle South Utilities Inc. of New Orleans. They are being ably succeeded by Horatio Thompson, a Baton Rouge businessman, and Jane C. Cousins, president of Merrill Lynch Realty/Cousins in Miami.

In January 1982, the Atlanta Fed lost two key staff members who have contributed to our achievements through the years. One was lost through retirement, the other through a tragic airplane crash.

Senior Vice President Brown R. Rawlings, who came to us in 1947 as an agricultural economist and became a leader in payments system technology, retired effective January 31. He guided our Bank's research in electronic fund transfers and played a major role in developing the automated clearinghouse network. Our thanks and best wishes go with him.

Arland D. Williams Jr., a directing examiner, died in the line of duty January 13 when an airliner crashed on takeoff from Washington's National Airport. Arland joined the Bank in 1975 after serving as president of First Community Bank in Boca Raton, Florida. The strong indications that he sacrificed his life saving other crash victims may never be confirmed, but his associates knew him as a man of personal courage, one of our best people.

William A Fickling, Jr.
Chairman

John H. Weitnauer, Jr.
Deputy Chairman

William F. Ford
President

PRICING AND DEREGULATION

ON TO THE LEVEL PLAYING FIELD

As the financial world knows, the Monetary Control Act threw the Reserve Banks and their employees into a new ball game with its own special "level playing field" that enables some major league competitors to challenge us in areas we dominated in the past.

It's still early in the first inning—too early to speculate about the World Series—but we think we can already point to a winner: The public should come out on top as competition produces new efficiencies and innovations leading to more responsive services.

Responding to Congress' mandate that we price our central banking services, we began charging member banks last year for a number of services we previously offered free. Specifically, we began charging for wire transfer/net settlement services in January 1981; for check collection and automated clearinghouse services in August, and for securities and noncash collections in October. Pricing of cash services began in January 1982.

By charging for our services, we opened ourselves to competition. Not surprisingly, a number of competitors have risen to accept the challenge. As we prepared to begin pricing for check handling, for instance, several local clearing arrangements quickly formed, permitting depository institutions in the same locale to exchange items drawn on each other.

Additionally, some large regional and money center banks joined in new correspondent relationships to clear checks directly, foregoing Federal Reserve charges.

The Atlanta Fed welcomes this new challenge, which frees market forces to work to the advantage of the financial services consumer. Nonetheless, the new competition affects our people rather directly. In fact, competition already has trimmed sharply the System's check-processing volume and Atlanta's as well. This volume loss, in turn, is now causing some contraction in our Check Collection area, the largest single contingent among our nearly 2,200 employees.

To explain our newly priced services to our customers, Atlanta Fed employees have staged numerous seminars and workshops and visited many individual District institutions, including new constituents. The Atlanta Bank has also received authorization to offer several new check collection services designed to remove old restrictions and to provide a mix of services better tailored to meet the current needs of our constituents.

Following is a brief score sheet for each of the Atlanta Fed services affected.

Check Collection and ACH Services

Check processing is the Fed's largest volume operation, involving the most people, and the most important in terms of potential impact.

As our check collection people expected, the volume of checks sent to the Fed dropped after check services were priced on August 1, 1981. By providing a "free" service in the past, we had, in effect, nullified the incentive for commercial banks to establish local clearing arrangements. When our price schedule revived that incentive, such clearing arrangements began to burgeon.

As a result, our check processing staff handled 10.3 percent fewer checks in September 1981 than in September 1980 at our six offices combined. The impact was spotty, with some offices posting substantial increases in certain categories. For the first three months after pricing took effect, the aggregate item count dropped 10.9 percent. The dollar volume was virtually unchanged at about $273 billion for the three month period.

Hoping to regain some of the lost volume—and possibly even achieve an increase—our check people are now offering some new services that involve later deadlines, reduced prices on certain services and other advantages.

Automated clearinghouse (ACH) growth has continued strong. The number of entries handled by Sixth District ACH crews in November 1981 was 3.2 million, almost 41 percent above the year-earlier level. The biggest gainer was Commercial Debits—the electronic equivalents of drafts initiated by the payee (with the payor's approval), usually in payment of regularly recurring bills. The number of entries in that category rose 73 percent and the dollar volume rocketed by 705 percent.

The public should come out on
demand new efficiencies and . . .

Securities and Noncash Collection

Reserve Banks provide safekeeping facilities for the securities of constituent institutions. They also collect "noncash" items (including coupons on securities and bonds, etc.) and credit the depositing institution. Pricing of these services began in October and the volume of noncash collections dropped rather quickly by more than a third, District-wide. To offset this decline, our Fiscal Agency Department staffers are contemplating a schedule change to make credit for these items available earlier.

The volume of securities services has not been affected significantly. The few customers who have taken their business elsewhere have been balanced by others who have brought new business. Nonetheless, to improve our competitive position we are now permitting city banks to deposit securities with us. This service was formerly available only to country banks. In addition, we are considering eliminating the fee now charged to new customers for our securities safekeeping services and broadening the scope of securities which may be deposited.

Wire transfers of securities in 1981 numbered 188,050 transactions valued at over $288 billion, a 10 percent increase in volume and an 18 percent gain in dollar amount.

Wire Transfers/ Net Settlement Services

These were the first Fed services to wear price tags. Wire transfers, of course, had long been provided by our Accounting staffs to member banks, while net settlement was introduced in January 1981, when pricing took effect.

Wire transfer volume has remained substantially unchanged throughout 1981, suggesting that any migration of business has been offset by a combination of new customers and growth in use of the service by old customers. Activity through November indicates volume for the full year 1981 will be close to 1980's level of 4.2 million transfers, with an aggregate value of $3.9 trillion, at our six offices.

The new net settlement service involves a series of entries with a net of zero—total debits equaling total credits—ideal for clearinghouse settlements. Member banks participating in local clearing arrangements have long used debits and credits to their reserve accounts at the Fed to settle for their clearings. As the number of such clearing arrangements multiplied following explicit pricing of check collection services in August, the use of Net Settlement grew.

To accommodate these and other transactions, our Accounting Department teams opened some 80 new clearing and reserve accounts for depository institutions during the year.

Cash Services

These services weren't priced until January 1982, and no effects are visible so far. Actually, our only charges relating to the disbursing of currency and coin will be for the cost of transportation.

Because of the special nature of our currency and coin services, our Cash Services people expect to continue dominating this

top as the forces of competition more responsive services.

category. At present, no potential competitors are bidding to act as a regional warehouse for currency and coin. We received and distributed about 80 tons of newly minted cents monthly at our Atlanta office alone through most of 1981. At about 34 pounds per $50 bag, that works out to around 225 bags a day for the Atlanta coin unit's husky two-man team to handle. The picture is similar at our other five offices. And that's just the smallest of the small change.

Our currency processors have more than doubled their productivity over the past few years following the introduction of the automated currency verification counting and sorting (CVCS) system we helped develop. The CVCS equipment rejects wrong denominations and suspected counterfeits and destroys notes unfit for further use. It then automatically straps fit notes in neat packets of 100 notes, while balancing total output against total input.

Last year our offices processed nearly 1.4 billion pieces of paper money and over 2.7 billion coins with a combined value of over $18 billion. That's a lot of cash, and processing and storing it requires huge vaults, sophisticated (and therefore expensive) equipment, a highly trained staff, and a reassuringly solid protection program. (Our guards are polite and friendly, but they are capable of being otherwise, should the occasion arise.)

To minimize the transportation charges they will have to bear, depository institutions may find ways to exchange currency and coin within their own localities, or to sort out and recirculate fit currency, shipping only the unfit to the Fed. Such measures should improve the overall efficiency of the cash distribution system.

MOVING INTO THE MARKET

At the risk of carrying the "ball game" analogy beyond its limits, we might say that converting the Fed to its new role was, in some respects, like converting an umpire to a shortstop. Of course, we'll be playing the same position as before, but we are changing the way we think and developing some additional skills.

Shortly after the Monetary Control Act was signed in March 1980, we formed what we then called the Access and Pricing Project Team. For this team, we picked out some problem-solvers, skilled analysts who were familiar with the old rules but not straightjacketed by them. From all six offices we formed a group blending experience in the services affected. They had to coordinate the design of a new operating environment, then draw a step-by-step map for the march from the old world to an on-schedule arrival at the new. They had to restate the general problem in the form of thousands of specific problems, then go after the answers. Several team members and others involved failed to take all of their vacation time in 1980 or 1981, and 12-hour (or longer) days have not been uncommon. Of course, involvement spread far beyond the team itself, touching all of our 2,200 people in one way or another.

On May 1, 1981, we established a full-fledged Pricing Administration Department ("PAD"), with veterans of the original team as its nucleus. At the same time, a Customer Relations Officer was designated.

To inform present and potential customers of our services and prices, PAD members, with the help of others, developed a four-level program. At the first level was a simple, inexpensive brochure briefly and generally describing our major groups of services. For potential customers interested enough to ask for more, the next level was built around a two-pocket folder including price schedules, additional information about deadlines and conditions, and the names, addresses, and phone numbers of Fed contacts ready, willing and able to answer specific questions. Detailed handbooks represented the third level. The fourth level featured presentations by our staff, both in well-attended seminars sponsored by the Bank throughout the Sixth District and through one-on-one personal visits to discuss a particular institution's needs. This information program assures that, when a potential customer calls, he is already well informed; he knows what questions to ask and how to evaluate the answers. He'll be contacted by a Fed representative who knows the nut-and-bolt details of the service area involved. Neither the customer's time nor ours will be wasted.

Needless to say, we wouldn't want to go through something like this every year. Yet it has been an invigorating challenge, creating within our institution a sense of renewed interest in an important mission.

The job isn't finished. We intend to get better and better at it. And we're making progress.

DEREGULATION: IMPROVING THE SYSTEM'S RESPONSIVENESS

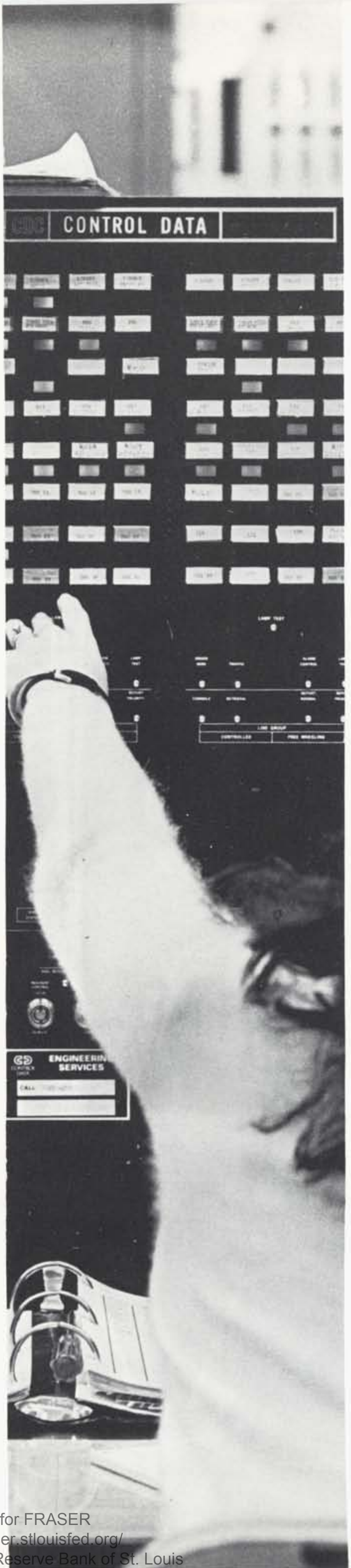
One purpose of the Monetary Control Act was to stimulate competition by reducing regulation, freeing unnecessary constraints that inhibit the responsiveness of the financial system. In 1981 the Federal Reserve System and the Federal Reserve Bank of Atlanta took several steps to reduce the regulatory burden on financial institutions.

- ☐ On January 7, the Federal Reserve Board approved a new policy introducing greater flexibility in the timing of bank examinations. Based on ratings and monitoring, stronger institutions will be examined less frequently, allowing more time for on-site review of less-sound institutions. All state member banks and holding companies will be examined with sufficient regularity to monitor safety, soundness and compliance with banking regulations. Under the new policy, banks and large holding companies in satisfactory condition will be examined every 18 months instead of every 12 months.

- ☐ In March, the Board eliminated several reporting requirements. The actions lighten the reporting burden of all state member banks, and should be of special benefit to small banks.

- ☐ In April, the Atlanta Bank in cooperation with the Georgia Department of Banking and Finance put into effect a plan to alternate annual commercial and trust examinations for certain state member banks. This program will reduce the regulatory burden; these banks will be examined only once a year instead of twice. It will also allow the agencies to allocate their resources better, particularly trained bank examiners. Two months later the Atlanta Bank announced a similar agreement with the Alabama State Banking Department.
- ☐ On May 18 and 19, the Atlanta Bank sponsored seminars on the revised Truth in Lending Act and Regulation Z (implementing that Act). Intense interest among regulators and creditors led the Bank to provide speakers to state bankers associations, S&L leagues, and credit union leagues throughout the District. The revision focuses on providing less complicated, more general guidance on the disclosure of lending information, together with illustrative examples.
- ☐ In June the Statistical Reports Department reviewed data items collected for District use only. In an effort to reduce the reporting burden on depository institutions, all items included only for Research Department analytical purposes were eliminated. In effect, we eliminated all the reporting requirements under our control and retained only those reports required by the Board of Governors.

- ☐ In the same month, the Atlanta Bank eliminated its service of purchasing and selling government securities in the secondary market on behalf of member institutions. Few District institutions were using the service, and it would have been subject to a fee on October 1. The personnel and resources allocated to this function were reassigned to activities serving a broader range of the Bank's constituency.



AUTOMATION:
SHIFTING INTO HIGH GEAR

The Monetary Control Act unleashed a deluge of new financial reports coming into the Atlanta Fed weekly, monthly, and quarterly. The number of financial institutions reporting to the Statistical Reports Unit jumped from 560 to over 2,500, with 1,900 reports coming in every week.

To cope with these and future changes, the Bank developed a new automation strategy that provided the foundation for the Sixth District Long Range Automation Plan (1981-1985) approved by Bank management and the Board of Governors. The plan charts a gradual conversion from decentralized data processing in each office to centralized processing using System-wide standard software in the Atlanta office.

Several key components of the Automation Plan were launched in 1981:

- Conversion to the centralized computer system began with installation of initial equipment and software and training of staff.
- Installation of an integrated bulk data system in Data Processing, a second dual Cyber telecommunications computer and modular minicomputers in financial institutions. The new Federal Reserve Communications System (FRCS-80) also was implemented.
- Development of a wide variety of Monetary Control Act applications, including pricing, billing, revenue matching, transaction data, and monitoring of reserve accounts.

To accommodate the centralized computer system, we constructed a new computer room which houses an IBM 4341 level II processor and related power, storage, and cooling equipment.

On May 3 the Bank's third currency verification counting and sorting system was installed. The Cash Services Department was renovated to accommodate the new system, and employees received training in currency preparation, machine operation, and reconcilement. The increased capacity should enable Cash Services to process all of its currency volume in a high speed mode.

Despite the additional capacity gained, keeping up with the growing volume of currency may require extended shifts in the near future.

The expanded number of reporting institutions, together with the necessity to keep pace with computer and automation technology, triggered a series of remodeling and building projects at the Atlanta Bank in 1981. Before the chain reactions ended, 14 departments or major operating units were affected.

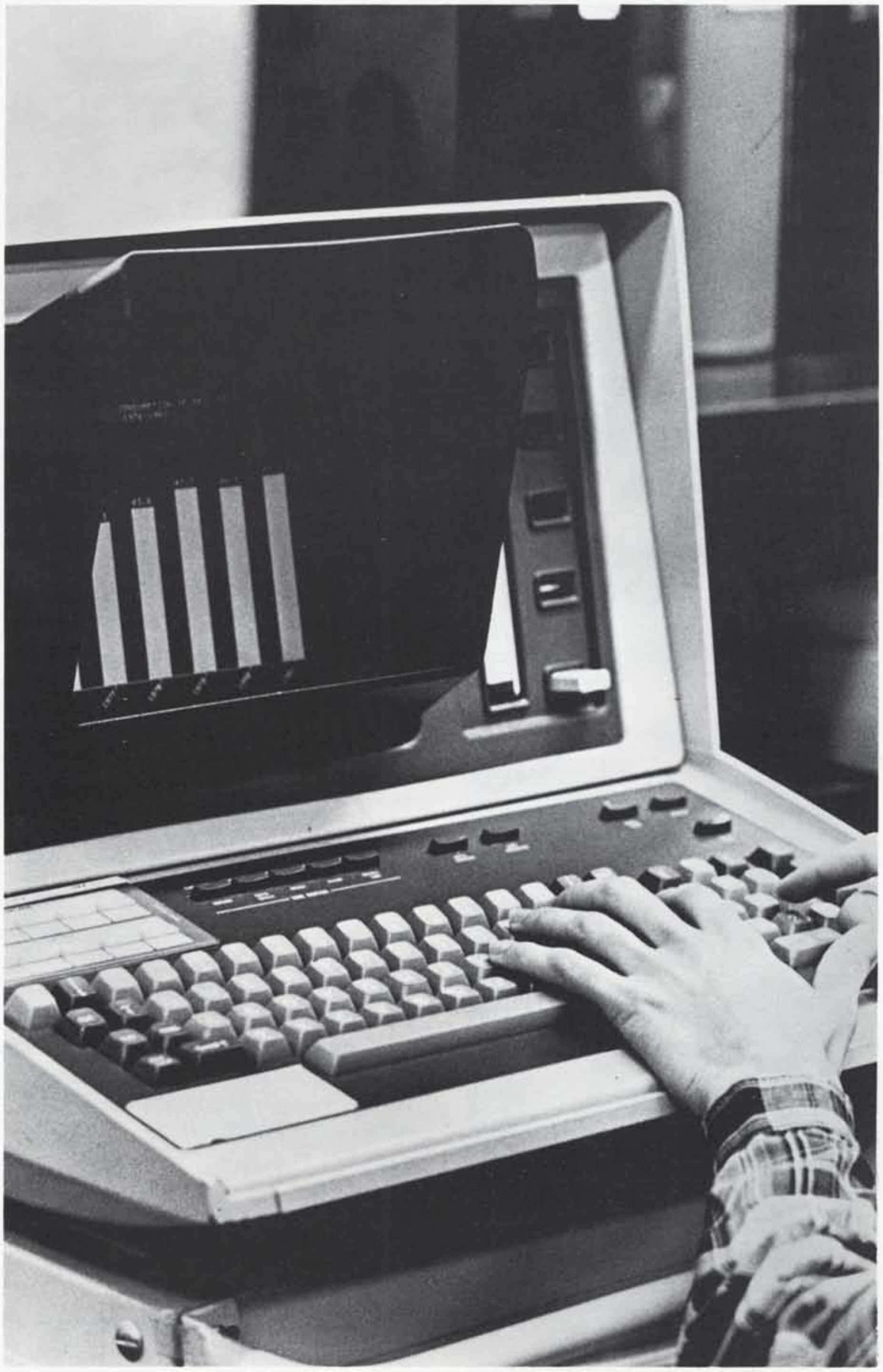
In 1981, the Board of Governors approved the first phase of the Jacksonville building program, recommending construction of a $30 million facility with potential for future expansion. Working drawings are to be completed this July and the new building is scheduled to open in November 1984.

But the Atlanta Fed is responding to change through ideas as well as construction and hardware. One key to our success has been an increasing application of the Management by Objectives concept. For several years, our personnel have been increasingly involved in determining just what their objectives are to be and this involvement has pervaded more and more levels of our six offices.

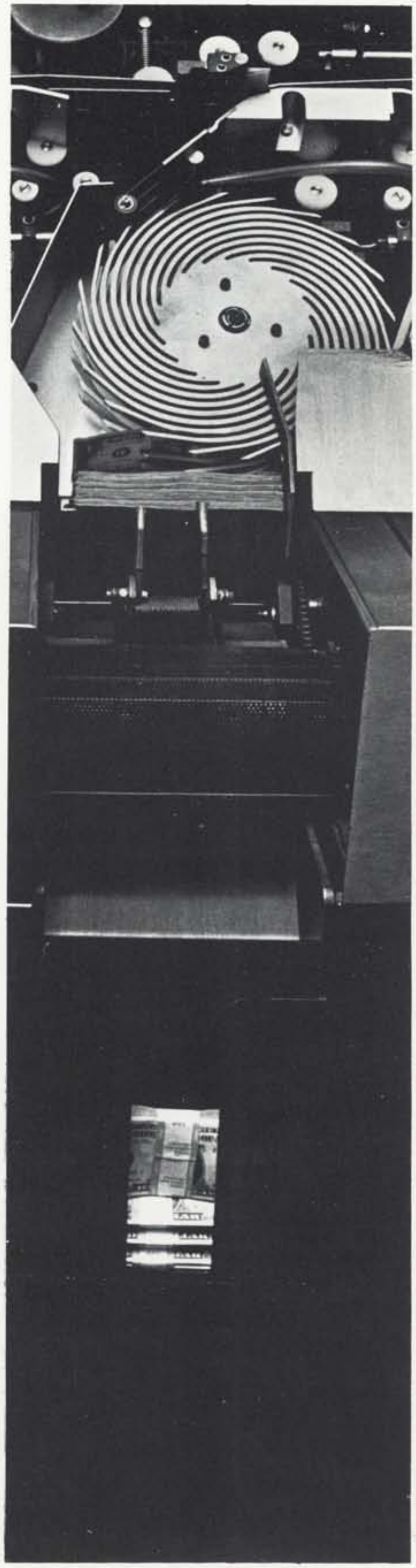
In our newly reorganized Research Department, for example, specialized professional teams have been formed in a novel approach to accomplishing research goals. Team captains and team members jointly develop "performance agreements," then go to work to carry them out. Among other things, this has helped Research launch a semi-monthly newsletter, **Southeastern Economic Insight**; expand and double the frequency of its **Economic Review**; adopt an advanced typesetting system; develop a computerized database and upgrade its word processing equipment.

In one form or another, adapted to varying departmental needs, the MBO concept is now harvesting ideas and energies at the Atlanta Fed. Art Kantner, the senior officer in charge of our cost-control effort, calls it "the main reason we're number one in overall cost efficiency in the System."

A deluge of new reports and triggered more sophisticated



expanded responsibilities computerization.



THE FED'S FIFTH DIMENSION

Fed watchers know us as a bank for depository institutions, a bank and a fiscal agent for the United States Treasury, a regulator and supervisor, and a participant in the process of formulating monetary policy.

But there's another side to the Fed, a fifth dimension we consider to be as important, in its way, as the others.

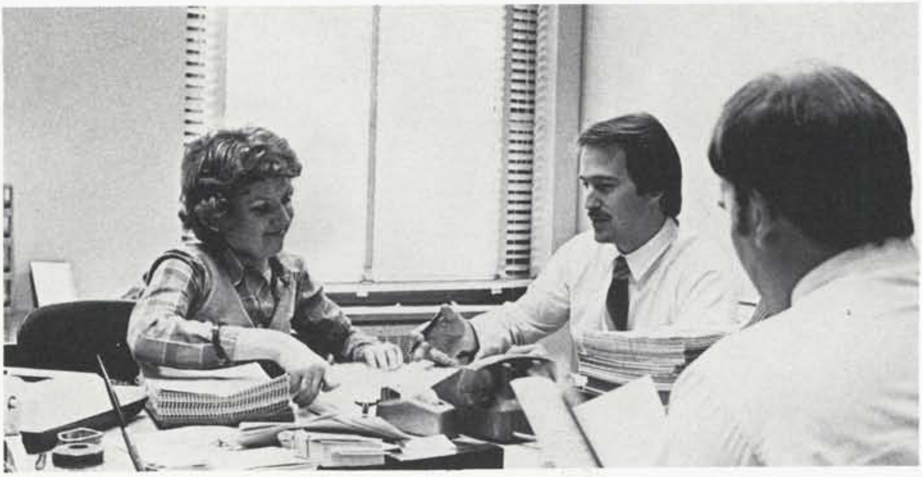
In six cities of the South—Atlanta, Birmingham, Jacksonville, Miami, Nashville, and New Orleans—we are a major employer...a major purchaser of supplies and services...a major property taxpayer...a major community resource.

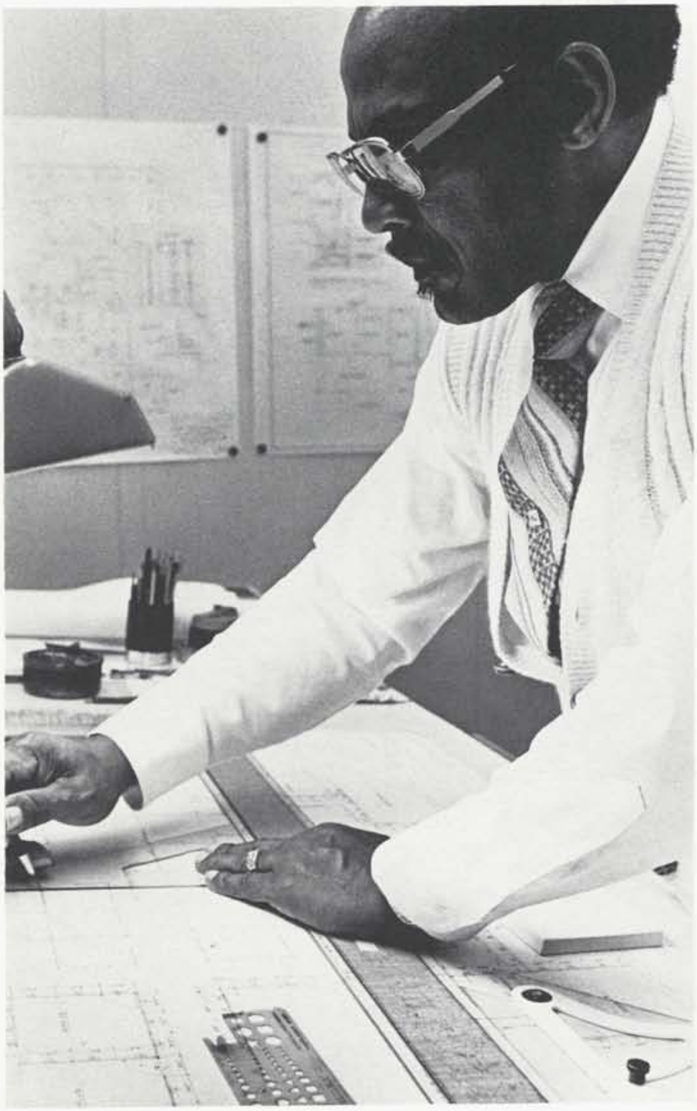
Both on and off the job, members of our staff interact with diverse elements of these communities. They provide data to business and academicians...they take part in the continuing dialogue that shapes the evolution of thought...they help public school teachers devise ways to make economic concepts understandable and interesting to coming generations of citizens...they pitch right in when the United Way and other charities call for volunteers...and in many other ways involve themselves in the Fed's multifaceted role. In short, the Fed is more than a marble facade and a central bank; the Fed is people.

On these pages, we offer some glimpses of Fed people in action.

More than a marble facade... the Atlanta Fed is

people working for the Southeast.





THE SOUTHEASTERN ECONOMY

Our southeastern states entered the new year struggling with a recession whose grip was becoming tighter as 1981 drew to a close.

But a pair of welcome trends—a cooling of inflation and a decline in last year's short-term interest rates—also accompanied the region into the new year, offering hope for economic stability.

The recession's impact varied considerably among the states that lie all or partially within our Sixth Federal Reserve District—Alabama, Florida, Georgia, Louisiana, Mississippi and Tennessee. Yet all were feeling its influence, from their lagging manufacturing industries to the growing number of workers on their unemployment rolls.

Economic weakness appears likely to continue until the second half of 1982, when a moderate recovery should begin. In this new year, major weaknesses remain centered in construction, manufacturing, trade and agriculture. Employment is expected to remain weak in the public sector as government entities trim their budgets in response to the administration's efforts to rein in federal spending.

Some weakness also can be expected in service industries, reflecting reduced business travel and some reductions in traffic to major tourist areas of the District.

On the whole, though, service industries are less affected by cyclical downturns than manufacturers. Thus, since the Southeast boasts a higher concentration of service-related employment than the nation, recession shouldn't impact our District as painfully as the nation as a whole.

In the Southeast as across the nation, construction ranks among the industries hardest hit by the slowdown. Last year, that industry continued a slide that began in 1980, as residential construction's woes spread into related building sectors. If the cheering downturn in interest rates experienced late in 1981 should resume, though, it could gradually breathe new life into homebuilding by late 1982.

Renewed spending, if it begins as we expect, should provide a shot in the arm to retailers who have watched their sales of durable goods taper off as the recession reached into diverse sectors of the economy.

Before the recession plateaus, though, District unemployment could rise from its year-end levels, which already had brought cutbacks affecting industries ranging from forest products to transportation equipment and textiles.

High-technology firms are defying the downtrend, however, with some firms in Atlanta, central Florida and other locations aggressively expanding their staffs as they enjoy their own economic booms. The Southeast's concentration on military contracting should bring some prosperity as the administration steps up defense spending. Energy firms also are doing well, as are many involved with the space program.

District farmers face a bleak year, as they struggle with heavy indebtedness brought about by two consecutive years of drought and profitless plantings.

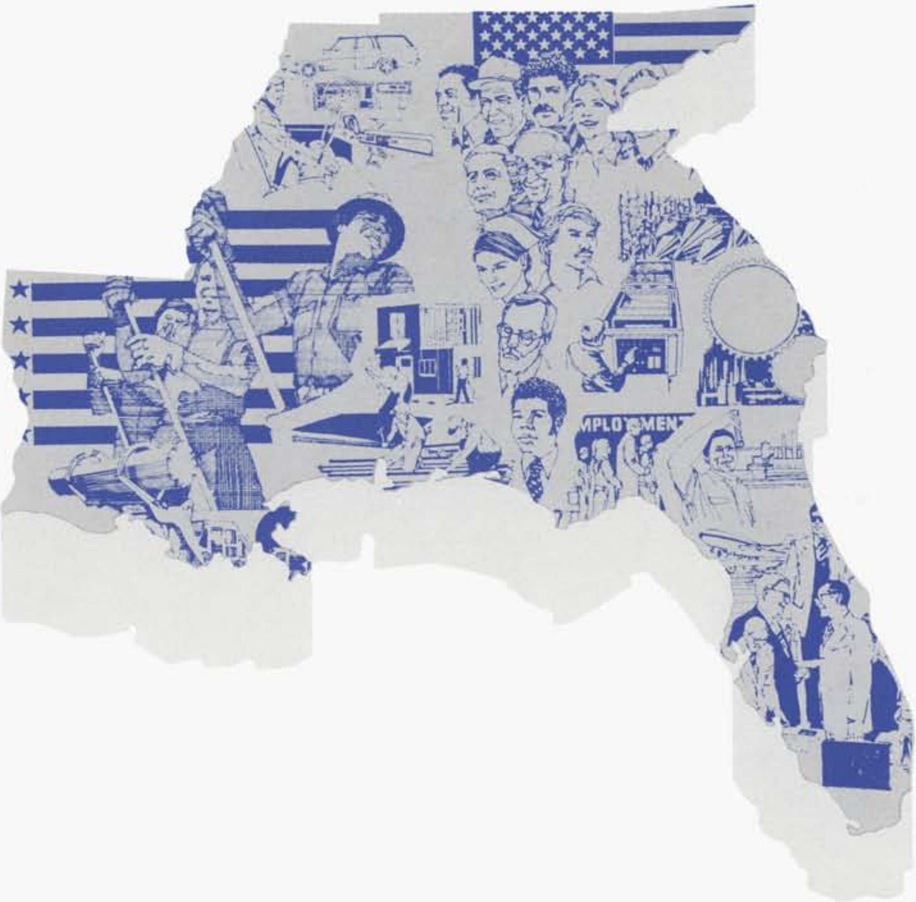
Agricultural profits will come hard in 1982 even if abundant rainfall finally arrives. Large carry-over crop stores and abundant livestock production threaten to

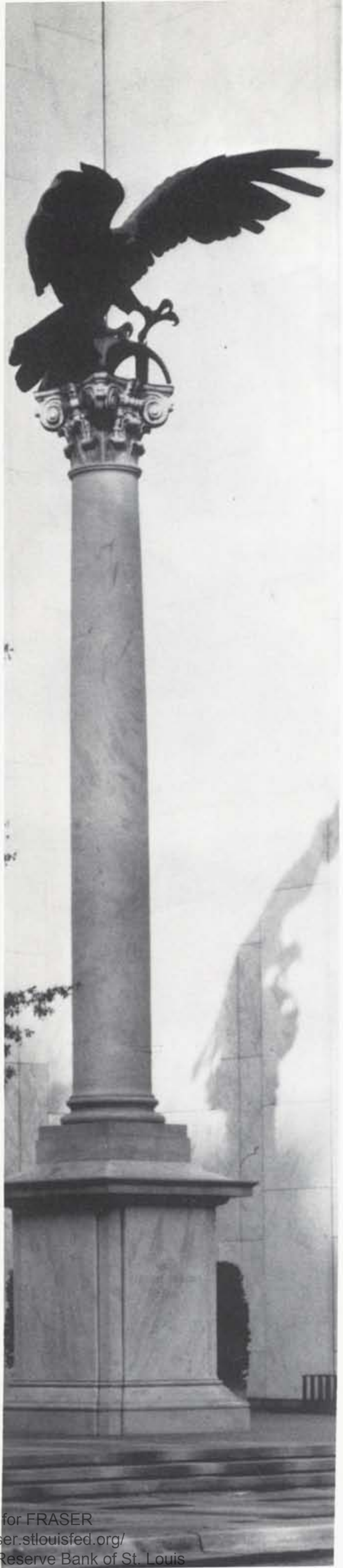
hold down District farmers' prices again this year.

Nationally, 1982 should see continuing progress in the Fed's effort to bring inflation under control. The Fed followed a consistent policy of restraint throughout 1981, despite sometimes vocal critics who didn't let up until short-term interest rates began to edge downward late in the year.

The Fed's policy, we believe, produced measurable progress in the inflation fight during 1981, a year that reversed two straight years of more volatile increases. The average annual CPI for 1981 wound up at 10.3 percent—a far cry from the 13.5 percent that bedeviled the nation in 1980. Unfortunately, the national recession, marked by weakness in such industries as housing and autos, tended to overshadow the progress being made in reversing almost two decades of inflation.

Perhaps the new year will see the happy combination that would be so welcome to all of us: an economic machine that runs forward smoothly and does so without inflationary overheating.





BOARD OF DIRECTORS

clockwise from left foreground: Botts, Adams, Blach, Andrews, President Ford, Davis, Willson, Fickling, Weitnauer

DIRECTORS

William A. Fickling, Jr., Chairman
Chairman and Chief Executive,
Charter Medical Corporation
Macon, Georgia

John H. Weitnauer, Jr., Deputy Chairman
Chairman and Chief Executive Officer,
Richway
Atlanta, Georgia

Dan B. Andrews
President, First National Bank
Dickson, Tennessee

Harold B. Blach, Jr.
President, Blach's, Inc.
Birmingham, Alabama

Guy W. Botts
Chairman of the Board,
Barnett Banks of Florida, Inc.
Jacksonville, Florida

Jane C. Cousins
President and Chief Executive Officer
Merrill Lynch Realty/Cousins
Miami, Florida

Jean McArthur Davis
President, McArthur Dairy, Inc.
Miami, Florida

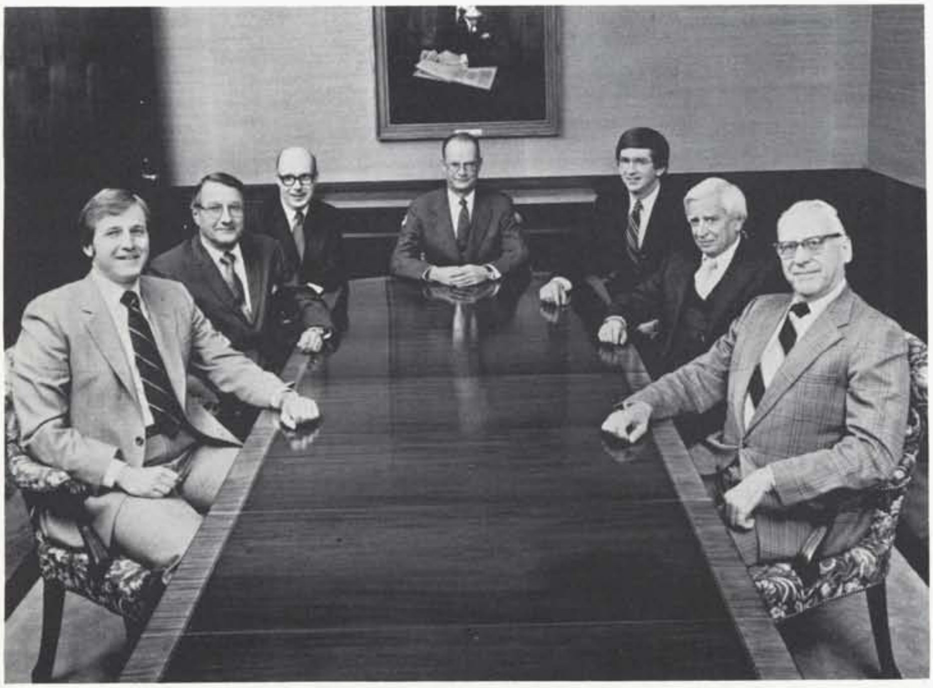
Horatio C. Thompson
President,
Horatio Thompson Investment, Inc.
Baton Rouge, Louisiana

Hugh M. Willson
President,
Citizens National Bank
Athens, Tennessee

Federal Advisory Council

Robert Strickland
Chairman,
Trust Company of Georgia
Atlanta, Georgia

AND OFFICERS



left to right: Koch, Hargett, Brandt, Forrestal, Guynn, Rawlings, Kantner

MANAGEMENT COMMITTEE

Robert P. Forrestal
First Vice President

Arthur Kantner
Senior Vice President

Harry Brandt
Senior Vice President

Jack Guynn
Senior Vice President

B. H. Hargett
Senior Vice President

Donald L. Koch
Senior Vice President and
Director of Research

Brown R. Rawlings
Senior Vice President

SENIOR OFFICERS

William F. Ford
President

Robert P. Forrestal
First Vice President

Arthur H. Kantner
Senior Vice President

Harry Brandt
Senior Vice President

Jack Guynn
Senior Vice President

B. H. Hargett
Senior Vice President

Donald L. Koch
Senior Vice President and
Director of Research

Brown R. Rawlings
Senior Vice President

Harry C. Schiering
General Auditor

W. R. Caldwell
Vice President

William N. Cox, III
Vice President and
Associate Director of Research

W. M. Davis
Vice President

Delmar Harrison
Vice President

Robert E. Heck
Vice President

John R. Kerr
Vice President

William G. Pfaff
Vice President

H. Terry Smith
Vice President

John M. Wallace
Vice President

Edmund Willingham
Vice President and
General Counsel

BRANCHES

Jacksonville
Branch Manager:
Charles D. East
Vice President

New Orleans
Branch Manager:
James D. Hawkins
Vice President

Birmingham
Branch Manager:
Hiram J. Honea
Vice President

Nashville
Branch Manager:
Jeffrey J. Wells
Vice President

Miami
Branch Manager:
Frank Craven
Vice President

JACKSONVILLE

Directors

Copeland D. Newbern, Chairman
Chairman of the Board,
Newbern Groves, Inc.
Tampa, Florida

Gordon W. Campbell
President and Chief Executive Officer,
Exchange Bancorporation, Inc.
Tampa, Florida

Lewis A. Doman
President,
Citizens and Peoples National Bank
Pensacola, Florida

Jerome P. Keuper
President,
Florida Institute of Technology
Melbourne, Florida

Whitfield M. Palmer, Jr.
Chairman,
Mid-Florida Mining Company
Ocala, Florida

Joan W. Stein
Partner,
Regency Square Properties, Inc.
Jacksonville, Florida

Billy J. Walker
President,
Atlantic Bancorporation
Jacksonville, Florida

NEW ORLEANS

Directors

Leslie B. Lampton, Chairman
President,
Ergon, Inc.
Jackson, Mississippi

Jerry W. Brents
President and Chief Executive Officer,
First National Bank
Lafayette, Louisiana

Patrick A. Delaney
Chairman and President,
Whitney National Bank of New Orleans
New Orleans, Louisiana

Paul W. McMullan
Chairman and Chief Executive Officer,
First Mississippi National Bank
Hattiesburg, Mississippi

Sharon A. Perlis
Attorney
Metairie, Louisiana

Ben M. Radcliff
President,
Ben M. Radcliff Contractor, Inc.
Mobile, Alabama

Roosevelt Steptoe
Chancellor,
Southern University
Baton Rouge, Louisiana

BIRMINGHAM

Directors

William H. Martin, III, Chairman
President and Chief Executive Officer,
Martin Industries, Inc.
Florence, Alabama

Samuel Richardson Hill, Jr.
President,
University of Alabama in Birmingham
Birmingham, Alabama

C. Gordon Jones
President and Chief Executive Officer,
First National Bank of Decatur
Decatur, Alabama

Henry A. Leslie
President and Chief Executive Officer,
Union Bank & Trust Company
Montgomery, Alabama

Martha McInnis
Executive Vice President,
Alabama Environmental Quality Association
Montgomery, Alabama

William M. Schroeder
Chairman and President,
Central State Bank
Calera, Alabama

Louis J. Willie
Executive Vice President,
Booker T. Washington Insurance Company
Birmingham, Alabama

NASHVILLE

Directors

Cecelia Adkins, Chairman
Executive Director,
Sunday School Publishing Board
Nashville, Tennessee

Michael T. Christian
President and Chief Executive Officer,
First National Bank of Greeneville
Greeneville, Tennessee

Charles J. Kane
Chairman and Chief Executive Officer,
Third National Bank
Nashville, Tennessee

John Rutledge King
President,
The Mason and Dixon Lines, Inc.
Kingsport, Tennessee

Robert C.H. Mathews, Jr.
Managing General Partner,
R.C. Mathews, Contractor
Nashville, Tennessee

C. Warren Neel
Dean,
College of Business Administration
The University of Tennessee
Knoxville, Tennessee

James F. Smith, Jr.
Chairman and Chief Executive Officer,
Park National Bank
Knoxville, Tennessee

MIAMI

Directors

David H. Rush, Chairman
President,
ACR Electronics, Inc.
Hollywood, Florida

Sue McCourt Cobb
Attorney,
Greenberg, Traurig, Askew, Hoffman,
Lipoff, Quentel and Wolff, P.A.
Miami, Florida

Eugene Cohen
Chief Financial Officer and Treasurer,
Howard Hughes Medical Institute
Coconut Grove, Florida

Daniel S. Goodrum
President and Chief Executive Officer,
Century Banks, Inc.
Fort Lauderdale, Florida

M.G. Sanchez
President and Chief Executive Officer,
First Bankers Corporation of Florida
Pompano Beach, Florida

Roy Vandegrift, Jr.
President,
Roy Van, Inc.
Pahokee, Florida

Stephen G. Zahorian
President,
Barnett Bank of Fort Myers, N.A.
Fort Myers, Florida

Statement of Condition

Assets	December 31, 1980	December 31, 1981*
Gold Certificate Account	$ 465,000,000	$ 436,000,000
Special Drawing Rights Certificate Account	79,000,000	98,000,000
Coin	37,825,493	42,972,353
Loans and Securities	4,720,945,944	4,393,389,758
Cash Items in Process of Collection	2,040,620,660	1,570,787,869
Bank Premises	34,819,465	34,084,092
Other Assets	536,880,814	528,467,974
Total Assets	$7,915,092,376	$7,103,702,046
Liabilities		
Federal Reserve Notes	$3,670,093,144	$3,141,810,668
Deposits**	1,887,472,720	1,874,454,588
Deferred Availability Cash Items	1,666,523,054	1,359,725,246
Other Liabilities	118,931,979	99,414,889
Interdistrict Settlement Account	391,915,579	433,838,855
Total Liabilities	$7,734,936,476	$6,909,244,246
Capital Accounts		
Capital Paid In	$ 90,077,950	$ 97,228,900
Surplus	90,077,950	97,228,900
Total Capital Accounts	$ 180,155,900	$ 194,457,800
Total Liabilities and Capital Accounts	$7,915,092,376	$7,103,702,046

*Preliminary closing figures.
**Includes Depository Institution Accounts, Collected Funds Due to Other F.R. Banks, U.S. Treasurer – General Account.

Statement of Earnings

Earnings and Expenses	1980	1981*
Total Current Earnings	$491,746,033	$546,756,345
Net Expenses	70,172,381	78,806,986
Current Net Earnings	$421,573,652	$467,949,359
Net Additions (+) Deductions (−)**	−1,038,097	−26,892,362
Earning Credits Used by Depository Institutions***	0	408,775
Assessment for Expenses of Board of Governors	4,723,800	4,735,700
Net Earnings before Payment to U.S. Treasury	**$415,811,755**	**$435,912,522**

Distribution of Net Earnings	1980	1981*
Dividends Paid	$ 5,355,123	$ 5,637,025
Payments to U.S. Treasury (Interest on F.R. Notes)	407,036,932	423,124,547
Transferred to Surplus Account		
Net Additions (+) Deductions (−)	+3,419,700	+7,150,950
Total Earnings Distributed	**$415,811,755**	**$435,912,522**

Surplus Account	1980	1981*
Surplus January 1	$ 86,658,250	$ 90,077,950
Transferred to Surplus – as above	3,419,700	7,150,950
Surplus December 31	**$ 90,077,950**	**$ 97,228,900**

*Preliminary closing figures
**Includes gains/losses on sales of U.S. Government securities and foreign exchange transactions.
***Contingent liability in the amount of $242,499 due to depository institutions.

Summary of Operations

SERVICES TO DEPOSITORY INSTITUTIONS	1980 $ (millions)	1980 items (thousands)	1981 $ (millions)	1981 items (thousands)
Clearing and Collection Services				
Checks handled:				
U.S. Government checks	57,572	90,098	61,975	86,392
Postal money orders	942	18,129	1,022	17,903
All other	1,028,497	2,043,507	1,108,686	1,996,257
ACH payments processed	14,718	29,462	57,991	37,689
Wire transfers of funds	3,900,000	4,200	4,267,524	4,784
Cash Services				
Total cash receipts	16,926	1,246,197	18,441	1,348,849
Total cash payments	10,982	1,029,306	12,635	1,145,989
Currency processed	–	1,170,823	–	1,367,994
Coin Processed	–	2,580,650	–	2,720,750
Loans to depository institutions, daily average	112	–	51	–
Securities Services				
Wire transfer of securities	246,579	171	287,968	188
Noncash collection	673	555	808	588
SERVICES TO U.S. TREASURY				
U.S. savings bonds issued, serviced, redeemed by Federal Reserve Bank	348	2,377	365	1,998
U.S. savings bonds issued and redeemed by qualified issuing and paying agents	1,581	21,840	1,072	15,520
Other Treasury securities issued, serviced and redeemed	529,518	207	144,777	219
Deposits to Treasury Tax and Loan accounts	29,477	911	41,416	1,280
Food coupons destroyed	2,616	286,308	1,658	432,400


RAL RESERVE BANK
OF ATLANTA