

FEDERAL RESERVE BANK
OF CLEVELAND

Twenty-seventh Annual Statement

Cleveland, Ohio, January 8, 1942

*To the Nonmember Banks of the
Fourth Federal Reserve District:*

There is presented herein a comparative statement of the condition of Federal Reserve Bank of Cleveland at the close of business December 31, 1941, and December 31, 1940, together with a comparative statement of earnings and expenses for the years 1941 and 1940, and the distribution of net earnings for the past year.

Seventeen State chartered banks in the Fourth Federal Reserve District joined the Federal Reserve System during the past calendar year. The number of member banks in actual operation at the end of 1941 was 673, and additional applications are pending.

There is a growing appreciation that System membership can augment other banking facilities, and bring to your customers and to your community an improved and enlarged banking service.

Will you please bring this statement to the attention of your officers and directors.

Very truly yours,



President

COMPARATIVE STATEMENT OF CONDITION

ASSETS	Dec. 31, 1941	Dec. 31, 1940
Cash reserves held by this bank against deposits and note circulation:		
Gold certificates (lodged with the Treasurer of the United States) deposited for account of the Federal Reserve Agent as collateral against Federal Reserve notes issued to this bank.....	\$ 815,000,000.00	\$ 575,000,000.00
Redemption fund in the hands of the Treasurer of the United States for use in redeeming such Federal Reserve notes of this bank as are presented to the Treasury for redemption	919,411.21	659,704.58
Gold certificates (lodged with the Treasurer of the United States) in the Interdistrict Settlement Fund for the purpose of settling transactions between Federal Reserve banks.....	812,213,061.38	756,413,461.85
Other cash.....	<u>23,520,932.18</u>	<u>19,963,234.75</u>
Total cash reserves.....	1,651,653,404.77	1,352,036,401.18
 Bills and Securities:		
Bills discounted:		
Secured by United States Government securities, direct and guaranteed.....	100,000.00	150,000.00
Otherwise secured or unsecured.....	86,924.57	149,976.12
Industrial advances—working capital loans.....	233,254.12	249,919.76
United States Government securities.....	<u>223,162,000.00</u>	<u>218,731,000.00</u>
Total bills and securities.....	223,582,178.69	219,280,895.88
 Miscellaneous Assets:		
Federal Reserve notes of other banks.....	2,086,500.00	1,946,500.00
Checks and other cash items in process of collection.....	149,176,720.56	102,207,114.29
Bank premises, less reserves.....	4,438,746.33	4,586,586.61
All other miscellaneous assets.....	<u>4,617,844.87</u>	<u>5,078,508.26</u>
Total miscellaneous assets.....	160,319,811.76	113,818,709.16
Total Assets.....	<u><u>\$2,035,555,395.22</u></u>	<u><u>\$1,685,136,006.22</u></u>

COMPARATIVE STATEMENT OF CONDITION

LIABILITIES	Dec. 31, 1941	Dec. 31, 1940
Federal Reserve notes in circulation:		
Federal Reserve notes in actual circulation, payable on demand.		
These notes are secured in full by gold certificates, discounted paper, or United States Government securities.....		
	\$ 778,071,820.00	\$ 540,940,930.00
 Deposits:		
Reserve deposits maintained by member banks as legal reserves against the deposits of their customers.....		
	919,517,208.89	920,969,713.29
United States Government deposits carried at this bank for current requirements of the Treasury.....		
	72,247,422.50	16,327,705.82
Other deposits.....		
	87,141,064.96	76,842,702.43
Total deposits.....		
	1,078,905,696.35	1,014,140,121.54
 Miscellaneous Liabilities:		
Deferred items, composed mostly of uncollected checks on banks in all parts of the country. Such items are credited as deposits after the average time needed to collect them elapses.....		
	143,847,769.41	95,813,456.97
All other miscellaneous liabilities.....		
	173,349.05	149,312.75
Total miscellaneous liabilities.....		
	144,021,118.46	95,962,769.72
 Capital and Surplus:		
Capital paid in, which is 50% of amount subscribed and which represents 3% of the capital and surplus of member banks.....		
	14,640,150.00	14,198,400.00
 Surplus:		
(Section 7)—That portion of accumulated net earnings which this bank is legally permitted to retain.....		
	14,345,615.04	14,322,789.59
(Section 13b)—Net amount paid by the Secretary of the Treasury to further the making of working capital loans.....		
	1,007,126.09	1,007,126.09
Reserves for contingencies.....		
	4,563,869.28	4,563,869.28
Total Liabilities		
	\$2,035,555,395.22	\$1,685,136,006.22
 Commitments to make industrial advances.....		
	\$ 1,042,797.74	\$ 727,057.52

COMPARISON OF EARNINGS AND EXPENSES

For the years 1941 and 1940

	1941	1940
Current Earnings:		
Discounted bills.....	\$ 2,364.21	\$ 3,479.97
Industrial advances.....	14,708.63	16,097.28
Commitments to make industrial advances.....	10,350.39	10,924.07
United States Government securities.....	4,031,178.51	4,291,013.65
All other.....	65,292.46	83,938.65
Total current earnings.....	4,123,894.20	4,405,453.62
Total Operating Expenses (including normal depreciation on bank premises).....		
	3,354,291.09	2,872,880.94
Less reimbursements for certain Fiscal Agency and other expenses.....	462,972.10	259,380.07
Net Operating Expenses.....	2,891,318.99	2,613,500.87
Assessments for expenses of Board of Governors.....	168,820.99	158,308.02
Cost of Federal Reserve currency.....	300,294.59	138,309.28
Total current expenses.....	3,360,434.57	2,910,118.17
Current Net Earnings	763,459.63	1,495,335.45
Additions to Current Net Earnings:		
Profits on sales of United States Government securities.....	132,273.24	1,163,698.76
All other.....	23,650.12	186,022.77
Total additions.....	155,923.36	1,349,721.53
Deductions from Current Net Earnings:		
Special reserve for depreciation on bank premises.....	-0-	812,925.65
All other.....	11,158.13	110,824.41
Total deductions.....	11,158.13	923,750.06
Net additions.....	144,765.23	425,971.47
Net Earnings	\$ 908,224.86	\$ 1,921,306.92

DISTRIBUTION OF NET EARNINGS

Paid United States Treasurer (Section 13b).....	\$ 15,457.87	\$ 15,107.48
Dividends paid.....	869,941.54	842,330.16
Reserves for contingencies.....	-0-	1,063,869.28
Surplus (Section 7).....	22,825.45	-0-
Total	\$ 908,224.86	\$ 1,921,306.92

FEDERAL RESERVE BANK OF CLEVELAND

DIRECTORS AND OFFICERS—1942

DIRECTORS

G. C. BRAINARD, Chairman
R. E. KLAGES, Deputy Chairman

Term
Expires

CLASS A

B. R. CONNER, President, The First National Bank of Ada, Ada, Ohio..... 1942
H. B. McDOWELL, President, The McDowell National Bank of Sharon, Sharon, Pa..... 1943
F. F. BROOKS, President, First National Bank at Pittsburgh, Pittsburgh, Pa..... 1944

CLASS B

T. E. MILLSOP, President, The Weirton Steel Co., Weirton, W. Va..... 1942
R. P. WRIGHT, Secretary-Treasurer, The Reed Manufacturing Co., Erie, Pa..... 1943
G. D. CRABBS, Chairman of the Board, The Philip Carey Manufacturing Co., Cincinnati, Ohio..... 1944

CLASS C

R. E. KLAGES, President, The Columbus Auto Parts Co., Columbus, Ohio..... 1942
G. C. BRAINARD, President, The General Fireproofing Co., Youngstown, Ohio..... 1943
W. H. LLOYD, Editor, The Ohio Farmer, Cleveland, Ohio..... 1944

OFFICERS

M. J. FLEMING, President

F. J. ZURLINDEN..... First Vice President	E. A. CARTER..... Assistant Vice President
W. H. FLETCHER..... Vice President	A. G. FOSTER..... Assistant Cashier
G. H. WAGNER..... Vice President	H. E. J. SMITH..... Assistant Cashier
R. B. HAYS..... Vice President & Secretary	C. E. HARRELL..... Assistant Cashier
W. F. TAYLOR..... Vice President & Cashier	F. V. GRAYSON..... Auditor
C. W. ARNOLD..... Vice President	

MEMBER, FEDERAL ADVISORY COUNCIL

B. G. HUNTINGTON, President, The Huntington National Bank of Columbus, Columbus, Ohio

COUNSEL

SQUIRE, SANDERS & DEMPSEY

INDUSTRIAL ADVISORY COMMITTEE

F. A. SMYTHE, (Chairman)
President, The Thew Shovel Co.
Lorain, Ohio

W. WITHINGTON, Vice President
The American Fork & Hoe Company,
Cleveland, Ohio

D. C. SWANDER, President
The Columbian Vise and Mfg. Co.
Cleveland, Ohio

H. R. NEFF, President
The Geo. S. Rider Co.
Cleveland, Ohio

E. C. FOLSOM, President
The Ottawa River Paper Co.
Toledo, Ohio

FEDERAL RESERVE BANK OF CLEVELAND

DIRECTORS AND OFFICERS—1942

(Continued)

CINCINNATI BRANCH OF FEDERAL RESERVE BANK OF CLEVELAND

DIRECTORS

	Term Expires
F. A. BROWN (Chairman), Agriculturist, Chillicothe, Ohio	1942
J. J. ROWE, President, The Fifth Third Union Trust Company, Cincinnati, Ohio.....	1942
B. J. LAZAR, Managing Director.....	1942
FRANCIS H. BIRD, Professor of Commerce, University of Cincinnati, Cincinnati, Ohio.....	1943
BUCKNER WOODFORD, Vice President and Cashier, Bourbon-Agricultural Bank & Trust Co., Paris, Ky .	1943

OFFICERS

B. J. LAZAR.....	Managing Director
H. N. OTT.....	Cashier
R. G. JOHNSON.....	Assistant Cashier
P. J. GEERS.....	Assistant Cashier

PITTSBURGH BRANCH OF FEDERAL RESERVE BANK OF CLEVELAND

DIRECTORS

E. B. HARSHAW, Vice President and Cashier, The Grove City National Bank, Grove City, Pa	1942
G. T. LADD (Chairman), President, The United Engineering & Foundry Co., Pittsburgh, Pa.	1942
P. A. BROWN, Managing Director.....	1942
ROBERT E. DOHERTY, President, Carnegie Institute of Technology, Pittsburgh, Pa.....	1943
CLARANCE STANLEY, President, The Union Trust Company of Pittsburgh, Pittsburgh, Pa.....	1943

OFFICERS

P. A. BROWN.....	Managing Director
J. W. KOSSIN	Cashier
F. E. COBUN.....	Assistant Cashier
C. J. BOLTHOUSE.....	Assistant Cashier

MEMBER BANKS IN OPERATION IN FOURTH DISTRICT, DECEMBER 31, 1941

	State	National	Total
Kentucky.....	7	52	59
Ohio—Cincinnati territory.....	19	91	110
Ohio—Cleveland territory.....	118	151	269
Pennsylvania.....	27	197	224
West Virginia.....	3	8	11
	174	499	673

FOURTH DISTRICT STATE BANKS ADMITTED TO MEMBERSHIP IN 1941

Date Admitted	Name and Location of Bank	Total Resources, 9-24-41
1- 8-41	The Bolivar State Bank Company, Bolivar, Ohio	\$ 400,000
2-20-41	The Killbuck Savings Bank Company, Killbuck, Ohio	484,000
3-12-41	The Commercial Bank Company, Green Springs, Ohio	376,000
3-19-41	The Polk State Bank, Polk, Ohio	282,000
4- 1-41	The Ashville Banking Company, Ashville, Ohio	626,000
4- 8-41	The Citizens Savings Bank Company, Pemberville, Ohio	866,000
5-24-41	The Niles Bank Company, Niles, Ohio	2,498,000
6- 4-41	The New Waterford Savings and Banking Company, New Waterford, Ohio	753,000
6-11-41	The Exchange Bank of Luckey, Luckey, Ohio	749,000
6-12-41	The Genoa Banking Company, Genoa, Ohio	907,000
7-16-41	The Farmers and Citizens Bank and Savings Company, Bucyrus, Ohio	1,749,000
9- 6-41	The Bank of Elmore Company, Elmore, Ohio	997,000
9-17-41	The Liberty Bank, Ada, Ohio	663,000
10-16-41	The St. Henry Bank, Saint Henry, Ohio	597,000*
11-28-41	Alger Savings Bank, Alger, Ohio	304,000*
11-28-41	The Peoples Banking Company, McComb, Ohio	652,000*
12- 8-41	The Farmers & Merchants Bank of Logan, Logan, Ohio	2,212,000*

*As of the date of examination for membership.

The trend of State bank membership in the Fourth Federal Reserve District continues upward. During the calendar year 1941, seventeen State chartered institutions became members of the System. The resources of State banks in the Fourth District constitute more than fifty per cent of all banking resources in that territory, and State bank members have aggregate resources more than double those of nonmember State banks.

Through membership in the Federal Reserve System, the services rendered by correspondent banks may be augmented to a point which will permit banks to offer to their customers every possible banking service.