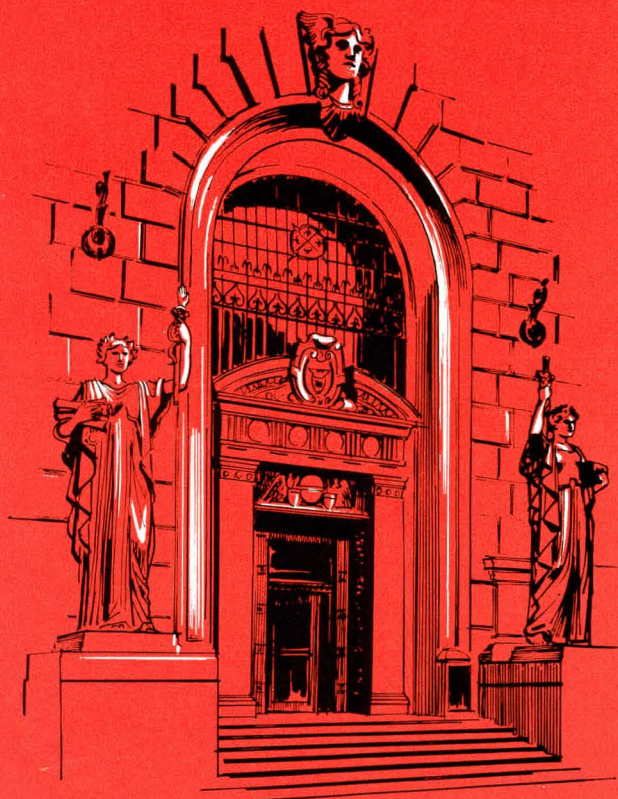


FEDERAL RESERVE BANK OF CLEVELAND

1962 ANNUAL REPORT



**To the Banks in the
Fourth Federal Reserve District:**

We are pleased to present this report of the activities of Federal Reserve Bank of Cleveland for the year 1962.

To those who expected more and attained less the year was a disappointment. However, to most it was a period of moderate improvement marked by price stability, a gradual improvement in employment, and a better utilization of plant capacity. A talk about downturn in the fourth quarter did not occur.

The responsibilities of the Federal Reserve System as the monetary authority of the United States were compounded by a lethargic economy. Measures were taken to maintain an availability of money and credit appropriate to the domestic situation while being ever mindful of the problems posed by a continuing adverse balance of international payments.

Any hope for a successful monetary policy lies in the ability constantly to obtain adequate current business and financial information. An article in this report illustrates the contributions made by banks to the formulation of policy. We gratefully acknowledge the carefully considered counsel given us by the leaders of industry and finance in the Fourth Federal Reserve District.


Chairman


President



JOSEPH B. HALL



WILBUR D. FULTON

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THE YEAR 1962

IN BUSINESS AND FINANCE

The year had its share of surprises along with much that could best be described as a continuation of "more of the same". A pair of outstanding developments, which interlocked with each other, were two "corrections" of considerable scope. One was a correction of stock market values which came to a head in late May. The other was a correction of faulty forecasts of business, effected by the unfolding of events which were at odds with the predictions. More properly, the latter was a series of corrections, but the climax may be dated in November when the previously growing stream of recession forecasts gave way to a turn toward relative optimism, as events failed to evidence any recession. It was not a banner year for business forecasters.

Altogether, it was a year of moderate growth in business activity, with many aspects of a high-level plateau in the second half. Gross National Product for the year rose by about 7 percent from 1961; the gain in the Index of Industrial Production for the year was nearly 8 percent. Retail sales showed a margin of about 7 percent from the previous year. (The annual comparisons, of course, are affected by the fact that the first few months of 1961 had constituted the trough of a mild recession.) The pace of economic growth during most of the year 1962 fell short of generally desired standards. Stickiness of the unemployment problem was a matter of broad concern, although absolute magnitudes or levels of unemployment were not of recession proportions.

The steel and auto industries, as often, contributed much to the drama, and at least a fair amount to the statistics, of the business year. Estimates of the year's output of autos were continually revised upward as the year wore on, as it became apparent that it was really a good year for auto sales and production. Estimates of steel output for the year were continually revised downward, as it became increasingly apparent that steel buyers had stocked up very heavily before the strike—which did not occur. Bearing in mind that autos are made from steel, among other

materials, one might have wondered how it could have been such a good year for the auto industry and such a relatively disappointing year for the steel industry. The answer lay, of course, in the steel inventory cycle. Total business inventories, as contrasted with steel stocks, however, showed a picture of moderate inventory building during the year, at least without enough fluctuations to produce a recession in general business.

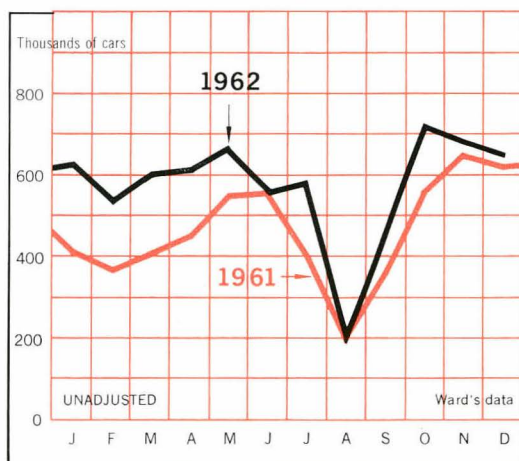
Business expenditures for new plant and equipment provided a support to activity in 1962, scoring a 9 percent gain over corresponding outlays in the previous year. The pattern and prospects for this highly strategic factor, however, seemed to add to uncertainties of business sentiment. Two measures taken by the Federal government during 1962—one to ease tax rules on depreciation and the other to provide a tax credit on plant and equipment investment—showed some promise of stimulating this important sector of the economy, although opinions differed on the dimensions of the results that might be expected.

Corporate profits showed no surge at all in 1962. The aggregate for the year was larger than the 1961 total, but little if any gain from the scoring of the final quarter of 1961 was registered as 1962 progressed. (The figures on profits have not yet come to rest.) An enlarged recognition of the

importance of profits to the growth of the economy, as compared with previously expressed attitudes, was evidenced in statements expressed during the year from halls of learning and from offices in Washington. The steel-pricing question, with its dramatic episode in April, is thought to have had as one of its by-products an underscoring of the importance of the profits question for business investment and economic growth.

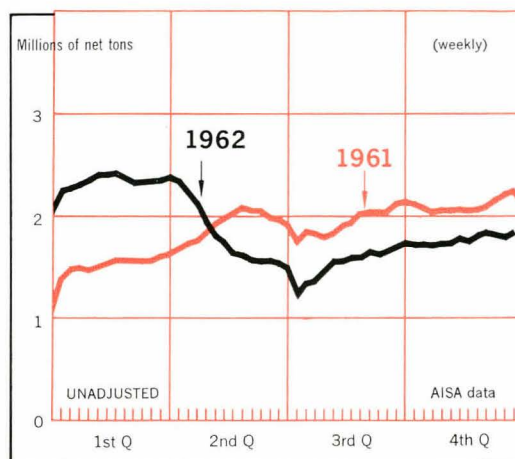
Financial Developments. Banking activities during 1962 turned out to be fairly brisk, after all. Loans by commercial banks were up by almost 10 percent from

AUTO PRODUCTION



... the auto industry had a good year.

STEEL PRODUCTION



... the steel industry operated at reduced levels during the second and third quarters of the year.

the previous year; commercial and industrial types of loans were up by about 8 percent. Bank holdings of investments also increased moderately, unlike the situation in some years of expanding loan volume, when investments had to be sold off to make way for the loan volume (sometimes at the cost of substantial loss).

Credit was plentiful. The Federal Reserve helped to make it so. So far as policy was concerned, the Federal Reserve System, in close cooperation with the Treasury, was doing a balancing act — not an unusual posture. This time, the tightrope

ran between the financial requirements associated with the need to stimulate the domestic economy on the one side, and the imperatives associated with U. S. balance-of-payments considerations, on the other side. The fact that some critics have appraised the System as leaning too far to the domestic side, while others suggest that too much weight has been given to international considerations, does not, in itself, constitute a proof that precisely the proper balance was achieved. Greater perspective, with the passage of time, will be required for a conclusive judgment.

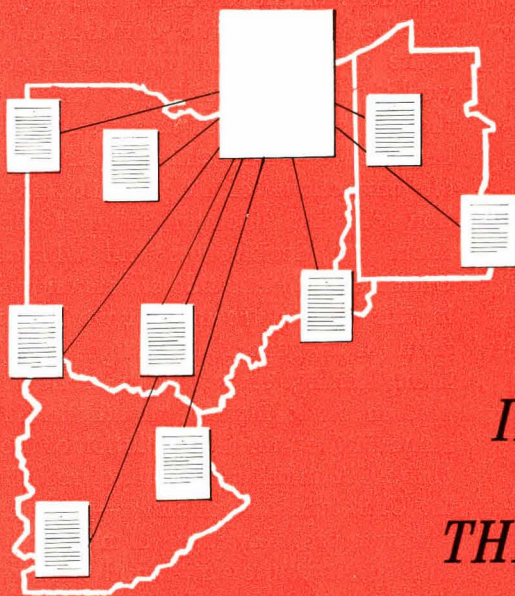
So far as this country's balance of international payments is concerned, efforts to reduce the deficit and to move toward an early achievement of balance proceeded on many different fronts, impinging only in part on questions of monetary policy. Repercussions stemming from fluctuations in the Canadian dollar, climaxed by a devaluation and pegging of that currency, produced some adventitious aids to the U. S. payments position in the second quarter of the year, followed by equally temporary downdrags on the U. S. position in the third quarter. Loss of gold by the U. S. was not stemmed in 1962. The problem remains a central one for U. S. financial policy.

In the fourth quarter of 1962, the handling of the Cuban crisis, and the im-

plications of the outcome, had important reverberations on the domestic business scene as well as on broader aspects of world affairs. (Reverting to the opening theme, the events of late October might be called the third and most important of all "corrections" of the year, i.e., a correction of any Kremlin misapprehensions about the decisiveness and will of the United States.) The side effects on business in this country seem to have taken the form of a general, although intangible, strengthening of optimism, reflected in part in stock market quotations. It was immediately after the resolution of the core of the Cuban crisis that talk of recession in the U. S. tended to diminish—a connection that was probably more than coincidence. In December, the new-found turn to relative optimism appeared to continue, even though general business activity had to push against obstacles posed by a combination of snowstorms and newspaper strikes in more than one city, including Cleveland.

As the year drew to a close, increasing attention was given to questions of tax reform, tax cuts, and budget deficits—all in the context of a generally desired goal of economic growth without financial dislocation.

Further highlights of the year 1962 are suggested by the center spread of this report, appearing on pages 10 and 11 under the title "Chronicles of 1962".



IMPROVING THE FLOW OF BANKING INFORMATION

Banks, like other business concerns, need to operate in the light of statistical information. Current trends in banking, as well as general business trends, must be understood. Concurrently, for quite different reasons, the Federal Reserve System must have up-to-date information; such intelligence is required in order that the System may discharge its responsibility for determining and implementing the nation's monetary policy. In the discharge of its responsibility, the System works through the commercial banking system. It is thus essential for the System to know as much as possible about the influence of monetary policy on commercial banks.

The System, therefore, is a primary collector (although not the only collector) of current data on commercial banking. Information is gathered, summarized, analyzed, and interpreted. Results are sent back to the banks and made available to the public generally, as well as utilized directly in the determination of monetary policy.

In a continuous effort to improve the flow of banking information, the Federal Reserve Bank of Cleveland plays its part along with the other eleven Federal Reserve banks and the Board of Governors of the Federal Reserve System. During the year 1962, some notable advances were made in this connection. A few of them, which will be highlighted in the remarks that follow, apply particularly to the collection of data on Federal funds, reserve positions of member banks, bank debits, and selected types of loans made by member banks.

It is fully recognized by all parties to such statistical transactions as are described here that the need for better information on current banking is only one side of the coin. An equally important side of the matter is the burden involved in preparing the figures at the source (i.e., at the individual commercial bank) to be transmitted to the Federal Reserve for summary and processing. The well-known irritations of business concerns at increasing burdens of paper work, which often are hard to reconcile with the highly important efforts at cost cutting in general, are by no means unknown in the banking world. The days are gone when any statistical collecting agency, including the Federal Reserve, may simply decide that certain types of figures are "desirable" and direct that they be

supplied, forthwith. Needs must be balanced against burden. Duplication must be avoided. Frequent consultation among commercial bank officers and representatives of the Federal Reserve Bank are held to work out a well-balanced program.

Most, though not all, of the figures collected by the Federal Reserve are supplied by the commercial banks on a voluntary basis. Some figures are required by law, supplemented by administrative regulation. In either case, a mutual understanding between the collecting agency and the reporting enterprise is necessary to a successful program. An enlargement of the general area of understanding and an improvement in its quality have been effected in recent years through the combined efforts of the parties involved. Yet many problems remain. Long ago, the reporting system would have broken down, were it not for the willingness of reporting banks to cooperate, not only where they directly benefit from the return flow of information, but also where the general goals of the monetary authority indicate a need, even though the return flow of information may be of little direct benefit to the individual reporting banks.



The advent of electronic data processing, both at the Federal Reserve Bank and at many of the commercial banks, has already shown substantial benefits in the form of speed, efficiency and flexibility in

FLOW OF BANKING INFORMATION

FEDERAL RESERVE BANK
OF CLEVELAND

	SOURCE OF INFORMATION				Number of Reporting Institutions	FREQUENCY OF REPORTS	
	All Member Banks	Weekly Reporting Member Banks	Selected Banks (Member and Nonmember)	Other Financial Institutions		Incoming	Outgoing
Assets and Liabilities	X	X			533	Semi-monthly	Semi-monthly
Deposits, Reserves and Related Items	X				533	Daily	Weekly-Biweekly
Reserve Position	X				533	Daily	Biweekly
Bank Debits			X		144	Monthly	Monthly
Savings Deposits of Individuals			X		45	Monthly	Monthly
Consumer Credit—Banks			X		50	Monthly	Monthly
Consumer Credit—Consumer Finance Companies				X	21	Monthly	Monthly
Consumer Credit—State Credit Unions				X	15	Monthly	Monthly
Consumer Credit—Federal Credit Unions				X	48	Monthly	Monthly
Consumer Credit—Industrial Loan Companies				X	3	Monthly	Monthly
Consumer Credit—Sales Finance Companies				X	8	Monthly	Monthly
Dealer Cost Ratios and Maturities on Automobile Loans			X		16	Monthly	Monthly
Condition Statement of Selected Member Banks		X			26	Weekly	Weekly
Commercial and Industrial Loans by Industry		X			21	Weekly	Weekly
Commercial and Industrial Loans by Industry and by Maturity		X			21	Weekly	Quarterly
Federal Funds			X		6	Daily	Daily
Cleveland Clearings			X		5	Daily	Twice a Week
Interest Rates On Short-Term Business Loans			X		9	Quarterly	Quarterly

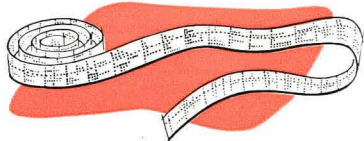
NOTE: The series shown above do not purport to represent all financial information collected by the Federal Reserve Bank of Cleveland. Other types of information include call report data and special survey information.

handling data. Many needed types of summary information and analysis have now become feasible which previously were impossible of attainment. But the changes resulting from automation have by no means eliminated the tasks involved in improving the reporting relationship between commercial bank and central bank. In some cases, automation has simplified the problems; in other cases, it has complicated them, at least temporarily. On balance, the potentialities for betterment which are unleashed by automation are widely acknowledged.

It remains now to review some of the specific changes of the past year in the reporting system. The changes under discussion apply to only a few of the statistical series maintained by the Federal Reserve Bank of Cleveland. A more extensive list of the financial series maintained by the Bank is shown by an accompanying table.

Federal Funds

A major change in the past year in the flow of banking information occurred in the collection of data on Federal funds transactions, i.e., the borrowing and lending of member bank balances held on



deposit at the Federal Reserve banks. Availability of this type of information is important to the Federal Reserve System because of the role that Federal funds transactions play in evening out pressures throughout the national money market. In

conjunction with figures on the geographical distribution of reserve totals, reserve requirements and member bank borrowing at the discount window, such figures throw additional light on local credit conditions.

In September, 1962, a new national reporting program for Federal funds was introduced by the Federal Reserve System. The new procedure followed a comprehensive three-year pilot program to determine the types of Federal funds data that would be most helpful in administering monetary policy. The judgment made in September was that more timely information was needed, but that the information could be less detailed than previously reported and could be obtained from fewer banks.

Thus, in this District, the number of cooperating banks reporting information on Federal funds transactions was reduced from 18 to 6. The six banks currently report their purchases and sales of Federal funds along with figures on their reserve positions. The information is reported daily to this Bank. After being processed, summary information is wired promptly to the Federal Reserve Bank of New York, where it is collated with similar data from other Districts and made available for use by those who are responsible for conducting System open market operations. A more complete report on information from the Fourth District is transmitted at a later time to the Board of Governors in Washington.

Daily Reporting

A different kind of reporting change, more far-reaching in its application than that involved in Federal funds, was also effected in 1962. *(Continued on page 12)*

1ST QUARTER

2ND QUARTER

World Affairs

ALGERIAN
PEACE

Cuba Ousted from OAS

BATTLES IN
VIETNAM

*U. S. Troops
to Thailand*

Financial Developments

*Interest Ceiling Raised
on Time Deposits*

**Federal Reserve Starts
Foreign Currency Operations**

25% drop

CANADIAN DOLLAR
PEGGED AT 92¢

← *good news on U.S. balance of payments*

Business News

← *build-up of steel stocks* →

**STEEL WAGE
SETTLEMENT**

INVESTMENT

draw-down of stocks

Political Scene

Supreme Court Decision
Hits Rural Voting Power

**White House
vs.
U.S. Steel,**
re price

General News

GLENN SPACE FLIGHT

**Powers-Abel
exchange**

Carpenter Orbits Earth

U.S. resumes
atmospheric tests

Ranger IV crashes
on moon

ES OF 1962

	3 RD QUARTER	4 TH QUARTER
TION GOV'T N LAOS	<p>BERLIN WALL ANNIVERSARY ... t-e-n-s-i-o-n</p> <p>Britain to join Common Market? (Commonwealth says maybe)</p>	<p>CHINA VS. INDIA</p> <p>CUBAN CRISIS</p> <p>De Gaulle wins French elections</p> <p>Adenauer cabinet crisis</p>
common stock prices	<p>"Withholding Tax" Defeated</p> <p>Federal Reserve Lowers Margin Requirements</p>	<p>stocks recover (partly)</p> <p>Federal Reserve Reduces Reserve Requirements (time deposits)</p> <p>big budget deficit for fiscal '63</p>
payments	<p>news not so good on U.S. balance of payments</p> <p>recession talk</p> <p>INDUSTRIAL PRODUCTION FLATTENS</p> <p>Depreciation Rules Liberalized</p>	<p>7% investment tax credit passed</p> <p>Improvement in business news</p> <p>less recession talk</p>
el stocks	<p>Medicare Bill Defeated</p> <p>President Goes for Tax Cut Next Year</p> <p>Celebrezze HEW chief</p> <p>Goldberg to Supreme Court</p> <p><i>Mississippi</i></p>	<p>TRADE EXPANSION ACT</p> <p>Congress Adjourns</p> <p>RECORD OFF-YEAR VOTE</p>
h	<p>2 Russians in record orbits</p> <p>TELSTAR LAUNCHED</p> <p>Mass. mail robbery</p> <p>Thalidomide scare</p>	<p>Schirra 6 orbits</p> <p>Venus probe</p> <p>N. Y. Yankees again</p>

(Continued from page 9)

In July, this Bank introduced for the member banks in the Fourth District a major change in the required reporting of reserve positions. At that time, a shift was made to the daily reporting of deposits and related items. Such a shift was in line with similar moves which had been taken earlier by several other Federal Reserve banks. Previously, reserve city banks had reported



to the Federal Reserve Bank of Cleveland on a weekly basis, while country member banks had reported on a biweekly basis.

A number of reasons underlay the adoption of daily reporting in this and other Districts. Large advantages accrue to the Federal Reserve System in the implementation of monetary policy as a result of having up-to-date information on the reserve positions of member banks—on items such as reserve balances, vault cash holdings, and deposits. This information furthers understanding of changes in the nation's money supply, of deposit flows, of factors affecting bank reserves, and the like.

An important advantage accruing to individual member banks from a system of daily reporting lies in an opportunity for each bank to keep fully informed as to the status of the individual items in its own reserve position, thus helping in the management of that position. To put the matter differently, daily reporting helps individual banks to keep up to date on the inflows and

outflows of funds that are the determinants of its reserve position. To that end, reports of reserve positions, prepared on the computer at this Bank, are sent to individual member banks shortly after the end of their respective reserve periods, thus enabling each bank to check and confirm its calculations of reserve position.

Bank Debits

A third major step which was taken in the past year to improve the flow of banking information in the Fourth District relates to the processing of information on bank debits. Bank debits are the charges against demand deposit accounts resulting from check payments. Bank debits are available sooner than many other types of economic information and are available for a much larger number of reporting centers. Since bank debits provide prompt and accurate information on checking account activity on a regional and local basis, considerable attention has been paid to improving these data in the Fourth District for use in analyzing business activity in local areas.



After careful consideration of various alternative methods, an adjustment technique has been adopted by this Bank, which, we feel, will make the data more meaningful as a barometer of local business conditions. Thus, in connection with the regular processing of incoming monthly debits data, the figures are now adjusted for (1) the number of working days in

each month and (2) normal seasonal variation. Bank debits, as now adjusted in the Fourth District, are more meaningful and more usable for those interested in analyzing changes in business activity in local areas. Beginning with May 1962, the release on bank debits published by this Bank for 35 centers was altered so as to incorporate the results of the new adjustment techniques.

Commercial and Industrial Loans

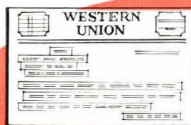
Still another important improvement in the flow of banking information that has taken effect in the past year deals with business loan figures, classified by industry, which are reported weekly to this Bank by selected member banks in eight major cities within the District. In line with a national program, the Federal Reserve Bank of Cleveland, in November 1961, converted the reporting of commercial and industrial loans from the old basis of net changes in outstandings to total outstandings. This bank was able to make the conversion well in advance of the deadline date, through the cooperation of reporting banks in the Fourth District.

Moreover, through the further cooperation of the reporting banks, this Bank now obtains a breakdown of business loans by maturity. Such information is not part of the national program. Reporting banks

in this District classify business loans as "under one year in original maturity" or as "more than one year in original maturity." This information helps us, and reporting banks as well, towards a better understanding of the uses and changing patterns of bank credit.

Thus, figures are now available on business loans outstanding at reporting banks in major cities in the Fourth District, both by business of borrower, and by original maturity of loan. Weekly releases of these data are not currently published by this Bank. However, total figures for the District and for selected cities are made available on a weekly and quarterly basis to respondent banks and to individuals who have evinced an interest in such information.

Because the national program for converting commercial and industrial loans, by industry group, to an outstandings basis is still not complete, total figures for the U. S. are not yet available for comparative purposes. The value of figures now available has been well established by the insights that have been gained as to business lending practices at banks which report to the Federal Reserve Bank of Cleveland. Comparisons of Fourth District figures with similar information for banks in New York City, as published by the Federal Reserve Bank of New York, reveal important differences in regional lending patterns.



COMPARATIVE

STATEMENT OF CONDITION

ASSETS

	Dec. 31, 1962	Dec. 31, 1961
Gold Certificate Account	\$1,254,874,381	\$1,305,989,568
Redemption Fund for Federal Reserve Notes	112,001,545	105,023,275
TOTAL GOLD CERTIFICATE RESERVES	1,366,875,926	1,411,012,843
Federal Reserve Notes of Other Banks	27,690,620	35,451,160
Other Cash	20,241,475	25,741,473
TOTAL CASH	1,414,808,021	1,472,205,476
Discounts and Advances	249,000	1,695,000
U. S. Government Securities:		
Bills	196,364,000	270,758,000
Certificates	1,059,973,000	144,109,000
Notes	861,788,000	1,694,530,000
Bonds	332,641,000	326,098,000
TOTAL U. S. GOVERNMENT SECURITIES	2,450,766,000	2,435,495,000
TOTAL LOANS AND SECURITIES	2,451,015,000	2,437,190,000
Cash Items in Process of Collection	721,013,659	581,471,894
Bank Premises	7,275,098	8,014,335
Other Assets	29,726,416	20,259,984
TOTAL ASSETS	<u>\$4,623,838,194</u>	<u>\$4,519,141,689</u>

LIABILITIES

Federal Reserve Notes	\$2,679,742,230	\$2,624,593,460
Deposits:		
Member Bank—Reserve Accounts	1,201,043,442	1,301,181,974
U. S. Treasurer—General Account	38,220,731	36,664,583
Foreign	24,440,000	24,645,000
Other Deposits	13,848,557	4,025,385
TOTAL DEPOSITS	1,277,552,730	1,366,516,942
Deferred Availability Cash Items	530,832,841	398,044,162
Other Liabilities	5,257,793	5,079,275
TOTAL LIABILITIES	<u>4,493,385,594</u>	<u>4,394,233,839</u>

CAPITAL ACCOUNTS

Capital Paid In	43,484,200	41,635,950
Surplus	86,968,400	83,271,900
TOTAL LIABILITIES AND CAPITAL ACCOUNTS	<u>\$4,623,838,194</u>	<u>\$4,519,141,689</u>
Contingent Liability on Acceptances Purchased for Foreign Correspondents	\$ 7,905,400	\$ 11,625,000

COMPARISON OF EARNINGS AND EXPENSES

	1962	1961
Total Current Earnings	\$88,180,787	\$79,846,773
Net Expenses	15,143,856	13,832,717
CURRENT NET EARNINGS	73,036,931	66,014,056
Additions to Current Net Earnings:		
Profit on Sales of U. S. Government Securities (Net)	167,498	294,917
Profit on Foreign Exchange Transactions	27,030	—o—
All Other	23,005	1,157
TOTAL ADDITIONS	217,533	296,074
Deductions from Current Net Earnings:		
Proportionate Share of Losses Under Federal Reserve System Loss Sharing Agreement (Net)	177,558	2,463
All Other	418	1,891
TOTAL DEDUCTIONS	177,976	4,354
Net Additions	39,557	291,720
Net Earnings Before Payments to U. S. Treasury	73,076,488	66,305,776
Dividends	2,547,615	2,360,707
Paid U. S. Treasury (Interest on F.R. Notes)	66,832,373	56,273,169
Transferred to Surplus	\$ 3,696,500	\$ 7,671,900

DIRECTORS

Chairman

JOSEPH B. HALL
Chairman of the Board
The Kroger Co.
Cincinnati, Ohio

Deputy Chairman

LOGAN T. JOHNSTON
President
Armco Steel Corporation
Middletown, Ohio

FRANK E. AGNEW, JR.
President
Pittsburgh National Bank
Pittsburgh, Pennsylvania

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Chairman of the Board
The Warner & Swasey Company
Cleveland, Ohio

AUBREY J. BROWN
Professor of Agricultural Marketing
and Head of Department
of Agricultural Economics
University of Kentucky
Lexington, Kentucky

DAVID A. MEEKER
President
The Hobart Manufacturing Company
Troy, Ohio

C. N. SUTTON
President
The Richland Trust Company
Mansfield, Ohio

EDWIN J. THOMAS
Chairman of the Board and
Chief Executive Officer
The Goodyear Tire & Rubber Company
Akron, Ohio

PAUL A. WARNER
President
The Oberlin Savings Bank Company
Oberlin, Ohio

Member, Federal Advisory Council

LELAND A. STONER
President
The Ohio National Bank of Columbus
Columbus, Ohio

OFFICERS

WILBUR D. FULTON	<i>President</i>
DONALD S. THOMPSON	<i>First Vice President</i>
W. BRADDOCK HICKMAN	<i>Senior Vice President</i>
ROGER R. CLOUSE	<i>Vice President and Secretary</i>
GEORGE H. EMDE	<i>Cashier</i>
EDWARD A. FINK	<i>Vice President</i>
CLYDE HARRELL	<i>Vice President</i>
FRED S. KELLY	<i>Vice President</i>
FRED O. KIEL	<i>Vice President</i>
MARTIN MORRISON	<i>Vice President</i>
PAUL C. STETZELBERGER	<i>Vice President</i>
ELFER B. MILLER	<i>General Auditor</i>
PAUL BREIDENBACH	<i>Counsel</i>
PHILLIP B. DIDHAM	<i>Assistant Vice President</i>
ELMER F. FRICEK	<i>Assistant Vice President</i>
ROBERT G. HOOVER	<i>Assistant Vice President</i>
JOHN J. HOY	<i>Assistant Vice President</i>
HARRY W. HUNING	<i>Assistant Vice President</i>
GEORGE E. BOOTH JR.	<i>Assistant Counsel</i>
ADDISON T. CUTLER	<i>Special Economist</i>
MAURICE MANN	<i>Senior Monetary Economist</i>
GEORGE T. QUAST	<i>Chief Examiner</i>
DONALD G. BENJAMIN	<i>Assistant Cashier</i>
CHARLES E. CRAWFORD	<i>Assistant Cashier</i>
ANNE J. ERSTE	<i>Assistant Cashier</i>
R. JOSEPH GINNANE	<i>Assistant Cashier</i>
WILLIAM H. HENDRICKS	<i>Assistant Cashier</i>
CLIFFORD G. MILLER	<i>Assistant Cashier</i>
THOMAS E. ORMISTON JR.	<i>Assistant Cashier</i>
ALVAH R. MILLS	<i>Assistant General Auditor</i>
LESTER M. SELBY	<i>Assistant Secretary</i>

1963 BRANCH DIRECTORS

AS OF JAN. 1

Cincinnati

DIRECTORS

Chairman

HOWARD E. WHITAKER

Chairman of the Board
The Mead Corporation
Dayton, Ohio

H. W. GILLAUGH

President
The Third National Bank and
Trust Company of Dayton, Ohio
Dayton, Ohio

G. CARLTON HILL

Chairman of the Board and President
The Fifth Third Union Trust Company
Cincinnati, Ohio

JOHN W. HUMPHREY

President
The Philip Carey Manufacturing Company
Cincinnati, Ohio

WALTER C. LANGSAM

President
University of Cincinnati
Cincinnati, Ohio

BARNEY A. TUCKER

President
Burley Belt Plant Food Works, Inc.
Lexington, Kentucky

JOHN W. WOODS, JR.

President
The Third National Bank of Ashland
Ashland, Kentucky

OFFICERS

FRED O. KIEL *Vice President*

PHIL J. GEERS *Cashier*

JOHN BIERMANN, JR. *Assistant Cashier*

GEORGE W. HURST *Assistant Cashier*

WALTER H. MACDONALD *Assistant Cashier*

AND OFFICERS

Pittsburgh

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Chairman of the Board and President
Wheeling Steel Corporation
Wheeling, West Virginia

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Carnegie Institute of Technology
Pittsburgh, Pennsylvania

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Pittsburgh, Pennsylvania

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The First National Bank of Erie
Erie, Pennsylvania

ALFRED H. OWENS

President
The Citizens National Bank
of New Castle
New Castle, Pennsylvania

OFFICERS

CLYDE HARRELL *Vice President*

JOHN A. SCHMIDT *Cashier*

PAUL H. DORN *Assistant Cashier*

CHARLES E. HOUP *Assistant Cashier*

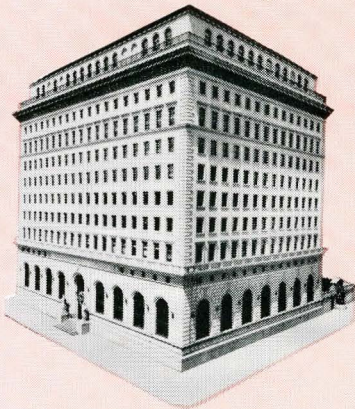
ROY J. STEINBRINK *Assistant Cashier*

NOTES ON MAIN OFFICE AND BRANCHES

For non-banker readers of this report, the following notes may help to clarify the position of the branches in relation to the Federal Reserve Bank.

The Federal Reserve Bank of Cleveland is not a branch of any other institution, although it is subject, along with the other eleven Federal Reserve banks, to the general supervision of the Board of Governors of the Federal Reserve System in Washington. As a part of the central banking system of the United States, its operations are closely coordinated with those of the other Federal Reserve banks. In its capacity as "central bank" for the Fourth Federal Reserve District, the Federal Reserve Bank of Cleveland has two

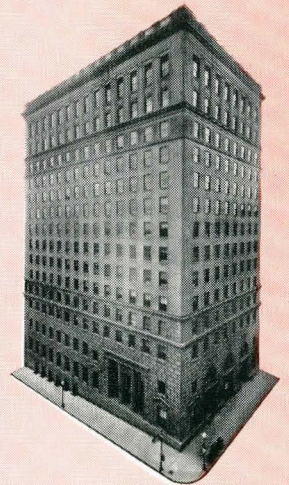
branches, in Cincinnati and Pittsburgh, respectively, each with its own directors and officers as shown on the preceding pages of this report, and each of which operates under the supervision of the Main Office. Almost all of the Bank's service operations such as check clearance, provision of coin and currency, fiscal agency function, etc. are directly provided within a sub-district territory by the two branches, under general management of the Main Office. The bank examination function, however, as well as economic research activity, is carried on at the Main Office. Contributions to the formation of national monetary policy are made principally by the President and the members of the boards of directors.



Main Office, Cleveland

The Main Office of the Federal Reserve Bank of Cleveland serves directly the member banks located in the northern and central portions of Ohio, including such centers as Cleveland, Akron, Canton, Youngstown, Toledo, Lima and Columbus. Deposits of member banks located within the Main Office territory amounted to \$8,995 million as of December 31, 1962. Total number of checks cleared at the Main Office during 1962 amounted to 160 million. At the end of the year 735 were employed at the Main Office.

The Cincinnati Branch of the Federal Reserve Bank of Cleveland serves directly the member banks located in the southern portion of Ohio and the eastern half of Kentucky, including such Ohio centers as Cincinnati, Dayton, Springfield, and Hamilton-Middletown as well as Lexington and Ashland in Kentucky. Deposits of member banks located within the Cincinnati Branch territory amounted to \$3,142 million as of December 31, 1962. Total number of checks cleared at the Cincinnati Branch during 1962 amounted to 101 million. At the end of the year 325 were employed at the Cincinnati Branch.



Cincinnati Branch Building



Pittsburgh Branch Building

The Pittsburgh Branch of the Federal Reserve Bank of Cleveland serves directly the member banks located in the western portion of Pennsylvania and the panhandle section of West Virginia, including such centers as Pittsburgh, Erie, and Wheeling. Deposits of member banks located within the Pittsburgh Branch territory amounted to \$5,204 million as of December 31, 1962. Total number of checks cleared at the Pittsburgh Branch during 1962 amounted to 106 million. At the end of the year 410 were employed at the Pittsburgh Branch.



THE FOURTH FEDERAL RESERVE DISTRICT