

Seventh Annual Report
Federal Reserve Bank
of New York

For the Year Ended December 31, 1921



Second Federal Reserve District

Seventh Annual Report

**Federal Reserve Bank
of New York**

For the Year Ended December 31
1921

Second Federal
Reserve District

FEDERAL RESERVE BANK
OF NEW YORK

New York, March 1, 1922.

SIR: I have the honor to submit here-
with the seventh annual report of the
Federal Reserve Bank of New York,
covering the year 1921.

Respectfully,

PIERRE JAY,

Chairman and Federal Reserve Agent.

Hon. W. P. G. HARDING,

Governor, Federal Reserve Board,

Washington, D. C.

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Federal Reserve Bank of New York

DIRECTORS AND OFFICERS, JANUARY 1, 1922

DIRECTORS

PIERRE JAY, New York City
Chairman

WILLIAM L. SAUNDERS, Plainfield, N. J.
Deputy Chairman

JAMES S. ALEXANDER, New York City

CHARLES SMITH, Oneonta, N. Y.

FRANK L. STEVENS, North Hoosick, N. Y.

CHARLES A. STONE, New York City

ROBERT H. TREMAN, Ithaca, N. Y.

RICHARD H. WILLIAMS, Madison, N. J.

CLARENCE M. WOOLLEY, New York City

MEMBER OF FEDERAL ADVISORY COUNCIL

PAUL M. WARBURG, New York City

OFFICERS

General Officers

BENJ. STRONG, *Governor*

J. HERBERT CASE, *Deputy Governor*

GEORGE L. HARRISON, *Deputy Governor*

LOUIS F. SAILER, *Deputy Governor*

EDWIN R. KENZEL, *Deputy Governor*

DUDLEY H. BARROWS, *Secretary*

JAY E. CRANE, *Assistant Secretary*

EDWARD H. HART, *General Counsel*

L. RANDOLPH MASON, *Assistant General Counsel*

Senior Officers

J. HERBERT CASE,
*Controller of Foreign Relations, Pro
tem.*

GILBERT E. CHAPIN,
Controller of Loans

RAY M. GIDNEY
Controller at Large

ARTHUR W. GILBART
Controller of Administration

GEORGE L. HARRISON
Controller of Collections, Pro tem.

LAURENCE H. HENDRICKS
Controller at Large

JOSEPH D. HIGGINS,
Controller of Cash and Custodies

J. WILSON JONES,
*Controller of Fiscal Agency Func-
tions*

EDWIN R. KENZEL,
Controller of Investments, Pro tem.

LESLIE R. ROUNDS,
Controller of Accounts

DIRECTORS AND OFFICERS, JANUARY 1, 1922—Continued

Junior Officers

- GILBERT E. CHAPIN,
Manager, Loan Department, Pro tem.
- CHARLES H. COE,
Manager, Check Department
- JAY E. CRANE,
Manager, Foreign Department
- EDWIN C. FRENCH,
Manager, Custody Department
- ARTHUR W. GILBART,
Manager, Building Maintenance Department, Pro tem.
- BETHUNE M. GRANT,
Manager, Government Securities Sales Department
- WILLIAM A. HAMILTON,
Manager, Cash Department
- HOWARD M. JEFFERSON,
Manager, Personnel Development Department
- ADOLPH J. LINS,
Manager at Large
- WALTER B. MATTESON,
Manager, Certificates of Indebtedness Department and Manager, Securities Department
- JOSEPH L. MORRIS,
Manager, Credit Department
- HENRY R. MURRAY,
Manager, Collection Department
- ROBERT M. O'HARA,
Manager, Bill Department
- JOHN E. RAASCH,
Manager, Methods and Supplies Department
- JAMES M. RICE,
Manager, Government Bond Department
- LESLIE R. ROUNDS,
Manager, Accounting Department, Pro tem.
- STEPHEN S. VANSANT,
Manager, Discount Department
- I. WARD WATERS,
Manager, Office Service Department and Manager, Personnel Service Department

Auditor

- FRANCIS OAKEY, *General Auditor*
- EDWARD L. DODGE, *Manager, Auditing Department*

FEDERAL RESERVE AGENT

- PIERRE JAY, *Federal Reserve Agent*
- SHEPARD MORGAN, *Assistant Federal Reserve Agent*
- WILLIAM H. DILLISTIN, *Manager, Bank Examinations Department*
- CARL SNYDER, *Manager, Statistics Department*

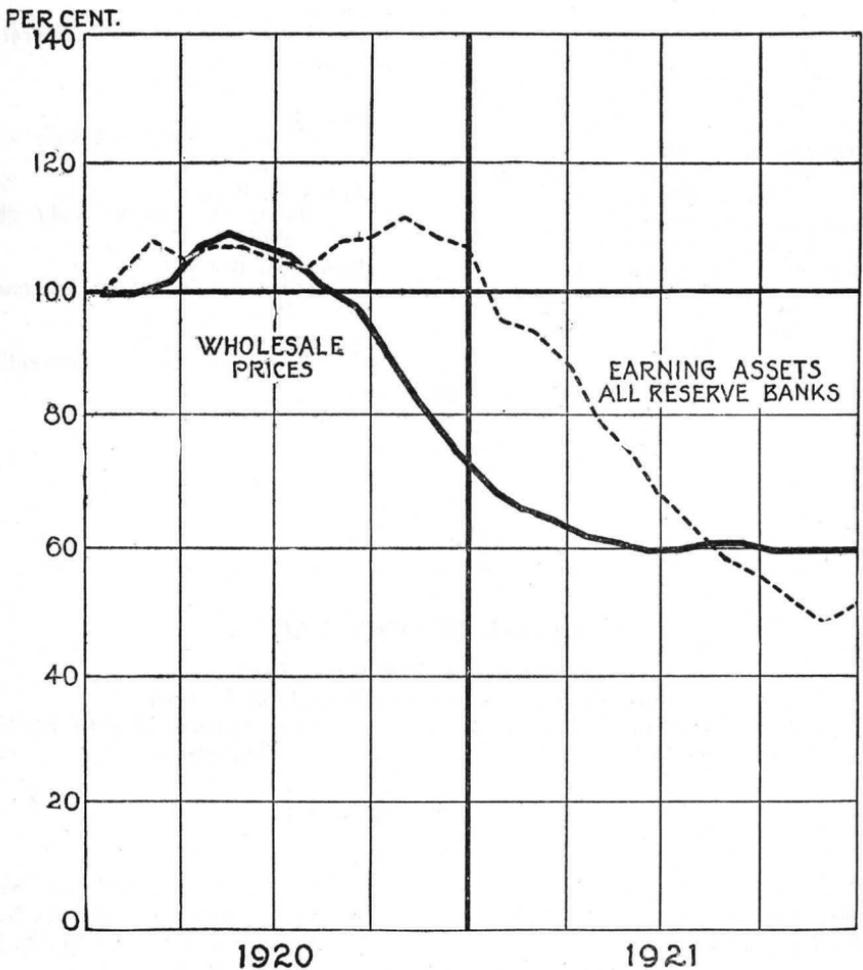
BUFFALO BRANCH

Directors

- E. J. BARCALO, Buffalo, N. Y.
- FRED J. COE, Niagara Falls, N. Y.
- JOHN A. KLOEPFFER, Buffalo, N. Y.
- THOMAS E. LANNIN, Rochester, N. Y.
- ELLIOTT C. McDUGAL, Buffalo, N. Y.
- HARRY T. RAMSDELL, Buffalo, N. Y.
- WALTER W. SCHNECKENBURGER, Buffalo, N. Y.

Officers

- WALTER W. SCHNECKENBURGER, *Manager*
- HALSEY W. SNOW, JR., *Cashier*
- CLIFFORD L. BLAKESLEE, *Assistant Cashier*



Movement of Earning Assets of All Federal Reserve Banks compared with the Course of Wholesale Commodity Prices, Department of Labor Index. (January, 1920=100 per cent.)

I

CREDIT CONDITIONS IN THE DISTRICT IN 1921

The year 1920 was characterized by an unprecedented decline in commodity prices with but little decline in the volume of Reserve Bank loans. The year 1921, on the other hand, was a period of rapidly declining Reserve Bank loans with but little decline in commodity prices. The comparative movement of prices and Reserve Bank loans (or earning assets) is shown in the diagram on the preceding page.

Two factors contributed to the steady decline of Reserve Bank loans during 1921.

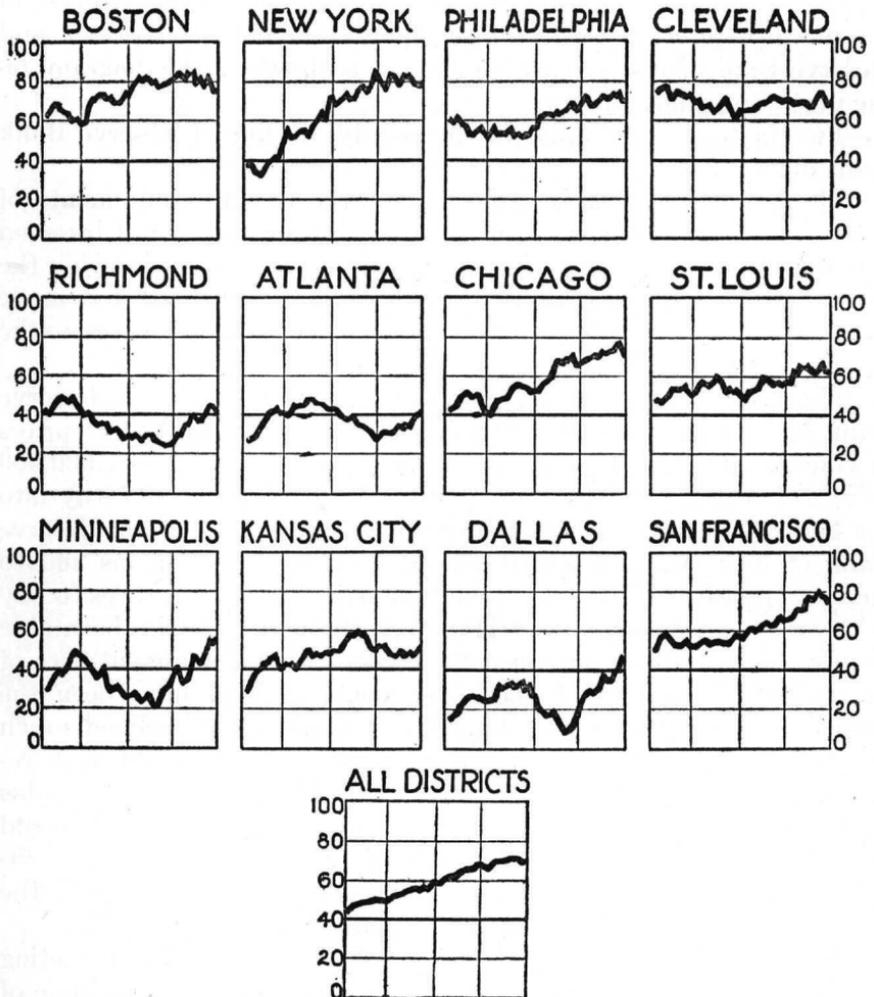
The first factor was a reduction in the credit requirements of agriculture and business, resulting from lower prices and lessened business activity. Loans of commercial banks decreased during the year, rapidly at first and later more slowly, and thus funds were made available for member banks to pay off their borrowings from the Reserve Banks.

The second factor which accelerated the reduction of Reserve Bank loans and made their movement different from that of prices or commercial bank loans, was the net importation of \$667,000,000 in gold during 1921. Practically all of this gold found its way into the Federal Reserve Banks, principally through the Federal Reserve Bank of New York, where it served both to pay off loans and to increase reserves. The gold came here from foreign countries to pay debts or to purchase goods. Had these foreign countries been able to pay these debts or purchase these goods by the shipment here of an equivalent amount of goods, as would perhaps have been the normal procedure, Reserve Bank loans would have declined much less rapidly. Under such conditions member banks could have reduced their loans at the Reserve Banks only by depositing surplus currency or by decreasing their reserve deposits. This would necessarily have been a slower operation since it would have involved corresponding reductions in the amount of cash needed by the public and proportional reductions in commercial bank deposits.

The amount of Federal Reserve notes in circulation, reflecting more closely changes in the price and wage level and the volume of business, declined much more slowly during 1921 than did Federal Reserve Bank loans.

Interest Rates and Reserves

The steady fall in interest rates in New York City, together with the relation to these rates of the discount rate of the Federal Reserve Bank of New York, is discussed in the following pages. The movement towards lower interest rates was accelerated as the member banks, one after another, extinguished their borrowings at the Federal Reserve Bank and had surplus funds to use. These funds immediately found their way into the various money markets for investment, created competition between lenders and tended to force rates down.



Reserve percentages of Federal Reserve Banks each week in 1921 as they would have appeared if no borrowing had taken place between Federal Reserve Banks

As the borrowings at the Federal Reserve Bank declined, its reserves rose. The foregoing diagrams give the course of the reserve percentage of each of the twelve Federal Reserve Banks and of the system as a whole during 1921, disregarding the loans made by Federal Reserve Banks to one another. That the Reserve Banks were more nearly able to take care of the needs of their districts on their own resources is shown in the fact that in the autumn of 1921 the maximum amount which some of the Reserve Banks had to borrow from other Reserve Banks was only \$71,000,000 against a maximum of \$267,000,000 borrowed in the autumn of 1920.

Earnings and Expenses

With these reduced investments and higher reserves, earnings fell correspondingly, and the year ends with the Federal Reserve Bank of New York holding earning assets producing an income not much in excess of its operating expenses and dividend requirements. It seems clear that the immense earnings of the bank during 1919 and 1920 are now a thing of the past, relegated to the period of war financing which alone could have created them. But the Federal Reserve Bank is a great service organization, and its work for its member banks and the public, and for the Government as fiscal agent, in handling checks, notes, drafts and securities, and in providing currency, goes on just the same whether or not its member banks are borrowing from it. Though their borrowings decreased steadily during 1921, the volume of checks, currency and securities handled actually increased.

Congressional Inquiries

In July the Commission of Agricultural Inquiry of the Congress of the United States called upon a former Comptroller of the Currency, the Governor of the Federal Reserve Board, and the Governors of the Federal Reserve Banks of New York and Kansas City to appear before it and furnish information concerning the movements of credit and the operations of the system. The Governor of this bank was also asked to furnish information concerning its relation to the various money and security markets centering in New York City. The Commission made a searching inquiry into the relation of the Federal Reserve Banks to war financing, to the volume of credit, and to the course of agricultural prices during and after the war. The testimony with respect to the Federal Reserve system is contained in Section 13 of the Hearing before the Joint Commission of Agricultural Inquiry, 67th Congress, first session, and the conclusions of the Commission are contained in Volume II of its report to Congress.

On October 14, 1921, the United States Senate by resolution called upon the Federal Reserve Board to furnish it information concerning the salaries paid by the Federal Reserve Bank of New York and other Federal Reserve Banks, and the proposed buildings of the Federal Reserve Bank of New York and other Federal Reserve Banks. This bank accordingly furnished the Federal Reserve Board full information concerning its salaries and salary policy, together with the reasons for proceeding with the erection of its building and such data as were available regarding its probable cost. These were transmitted by the Board to the Senate, together with similar data from other Federal Reserve Banks, and were printed in a pamphlet known as Senate Document No. 75 of the 67th Congress, first session.

Summary

The result of the year in credit and business, particularly as seen from the point of view of this Federal Reserve District, was an immense strengthening of the credit reservoir, partly through natural liquidation and partly through the huge inflow of gold; a demonstration of the ability of the Reserve Bank to take up the slack in credit, at least as long as the slack could be used in extinguishing indebtedness to it; steadiness in credit conditions and a lowering of interest rates, which not only stimulated the investment demand for bonds, but a tendency to stock speculation as well; a great increase in the amount and variety of foreign loans placed in the United States; a progressive fall in exports to an amount more nearly in balance with the volume of imports; lower prices for many manufactured products and higher prices for many raw materials, tending to correct the 1920 price mal-adjustments; manufacturing and merchandising carried on under difficulties, and in many cases at a loss or with greatly decreased earnings; unemployment, heavy and widespread, but tending to be less severe towards the end of the year and taken care of without great distress by local agencies; considerable, though not general, reductions of wages; some reduction in the cost of living; and, generally, a year of dull business with operating expenses being heavily cut down, unsound elements reduced or eliminated, and many readjustments and reorganizations effected by cooperation without the wholesale failures and receiverships which in former years would have followed such disorganization as the 1920 fall in commodity prices produced.

II

BANK OPERATIONS

STATEMENT OF CONDITION

THE comparative statement of condition of the Federal Reserve Bank of New York as of December 31, 1921, and December 31, 1920, is given in brief form below. A more detailed statement with notes explanatory of the various items appears in the appendix, pages 48 and 49.

RESOURCES

	Dec. 31, 1921	Dec. 31, 1920
CASH RESERVES:		
Gold	\$1,081,203,974.67	\$473,411,574.47
Legal tender notes, silver, etc.....	50,335,841.00	144,759,115.20
Total reserves	1,131,539,815.67	618,170,689.67
LOANS AND INVESTMENTS:		
Loans to member banks:		
Secured by Government obligations.....	156,013,679.05	454,751,722.52
Secured by discount of commercial paper..	53,066,308.08	416,686,474.82
Bills and securities purchased:		
Acceptances	72,593,292.33	113,740,374.53
United States securities.....	103,525,400.00	61,184,305.55
Total loans and investments (or earning assets).....	385,198,679.46	1,046,362,877.42
ALL OTHER RESOURCES (mostly uncollected checks).....	114,465,872.49	149,636,607.26
Total resources.....	\$1,631,204,367.62	\$1,814,170,174.35

LIABILITIES

CURRENCY IN CIRCULATION:		
Federal Reserve notes	\$663,363,181.00	\$867,480,630.00
Federal Reserve bank notes.....	20,559,200.00	38,833,200.00
Total currency in circulation.....	683,922,381.00	906,313,830.00
DEPOSITS:		
Reserve deposits of member banks.....	726,097,832.01	702,431,237.92
Government deposits.....	32,616,430.48	11,297,895.88
All other deposits.....	14,450,428.68	12,133,377.48
Total deposits.....	773,164,691.17	725,862,511.28
MISCELLANEOUS LIABILITIES (mostly checks on deferred credit).....	86,806,318.31	99,206,727.03
CAPITAL.....	27,113,850.00	26,372,650.00
SURPLUS.....	60,197,127.14	56,414,456.04
Total liabilities.....	\$1,631,204,367.62	\$1,814,170,174.35

INCOME AND DISBURSEMENTS

A summary of the income and disbursements of the Federal Reserve Bank of New York is given in the following table. A more detailed statement appears as appendix B on page 50.

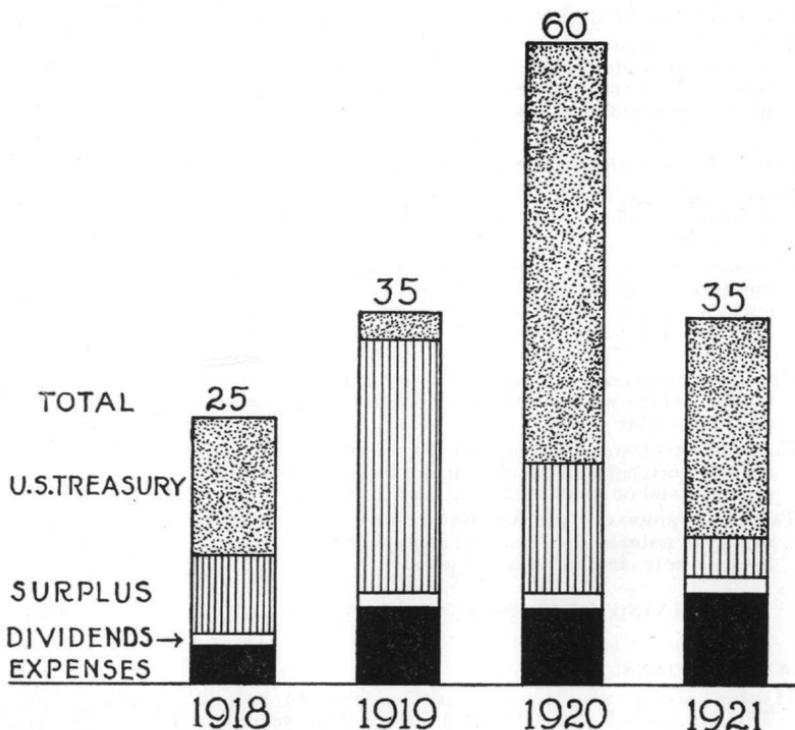
	Dec. 31, 1921	Dec. 31, 1920
EARNINGS:		
From rediscounts and advances to member banks.	\$30,762,021.40	\$49,839,182.52
From acceptances owned.....	1,829,665.00	8,323,050.37
From United States Government securities owned.	1,955,969.96	1,975,648.96
Other earnings.....	157,282.33	387,439.92
Total earnings.....	\$34,704,938.69	\$60,525,321.77
DEDUCTIONS FROM EARNINGS:		
For current bank operation.....	\$7,076,187.58	\$6,350,862.58
Cost of Federal Reserve currency.....	1,091,591.96	648,392.46
For self-insurance and other reserves, depreciation, etc.....	443,326.95	397,936.09
Total deductions from earnings.....	\$8,611,106.49	\$7,397,191.13
Net income.....	\$26,093,832.20	\$53,128,130.64
DISTRIBUTION OF NET INCOME:		
Dividends paid.....	\$1,608,721.16	\$1,477,096.58
Added to surplus.....	3,782,671.10	12,332,523.41
Paid United States Government as franchise tax.	20,702,439.94	39,318,510.65
Total.....	\$26,093,832.20	\$53,128,130.64

The reduction in the gross income of the bank from \$60,525,000 in 1920 to \$34,705,000 in 1921 is attributable to a reduction during 1921 of 63 per cent. in the bank's earning assets, accompanied by successive reductions in the discount rates from 7 per cent. to 4½ per cent. The gross income for the month of January was \$5,317,400 and that for December was \$1,323,000.

The reduction in the earning assets was not accompanied by a corresponding reduction in the volume of the bank's work. The number of employees in the departments of the bank which handle the earning assets has never exceeded 150 as compared with a total of about 3,000 employees in all departments. While the decline in earning assets has reduced the work of these departments, the work of others, such as the collection of checks, notes and drafts, the custody of securities, and the handling of cash continued to expand during 1921. Also, through lack of appropriation, the Treasury Department terminated on June 30, 1921, the arrangement whereby it had formerly reimbursed the Federal Reserve Bank for its work in handling Government securities and the expense of such operations, many of them very large, was borne thereafter by the bank.

Disposition of Gross Income

The amount and disposition of the gross income of the bank for each year since 1918 are illustrated in the following diagram. The heights of the columns represent the gross income each year and the disposition of the income is indicated by the sections into which the columns are divided.



Disposition of Gross Earnings of the Federal Reserve Bank of New York, in Millions of Dollars

Current expenses are the first charge against income; a dividend to stockholders, legally fixed at 6 per cent., has been paid covering the entire period of operation, surplus has been increased in accordance with the law; and the remaining profits have been paid as required by law to the Treasury of the United States in lieu of a franchise tax. The amount so paid in 1921 was \$20,702,440 compared with \$39,318,511 in 1920. Under the law the amounts so paid are available to the Treasury only for the purpose of placing

additional gold reserve behind the United States notes, commonly called greenbacks, or for retiring the Government's bonded debt.

Expenses of Operation

The expenses of carrying on the work of the bank, divided according to functions, with the miscellaneous items of overhead apportioned among the various functions, were as follows:

1. MAINTAINING THE ACCOUNTS OF THE BANK.

This work includes making about 12,500,000 entries a year in the accounts maintained with member and other banks, and the current determination of reserve balances, which are required by law..... \$260,111

2. SUPPLYING CURRENCY AND COIN.

PAYING OUT, RECEIVING, AND REDEEMING CURRENCY, involving the count of about 687,000,000 individual notes during the year..... \$1,247,912

PAYING OUT AND RECEIVING COIN. This service was formerly performed largely by the Subtreasury, and is now entirely in the hands of the Federal Reserve Bank. Receipts and issues amounted to \$164,000,000 for the year..... 193,572

CURRENCY AND COIN SHIPMENTS to and from out-of-town banks. There were 175,000 such shipments in and out during the year..... 209,826

COST OF PRINTING NEW FEDERAL RESERVE CURRENCY to replace worn notes in circulation and to build up supplies unissued and on hand, including cost of transportation.. 1,091,592

TAX ON FEDERAL RESERVE BANK NOTE CIRCULATION, mostly of notes in the \$1 and \$2 denomination. (Federal Reserve note circulation is not taxed)..... 136,310

SUPPLYING CURRENCY AND COIN..... \$2,879,212

3. MAKING LOANS.

MAKING DISCOUNTS AND ADVANCES TO MEMBER BANKS. The number of items handled during the year was 149,151, aggregating \$30,767,000,000..... \$428,720

PURCHASING ACCEPTANCES AND TREASURY CERTIFICATES for the account of this bank and other Federal Reserve Banks. The items purchased during the year aggregated \$3,479,000,000..... 87,682

MAKING LOANS..... \$516,402

4. COLLECTING CHECKS, DRAFTS, NOTES AND COUPONS.

COLLECTION OF CASH ITEMS, mostly checks. The average number of checks handled was 346,100 a day, or 104,519,000 for the year, aggregating \$36,100,000,000... \$1,768,685

COLLECTION OF NON-CASH ITEMS, including drafts, notes and coupons, aggregating for the year \$1,580,000,000... 621,024

COLLECTING CHECKS, ETC..... \$2,389,709

5. SUPPLEMENTARY SERVICES.

CUSTODY OF SECURITIES. This service involves holding in safekeeping on the average about \$300,000,000 of securities for the United States Government, \$300,000,000 for the War Finance Corporation and \$100,000,000 from other sources.....	\$121,309
PURCHASE AND SALE OF BANKERS ACCEPTANCES and other securities for member banks and foreign banks amounting to \$415,256,000 for the year, and receiving and delivering securities for the account of member banks, amounting for the year to about \$400,125,000. In addition the bank has acted for the Treasury Department in the purchase and sale of Government securities.....	137,207
TELEGRAPHIC TRANSFER OF FUNDS. This service is performed over the telegraph wires of the Federal Reserve system, and is used by the Treasury Department and member banks. It involves making an average of 969 transfers of funds to all parts of the country each day, amounting to about \$60,133,000 and aggregating for the year \$18,160,344,000.....	94,034
	\$352,550

6. SERVICES IN CONNECTION WITH GOVERNMENT LOANS.

This work included during 1921 the receipt or delivery of 10,520,094 individual Liberty bonds and Victory notes, amounting to \$2,379,500,000, which were exchanged or converted or handled in connection with registration; and the payment of 26,125,000 individual coupons on Government bonds, notes and certificates. It also involved the sale and issue of \$1,480,000,000 of Treasury notes and certificates, and the redemption of \$1,461,000,000 of Treasury certificates. Prior to July 1 the cost of such operations, less miscellaneous items of overhead, was reimbursed to the bank by the Treasury Department. The cost to the bank from July 1 to December 31 was.....	\$572,748
(In addition to these operations for the Treasury, the bank performed other work for the Government connected with the currency, the collection of checks, the custody, purchase and sale of securities, the transfer of funds, etc., which have been referred to under their respective headings.)	

7. GENERAL OR SUPERVISORY EXPENSES, not apportioned among the functions specified above.

EXECUTIVE SALARIES (chairman, governor, four deputy governors and secretary of the bank, and manager and cashier of the Buffalo Branch).....	\$206,385
WORK OF THE FEDERAL RESERVE AGENT, including note issues, examination of member banks, visits to member banks, statistical and information services, such as the preparation of the weekly bank statements and the publication of the Monthly Review.....	425,933
MAINTAINING THE GENERAL AUDIT.....	329,828
DIRECTORS' FEES AND TRAVELING EXPENSES IN ATTENDING BOARD AND COMMITTEE MEETINGS.....	32,101
THIS BANK'S SHARE OF THE EXPENSES OF THE FEDERAL RESERVE BOARD.....	202,801
	\$1,197,048
GENERAL OR SUPERVISORY EXPENSES....	\$1,197,048
TOTAL.....	\$8,167,780

LOANS AND INVESTMENTS

During 1921 the loans and investments of the Federal Reserve Bank of New York declined steadily, and in the late autumn reached a level lower than at any time in four years. The total on December 31, 1921, was \$385,200,000 as compared with \$1,046,000,000 on December 31, 1920.

The following diagram shows their course for the seven full years of its operation, and indicates that the loans of the New York Reserve Bank which rose in response to demands of the war and of subsequent conditions to \$1,166,000,000, declined by the autumn of 1921 to approximately the level of four years ago. The figures plotted on the diagram are for the last reporting day of each month.



Earning Assets of the Federal Reserve Bank of New York

Discounts and Advances

By the end of 1921 most of the largest borrowers of the previous year were entirely out of debt to this bank and others had extinguished all but a small portion of their indebtedness. Loans to

banks outside the city, particularly those with continuing agricultural demands, were necessarily slower to decline, and the number of member banks borrowing from the Reserve Bank remained fairly constant during most of 1921.

The following table compares certain of the more important figures relating to rediscounts and advances for each of the past three years.

	1921	1920	1919
Applications received	21,461	27,757	28,599
Amount discounted or advanced upon	\$30,768,989,922.52	\$50,539,428,847.71	\$42,449,491,133.87
Number of pieces of paper discounted or advanced upon	149,868	180,462	127,721
Largest piece of paper discounted or advanced upon	\$78,100,000.00	\$85,000,000.00	\$120,000,000.00
Smallest piece of paper discounted or advanced upon	\$16.72	\$14.72	\$2.81
Average size of notes discounted or advanced upon	\$205,307.26	\$280,055.79	\$332,361.09

Beginning July 1, 1921, Liberty bonds and Victory notes were accepted as security for advances and rediscounts at their market value instead of, as previously, at their par value. United States certificates of indebtedness, however, continued to be accepted as security at par.

Discount Rates

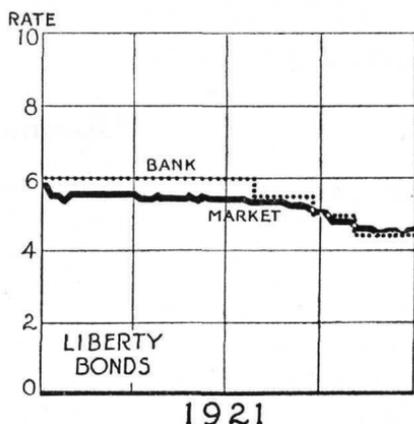
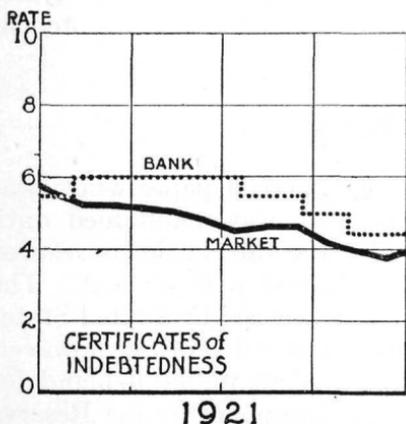
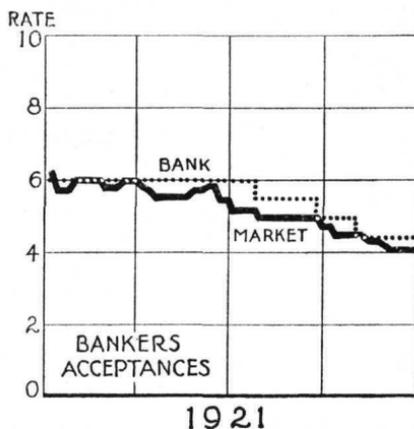
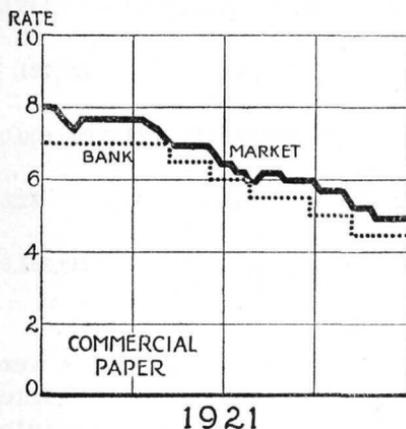
The 7 per cent. discount rate on commercial paper which was made effective at this bank June 1, 1920, was maintained until May 5, 1921. During that period also the rate on loans secured by Liberty bonds and Victory notes remained at 6 per cent. The preferential rate of 5½ per cent. on paper secured by United States Treasury certificates of indebtedness, was withdrawn, however, on February 5, 1921, in view of the excellent public demand for those securities which made preferential treatment at the Reserve Bank no longer necessary.

The reduction of the discount rate on commercial paper to 6½ per cent. on May 5, 1921, followed a gradual improvement during the spring in general credit conditions. A second reduction of the discount rate on commercial paper to 6 per cent. was made on

June 16. By this action, the rate on loans however secured, whether by commercial paper, Liberty bonds, Victory notes or certificates of indebtedness, was made uniform, and in subsequent rate changes this uniformity has been maintained, as follows:

July	21	5½ per cent.
September	22	5 per cent.
November	3	4½ per cent.

The relationship of the discount rates of the bank to the market rates on bills, Treasury certificates, Liberty bonds and commercial paper is illustrated in the accompanying diagrams.



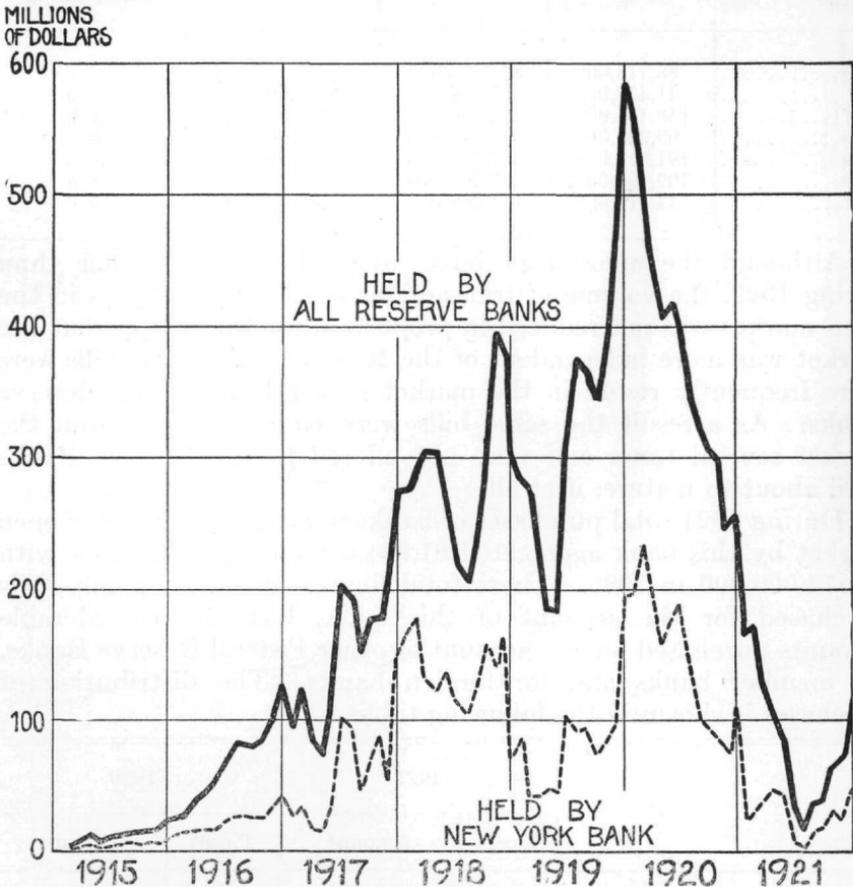
Open Market Interest Rates at New York Compared with the Discount Rates of the Federal Reserve Bank of New York

Open Market Rates Shown are for Prime 4 to 6 Months Commercial Paper, Prime 90-day Bankers Acceptances, Certificates Maturing in 4 to 6 Months, and an Average of the Yields of 4 Issues of Liberty Bonds and Victory Notes most frequently offered as Security for Advances

Purchased Bills

During the year this bank's holdings of bankers acceptances declined as the supply of free funds increased and sought this channel for re-employment. From the high point of \$231,300,000, reached on February 28, 1920, the decline to \$2,018,000, on July 27, 1921, was strikingly illustrative of changed conditions in the money and discount markets. It also reflected a smaller supply of bills.

The decline in the bill holdings of the New York and other Federal Reserve Banks is illustrated in the accompanying diagram.



Acceptances Purchased in the Open Market Held by All Federal Reserve Banks and by the Federal Reserve Bank of New York on the last reported date each month

While there are no exact figures to show the total volume of bills in the United States at any one time, close estimates of the

volume of bankers acceptances, and prime commercial bills bearing banking indorsement which circulate in the open discount market, may be made from reports furnished to this bank. The following table shows such estimates for the close of each year from 1916 to 1921, inclusive, compared with the amounts owned by the Federal Reserve Banks.

Date	Owned by Federal Reserve Bank of New York	Owned by All Federal Reserve Banks	Estimated Amount Outstanding	Percentage Owned by All Federal Reserve Banks to Estimated Amount Outstanding
1915.....	\$8,715,000	\$23,013,000	.....	.....
1916.....	41,457,000	127,497,000	\$250,000,000	51.0
1917.....	148,125,000	275,366,000	450,000,000	61.2
1918.....	69,323,000	303,673,000	750,000,000	40.5
1919.....	191,312,000	585,212,000	1,000,000,000	58.5
1920.....	109,902,000	255,702,000	1,000,000,000	25.6
1921.....	47,313,000	114,240,000	600,000,000	19.0

Although the amount of bills outstanding was smaller than during 1920, the volume of transactions or turnover of bills in the open market was not reduced in proportion for the reason that the market was more independent of the Reserve Banks and bills were more frequently resold in the market rather than to the Reserve Banks. As a result the same bills were passed to and from the market several times and were not offered to the Reserve Banks until about to mature, if at all.

During 1921 total purchases of bankers acceptances in the open market by this bank aggregated \$1,364,000,000, as compared with \$2,573,000,000 in 1920. These total figures include not only bills purchased for the account of this bank, but also considerable amounts purchased for the account of other Federal Reserve Banks, for member banks and for foreign banks. The distribution of purchases is shown in the following table.

	1921		1920	
	Pieces	Amount	Pieces	Amount
For the account of this bank . . .	46,836	\$800,000,000	69,961	\$1,697,000,000
For account of other Federal Reserve Banks	12,706	194,000,000	36,276	731,000,000
For account of member banks . . .	7,561	59,000,000	4,825	42,000,000
For account of foreign banks . . .	22,884	311,000,000	4,791	103,000,000
Total	89,987	\$1,364,000,000	115,853	\$2,573,000,000

The larger purchases for member banks and for foreign banks were one of the evidences of the increasing investment demand.

Under a regulation of the Federal Reserve Board, dated May 6, 1921, bankers acceptances up to six months' maturity issued in import and export transactions became eligible for open market purchase by Federal Reserve Banks. Heretofore the maximum maturity eligible for such purchases was three months. The effect of this change has been to facilitate trade with countries where the longer usance is required. The longer bills were so well taken by investors, however, that practically no such bills have been offered to this bank, which, however, has always been ready to purchase them if offered. As a result of the broader investment demand for bills in connection with the reduced volume in 1921, offerings to the Federal Reserve Bank for purchase were mainly of bills having so short a maturity as to make them less desirable for investors to hold to maturity. The following table gives the approximate average maturity of the purchased bills held by this bank at different dates during 1921 and 1920.

Date	1921	1920
January 1	27 Days	42 Days
April 1	29 "	33 "
July 1	11 "	30 "
October 1	17 "	29 "
December 31	15 "	28 "

Open market rates for bankers acceptances declined steadily during the year as was indicated in the diagram on page 18. A factor in this decline, aside from the general downward movement of money rates, was the increase in foreign-owned funds held here which sought temporary employment in liquid short-term instruments, such as bankers acceptances and United States Treasury certificates and loans upon them.

A factor operating against still lower bill rates was the competition of Treasury certificates and short-term notes, the income of which is to a certain extent exempt from taxation, whereas all discount on bills is taxable.

The minimum rates at which indorsed bills were purchased by the Federal Reserve Bank of New York for its own account and

for account of other Federal Reserve Banks during 1921 are shown in the following table.

	Short Bills	90-Day Bills
January 1 to June 14.....	5 $\frac{3}{4}$	6
June 15 to July 20.....	5 $\frac{1}{2}$	5 $\frac{3}{4}$
July 21 to September 25.....	5	5 $\frac{1}{2}$
September 26 to October 3.....	5	5 $\frac{1}{8}$
October 4 to November 2.....	4 $\frac{1}{2}$	4 $\frac{3}{4}$
November 3 to November 15.....	4 $\frac{1}{2}$	4 $\frac{1}{2}$
November 16 to November 27.....	4 $\frac{3}{8}$	4 $\frac{1}{2}$
November 28 to December 7.....	4 $\frac{1}{4}$	4 $\frac{1}{2}$
December 8 to December 31.....	4 $\frac{1}{8}$	4 $\frac{1}{2}$

Bills bought for member banks and foreign banks were taken at the market rates of the day of purchase.

Government Obligations Owned

Other earning assets consisted of the following groups of Government obligations.

1. *One year special two per cent. certificates of indebtedness to secure Federal Reserve bank note circulation.* The amount of such certificates held under authority of the Pittman Act was reduced during the year from \$59,000,000 to \$35,400,000 as the Federal Reserve bank notes which they secured were replaced by the return to circulation of silver certificates.

2. *Special certificates of indebtedness running for a few days.* During 1921 the Treasury had less need of temporary advances and this bank held special certificates of indebtedness covering such advances on 60 days as compared with 137 days in 1920. The largest advance was that of \$183,000,000 on June 15.

3. *Certificates of indebtedness under sales contract.* The bank continued to purchase certificates of indebtedness from non-member banks and bankers from time to time, under the provision that they repurchase the certificates within fifteen days. With the increased strength of the open market for these issues in 1921, the amounts so purchased averaged much less than in previous years.

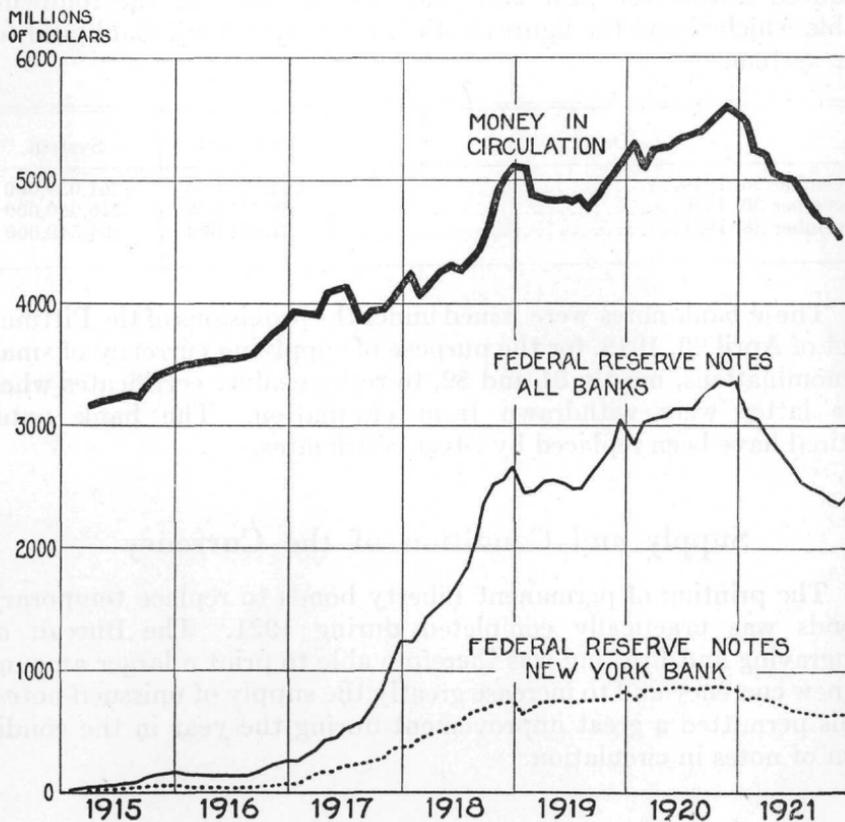
4. *Investment holdings of certificates of indebtedness and Victory notes.* Small purchases of certificates of indebtedness were made occasionally during the year for investment account. Shortly before the end of the year Victory notes to the amount of \$1,065,000 were purchased and on December 31 were turned over to the Government as a portion of the franchise tax.

FEDERAL RESERVE CURRENCY

The note circulation of the Federal Reserve Bank of New York which reached its highest point in the fall of 1920 declined steadily through most of 1921, owing mainly to the lower level of commodity prices and the restricted volume of business. As during the rise in the country's volume of non-metallic currency, so also during the decline, Federal Reserve notes furnished the principal fluctuating element. Federal Reserve bank notes declined also, but the volume at all times has been only a small proportion of the total note circulation.

Federal Reserve Notes

While the amount of money in circulation other than Federal Reserve notes has remained practically unchanged since early in



Federal Reserve Notes in Circulation Compared with the Total Money in Circulation in the United States Outside of the Treasury and the Federal Reserve Banks

1919, the total money in circulation has been much reduced. As will be seen from the foregoing diagram the reduction in the note circulation of all Reserve Banks accounts practically in full for the reduction in the total volume of money in circulation.

In 1921 the circulation of the New York Reserve Bank tended downward from the first of January until near the close of the year when circulation increased slightly because of the holiday demand. The decrease during 1921 was about \$200,000,000 and the percentage of decline, of about 25 per cent., was approximately the same as for the system as a whole.

Federal Reserve Bank Notes

Federal Reserve bank notes of this bank, which reached a maximum circulation in December, 1919, have been gradually reduced during the past two years as indicated in the following table which shows the figures both for the New York Bank and for the system.

Date	New York	System
December 26, 1919.....	\$54,624,000	\$261,039,000
December 30, 1920.....	38,741,000	216,960,000
December 28, 1921.....	21,391,000	84,548,000

These bank notes were issued under the provisions of the Pittman Act of April 23, 1918, for the purpose of supplying currency of small denominations, mostly \$1 and \$2, to replace silver certificates when the latter were withdrawn from circulation. The bank notes retired have been replaced by silver certificates.

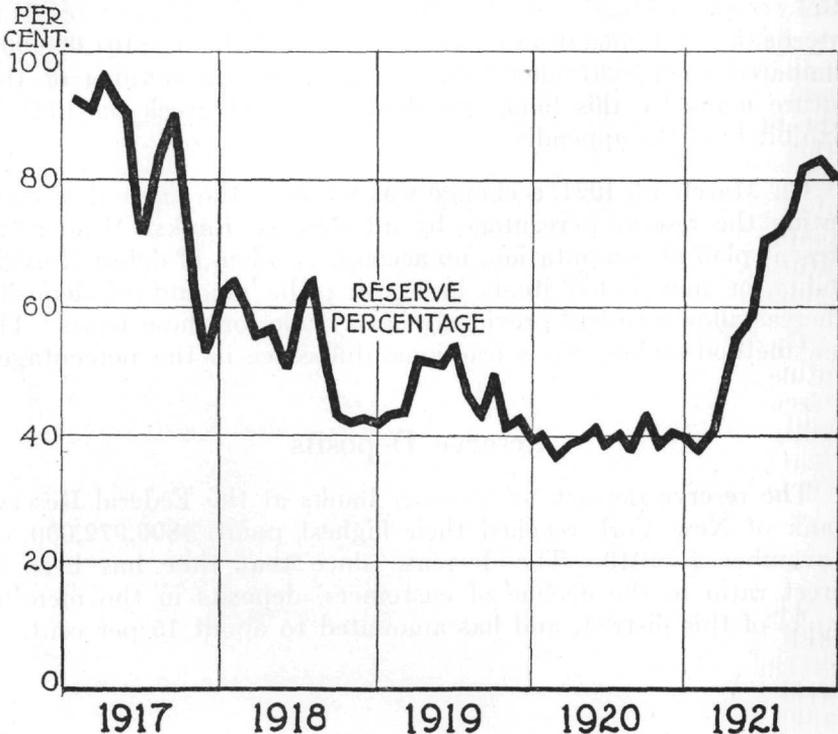
Supply and Condition of the Currency

The printing of permanent Liberty bonds to replace temporary bonds was practically completed during 1921. The Bureau of Engraving and Printing was therefore able to print a larger amount of new currency and to increase greatly the supply of unissued notes. This permitted a great improvement during the year in the condition of notes in circulation.

RESERVES AND RESERVE POSITION

During the year 1921 there was a continuous flow of gold from European countries to the United States to offset the balance of trade in favor of this country. Imports of gold during the year amounted in the aggregate to about \$690,000,000 compared with gold exports of less than \$25,000,000. A large proportion of this gold was received by New York banks and banking houses, and naturally flowed into the Federal Reserve Bank of New York, causing a rapid and continuous increase in its gold holdings. In 1921 the net increase in the reserves of the bank totaled \$513,000,000.

As a result of the increase in reserves and the decrease in note circulation and deposits, resulting from the reduction of earning assets, the reserve percentage of the bank moved steadily upward during most of the year. This movement is shown in the following diagram, which gives the reserve percentages for the last week in each month since 1917.



Reserve Percentage of the Federal Reserve Bank of New York each month since 1917

The highest reserve percentage for the year, 84.8 on November 29, was the highest figure touched since September, 1917.

The foregoing diagram, which is based upon the position of the bank as reported, reflects in part the effect of borrowings from other Federal Reserve Banks or loans to them. In several months of 1920 and early in 1921, when the pressure for accommodation in this district was strongest, this bank maintained its reserve percentage by rediscounting some of its paper with other Federal Reserve Banks and by selling to them bankers acceptances from its portfolio. At certain other times in 1920 and 1921 this bank rediscounted paper for other Reserve Banks, or purchased bills from them, thus improving their reserve positions. In 1921 the largest total of rediscounts with other Reserve Banks and sales of bills to them was \$55,000,000 on February 4. In 1920 the corresponding figure was \$100,000,000 on January 16. There was also a large reduction in the amount of paper which both this and other Reserve Banks were called upon to rediscount for or purchase from Reserve Banks. The largest amount of rediscounts for and purchases of bills from other Reserve Banks by the New York Bank was \$39,000,000 in 1921, compared with \$93,000,000 in 1920. The highest totals of interbank accommodation in the system in 1921 was \$101,000,000, compared with \$267,000,000 in 1920. The transactions of this nature made by this bank are shown for each week on 1921 in Exhibit D of the appendix.

On March 18, 1921, a change was made in the method of computing the reserve percentage by all Reserve Banks. Under the present plan of computation, no account is taken of deferred availability or uncollected items in figuring the amount of deposits, whereas allowance had previously been made for these items. The new method makes only a fractional difference in the percentages.

Reserve Deposits

The reserve deposits of member banks at the Federal Reserve Bank of New York reached their highest point, \$806,972,000, on November 7, 1919. The decrease since that time has been in direct ratio to the decline of customers' deposits in the member banks of this district, and has amounted to about 15 per cent.

COLLECTIONS AND CLEARINGS

The facilities of the Federal Reserve Bank of New York for the collection of checks, notes, drafts, coupons and bonds and for the transfer of funds were utilized more fully by the banks of the district in 1921 than in any previous year. More banks made use of the system and more items were handled, although the transactions expressed in dollars were somewhat smaller than in 1920.

Check Collections

In December, 1921, there were 628 banks in this district using the check collection system, compared with 508 in December, 1920. The number of checks handled in a single day reached a maximum on October 14, 1921, when a total of 342,000 was handled, 15,000 more than on October 14, 1920, when the previous high figure was reached. Despite the increase in the number of items handled in 1921 the number of employees engaged in the work has not increased. Details of the year's operations are given in the appendix on page 63.

A number of steps have been taken during the year to make the proceeds of checks collected more quickly available to member banks. The privilege of sending checks on banks in other Federal Reserve districts direct to the Federal Reserve Banks in those districts was extended to 119 additional banks in 1921. A summary of such operations is as follows:

In 1920—150 banks in this district sent checks direct to other Federal Reserve Banks in the amount of.....	\$11,955,000,000
In 1921—269 banks in this district sent checks direct to other Federal Reserve Banks in the amount of.....	9,395,000,000
In 1920—582 banks in other districts sent checks direct to the New York Reserve Bank in the amount of.....	8,663,000,000
In 1921—590 banks in other districts sent checks direct to the New York Reserve Bank in the amount of.....	6,720,000,000

During 1921 arrangements were made in 11 counties of this district whereby the member banks in those counties forward their local checks to the banks on which they are drawn, and simultaneously advise the Federal Reserve Bank of the amounts. The Federal Reserve Bank, by making appropriate entries on its books, then clears the aggregate of the transactions. This arrangement effects a saving of at least two days in the time required for col-

lecting such local items. The following table shows the counties and the number of banks in each group organized in this manner.

Group	County	Number of Banks
1	Delaware, New York.....	15
2	Monmouth, New Jersey.....	23
3	Tompkins, Chemung, Tioga, and Broome, New York.....	23
4	Middlesex, New Jersey.....	18
5	Westchester, New York.....	22
6	Otsego, New York.....	13
7	Herkimer, New York.....	15
8	Steuben, New York.....	9

Arrangements were also made during the year whereby the members of the Syracuse, N. Y., Clearing House Association settled their balances daily by wire on the books of the Federal Reserve Bank of New York in the same manner as that inaugurated in 1920 by the clearing house banks of Elmira, N. Y., and Binghamton, N. Y.

The Northern New Jersey Clearing House Association, established in 1920, was expanded during the past year to include 22 member banks, with 5 non-member banks and trust companies as associate members. The daily clearings of the association averaged about \$6,000,000 in 1921 as compared with \$4,000,000 in 1920. Of the \$1,900,000,000 total clearings for 1921 this bank presented items aggregating about \$1,500,000,000.

Under the one way clearing arrangements maintained for several years the Federal Reserve Bank during 1921 presented checks to the amount of \$1,415,000,000 against banks in the Borough of the Bronx and checks to the amount of \$1,583,000,000 against banks in the Borough of Brooklyn.

There were a number of changes in the list of banks in the United States which remit at full face value for all checks drawn upon them and presented for collection by the Federal Reserve Banks. Certain banks in the State of North Carolina obtained a restraining order against the Federal Reserve Bank of Richmond which prevented temporarily the collection of checks on those banks through the usual Federal Reserve collection channels. Recent statutes passed by the States of Louisiana, Mississippi and South Dakota also made it difficult for the Federal Reserve Banks to collect at par on banks in those States. At the close of the year about 28,044 of the 30,307 banks in the country were remitting at par. This number was about 93 per cent. of the total number of banks and compared with 28,768 banks remitting at par at the close of 1920.

Note and Coupon Collections

Notes and drafts handled for collection in 1921 numbered 814,329 as compared with 563,814 in 1920, an increase of 45 per cent. Of this number 559,418 were drawn on places outside New York City and 254,911 were payable in New York City. Collection of matured bonds and coupons totaled \$104,843,668 in 1921 as compared with \$60,115,335 in 1920, an increase of 75 per cent. The collection of these items has, as heretofore, been handled for member banks free of charge except for such charges as were made by collecting banks, which were passed back to the banks depositing such items.

Gold Settlement Fund

Daily transactions through the gold settlement fund operated at Washington by the Federal Reserve Board averaged about \$235,000,000 at the close of 1921 as compared with a daily average of \$287,000,000 at the end of the previous year. These transactions include the balances between Federal Reserve districts on check collections, transfers of funds for member banks and their customers, the United States Treasury and the various accounts of the Federal Reserve Banks. The following table shows, for this district, the aggregate transactions through the fund in each year from 1915 to 1921.

1915.....	\$556,432,000	1919.....	41,932,723,000
1916.....	2,335,225,000	1920.....	48,840,900,000
1917.....	17,118,917,000	1921.....	39,697,533,000
1918.....	32,935,576,000		

The volume of settlements made through this fund between the Federal Reserve Bank of New York and each of the other Federal Reserve Banks during 1921 is shown in the appendix, pages 65 and 66.

Telegraphic Transfer Service

This service, which is used by the Treasury and the member banks for the benefit of themselves and their customers, was maintained unchanged in 1921. The number of transfers averaged 40 per cent. greater than in 1920 although the dollar amount increased only about 4 per cent. The following table shows the telegraphic transfers of this bank to and from other Reserve Banks from 1916 to 1921.

Year	Number	Amount	Year	Number	Amount
1916 (nine months)	2,971	\$484,500,000	1919.....	82,321	18,245,250,181
1917.....	10,302	6,768,400,000	1920.....	147,302	17,021,509,734
1918.....	39,099	19,384,371,849	1921.....	205,706	17,770,400,000

RELATIONS WITH BANKS

Visits and Conferences

During 1921 representatives of this bank continued to visit member banks. Conferences with officers and directors of member banks were also held from time to time at the New York and Buffalo offices to explain the operations and policies of the Federal Reserve Bank. During the year 356 member and 5 non-member banks were represented at these conferences.

The effect of these visits and conferences has been, not only to give member banks a better understanding of the operations and policies of the Federal Reserve Bank, but also to give the officers of the Reserve Bank a better appreciation of the problems of the member banks and the conditions surrounding their operations, and a closer acquaintance with their officers.

Monthly Review of Credit and Business Conditions

This bank continued to issue to member banks and others a *Monthly Review of Credit and Business Conditions*. Articles explanatory of the operations of the Federal Reserve system have appeared in each issue of the *Review* since last April.

Bank Examinations

Federal Reserve examiners participated in 44 examinations of member banks during the year, as follows: 18 joint examinations of National banks, and 26 joint examinations of State banks and trust companies. Thirty-one National banks were also examined independently by the examiners of this bank, commissioned as National bank examiners, in accordance with the request of the Comptroller of the Currency.

Relations With Banking Departments

Close cooperation has been maintained between the Federal Reserve Bank and the State Banking Departments of New York, New Jersey, and Connecticut, as well as with the National bank examiners having charge of work in this district.

Fiduciary Powers and Other Authorities

The number of National banks in the district authorized to exercise fiduciary powers was increased during the year by 10.

Towards the end of 1921 the Federal Reserve Board sent a questionnaire to all National banks granted permission to exercise fiduciary powers under the authority of the amendment of September 26, 1918, to the Federal Reserve Act, in order to ascertain how fully such powers were being used. Of 187 banks in this district sending replies 121 had advertised or otherwise solicited trust business; 117 had done some trust business, although in the majority of cases the amount of such business was quite limited, and 70 had not exercised the powers granted. The capacities in which the banks had served most frequently were those of trustee and of registrar of stocks and bonds.

Bank Changes in 1921

At the close of the year the banks of the Second Federal Reserve District (exclusive of savings banks), classified according to their charters, whether National or State, and also according to membership in the Federal Reserve system, were as follows:

Type of Bank	December 31, 1921			December 31, 1920		
	Members	Non-Members	Per Cent. Members	Members	Non-Members	Per Cent. Members
National banks.....	667	...	100	649	...	100
State banks.....	48	211	19	51	203	20
Trust companies.....	85	123	41	83	124	40
Total.....	800	334	71	783	327	71

The changes during the year have been as follows:

Total number of banks in the district, January 1, 1921.....	1,110
New National banks established during the year.....	24
New State institutions established during the year.....	12
	36
National banks absorbed by State institutions.....	3
State institutions absorbed by other State institutions.....	2
State institutions liquidated.....	1
National banks absorbed by other National banks.....	6
	12
State institutions converted into National banks.....	3
Total number of banks in the district, December 31, 1921.....	1,134

Membership of State Institutions

The number of State banks and trust companies in the district which are now members of the Federal Reserve system is 133. Three State banks were admitted to membership during the year; two withdrew from membership; and two were converted into National banks. The new members and withdrawals were as follows:

NEW MEMBERS

Month	Location	Bank or Trust Company	Resources Dec. 31, 1921
February..	Fredonia, N. Y.	Citizens Trust Co.	\$1,733,706
March....	Depew, N. Y.	Bank of Depew.....	640,457
June.....	Jersey City, N. J. . .	Claremont Bank.....	5,704,098

WITHDRAWALS

Month	Location	Bank or Trust Company	Resources Sept. 6, 1921
March....	Shortsville, N. Y.	State Bank of Shortsville.....	\$399,084
May.....	Amityville, N. Y.	Bank of Amityville.....	859,591

Thirty-three per cent. of the eligible State institutions of the district are now members of the Federal Reserve system, and their resources amount to about 78 per cent. of the total resources of State institutions in the district eligible for membership.

CUSTODY OF SECURITIES

During 1921 this bank continued to serve the Government, various governmental agencies, other Federal Reserve Banks, and member banks, by purchasing and selling securities for them, largely United States Government securities and by holding securities in safe keeping.

FOREIGN RELATIONS

The relationships heretofore established with foreign banks of issue, to which reference has been made in previous annual reports, have continued during the past year without important change. Transactions between this bank and the Bank of England and the Bank of France have related principally to reparations payments handled on behalf of the Reparations Commission. Similar transactions with the National Bank of Belgium have resulted in more active relations than heretofore. Further development of the relations between this bank and de Nederlandsche Bank has also taken place and each institution has formally appointed the other its agent and correspondent. Operations under the agreements with de Javasche Bank and the Bank of Japan have continued during the past year without any material change. No actual business has been transacted with the other foreign banks of issue with which relations have been established.

Foreign Exchange Rates

In accordance with the provisions of the Emergency Tariff Act of May 27, 1921, this bank certifies to the Secretary of the Treasury each day, for the purpose of the assessment and collection of duties upon merchandise imported into the United States, rates of exchange for foreign currencies which represent the New York City buying rates at noon for cable transfers. Rates for thirty-six principal foreign currencies are certified daily, and in cases where rates for other less important currencies are required special certifications are made to the Treasury on request.

ORGANIZATION OF THE BANK

The general plan of bank organization adopted in 1919 was maintained during 1921, but various departmental and administrative changes were made with a view to greater economy and effectiveness of operation.

Board of Directors

The Board of Directors met regularly each week on Wednesday, as usual. The executive committee met daily except Saturdays and holidays, and other committees of the board as occasion required.

On December 31, 1921, the terms of three directors, Charles Smith of Class A, Leslie R. Palmer of Class B, and George Foster Peabody of Class C, expired. In the usual autumn election Mr. Smith, president of the Citizens National Bank of Oneonta, New York, was reelected; and Frank L. Stevens of North Hoosick, New York, president of Stevens & Thompson, Inc., manufacturers of paper and paper mill machinery, was elected to succeed Mr. Palmer, who had been a director of the bank since its organization, and declined renomination. The banks which voted this year were those in Group 3, having capital and surplus below \$201,000. The Federal Reserve Board appointed Clarence M. Woolley, of New York City, president of the American Radiator Company, a Class C director for a term of three years, to succeed Mr. Peabody, who has been a director of the bank since its establishment and had expressed a desire not to be considered for reappointment. The Federal Reserve Board redesignated Pierre Jay Chairman of the Board and Federal Reserve Agent for 1922.

Member of Advisory Council

At a meeting on January 5, 1921, the directors elected Paul M. Warburg, of New York City, as the member of the advisory council from the Second Federal Reserve District for the year 1921.

Officers and Staff

Changes during the year in the official staff of the bank were few. On February 16, George L. Harrison was appointed controller of collections, pro tem., in addition to his duties as deputy governor. On September 15, Ray M. Gidney, formerly manager of the Buffalo Branch, was appointed a controller at large, and returned to the New York office.

The principal change in the organization of the bank was the dissolution of the managing committee and the transfer of its administrative powers to the four deputy governors, to whom the various groups of functions of the bank have been assigned. Under the new plan the controllers of functions report and are responsible to the deputy governors instead of directly to the governor under the general supervision of the managing committee. Meetings of the general officers for the discussion of policies have been substituted for meetings of the managing committee. The function of loans was also divided into three departments: discount, loan and credit. A building maintenance department was organized; the vault and custody departments were merged; and the personnel department was divided into a personnel service department and a personnel development department. A procedure committee was appointed, consisting of three of the senior officers of the bank to make a detailed study of all the departments of the bank with a view to effecting economies and greater efficiency. A standardization of salaries throughout the bank was also adopted tentatively.

The number of employees reached its highest point in June, 1921, at 3,115, but declined by December 31 to 2,907. Due to the fine spirit and excellent cooperation of the employees a number of readjustments of organization and economies of operation were effected and a considerably increased volume of work in several departments was handled by about the same or even somewhat smaller numbers of workers.

Payments of extra compensation to employees receiving salaries of less than \$5,000 to meet the high cost of living were made in March, June and December, but in decreasing amounts, following reductions in the cost of living.

Courses of training in banking principles and in the operations of this bank were given to a number of groups of employees, including a class of recent college graduates who were also assigned to the different departments of the bank in turn for practical experience. Training classes were also conducted for typists and messengers.

The Federal Reserve Club, embracing practically all of the non-official staff of the bank, has continued a number of activities, including the encouragement of collegiate training in banking for employees through the American Institute of Banking, the editing each month of the *Federal Reserve Club Magazine*, the organization of athletic teams, and the management of a thrift association.

BANK PREMISES

Annex Building

The annual report for last year contained a description and photograph of the bank's annex building at the corner of Gold street and Maiden Lane, then nearing completion.

The annex building was partly ready for occupancy on May 1, and was completely occupied by the close of the month. It has proved itself not only well adapted for the storage of records and files, but also temporarily for the housing of many of the departments of the bank. At the close of the year 2 officers and 516 employees of the bank had their offices in the building.

The cost of the annex property at 89-91 Maiden Lane and 10 Gold street follows.

Cost of land and old buildings.....	\$681,531
Cost of new building *.....	1,454,915
Total cost.....	\$2,136,446
Appraised value of buildings formerly on the site, charged off.....	147,863
Book value December 31, 1921.....	\$1,988,583

* Exclusive of cost of furniture and fixtures.

Bank Building

In January, 1921, acting upon advice from a number of competent sources that the next two years were likely to be a favorable time for building construction, the directors of the bank determined to proceed with the erection of the main bank building.

Estimated Cost.—The architects and the contractors were requested to prepare estimates of the cost of the building based upon the plans which had then been matured and upon the best information then available as to the cost of materials and construction.

On March 22 the following estimate of the cost of the building was presented.

Foundations.....	\$1,838,000
Building, including contractors' fee.....	12,170,528
Vault (not including equipment estimated at \$650,000).....	1,556,550
Equipment.....	1,319,269
Architects' and engineers' fees (approximately \$836,000 to architects and \$270,000 to engineers).....	1,106,000
Total.....	\$17,990,347

On the basis of this estimate the board of directors, with the consent of the Federal Reserve Board, decided to proceed with the construction of the building, and the demolition of the buildings then occupying the site was begun on May 12.

Necessity for Building.—The directors were impelled to this decision by reason of the unsafe, unhealthy and uneconomical conditions under which the work of the bank was then and is still being carried on; conditions which it is believed are not to be found in any other bank in this district, due largely to the expansion of its staff in four years from 173 on January 1, 1917, to 2,771 on January 1, 1921. In March, 1921, the work of the bank (exclusive of the Buffalo Branch) was carried on by 37 officers and 2,802 employees occupying space on 7 floors of the Equitable Building and in 3 other buildings, as well as the entire Subtreasury Building.

The bank holds about \$5,000,000,000 in cash and securities, stored in 11 vaults, located in 5 separate buildings. Some of these vaults do not afford sufficient protection, but no others are available. During 1921, on the average, \$180,000,000 in cash and \$1,940,000,000 in securities were daily withdrawn and replaced in the various vaults, and hundreds of transfers of cash and securities were made each month through the streets and corridors of office buildings at great risk of loss.

The health and morale of the staff are in constant danger through overcrowding and poor ventilation. The cubic feet of space per person is considerably below the proper requirements, and the Equitable Building now occupied is designed for office use rather than for use in the large areas which the bank requires and which necessitate mechanical ventilation.

Economy of operation is impossible under these scattered and crowded conditions. For example: approximately 2,000 working days per year are lost in distributing cash and securities from the vault to various floors in the Equitable Building; approximately 350 visits a month to vaults outside the Equitable Building consumed at this rate nearly 2,400 working days per year; members of the auditing department, located several blocks away, make, it is estimated, 57 trips per day to the Equitable Building, equivalent to 814 working days per year. The public and the member banks are greatly inconvenienced by having to call at the various floors of the Equitable Building, the Subtreasury, and the other buildings.

The responsibilities of the directors and officers of the bank for the conduct of these huge operations in currency, in checks,

notes and drafts, and in Government and other securities, impelled them, in spite of the large outlay required, to proceed with the erection of a banking house suited to the particular needs of the Federal Reserve Bank, in which its staff might work under healthful and economical conditions and its immense holdings of cash and securities be adequately safeguarded; and in so doing to provide not merely enough space for present requirements, but enough to meet reasonable future expansion. In normal times bank resources in the United States increase about 6 per cent. per annum. The resources and transactions of the member and other banks are reflected directly in the work of the Federal Reserve Bank. There is every reason to expect that when the present movement of credit finds its equilibrium, the same ratio of banking growth will take place and will increase proportionally the work of this bank. The building now under construction, therefore, provides, as it must, for proper expansion, and is designed to house a staff of about 5,000. The number of officers and employees of the bank on January 1, 1921, excluding the Buffalo Branch, was 2,771. Until needed by the bank the space provided for expansion will be available for renting, as in other private banking buildings of a commercial type.

BUILDING ORGANIZATION

Building Committee.—A building committee of five directors, with the governor as chairman and with a deputy governor as its executive, controls all policies, plans and proposals, and the letting of contracts.

Architects.—In September, 1918, Mr. Alexander B. Trowbridge became consulting architect of the bank. After studying the organization and operations of the bank he prepared a plan of competition under which, in 1919, Messrs. York and Sawyer of New York were chosen architects of the new building. The terms of the competition provided that the architects should receive the usual fee of 6 per cent. of the completed cost of the building, as established by the American Institute of Architects. For that portion of the building built from the plans and specifications of special engineers, it was agreed to increase the architects' fee to 7½ per cent. out of which they were to pay the engineering fees. Following the adoption of the estimates of March, 1921, Messrs. York and Sawyer consented to a modification of their contract so that their fees will be as follows: The basic fee of 6 per cent. to apply only to the first \$12,500,000 of the total cost. For the next \$2,500,000, the basic fee to be 5½ per cent., and for the balance

of the estimated cost to be 5 per cent. The additional $1\frac{1}{2}$ per cent. will be added to each of these basic fees in connection with the engineering sections of the work. The architects will receive no compensation for any excess cost over the estimated cost of March, 1921. On this basis the architects would receive a fee of approximately \$1,106,000 of which about \$270,000 would go to the vault, heating and ventilating, foundation and other engineers. Inasmuch as substantial savings have already been made in the letting of contracts, it may be assumed that these sums are considerably in excess of the amounts to be eventually paid to architects and engineers. The fees to be paid the architects represent the time and work which the partners of the firm will devote to the problems of the building during a period of about five years as well as the services of their large staff in designing and superintending the work.

General Contractor.—Marc Eidlitz and Son, Inc., of New York, were chosen by the directors because of their high standing and qualifications for work of this nature. They are to receive a fee of 5 per cent. on the first \$6,000,000 spent, 4 per cent. on the next \$3,000,000 and 3 per cent. on any expenditure above \$9,000,000. In no case is their fee to exceed \$500,000. They put their large staff at the disposal of the bank, assume the management and superintendence of the job, and undertake to secure the widest competition in sub-contracts and in the purchase of materials, supplies and tools.

Foundation Contractor.—Owing to the magnitude and difficulty of the foundation work it was determined not to ask for competitive bids, but to request The Foundation Company of New York, to undertake the work for cost plus a fixed fee of \$140,000, (based on the estimated cost of \$1,838,000), which would include both their overhead expenses and their profit.

Engineers.—The engineers are as follows: Foundations—Moran, Maurice and Proctor. Heating and Ventilating—Henry C. Meyer, Jr. Vault—Frederick S. Holmes. Equipment—Abell, Smalley and Myers.

NATURE OF BUILDING

The building is designed to meet the particular needs of the Federal Reserve Bank. There will be 15 stories above Liberty street and $\frac{7}{8}$ stories below the Liberty street level. Except for the vaults, it is a commercial type of building and is, therefore, a valuable asset of the bank.

The exterior of the building, sketches of the design of which were reproduced in the 1919 and 1920 annual reports, is very simple. The material throughout is a mixture of Indiana limestone and Ohio sandstone. The limestone is not of the uniform shade generally used, but consists of that part of the output of the quarries for which, because of color markings, although sound and durable, there is no market. The architects visited the quarries and, finding that this limestone, varying in its shades and texture, could not only be purchased cheaply, but was particularly adapted to give interest to a large expanse of wall devoid of ornament, recommended that it be used in combination with sandstone which would give still further variety to the stonework.

The interior finish of the building will also be very simple. Except for the vault floors, the main floor, and the upper floors containing the directors' and officers' rooms, the cafeterias for men and women, and the medical department, the working space will be in large, open areas with few partitions. Ornamental treatment has everywhere been reduced to a minimum, and it is planned to use marble only where necessary for sanitation or economy of maintenance. Provision is made throughout for the use of mechanical ventilation, and installations will be made from the outset on such floors as require it. Every arrangement has been made for the safe and economical conduct of the particular business which this bank now carries on, and the flexibility of both the floor plans and the mechanical services of the building will facilitate readjustment to future changes or expansion in its business.

The vault is a three story structure with its lowest floor 80 feet below the curb at Liberty and Nassau streets. The entire vault is below tidewater level. Its three levels will not only accommodate the vast volume of cash and securities which the bank is now carrying in 11 scattered vaults, but will permit the department handling securities to conduct all its operations inside the vault. During 1920-21 the Federal Reserve Board conducted a series of tests of different types of vault construction by attacking them with explosives and other modern implements, at the conclusion of which this and other Federal Reserve Banks were enabled to add greatly to the strength of their vaults, and at the same time greatly to reduce their cost. It is believed that the vault of the Federal Reserve Bank of New York will be not only by far the strongest, but by far the cheapest for its size ever built.

Progress of Work.—At the close of December, 1921, the buildings formerly on the site had been completely demolished, the cofferdam surrounding the lot had been 90 per cent. completed, and the exca-

vation in the western portion of the site had been practically completed. The rock underlying the site has proved to have an undulating surface. At the corner of Liberty and Nassau streets it is 87 feet below the curb. At other parts of the site it is as much as $117\frac{1}{2}$ feet below this same curb. Owing to this condition, to the varying kinds of foundations which support the adjacent buildings, and to the depth of the excavation, the construction of the foundation is considered to be one of the most difficult and exacting pieces of foundation engineering ever undertaken. The program of construction calls for the completion of foundation and excavation work by August, 1922, the steel framing erected to roof level by November, 1922, and the stonework set and building enclosed by the end of the year, weather permitting. It is expected the building will be ready for occupancy by the end of 1923.

Cost.—On October 14, 1921, full information concerning the plans and cost of the building was furnished by this bank to the Federal Reserve Board for transmission to the Senate of the United States which had inquired about the amounts being expended by this and other Federal Reserve Banks for the erection of bank buildings. This information is embodied in Senate document No. 75 of the 1st session of the 67th Congress.

The estimate of \$17,990,347 prepared in March, 1921, was intended to be an outside estimate for the entire building and equipment, except vault equipment. During 1921 it has been possible to test this estimate by the letting of a number of important contracts, with gratifying results. On work aggregating about one-quarter of the entire estimate a saving of 23 per cent. appears to have been realized. Should the present falling market continue, it seems assured that further substantial savings will be realized, all of which, under the fixed fee basis on which the work is being done, accrue to the bank instead of to the contractor as would be the case under a lump sum contract.

The building site, containing an area of 46,084 square feet, cost \$4,797,881.72. From this there has been charged off \$1,703,831.72, representing the appraised value of the buildings which formerly occupied the site. The book value of the site on December 31, 1921, was therefore \$3,094,050.00.

BUFFALO BRANCH

The operations of the Buffalo Branch, maintained to make the facilities of the Federal Reserve system readily available to banks in the ten most western counties of New York State, showed a moderate but practically continuous growth during the year, as will be noted from the following summary of its operations.

1921	Currency Operations for Member and Non-member Banks	Loans Made	Interest Earned	Checks and Transit Items Handled	
				Number	Amount
Jan.-Mch. . . .	\$ 67,619,000	\$240,658,000	\$472,000	2,127,000	\$520,244,000
Apr.-June. . . .	71,165,000	279,962,000	515,000	2,342,000	537,016,000
July-Sept. . . .	72,636,000	255,124,000	391,000	2,273,000	510,448,000
Oct.-Dec.	75,524,000	268,140,000	316,000	2,650,000	546,722,000
Total. . . .	\$286,944,000	\$1,043,884,000	\$1,694,000	9,392,000	\$2,114,430,000

The expense of operation for the year was \$338,777. At the end of the year the branch had 3 officers and 131 employees.

Ray M. Gidney returned to the New York Office as controller at large, Walter W. Schneckenburger who had been cashier was appointed manager of the Buffalo Branch, and H. W. Snow, Jr. was promoted from assistant cashier to cashier.

III

FISCAL AGENCY OPERATIONS

The duties of the Federal Reserve Bank of New York as fiscal agent of the United States were similar in character to those performed during 1920, but the volume of transactions was considerably reduced. The bank performed for the Government four major functions:

1. The sale and redemption of Treasury certificates of indebtedness.
2. The sale of short-term Treasury notes.
3. The handling of Government deposits and disbursements.
4. The exchange and conversion of Government bonds.

The second operation, allied with the handling of certificates, was inaugurated in June.

Treasury Certificates and Short-Term Notes

As a consequence of the impending maturity in May, 1923, of Victory notes, the Treasury announced in April, 1921, that it would vary its issues of Treasury certificates from time to time with offerings of short-term notes. Pursuant to this announcement two series of three-year Treasury notes were issued during the year in June and September. According to a statement by the Secretary of the Treasury, dated June 8, "The result of this and succeeding issues of short-term notes, and of the debt retirements which the Treasury expects to make from time to time out of its current surplus, should be to spread the $7\frac{1}{2}$ billions of short-dated debt, which is now concentrated in relatively few maturities, into a progressively smaller aggregate amount of better diversified maturities extending over the period from 1923 to 1928." The issues of three-year notes were used in part to take up maturing certificates of indebtedness and in part for the purchase and retirement of Victory notes. The issues of Treasury notes were as follows:

Date of Issue	Maturity	Rate	Total Allotment in United States	Allotment in Second District	Per cent. of Total Allotted Second District
June 15, 1921	June 15, 1924	$5\frac{3}{4}$	\$311,191,600	\$157,225,200	50.5
Sept. 15, 1921	Sept. 15, 1924	$5\frac{1}{2}$	390,706,100	146,615,100	37.5

Partly as a consequence of the policy of issuing short-term notes aggregating \$702,000,000, the amount of certificates of indebtedness sold throughout the United States during 1921 was over \$1,000,000,000, less than in 1920 and the amount sold in the Second District was \$500,000,000 less. The amounts are shown in the following table.

Year	Total Allotment in United States	Allotment in Second District	Per cent. of Total Allotted in Second District
1917	\$3,880,570,000	\$2,422,075,500	62.4
1918	10,742,094,000	4,091,260,000	38.1
1919	11,246,820,500	4,506,155,500	40.1
1920	3,939,832,500	1,716,680,500	43.6
1921	2,909,981,500	1,176,843,000	40.4
Total	\$32,719,298,500	\$13,913,014,500	42.5

The continued increase in the investment demand for certificates was shared by issues of three-year notes. There was a heavy over-subscription of all issues and all subsequently sold in the open market at a premium. During the year rates of interest borne by the certificates were reduced through successive issues from 6 per cent. to $4\frac{1}{2}$ per cent. for the longer maturities and from $5\frac{3}{4}$ per cent. to $4\frac{1}{4}$ per cent. for the shorter maturities. The open market for certificates became increasingly independent of Reserve Bank support.

The proportion of outstanding certificates held by banks continued to diminish as the investment demand increased and the open market developed. In the last half of 1921 reporting member banks in principal cities of the district, representing about 75 per cent. of the banking resources of the district, held on the average 10.5 per cent. of the total amount of certificates outstanding in the district, compared with 16.5 per cent. in the last half of 1920.

Government Deposits and Disbursements

Banks of the district, subscribing for certificates of indebtedness ordinarily paid for them, as in previous years, by crediting the account of the Federal Reserve Bank of New York as fiscal agent of the United States. The privilege of payment by credit was also extended to the two series of Treasury notes issued during the year. The deposits so created bear 2 per cent. interest and are drawn down ratably from time to time as the Government requires the funds.

The smallest amount on deposit with qualified depositories in 1921 was \$12,165,000 on June 14, and the largest \$291,932,000 on June 20. Collateral pledged with this bank as security against such deposits amounted at maximum during the year to \$383,872,000. As heretofore, collectors of internal revenue deposited tax receipts directly with this bank, which were used for the redemption of maturing certificates of indebtedness and other Government purposes. At the four tax payment periods this bank lent to the collector of internal revenue a staff of about 40 clerks for about 10 days to assist in handling income tax checks. This assistance made it possible for the Treasury to receive early credit for checks and save considerable amounts of interest. The clerks were reimbursed by the Government for overtime but their salaries were paid by this bank.

The following table shows the number and amount of Government checks handled by this bank during the past few years, other than those drawn in redeeming certificates of indebtedness, and in the payment of coupons.

Year	Number	Amount
1917 (9 months).....	3,029,000	\$1,099,458,000
1918.....	11,108,000	4,936,592,000
1919.....	12,967,000	6,805,806,000
1920.....	10,852,000	2,465,931,000
1921.....	12,488,000	1,638,094,000
Total.....	50,444,000	\$16,945,881,000

The figures for each month in 1921 are shown in the appendix, page 63.

Exchange and Conversion of Government Bonds and Notes

Prior to December 31, 1920, the Treasury Department had provided permanent bonds to be exchanged for temporary bonds or interim certificates of all Liberty loan issues with the exception of the Fourth Liberty loan. Permanent bonds of that issue were ready on January 5, 1921, and this bank proceeded to deliver them in exchange for temporary bonds, as in the case of earlier issues. The bank also, as in previous years, conducted conversions of Liberty bonds and Victory notes, exchanges from one denomination to another, and exchanges of coupon for registered and registered for coupon. The extent of these transactions during 1921 appears from the following summary.

	Pieces		Value	
	1921	1920	1921	1920
Bonds and Notes received for conversion or exchange.....	7,013,402	9,362,262	\$2,791,999,200	\$3,339,234,300
Bonds and Notes delivered on conversion or exchange.....	3,506,692	5,559,339	2,846,805,850	3,306,937,550
Total.....	10,520,094	14,921,601	\$5,638,805,050	\$6,646,171,850

The bank continued to cash coupons from Government bonds, Federal Farm Loan bonds, War Finance Corporation bonds and other similar issues. The amount of such coupons aggregated \$313,000,000 on 26,000,000 pieces during the year as compared with \$295,000,000 on 31,000,000 pieces in 1920. The larger payments on the smaller number of pieces reflect a reduction in the number of \$50 and \$100 bonds outstanding, as a result of exchanges which have been made.

Education in Saving

The prevalence of high interest rates during the greater part of 1921 rendered difficult the sale of Treasury Savings Certificates, and the activities of the bank in this field during the year chiefly took the form of an educational campaign looking toward a wide distribution of Government securities, including outstanding issues. The work was carried forward through the distribution of printed matter, by addresses, and by the organization of savings associations.

APPENDIX

EXHIBITS

LETTER	TITLE	PAGE
A	Statement of Condition	48-49
B	Profit and Loss Account	50
C	Capital Account Reconciliation	51
D	Principal Assets and Liabilities each week in 1921	52-53
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DIAGRAMS

NUMBER	TITLE	PAGE
1	Earning Assets	54
2	Liabilities, Reserves and Reserve Ratio	55

Exhibit A

STATEMENT OF CONDITION

At the Close of Business, Dec. 31, 1921, and Dec. 31, 1920

Resources	Dec. 31, 1921	Dec. 31, 1920
Cash reserves held by this bank against its deposits and note circulation:		
Gold and gold certificates in vault.	\$283,141,669.40	\$132,723,247.12
Gold in the gold settlement fund lodged with the Treasurer of the United States for the purpose of settling current transactions between Federal Reserve districts.	130,058,226.99	45,901,896.46
Gold with foreign agencies. . . . .	.....	1,211,100.00
Gold held by the Federal Reserve agent as part of the collateral deposited by the bank when it obtains Federal Reserve notes. This gold is lodged partly in the vaults of the bank and partly with the Treasurer of the United States.	653,004,078.28	254,575,330.89
Gold redemption fund in the hands of the Treasurer of the United States to be used to redeem such Federal Reserve notes as are presented to the Treasury for redemption.	15,000,000.00	39,000,000.00
Legal tender notes, silver, and silver certificates in the vaults of the bank (available as reserve only against deposits).	50,335,841.00	144,759,115.20
Total cash reserves.	\$1,131,539,815.67	\$618,170,689.67
Loans and investments:		
Loans to member banks:		
On the security of obligations of the United States.	\$156,013,679.05	\$454,751,722.52
By the discount of commercial or agricultural paper or acceptances.	53,066,308.08	416,686,474.82
Acceptances bought in the open market.	72,593,292.33	113,740,374.53
United States Government bonds, notes and certificates of indebtedness (including certificates securing Federal Reserve bank notes).	103,525,400.00	61,184,305.55
Total loans and investments (or earning assets).	\$385,198,679.46	\$1,046,362,877.42
Miscellaneous resources:		
Bank premises.	\$6,647,921.86	\$4,092,497.30
5% redemption fund in the hands of the Treasurer of the United States to be used for redeeming such Federal Reserve bank notes (mostly in \$1 and \$2 denominations) as are presented to the Treasury for redemption. This fund may not legally be included in the reserves of the bank.	1,603,360.00	2,766,360.00
Checks and other items in process of collection	103,362,741.74	141,346,433.94
All other miscellaneous resources.	2,851,848.89	1,431,316.02
Total miscellaneous resources.	\$114,465,872.49	149,636,607.26
Total resources.	\$1,631,204,367.62	\$1,814,170,174.35

Exhibit A—Continued

STATEMENT OF CONDITION

At the Close of Business, Dec. 31, 1921, and Dec. 31, 1920

Liabilities	Dec. 31, 1921	Dec. 31, 1920
Currency in circulation:		
Federal Reserve notes in actual circulation, payable on demand. These notes are secured in full by gold and discounted and purchased paper.	\$663,363,181.00	\$867,480,630.00
Federal Reserve bank notes in actual circulation, payable on demand. These notes, mostly for \$1 and \$2, are secured by Treasury certificates issued under the Pittman Act.	20,559,200.00	38,833,200.00
Total currency in circulation.	\$683,922,381.00	\$906,313,830.00
Deposits:		
Reserve deposits maintained by member banks as legal reserves against the deposits of their customers.	\$726,097,832.01	\$702,431,237.92
United States Government deposits carried at the Reserve Bank for current requirements of the Treasury.	32,616,430.48	11,297,895.88
Other deposits, including foreign deposits, deposits of non-member banks, etc.	14,450,428.68	12,133,377.48
Total deposits.	\$773,164,691.17	\$725,862,511.28
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, ranging from 1 to 8 days.	\$83,847,856.21	\$93,318,901.11
All other miscellaneous liabilities.	2,958,462.10	5,887,825.92
Total miscellaneous liabilities.	\$86,806,318.31	\$99,206,727.03
Capital and surplus:		
Capital paid in, equal to 3 per cent. of the capital and surplus of member banks.	\$27,113,850.00	\$26,372,650.00
Surplus—transferred from net earnings in past years and this year.	60,197,127.14	56,414,456.04
Total capital and surplus.	\$87,310,977.14	\$82,787,106.04
Total liabilities.	\$1,631,204,367.62	\$1,814,170,174.35

Exhibit B
PROFIT AND LOSS ACCOUNT
 For the Calendar Years 1921 and 1920

EARNINGS	1921	1920
From loans to member banks and paper discounted for them.....	\$30,762,021.40	\$49,839,182.52
From acceptances owned.....	1,829,665.00	8,323,050.37
From United States Government securities owned, including United States Treasury certificates which secure Federal Reserve bank note circulation.....	1,955,969.96	1,975,648.96
Other earnings.....	157,282.33	387,439.92
Total earnings.....	\$34,704,938.69	\$60,525,321.77
DEDUCTIONS FROM EARNINGS		
For current bank operation. (The expenses for 1921 include expenses incurred as fiscal agent of the United States from July 1 to December 31, 1921. Prior to July 1, 1921, such expenses were reimbursed by the Treasury).....	\$7,076,187.58	\$6,350,862.58
For Federal Reserve currency, mainly the cost of printing new notes to replace worn notes in circulation, and to build up supplies unissued and on hand.....	1,091,591.96	648,392.46
For self-insurance and other reserves, depreciation, etc.....	443,326.95	397,936.09
Total deductions from earnings.....	\$8,611,106.49	\$7,397,191.13
Net income available for dividends, additions to surplus, and payment to the United States Government.....	\$26,093,832.20	\$53,128,130.64
DISTRIBUTION OF NET INCOME		
In dividends paid to member banks, at the rate of 6 per cent. on paid-in capital.....	\$1,608,721.16	\$1,477,096.58
In additions to surplus—an amount equivalent to the increase in the bank's subscribed capital during the year, plus 10 per cent. of the remaining net income, as provided by law.....	3,782,671.10	12,332,523.41
In payment to the United States Government, representing the entire net income of the bank after paying dividends and making additions to surplus. (Federal Reserve notes are not taxed, and this payment is in lieu of taxes on notes and other Federal taxes).....	20,702,439.94	39,318,510.65
Total net income distributed.....	\$26,093,832.20	\$53,128,130.64

Exhibit C
CAPITAL ACCOUNT RECONCILIATION
 January 1 to December 31, 1921

CAPITAL PAID IN JANUARY 1, 1921	\$26,372,650
SUNDRY INCREASE:	
Due to increase of capital and surplus of member banks . . .	\$934,200
Due to organization of new National banks	63,850
Due to admission of State banks and trust companies	319,350
	1,317,400
	27,690,050
SUNDRY DECREASE:	
Due to decrease in capital and surplus of member banks . . .	\$5,850
Due to banks liquidating	567,000
Due to banks withdrawing from system	3,350
	576,200
PAID IN CAPITAL DECEMBER 31, 1921	\$27,113,850

Exhibit D

PRINCIPAL ASSETS AND LIABILITIES—EACH WEEK IN 1921

(Amounts in thousands of dollars)

Date	Total Earning Assets	Discounted Bills				Purchased Bills			U. S. Securities	Total Cash Reserves	Total Deposits	F. R. Notes in Circulation	Reserve Percentages ²		
		Total Held	Rediscounted for Other F. R. Banks	For Member Banks			Total Held	Sold to Other F. R. Banks ¹					Purchased in Open Market ³	After Inter-bank Transactions	Before Inter-bank Transactions
				Total	Secured by U. S. Govt. Obligations	Per Cent. (5 ÷ 4)										14	15
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Jan. 7	1,037,098	873,267		873,267	433,962	49.7	102,903	4,273	107,176	60,928	587,659	717,922	839,625	39.0	38.7
14	969,761	806,574		806,574	393,522	48.8	87,174	2,263	89,437	76,013	582,099	690,622	800,121	40.6	40.5
21	1,007,496	878,754		878,754	409,163	46.6	65,367	11,747	77,114	63,375	546,098	706,045	793,026	38.1	37.3
28	998,040	908,925		908,925	414,012	45.5	28,436	51,828	80,264	60,679	544,939	694,044	787,746	38.3	34.6
Feb. 4	1,015,431	945,016		945,016	424,726	44.9	9,881	54,938	64,819	60,534	550,352	707,514	796,492	38.1	34.3
11	992,535	915,213		915,213	394,403	43.1	14,486	46,022	60,508	62,836	565,519	691,132	787,938	39.4	36.2
18	949,269	870,539		870,539	375,282	43.1	18,194	33,373	51,567	60,536	591,146	684,523	791,991	41.7	39.4
25	974,020	882,441		882,441	393,451	44.6	30,743	23,962	54,705	60,836	577,273	690,626	796,383	40.5	38.8
Mar. 4	946,166	846,206		846,206	373,704	44.2	37,132	18,829	55,961	62,828	600,483	670,132	801,916	42.2	40.9
11	974,278	875,580		875,580	389,519	44.5	37,829	13,652	51,481	60,869	610,121	710,330	791,404	41.8	40.8
18	856,543	737,054		737,054	385,730	52.3	34,957	5,862	40,819	84,532	661,898	654,376	789,920	45.8	45.4
25	795,741	695,824		695,824	377,173	54.2	39,386	3,286	42,672	60,531	739,917	688,853	780,740	50.3	50.1
Apr. 1	725,198	624,058		624,058	335,628	53.8	42,185	512	42,697	58,955	833,441	685,492	783,461	56.7	56.7
8	744,000	646,977		646,977	342,653	53.0	34,492	162	34,654	62,531	770,251	654,888	776,791	53.8	53.8
15	754,397	641,083		641,083	349,507	54.5	50,849	153	51,002	62,465	767,474	680,283	762,173	53.2	53.2
22	742,885	642,659	10,000	632,659	357,624	56.5	42,085	-25	42,060	58,141	768,740	670,652	756,071	53.9	54.6
27	712,511	609,401	12,000	597,401	343,659	57.5	46,829	-25	46,804	56,281	785,035	674,227	741,460	55.5	56.3
May 4	713,962	614,541	14,857	599,684	323,901	54.0	43,140	-25	43,115	56,281	785,453	675,443	739,004	55.5	56.6
11	736,299	640,235	10,000	630,235	364,871	57.9	37,205	-25	37,180	58,859	759,112	684,629	725,430	53.8	54.5
18	674,671	495,934	17,810	478,124	240,116	50.2	39,601		39,601	139,136	780,250	649,932	718,909	57.0	58.3
25	663,199	517,502	25,347	492,155	245,523	49.9	44,848		44,848	100,849	800,544	670,415	707,350	58.1	59.9

Exhibit D—Continued

Date	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
June 1.....	639,210	544,705	26,348	518,357	230,516	44.5	34,484	.....	34,484	60,021	844,287	683,180	715,951	60.3	62.2
8.....	591,366	507,680	22,515	485,165	209,216	43.1	27,405	.....	27,405	56,281	896,091	698,037	696,928	64.2	65.9
15.....	671,618	414,101	30,050	384,051	171,166	44.6	17,111	.....	17,111	240,406	910,321	813,010	688,966	60.6	62.6
22.....	509,312	414,025	37,612	376,413	153,538	40.8	10,600	.....	10,600	84,687	933,682	680,331	675,424	68.9	71.6
29.....	482,562	415,807	39,450	376,357	145,767	38.7	7,362	.....	7,362	59,393	953,552	677,854	671,523	70.7	73.6
July 6.....	527,162	449,969	31,015	418,954	188,984	45.1	11,616	.....	11,616	65,577	904,977	671,043	684,615	66.8	69.0
13.....	505,347	424,400	30,485	393,915	149,461	37.9	7,708	.....	7,708	73,239	904,600	662,101	654,260	68.7	71.0
20.....	485,543	422,335	31,414	390,921	146,396	37.4	5,747	.....	5,747	57,461	915,224	662,285	645,313	70.0	72.4
27.....	459,315	404,016	38,284	365,732	141,088	38.6	2,018	.....	2,018	53,281	947,507	668,540	643,875	72.2	75.1
Aug. 3.....	493,176	417,305	37,885	379,420	135,175	35.6	12,733	.....	12,733	63,138	894,501	645,279	647,346	69.2	72.1
10.....	481,564	387,969	34,038	353,931	145,641	41.1	25,507	.....	25,507	68,088	884,396	627,881	638,045	69.9	72.6
17.....	447,208	368,136	32,597	335,539	140,099	41.8	20,269	.....	20,269	58,803	912,359	625,568	637,645	72.2	74.8
24.....	427,811	360,651	37,872	322,779	127,667	39.6	13,879	.....	13,879	53,281	951,756	641,313	634,018	74.6	77.6
31.....	424,553	355,970	34,768	321,202	126,040	39.2	15,302	.....	15,302	53,281	981,741	668,631	632,320	75.5	78.1
Sept. 7.....	463,668	370,427	35,875	334,552	123,393	36.9	25,910	.....	25,910	67,331	962,487	672,965	647,337	72.9	75.6
14.....	410,181	317,516	34,030	283,486	100,404	35.4	23,334	.....	23,334	69,331	972,388	645,033	639,847	75.7	78.3
21.....	300,835	234,230	31,780	202,450	84,666	41.8	12,679	.....	12,679	53,926	1,078,568	647,579	635,042	84.1	86.6
28.....	336,098	257,170	30,326	226,844	80,216	35.4	17,605	.....	17,605	61,323	1,089,798	691,441	631,130	82.4	84.7
Oct. 5.....	362,492	276,222	19,518	256,704	96,990	37.8	18,667	.....	18,667	67,603	1,042,050	659,752	642,293	80.0	81.5
11.....	409,524	310,636	20,000	290,636	119,337	41.1	33,332	.....	33,332	65,556	1,014,753	679,683	638,752	77.0	78.5
19.....	320,351	249,844	20,407	229,437	78,460	34.2	22,776	.....	22,776	47,731	1,089,217	679,045	632,329	83.0	84.6
26.....	330,722	251,281	19,366	231,915	97,166	41.9	30,160	.....	30,160	49,281	1,089,245	699,949	623,873	82.3	83.7
Nov. 2.....	316,156	204,605	5,155	199,450	87,393	43.8	52,528	.....	52,528	59,023	1,101,073	694,562	630,748	83.1	83.5
9.....	382,121	242,700	5,000	237,700	108,335	45.6	51,827	.....	51,827	67,594	1,066,382	691,295	643,400	79.9	80.3
16.....	294,164	183,484	5,000	178,484	86,091	48.2	27,256	.....	27,256	83,424	1,097,287	677,430	634,716	83.6	84.0
23.....	313,342	216,088	10,000	206,088	110,786	53.8	26,471	.....	26,471	70,783	1,094,566	683,778	637,672	82.8	83.6
30.....	311,198	209,612	4,324	205,288	130,695	63.7	23,887	.....	23,887	77,699	1,112,868	699,162	631,590	83.6	84.0
Dec. 7.....	340,382	227,053	.....	227,053	124,722	54.9	38,531	.....	38,531	74,798	1,075,410	676,520	641,716	81.6	81.6
14.....	363,504	213,827	.....	213,827	126,448	59.1	44,688	.....	44,688	104,989	1,064,545	687,898	646,659	79.8	79.8
21.....	380,424	236,490	.....	236,490	157,396	66.6	61,707	.....	61,707	82,227	1,104,190	722,973	666,571	79.5	79.5
28.....	361,575	213,057	.....	213,057	141,863	66.6	47,313	.....	47,313	101,205	1,114,114	716,092	663,329	80.8	80.8

¹ Minus sign indicates amounts bought from other Federal Reserve Banks.

² Prior to March 13, net deposits, as given below, were used in calculating reserve percentages:

Jan. 7...\$667,592,000	Jan. 21...\$641,148,000	Feb. 4...\$649,166,000	Feb. 18...\$624,694,000	Mar. 4...\$621,273,000
14... 631,946,000	28... 635,433,000	11... 645,795,000	25... 630,662,000	11... 669,896,000

³ The total amount of bills sold from the portfolio of this bank during the year to other Federal Reserve Banks was \$58,000,000, of which

\$15,000,000 were sold at their request. In addition, \$194,000,000 were purchased by this bank at their request and for their account in the open market.

Diagram 1

EARNING ASSETS

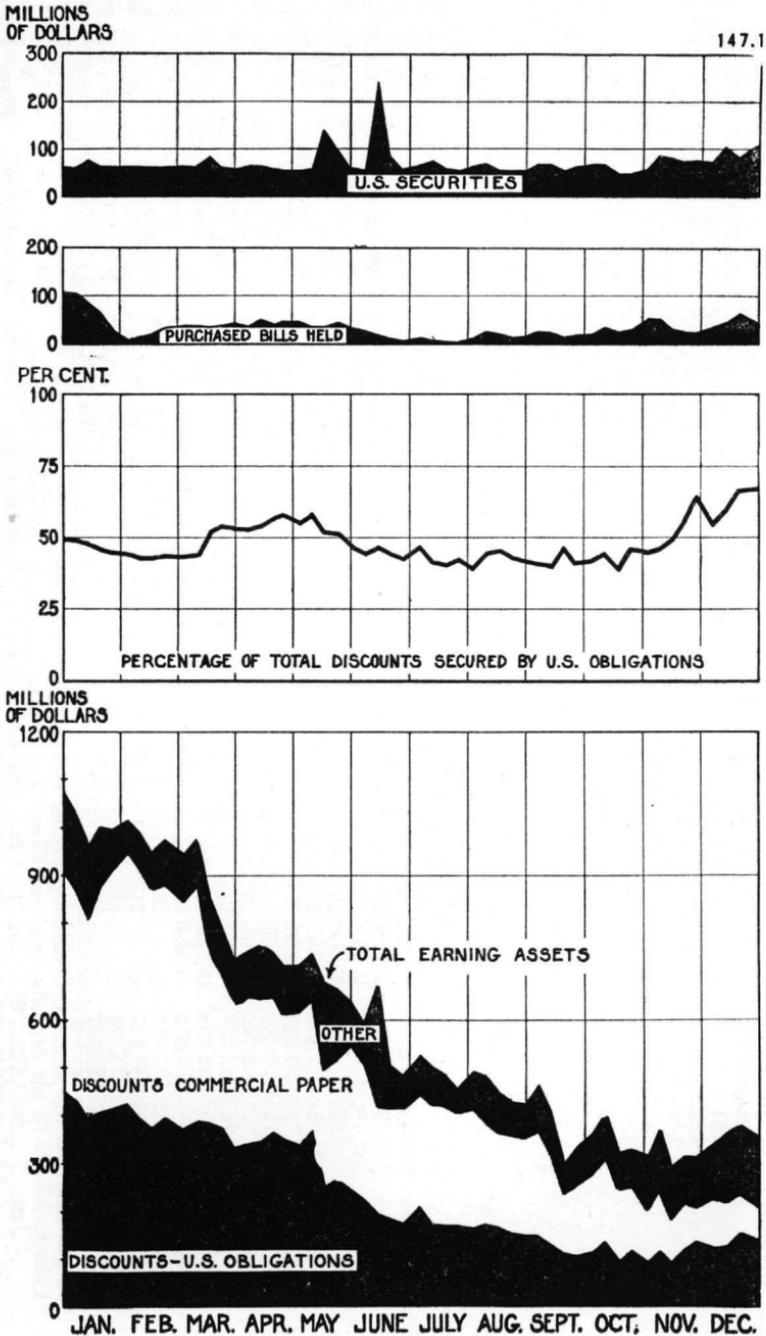


Diagram 2

LIABILITIES, RESERVES AND RESERVE RATIO

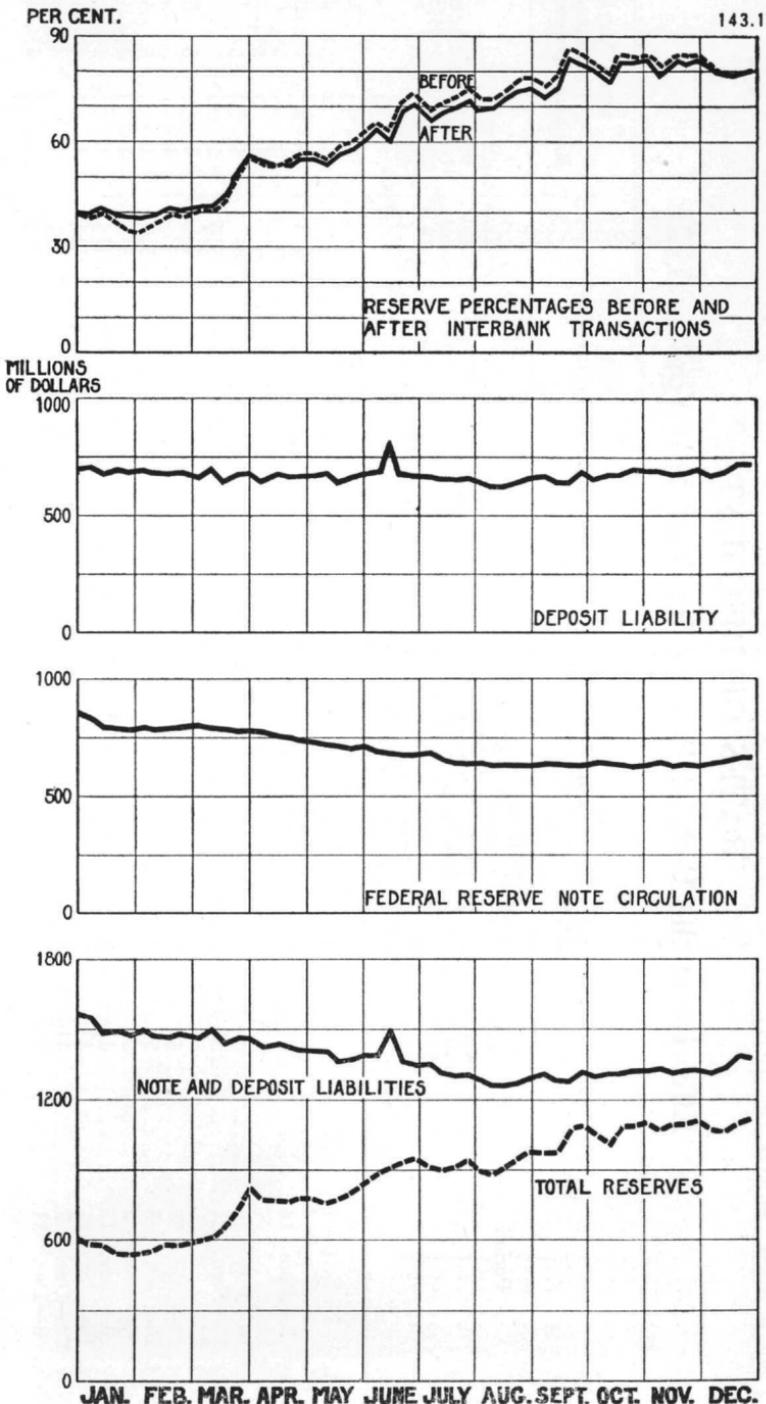


Exhibit E

RATES OF DISCOUNT

Effective at the Federal Reserve Bank of New York in 1921

Period	Rediscounts					Advances Secured By				Open Market Purchases Bankers Acceptances	
	Commercial Paper 1-90 days	Secured by Liberty Bonds 1-90 days	Secured by Certificates of Indebtedness 1-90 days	Agricultural Paper 91 days to 6 Months	Bankers Acceptances 1-90 days	Certificates of Indebtedness 1-15 days	Liberty Bonds 1-15 days	Commercial Paper 1-15 days	Bankers Acceptances 1-15 days	Authorized Rates Minimum	Actual Rates
Jan. 1—Feb. 4.....	7	6	5½	7	6	5½	6	7	6	5	5¾-6
Feb. 5—May 4.....	7	6	6	7	6	6	6	7	6	5	5¾-6
May 5—June 14.....	6½	6	6	6½	6	6	6	6½	6	5	5¾-6
June 15.....	6½	6	6	6½	6	6	6	6½	6	5	5½-5¾
June 16—July 20.....	6	6	6	6	6	6	6	6	6	5	5½-5¾
July 21—Sept. 21.....	5½	5½	5½	5½	5½	5½	5½	5½	5½	5	5-5½
Sept. 22.....	5	5	5	5	5	5	5	5	5	5	5-5½
Sept. 23—Sept. 25.....	5	5	5	5	5	5	5	5	5	4	5-5½
Sept. 26—Oct. 3.....	5	5	5	5	5	5	5	5	5	4	5-5½
Oct. 4—Nov. 2.....	5	5	5	5	5	5	5	5	5	4	4½-4¾
Nov. 3—Nov. 15.....	4½	4½	4½	4½	4½	4½	4½	4½	4½	4	4½
Nov. 16—Nov. 27.....	4½	4½	4½	4½	4½	4½	4½	4½	4½	4	4¾-4½
Nov. 28—Dec. 7.....	4½	4½	4½	4½	4½	4½	4½	4½	4½	4	4½-4½
Dec. 8—Dec. 31.....	4½	4½	4½	4½	4½	4½	4½	4½	4½	4	4½-4½

Exhibit F
DISCOUNTS AND ADVANCES
Total Made Each Month, 1921 and 1920

Month	1921		1920	
	Number of Items	Amount	Number of Items	Amount
January.....	19,809	\$5,565,144,209.93	15,090	\$3,454,051,296.76
February.....	21,275	5,631,398,234.04	10,884	3,798,318,694.90
March.....	17,131	4,271,627,879.35	15,771	3,755,959,629.07
April.....	9,071	2,469,906,248.38	11,249	3,165,858,324.82
May.....	9,646	1,861,355,701.08	11,038	3,181,043,819.41
June.....	11,118	1,282,758,514.96	10,858	3,425,122,639.83
July.....	10,642	1,797,400,547.81	12,443	4,044,469,874.32
August.....	11,188	1,598,703,932.16	17,149	5,091,646,803.95
September.....	10,648	1,091,256,096.50	18,291	4,412,393,284.07
October.....	10,163	1,564,585,700.36	16,922	4,914,285,965.04
November.....	8,982	1,355,335,082.94	18,169	5,088,376,344.22
December.....	10,195	2,279,517,775.01	22,598	6,207,902,171.32
Total.....	149,868	\$30,768,989,922.52	180,462	\$50,539,428,847.71

Type and Maturity of Bills Held December 31, 1921

Maturity	Discounts or Advances Based on United States Securities	Discounts or Advances Based on Commercial Paper	Purchased Bills	Total
Within 15 days.....	\$154,062,314.31	\$24,049,830.08	\$54,354,652.37	\$232,466,796.76
16-30 days.....	553,639.24	17,525,805.78	8,365,726.52	26,445,171.54
31-60 days.....	907,049.99	7,328,738.11	8,744,074.01	16,979,862.11
61-90 days.....	490,675.51	4,125,506.37	1,128,839.43	5,745,021.31
Over 90 days.....	.....	*36,427.74	.....	36,427.74
Total Dec. 31, 1921..	\$156,013,679.05	\$53,066,308.08	\$72,593,292.33	\$281,673,279.46
Average maturity in days.....	8	23	15	13
Total Dec. 31, 1920..	\$454,751,722.52	\$416,686,474.82	\$113,740,374.53	\$985,178,571.87
Average maturity in days.....	16	13	28	16
Total Dec. 31, 1919..	\$562,089,842.45	\$228,713,445.79	\$202,902,609.54	\$993,705,897.78
Average maturity in days.....	14	18	44	21
Total Dec. 31, 1918..	\$652,567,674.72	\$44,773,780.97	\$77,576,632.94	\$774,918,088.63
Average maturity in days.....	13	17	28	15

*Includes agricultural paper and acceptances discounted.

Exhibit C

OPEN MARKET ACCEPTANCE PURCHASES

Bills Bought for the Account of the Federal Reserve Bank of New York in 1921

Month	Bankers Acceptances Import and Export	Bankers Domestic Acceptances	Indorsed Trade Bills of Foreign Origin	Bills Drawn to Furnish Dollar Exchange	Domestic Trade Acceptances	Total 1921	Total 1920
January	\$39,706,959.92	\$11,497,387.45	\$896,520.82	\$8,006,629.15	.....	\$60,107,497.34	\$153,066,372.87
February	38,454,526.87	10,894,024.51	1,948,289.30	6,759,129.51	\$5,000.00	58,060,970.19	176,215,202.90
March	53,242,351.07	13,852,620.25	435,507.86	10,558,909.71	.....	78,089,388.89	164,495,841.81
April	42,619,879.48	12,626,945.30	2,025,076.62	14,308,279.98	.....	71,580,181.38	93,743,642.43
May	46,097,522.75	10,705,082.90	477,140.82	15,406,000.00	.....	72,685,746.47	159,108,907.14
June	17,363,752.11	4,414,556.87	65,012.52	2,566,512.07	.....	24,409,833.57	160,569,277.79
July	11,678,603.89	2,376,964.23	.....	360,000.00	.....	14,415,568.12	115,739,767.44
August	50,002,896.17	9,140,916.26	32,983.85	4,390,169.74	.....	63,566,966.02	132,506,461.32
September	30,399,110.89	9,050,127.65	54,693.84	1,878,281.13	.....	41,382,213.51	111,729,553.68
October	57,348,203.75	22,812,612.41	.....	5,117,543.27	.....	85,278,359.43	145,283,477.87
November	62,697,995.14	15,219,901.04	177,845.17	6,055,949.86	.....	84,151,691.21	142,999,510.89
December	102,311,140.71	28,801,395.45	68,890.38	14,903,206.06	.....	146,084,632.60	141,871,726.66
Total 1921.....	\$551,922,942.75	\$151,392,534.32	\$6,181,961.18	\$90,310,610.48	\$5,000.00	\$799,813,048.73	.....
Total 1920.....	\$1,272,540,561.65	\$315,682,375.58	\$55,756,824.26	\$48,837,991.76	\$4,511,989.55	.....	\$1,697,329,742.80

Exhibit G—Continued

OPEN MARKET ACCEPTANCE PURCHASES

Bills Bought for the Account of Other Federal Reserve Banks in 1921

Month	Bankers Acceptances Import and Export	Bankers Domestic Acceptances	Indorsed Trade Bills of Foreign Origin	Bills Drawn to furnish Dollar Exchange	Domestic Trade Acceptances	Total 1921	Total 1920
January.....	\$12,628,560.50	\$4,494,773.98	.....	\$441,371.82	.....	\$17,564,706.30	\$87,705,046.82
February.....	44,442,079.16	12,336,145.69	\$31,345.52	5,909,456.25	.....	62,719,026.62	62,197,665.68
March.....	15,076,703.42	4,975,495.07	.....	1,824,276.61	.....	21,876,475.10	79,703,584.21
April.....	9,428,844.05	2,657,160.64	.....	638,000.00	.....	12,724,004.69	71,329,821.55
May.....	7,778,946.39	1,182,576.98	.....	1,780,000.00	.....	10,741,523.37	44,785,827.48
June.....	4,873,841.41	1,102,252.80	.....	163,000.00	.....	6,139,094.21	56,212,005.81
July.....	2,250,575.47	921,327.98	.....	90,000.00	.....	3,261,903.45	44,797,448.81
August.....	5,689,707.85	1,359,037.10	.....	625,000.00	.....	7,673,744.95	69,154,168.13
September.....	5,167,585.89	964,304.31	.....	715,000.00	.....	6,846,890.20	70,458,195.65
October.....	5,688,188.87	2,284,197.06	.....	483,021.02	.....	8,455,406.95	61,480,798.68
November.....	11,928,146.96	2,670,288.49	.....	369,678.37	.....	14,968,113.82	35,253,430.52
December.....	16,689,137.55	3,903,399.82	.....	908,110.87	.....	21,500,648.24	47,811,752.27
Total 1921...	\$141,642,317.52	\$38,850,959.92	\$31,345.52	\$13,946,914.94	.....	\$194,471,537.90	.....
Total 1920...	\$592,994,840.83	\$126,993,589.52	\$65,537.87	\$10,835,777.39	.....	.....	\$730,889,745.61

Exhibit G—Continued

OPEN MARKET ACCEPTANCE PURCHASES

Purchased Bills Sold to Other Federal Reserve Banks from the Portfolio of the
Federal Reserve Bank of New York

Federal Reserve Bank of	1921		1920	
	At Request of This Bank	At Request of Purchasing Bank	At Request of This Bank	At Request of Purchasing Bank
Boston.....	\$10,671,016.32	.....	\$27,094,432.60	\$3,579,091.48
Philadelphia.....	6,822,517.35	.....	25,133,828.99	10,014,015.95
Cleveland.....	25,093,457.46	.....	22,565,163.66	11,106,285.82
San Francisco.....	.....	\$15,058,048.67	.....	47,722,158.69
Total.....	\$42,586,991.13	\$15,058,048.67	\$74,793,425.25	\$72,421,551.94
Grand Total.....	\$57,645,039.80		\$147,214,977.19	

Exhibit H
**ACCEPTANCES REDISCOUNTED FOR MEMBER
 BANKS IN 1921**
 Distribution by Months and Classes of Bills

Month	Bankers Acceptances	Trade Acceptances		Total
		Domestic	Foreign	
January	\$5,535,932.27	\$10,457,848.23	\$24,755.86	\$16,018,536.36
February	3,101,409.23	6,834,285.57	1,132.34	9,936,827.14
March	2,890,144.39	3,079,960.64	.....	5,970,105.03
April	2,806,020.68	1,423,604.27	.....	4,229,624.95
May	3,522,830.11	1,216,877.15	.....	4,739,707.26
June	1,737,539.23	1,035,028.22	.....	2,772,567.45
July	179,549.90	1,133,526.11	45,000.00	1,358,076.01
August	1,173,486.80	2,497,692.74	65,000.00	3,736,179.54
September	35,000.00	2,122,926.96	15,000.00	2,172,926.96
October . . . . .	.....	1,404,684.93	.....	1,404,684.93
November	109,471.46	1,267,154.79	45,000.00	1,421,626.25
December	2,101,000.00	847,717.64	.....	2,948,717.64
Total, 1921..	\$23,192,384.07	\$33,321,307.25	\$195,888.20	\$56,709,579.52
Total, 1920..	\$70,654,272.59	\$41,564,615.02	\$4,690,559.33	\$116,909,446.94

Exhibit I

FEDERAL RESERVE NOTES

Movement between Federal Reserve Bank of New York and other Federal Reserve Banks, 1921.

Notes of Federal Reserve Bank of New York Received from other Federal Reserve Banks		Notes of Other Federal Reserve Banks Shipped by Federal Reserve Bank of New York	
From	Amount	To	Amount
Boston.....	\$47,671,000	Boston.....	\$87,028,550
Philadelphia.....	49,449,650	Philadelphia.....	87,221,550
Cleveland.....	23,621,500	Cleveland.....	63,287,300
Richmond.....	15,913,180	Richmond.....	33,934,300
Atlanta.....	19,043,900	Atlanta.....	47,928,900
Chicago.....	23,694,500	Chicago.....	66,468,750
St. Louis.....	6,096,980	St. Louis.....	8,132,550
Minneapolis.....	2,408,750	Minneapolis.....	5,776,750
Kansas City.....	3,755,600	Kansas City.....	7,004,200
Dallas.....	5,919,850	Dallas.....	6,259,850
San Francisco.....	11,560,600	San Francisco.....	19,463,200
Total.....	\$209,135,510	Total.....	\$432,505,900

Issues, Retirements, and Amount Outstanding

Total issued to the bank by the Federal Reserve Agent:		
1914 to 1920, inclusive.....		\$2,317,113,000.00
During 1921.....		538,810,000.00
		<hr/>
		\$2,855,923,000.00
Notes unfit for circulation retired:		
1914 to 1920, inclusive.....	\$1,280,758,770.00	
During 1921.....	758,417,730.00	
		<hr/>
		a2,039,176,500.00
Amount outstanding December 31, 1921		<hr/>
		\$ 816,746,500.00
Amount outstanding December 31, 1921:		
In actual circulation.....		\$ 663,363,181.00
Held by Federal Reserve Bank.....		153,383,319.00
		<hr/>
Total.....		\$ 816,746,500.00
On December 31, 1921 the Federal Reserve Agent held against Federal Reserve notes:		
Gold and gold certificates.....		\$ 653,004,078.28
Eligible paper.....		254,896,337.27
		<hr/>
Total.....		\$ 907,900,415.55

a Includes \$215,033,000.00 of notes fit for circulation returned by the bank and by the United States Treasurer.

Exhibit J

CHECK COLLECTIONS

Classification of Checks Handled by Federal Reserve Bank of New York in 1921

(Amounts in thousands of dollars)

Month	On Treasurer of United States		On Banks in Other Federal Reserve Districts		On New York Clearing House		On New York City Outside of Clearing House		On All Other Banks in Second District		TOTAL	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Jan.	905,502	\$148,234	898,681	\$140,780	1,158,011	\$1,844,917	299,592	\$355,549	4,085,443	\$615,508	7,347,229	\$3,104,987
Feb.	739,251	129,359	824,414	119,705	986,070	1,434,266	287,764	280,013	3,524,106	414,826	6,361,605	2,378,170
Mar.	1,017,401	199,630	1,018,454	138,466	1,461,273	1,810,558	370,074	354,028	4,359,636	710,100	8,226,838	3,212,782
Apr.	1,146,564	171,785	998,688	134,909	1,394,022	1,632,101	332,192	358,088	4,378,902	559,247	8,250,368	2,856,130
May.	1,002,604	146,691	1,025,058	139,090	1,196,846	1,583,747	315,052	353,025	4,239,718	574,115	7,779,278	2,796,668
June.	1,139,485	149,268	1,036,463	137,891	1,341,744	1,706,012	353,579	400,524	4,545,543	673,289	8,416,814	3,066,984
July.	1,004,140	120,002	916,597	121,985	1,364,896	1,495,897	316,102	336,344	4,347,023	650,671	7,948,758	2,724,898
Aug.	973,350	119,982	899,512	118,142	1,376,058	1,459,591	355,004	341,425	4,334,014	816,002	7,937,938	2,855,142
Sept.	1,105,816	98,576	935,434	122,261	1,387,809	1,557,061	338,733	322,824	4,242,350	606,173	8,010,142	2,706,895
Oct.	1,079,724	147,019	1,057,240	146,278	1,434,171	1,588,927	348,206	331,354	4,432,616	517,155	8,351,957	2,730,733
Nov.	1,047,788	93,474	1,044,495	134,077	1,313,454	1,500,036	330,357	375,365	4,344,589	558,336	8,080,683	2,661,288
Dec.	1,181,013	88,904	1,170,927	134,062	1,512,467	1,715,124	388,301	409,975	4,630,101	770,405	8,882,809	3,118,471
TOTAL..	12,342,638	\$1,612,924	11,825,963	\$1,587,646	15,926,821	\$19,328,237	4,034,956	\$4,218,514	51,464,041	\$7,465,827	95,594,419	\$34,213,148
Buffalo ..	145,270	\$25,170	1,819,682	\$301,079	a2,209,929	a\$987,828	.....	.....	4,749,432	\$574,286	8,924,313	\$1,888,363
GRAND TOTAL..	12,487,908	\$1,638,094	13,645,645	\$1,888,725	b18,136,750	b\$20,316,065	4,034,956	\$4,218,514	56,213,473	\$8,040,113	104,518,732	\$36,101,511

a On Buffalo Clearing House.*b* On New York or Buffalo Clearing House.

Exhibit K
TELEGRAPHIC TRANSFERS
Daily Average

Month	Number of Transfers					Amount Transferred (in thousands of dollars)				
	1917	1918	1919	1920	1921	1917	1918	1919	1920	1921
January.....	...	65	211	363	693	.....	\$49,138	\$61,452	\$61,969	\$58,133
February.....	...	80	213	376	656	.....	50,064	54,293	55,094	49,726
March.....	...	88	213	414	619	.....	42,693	60,427	57,756	56,484
April.....	...	101	221	410	588	.....	54,740	49,146	53,275	52,229
May.....	...	112	235	442	669	.....	55,046	47,515	49,335	57,402
June.....	...	110	262	476	682	.....	70,647	56,751	52,219	61,738
July.....	31	135	272	484	621	\$31,801	67,710	69,269	51,604	51,954
August.....	35	142	273	474	658	28,536	54,046	60,844	48,292	54,970
September.....	38	168	306	505	701	30,893	55,640	69,265	60,179	65,154
October.....	48	188	330	546	767	37,304	98,785	59,560	63,504	61,044
November.....	73	187	357	609	838	47,191	68,018	61,806	56,409	69,859
December.....	70	209	359	712	701	50,308	86,149	69,558	62,275	67,582

Exhibit L

GOLD SETTLEMENT FUND

Amounts Received and Paid by the New York Federal Reserve Bank in 1921 in Settlement of Accounts Due

From or to	Received	Paid	Net Gain	Net Loss
Federal Reserve Banks:				
Boston.....	\$3,687,123,802.42	\$3,727,921,736.97	.....	\$40,797,934.55
Philadelphia.....	3,964,328,450.12	3,780,276,667.91	\$184,051,782.21	.....
Cleveland.....	2,069,860,430.14	1,865,963,196.67	203,897,233.47	.....
Richmond.....	2,083,679,926.03	2,091,154,030.74	.....	7,474,104.71
Atlanta.....	641,220,338.14	825,425,787.64	.....	184,205,449.50
Chicago.....	2,954,966,059.14	3,265,697,522.56	.....	310,731,463.42
St. Louis.....	775,754,418.00	740,006,176.23	35,748,241.77	.....
Minneapolis.....	445,454,005.95	512,599,150.52	.....	67,145,144.57
Kansas City.....	598,237,108.07	627,278,801.92	.....	29,041,693.85
Dallas.....	381,279,280.49	590,034,808.15	.....	208,755,527.66
San Francisco.....	1,361,935,756.08	1,235,284,821.22	126,650,934.86	.....
Treasurer of United States.....	682,004,494.21	132,936,832.70	549,067,661.51	.....
Federal Reserve Agent.....	219,000,000.00	410,000,000.00	.....	191,000,000.00
Gold Redemption Fund.....	26,000,490.03	2,108,695.06	23,891,794.97	.....
Total 1921.....	\$19,890,844,558.82	\$19,806,688,228.29	\$1,123,307,648.79	\$1,039,151,318.26
Net gain or loss 1921.....	.....	.....	\$84,156,330.53	.....
Total 1920.....	\$24,435,912,805.59	\$24,404,987,768.81	\$1,040,719,101.59	\$1,009,794,064.81
Net gain or loss 1920.....	.....	.....	\$30,925,036.78	.....

Exhibit L—Continued

GOLD SETTLEMENT FUND

Net Gains and Losses Each Week During 1921 for the
Account of the Federal Reserve Bank of New York

(Amounts in thousands of dollars)

Week Ending	Wire Transfers and Checks Drawn	Inter-bank Accommodations	United States Treasury Transfers	Other Transferred Funds	Net Change	Balance
Dec.31,1920						\$45,902
Jan. 7, 1921	-\$51,693		+ \$8,500	+\$24,914	-\$18,279	27,623
14.....	- 15,427		- 3,000	+ 8,482	- 9,945	17,678
21.....	- 50,899	+ \$5,000	+ 500	+ 47,798	+ 2,399	20,077
28.....	- 62,155	+ 30,600	+ 15,000	+ 41,503	+ 24,948	45,025
Feb. 4.....	- 35,047	+ 25,000	+ 11,000	+ 1,633	+ 2,586	47,611
11.....	+ 767		+ 1,500	- 2,839	- 572	47,039
18.....	+ 10,399		+ 9,000	- 3,617	+ 15,782	62,821
25.....	- 32,651		+ 20,000	- 3,100	- 15,751	47,070
Mar. 4.....	- 11,587		+ 23,000	- 3,941	+ 7,472	54,542
11.....	- 25,210		+ 22,000	- 3,132	- 6,342	48,200
18.....	+ 6,070		+ 38,500	- 4,570	+ 40,000	88,200
25.....	- 27,696		+ 86,000	- 34,206	+ 24,098	112,298
Apr. 1.....	+ 36,577		+ 47,000	- 63,943	+ 19,634	131,932
8.....	- 83,553		+ 11,000	- 2,691	- 75,244	56,688
15.....	+ 1,592		+ 5,000	- 1,576	+ 5,016	61,704
22.....	+ 14,153	- 10,000	- 4,000	- 1,958	- 1,805	59,899
27*....	- 3,183	- 2,000	+ 19,000	- 1,633	+ 12,184	72,083
May 4.....	- 34,812	- 2,876	+ 33,500	- 3,127	- 7,315	64,768
11.....	- 47,274	+ 4,857	+ 6,000	- 2,977	- 39,394	25,374
18.....	+ 28,186	- 7,811		- 4,736	+ 15,639	41,013
25.....	+ 18,342	- 7,549	+ 9,000	+ 4,303	+ 24,096	65,109
June 1.....	+ 18,436	- 1,001	+ 29,000	+ 1,351	+ 47,786	112,895
8.....	+ 6,756	+ 3,832	+ 28,000	- 3,512	+ 35,076	147,971
15.....	+ 1,467	- 7,536	+ 11,500	- 53,788	- 48,357	99,614
22.....	- 76,495	- 7,563	+ 108,000	- 52,513	- 28,571	71,043
29.....	- 27,961	- 1,839	+ 48,300	- 2,332	+ 16,168	87,211
July 6.....	- 75,734	+ 8,435	+ 14,000	- 969	- 54,268	32,943
13.....	- 20,702	+ 528	+ 23,500	- 937	+ 2,389	35,332
20.....	+ 5,741	- 931	- 4,500	+ 17,569	+ 17,879	53,211
27.....	+ 18,902	- 6,871	+ 4,000	- 2,907	+ 13,124	66,335
Aug. 3.....	- 78,120	+ 391	+ 10,000	+ 21,757	- 45,972	20,363
10.....	- 28,456	+ 3,837	+ 11,000	+ 17,114	+ 3,495	23,858
17.....	- 633	+ 1,440	+ 9,000	+ 6,106	+ 15,913	39,771
24.....	+ 16,778	- 5,275	+ 12,500	- 2,056	+ 21,947	61,718
31.....	+ 4,292	+ 3,104	+ 10,000	- 1,874	+ 15,522	77,240
Sept. 7.....	- 33,713	- 1,108		+ 3,633	- 31,188	46,052
14.....	- 26,050	+ 1,840	+ 21,000	- 4,133	- 7,343	38,709
21.....	- 81,224	+ 2,235	+ 160,000	- 26,844	+ 54,167	92,876
28.....	- 33,263	+ 1,453	+ 30,000	- 2,219	- 4,029	88,847
Oct. 5.....	- 71,399	+ 10,792	- 2,000	+ 6,234	- 56,373	32,474
11.....	- 16,070	- 484	- 8,500	+ 34,435	+ 9,381	41,855
19.....	- 12,975	- 410	+ 74,000	+ 14,244	+ 74,859	116,714
26.....	- 9,928	+ 1,030	- 1,000	+ 9,965	+ 67	116,781
Nov. 2.....	- 18,891	+ 14,208	+ 18,000	+ 1,725	+ 6,042	122,823
9.....	- 51,212	+ 155	+ 9,000	- 2,336	- 44,393	78,430
16.....	+ 20,325		+ 3,500	- 48,680	- 24,855	53,575
23.....	- 10,797		+ 4,000	- 1,691	- 8,491	45,084
30.....	+ 2,919	+ 5,675	+ 2,000	+ 7,130	+ 17,724	62,808
Dec. 7.....	- 47,916	+ 4,324		+ 10,696	- 32,896	29,912
14.....	- 16,724	+ 10,000	- 5,000	+ 57,210	+ 45,486	75,398
21.....	- 51,637		+ 88,000	+ 53,156	+ 89,519	164,917
28.....	- 1,484		+ 3,000	- 24,970	- 23,454	141,463

*Reporting date changed.

Exhibit M
PERSONNEL AND ANNUAL SALARY RATE
 Distribution by Departments, December 31, 1921

FUNCTION	Men	Women	Total	Salaries (per annum rates)
Officers.....	40	....	40	\$509,800
Office of Organization Counsel.....	3	3	6	14,560
Procedure Committee.....	3	....	3	10,400
Architectural Office.....	6	2	8	25,993
LAW FUNCTION				
Legal Department.....	3	2	5	10,900
ACCOUNTS FUNCTION				
Accounting Department.....	105	59	164	270,900
Methods and Supplies Department.....	38	12	50	82,400
ADMINISTRATION FUNCTION				
Office Service Department.....	266	112	378	513,060
Personnel Service Department.....	14	49	63	97,600
Personnel Development Department.....	1	1	2	5,940
CASH AND CUSTODY FUNCTION				
Cash Department.....	293	147	440	693,730
Custody Department.....	74	7	81	152,640
COLLECTION FUNCTION				
Check Department.....	215	374	589	690,040
Collection Department.....	177	144	321	395,100
Clearance Arrangements.....	2	....	2	5,720
Northern New Jersey Clearing House Association.....	2	1	3	5,660
FOREIGN RELATIONS FUNCTION				
Foreign Department.....	6	1	7	14,800
LOAN FUNCTION				
Loan Department.....	11	4	15	24,800
Credit Department.....	27	13	40	65,060
Discount Department.....	47	29	76	129,920
INVESTMENT FUNCTION				
Bill Department.....	2	....	2	4,800
Securities Department.....	20	12	32	57,400
FISCAL AGENCY FUNCTION				
Certificates of Indebtedness Department.....	41	9	50	93,220
Government Bond Department.....	93	101	194	304,240
Government Loan Organization Depart- ment.....	8	10	18	29,840
FEDERAL RESERVE AGENT'S FUNCTION				
Member Bank Relations Department....	4	2	6	18,940
Note Issues Department.....	3	....	3	5,640
Bank Examinations Department.....	10	3	13	30,200
Statistics Department.....	32	37	69	123,180
AUDITING FUNCTION				
Auditing Department.....	79	17	96	192,360
TOTAL	1,625	1,151	2,776	\$4,578,843
Buffalo Branch.....	59	72	131	\$153,000
GRAND TOTAL	1,684	1,223	2,907	\$4,731,843