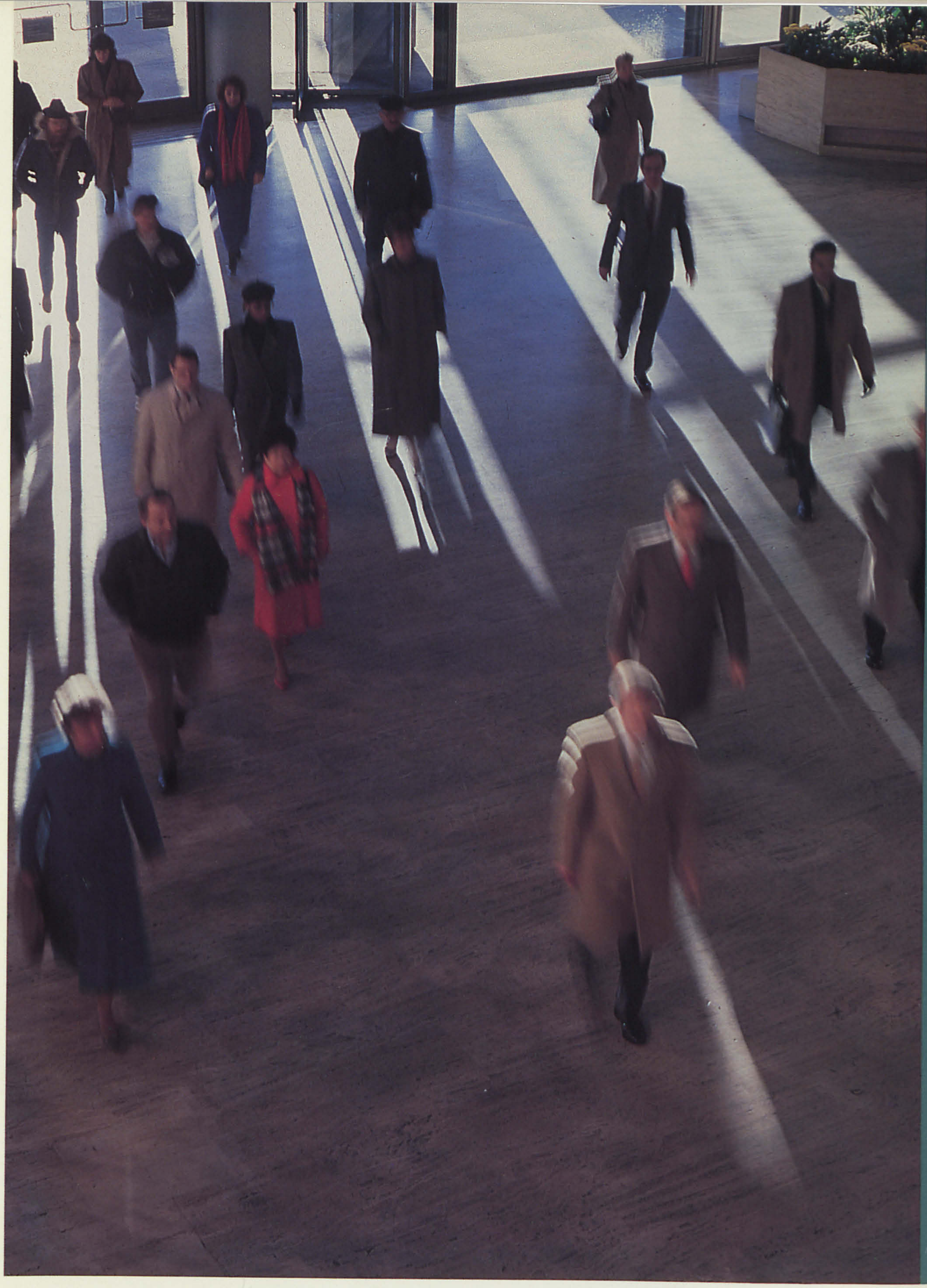


1987 Annual Report

The Federal Reserve
Bank of Philadelphia

About the Cover:

Some of the Bank's 1,200-plus employees are arriving at work. This report describes what some of those people do.

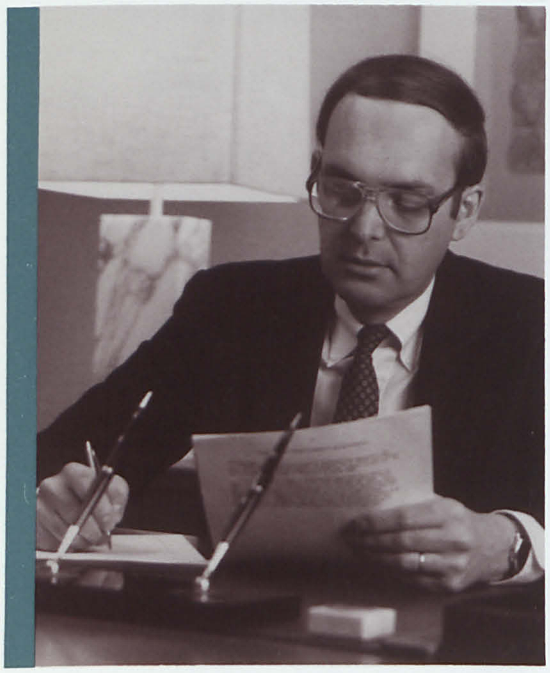
Contents:

Year of Achievement

The Bank had many satisfying accomplishments in 1987:

We replaced or modified virtually every major automated system, either to improve efficiency or to participate in shared projects with other Reserve Banks. For example, the Fiscal Department implemented a new Book-Entry Security System, Cash put in a new Information/Control System, while both Accounting and Computer Services completed several state-of-the-art installations. We took on the testing of a new communications network, Fedline II, and became the first Bank to install it. All but the largest users of Fed services now have one "gateway" to all our on-line services. Processing Treasury bills and interest statements were added to the Treasury Direct system that we designed and installed in 1986 as a nationwide book-entry system for U.S. Treasury securities. At the request of the Department of Housing and Urban Development, we prepared a basic design for a definitive book-entry system for that agency's debentures. The Bank succeeded beyond our expectations with the Productivity Improvement Program in 1987. Our operating expenses were below 1986, while our output volumes were up substantially. We tightened our quality standards with improving results at year's end, thus positioning ourselves well for 1988. Supervision and Regulation introduced more personal computers to reduce examination time considerably. Research completed detailed studies of tax reform, federal deficit reduction, new financial instruments, and the underground economy, among other topics. Community Affairs enhanced its program with a comprehensive report on Camden, New Jersey, and strengthened ties with both community groups and lenders. With interstate banking a reality in the Third District, the Bank continued to encourage its people to search for ways to increase productivity and improve quality.

The body of this report describes a typical day at the Federal Reserve Bank of Philadelphia. The intent is to give you an idea of what our 1,200 employees do around the clock. Some make speeches, serve on outside committees, visit banks, and design new systems like Treasury Direct. Most of our work force, however, have jobs with lower profiles but no less importance. They get the work of the Bank done with quiet dedication, day in and day out. This is their annual report as much as anyone's.



In 1987 our people, working together, improved the Bank's performance in terms of both costs and quality. In addition, they renewed emphasis on customer, community and System relationships. These accomplishments should improve our ability to serve both the new interstate banking industry and a growing economy.

After a long period in relative darkness, the Third District economy has done very well in recent years. As I perceive it, this new era of prosperity dawned early in the 1980s, and it moved across the District, from east to west like the sun.

The new era began in New Jersey and Delaware. While the decade still was young, new jobs were radiating out from Atlantic City, and office expansion was igniting around Princeton. Delaware passed legislation that so far has attracted 24 out-of-state banks with an estimated 7,300 new jobs.

Both states remained in the sunshine through 1987. Southern New Jersey now is growing faster than the northern part, and even the persistent unemployment problems in the Vineland-Millville area have eased. Delaware's financial service jobs increased at almost three times the national average during the year, and its unemployment rate now ranks among the lowest in the nation.

By mid-decade, the Philadelphia area came into the sunlight as service industries made up for long-lost manufacturing jobs. In 1987, the decline of the dollar sparked a turnaround in local manufacturing, and the stock market crash did not bring the financial layoffs that it did in New York, in part because our offices concentrate on general investor service rather than specialties such as investment banking and arbitrage.

Construction was Philadelphia's brightest spot by far in 1987, with an 88 percent increase in the value of non-residential contracts from the previous year. Much of that was new office space, and before long, there will be five *buildings rising above Billy Penn's hat on the top of City Hall. Residential construction made a particularly strong showing in the suburbs, as housing remained a bargain here compared to other parts of the Northeast.*

The glow of prosperity also moved through the Lehigh Valley, which is using its strategic location to make up for declines in manufacturing. A number of back-office operations have located there and in other parts of the District from New York. Lancaster saw improvement in non-manufacturing while manufacturing held steady last year. Harrisburg saw both improve, which demonstrated that it has a lot more to its economy than the state government.

Traveling north to Williamsport, a number of companies enjoyed good years for various reasons, and the result was an overall increase of about ten percent in manufacturing jobs. State College is Pennsylvania's newest metropolitan area, and it had another exceptionally strong year in services in 1987.

Johnstown and Altoona have seen some economic improvement, but full prosperity has yet to reach that part of Pennsylvania. Unemployment rates are down there, but in Johnstown that's due as much to a decline in the labor force as to increases in employment.

Of course, I'm pleased with the Third District economy in 1987. We continued to outperform the nation in many measures, from unemployment to the demand for bank loans. In agriculture, diversity and know-how helped overcome an assortment of problems.

When I read reports from other parts of the nation, I am gratified that we have not had even one bank failure in the District since 1981. Our institutions are progressive and well managed today, as they have been for years. Whether you look at capital ratios, loan losses, or any number of other indicators, banks here rate high marks for safety, soundness and profitability.

The interstate merger movement already was in full swing as 1987 came to an end, and District institutions, as well as the Philadelphia Reserve Bank, seemed well positioned to participate in it.

Edward G. Boehne

Edward G. Boehne

Nora Burns labels computer tapes . . .

It's midnight and checks are on the move. Helen Eng is wheeling a cart full of boxes of checks toward another worker, who begins loading them into a high-speed sorting machine. Before this night is over, about 3.8 million checks will be processed by the Philadelphia Fed.

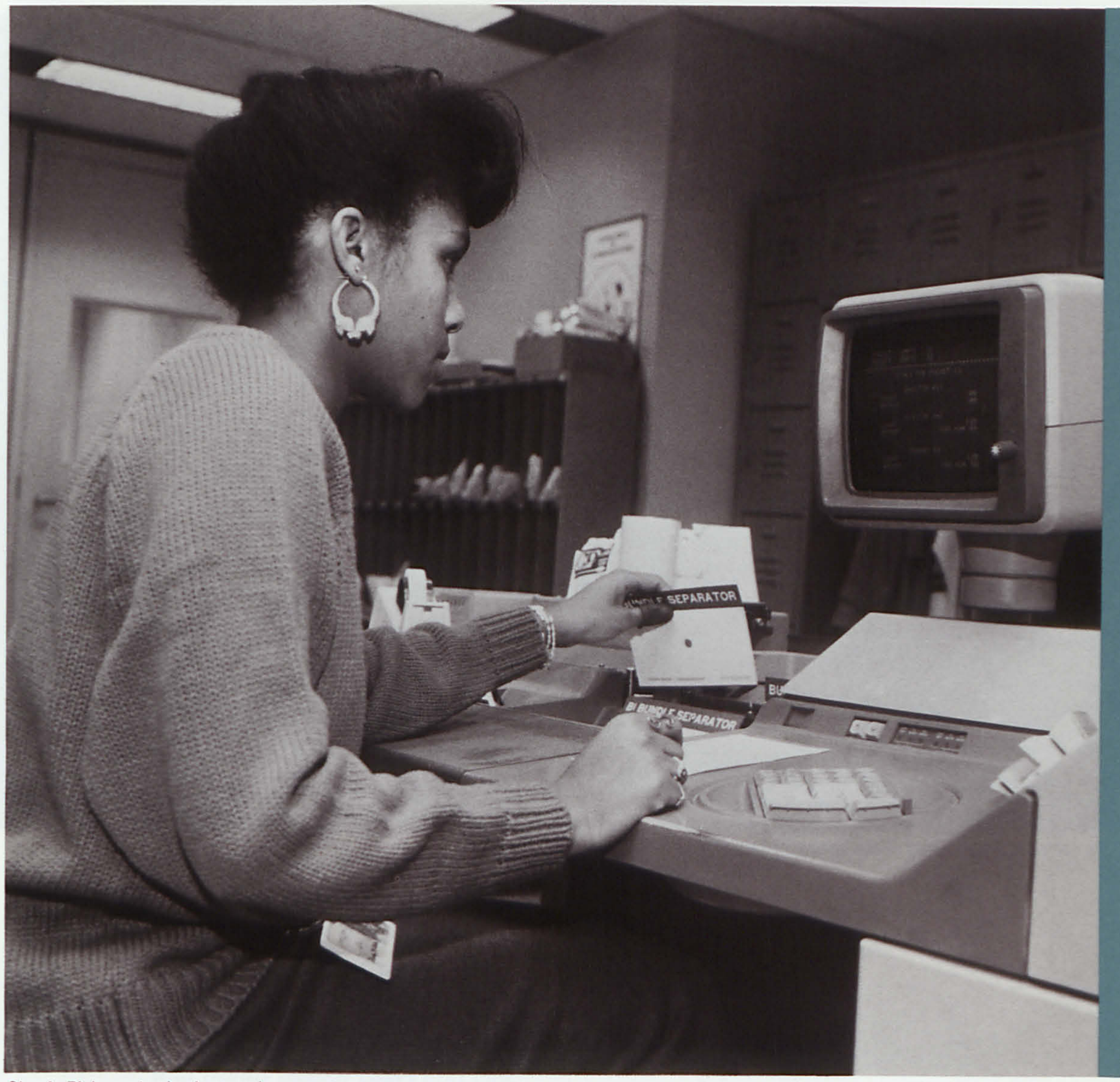
We receive checks by the bag and bundle, and we sort them so they can be delivered to the financial institution on which they are drawn. On our books we credit the sending institutions and debit the paying institutions. They, in turn, credit and debit their customers' accounts, and checks have done their work paying for the things you and I buy or sell.

How it adds up! In 1987, our Checks Department processed more than 948 million checks, worth more than $852 billion. Taped end to end, they would encircle the world almost four times!

In addition, we handle many payments that are made electronically, including the direct deposit of payrolls, Social Security, interest on U.S. Treasury securities, and wire transfers of funds. Our automated clearinghouse (ACH) receives computer tapes and wire messages with instructions on the amounts to be credited to or charged against individual accounts at different financial institutions.

The ACH resembles our check operation, but it receives, sorts and delivers electronic impulses rather than paper. Through ACH and FedWire, another system for electronically moving money, we transferred about $6.9 trillion in 1987.

. . . that she and Joyce Bellinger then rush to the loading dock.



Glenda Blake sorts checks on a low-speed machine.


A courier makes his pick-up.

In the loading area, Greg Alkins tosses a bundle into a bank's bin.

About 3 a.m., most of the night's ACH processing has been done. Much of the information is sent to financial institutions over telephone lines, with computers talking to computers, so to speak. Our new, personal computer-based communications network, Fedline II, makes it easier for even small institutions to have an "on-line" link to us, and the number of institutions receiving their ACH information that way is growing.

Still, couriers pick up as many as 225 magnetic tapes from this Bank each morning. Joyce Bellinger and Nora Burns in ACH race the clock to label tapes and get them to the loading dock in time.

At 5 a.m., the loading dock's in high gear. Boxes of processed checks and packages of computer tapes are rolled in, and Bob Brown and the loading dock crew are quickly putting together packages for each financial institution. Couriers begin their pick-ups about 6 a.m.

The loading dock isn't the only busy place at that time. Things are cooking — literally — in the kitchen. Chef Felipe Rivera and the rest of the staff are preparing for the 1,700 customers who will come to one or more of the five meals served in the next 24 hours. Mary Monzo prepares the first of the gallons of coffee that will be served. In addition to breakfast and lunch, the cafeteria serves dinner at three different times — 8:30 p.m., midnight and 3 a.m.

When the first breakfast customers arrive at 7 a.m., the kitchen staff has already cooked five pounds of bacon (30 pounds if BLTs are on the lunch menu), prepared soup in 20- and 40-gallon caldrons, turned 20 heads of lettuce into salad, and begun baking cakes and pies.

Dave Rivers cooks bacon.

Stacks of currency are packaged and shipped to financial institutions.

As night workers in Checks make way for the day shift at 8:30 a.m., Wanda Williams and Maureen Hahn in the Cash Department greet the first of the armored trucks that come to the Bank to deposit or pick up currency and coins.

When we ship or receive coin and currency, the armored truck actually drives into the Bank, onto an elevator that takes the truck down 35 feet below the ground, where the vaults are.

This Bank is responsible for meeting the cash needs of financial institutions in the Third District, which consists of the eastern two-thirds of Pennsylvania, the southern half of New Jersey and all of Delaware.

A lot of money passes through this Bank — so much that we count coins by weighing bags and verify paper money with high-speed machines that count the bills at the rate of 20 notes per second, automatically shredding those too worn to put back into circulation.

In 1987, we received and counted more than $13 billion in currency — that's more than 1 billion pieces of paper! We also received about 1 billion coins, worth about $169 million. Those coins weighed more than 5,000 tons!

The Protection Department, which is on duty 24 hours a day, watches over the whole cash operation carefully. The guards also monitor the Bank's entrances, greeting guests politely, yet making sure they have business here. Through their presence and by watching on scores of surveillance cameras, the guards ensure the security of every corner of the building.

By 9 a.m., most of the 1,000-plus employees on the day workforce are on the job, at desks, drafting tables, printing presses, computer terminals and sorting machines, or in currency counting areas and electrical shops. The phones are ringing, and meetings have begun.

At 9:15 a.m., the Bank's board of directors meets via telephone conference call. The directors are in their own offices around the District and our president and several other officers


Using muscles and a forklift, two workers move bags of coins.

participate from the Bank's board room. The primary purpose of this meeting is to set the discount rate, which is the interest rate at which this Bank makes short-term loans to financial institutions. It is one of several tools the Federal Reserve uses to influence the nation's money supply and the level of market interest rates, and every 14 days the directors must consider whether the rate should be changed.

Bob Burns loads a press with ink.

Today, the directors vote to change the discount rate, and a message — in code — is on its way to the Board of Governors, which must approve a new discount rate before it goes into effect. In this case, we get the approval about 4:30 p.m.

As soon as Bernie Beck in the Credit Department learns of the approval, he prepares a notice to send to banks and other institutions. Other people get busy too. Alice Parker addresses envelopes, and as soon as the notice is typeset, Bill Darrell in Printing puts it on the press. The mail room is alerted that a circular is going out that night.

While the presses are running the discount rate notice, Anne Griffith-McNally of the Human Resources Department brings in the paste-ups for 3-C, the monthly magazine for employees. Patrick Stone in the darkroom adds the magazine to his stack of negatives to make today.

As the directors are voting on the discount rate, Ann Dwyer and Tony White, two account representatives from the Business Planning and Development Department, are leaving the Bank to visit top officers at financial institutions around the District. They are part of our force of field representatives that talk with bankers about their needs and help solve problems when they arise.

Phyllis Greco checks files in the Records Department.

With their checks to clear, funds to wire, and currency and coin needs to meet, financial institutions are this Bank's biggest customers, but far from our only ones. We also sell U.S. savings bonds and Treasury securities to the public. Many of those customers do business with us by mail, but some come right to our teller windows in the Eastburn Court.

By 12:30 p.m., the lines at the teller windows are getting shorter. Since tenders — the forms customers fill in to purchase Treasury securities — are due at 1 p.m. on the day of the auction, Joan Vicari and her co-workers at the teller windows have already seen a lot of buyers.

Marian Dunn and Bernie Beck discuss a bank's discount request.

Librarian Carol Aldridge answers an inquiry.

After lunch, the Research Department's economists who specialize in monetary policy gather to go over the last details of the report they're about to make to Bank President Ed Boehne, who's heading to Washington, D.C., for a meeting of the Federal Open Market Committee. The FOMC, as it is called, is the monetary policy arm of the Federal Reserve System. The committee's decisions will affect the interest rates consumers and businesses pay when they borrow.

In the Accounting Department, Laura Elling and Iola Stroud are readying the Bank's payroll. Once they've transferred information from timecards into a computer, the Computer Services Department prints out the needed checks and direct deposit stubs for everyone, showing earnings and deductions.

Although the Federal Reserve was created by Congress, its employees are not part of the U.S. government's civil service system. Reserve Banks' pay scales are related to market wage rates in their communities.

The Bank offers many benefits to its employees, including medical, dental, and retirement plans. Today, Linda Dompert in the Human Resources Department has appointments scheduled through the afternoon to explain the savings plan to new employees.

At the teller window, Joan Garrison takes a tender from a Treasury securities buyer.

At 4:30 p.m., Inez Ridgeway and her co-workers in the Fiscal Department are busy processing the Treasury securities tenders that arrived in today's mail or were brought to the Bank's teller windows. Others are settling accounts with Treasury Direct, the book-entry system that the Federal Reserve uses to sell U.S. Treasury bills, bonds and notes to the public. Treasury Direct was designed by this Bank, and we now operate it for the entire Federal Reserve System.

Treasury Direct is just one example of the importance of computers as tools in this Bank. Our Computer Services Department could be thought of as the "nerve center" of the Bank since so much important information is processed there. That department plays a major role in all the services we perform for financial institutions, including check clearings, cash shipments, electronic transfers of money through ACH, and maintenance of financial institutions' reserve accounts. CSD also handles critical internal information such as employee payroll and benefit deductions.

About the time the Fiscal Department is finishing up the day's paperwork, Jim Curvan of the Supervision and Regulation Department is returning to the Bank. He and a team of examiners have just completed their most recent assignment — an examination of a commercial bank in central Pennsylvania. Since the Philadelphia Fed examines state member banks and bank holding companies throughout our three-state District, examiners spend a fair amount of time traveling and living in hotels.

Harry Bryan handles securities.

Joe Anastasio pours over figures in the Accounting Department.

Accounting is a key department behind all our services.


Cleo Coles in the Checks Department . . .

Supervision and Regulation is the department that makes sure that banks and holding companies are operating soundly and safely, and are well managed. S&R also helps enforce banking laws and regulations.

A specific law the Federal Reserve helps enforce is the Community Reinvestment Act, which says banks must play their role in meeting the legitimate credit needs of their communities. The CRA gives community groups and other organizations an opportunity to protest mergers and acquisitions when they believe the institutions involved aren't satisfying the law's requirements. Keith Rolland in our Community Affairs Department is one of the people who works to bring banks and community groups together.

At 6 p.m., students taking an American Institute of Banking course arrive at the Bank. AIB is an educational arm of the banking industry, and we make space available free of charge for these classes. Tonight, Ted Alber from the Fiscal Department is teaching a basic accounting course.

By 8 p.m., much of the Bank is quiet. Day workers have gone home. But a shift is beginning in Checks.

About 10 p.m., there's action on the loading dock again. Trucks and vans are delivering checks that we will process throughout the night.

And, by midnight, yet another shift of Checks workers arrive, and checks are on the move — again. The Philadelphia Fed begins another day.


. . . handles incoming work.

Barry Cutler (left) and Phil Farley find answers to a bank's regulatory questions.

Nevius M. Curtis, chairman and chief executive officer of Delmarva Power & Light Co., began his first term as chairman of the board in 1987. He replaced Robert M. Landis, who served as chairman for four years. George E. Bartol, III, chairman of Hunt Manufacturing Co. of Philadelphia, was deputy chairman in 1987.

Two new directors joined the board in 1987. George A. Butler, chairman and chief executive officer of First Pennsylvania Bank and First Pennsylvania Corp. of Philadelphia, took office as a Class A director elected by large member banks. He succeeded John H. Walther, chairman and chief executive officer of New Jersey National Bank. Peter A. Benoliel, chairman of Quaker Chemical Corp. of Conshohocken, was appointed to a term as a Class C director, filling the seat formerly held by Mr. Landis.

In addition, Carl E. Singley, a partner in the Philadelphia law firm of White, McClellan & Singley, was reelected a Class B director by medium-sized member banks in 1987.

Chairman
Nevius M. Curtis
Chairman and Chief Executive Officer
Delmarva Power & Light Co.
Wilmington, DE

Deputy Chairman
George E. Bartol, III
Chairman
Hunt Manufacturing Co.
Philadelphia, PA

Peter A. Benoliel
Chairman
Quaker Chemical Corp.
Conshohocken, PA

George A. Butler
Chairman and Chief Executive Officer
First Pennsylvania Bank, N.A.
Philadelphia, PA

Clarence D. McCormick
President
Farmers and Merchants National Bank
Bridgeton, NJ

Nicholas Riso
President and Chief Executive Officer
Giant Food Stores, Inc.
Carlisle, PA

Charles F. Seymour
Chairman and Chief Executive Officer
Jackson-Cross Co.
Philadelphia, PA

Carl E. Singley, Esq.
Partner
White, McClellan & Singley
Philadelphia, PA

Ronald H. Smith
President and Chief Executive Officer
CCNB Bank, N.A.
New Cumberland, PA

In 1987, William H. Stone, Jr., who first joined the Bank in 1971, was promoted to First Vice President. He replaced Richard L. Smoot, who resigned to accept a position at a commercial bank.

In other official changes, Donald F. Doros became Senior Vice President for Payment Operations; Robert A. Dobie and Louis N. Sanfelice were named Vice Presidents in Supervision and Regulation; Malcolm T. Humphrey was appointed Vice President and Director of Computer Services, and Stephen A. Meyer was promoted to Vice President and Associate Director of Research.

Also, Robert J. Bucco was promoted to Assistant Vice President of Electronic Funds Transfer; James E. Burns became Assistant Vice President of Check Operations; William J. Evans, Jr., was promoted to Assistant Vice President of Technical Services and Administration; Joanna H. Frodin was named Business Planning Officer; Stephen M. Hoffman was promoted to Examining Officer; Edward M. Mahon became Associate General Counsel; and Patrick M. Regan was promoted to Data Communications Officer.

Steven P. Cohen joined the Bank as Vice President of Accounting. He has many years of experience in financial management.

Edward G. Boehne
President

William H. Stone, Jr.
First Vice President

Konstanty G. Adack
Executive Vice President

Thomas K. Desch
Senior Vice President and Lending Officer

Donald F. Doros
Senior Vice President

James F. Gaylord
Senior Vice President

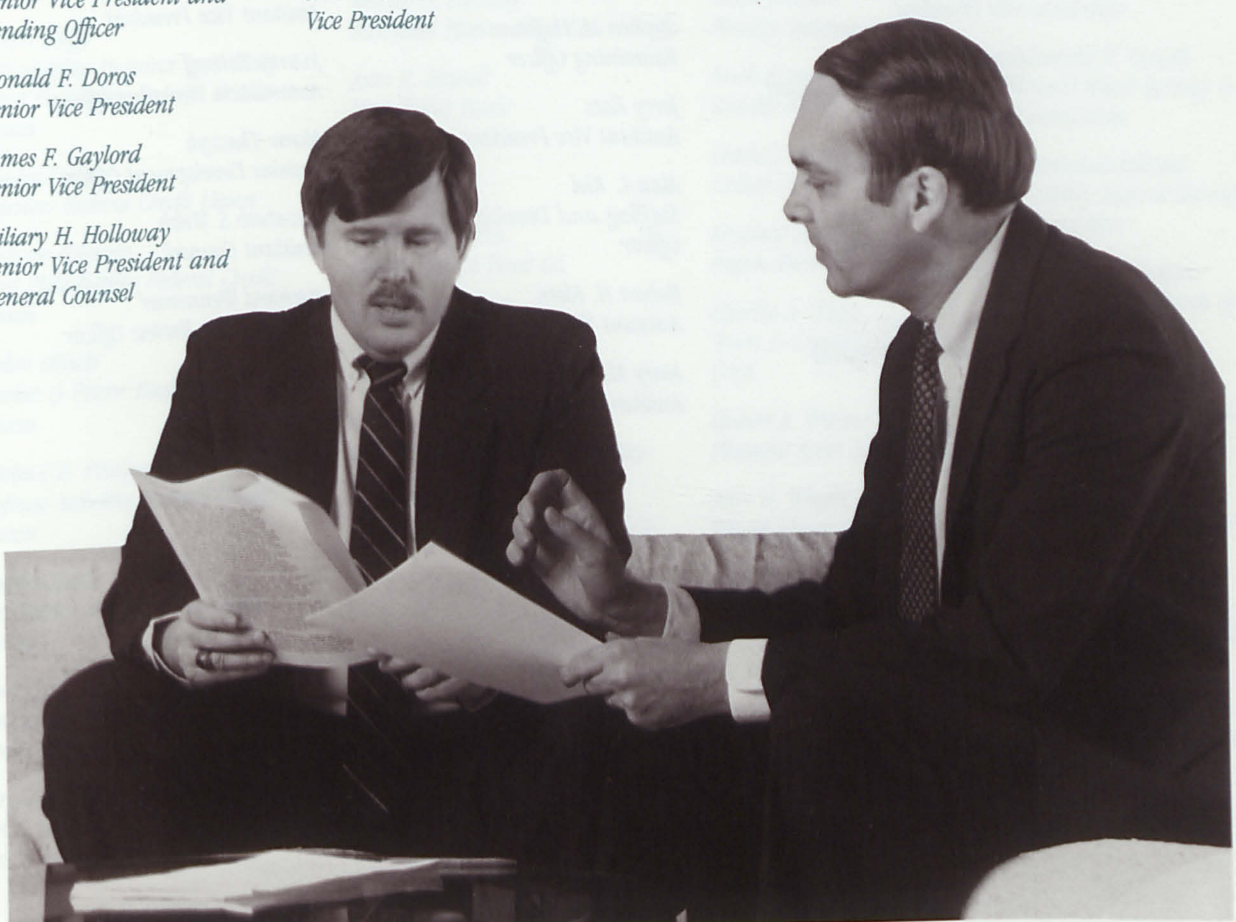
Hiliary H. Holloway
Senior Vice President and General Counsel

Richard W. Lang
Senior Vice President and Director of Research

Ronald D. Watson
Senior Vice President

J. Warren Bowman, Jr.
Vice President

Steven P. Cohen
Vice President



First Vice President William H. Stone, Jr., (left) and President Edward G. Boehne confer.

Edward J. Coia
Vice President

Peter M. DiPlacido
Vice President

Robert A. Dobie
Vice President

James B. Duffy
Vice President

Ronald G. Foley
Vice President

Malcolm T. Humphrey
Vice President

Stephen A. Meyer
Vice President and Associate Director of Research

Donald J. McAneny
Vice President and General Auditor

Lawrence C. Murdoch, Jr.
Vice President and Secretary

Terence B. O'Brien
Vice President

Louis N. Sanfelice
Vice President and Assistant Secretary

Lawrence C. Santana, Jr.
Vice President

Vish P. Viswanathan
Vice President

Robert J. Bucco
Assistant Vice President

James E. Burns
Assistant Vice President and Assistant Secretary

Theodore M. Crone
Research Officer and Economist

Robert H. DeFina
Research Officer and Economist

Patrick L. Donahue
Financial Services Officer

Robert N. Downes, Jr.
Applications Officer

William J. Evans, Jr.
Assistant Vice President

Edward J. Fox
National Account Officer

Joanna H. Frodin
Business Planning Officer

Judith H. Helmuth
Human Resources Officer

Eugene E. Hendrzak
Assistant Vice President

Stephen M. Hoffman
Examining Officer

Jerry Katz
Assistant Vice President

Alan L. Kiel
Staffing and Development Officer

Robert H. Klein
Assistant Vice President

Mary M. Labaree
Assistant Vice President

Thomas P. Lambinus
Financial Accounting Officer

Edward M. Mahon
Associate General Counsel

Frederick M. Manning
Assistant Vice President and Community Affairs Officer

Janice M. Moulton
Research Officer and Economist

Patrick M. Regan
Data Communications Officer

Edward G. Rutizer
Assistant Vice President

John B. Shaffer
Assistant General Auditor

Richard A. Sheaffer
Securities Operations Officer and Assistant Secretary

Ronald R. Sheldon
Data Services Officer

Charles J. Sullivan, Jr.
Assistant Vice President

JoAnne Tarnoff
Automation Planning Officer

Marie Tkaczyk
Systems Development Officer

Elizabeth S. Webb
Assistant Counsel

Bernard Wennemer
Examination Review Officer

Advisory Councils

The advisory councils elected by this Bank's board of directors facilitate our communication with major sectors of the regional economy.

Each council consists of members drawn from throughout the District. The councils meet regularly with President Boehne and other executives from the Bank to exchange information and discuss problems and needs.

There are now four advisory councils. The 1987 membership is listed below.

Credit Union Advisory Council

Chairman
Peggy J. Bosma
Letterkenny Federal Credit Union

Deputy Chairman
John Ladd
609 Area Federal Credit Union

Betty L. Baker
Delaware State Employees Federal Credit Union

Edward J. Boyle
NJDOT Credit Union

Joseph Duffy
Philadelphia Inquirer and Daily News Employees Federal Credit Union

Gladys Duling
Louviers Federal Credit Union

William Gilmore
West Philadelphia Federal Credit Union

Helen Hirsch
Fischer & Porter Employee Credit Union

Michael R. Prettyman
Defense Activities Federal Credit Union

Robert Smith
Tri-County Area Federal Credit Union

Donald A. Stiles
Deepwater Industries Federal Credit Union

Virginia Williams
F.A.A. Technical Center Federal Credit Union

Nonmember Bank Advisory Council

Chairman
Richard M. Linder
The Drovers & Mechanics Bank

Deputy Chairman
F. Parker Renelt
Citizens State Bank

Theodore D. Bessler
Garden State Bank

William K. Francis
Citizens & Northern Bank

Wayne H. Hainley
Schuylkill Haven Trust Co.

John R. Howell
First Valley Bank

Jon C. Nichols
Felton Bank

Harold A. Queen
Mauch Chunk Trust Co.

David L. Tressler
Northeastern Bank of Pennsylvania

George R. Welch
Continental Bank of New Jersey

Robert G. Zullinger
Farmers and Merchants Trust Co.

Small Business/ Agriculture Council

Chairman
Donald Lynch
Animal Health Sales, Inc.

Deputy Chairman
Donald C. Hershey
Hershey Farms

Roy L. Bomberger
Bomberger's Store, Inc.

Walter Ellis
New Jersey Farm Bureau

Willie Johnson
Fidelity Systems

Noah Kreider, Jr.
Kreider Farms

Linda J. McAleer
Melior Group

Howard Papen
Papen Farms Inc.

Charles A. Wiggs
Town & Country Sheet Metal Corp.

Robert A. Winner
Pleasant Acres Dairy Farm

John H. Wright, Jr.
Wright Motor Sales Co.

John Yahner
Yahner Brothers Farms

Thrift Institutions Advisory Council

Chairman
Stephen G. Harris, Jr.
Artisans' Savings Bank

Deputy Chairman
David W. Lindstrom
Franklin Savings & Loan Association

Wendell T. Breithaupt
Trenton Savings Fund Society

Robert J. Colacicco
South Jersey Savings & Loan Association

Ronald P. Crouch
Ninth Ward Savings & Loan Association

Armondo Felicetti
Fidelity Federal Savings & Loan Association

William C. Gamble
Dime Savings Bank of Chester County

John M. O'Brien
Central Pennsylvania Savings Association

Robert W. Pullo
York Federal Savings & Loan Association

Oliver H. Reed, Jr.
Peoples-Thrift Building & Loan Association

Robert H. Trewhella
First Federal Savings & Loan Association

STATEMENT OF CONDITION

ASSETS	DECEMBER 31, 1987	DECEMBER 31, 1986
Gold certificate account	$ 385,000,000	$ 431,000,000
Special drawing rights certificates	162,000,000	162,000,000
Other cash	23,639,616	20,397,852
Loans and securities:		
Discounts and advances	131,525,000	178,250,000
Federal Agency obligations	228,558,271	250,690,569
United States Government securities	6,624,142,252	6,327,830,175
Total loans and securities	$6,984,225,523	$6,756,770,744
Other assets:		
Cash items in process of collection	477,347,586	596,827,502
Bank premises—net	46,222,477	46,842,992
Operating equipment—net	12,787,107	14,978,258
All other	542,821,293	535,849,077
Interdistrict settlement account	(598,874,816)	(466,304,297)
Total assets	$8,035,168,786	$8,098,362,128

LIABILITIES AND CAPITAL ACCOUNTS		
Note liabilities:		
Federal Reserve notes	$5,705,826,311	$5,513,225,564
Deposits:		
Reserve accounts of depository institutions	1,647,973,725	1,944,852,395
U.S. Treasury—general account	0	0
Foreign	7,050,000	6,900,000
All other	28,217,510	8,334,284
Total deposits	$1,683,241,235	$1,960,086,679
Other liabilities:		
Deferred availability cash items	368,685,906	381,505,200
All other	82,923,734	70,613,685
Total liabilities	$7,840,677,186	$7,925,431,128
Capital accounts:		
Capital paid in	97,245,800	86,465,500
Surplus	97,245,800	86,465,500
Total liabilities and capital accounts	$8,035,168,786	$8,098,362,128

EARNINGS AND EXPENSES

	1987	1986
Current earnings:		
From U.S. Government securities	$497,305,569	$532,214,470
From discounts, advances and miscellaneous sources	19,546,033	20,900,972
From services to depository institutions	30,841,255	27,488,236
Total current earnings	$547,692,857	$580,603,678
Net expenses:		
Operating expenses (after deducting reimbursable expenses)	$ 50,643,891	$ 51,969,075
Cost of earnings credits	8,970,751	8,790,331
Total net expenses	$ 59,614,642	$ 60,759,406
Current net earnings	$488,078,215	$519,844,272
Additions to current net earnings:		
Gain on sales of Government securities	$ 1,268,641	$ 2,210,987
Gain on foreign currency transactions	84,801,017	90,648,998
Miscellaneous nonoperating income	4,393	3,225
Total additions	$ 86,074,051	$ 92,863,210
Deductions from current net earnings:		
Assessment by the Board of Governors:		
Board expenditures	$ 3,789,200	$ 4,522,900
Federal Reserve currency	4,817,304	5,848,170
Loss on foreign currency transactions	0	0
Miscellaneous nonoperating expenses	7,399,965*	5,913,742*
Total deductions	$ 16,006,469	$ 16,284,812
Net additions	$ 70,067,582	$ 76,578,398
Net earnings before payment to U.S. Treasury	$558,145,797	$596,422,670
Dividends paid	$ 5,537,791	$ 4,964,654
Paid to U.S. Treasury (interest on Federal Reserve notes)	541,827,706	587,538,416
Transferred to Surplus, additions	10,780,300	3,919,600
	$558,145,797	$596,422,670

**Includes nonreimbursed Treasury services*

Operating Statistics

	1987	1986
Millions of Dollars		
Loans to depository institutions	$ 8,276	$ 5,701
Currency received and counted	13,755	13,199
Coin received and counted	169	169
Checks handled:		
U.S. Government checks	31,440	23,919
All other	821,334	665,726
Issues, redemptions and exchanges of U.S. Government securities	4,135,208	3,888,293
Transfers of funds	6,927,621	5,527,775
Food stamps redeemed	405	421
Thousands of Items Processed		
Loans to depository institutions	1,694*	1,344*
Currency received and counted	1,099,500	1,015,700
Coin received and counted	1,006,600	1,010,300
Checks handled:		
U.S. Government	31,700	29,500
All other	916,400	803,500
Issues, redemptions and exchanges of U.S. Government securities	14,000	14,500
Transfers of funds	3,600	3,200
Food stamps redeemed	87,100	86,300

**Unrounded data*

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