

**FOURTH ANNUAL REPORT**  
**OF THE**  
**FEDERAL RESERVE BANK**  
**OF RICHMOND**

**FOR THE YEAR ENDED DECEMBER 31, 1918**



**WASHINGTON**  
**GOVERNMENT PRINTING OFFICE**  
**1919**



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**LETTER OF TRANSMITTAL.**

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**FEDERAL RESERVE BANK,**  
*Richmond, Va., January 15, 1919.*

Sir: I have the honor to submit herewith the fourth annual report of the Federal Reserve Bank of Richmond, covering the year ended December 31, 1918.

Respectfully,

**CALDWELL HARDY,**  
*Chairman and Federal Reserve Agent.*

**Hon. W. P. G. HARDING,**  
*Governor, Federal Reserve Board,*  
*Washington, D. C.*

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## FOURTH ANNUAL REPORT OF THE FEDERAL RESERVE BANK OF RICHMOND.

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### FINANCIAL RESULTS OF OPERATION.

The financial results of the operations of the Federal Reserve Bank of Richmond for 1918 have been most satisfactory. The increase in the productive assets from \$46,000,000 on December 31, 1917, to over \$97,000,000 on December 31, 1918, is reflected in the earnings for the year. These show a gross increase from \$770,000 in 1917 to \$2,979,000 in 1918, which, with an increase in expenses from \$307,000 to \$667,000, results in a corresponding increase in net earnings from \$462,000 to \$2,300,000. After payment of dividends, there remains \$2,079,000, one-half of which was carried to surplus, the other half being payable to the Government as a franchise tax. Earnings, dividends, and comparative report of profit and loss are shown in Schedule 1, and expenses in detail in Schedule 2.

Schedule 3, comparative balance sheet for December, 1917-18, shows an increase in total assets and liabilities from \$111,700,000 to \$204,800,000. While deposit liabilities show an increase of less than \$7,000,000, Federal Reserve notes have increased approximately \$81,000,000, from \$56,500,000 to \$137,478,000. This expansion in Federal Reserve notes is a striking illustration of the elasticity and power of the Federal Reserve system.

### GENERAL BUSINESS AND BANKING CONDITIONS.

The year 1918 was the most prosperous ever enjoyed by the territory comprising this district. The most notable activities are, of course, agricultural. The cotton crop has been the largest ever produced, with one or two exceptions. Prices have averaged in the neighborhood of 30 cents per pound as against a normal average of about 10 cents, but the cost of producing the present crop has been much greater than usual. Farmers who have sold their crops are in better position than ever before, but much cotton is being held for higher prices.

The tobacco crop has been large in acreage and output, South Carolina in particular having increased her acreage considerably.

The average price has been in the neighborhood of 30 cents and the return the highest ever received for a tobacco crop. There have been unusual farm developments, transactions in farm lands have increased largely in volume, large farms have been subdivided, and a great deal of money spent for building houses, barns and other buildings. These conditions have been reflected in an unprecedented volume of business and great activity in commercial and banking circles.

Labor has been very scarce and inefficient, and wages have been limited only by what has been demanded. Money has circulated freely, the volume exceeding anything ever before known, and has been liberally spent.

The money market has been active, and while the supply of credit has been ample for all purposes, the prevailing rate has not fallen below 6 per cent. Bank profits have been satisfactory after providing for heavy Federal taxes.

#### DISCOUNT OPERATIONS.

The volume of commercial paper handled during the year, including trade and bankers' acceptances and Liberty loans, is shown on Schedule 4, by quarters, including daily average during the year and balance held on December 31, 1918. The volume classified by States is shown in Schedule 5. The schedules show an increase in the total bills held from \$42,800,000, December 31, 1917, to \$91,700,000, December 31, 1918. The principal increase has been in loans secured by Government obligations. Discount rates current for the year 1918 are shown in Schedule 6.

#### TRADE ACCEPTANCES.

Trade acceptances have been used to an increasing extent, particularly in financing sales of cotton to mills. The volume of bankers' and trade acceptances actually discounted has been much larger than the average volume held would indicate. Our contingent liability on bills rediscounted with other Federal Reserve Banks on December 31, was \$4,787,000. This was due to our rediscounting commercial paper and bankers' acceptances from time to time with other Federal Reserve Banks (to an aggregate of \$69,000,000 during the year) in order to maintain our reserve on a fair parity with those of other Federal Reserve Banks and at the same time meet the increasing demands of member banks for loans on Liberty bonds and United States certificates of indebtedness.

#### OPEN MARKET FOR ACCEPTANCES.

We have maintained an open market for bankers' acceptances originating in this district. Large transactions have been financed by these acceptances to a very considerable extent, particularly in cotton and tobacco. While we have endeavored to see that such

acceptances are issued only under legitimate conditions and in conformity with the regulations of the Federal Reserve Board, our policy has been to foster their use. There are 19 banks in the district now authorized by the Federal Reserve Board to issue acceptances to 100 per cent of their total capital and surplus, aggregating \$28,000,000.

#### RESERVE POSITION.

Schedule 7 shows deposit liability to member banks and to the United States Government, the average increase of deposits of member banks in the past year being from \$31,000,000 to \$46,000,000, or nearly 50 per cent. Schedule 8 shows average liability by months to member banks and the Government, net deposit liability, net liability in outstanding Federal Reserve notes, net liability to all deposits and Federal Reserve notes combined, amount of legal reserve percentage of legal reserve to net liabilities and percentage of reserve against Federal Reserve notes after allowing 35 per cent reserve against deposit liability. This percentage against Federal Reserve notes shows a decline from a maximum of 80.33 in March to 53.40 in December, with an average of 61.19 for the year, this decline being due to an increase in the volume of loans and a corresponding increase in the amount of Federal Reserve notes outstanding.

#### MOVEMENT OF MEMBERSHIP.

National bank and State bank membership is shown in Schedule 9, by States and in total. The number of national bank members has increased 11 in the year—from 517 to 528—and State bank members 23—from 14 to 37. Total stock subscriptions have increased during the year from 73,279 shares (50 per cent paid—\$3,663,950) to 81,244 shares (50 per cent paid—\$4,062,200). State institutions have been admitted to membership as follows:

Liberty Bank of Baltimore County, Arlington, Md.  
 American Bank, Baltimore, Md.  
 Hamilton Bank, Hamilton, Md.  
 Cambria Bank, Cambria, Va.  
 Bank of Christiansburg, Christiansburg, Va.  
 Greensville Bank, Emporia, Va.  
 The Marine Bank, Norfolk, Va.  
 Union Bank, Richmond, Va.  
 Kanawha Valley Bank, Charleston, W. Va.  
 The Franklin Bank, Franklin, W. Va.  
 Battery Park Bank, Asheville, N. C.  
 American Trust Co., Charlotte, N. C.  
 Bank of Commerce, High Point, N. C.  
 Newbern Banking & Trust Co., Newbern, N. C.  
 Wachovia Bank & Trust Co., Winston-Salem, N. C.  
 Carolina Savings Bank, Charleston, S. C.  
 Bank of Cheraw, Cheraw, S. C.  
 The Commercial Bank, Chester, S. C.

Bank of Darlington, Darlington, S. C.  
 Commercial & Savings Bank, Florence, S. C.  
 Bank of Georgetown, Georgetown, S. C.  
 Peoples Bank, Georgetown, S. C.  
 Nicholson Bank & Trust Co., Union, S. C.

Their resources amount to about \$62,000,000, capital and surplus \$7,580,000, and their stock subscriptions are for 4,551 shares (50 per cent paid—\$227,550).

#### RELATIONS WITH NATIONAL BANK MEMBERS.

Relations with national bank members have been more extended than ever before and have emphasized the importance of mutual cooperation. The demand for national financing has been met only by the cooperation of all interests, particularly the banks, coordinated through and in turn supported by the Federal Reserve Bank.

Commercial and agricultural demands have been unusually large, particularly for carrying cotton, which has moved slowly and is still being largely held. Member banks have expressed their realization of the need for the Federal Reserve system and appreciation of its assistance in meeting this situation, which would otherwise have proved embarrassing. Figures on discounts are shown in Schedules 4 and 5, heretofore referred to.

It is hoped during the coming year to promote even closer relations, smoother operation of current business, and the rendering of increasingly valuable service to our members. The service charge of 1½ cents per item on items outside of Richmond was discontinued after June 15, 1918, and on October 24 we assumed all charges on the shipment between the Federal Reserve Bank and member banks of Federal Reserve notes, Federal Reserve bank notes, and lawful money. We were already bearing the expense of gold shipped to us and Federal Reserve notes given in exchange for gold. Many expressions of appreciation were received from our member banks.

#### FIDUCIARY POWERS.

Applications for the exercise of fiduciary powers have been increasing and those granted are as follows:

Date.	me.	Location.	Powers granted.
1918.			
Jan. 23	Commercial National Bank.....	High Point, N. C....	Trustee, executor, administrator, and registrar of stocks and bonds.
Mar. 29	Madison National Bank.....	Madison, W. Va....	Registrar of stocks and bonds. (Granted permission Aug. 19, 1918, to act as trustee, executor, and administrator.)
Apr. 1	Peoples National Bank.....	Rocky Mount, Va....	Trustee, executor, administrator, and registrar of stocks and bonds.
Apr. 15	Commonwealth National Bank.....	Reedville, Va.....	Trustee, executor, and administrator.
May 31	First National Bank.....	Harrisonburg, Va....	Do.

Date.	Name.	Location.	Powers granted.
June 26	Fourth National Bank.....	Greenville, S. C.....	Trustee, executor, administrator, and registrar of stocks and bonds.
June 26	First National Bank.....	York, S. C.....	Do.
July 25	.....do.....	Chatham, Va.....	Trustee, executor, and administrator.
Aug. 24	.....do.....	New Windsor, Md..	Trustee, executor, administrator, and registrar of stocks and bonds.
Dec. 2	Second National Bank.....	Baltimore, Md.....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, committee of estates of lunatics.
Dec. 6	First National Bank.....	Clifton Forge, Va....	Trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, and assignee.

## RELATIONS WITH STATE BANKS AND TRUST COMPANIES.

The examinations of State institutions by their own banking departments have been recognized and accepted in applications for membership. We hope to carry such cooperation further, to the mutual advantage of the State banking departments, our State bank members, and ourselves.

Of the nearly 1,500 State institutions in this district, only about one-third have the capital required for eligibility in the Federal Reserve system. Membership has received some consideration during the year among those eligible, but not to the extent desired. The President's appeal received some consideration, but was minimized as only a war incident, without due appreciation of our future responsibilities and increasing need for coordinating all our financial power.

## STATE LAWS ON RESERVES AND BANKERS' ACCEPTANCES.

The following data relate to State laws regulating reserves required of State institutions, and power to issue bankers' acceptances; also proposed amendments regarding these powers, particularly as to reserves required of State institutions joining the Federal Reserve system:

*Maryland.*—Banks of discount and deposit must keep on hand a reserve fund of 5 per cent of demand deposits in cash and 10 per cent in cash or reserve balances. Trust companies must keep on hand a reserve fund of 10 per cent of demand deposits in cash or in reserve balances and an additional 5 per cent in cash, reserve balances, or in registered bonds of the United States, Maryland, City of Baltimore, or some county or municipal corporation of Maryland. Member banks are required to keep only such reserves as are prescribed by the Federal Reserve Act.

*North Carolina.*—Every banking institution must keep on hand a reserve fund of 6 per cent of its total deposits in cash and an additional 9 per cent in cash or reserve balances. We have suggested an amendment permitting member banks to keep only such reserves as are required by the Federal Reserve Act.

*South Carolina.*—No reserve is required of State banks.

*Virginia.*—No reserve is required of State banks.

*West Virginia.*—All banking institutions are required to keep on hand a reserve of at least 6 per cent of their demand deposits in lawful money and an additional reserve of 9 per cent in lawful money or reserve balances. We have suggested legislation which will permit member banks to keep only such reserves as are required by the Federal Reserve Act.

*District of Columbia.*—The provision of the Federal Reserve Act covering reserves applies to members in the District of Columbia.

#### BANKERS' ACCEPTANCES.

In Virginia and Maryland banks are authorized by State statutes to accept drafts growing out of transactions involving the exportation and importation, domestic storage or shipment of goods, substantially to the same extent that this power is given national banks by the Federal Reserve Act. Trust companies of the District of Columbia which are members have the power to accept drafts by virtue of the provisions of the Federal Reserve Act itself. In West Virginia, North Carolina, and South Carolina banks have no power to accept drafts drawn upon them, but in all of these States we have suggested legislation which will give them this power.

#### FISCAL AGENCY OPERATIONS.

The general scheme of organization for the third and fourth Liberty loans was practically the same as that adopted in the first and second loans—that is to say, the governor of the Federal Reserve Bank was chairman of the district organization, consisting of the chairmen of the central Liberty loan committees of the several States and the publicity chairman of the district. The State committees consisted of members from the various important sections of each State, representing varied forms of industry.

It was decided that the county should be made a unit of the organization, which had not been done in previous loans, the chairmen for the counties being appointed by the State chairmen, subject to the approval of the district chairman. Each of the county chairmen appointed committees to look after the publicity, the soliciting of subscriptions, and the handling of all work in connection with loans in their respective counties. District chairmen were appointed by several of the State committees to supervise the work in groups of counties.

Before the beginning of each loan, the majority of States held conferences of their Liberty loan workers, and plans of organization were thoroughly worked out and definitely decided upon. All of the

chairmen were volunteers, quite a number of whom not only contributed liberally of their time, but also paid all expenses incident to their work.

The publicity committee for the district had its headquarters in Richmond, and the chairman of this committee had associated with him a chairman to look after the newspaper work, a chairman of a wholesale trade committee to work through the big wholesale houses of the district, and a chairman of a retail trade committee to handle similar work through the retail stores.

The speakers' bureau for the fifth district had its headquarters in Washington, and arrangements for speakers for the different States were made by the chairman of that bureau direct with the State chairmen. Through this bureau the message was carried to the churches, schools, theaters, factories, and public gatherings.

Apportionments to each of these loans were assigned to each individual banking institution and trust company in the district, based on total banking resources, as of December 31, 1917, the latest figures available, the county apportionments being based on banking resources and population.

The fifth district's quota for the third loan was \$130,000,000, and the total subscriptions aggregated \$186,259,050, an oversubscription of 43 per cent. The individual subscribers numbered 858,358. The district's quota in the fourth loan was \$280,000,000, a sum which seemed staggering at the outset, but when the last subscription was received, the total had mounted to \$352,685,200, an oversubscription of 26 per cent, which was exceeded only by the Boston district. The number of subscribers to the fourth loan was approximately 1,226,000.

Subscriptions during 1918 for United States tax certificates and certificates in anticipation of the third, fourth, and fifth Liberty loans and for the third and fourth Liberty loan bonds are shown in Schedule 10. This gives the total number of banks in the district, the number of banks subscribing, the amount of subscriptions, payments made in cash and by credit in the war loan deposit account. Certificates sold totaled \$267,398,500, and third and fourth Liberty loan bonds sold amounted to \$538,944,250, making the total of Government securities sold during the year \$806,342,750.

The deposit of Treasury funds with subscribing banks in the war loan deposit account and the gradual withdrawal of these funds as needed has made it possible to handle Government business without disturbance in the general financial situation. Sales of war-savings stamps and thrift stamps during the year have aggregated \$10,926,000, as shown in Schedule 11.

The opportunity for loans offered by the War Finance Corporation has been availed of through us in only one case. This was a loan for

\$8,000 to the Bank of Youngsville, S. C., about September 30. It was secured by customers' notes for \$11,000, secured by an equal amount (par value) of Liberty loan bonds, and was paid about December 12.

#### THE CAPITAL ISSUES COMMITTEE.

The Federal Reserve Board appointed three of its members as the Capital Issues Committee, and these gentlemen, acting with an advisory committee, requested all persons issuing securities in amounts exceeding \$500,000 to submit their applications to the committee and be guided by its advice as to whether it was compatible with the national interest to issue the securities. In order to facilitate the work of the committee, it appointed district committees, whose duty it was to investigate and report upon the issues of securities submitted to the Capital Issues Committee. Each of these district committees was composed of the chairman of the board of the Federal Reserve Bank, the governor of the Federal Reserve Bank, and other members selected from among the bankers and business men of the district. The district capital issues committee appointed for the fifth district was as follows:

#### DISTRICT COMMITTEE.

Caldwell Hardy, chairman, Richmond, Va.  
 George J. Seay, vice chairman, Richmond, Va.  
 E. L. Bemis, Richmond, Va.  
 Herbert W. Jackson, Richmond, Va.  
 John M. Miller, jr., Richmond, Va.  
 S. T. Morgan, Richmond, Va.  
 Frederic W. Scott, Richmond, Va.

#### ASSOCIATE MEMBERS.

B. H. Griswold, jr., Baltimore, Md.  
 Waldo Newcomer, Baltimore, Md.  
 John Joy Edson, Washington, D. C.  
 E. E. Thompson, Washington, D. C.  
 John L. Dickinson, Charleston, W. Va.  
 Col. F. H. Fries, Winston-Salem, N. C.  
 George A. Holderness, Tarboro, N. C.  
 John A. Law, Spartanburg, S. C.  
 R. G. Rhett, Charleston, S. C.

This same committee continued to serve after the passage of the War Finance Corporation Act. That act required the Capital Issues Committee to pass upon all securities when the amount of such securities, together with all other securities issued by the same issuing principal since April 5, 1918, exceeded \$100,000. The committee required all applicants to submit their applications simultaneously to the Capital Issues Committee and to the district committee, which latter committee investigated and reported to the Capital Issues Committee. The district committee, in carrying out its duty to investigate, referred the application to its nonresident committeeman nearest to the applicant's place of business, and also wrote to bankers and others, inquiring into the financial and personal standing of the applicant and the economic and industrial condition in the vicinity in which he proposed to operate. The report of the examining committeeman and all other data was then submitted to the resident committeemen, who met weekly in the Federal Reserve Bank, and a report was forwarded to the Capital Issues Committee.

As the need of conserving capital became more pressing during the summer, the Capital Issues Committee requested persons issuing securities in amounts less than \$100,000 to submit their plans to the district committee and be guided by its judgment. Submission of these smaller amounts was entirely voluntary, but almost all parties to whose attention this request was brought gladly acceded to it and the district committee passed upon 42 applications of this class, the larger number of which were by cities and towns issuing small blocks of securities.

A statement showing the number of applications submitted and the action taken on them is given below; also an analysis showing the amount of securities approved and the reasons for their approval, and also the amount disapproved:

*Applications passed on by the district committee.*

	Involving over \$100,000.	Involving \$100,000 or less.
Private corporations—		
Approved.....	65	7
Approved in part.....	2	
Disapproved.....	25	2
Unfinished.....	9	5
Municipal subdivision:		
Approved.....	12	20
Approved in part.....		2
Disapproved.....		6
<b>Total.....</b>	<b>120</b>	<b>42</b>

*Securities acted on by the district committee.*

	Involving more than \$100,000.		Involving \$100,000 or less.	
	Approved.	Disapproved.	Approved.	Disapproved.
Private corporation, essential mining, manufacturing, or agriculture.....	\$16,538,300		\$110,000	
Public utilities, housing, hotels, etc.....	14,242,600		75,000	
Mercantile, banking, and general purposes.....	3,323,900		50,000	
Refunding, reorganizations involving no new capital.....	28,145,000		141,000	
Incompatible with national interest.....		\$68,030,310		\$229,300
States and subdivisions, necessary for public welfare.....	4,135,000		434,900	
Refunding.....	1,628,000		353,000	
Nonessential.....		1,628,000		320,000
<b>Total.....</b>	<b>68,012,800</b>	<b>69,658,310</b>	<b>1,163,900</b>	<b>549,300</b>
<b>Total refunding.....</b>	<b>29,773,000</b>		<b>494,000</b>	
<b>Total new issues.....</b>	<b>38,239,800</b>	<b>69,658,310</b>	<b>669,900</b>	<b>549,300</b>

The above tabulation shows the securities approved or disapproved prior to November 11. After that date the committee in some measure relaxed the strictness of its ruling, and many applications previously disapproved were reconsidered and approved.

On December 31 the Capital Issues Committee suspended its operations, feeling that the emergency was in some measure past and that it was better that the public be freed from restriction, imposed upon business expansion and left to determine for itself what expansion was proper and what should be deferred.

## NOTE ISSUES.

Schedule 12 gives a complete record of the issue and redemption of Federal Reserve notes, the amount in circulation December 31, 1918, as shown by the general balance sheet, being \$137,478,000.

Federal Reserve bank notes in circulation December 31, 1918, amounted to \$4,005,500. These are secured by the deposit with the Treasurer of the United States of—

One year United States 3 per cent Treasury notes.....	\$899, 000
United States 2 per cent certificates (special).....	3, 885, 000
Total.....	4, 784, 000

These Federal Reserve bank notes are issued only in \$1 and \$2 denominations, and for the purpose of replacing silver certificates, these latter being retired in order to facilitate Treasury transactions in silver.

## POSITION OF COMMERCIAL BANKS AS RESULT OF FINANCING.

As war financing has progressed and increased, rediscount applications filed with the Federal Reserve Bank by those member banks which have participated in it have, as a rule, also increased in somewhat the same ratio. The volume of rediscounts against United States certificates and bonds and against commercial paper held by the Federal Reserve Bank can hardly be accepted as an accurate index of the relative borrowing by the banks for participation in Government financing and for commercial uses. Banks which have paid for bonds in full out of their own resources and have later needed funds for commercial purposes, have undoubtedly borrowed against their bonds instead of rediscounting commercial paper because of the lower rate obtained on bond-secured obligations.

While the rediscount lines of banks which have participated in Government financing have increased, many of them to large amounts, commercial needs have been liberally taken care of. In fact, in many cases, commercial credits apparently have not only been not restricted, but have been unduly liberal, and we have felt it judicious to offer cautions against this practice. The slow marketing of the cotton crop and the disposition of farmers to hold for higher prices, which in many cases have seemed unreasonable, have been potent factors in this situation. As domestic mills have been fully supplied, however, and the surplus held represents what would under normal

conditions have been exported, it is a question whether a larger volume of the crop could have been marketed without forcing an earlier and larger decline in prices. While the cotton situation has obstructed customary liquidation and the credit situation is therefore abnormally extended at the close of the year, the cotton is on hand as an asset. Its value may be undetermined as yet, but distribution by export to countries where it is needed must come on some basis, and the result, whatever it may be, will be accepted and absorbed.

#### POLICY TO BE PURSUED IN RESTORING LIQUIDITY OF BANKS.

Those banks which purchased bonds themselves and induced their customers to do so by agreeing to carry them, have, as a rule, gone as far in this direction as is judicious. At present prices, liquidation of war paper would entail considerable losses, and public sentiment does not approve of forced liquidation under such circumstances. This is particularly true in view of the coming campaign for the fifth war loan. The terms of this loan will have an important bearing on present bank war obligations. This will necessarily delay liquidation of the present situation. Under these conditions, the Federal Reserve Bank must shape its policy toward member banks as daily conditions may arise. These being unknown, it is problematical as to how soon war paper can be cleared up. The volume of this paper, together with cotton paper, is so large that it will probably need the proceeds of another crop to relieve the undigested condition.

#### OPERATIONS OF FEDERAL RESERVE BANK BRANCH.

A branch at Baltimore, Md., was opened for business March 1, 1918, with the following officers and directors:

*Officers:* M. M. Prentis, manager; Charles H. Wyatt, cashier; Charles N. Duley, assistant Federal Reserve agent, and auditor.

*Directors:* M. M. Prentis; Charles C. Homer, jr., president of the Second National Bank and the Savings Bank of Baltimore; William Ingle, president Baltimore Trust Co.; Waldo Newcomer, president National Exchange Bank; H. B. Wilcox, vice-president Merchants-Mechanics-First National Bank.

The building formerly occupied by the Mechanics National Bank at the corner of South and German Streets was purchased for the use of the branch at a cost of \$200,000. The building was originally designed for a banking house, and its arrangement is admirably adapted to this purpose.

Mr. Henry Schutz was appointed in June as assistant Federal Reserve agent and assistant auditor. In December, Mr. Frank McL. Leeke, formerly head teller, was appointed assistant cashier. The board of directors was reappointed to serve for 1919 and the

official staff who are to serve for the coming year are as follows: Charles N. Duley, assistant Federal Reserve agent and auditor; Henry Schutz, assistant Federal Reserve agent and assistant auditor; M. M. Prentis, manager; Charles H. Wyatt, cashier; Frank McL. Leeke, assistant cashier.

The operation of the branch at Baltimore has been most satisfactory to the banks of that city and State. Before its establishment, member banks in the city of Baltimore, in order to make checks on them available for immediate credit in Richmond, were obliged to keep excess balances (over and above required reserve) to an amount equal to the volume of checks for one or two days. As the checks on these banks are now sent direct to the Baltimore branch (but settled for through Richmond, as before) by other Federal Reserve Banks, the Baltimore banks have been relieved of the considerable burden of carrying excess available balances.

While discounts made by the branch are forwarded to Richmond, subject to approval, immediate credit is given in Baltimore and currency supplied at once against such credit when needed. The total volume of discounts since its establishment March 1, 1918, is shown on Schedule 13, and amounts to \$263,000,000. The branch has taken over the Baltimore Country Clearing House and has cleared a total of 3,100,000 items, averaging 12,700 items daily, and amounting to \$2,066,000,000, a daily average of \$8,467,000, as shown in Schedule 14.

#### INTERNAL ORGANIZATION.

Our 254 officers and employees are classified in Schedule 15, and the increase in the number for the years 1916-17-18 is a fair index of the great growth of the business of the bank. Every department of the bank has been extended and organized with a view to efficiency and the prompt handling of the enormous volume of business committed to it. During the year the following additions to the official force have been made: W. W. Dillard, assistant cashier; Maxwell G. Wallace, assistant counsel; J. G. Fry, assistant Federal Reserve agent; W. E. Cadwallader, comptroller; R. H. Broaddus, deputy governor.

Mr. Edmund Strudwick, of Richmond, Va., was reelected class B director, and Mr. Charles E. Rieman, of Baltimore, Md., was elected class A director to succeed Mr. H. B. Wilcox, who declined reelection. The official staff and directors who are to serve for the coming year are as follows:

*Officers.*—Caldwell Hardy, chairman of the board and Federal Reserve agent; A. H. Dudley, assistant Federal Reserve agent; J. G. Fry, assistant Federal Reserve agent; George J. Seay, governor; Charles A. Peple, deputy governor; R. H. Broaddus, deputy governor;

George H. Keesee, cashier; C. V. Blackburn, assistant cashier; Thomas Marshall, Jr., assistant cashier; W. W. Dillard, assistant cashier; W. E. Cadwallader, comptroller.

*Directors.*

	Occupation.	Residence.
Class A:		
J. F. Bruton.....	President First National Bank.....	Wilson, N. C.
Edwin Mann.....	do.....	Bluefield, W. Va.
Charles E. Rieman.....	President Western National Bank.....	Baltimore, Md.
Class B:		
James F. Oyster.....	Merchant.....	Washington, D. C.
D. R. Coker.....	Merchant and planter.....	Hartsville, S. C.
Edmund Strudwick.....	President Atlantic Life Insurance Co.....	Richmond, Va.
Class C:		
James A. Moncure.....	Secretary and treasurer Richmond Guano Co.....	Do.
Caldwell Hardy.....	Chairman and Federal Reserve agent.....	Do.
Howard Bruce.....	President Bartlett-Hayward Co.....	Baltimore, Md.

**CLEARINGS.**

Schedule 16 shows clearing operations for the year. Over 12,000,000 items were handled, averaging nearly 40,000 daily, with an aggregate of over \$7,113,000,000 and a daily average of over \$23,000,000 for 304 business days. This large volume was handled promptly, accurately and without loss, and, after June 15, without any charge to members for service.

**COLLECTIONS.**

Collection items handled were negligible in number and amount, the services of the bank in this direction not having been availed of to any extent by its members.

**GOLD SETTLEMENT FUND.**

The establishment of a leased-wire system between the Federal Reserve Board at Washington and the 12 Federal Reserve Banks, affording prompt intercommunication, has greatly facilitated the the prompt and efficient handling of business.

Daily settlements through the gold settlement fund have proved efficient. Our transactions through this fund, maintained in Washington under the control of the Federal Reserve Board, and under the custody of the Treasurer of the United States, have reached the totals of \$1,633,232,342 in receipts and \$1,641,094,813 in payments. These have been handled by bookkeeping entries without moving a dollar of actual gold, but with the same efficiency as if the coin had been actually handled.

**BANKING QUARTERS.**

The bank is occupying at present two store buildings (partially three and four stories) Nos. 1107 and 1109 East Main Street. The quarters are crude and insufficient and afford a very undesirable fire

risk. It has been necessary to make extensive alterations at a cost, which, at best, has afforded very inadequate results. Vault facilities, even with a considerable expenditure, are still very unsatisfactory. In addition to these two buildings, we have maintained another office at No. 1016 East Main Street for our bond delivery department, and during the Liberty loan campaigns, we have found it necessary to rent additional quarters outside. A suitable and very desirable site for a new building was purchased nearly two years ago at the corner of Franklin and Ninth Streets, facing Capitol Square. The lot is 93 by 120 feet, with streets on two sides, a 20-foot lane on the third side, and the fourth side will also be left open for light, air, and fire protection by a vacant space. The location is one short square from the financial center of the city at the corner of Ninth and Main Streets. Plans and specifications have been procured for an adequate and attractive building, particularly designed for good light and efficiency and the early erection of such a building is contemplated.

#### SPECIAL DEVELOPMENTS IN THE DISTRICT.

Agriculture, manufacturing, trade and banking have been at high-water mark throughout the district during the year. Products include cotton, tobacco, corn, wheat, and other grain; peanuts, truck crops of vegetables and fruits of infinite variety; cattle and hogs; cotton mill products, fertilizers, oil, canned goods and packing house products; coal, iron, and the commodities usually embraced in general trade.

Special developments in the Tidewater section have been unprecedented.

The Bethlehem Steel Co. is estimated to have spent \$30,000,000 at its Sparrows Point shipyard, near Baltimore. The production of ammunition at various plants in and around Baltimore has been almost beyond computation. The Newport News Shipbuilding & Dry Dock Co., at the entrance of the James River into Hampton Roads, has had over 10,000 men on its pay roll, and has been extensively engaged in Government and other shipbuilding. Government camps extend for 20 miles out of Newport News along the Chesapeake & Ohio Railway toward Richmond, and the volume of shipping at Newport News has crowded its facilities. The Du Pont Co. has had powder plants on the James River and York River, producing millions of pounds of explosives.

In addition to the Norfolk Navy Yard on the Elizabeth River, the greatest (permanent) naval base in the country has been established on Hampton Roads below Norfolk, and contiguous to it, extensive docks and an Army base. Norfolk has doubled its population, which is now estimated to approach 200,000. Wilmington, N. C., and Charleston, S. C., have shared in the activities to a considerable but lesser extent.

Army camps of enormous size have been located near Baltimore, Md., Petersburg, Va., Charlotte, N. C., Columbia and Spartanburg, S. C.

While a considerable volume of these activities will cease with peace, the Tidewater plants are mostly permanent, and Chesapeake Bay, Hampton Roads, and their tributaries will be the locus of great future shipping activities, naval and commercial, served as it is by eight trunk line railroads—Pennsylvania, Norfolk & Western, Virginian, Southern, Seaboard Air Line, Atlantic Coast Line, Chesapeake & Ohio, and Norfolk-Southern.

EXHIBIT A.—*Movement of principal earning assets of the Federal Reserve Bank of Richmond during the calendar year 1918.*

[In thousands of dollars; i. e., 000 omitted.]

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Dis- counted paper secured by U. S. war ob- ligations.	Other dis- counted paper.	1+2.	Bills bought in open market.	Total bills dis- counted and bought.	Per cent 1÷5.	Total earning assets.
Jan. 4.....	10,547	16,539	27,086	13,829	40,915	25.8	44,145
11.....	7,900	15,628	23,528	13,780	37,308	21.2	40,520
18.....	11,197	21,864	33,061	12,586	45,647	24.5	48,980
25.....	11,892	20,362	32,254	13,403	45,657	26.0	48,923
Feb. 1.....	11,644	18,677	30,321	14,368	44,689	26.1	48,493
8.....	10,641	17,808	28,449	12,968	41,417	25.7	44,648
15.....	12,390	22,539	34,929	3,264	38,193	32.4	41,393
21.....	13,491	21,625	35,116	3,497	38,613	34.9	41,826
Mar. 1.....	11,941	19,780	31,721	4,293	36,014	33.2	39,241
8.....	12,755	19,529	32,284	5,555	37,839	33.7	41,066
15.....	12,573	16,081	28,654	6,939	35,593	35.3	38,820
22.....	13,046	18,244	31,290	8,625	39,915	32.7	43,142
29.....	14,299	22,182	36,481	9,588	46,069	31.0	49,296
Apr. 5.....	14,872	22,759	37,631	11,371	49,002	30.3	51,773
12.....	17,051	22,690	39,741	12,701	52,442	32.5	55,213
19.....	20,383	20,408	40,791	4,191	44,982	45.3	47,753
26.....	25,064	22,269	47,333	5,177	52,510	47.7	55,266
May 3.....	25,966	25,235	51,201	5,020	56,221	46.2	58,977
10.....	24,553	27,084	51,637	5,695	57,332	42.8	60,089
17.....	27,232	19,101	46,333	1,893	48,226	56.5	50,983
24.....	26,493	19,565	46,058	2,494	48,552	54.6	51,309
31.....	28,638	20,389	49,027	2,797	51,824	55.3	54,581
June 7.....	23,802	25,753	49,555	3,512	53,067	44.9	55,824
14.....	29,991	21,610	51,601	4,244	55,845	53.7	58,602
21.....	21,207	29,278	50,485	6,158	56,643	37.4	59,399
28.....	32,135	21,769	53,904	2,946	56,850	56.5	59,596
July 5.....	27,891	30,596	58,477	3,618	62,095	44.9	64,613
12.....	23,411	34,705	58,116	3,777	61,893	37.8	64,636
19.....	27,740	30,021	57,761	3,221	60,982	45.5	63,725
26.....	30,464	29,346	59,810	4,118	63,928	47.7	66,671
Aug. 2.....	33,469	29,806	63,275	6,021	69,296	48.3	72,040
9.....	33,788	30,605	64,393	7,072	71,465	47.3	74,209
16.....	32,959	22,475	55,434	4,988	60,422	54.5	63,165
23.....	33,853	22,714	56,567	5,588	62,155	54.5	64,898
30.....	41,587	17,055	58,642	4,742	63,384	65.6	66,127
Sept. 6.....	45,187	19,020	64,207	4,649	68,856	65.6	71,599
13.....	51,048	17,656	68,704	4,548	73,252	69.7	75,995
20.....	47,726	18,100	65,826	4,600	70,426	67.8	73,169
27.....	48,751	18,921	67,672	4,586	72,258	67.5	75,001
Oct. 4.....	52,414	18,702	71,116	4,866	75,982	69.0	78,726
10.....	49,945	17,373	67,318	5,020	72,338	69.0	75,082
18.....	51,948	15,776	67,724	6,320	74,044	70.2	76,788
25.....	44,710	16,910	61,620	7,936	69,556	64.3	72,075
Nov. 1.....	59,780	18,885	78,665	9,761	88,426	67.6	92,445
8.....	65,348	20,197	85,545	9,660	95,205	68.6	99,224
15.....	69,728	20,412	90,140	9,661	99,801	69.9	103,820
22.....	69,306	18,049	87,355	2,657	90,012	77.0	94,031
29.....	65,683	18,956	84,639	2,724	87,363	75.2	91,881
Dec. 6.....	70,665	17,926	88,591	3,382	91,973	76.8	96,991
13.....	73,208	17,711	90,919	4,090	95,009	77.1	100,027
20.....	67,686	16,822	84,508	4,761	89,269	75.8	101,287
27.....	66,228	16,646	82,874	5,103	87,977	75.3	93,995

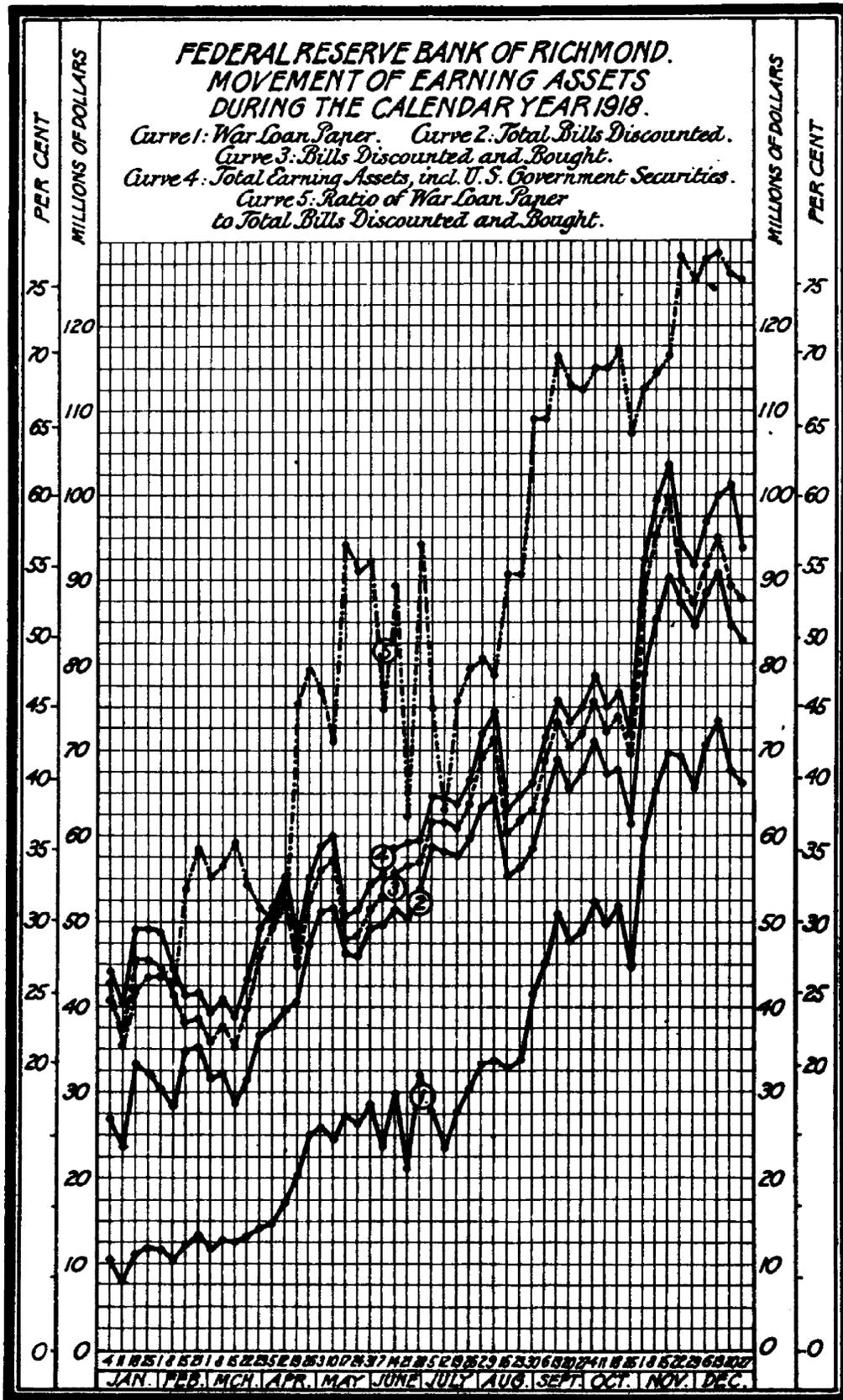
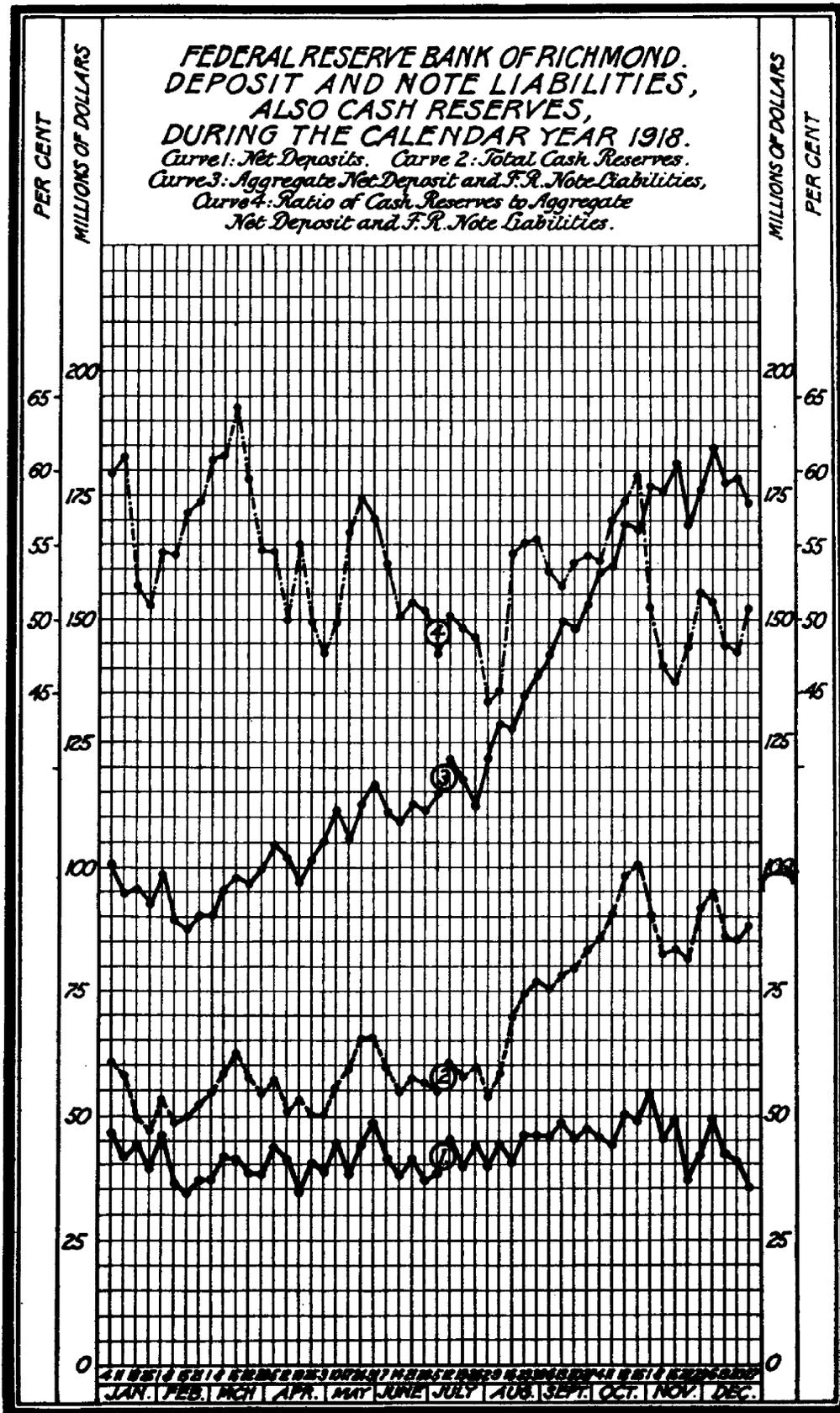


EXHIBIT B.—*Movement of cash reserves, net deposits, Federal reserve note liabilities, and the reserve percentage of the Federal Reserve Bank of Richmond during the calendar year 1918.*

[In thousands of dollars, i. e., 000 omitted.]

	(1)	(2)	(3)	(4)	(5)
	Total cash reserves.	Net deposits.	F. R. notes in actual circulation.	2+3.	Ratio of cash reserves to net deposit and F. R. note liabilities, combined.
Jan. 4.....	60,403	46,559	54,448	101,007	59.8
11.....	57,783	41,844	53,046	94,890	60.9
18.....	49,843	44,010	51,248	95,258	52.3
25.....	47,193	39,251	53,143	92,394	51.1
Feb. 1.....	53,656	46,097	52,282	98,379	54.5
8.....	48,549	36,770	52,610	89,380	54.3
15.....	50,004	34,513	53,079	87,592	57.2
21.....	52,445	37,015	53,415	90,430	58.0
Mar. 1.....	54,957	37,116	53,367	90,483	60.7
8.....	58,092	41,783	53,508	95,291	61.0
15.....	62,505	41,142	56,363	97,505	64.1
22.....	57,486	38,499	58,339	96,838	59.4
29.....	54,379	38,135	61,592	99,727	54.5
Apr. 5.....	57,093	43,551	61,307	104,858	54.4
12.....	51,168	41,097	61,248	102,345	50.0
19.....	53,249	34,361	62,536	96,897	55.0
26.....	50,729	40,411	61,580	101,991	49.7
May 3.....	50,285	38,673	66,558	105,231	47.8
10.....	55,479	44,885	66,658	111,543	49.7
17.....	59,260	38,035	67,981	106,016	55.9
24.....	65,583	44,563	68,281	112,844	58.1
31.....	65,870	48,732	67,611	116,343	56.6
June 7.....	59,786	41,370	70,016	111,386	53.7
14.....	54,915	38,139	71,043	109,182	50.3
21.....	57,667	41,153	71,745	112,898	51.1
28.....	56,463	37,165	74,525	111,690	50.6
July 5.....	54,919	38,520	76,478	114,998	47.8
12.....	61,087	45,264	76,128	121,392	50.3
19.....	57,765	39,717	77,316	117,033	49.4
26.....	59,937	43,904	78,819	112,723	48.8
Aug. 2.....	53,954	39,861	81,563	121,424	44.4
9.....	58,138	44,309	84,433	128,742	45.2
16.....	69,612	41,014	86,950	127,964	54.4
23.....	74,318	46,780	87,767	134,547	55.2
30.....	77,086	46,452	92,316	138,768	55.6
Sept. 6.....	75,862	46,046	96,678	142,724	53.2
13.....	78,378	48,992	100,450	149,442	52.4
20.....	79,565	45,838	102,003	147,891	53.8
27.....	83,025	47,588	105,499	153,087	54.2
Oct. 4.....	85,832	45,955	113,258	159,213	53.9
10.....	90,863	44,183	116,401	160,584	56.6
18.....	98,056	50,300	118,797	169,097	58.0
25.....	100,172	49,125	118,810	167,935	59.6
Nov. 1.....	90,167	54,923	122,068	177,011	50.9
8.....	82,793	45,528	130,770	176,298	47.0
15.....	83,147	49,297	132,122	181,419	45.8
22.....	81,392	37,117	131,960	169,077	48.1
29.....	91,572	41,920	134,467	176,387	51.9
Dec. 6.....	94,944	49,589	135,386	184,975	51.3
13.....	86,017	42,116	135,667	177,783	48.4
20.....	85,636	40,141	138,682	178,823	47.9
27.....	88,234	35,285	138,118	173,403	50.9



SCHEDULE 1.—*Earnings, dividends, and comparative profit and loss.*

	1918	1917
Gross earnings:		
On loans and investments.....	\$2,747,492.79	\$716,340.78
Profits on United States securities sold.....		16,711.75
Service charges (net over transit expenses).....		4,386.69
Service charges (collected Jan. 1 to June 15, 1918).....	49,064.71	
Penalties for deficiencies in reserve.....	122,653.93	31,362.02
Miscellaneous.....	59,836.11	1,207.69
	\$2,979,047.54	\$770,008.93
Deduct—		
Expenses.....	653,820.07	257,785.67
Reserve for depreciation in United States securities.....	13,198.00	50,000.00
	667,018.07	307,785.67
Net profit for the year.....	2,312,029.47	462,223.26
Balance in undivided profits, Jan. 1, 1917.....		11,664.70
		473,887.96
Dividends paid:		
6 per cent Nov. 1, 1916, to June 30, 1917.....		135,690.71
6 per cent July 1, 1917, to Dec. 31, 1917.....		105,253.79
		240,944.50
6 per cent Dec. 31, 1917, to June 30, 1918.....	112,844.20	
6 per cent July 1, 1918, to Dec. 31, 1918.....	119,458.71	
Interest paid on stock surrendered.....	129.03	
	232,431.94	
Balance available for surplus and franchise tax..	2,079,597.53	232,943.46
Deduct—		
Franchise tax paid to United States Government.....	1,039,798.76	116,471.73
Carried to surplus account.....	1,039,798.77	116,471.73
	2,079,597.53	232,943.46

SCHEDULE 2.—*Expenses for the year 1918.*

Particulars.	Current.	Transit.	Total.
Assessments account of expenses Federal Reserve Board.....	\$19,814.43		\$19,814.43
Federal Advisory Council (fees and traveling expenses).....	150.00		150.00
Governors' conferences (including traveling expenses).....	209.70		209.70
Federal reserve agents' conferences (including traveling expenses)	321.12		321.12
Salaries:			
Bank officers.....	41,358.73	\$7,095.91	48,454.64
Clerical staff.....	122,994.92	50,122.90	173,117.82
Special officers and watchmen.....	3,429.04	1,438.50	4,867.54
All other.....	4,180.54	827.55	5,008.09
Directors:			
Fees.....	3,320.00		3,320.00
Per diem allowance.....	680.00		680.00
Traveling expenses.....	1,218.32		1,218.32
Officers' and clerks' traveling expenses.....	2,514.55	500.00	3,014.55
Legal fees.....	1,122.26		1,122.26
Rent.....	4,658.50	547.50	5,206.00
Taxes and fire insurance.....	1,822.71		1,822.71
Telephone.....	1,743.41	367.06	2,110.47
Telegraph.....	2,822.07	138.30	2,960.37
Postage.....	13,592.75	31,925.78	45,518.53
Expressage.....	9,092.72	674.27	9,766.99
Insurance and premiums on fidelity bonds.....	7,997.32	466.79	8,464.11
Light, heat, and power.....	5,125.20	1,523.08	6,648.28
Printing and stationery.....	28,521.31	7,994.37	36,515.68
Repairs and alterations.....	10,201.08	2,074.37	12,275.45
All other expenses.....	12,514.74	3,164.76	15,679.50
Total expenses of operation.....	299,405.42	108,861.14	408,266.56
Cost of Federal reserve currency issued by bank.....	118,821.84		118,821.84
Miscellaneous charges account of note issues.....	6,699.91		6,699.91
Depreciation in furniture and equipment.....	66,353.64	25,432.87	91,786.51
Depreciation in bank premises.....	28,245.25		28,245.25
Total current expenses.....	519,526.06	134,294.01	653,820.07

## SCHEDULE 3.—Comparative balance sheets (condensed).

	Dec. 31, 1918.	Dec. 31, 1917.
ASSETS:		
Cash:		
Gold reserve.....	\$85,175,274.60	\$62,342,094.65
Legal tender, silver, etc.....	223,543.45	164,264.85
Total reserve.....	85,398,818.05	62,506,359.50
Other cash and cash items.....	11,494,650.94	597,613.72
Total cash.....	\$96,893,468.99	\$63,103,973.22
Transit items, net.....	9,304,775.33	2,395,561.04
Overdrafts.....	168,622.52	50,074.18
5 per cent fund against bank notes.....	309,900.00	.....
Productive assets:		
Loans and bills purchased.....	91,706,438.88	42,812,846.02
United States Govern- ment securi- ties.....	6,018,200.00	3,205,450.00
Par values.....	97,724,638.88	46,018,296.02
Add accrued interest receivable.....	22,159.86	21,575.24
Deduct—	97,746,798.74	46,039,871.26
Reserve for de- preciation in United States bonds.....	\$63,198.00	\$50,000.00
Unearned disc- count.....	190,567.40	100,204.38
Liquidity values	253,765.40	150,204.38
Real estate, furniture and equipment.....	290,000.00	309,065.24
Deferred charges.....	4,915.53	.....
Advances to Govern- ment committees.....	345,436.19	43,221.74
Total	640,351.72	352,286.98
Total	204,810,151.90	111,791,562.30
LIABILITIES:		
Federal Reserve notes outstanding, net.....	137,478,030.00	56,563,805.00
Federal Reserve bank notes outstanding, net.....	4,005,500.00	.....
Deposits:		
Treasurer of United States.....	2,795,094.97	2,253,761.15
Members' reserves.....	54,161,937.72	45,356,855.67
Cashier's checks.....	111,319.95	192,256.97
Reserve for fran- chise tax.....	1,039,798.76	.....
Other Federal Re- serve banks, net..	.....	3,644,461.78
Total	58,108,151.40	51,447,335.57
Liability to share- holders:		
Capital stock.....	4,062,200.00	3,663,850.00
Surplus.....	1,156,270.50	116,471.73
Total	5,218,470.50	3,780,421.73
Total	204,810,151.90	111,791,562.30
Due from depository banks and payable to United States Treas- urer (special account).	20,500,680.07	24,474,683.36
Contingent liability in bills rediscounted with or sold other Federal Reserve Banks.....	4,787,079.38	.....
Percentage of reserves to net liability in de- posits and Federal Reserve notes.....	48.58	59.48

## SCHEDULE 4.—Daily averages (by quarters) of bills discounted and bought and balances held as of Dec. 31, 1918, classified.

Classification.	Quarter ended Mar. 31.	Quarter ended June 30.	Quarter ended Sept. 30.
<b>Notes secured by Government war obligations:</b>			
Members.....	\$6,143,691.44	\$19,277,576.12	\$32,279,427.04
Nonmembers indorsed by members.....	707,056.38	745,350.27	1,406,421.38
Others indorsed by members.....	4,840,746.62	4,113,880.12	5,234,842.38
<b>Otherwise secured:</b>			
Members by customers' notes.....	16,416.67	935,676.92	781,469.57
Others by agricultural products.....	370,534.55	653,574.78	409,130.48
Merchandise (including commodity).....	79,162.36	2,346.85	870.00
Drafts with bill of lading.....	65,855.29	19,027.55	2,816.75
Trade acceptances.....	1,255,325.66	1,784,434.55	1,451,984.92
Unsecured notes.....	17,494,190.32	19,097,871.29	18,537,250.77
<b>Total discounted.....</b>	<b>30,972,979.29</b>	<b>46,629,738.45</b>	<b>60,104,213.29</b>
<b>Bankers' acceptances:</b>			
Foreign.....	6,415,829.95	3,675,294.78	2,785,204.35
Domestic.....	3,256,598.56	1,993,493.04	1,790,953.29
<b>Total bought.....</b>	<b>9,672,428.51</b>	<b>5,668,787.82</b>	<b>4,576,157.64</b>
<b>Total bills.....</b>	<b>40,645,407.80</b>	<b>52,298,526.27</b>	<b>64,680,370.93</b>
<b>RECAPITULATION.</b>			
Secured by Government war obligations.....	11,691,494.44	24,136,806.51	38,920,690.80
Otherwise secured.....	531,968.87	1,610,626.10	1,194,286.80
Unsecured.....	18,749,515.98	20,882,305.84	19,969,235.69
<b>Total discounted.....</b>	<b>30,972,979.29</b>	<b>46,629,738.45</b>	<b>60,104,213.29</b>
Bankers' acceptances bought.....	9,672,428.51	5,668,787.82	4,576,157.64
<b>Total bills.....</b>	<b>40,645,407.80</b>	<b>52,298,526.27</b>	<b>64,680,370.93</b>
Classification.	Quarter ended Dec. 31.	Daily average over the year.	Balance held as of Dec. 31, 1918.
<b>Notes secured by Government war obligations:</b>			
Members.....	\$50,614,664.12	\$27,214,926.26	\$58,008,847.72
Nonmembers indorsed by members.....	1,710,365.86	1,145,768.82	2,093,671.88
Others indorsed by members.....	9,225,515.82	5,864,063.68	12,331,812.15
<b>Otherwise secured:</b>			
Members by customers' notes.....	626,461.74	592,202.14	56,350.00
Others by agricultural products.....	869,427.17	576,577.31	1,651,194.10
Live stock.....	29,731.25	7,493.90	.....
Merchandise (including commodity).....	.....	20,323.77	.....
Drafts with bill of lading.....	6,448.60	23,317.52	.....
Trade acceptances.....	2,373,749.20	1,718,713.40	2,525,536.12
Unsecured notes.....	13,414,036.08	17,128,498.10	9,573,860.68
<b>Total discounted.....</b>	<b>78,870,399.84</b>	<b>54,291,884.90</b>	<b>86,241,272.65</b>
<b>Bankers' acceptances:</b>			
Foreign.....	3,002,071.72	3,957,002.51	2,557,500.00
Domestic.....	2,789,928.74	2,454,638.04	2,907,666.23
<b>Total bought.....</b>	<b>5,792,000.46</b>	<b>6,411,640.55</b>	<b>5,465,166.23</b>
<b>Total bills.....</b>	<b>84,662,400.30</b>	<b>60,703,525.45</b>	<b>91,706,438.88</b>
<b>RECAPITULATION.</b>			
Secured by Government war obligations.....	61,550,545.80	34,224,758.76	72,434,331.75
Otherwise secured.....	1,532,068.76	1,219,914.64	1,707,544.10
Unsecured.....	15,787,785.28	18,847,211.50	12,099,396.80
<b>Total discounted.....</b>	<b>78,870,399.84</b>	<b>54,291,884.90</b>	<b>86,241,272.65</b>
Bankers' acceptances bought.....	5,792,000.46	6,411,640.55	5,465,166.23
<b>Total bills.....</b>	<b>84,662,400.30</b>	<b>60,703,525.45</b>	<b>91,706,438.88</b>

## SCHEDULE 5.—Daily averages of bills discounted and bought (by quarters), classified as to States.

State.	First quarter.	Second quarter.	Third quarter.	Fourth quarter.	Total during year.
Maryland.....	\$8,128,700	\$11,050,253	\$11,542,131	\$12,076,305	\$10,712,471
District of Columbia.....	669,967	1,562,176	1,086,924	3,520,587	1,716,016
Virginia.....	18,571,489	22,252,966	25,732,978	35,045,587	25,448,644
West Virginia.....	820,955	1,661,505	1,985,293	1,910,804	1,568,696
North Carolina.....	6,828,444	8,666,000	12,176,065	15,232,293	10,752,699
South Carolina.....	4,843,556	7,524,694	12,199,511	17,177,750	10,475,000
Total.....	39,863,111	52,717,594	64,722,902	84,963,326	60,703,526

State.	Number of banks accommodated quarterly.				During year.	Balance of bills held Dec. 31, 1918.
	First.	Second.	Third.	Fourth.		
Maryland.....	28	40	53	48	65	\$10,844,627.41
District of Columbia.....	7	7	5	7	9	3,960,155.15
Virginia.....	50	81	93	86	107	38,497,829.04
West Virginia.....	14	26	31	22	35	2,456,130.56
North Carolina.....	45	64	65	63	74	14,236,263.33
South Carolina.....	38	69	70	73	83	21,711,433.39
Total.....	182	287	317	299	373	91,706,438.88

NOTE.—During 1918, 52,648 pieces, aggregating \$2,230,000,000 were handled, a daily average of 173 pieces, aggregating \$12,900,000.

## SCHEDULE 6.—Discount rates current for the year 1918.

Classification.	Effective Jan. 1. <sup>1</sup>	Effective Apr. 8.	Effective May 22.	Effective Oct. 19.	Effective Dec. 30.
Member banks' collateral notes:					
Secured by customers' notes.....	4	4½	4½	4½	4½
Secured by fourth Liberty bonds.....				4	4
Secured by other Liberty bonds and United States certificates.....	3½	4	4½	4½	4½
Other paper secured by United States securities:					
15 days or less.....	3½	4	4½	4½	4½
16 to 90 days.....	4	4½	4½	4½	4½
Secured by fourth Liberty bonds.....				4	4
Commercial paper:					
15 days or less.....	4	4½	4½	4½	4½
16 to 90 days.....	4½	4½	5	5	4½
Agricultural and live-stock paper:					
15 days or less.....	4	4½	4½	4½	4½
16 to 90 days.....	4½	4½	5	5	4½
91 days to 6 months.....	4½	5	5½	5½	5
Commodity paper:					
15 days or less.....	4	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
16 to 90 days.....	4½	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Trade acceptances:					
60 days or less.....	4	4½	4½	4½	4½
61 to 90 days.....	4	4½	4½	4½	4½

<sup>1</sup> Unchanged since Nov. 30, 1917.

<sup>2</sup> Classification discontinued.

SCHEDULE 7.—*Deposits—daily averages by months—1918 compared with 1917.*

	Member banks.		United States Government.	
	1918	1917	1918	1917
January.....	\$42,714,558.37	\$26,023,616.67	\$6,192,589.75	\$1,940,979.43
February.....	43,792,064.88	25,719,944.94	3,441,880.51	1,460,930.46
March.....	45,475,617.61	26,255,281.88	3,465,995.36	4,086,850.04
April.....	44,093,297.79	25,649,251.37	5,372,214.54	1,188,082.41
May.....	42,953,272.62	25,600,111.52	5,210,366.00	3,468,857.52
June.....	43,059,352.57	28,290,347.84	10,303,545.35	7,979,110.88
July.....	42,891,498.85	33,950,883.34	8,211,546.69	10,375,597.34
August.....	45,205,453.43	37,060,405.42	5,435,535.68	5,148,718.32
September.....	47,455,743.00	36,922,969.42	6,730,890.92	3,310,445.18
October.....	50,052,999.82	40,217,988.13	8,313,378.99	3,466,750.03
November.....	51,336,162.22	42,282,302.89	7,704,000.02	11,646,835.94
December.....	53,081,357.77	43,673,086.54	2,262,944.63	11,607,529.73
Year.....	46,022,279.44	31,704,936.90	6,249,427.51	5,524,462.85

SCHEDULE 8.—*Deposits—daily averages by months for the year ended Dec. 31, 1918.*

[In thousands of dollars.]

	Depository balances (United States Treasury special).	Members' reserves deposits.	Due United States Treasury general account.	Net deposit liability.	Net liability in outstanding Federal Reserve notes.	Net liabilities in deposit and Federal Reserve notes.	Legal reserve held.	Percentage of legal reserve to net liabilities.	Percentage against Federal Reserve notes after fixing 35 per cent against deposits.
January.....	22,364	42,715	6,193	43,168	53,134	96,302	54,405	56.31	73.98
February.....	14,824	43,792	3,442	39,002	52,707	91,709	47,572	51.87	64.35
March.....	20,236	45,476	3,466	33,627	56,683	90,310	57,299	63.44	80.33
April.....	15,554	44,093	5,372	40,788	62,822	103,610	53,311	51.45	62.13
May.....	33,165	42,953	5,210	40,185	67,291	107,476	57,141	53.17	64.01
June.....	36,852	43,059	10,304	42,613	68,331	110,344	55,953	50.71	60.36
July.....	28,185	42,892	8,212	41,313	74,401	115,714	58,097	50.21	58.65
August.....	33,104	45,205	5,436	43,783	85,881	129,664	67,133	51.77	60.32
September.....	23,334	47,456	6,731	46,595	101,109	147,704	75,838	51.34	58.87
October.....	33,121	50,053	8,313	47,453	117,436	164,889	92,469	56.08	64.59
November.....	44,303	51,336	7,704	46,119	131,111	177,230	86,798	48.97	53.89
December.....	28,205	53,081	2,263	41,574	139,364	180,938	88,972	49.17	53.40
Year.....	27,852	46,022	6,249	42,135	84,376	126,511	66,394	52.47	61.19

SCHEDULE 9.—*Capital stock analysis for year 1918.*

	Maryland.		District of Columbia.		Virginia.		West Virginia.		North Carolina.		South Carolina.		Total.	
	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.	Banks.	Shares.
Balance, Jan. 1, 1918.....	97	19,234	15	8,124	151	21,500	103	8,602	81	7,841	83	7,978	530	73,279
Additional allotments on increased capital and surplus of members.....		111		270		891		171		371		376		2,190
Total.....		19,345		8,394		22,391		8,773		8,212		8,354		75,469
Addition to membership during year.....	6	1,272			10	817	3	860	7	2,081	11	852	37	5,891
Total.....	103	20,617	15	8,394	161	23,208	106	9,642	88	10,293	94	9,206	567	81,360
Liquidations during year.....					2	116							2	116
Balance, Dec. 31, 1918..	103	20,617	15	8,394	159	23,092	106	9,642	88	10,293	94	9,206	565	81,244
RECAPITULATION.														
National banks.....	97	17,558	14	7,734	150	21,347	103	8,755	83	8,305	81	8,106	528	71,805
State banks and trust companies.....	6	3,059	1	660	9	1,745	3	887	5	1,988	13	1,100	37	9,439
Total, Dec. 31, 1918.....	103	20,617	15	8,394	159	23,092	106	9,642	88	10,293	94	9,206	565	81,244

SCHEDULE 10.—*Liberty loans.*

Tax certificates sold during 1918, anticipating taxes due June 25, 1918.....	\$18,407,000.00
Certificates sold during 1918 anticipating third Liberty loan.....	75,829,500.00
Certificates sold during 1918 anticipating fourth Liberty loan <sup>1</sup> .....	117,983,500.00
Cash.....	\$27,535,500.00
Payment by credit in war loan deposit account.....	90,448,000.00
	<u>117,983,500.00</u>

## DISTRIBUTION OF SALES.

	Total number.	Number sub- scribing.	Per- centage.	Amount sub- scribed in district.
National banks.....	522	379	72.61	\$73,289,000
State banks.....	1,252	365	29.15	18,582,500
Trust companies.....	197	59	29.95	18,473,000
Other banks (savings).....	23	10	43.48	7,335,000
Total banks.....	1,994	813	40.77	117,679,500
Individuals, corporations, etc.....		11		304,000
Total.....		824		117,983,500

Tax certificates sold during 1918 anticipating taxes due in 1919..... \$16,663,000

Payment for same being made as follows:

Cash.....	\$3,740,500
Payment by credit in war loan deposit account.....	8,623,500
Payment made by certificates.....	4,299,000
	<u>16,663,000</u>

Certificates sold during 1918 anticipating fifth Liberty loan..... 38,515,500

Payment for same being made as follows:

Cash.....	\$7,817,000
Payment by credit in war loan deposit account.....	30,698,500
	<u>38,515,500</u>

## DISTRIBUTION OF SALES.

	Total number.	Number sub- scribing.	Percent- age.	Amount sub- scribed.
National banks.....	522	220	42.14	\$23,919,500
State banks.....	1,252	174	13.89	5,364,000
Trust companies.....	197	34	17.25	6,014,500
Other banks (savings).....	23	8	34.78	3,165,000
Total banks.....	1,994	436	21.86	38,463,000
Individuals, corporations, etc.....		16		52,500
Total.....		452		38,515,500

*Third Liberty loan bonds allotted.*

States.	Popula- tion.	Banking resources.	Apportion- ment.	Amount subscribed.	Number of sub- scribers.	Per cent of pop- ulation sub- scribing.	Per capita sub- scrip- tion.
Maryland.....	1,412,030	\$544,911,000	\$38,259,000	\$48,729,800	253,916	17.98	\$34.51
District of Columbia.....	400,000	183,684,000	12,870,000	25,992,250	135,824	33.98	65.00
Virginia.....	2,148,050	424,796,000	29,809,000	44,048,750	173,787	8.08	20.51
West Virginia (Fifth dis- trict).....	1,239,000	224,738,000	15,782,000	23,461,500	125,344	11.12	18.94
North Carolina.....	2,400,314	265,672,000	18,655,000	24,582,250	81,582	3.40	10.24
South Carolina.....	1,595,000	209,594,000	14,625,000	19,426,250	87,905	5.51	12.13
Total.....	9,194,394	1,853,395,000	130,000,000	186,240,800	858,358	9.34	20.26
Sundry subscriptions, Army and Navy.....				18,250			
				<u>186,259,050</u>			

Payment for same being made as follows:

Cash.....	\$70,335,274.21
Credit in war loan deposit account.....	93,016,365.79
Certificates of indebtedness.....	22,907,000.00
Total payments.....	186,258,640.00
Unpaid balances, account Army and Navy.....	410.00
	<u>\$186,259,050.00</u>

<sup>1</sup> Details shown as to this issue were not requested as to previous issues and were therefore not kept as to those.

*Fourth Liberty loan bonds allotted.*

State.	Quota.	Subscription.	
Maryland.....	\$82,180,000.00	\$86,316,450.00	
District of Columbia.....	27,608,000.00	37,561,400.00	
West Virginia.....	33,880,000.00	40,189,750.00	
Virginia.....	63,980,000.00	83,557,200.00	
North Carolina.....	39,900,000.00	47,184,300.00	
South Carolina.....	32,452,000.00	38,178,050.00	
Miscellaneous railways, other Federal Reserve Banks for our account.....		19,698,050.00	
<b>Total.....</b>	<b>280,000.00</b>		<b>\$352,685,200.00</b>
<b>Payments made as follows:</b>			
Cash.....		105,952,390.07	
Credit in war loan deposit account.....		154,938,474.93	
Certificates of indebtedness.....		31,464,000.00	
			292,354,865.00
Unpaid balances.....			60,330,335.00
			<b>352,685,200.00</b>

<sup>1</sup> Payments not completed Dec. 31, and details by states, population, total number of subscribers, etc., not yet available.

*SCHEDULE 11.—Net sales of war savings stamps and thrift stamps during the year 1918.*

	Number.	Amount.
War savings stamps, at—		
\$4.12.....	147,539	\$607,860.68
\$4.13.....	121,636	502,356.68
\$4.14.....	139,495	577,509.30
\$4.15.....	161,913	671,938.95
\$4.16.....	99,688	414,702.08
\$4.17.....	532,192	2,219,240.64
\$4.18.....	372,541	1,557,221.38
\$4.19.....	206,726	866,181.94
\$4.20.....	230,706	968,965.20
\$4.21.....	208,801	879,052.21
\$4.22.....	160,741	678,327.02
\$4.23.....	119,589	505,861.47
<b>Total.....</b>	<b>2,501,567</b>	<b>10,449,217.55</b>
Thrift stamps at \$0.25.....	1,908,038	477,009.50
<b>Total.....</b>	<b>4,409,605</b>	<b>10,926,227.05</b>

*SCHEDULE 12.—Federal Reserve agent's record of Federal Reserve notes during the year 1918.*

Denominations.	Number of pieces.						Redemptions as advised by United States Treasurer.		
	Held as of Dec. 31, 1917.	Received from Comptroller.	Re-deemed for Federal Reserve Bank, Richmond.	Gross.	Issued and reissued to Federal Reserve Bank.	Balance held as of Dec. 31, 1918.	Pieces.	Per cent of total pieces.	Per cent of total values.
Fives.....	32,000	3,504,000	273,000	3,809,000	3,809,000	197,000	1,317,117	54.57	30.25
Tens.....	72,000	2,758,000	509,500	3,337,500	3,237,500	100,000	748,282	31	34.37
Twenties.....	8,000	2,080,000	213,500	2,301,500	2,265,500	36,000	327,878	13.58	30.12
Fifties.....	8,000	340,000	10,500	358,500	326,500	32,000	17,770	.75	4.08
Hundreds.....	4,000	128,000	21,100	153,100	124,100	29,000	2,579	.10	1.18
<b>Total.....</b>	<b>124,000</b>	<b>8,808,000</b>	<b>1,027,600</b>	<b>9,959,600</b>	<b>9,762,600</b>	<b>197,000</b>	<b>2,413,626</b>	<b>100</b>	<b>100</b>
<b>Values.....</b>	<b>\$1,840,000</b>	<b>\$116,480,000</b>	<b>\$13,365,000</b>	<b>\$131,685,000</b>	<b>\$125,465,000</b>	<b>\$6,220,000</b>	<b>\$21,772,365</b>		

SCHEDULE 13.—*Volume of bills discounted and purchased (by rates) at Baltimore branch from March 1 to December 31, 1918.*

Month.	3½ per cent.	4 per cent.	4½ per cent.	4¾ per cent.	4¾ per cent.	5 per cent.	5½ per cent.	Total.
March.....	\$2,004,464	\$8,321,098	\$915,000	\$808,491				\$12,049,053
April.....	927,430	10,748,405	8,430,275	1,368,000	\$4,925,740			26,399,850
May.....		12,283,350	6,242,303	909,000	2,123,138	\$983,000		22,540,791
June.....			11,102,680		3,411,724	5,082,405		19,596,809
July.....			17,887,975	9,269	3,201,861	3,205,937	\$1,300	24,306,342
August.....			14,722,758	39,752	5,183,749	807,849	155	20,754,263
September.....			20,193,823		1,112,231	1,809,650		23,115,704
October.....		951,453	45,289,976	6,829	1,376,260	2,140,438		49,764,956
November.....	3,963,497	32,578,191			1,070,496	240,133		37,852,317
December.....	7,223,274	19,456,680		311	642,362	85,425		27,408,052
<b>Total.....</b>	<b>2,931,894</b>	<b>43,491,077</b>	<b>176,819,661</b>	<b>3,141,652</b>	<b>23,047,561</b>	<b>14,354,837</b>	<b>1,455</b>	<b>263,788,137</b>
<b>RECAPITULATION.</b>								
Discounted.....	2,931,894	43,491,077	175,508,161	1,100,383	7,603,721	14,354,837	1,455	244,991,528
Purchased.....			1,311,500	2,041,269	15,443,840			18,796,609
<b>Total.....</b>	<b>2,931,894</b>	<b>43,491,077</b>	<b>176,819,661</b>	<b>3,141,652</b>	<b>23,047,561</b>	<b>14,354,837</b>	<b>1,455</b>	<b>263,788,137</b>

NOTE.—The Baltimore branch was opened the 1st day of March, 1918.

SCHEDULE 14.—*Volume of clearing operations handled by the Baltimore branch, from Mar. 1 to Dec. 31, 1918.*

Payable.	Items through transit department.	
	Number.	Amount.
Through Baltimore clearing house.....	651,944	\$1,042,292,000
Elsewhere in fifth district.....	2,001,980	532,915,000
In other districts.....	447,756	490,817,000
<b>Total.....</b>	<b>3,101,680</b>	<b>2,066,024,000</b>
Average per day for the period of 244 business days.....	12,712	8,467,311

SCHEDULE 15.—*Salaries of officers and employees (including Baltimore branch, opened Mar. 1, 1918).*

	Number.			Salaries.		
	1916	1917	1918	1916	1917	1918
Chairman and Federal Reserve agent.....	1	1	1	\$10,000.00	\$10,000.00	\$10,000.00
Governor.....	1	1	1	12,000.00	15,000.00	15,000.00
Other officers.....	2	4	6	9,428.00	14,550.00	16,358.78
Banking department.....	11	18	63	13,956.00	22,890.00	76,952.00
Bookkeeping department.....	5	6	12	5,520.00	4,980.00	9,639.71
Transit department.....	36	43	79	11,599.00	21,954.00	59,494.86
Federal Reserve agent's department.....	1	2	4	916.00	2,400.00	7,201.69
Fiscal agency department.....		20	40		21,024.00	54,930.26
General.....	6	14	48	8,819.00	8,540.00	36,810.20
<b>Total.....</b>	<b>63</b>	<b>109</b>	<b>254</b>	<b>72,238.00</b>	<b>121,328.00</b>	<b>286,378.35</b>

SCHEDULE 16.—*Clearing operations for the year 1918.*

	Number of items.	Amount.	Daily averages, 304 business days.		Average amount per item.
			Number items.	Amount.	
Government checks.....	501,542	\$130,092,000	1,650	\$427,934	\$259
Checks through Richmond clearing house.....	512,005	1,694,998,300	1,684	5,575,652	3,311
Checks on other points in district No. 5....	9,806,417	3,604,398,300	32,258	11,856,573	368
Checks on points in other Federal Reserve districts.....	1,200,104	1,683,986,700	3,948	5,539,430	1,403
<b>Total.....</b>	<b>12,020,068</b>	<b>7,113,475,300</b>	<b>39,540</b>	<b>23,399,589</b>	<b>591</b>

NOTE.—A service charge of 1½ cents per item, collected from members on items payable outside of Richmond, was discontinued June 15, 1918. Disbursements on account of the transit department amounted to \$134,294, which does not include cost of handling Government checks. This represents cost of 1.17 cents per item, or 1.92 cents per \$1,000 of volume in values handled.

