Federal Reserve Functions may be separated into three major classifications—policy, supervision, and service. Policy functions embrace actions taken in connection with the volume, availability, and cost of money. Supervision involves the examination and regulation of banks and certain related organizations. Service is the range of activities which, for a variety of historical or functional reasons, are undertaken as either precondition or consequence of policy responsibilities. Functions of all three types are performed at the Federal Reserve Bank of St. Louis and its Little Rock, Louisville, and Memphis branches.

The principal policy task undertaken at this bank is the discount function. The bank's directors set the discount rate every two weeks subject to the review and determination of the Board of Governors. Loans at such rate are extended to member banks through the "discount window." Such credits in the Eighth Federal Reserve District totaled $881 million in 1962, 8 percent above 1961 but substantially below the average of the past decade.

Loans to Member Banks
1953-1962

Supervision is principally exercised through examination of state member banks. All the state member banks in the district, totaling 152 on December 31, were examined in 1962, with the 322 national member banks being subject to examinations by the Comptroller of the Currency. This total of 474 member banks at the end of 1962 was four less than a year earlier. The number of nonmember banks increased from 997 to 1,004, and the total number of commercial banks in the district rose from 1,475 to 1,478. The percentage of total commercial bank deposits held by member banks in the district at mid-1962 was 64.5 compared to 65.3 at mid-1961.

Service functions may be classified under three general headings: credit transfers, cash service, and fiscal agency. Credit transfers may again be divided into three groups—check collections, other collections, and interbank transfer of funds.

Several of the service functions which a Federal Reserve Bank performs are related to the balances which member banks keep on deposit with it. These balances serve both as part of the reserves prescribed by the policy regulations of the Federal Reserve System and as working balances for the member banks.

With respect to check collections, about 230 million checks with a face value in excess of $82 billion were collected by this bank in 1962. The number of checks was up 6.4 percent compared to 1961, and their dollar value rose 8.5 percent.

Checks Collected
1953-1962

The other collections are items which require special handling and are technically known as "noncash collections." They consist of such items as drafts, promissory notes, stocks, bonds, and coupons. United
States Government coupons paid were down 2 per cent in number, but dollar volume was 4 per cent greater. The number of other noncash collection items was up about 2 per cent and their dollar value was sharply higher, 26 per cent above the 1961 level.

The "transfers of funds" are largely movements of bank balances. The Federal Reserve System makes this service available to member banks for moving funds quickly from one part of the country to another. Transfers of funds by this bank in 1962, numbering 170 thousand, were 7 per cent greater than in the previous year, and the dollar amount was up 16 per cent.

The cash service function of the bank is carried out through the Money Department. Its major activities include receiving, sorting, counting, paying out, and shipping currency and coin, and wrapping coin. At this bank money handling operations in 1962 showed mixed trends. The volume of currency handled rose somewhat both in number of pieces and dollar volume, following decreases in the two preceding years. On the other hand, the number and dollar volume of coin received and counted declined in the year, following a rapid increase in the previous two years. Combined currency and coin received and counted during the year totaled $1.2 billion, about 2 per cent above the 1961 dollar volume.

Each Federal Reserve Bank performs a major service function as Depository and Fiscal Agent of the United States Government. In this capacity, the Federal Reserve Banks act as the United States Government's principal banking agency. They hold Government demand deposit accounts, accept Government receipts, settle checks drawn on the Treasurer of the United States, and issue, redeem, and transfer title to Government securities.
Directors and Officers

Directors

Chairman of the Board and Federal Reserve Agent
ETHAN A. H. SHEPLEY
Of Counsel, Shepley, Kroeger, Fisse & Shepley
St. Louis, Missouri

Deputy Chairman of the Board
J. H. LONGWELL
Director, Special Studies and Programs
College of Agriculture, University of Missouri
Columbia, Missouri

H. LEE COOPER, President, Ohio Valley National Bank of Henderson, Henderson, Kentucky
HARRY F. HARRINGTON, Chairman of the Board and President, The Boatsmen's National Bank of St. Louis, St. Louis, Missouri
HAROLD O. McCUTCHEAN, Senior Executive Vice President, Mead Johnson & Company, Evansville, Indiana
EDGAR M. QUEENY, Chairman of the Finance Committee and member of Board of Directors, Monsanto Chemical Company, St. Louis, Missouri
RAYMOND REBSAMEN, Chairman of the Board, Rebsamen & East, Inc., Little Rock, Arkansas
ARTHUR WERRE, JR., Executive Vice President, First National Bank of Steeleville, Steeleville, Illinois

JESSE D. WOOTEN, Executive Vice President, Mid-South Chemical Corporation, Memphis, Tennessee

Member of Federal Advisory Council
SIDNEY MAESTRE
Chairman of the Executive Committee
Mercantile Trust Company
St. Louis, Missouri

Officers

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DARRYL R. FRANCIS, First Vice President

MARVIN L. BENNETT, Vice President
FRED BURTON, Vice President
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DONALD L. HENRY, Vice President
HOMER JONES, Vice President
DALE M. LEWIS, Vice President
HOWARD H. WEIGEL, Vice President and Secretary
JOSEPH C. WOTAWA, Vice President
ORVILLE O. WYRICK, Vice President
GEORGE W. HIRSCHMAN, General Auditor
GERALD T. DUNNE, General Counsel and Assistant Secretary

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RICHARD O. KALEY, Assistant Vice President
STEPHEN KOPTIS, Assistant Vice President
F. GARLAND RUSSELL, JR., Assistant Counsel
PAUL SALZMAN, Assistant Vice President
W. E. WALKER, Assistant Vice President
JOSEPH C. WELMAN, JR., Assistant Chief Examiner
LITTLE ROCK BRANCH

Directors
H. C. Adams, Executive Vice President, The First National Bank of DeWitt, DeWitt, Arkansas
Frederick P. Blanks, Planter, Parkdale, Arkansas
R. M. LaGrone, Jr., President, The Citizens National Bank of Hope, Hope, Arkansas
J. W. Bellamy, President, National Bank of Commerce of Pine Bluff, Pine Bluff, Arkansas
Carey V. Stabler, President, Little Rock University, Little Rock, Arkansas

Officers
Fred Burton, Vice President and Manager
John F. Breen, Jr., Cashier
Howard J. Jensen, Assistant Cashier
John K. Ward, Assistant Cashier

LOUISVILLE BRANCH

Directors
Ray E. Barrett, President, The State Bank of Salem, Salem, Indiana
John H. Hardwick, President, The Louisville Trust Company, Louisville, Kentucky
Philip Davidson, President, University of Louisville, Louisville, Kentucky
John G. Russell, President, The Peoples First National Bank & Trust Company of Paducah, Paducah, Kentucky
C. Hunter Green, Vice President and General Manager, Southern Bell Telephone and Telegraph Company, Louisville, Kentucky.
Richard T. Smith, Farmer, Madisonville, Kentucky

Officers
Donald L. Henry, Vice President and Manager
John W. Menges, Cashier
Louis A. Nelson, Assistant Cashier
Clarence J. Woertz, Assistant Cashier

MEMPHIS BRANCH

Directors
John E. Brown, Chairman of the Board and President, Union Planters National Bank of Memphis, Memphis, Tennessee
Edward B. LeMaster, President, Edward LeMaster Co., Inc., Memphis, Tennessee
Leon C. Castling, President, First National Bank at Marianna, Marianna, Arkansas
Simpson Russell, Chairman of the Board, The National Bank of Commerce of Jackson, Jackson, Tennessee
Charles R. Caviness, President, National Bank of Commerce of Corinth, Corinth, Mississippi
William King Self, President, Riverside Industries, Marks, Mississippi

Officers
E. Francis DeVos, Vice President and Manager
Paul I. Black, Jr., Assistant Cashier
Benjamin B. Monaghan, Cashier
Frank Lee Wesson, President, Wesson Farms, Inc., Victoria, Arkansas

Joseph P. Garbarini, Assistant Cashier
The number of United States Savings Bonds issued, exchanged, and redeemed at this bank was up 4 per cent in 1962. However, the dollar volume of these securities, totaling $635 million, was about unchanged from the 1961 level. Both the number and dollar value of other Government securities, including securities of Government agencies, rose. The number was up about 1 per cent, and dollar volume was more than 20 per cent greater.

Personnel at the bank's four offices increased 2 per cent in 1962 to 1,180 at the end of the year. Most of the increase occurred in the Check Collection Department, reflecting the increased volume of operations.

## Earnings and Expenses

**FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>1962</th>
<th>1961</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current Earnings</td>
<td>$41,783</td>
<td>$37,852</td>
</tr>
<tr>
<td>Net Expenses</td>
<td>9,218</td>
<td>8,513</td>
</tr>
<tr>
<td>Current Net Earnings</td>
<td>$32,565</td>
<td>$32,839</td>
</tr>
<tr>
<td>Additions to Current Net Earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit on Sales of U. S. Government Securities (net)</td>
<td>$79</td>
<td>$140</td>
</tr>
<tr>
<td>All Other</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>Total Additions</td>
<td>$98</td>
<td>$141</td>
</tr>
<tr>
<td>Deductions from Current Net Earnings:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Additions</td>
<td>$10</td>
<td>$138</td>
</tr>
<tr>
<td>Net Earnings before Payment to U. S. Treasury</td>
<td>$32,575</td>
<td>$29,477</td>
</tr>
</tbody>
</table>

**Distribution of Net Earnings:**

- Paid to U. S. Treasury (Interest on F. R. Notes) | $30,392 | $25,742 |
- Dividends Paid | 940 | 862 |
- Transferred to Surplus | 1,383 | 2,873 |

**Total** | $32,575 | $29,477 |

## Condition

**FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>December 31, 1962</th>
<th>December 31, 1961</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold Certificate Reserves</td>
<td>$629,422</td>
<td>$670,572</td>
</tr>
<tr>
<td>Federal Reserve Notes of Other Banks</td>
<td>19,261</td>
<td>21,784</td>
</tr>
<tr>
<td>Other Cash</td>
<td>14,651</td>
<td>17,621</td>
</tr>
<tr>
<td>Discounts and Advances</td>
<td>4</td>
<td>2,210</td>
</tr>
<tr>
<td>U. S. Government Securities</td>
<td>1,260,050</td>
<td>1,165,881</td>
</tr>
<tr>
<td>Uncollected Items</td>
<td>286,916</td>
<td>306,100</td>
</tr>
<tr>
<td>Other Assets</td>
<td>20,401</td>
<td>16,252</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,230,825</td>
<td>$2,209,400</td>
</tr>
</tbody>
</table>

**Liabilities and Capital Accounts**

- Federal Reserve Notes (Net) | $1,285,497 | $1,269,413 |
- Deposits:
  - Member Banks—Reserve Accounts | 650,070    | 628,096    |
  - U. S. Treasurer—General Account | 81,781   | 17,587    |
  - Other | 13,110 | 11,391 |
- Deferred Availability Cash Items | 190,151 | 234,940 |
- Other Liabilities and Accrued Dividends | 2,657 | 2,369 |
- Total Capital Accounts | 47,539 | 45,605 |
- **Total Liabilities and Capital Accounts** | $2,230,825 | $2,209,400 |

**MEMORANDA:** Contingent liabilities on acceptances purchased for foreign correspondents decreased from $4,259,000 on December 31, 1961 to $2,839,000 on December 31, 1962. The ratio of gold certificate reserves to deposit and F.R. note liabilities combined was 35.3% on December 31, 1961 and 31.6% on December 31, 1962.