

February 1965

FEDERAL RESERVE BANK OF ST. LOUIS

Review

1964 Operations

of the Federal Reserve Bank of St. Louis

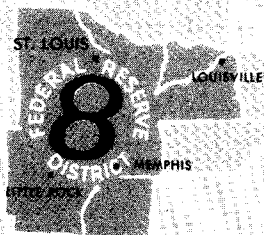
THIS BANK'S SUMMARY of 1964 developments consists of three parts. A summary of national monetary developments was included in the December 1964 issue of this *Review*. Economic developments in the Central Mississippi Valley were discussed in the January 1965 issue. This article presents the operations of the Federal Reserve Bank of St. Louis, including the three branches at Little Rock, Louisville, and Memphis.

The Federal Reserve Bank of St. Louis is a part of the Federal Reserve System, which includes the Board of Governors in Washington, the 12 Federal Reserve Banks, and the 24 branches. The primary function of the Federal Reserve System is to foster that amount of credit and money which will facilitate orderly economic growth and a stable value of the dollar.

In addition to its role in System monetary policy administration, each Federal Reserve Bank performs a variety of functions which contribute to greater efficiency in the economic system. These functions include service operations, bank supervision and examination, and policy making. Principal service operations include receiving and distributing currency and coin, collecting checks and noncash items, extending credit to member banks, transferring funds, performing fiscal agency operations for the Government, securities safekeeping, and conducting economic research. The principal policy function of an individual Reserve Bank is the establishment of its discount rate (subject to review

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FEDERAL RESERVE BANK
OF ST. LOUIS

P.O. Box 442, St. Louis, Mo. 63166

and determination by the Board of Governors). The discount rate is the rate of interest charged by the Federal Reserve Banks on loans to member banks. A report on these functions during 1964 follows.

Service Operations

Money Handling

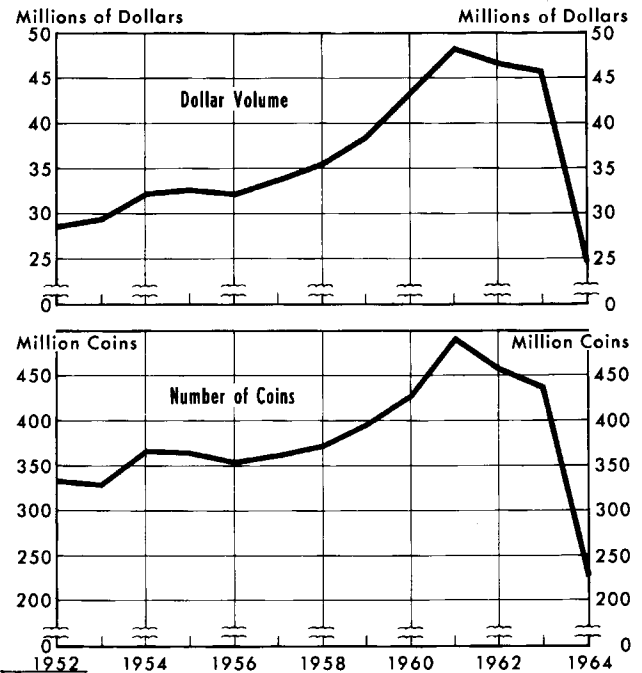
Just as an individual or business obtains currency (paper money) or coin (metallic money) from commercial banks by withdrawing deposits, member banks obtain currency and coin from Reserve Banks by withdrawals from their accounts at the Reserve Banks. Nonmember banks obtain coin and currency from member banks. When member banks receive an excess of coin or currency from depositors, it is sent to the Federal Reserve Bank, where it is sorted and counted and the usable money held for redistribution.

Operations in the Money Department of this bank¹ showed diverse trends in 1964. During the year currency handling rose, while coin handling dropped to the lowest level in recent decades.

¹ Including Little Rock, Louisville, and Memphis branches.

Coin handled at the St. Louis Federal Reserve Bank declined from 436.5 million pieces in 1963 to 226.8 million in 1964, a drop of 48 per cent.² Coin received

Coin Received and Counted



² In this report coin handled (received and counted) includes that deposited by or to the accounts of member banks plus any coin received from the mint which required counting.

VOLUME OF OPERATIONS¹

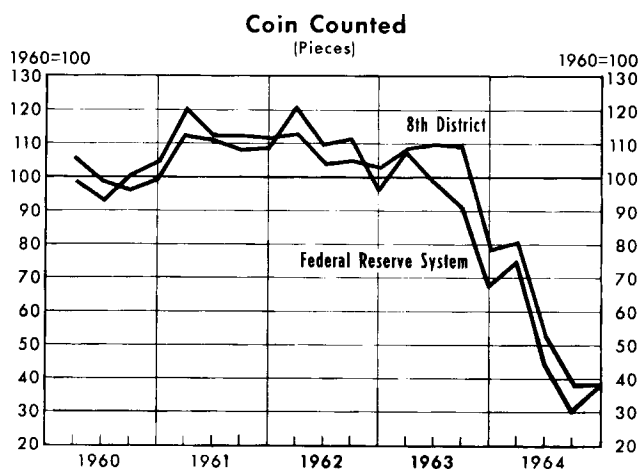
	Number (Millions)						
	1952	1956	1960	1961	1962	1963	1964
Coin received and counted	332.8	355.4	426.6	490.1	455.8	436.5	226.8
Currency received and counted	217.9	204.6	201.4	190.5	194.7	191.1	201.2
Checks handled ²	116.6	138.9	170.7	181.4	194.6	206.4	226.1
Noncash collection items .....	.378	.489	.560	.593	.603	.559	.528
U. S. Government coupons paid .....	.721	.626	.872	.857	.845	.795	.791
U. S. Savings Bonds handled ³	5,939	7,012	7,534	7,269	7,584	7,564	8,155
Other Government securities handled ³ ..	.195	.246	.457	.444	.446	.460	.554
Transfers of funds .....	.106	.133	.152	.159	.170	.174	.188
	Dollar Amount (Millions)						
	1952	1956	1960	1961	1962	1963	1964
Coin received and counted	28.8	32.2	43.3	48.3	46.6	45.9	24.5
Currency received and counted	1,288.8	1,187.8	1,186.0	1,143.2	1,169.0	1,179.1	1,300.2
Checks handled ²	47,934	56,661	68,537	71,037	77,030	83,656	91,837
Noncash collection items	365.5	340.1	391.1	373.6	472.7	553.9	466.7
U. S. Government coupons paid		70.4	123.1	129.9	135.7	137.6	144.9
U. S. Savings Bonds handled ³	594.3	757.7	685.9	639.2	635.1	594.7	615.5
Other Government securities handled ³ ..	6,808.5	7,933.9	10,933.3	12,033.4	14,563.5	15,365.1	16,015.5
Transfers of funds	28,067	41,410	61,434	69,379	80,747	90,433	94,453
Loans to member banks—							
daily average outstanding	40.8	22.3	17.4	3.5	3.7	6.9	5.8
	Number as of December 31						
Officers and employees	1,256	1,164	1,156	1,157	1,180	1,162	1,163

¹ Total for the St. Louis office and the Louisville, Memphis, and Little Rock branches.

² Excludes Government checks and money orders.

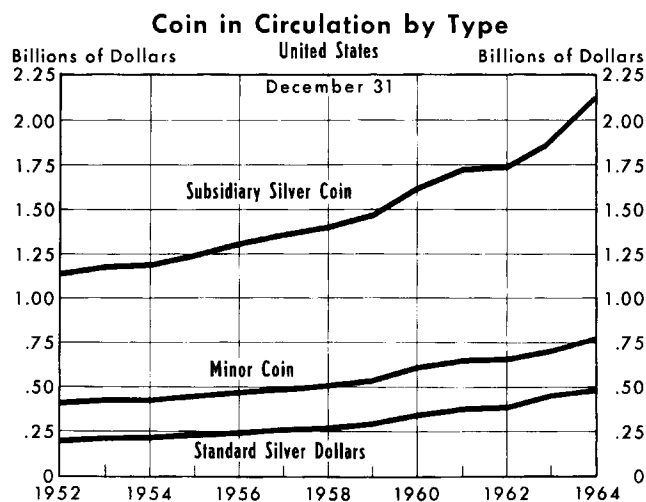
³ Issued, exchanged, and redeemed.

and counted reached a plateau in the first quarter of 1961, drifted slowly down until the third quarter of 1963, and then declined rapidly through the fourth quarter of 1964. The number of pieces received and counted declined from 129.0 million in the first quarter of 1961 to 41.6 million in the fourth quarter of 1964, a decline of 68 per cent. The dollar amount declined from \$11.3 million to \$3.6 million during the period. A similar decrease in coin handling has been experienced throughout the Federal Reserve System.



The St. Louis office showed a greater decline in the dollar amount of coin received and counted than did the Little Rock, Louisville, and Memphis branches. This corresponds to a tendency throughout the nation for the larger commercial and industrial centers to have greater difficulty in obtaining sufficient coin supplies. The greatest percentage declines were at the New York, Philadelphia, Boston, and Chicago Federal Reserve Banks.

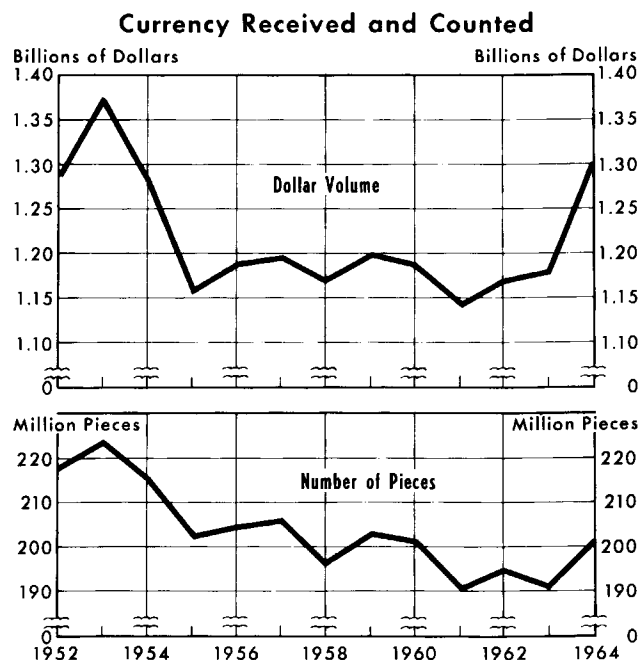
The decline in coin handling since 1961 is counter to the trend in earlier years. From 1950 to 1959, prior to the coin shortage, the number of coins handled by this bank rose 33 per cent. The number handled by all Federal Reserve Banks rose 38 per cent, roughly proportional to the increase of coin in circulation.



While the amount of coin in circulation³ has risen rapidly since the early 1950's, demand has risen even faster, resulting in shortages in all Federal Reserve Districts. Coin in circulation has been rising at an increasing rate. During the seven-year period from 1952 to 1959 the rate of increase was 3.6 per cent per year, while in the last five years the rate of increase was 8.1 per cent per year. This great increase in coin, which has taxed the facilities of the Philadelphia and Denver mints, failed to satisfy the rapidly growing demands. Member banks seldom had excess supplies to return to the Federal Reserve Bank because of the general shortage, and rationing of coin was necessary.

The rapid increase in demand for coin probably arises from a number of causes, including the higher level of economic activity, increased use of coin machines, sales taxes, and additional demands by coin collectors.

Currency handled in 1964 rose to 201 million pieces from 191 million pieces in 1963, an increase of about 5 per cent. The dollar volume of currency handled rose to \$1.3 billion, an increase of 10 per cent. Currency handling has shown little net change since the early 1950's. Both number and dollar value of pieces handled declined slightly from 1952 to 1960 but had recovered most of the loss by 1964. The amount of currency in circulation in the nation rose 28 per cent from 1952 to 1964.



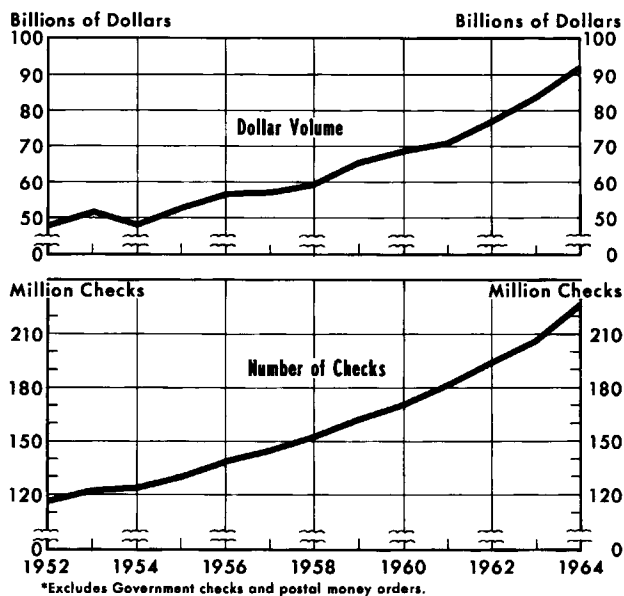
³ Coin in circulation means coin in the hands of the public and the commercial banks (coin outside the Treasury and the Federal Reserve Banks).

Check Collections

The Federal Reserve Banks collect checks and provide a mechanism through which commercial banks settle for the checks. This facilitates the use of demand deposits by individuals and businesses in making payments. This bank may receive checks from each of the 481 member banks in the Eighth District, from other Federal Reserve Banks, from Government agencies, and from others. In order to increase the promptness of collections, the Reserve Bank in some cases receives checks directly from member banks in other Federal Reserve Districts. Checks may be sent to each of the member banks and the 759 nonmember par remitting banks⁴ in the Eighth District and to other Federal Reserve Banks for collection.

The number of checks cleared through the Federal Reserve Bank of St. Louis, including the branches, rose from 68.6 million in 1945 to 116.6 million in 1952, 170.7 million in 1960, and 226.1 million in 1964, an increase of 6.5 per cent per year compounded for the 19-year period. The increase from 1963 to 1964 was almost 10 per cent (see table, page 2).

Checks Collected*



Electronic Check Handling

Rapid growth in volume of check collections in recent years has led to a need for improvement in the check collection system. The bank took a major step in 1964 toward increased efficiency in check operations with the installation of electronic equipment at St. Louis and Louisville.

⁴All checks collected and cleared through the Federal Reserve Banks must be paid in full by the banks on which they are drawn, without deduction of a fee or charge; that is, they must be payable at par.

The success of the electronic system depends upon the cooperation of commercial banks in preparing checks for high-speed handling. Prior to such handling, checks must have routing symbol transit numbers, which are the payee bank's electronic address, preprinted in magnetic ink and dollar amounts magnetically encoded. The routing symbol transit numbers are preprinted as checks are prepared for commercial bank customers. If amounts are encoded early in the collection process, checks can flow rapidly and efficiently through the banking system for collection.

About 88 per cent of the checks received at the St. Louis office during recent months were preprinted with routing symbol transit numbers. Only about 35 per cent of all checks received, however, contained the preprinted routing symbol numbers plus the encoded amounts, fully qualifying them for electronic handling at this bank. These fully-qualified checks are all handled on the electronic equipment. In addition, part of the checks received which lack only the encoded amounts are prepared for electronic handling at this bank. At present about 12 per cent of all checks received have neither the preprinted routing symbol transit numbers nor the encoded amounts, and none of these checks are afforded electronic processing.

The electronic check processing system consists of three components: a central processor-sorter-reader, a printer, and a card read-punch. The sorter-reader endorses and sorts the checks at speeds up to 1,600 items per minute. In the same operation it reads the amounts into the central processor or computer, where they are totaled and stored for the various balancing operations.

The printer prints out the amounts, routing symbol transit numbers, and totals of checks being forwarded to banks on which they are drawn. Printing is done at speeds up to 1,285 lines per minute. The card read-punch unit punches totals of checks on the various drawee banks and various control figures which can be fed back into the machine for balancing purposes.

At the present time about 275,000 checks per day (about two-thirds of the checks received) are completely sorted through the high-speed equipment at the St. Louis office and mailed to drawee banks. On the average, each check passes through the sorter-reader 2.8 times before it is finally sorted to the appropriate addressee. In comparison with electronic processing, about 7,000 item passes per day can be handled on each of the proof machines which are being replaced by the high-speed equipment.

Development of electronic data processing machines for check collection grew out of studies of a committee appointed in 1955 by the Bank Management Commission of the American Bankers Association in cooperation with the Federal Reserve System and others. A major problem was the development of a common language that could be read by both humans and electronic machinery. The magnetic ink coding system was approved in 1958. Banks began to implement the recommended encoding system in late 1959, and by late 1964 significant progress had been made. As indicated earlier, 88 per cent of checks received at the St. Louis office have routing symbols preprinted. The percentage is somewhat larger for the Federal Reserve System as a whole. By 1961 a number of the Federal Reserve Banks had installed pilot electronic check collecting systems to test the various manufacturers' equipment. At least one system has now been installed in each of the Federal Reserve Banks, and large numbers of commercial banks have similar installations.

Volume of Check Handling in the System

Check collections through the Federal Reserve System as a whole have increased at about the same rate as at the St. Louis bank. Such collections rose from 2.3 billion items in 1952 to 4.1 billion in 1963,⁵ an annual rate of 5.4 per cent, compared with 5.3 per cent at the St. Louis bank. The dollar amount collected during this period rose from \$840 billion to \$1,364 billion, or 4.5 per cent per year. Contributing to this increase has been both an increase in number of par remitting bank offices and an over-all gain in the size of the economy. The number of par remitting banking offices in the nation rose from 17,274, or 89.1 per cent of all banking offices, in 1952 to 25,190, or 92.9 per cent, in 1963. Over the years check writing per capita has increased with rising incomes. Checking accounts probably number in excess of 60 million, about the same as the number of households in the country, with payments by check probably accounting for more than 90 per cent of the dollar value of all transactions in the nation.

Despite the rapid increase in volume of checks collected through the Federal Reserve System, such collections apparently are a smaller proportion of total check collections than in the early 1950's. In the three years 1951-1953, the dollar volume of checks collected through the System averaged about 50 per cent of all checks and other charges to demand deposits at all Federal Reserve reporting centers. In comparison, System collections averaged only 37 per cent of such

⁵Excluding Government checks and postal money orders.

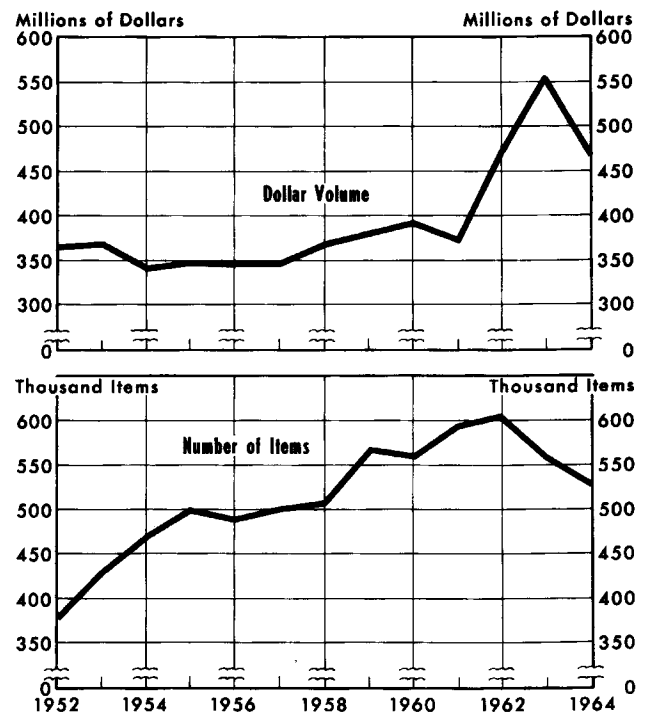
checks and charges in the three years 1961-1963. An increase in the area covered by local clearing exchanges where checks are exchanged directly from the paying bank to the bank on which the check is drawn and the installation of automation procedures which encourage interbranch clearings are probably major factors in the relative decline of System collections.

One exception to the generally consistent increase in check collections through the Federal Reserve System in recent years was a decline at the San Francisco bank in 1964. During the first nine months of the year the number of checks collected was down 14 per cent compared to the corresponding period a year earlier. This exception apparently resulted from establishment of automated regional clearing centers by commercial banks.

Noncash Collections

In addition to checks, the Federal Reserve Banks handle other items for collection. Included are drafts, promissory notes, bonds and bond coupons (other than obligations of the United States Government and its agencies), and other documents. These noncash collections in the Eighth District offices were down 6 per cent in 1964 from 1963. Dollar volume was down 16 per cent (see table, page 2).

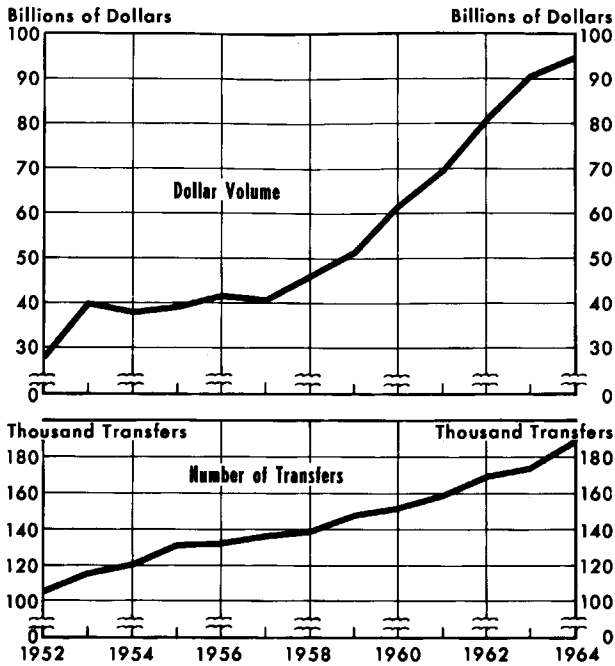
Noncash Collection Items



Transfers of Funds

Interbank transfers of funds are largely movements of bank balances between Federal Reserve Banks, many of which result from Federal funds transactions. Such transfers by this bank in 1964 totaled 188,000,

Transfers of Funds

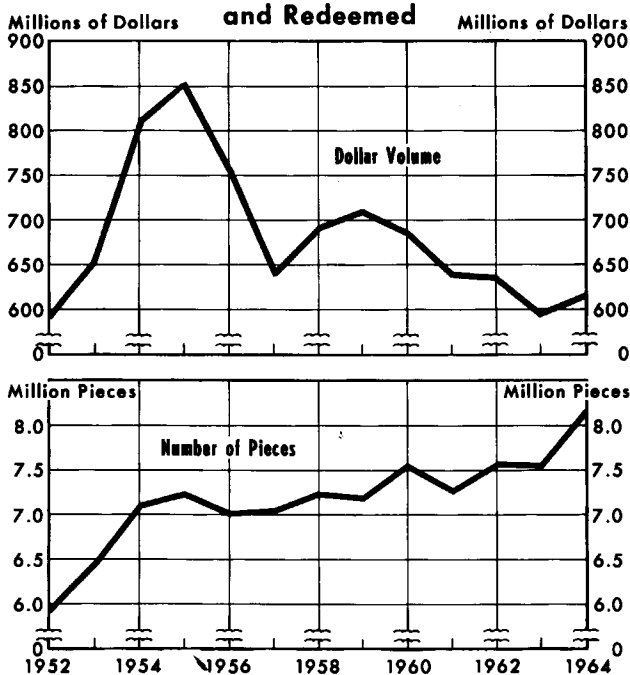


up 8.0 per cent from a year earlier. The dollar value of transfers, totaling \$94.5 billion, was up 4.4 per cent.

Fiscal Agency Operations

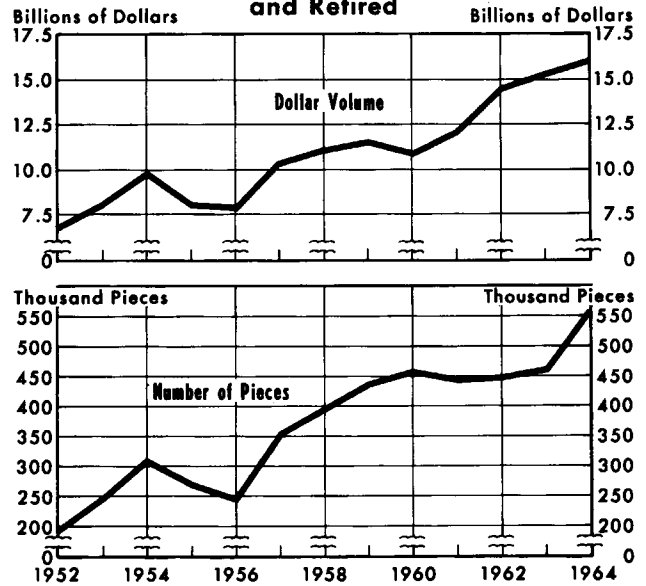
Each Federal Reserve Bank acts as a fiscal agent for the United States Government. In close cooperation with the Treasury Department, the Reserve Banks carry the principal checking accounts of the Government, issue and redeem Government obligations, and perform various other Governmental financial duties.

The Federal Reserve Bank of St. Louis issued, **U.S. Savings Bonds Issued, Exchanged, and Redeemed**



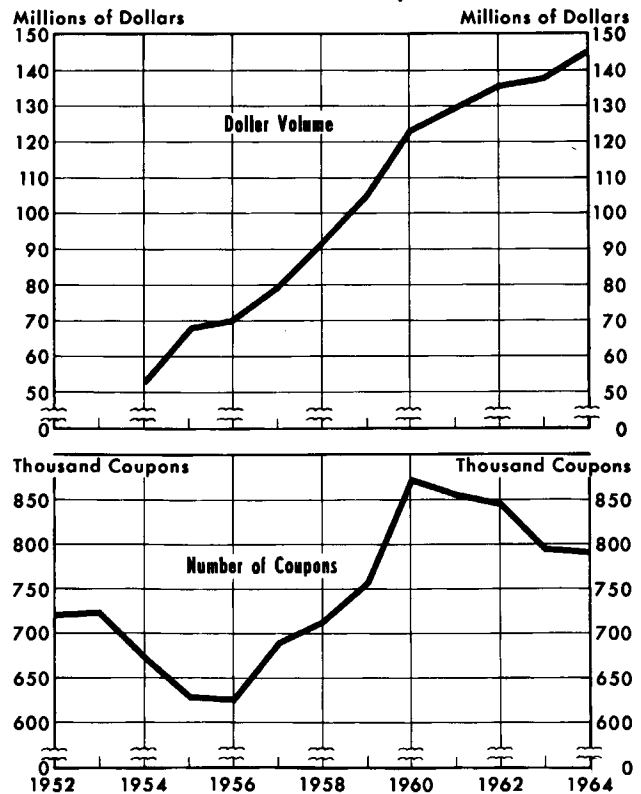
exchanged, and redeemed 8.2 million United States Savings Bonds in 1964, compared with 7.6 million in 1963. The value of such bonds redeemed was up 3 per cent in 1964. Other Government securities issued, serviced, or retired in 1964 totaled 554,000, valued at \$16 billion. This was a 20 per cent increase in number

Other Government Securities Issued, Serviced, and Retired



of items and a 4 per cent increase in dollar value from 1963. United States Government coupons paid were down 1 per cent in number, but dollar volume was up 5 per cent (see table, page 2).

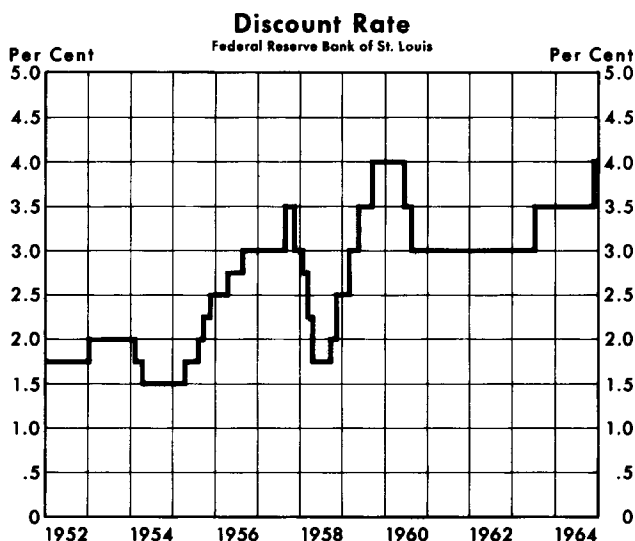
U.S. Government Coupons Paid



Other Operations

The Discount Rate and Lending Operations

The Federal Reserve Banks extend credit to member banks. The interest rate charged on loans to member banks was changed only once during 1964, being raised from 3½ to 4 per cent in November.⁶ The previous change in this rate was in July 1963 when it was raised from 3 to 3½ per cent. The rate has been in the 3-4 per cent range throughout the past five years.

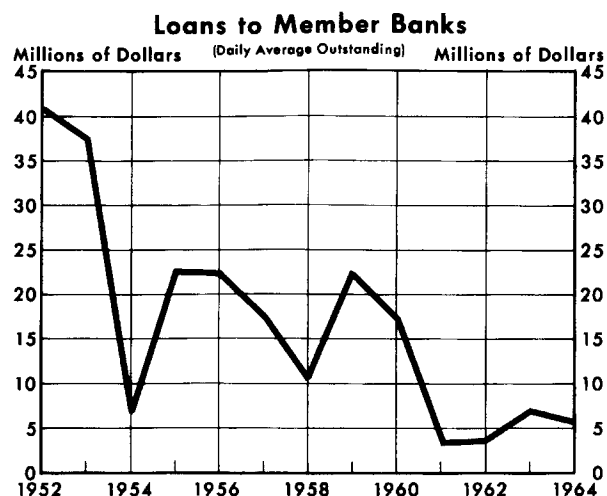


Federal Reserve credit is generally extended on a short-term basis to a member bank to enable it to adjust its asset position when necessary because of developments such as a sudden withdrawal of deposits or seasonal requirements for credit beyond those which can reasonably be met by use of the bank's own resources. Federal Reserve credit is also available for longer periods when necessary in order to assist member banks in meeting unusual situations resulting from national, regional, or local difficulties or from exceptional circumstances involving only particular member banks.

Except in extremely unusual cases, applications for credit by member banks at the Federal Reserve Bank of St. Louis are granted without delay.

Lending operations by the Federal Reserve Bank of St. Louis have been at relatively low levels for the past four years. Average daily outstandings of \$5.8 million to member banks in the Eighth District in 1964 were somewhat less than a year earlier but

⁶The rate charged under Sections 13 and 13a of the Federal Reserve Act on advances secured by U. S. Government securities and discounts of and advances secured by eligible paper.



slightly above the average since early 1961. In comparison, average daily borrowings were more than \$18 million for the six years 1955-1960 (see table, page 2).

Supervision and Examination

One function of the Federal Reserve System is to maintain effective supervision of commercial banks. The objective of such supervision is to foster and maintain a sound banking system.

A major supervisory responsibility is evaluation of assets, operations, policies, and the effectiveness of management of the banks subject to review. Examinations provide the basic information which enables supervisory authorities to contribute to prevention or correction of situations that might adversely affect the economy or the general public interest.

Supervision by the Federal Reserve Bank of St. Louis is exercised principally through examination of the 143 state member banks.⁷ The major objective of these examinations is to develop information that will disclose the current financial condition of each bank, to ascertain whether the bank is complying with applicable laws and regulations, and to indicate the bank's future operating prospects. Examinations were made of all state member banks in the district in 1964.

The number of member banks in the Eighth Federal Reserve District increased by six in 1964—from 475 to 481. This was the net result of an increase of ten national banks and a decrease of four state member banks. The number of banks remitting at par increased by 22 during the year, while the number of nonpar banks declined by 15 (see table, page 10).

⁷Number as of December 31, 1964.

Directors and Officers

Directors

Chairman of the Board and Federal Reserve Agent

RAYMOND REBSAMEN, Chairman of the Board
Rebsamen & East, Inc.
Little Rock, Arkansas

Deputy Chairman of the Board

SMITH D. BROADBENT, JR.
Broadbent Hybrid Seed Co.
Cadiz, Kentucky

H. LEE COOPER, President, Ohio Valley National Bank of
Henderson, Henderson, Kentucky

HARRY F. HARRINGTON, Chairman of the Board and
President, The Boatmen's National Bank of St. Louis,
St. Louis, Missouri

HAROLD O. McCUTCHAN, Senior Executive Vice President,
Mead Johnson & Company, Evansville, Indiana

ROLAND W. RICHARDS, Vice President and Secretary,
Laclede Steel Company, St. Louis, Missouri

HARRY E. ROCIER, President, The First National Bank of
Vandalia, Vandalia, Illinois

WILLIAM KING SELF, President, Riverside Industries,
Marks, Mississippi

MARK TOWNSEND, Chairman of the Board
Townsend Lumber Company, Inc.
Stuttgart, Arkansas

Member of Federal Advisory Council

JAMES P. HICKOK, Chairman of the Board
First National Bank in St. Louis
St. Louis, Missouri

Officers

HARRY A. SHUFORD, *President*

DARRYL R. FRANCIS, *First Vice President*

MARVIN L. BENNETT, *Vice President*

FRED BURTON, *Vice President*

E. FRANCIS DEVOS, *Vice President*

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. HIRSHMAN, *General Auditor*

GERALD T. DUNNE, *General Counsel and
Assistant Secretary*

NORMAN N. BOWSHER, *Assistant Vice President*

EARL H. CHAPIN, *Assistant Chief Examiner*

GEORGE W. DENNISON, *Assistant Vice President*

J. M. GEIGER, *Assistant Vice President*

WOODROW W. GILMORE, *Planning Officer*

JOHN J. HOFER, *Assistant Vice President*

WILBUR H. ISBELL, *Chief Examiner*

WILLIS L. JOHNS, *Assistant Vice President*

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

ROSS E. ANDERSON, Chairman of the Board, The Commercial National Bank of Little Rock, Little Rock, Arkansas

FREDERICK P. BLANKS, Planter, Parkdale, Arkansas

CECIL W. CUPP, President & Chairman, Arkansas Bank and Trust Company, Hot Springs, Arkansas

R. M. LAGRONE, JR., President, The Citizens National Bank of Hope, Hope, Arkansas

REEVES E. RITCHIE, President, Arkansas Power & Light Company, Little Rock, Arkansas

CAREY V. STABLER, President, Little Rock University, Little Rock, Arkansas

Officers

FRED BURTON, *Vice President and Manager*

JOHN F. BREEN, *Cashier*

HOWARD J. JENSEN, *Assistant Cashier*

JOHN K. WARD, *Assistant Cashier*

LOUISVILLE BRANCH

Directors

LISLE BAKER, JR., Executive Vice President & General Manager, The Courier-Journal & Louisville Times Company, Louisville, Kentucky

RAY A. BARRETT, President, The State Bank of Salem, Salem, Indiana

WM. G. DEATHERAGE, President, Planters Bank & Trust Co., Hopkinsville, Kentucky

C. HUNTER GREEN, Vice President and General Manager, Southern Bell Telephone and Telegraph Company, Louisville, Kentucky

JOHN H. HARDWICK, President, The Louisville Trust Company, Louisville, Kentucky

J. E. MILLER, Executive Vice President, Sellersburg State Bank, Sellersburg, Indiana

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

LEON C. CASTLING, President, First National Bank at Marianna, Marianna, Arkansas

CHARLES R. CAVINESS, President, National Bank of Commerce of Corinth, Corinth, Mississippi

SAM COOPER, President, HumKo Products Division, National Dairy Products Corporation, Memphis, Tennessee

EDWARD B. LEMASTER, President, Edward LeMaster Co., Inc., Memphis, Tennessee

ALLEN MORGAN, President, The First National Bank of Memphis, Memphis, Tennessee

CON T. WELCH, President, Citizens Bank, Savannah, Tennessee

JAMES S. WILLIAMS, Plant Manager, American Greetings Corporation, Osceola, Arkansas

Officers

E. FRANCIS DEVOS, *Vice President and Manager*

BENJAMIN B. MONAGHAN, *Cashier*

PAUL I. BLACK, JR., *Assistant Cashier*

JOSEPH P. GARBARINI, *Assistant Cashier*

BANKS IN THE EIGHTH FEDERAL RESERVE DISTRICT

(December 31)

State ¹	State Member		National		Nonmember Par		Nonmember Nonpar		Total	
	1964	Change 1963-1964	1964	Change 1963-1964	1964	Change 1963-1964	1964	Change 1963-1964	1964	Change 1963-1964
	Arkansas	20	-1	63	+ 3	67	+ 6	96	- 5	246	+3
Illinois	26	0	120	+ 1	133	+ 1	0	0	279	+2
Indiana	18	-1	36	- 1	45	- 2	0	0	99	-4
Kentucky	9	0	35	0	155	+ 1	0	0	199	+1
Mississippi	1	0	15	+ 2	23	+ 6	65	- 6	104	+2
Missouri	67	-2	58	+ 5	302	+ 4	47	- 4	474	+3
Tennessee	2	0	11	0	34	0	47	0	94	0
	143	-4	338	+10	759	+16	255	-15	1,495	+7

¹ Includes all of Arkansas but only portions of the remaining states.

Research

Research operations are designed to aid the policy-making functions of the bank and the System.

Research at the Federal Reserve Bank of St. Louis is directed toward national business and financial problems along with economic developments in the Eighth Federal Reserve District. Such analyses are used to assist the President in discharging his responsibilities as a participant in the Federal Open Market Committee deliberations and in formulating his recommendations to the bank's Board of Directors. In response to requests from outside the bank, the research staff also engages in public information activities.

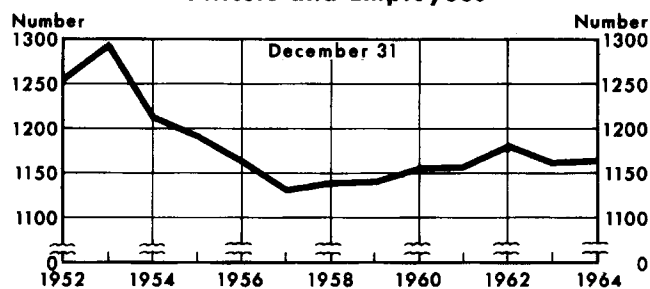
Largely as a by-product of its background studies for policy formulation, the bank continued to publish the monthly *Review*. The *Review* contains current financial and business articles and other materials pertinent to Federal Reserve operations. The Research Department also publishes a semi-monthly release on "Bank Reserves and Money," a weekly release on "Financial Data," and a monthly release of "Selected

Economic Indicators" for metropolitan areas in the Central Mississippi Valley.

Personnel

Officers and employees of the bank, including the three branches, numbered 1,163 at the close of 1964, about the same as a year earlier. The number declined

Officers and Employees



somewhat from 1952 to 1956 as a result of a reduction in some operations performed relative to the Korean War effort and efficiencies achieved in other functions. While the number of employees in some departments has increased and in others has decreased since 1956, the total number has remained relatively stable, with increased efficiencies through mechanization in the larger operations generally offsetting the greater volume of work (see table, page 2).

SUBSCRIPTIONS to this bank's REVIEW and its statistical releases, "Financial Data," "Bank Reserves and Money," and "Selected Economic Indicators," are available to the public without charge. Requests should be directed to: Research Department, Federal Reserve Bank of St. Louis, P. O. Box 442, St. Louis, Missouri 63166.

Statements

Net earnings of the Federal Reserve Bank of St. Louis during 1964, before payments to the United States Treasury, were \$41.6 million, up \$5.7 million from 1963. Dividends to stockholders (member banks in the Eighth District) were \$1.1 million, 6 per cent of paid-in capital. Payments totaling \$56.9 million were set aside for the Treasury as interest on Federal Reserve notes. These funds represent the remainder of current earnings and a withdrawal of \$16.3 million from surplus. The bank's total capital accounts declined from \$51.4 million at the end of 1963 to \$35.9 million at the end of 1964. This decline

COMPARATIVE PROFIT AND LOSS STATEMENT

(Thousands of dollars)

	1964	1963	Change
Total earnings	\$ 52,073	\$ 45,618	\$+ 6,455
Net expenses	10,488	9,713	+ 775
Current net earnings	41,585	35,905	+ 5,680
Net additions or deductions	+ 27	+ 28	— 1
Net earnings before payments to U. S. Treasury	\$ 41,612	\$ 35,933	\$+ 5,679
Distribution of net earnings:			
Dividends	\$ 1,054	\$ 986	\$+ 68
Interest on Federal Reserve notes	56,863	32,406	+24,457
Transferred to surplus	—16,305	2,541	—18,846
Total	\$ 41,612	\$ 35,933	\$ 5,679

resulted from the withdrawal from surplus and the net effects of issue and redemption of capital stock.

COMPARATIVE STATEMENT OF CONDITION

(Thousands of dollars)

	December 31, 1964	December 31, 1963
Assets		
Gold certificate reserves	\$ 636,030	\$ 693,507
Federal Reserve notes of other banks	32,033	21,923
Other cash	6,401	13,417
Discounts and advances	1,220	3,088
U. S. Government securities	1,436,374	1,325,049
Uncollected items	409,868	298,295
Other assets	26,543	21,620
Total assets	<u>\$2,548,469</u>	<u>\$2,376,899</u>
Liabilities and Capital Accounts		
Federal Reserve notes (net)	\$1,409,903	\$1,340,343
Deposits:		
Member banks—reserve accounts	694,156	651,848
U. S. Treasurer—general account	56,288	82,828
Other	11,497	8,707
Deferred availability cash items	318,377	238,588
Other liabilities and accrued dividends ..	22,362	3,213
Total capital accounts	35,886	51,372
Total liabilities and capital accounts ...	<u>\$2,548,469</u>	<u>\$2,376,899</u>

