The year 1988 represented an important milestone for the Federal Reserve System; it was 75 years earlier, on December 23, 1913, that the Federal Reserve Act creating the System was signed into law.

The Reserve Banks themselves commenced operations in the following year. Accordingly, we at the Federal Reserve Bank of St. Louis will be recognizing our 75th anniversary in 1989. In this connection, the Bank will publish a history of its founding and also host a series of events during the year for employees, financial institutions and the public.

It is indeed timely that we have occasion to pause briefly and look back. The environment in which the Bank operates continues to change very rapidly, as it has for some years now. We have adapted to these changes, but never want to lose sight of the foundations that are so important to us. So, as we again look to the future in this, our anniversary year, we hope that you will join us in recognizing the Bank's first 75 years of service.

The remainder of this report summarizes the financial status and certain operating statistics of the Federal Reserve Bank of St. Louis and its three branches. In addition, it lists the Bank's boards of directors and officers who will guide us through the coming year.

Key officer changes since our last report include the addition of Henry H. Bourgaux as senior vice president for Operations and the promotion of Kristi D. Short to vice president for Electronic Services and Marketing. At our branches, John F. Breen was promoted to senior vice president and branch manager in Little Rock, Howard Wells was promoted to vice president and branch manager in Louisville, and Raymond H. Laurence was added as vice president and branch manager in Memphis.

Finally, we wish to thank the retiring directors who have served us so capably: Robert J. Sweeney, St. Louis; Robert C. Connor, Little Rock; Allan S. Hanks, Louisville; and William H. Brandon, Jr., Memphis.

Thomas C. Melzer
President and Chief Executive Officer
## Statement of Condition

*(thousands of dollars)*

<table>
<thead>
<tr>
<th>Assets</th>
<th>December 31, 1988</th>
<th>December 31, 1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold certificate account</td>
<td>$368,000</td>
<td>$351,000</td>
</tr>
<tr>
<td>Special Drawing Rights certificate account</td>
<td>160,000</td>
<td>160,000</td>
</tr>
<tr>
<td>Coin</td>
<td>29,129</td>
<td>27,845</td>
</tr>
<tr>
<td>Loans to depository institutions</td>
<td>94,595</td>
<td>38,147</td>
</tr>
<tr>
<td>Securities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal agency obligations</td>
<td>204,979</td>
<td>218,128</td>
</tr>
<tr>
<td>U.S. Government securities</td>
<td>6,875,187</td>
<td>6,321,843</td>
</tr>
<tr>
<td>Total securities</td>
<td>$7,080,166</td>
<td>$6,539,971</td>
</tr>
<tr>
<td>Cash items in process of collection</td>
<td>422,413</td>
<td>501,849</td>
</tr>
<tr>
<td>Bank premises (net)</td>
<td>20,918</td>
<td>19,971</td>
</tr>
<tr>
<td>Other assets</td>
<td>411,898</td>
<td>371,092</td>
</tr>
<tr>
<td>Interdistrict settlement account</td>
<td>742,106</td>
<td>723,405</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$9,329,225</td>
<td>$8,733,280</td>
</tr>
</tbody>
</table>

| Liabilities | | |
| Federal Reserve notes | $7,846,924 | $6,941,914 |
| Deposits: | | |
| Depository institutions | 874,470 | 1,165,633 |
| Foreign | 4,200 | 4,650 |
| Other | 7,101 | 20,460 |
| Total deposits | $885,771 | $1,190,743 |
| Deferred availability cash items | 388,504 | 407,472 |
| Other liabilities | 91,106 | 77,111 |
| Interdistrict settlement account | 0 | 0 |
| TOTAL LIABILITIES | $9,212,305 | $8,617,240 |

| Capital Accounts | | |
| Capital paid in | $58,460 | $58,020 |
| Surplus | 58,460 | 58,020 |
| TOTAL CAPITAL ACCOUNTS | $116,920 | $116,040 |
| TOTAL LIABILITIES AND CAPITAL ACCOUNTS | $9,329,225 | $8,733,280 |
### Income and Expenses

*(thousands of dollars)*

#### Current Income

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on loans to depository institutions</td>
<td>$7,101</td>
<td>$3,663</td>
</tr>
<tr>
<td>Interest on government securities</td>
<td>529,482</td>
<td>469,887</td>
</tr>
<tr>
<td>Earnings on foreign currency</td>
<td>8,464</td>
<td>10,668</td>
</tr>
<tr>
<td>Revenue from priced services</td>
<td>28,725</td>
<td>29,119</td>
</tr>
<tr>
<td>All other income</td>
<td>461</td>
<td>445</td>
</tr>
<tr>
<td><strong>Total current income</strong></td>
<td><strong>$574,233</strong></td>
<td><strong>$513,782</strong></td>
</tr>
</tbody>
</table>

#### Current Expenses

<table>
<thead>
<tr>
<th></th>
<th>1988</th>
<th>1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current operating expenses</td>
<td>$62,392</td>
<td>$60,229</td>
</tr>
<tr>
<td>Less expenses reimbursed</td>
<td>(7,269)</td>
<td>(8,008)</td>
</tr>
<tr>
<td>Current net operating expenses</td>
<td>$55,123</td>
<td>$52,221</td>
</tr>
<tr>
<td>Cost of earnings credits</td>
<td>4,598</td>
<td>4,347</td>
</tr>
<tr>
<td>Current net expenses</td>
<td>$59,721</td>
<td>$56,568</td>
</tr>
<tr>
<td><strong>CURRENT NET INCOME</strong></td>
<td><strong>$514,512</strong></td>
<td><strong>$457,214</strong></td>
</tr>
</tbody>
</table>

#### Profit and Loss

**Additions to current net income:**

- Profit on sales of government securities (net) | $655 | $1,210 |
- Profit on foreign exchange transactions (net) | 1 | 55,933 |
- All other additions                               | 0 | 32 |

**Total additions** | $656 | $57,175 |

**Deductions from current net income:**

- Loss on foreign exchange transactions (net) | $14,305 | $0 |
- All other deductions                           | 7 | 175 |

**Total deductions** | $14,312 | $175 |

**Net additions or deductions** | (13,656) | $57,000 |

**Cost of unreimbursed Treasury service** | (1,217) | (3,396) |

**Assessment by Board of Governors:**

- Expenditures | $2,376 | $(2,503) |
- Federal Reserve currency costs | (5,379) | (5,146) |

**NET INCOME AVAILABLE FOR DISTRIBUTION** | **$491,884** | **$503,169** |

#### Distribution of Net Income

**Dividends paid** | $(3,495) | $(3,462) |

**Payments to the U.S. Treasury**

- *(interest on Federal Reserve notes)* | *(487,949)* | *(499,441)* |

**Transferred to surplus** | 440 | 266 |

**Surplus, January 1** | 58,020 | 57,754 |

**Surplus, December 31** | **$58,460** | **$58,020** |
<table>
<thead>
<tr>
<th>Operations</th>
<th>Number of Pieces Handled</th>
<th>Dollar Amount (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SERVICES TO DEPOSITORY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INSTITUTIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash Services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency Received and Counted</td>
<td>614,080,000</td>
<td>580,283,000</td>
</tr>
<tr>
<td>Coin Received and Counted</td>
<td>695,858,000</td>
<td>915,443,000</td>
</tr>
<tr>
<td><strong>Check Services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government Checks</td>
<td>34,125,000</td>
<td>33,608,000</td>
</tr>
<tr>
<td>Postal Money Orders</td>
<td>144,166,000</td>
<td>146,436,000</td>
</tr>
<tr>
<td>All Other</td>
<td>576,846,000</td>
<td>543,247,000</td>
</tr>
<tr>
<td><strong>ACH Services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>42,087,000</td>
<td>32,306,000</td>
</tr>
<tr>
<td>U.S. Government</td>
<td>18,916,000</td>
<td>17,848,000</td>
</tr>
<tr>
<td><strong>Collection Services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government Coupons Paid</td>
<td>71,000</td>
<td>91,000</td>
</tr>
<tr>
<td>All Other</td>
<td>220,554</td>
<td>267,449</td>
</tr>
<tr>
<td><strong>Wire Transfer of Funds:</strong></td>
<td>2,787,319</td>
<td>2,709,600</td>
</tr>
<tr>
<td><strong>Loans to Depository Institutions:</strong></td>
<td>2,313</td>
<td>2,169</td>
</tr>
<tr>
<td><strong>SERVICES TO U.S. TREASURY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Stamps Redeemed:</td>
<td>166,057,000</td>
<td>163,759,000</td>
</tr>
</tbody>
</table>
St. Louis Board of Directors

Chairman
Robert L. Virgil, Jr.
Dean
John M. Olin School of Business
Washington University
St. Louis, Missouri

Deputy Chairman
H. Edwin Trusheim
Chairman and Chief Executive Officer
General American Life Insurance Company
St. Louis, Missouri

H. L. Hembree, III
Chairman of the Executive Committee
The Merchants National Bank
Fort Smith, Arkansas

David W. Kemper, II
Chairman and Chief Executive Officer
Commerce Bank of St. Louis, N.A.
Clayton, Missouri

Thomas F. McLarty, III
Chairman and Chief Executive Officer
Arkla, Inc.
Little Rock, Arkansas

Frank M. Mitchener, Jr.
President
Mitchener Farms, Inc.
Sumner, Mississippi

Roger W. Schipke
Senior Vice President
General Electric Company
Louisville, Kentucky

Janet M. Weakley
President
Janet McAfee Inc.
Clayton, Missouri

Executive Committee
Robert L. Virgil, Jr., Chairman
David W. Kemper, II
Frank M. Mitchener, Jr.
H. Edwin Trusheim

Audit Committee
Roger W. Schipke, Chairman
Frank M. Mitchener, Jr.
H. Edwin Trusheim

Human Resources Committee
David W. Kemper, II, Chairman
H. L. Hembree, III
Thomas F. McLarty, III
Janet M. Weakley

Federal Advisory Council Member
Donald N. Brandin Chairman of the Board
Boatmen's Bancshares, Inc.
St. Louis, Missouri

Economic Advisory Council

Small Business
Lynn Broeder, Executive Director, Ecumenical Housing Production Corporation, St. Louis, Missouri
Susan A. Cejka, President, Cejka & Company, St. Louis, Missouri
Samuel B. Hollis, President, Federal Compress & Warehouse Co., Inc., Memphis, Tennessee
Carl S. Rosenbaum, President, Arkansas Glass Container Corporation, Jonesboro, Arkansas
William A. Stone, President, Louisville Plate Glass Company, Louisville, Kentucky

Agriculture
Lary C. Eckert, President, Eckert's, Inc., Belleville, Illinois
Jeffrey W. Gain, Chief Executive Officer, National Corn Growers Association, St. Louis, Missouri
Curtis R. Hancock, Jr., Fulton, Kentucky
F. H. Lyons, Jr., England, Arkansas
M. Carter Stovall, General Manager, Stovall Farms, Stovall, Mississippi
Senior Management

Thomas C. Melzer  
President and Chief Executive Officer

James R. Bowen  
First Vice President and  
Chief Operating Officer

Anatol B. Balbach  
Senior Vice President  
Research and Public Information

Henry H. Bourgaux  
Senior Vice President  
Operations

Harold E. Uthoff  
Senior Vice President  
Banking Supervision and Regulation

Ben C. Wade  
Senior Vice President  
Administration

Vice Presidents

Ruth A. Bryant  
Public Information

Albert E. Burger  
Economic Analysis

Joan P. Cronin  
Legal

Charles R. Halbrook  
Member Banks

James R. Kennedy  
Information Systems

Jean M. Lovati  
Payments

Michael T. Moriarty  
Valuables Processing

Martha L. Perine  
Financial Services

Kristi D. Short  
Marketing and Electronic Services

William J. Sneed  
Support Services

Randall C. Sumner  
Credit and Community Affairs

Patricia A. Tarbutton  
Human Resources

Delmer D. Weisz  
Bank Holding Companies

Assistant Vice Presidents

Dennis W. Blase
Keith M. Carlson
Judd A. Courtney
Hillary B. Debenport
John W. Druebling
R. Alton Gilbert
Walter W. Jacobs
Jerome J. McGunnigle
John P. Merker
Jerome R. Rodgers
Frances E. Sibley
John A. Tatton
Robert J. Taylor
Michael E. Trebing

Other Officers

Michael T. Belongia
Bernard E. Berns
John W. Block, Jr.
Timothy A. Bosch
Jerry J. Calton
Martin J. Coleman
Rik W. Hafer
Gregory S. Pusczek
Harold H. Rieker
Harold E. Slingerland
Roger D. Smith
Courtenay C. Stone
Daniel L. Thornton

Audit

Richard E. Kay  
General Auditor

Jeffrey M. Dale  
Assistant General Auditor

Little Rock Branch

John F. Breen  
Senior Vice President and Manager

Thomas R. Callaway  
Assistant Vice President

David T. Rennie  
Assistant Vice President

Louisville Branch

W. Howard Wells  
Vice President and Manager

George E. Reiter, Jr.  
Assistant Vice President

Raymond F. Seefeldt  
Operations Officer

Memphis Branch

Raymond H. Laurence  
Vice President and Manager

John P. Baumgartner  
Assistant Vice President

Anthony C. Cremerius, Jr.  
Assistant Vice President