



FEDERAL RESERVE BANK OF ATLANTA



FEDERAL RESERVE BANK OF ATLANTA



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A N N U A L R E P O R T
1997



**Jack Guynn, Atlanta Fed
president and CEO (left),
and Pat Barron, first
vice president and
chief operating officer**

ATLANTA'S SKYLINE IS EMBLEMATIC OF changes that have transformed the Southeast in the past two decades. From Nashville to Miami, cities are taller, bigger, and more impressive than ever. Stretching upward, this impressive urban architecture signals the region's transition to a new plateau of economic, social, and cultural achievement. The region has taken its place as an international contender with great potential, as the 1996 Olympic Games confirmed.

This new status brings with it new responsibility for the Atlanta Fed to work actively in channeling the economic, social, and technological dynamism that has carried us beyond regional and national boundaries, and promises to take us further still. The future is not simply something that happens—we create it through collaboration with others who share our hopes and concerns.

The Atlanta Fed's work of shaping the future cannot take place inside the

walls of an office, in a laboratory, or at the computer. Anticipating the potentials of technology, globalization, a seamless banking environment, and rich human resources requires close contact with those who are most immersed in the flow of activity. During the past year we've made even greater efforts to keep in touch with the region's industries, businesses, and financial institutions, and we've learned how they are growing and evolving. We've brought different constituencies together to discuss policy issues that affect us all. We've sat down with community leaders to share their visions and qualms. We've rolled up our sleeves and worked side by side with businesses, financial institutions, policymakers, and neighborhoods.

Working with partners from throughout the region and the nation in banking, business, education, government, and the community, in 1997 we took stock of our role in the quickly evolving

payments arena; moved forward in providing forums for discussing national and international policy issues; helped banks adjust to new regulations and continued developing our internal operations to provide the best service possible; explored ways to enhance opportunities for consumers of financial services and provided education; and deepened our commitment to strong corporate citizenship.

Managing change—understanding the benefits and risks of innovation and clearing the way for productive transitions—is integral to creating the kind of world we want to move toward. In times of rapid and dramatic change, like these, it is critical to look beyond short-term goals and immediate rewards and move forward with a broader, deeper vision. With the help of its sources and partners, the Atlanta Fed is committed to shaping the future of the economy in the region and the nation.



JACK GUINN



ENVISIONING THE FUTURE IS A complex task. A few decades ago, people the world over were awestruck as the first human being stepped onto the moon. Now, as photographs return from Mars, galactic exploration is no longer a far-fetched miracle but rather an intriguing fact of life. The other planets of our solar system have become part of our world, and the boundaries of human consciousness have expanded to include them. We live in a radically different universe.

As our vision of what is possible has grown to include scenarios that were once the stuff of science fiction, so has our economy evolved in ways our great-grandparents could have scarcely imagined. Leaps in technology have not only changed how we produce things and brought efficiencies to the marketplace but have also transformed how we do business, pay our bills, and administer our financial resources. Hand in hand with technology come innovations in communication that have converted the world into a global village and transfigured networks for the production and distribution of goods and services. Bank deregulation, which makes it possible for financial institutions to keep pace in an environment of rapid change, has resulted in major transitions in the banking industry.

Managing change effectively to maximize benefits and minimize risks

requires firsthand understanding of transformations in the economy. The Federal Reserve Bank of Atlanta relies heavily on the insights of its boards of directors, whose affiliations in manufacturing, finance, agriculture, and other industries represent the region's great economic diversity. Hugh Brown, chairman of the Atlanta Fed's board of directors and president and CEO of BAMSI Inc., in Titusville, Florida, toured the NASA Space Center in Cape Canaveral with Space Center Administrator Roy Bridges to learn more about significant shifts in the space industry. Like many other agencies and enterprises, NASA has reconfigured itself to meet the challenges of the changing economic landscape.

Just as the region's industries have evolved at a rapid pace in response to economic and technological changes, so has the Atlanta Fed moved into a new era. In areas like payments and supervision and regulation, transformations are apparent; but even less obvious areas, like research, have felt the impact of technology. For example, new techniques of economic modeling created by Atlanta Fed research staff provide explicit measures of the uncertainty of forecasts and an empirically coherent framework for making policy decisions.

ANTICIPATING THE FAR-REACHING IMPACTS OF ECONOMIC CHANGE: Hugh Brown, chairman of the Federal Reserve Bank of Atlanta Board of Directors and president and CEO of BAMSI Inc. (right), explores developments in the space industry with NASA Space Center Administrator Roy Bridges in Cape Canaveral, Florida.

DURING THE PAST YEAR THE ATLANTA Fed has taken an active role in facilitating public discussion of far-reaching policy issues. Insulated from short-term political pressures as part of the Federal Reserve System, the Atlanta Fed can provide an open forum for fostering and framing debate about topics of profound importance for the region and beyond. As boundaries among regional, national, and international economies continue to dissolve, the Atlanta Fed has responded to the need to explore the implications of broad-based policy decisions.

The North American Free Trade Agreement and its possible extension to other countries represent a complicated policy arena where many conflicting interests compete. To present the divergent views of the key players and offer participants a chance to question them, the Federal Reserve Bank of Atlanta joined the Brookings Institution and the Carter Center in the fall in hosting a conference, "Freer Trade: In Whose Interest?" Former U.S. President Jimmy Carter, Atlanta Fed President Jack Guynn, and Robert Litan, director of the Economic Studies Program of the Brookings Institution, joined other conference participants in discussing the challenges and potentials of NAFTA.

Global trade also raises critical questions about the soundness of banking and financial infrastructures in

economies that may have once seemed distant. In February, for its annual conference in Miami on financial markets, the Atlanta Fed brought together a distinguished group of economists, bankers, scholars, financiers, government officials, and policy analysts from around the world to discuss "Market and Regulatory Structures in a Global Environment."

In fulfilling the Atlanta Fed's supervisory responsibilities for U.S. offices of banks originating in Latin America and the Caribbean, staff have worked to continue building strong relationships with banking authorities in these areas. Bank representatives conducted workshops and participated in training initiatives throughout Central and South America and the Caribbean, treating such diverse topics as money laundering, capital markets, and credit analysis; they also offered training sessions in Atlanta and Miami for international supervisors and central bankers. The Atlanta Fed's growing expertise in these regions, through supervisory, financial services, and economic research initiatives, provides a base of knowledge for the entire Federal Reserve System. In addition, this year the Atlanta Fed also conducted international training activities in China and Russia.



FACILITATING IMPORTANT POLICY DISCUSSIONS: Former President Jimmy Carter (center), Jack Guynn, Atlanta Fed president and CEO (right), and Robert Litan, director of the Economic Studies Program at the Brookings Institution, discuss the future of NAFTA during a conference at the Carter Center.



GATHERING INFORMATION ON-SITE:

John Seward, Nashville Branch director and president and CEO of Paty Lumber Co. Inc. (right); Georgia-Pacific plant manager Robert Newsome (left); and the Atlanta Fed's research officer in charge of regional research, Tom Cunningham, take a firsthand look at innovations in the lumber industry.





ATLANTA FED BRANCH BANK directors are a vital finger on the pulse of the region's economy. Close communication with those at the heart of the region's industries and businesses provides Atlanta Fed researchers with information they can't get from just looking at statistics. Branch directors represent economic activities as widely varied as agriculture, education, heavy industry, technology, hospitality, retail business, and labor and service organizations as well as financial institutions. The diversity of their affiliations, concerns, and backgrounds is an essential resource for in-depth perspectives on the region's economic activity.

Just as technology is transforming the global economy, it is also changing the shape of the region's most traditional industries. Nashville Branch Director John Seward, president and CEO of Paty Lumber Co. Inc., and Tom Cunningham, vice president in charge of the regional research group at the Federal Reserve Bank of Atlanta, toured the Georgia-Pacific Corporation's lumber mill in Warrenton, Georgia, with plant

manager Robert Newsome to discuss how technological innovations are revolutionizing the industry. In this operation logs are scanned by lasers that feed the information into computer programs, which in turn determine the optimal way to cut each log. The new system minimizes waste and speeds delivery to customers across the nation.

Understanding how change—not only in technology but in the whole structure of the economy—affects everyday work situations can help economists interpret statistical information and add critical insight about the region's economic potential. In addition to maintaining ongoing contact with the Bank's directors, Atlanta Fed President Jack Guynn meets regularly with small groups of leaders in business and the community throughout the region. Economic research staff also gather information from diverse audiences on various sectors of the economy. The information from these exchanges is a crucial complement to formal research.

DEREGULATION OF THE BANKING industry presents a twofold challenge to the Atlanta Fed. First, how do we help banks make a transition to the new banking environment? Second, how does the Fed adjust its internal operations to provide a seamless interface in a financial world where state and even regional borders have become obsolete? The Atlanta Fed has stretched beyond traditional Reserve Bank roles to smooth the way to a boundary-free banking environment.

Changes in the size and shape of banking have called for new regulatory, administrative, and accounting structures within the system. During the past year congressional legislation took effect that makes it possible for banks to maintain one charter for all their branches, even those in other states or districts. The Atlanta Fed worked closely with teams from the larger banks to assist with their transition to the new account structure. In some instances staff reworked procedures to assure that institutions with an extensive presence in more than one district could consolidate their charters and still access services from multiple districts with no disruption of customer service.

In addition to working with large banks, the Atlanta Fed provided special workshops and training for midsize banks to help them make the most of the new single-charter structure. Anne DeBeer, senior vice president and head of accounting and automation, and Bill Estes, senior vice president over supervision and regulation, visited with Compass Bancshares CEO and Atlanta Director D. Paul Jones in Birmingham to discuss some of the ways his institution is taking advantage of the opportunities to grow in the new banking environment.

To complement the single-charter arrangement, the Federal Reserve has also adopted a single-account structure that allows banks to consolidate their funds management and reporting systems. Atlanta Fed staff worked on-site with institutions throughout the region to help them institute the new accounting procedure. Fine-tuning the new process often called for day-to-day consultations and extensive training.



BANKING ACROSS BOUNDARIES:
Atlanta Director and Compass Bancshares CEO D. Paul Jones (right) discusses deregulation with Anne DeBeer, Atlanta Fed senior vice president over accounting and automation, and Bill Estes, senior vice president in supervision and regulation.



PROVIDING LEADERSHIP IN PAYMENTS SYSTEMS: Federal Reserve Board Vice Chairman Alice Rivlin, on a visit to the Atlanta Fed, with Mel Purcell, vice president of the Nashville Branch, observes Willie Pearl Sims demonstrating check-clearing procedures. Gregg Ehrlich (left) and Preston Hughes work in the background.





METHODS OF PAYMENT HAVE transformed in a few decades from a simple paper-based system of checks to a complex array of electronic possibilities. Long a significant force in exploring the implications of electronic payments, the Atlanta Fed played an important role during the past year in a study to determine how the Federal Reserve can best serve in this rapidly diversifying area. In a series of meetings around the country, Alice Rivlin, vice chairman of the Board of Governors of the Federal Reserve System, took the question to bankers and other stakeholders who deal with payments on a daily basis. Responding to a survey that proposed five scenarios with varying degrees of Fed involvement, from withdrawing from payments altogether to assuming a greater leadership role, participants called for the Fed to lead the way in developing and integrating new payments alternatives.

The Atlanta Fed contributed significantly to the Rivlin Commission's work through participation in the scenario team and hosting two of

the commission's meetings as well as conducting regional meetings. While on a visit to Atlanta, Vice Chairman Rivlin observed current operational procedures in check processing with Mel Purcell, vice president of the Nashville Branch. The volume of check payments at the Atlanta Fed grew in 1997 about 10 percent.

Assessing the soundness of new payments alternatives and making consumers aware of risks and potentials are important aspects of the Fed's task. This role has taken the Atlanta Fed beyond U.S. borders to work with central bankers in Latin and Central America and the Caribbean, where U.S. dollars are used extensively in business transactions. Staff from the Birmingham and Miami branches formed a team to educate bankers, in Spanish, about the new currency released in early 1997 and the availability of Fed services.

MAKING SURE THAT CONSUMERS are educated about the new banking environment and removing obstacles that keep them from achieving their full economic potential were important aspects of the Atlanta Fed's mission in 1997. In response to recent statistics that indicate the extraordinary growth of businesses owned by women during the 1980s, ten Federal Reserve Banks around the nation joined with the National Women's Business Council and the U.S. Small Business Administration to host a series of workshops to help promote the growth of women-owned enterprises. One aspect of the workshops involved assessing banks' credit-scoring processes to see if they provide an accurate gauge of women's creditworthiness as small business owners.

The New Orleans Branch of the Atlanta Fed partnered with two Louisiana-based women's business

centers—the Southeast Louisiana Black Chamber of Commerce Women's Business Center and the Women Entrepreneurs for Economic Development—to explore the potential of entrepreneurship as a means to help women move from welfare to work. Fed Governor Susan Phillips joined New Orleans Branch Director Jo Ann Slaydon and workshop participants—a selected group of business owners, lenders, financial regulators, and intermediaries who help welfare recipients make a transition to the workforce.

The Atlanta Fed also hosted a public hearing in Atlanta—one of three in the country—on a Truth in Lending Act amendment, which attracted participants to discuss how home equity lending disclosure requirements might be improved.



**EXPLORING THE POTENTIAL OF
WOMEN AS ENTREPRENEURS:**
Federal Reserve Board
Governor Susan Phillips
(second from right) and
New Orleans Branch Director
Jo Ann Slaydon, president
of Slaydon Consultants and
Insight Productions and

Advertising (left), talk with
Cathy Harris, president of
C. Harris Companies Inc. (second
from left), and Judy Watts,
president and CEO of Agenda
for Children, on their way to
a workshop hosted by
the New Orleans Branch.



MAKING A DIFFERENCE IN COMMUNITIES:

Atlanta Fed volunteers Cheryl Woodie (left) and Emily Graham and children from the neighborhood pitch in to help make a dream come true for Atlanta's Reynoldstown community.



TAKING AN ACTIVE ROLE IN THE region's communities has always been a high priority at the Atlanta Fed, but in 1997 it assumed an even more important place in the Bank's vision. Understanding the region's people, its cities, towns, and neighborhoods, its problems and potentials, calls for hands-on involvement. The Reynoldstown Theater project in Atlanta was one of several initiatives around the region that took Bank employees into the community. Atlanta Fed staff helped erect the stage and backdrops for a two-week summer theater festival, sold tickets, and served as ushers to help this neighborhood raise money for improvements.

Federal Reserve branches around the region have partnered with schools to provide support and encouragement for students, teachers, and parents. In 1997 the Nashville Branch celebrated its twelfth year of partnership with a local elementary school, where bank staff have maintained an ongoing tutoring program as well as helped mulch nature trails, sponsored

spaghetti dinners and other fundraisers, and initiated Junior Achievement programs. The New Orleans Branch partnered with local financial institutions in setting up simulated "Finance Centers" that provide a business environment enabling students to learn about business and banking.

Participating in community projects creates links beyond the neighborhoods and groups that are served. Fed employees get to know other civic leaders, local business groups, and service organizations that work with diverse segments of the population. Employees also get to know each other better. Building, painting, teaching, or mentoring, employees share experiences that reinforce our organization's commitment to corporate citizenship. Working side by side with those determined to bring out the best in their communities inspires us to continue doing our best as partners in shaping the future.



Hugh M. Brown

Chairman
 President and Chief Executive Officer
 BAMSI Inc.
 Titusville, Florida

David R. Jones

Deputy Chairman
 President and Chief Executive Officer
 AGL Resources Inc.
 Atlanta, Georgia

Juanita P. Baranco

Executive Vice President
 Baranco Automotive Group
 Lilburn, Georgia

Waymon L. Hickman

Chairman and Chief Executive Officer
 First Farmers and Merchants
 National Bank
 Columbia, Tennessee

D. Paul Jones Jr.

Chairman and Chief Executive Officer
 Compass Bancshares Inc.
 Birmingham, Alabama

Larry W. Kinderman

President and Chief Executive Officer
 Stockham Valves & Fittings Inc.
 Birmingham, Alabama

María Camila Leiva

Executive Vice President
 Miami Free Zone Corp.
 Miami, Florida

Howard L. McMillan Jr.

President and Chief Operating Officer
 Deposit Guaranty National Bank
 Jackson, Mississippi

John Wieland

President
 John Wieland Homes Inc.
 Atlanta, Georgia

LEFT TO RIGHT:

**Wieland, Brown, Hickman,
 Leiva, Baranco, Paul Jones**
 Not pictured: David Jones,
 Kinderman, McMillan



D. Bruce Carr

Chairman
Labor-Relations Liaison
Laborers' District Council of Alabama
Gadsden, Alabama

Patricia B. Compton

President
Patco Inc.
Georgiana, Alabama

V. Larkin Martin

Managing Partner
Martin Farm
Courtland, Alabama

W. Charles Mayer III

Senior Executive Vice President
AmSouth Bancorporation
President, Alabama Banking Group
AmSouth Bank
Birmingham, Alabama

Marlin D. Moore Jr.

Chairman
Pritchett-Moore Inc.
Tuscaloosa, Alabama

J. Stephen Nelson

Chairman and Chief Executive Officer
First National Bank of Brewton
Brewton, Alabama

Columbus Sanders

President
Consolidated Industries Inc.
Huntsville, Alabama

LEFT TO RIGHT:
Sanders, Mayer, Compton,
Carr, Moore, Martin, Nelson



Patrick C. Kelly

Chairman

Chairman and Chief Executive Officer
PSS/World Medical Inc.
Jacksonville, Florida

Arnold A. Heggstad

Professor of Finance and Director of
Entrepreneurial Programs
University of Florida
Gainesville, Florida

Judy R. Jones

President

J.R. Jones and Associates
Tallahassee, Florida

Marsha G. Rydberg

Partner

Foley & Lardner
Tampa, Florida

William G. Smith Jr.

President

Capital City Bank Group
Tallahassee, Florida

Royce B. Walden

Vice President

SouthTrust Securities
Orlando, Florida

Terry R. West

President and Chief Executive Officer

Jax Navy Federal Credit Union
Jacksonville, Florida

LEFT TO RIGHT:

**West, Walden, Kelly, Rydberg,
Heggstad, Jones**

Not pictured: Smith



BRANCH DIRECTORS **Miami**

Kaaren Johnson-Street

Chairman

Vice President of Minority Business
Development and Urban Initiatives
Enterprise Florida
Miami, Florida

D. Keith Cobb

Past Vice Chairman and
Chief Executive Officer
Alamo Rent A Car Inc.
Fort Lauderdale, Florida

R. Kirk Landon

Chairman
American Bankers Insurance Group
Miami, Florida

Carlos A. Migoya

President, Dade/Monroe Counties
First Union National Bank of Florida
Miami, Florida

James W. Moore

President
Gulf Utility Co.
Estero, Florida

E. Anthony Newton

Past President and
Chief Executive Officer
Island National Bank and Trust Co.
West Palm Beach, Florida

Mark T. Sodders

President
Lakeview Farms Inc.
Pahokee, Florida

LEFT TO RIGHT:
**Migoya, Landon, Cobb,
Johnson-Street, Sodders,
Newton, Moore**



BRANCH DIRECTORS **Nashville**

James E. Dalton Jr.

Chairman
President and Chief Executive Officer
Quorum Health Group Inc.
Brentwood, Tennessee

Paula Lovell

President
Lovell Communications Inc.
Nashville, Tennessee

Frances F. Marcum

Chairman and Chief Executive Officer
Micro Craft Inc.
Tullahoma, Tennessee

Dale W. Polley

President
First American National Bank
Nashville, Tennessee

John E. Seward Jr.

President and Chief Executive Officer
Paty Lumber Co. Inc.
Piney Flats, Tennessee

Jack J. Vaughn

President
Hospitality & Attractions Group
Gaylord Entertainment Co.
Nashville, Tennessee

L.A. Walker Jr.

Chairman, President, and
Chief Executive Officer
First National Bank and Trust Co.
Athens, Tennessee

LEFT TO RIGHT:

**Marcum, Polley, Dalton,
Lovell, Seward**

Not pictured: Vaughn, Walker



Jo Ann Slaydon

Chairman
 President
 Slaydon Consultants and
 Insight Productions and Advertising
 Baton Rouge, Louisiana

Angus R. Cooper II

Chairman and Chief Executive Officer
 Cooper/T. Smith Corp.
 Mobile, Alabama

Howell N. Gage

Chairman and Chief Executive Officer
 Merchants Bank
 Vicksburg, Mississippi

Howard C. Gaines

Chairman
 First National Bank of Commerce
 New Orleans, Louisiana

Kay L. Nelson

President
 Nelson Capital Corp.
 New Orleans, Louisiana

R. Glenn Pumpelly

President and Chief Executive Officer
 Pumpelly Oil Inc.
 Westlake, Louisiana

Lucimarian T. Roberts

Past President
 Mississippi Coast Coliseum
 Commission and Community Advocate
 Biloxi, Mississippi

LEFT TO RIGHT:

Gaines, Nelson, Cooper, Slaydon,
 Gage, Roberts, Pumpelly



Federal Advisory Council Member

Stephen A. Hansel

President and Chief Executive Officer
Hibernia National Bank
New Orleans, Louisiana

Small Business, Agriculture, and Labor Advisory Council

Luis Ajamil

Principal
Bermello, Ajamil & Partners Inc.
Miami, Florida

Michael E. Bennett

UAW MAC Advisor
Saturn Corp.
Spring Hill, Tennessee

Peter E. Black

Chief Executive Officer
Kliklok Corp.
Decatur, Georgia

Benjamin F. Burkett

Owner
B&B Farms
Petal, Mississippi

Clark S. Coogan

Chief Financial Officer
Physician Sales & Service Inc.
Jacksonville, Florida

John Harris

President
Corporate Environments Inc.
Atlanta, Georgia

John Hendricks

President
Alabama Cryogenic Engineering Inc.
Huntsville, Alabama

James A. Hughes

Tree Farmer
Cottonwood, Alabama

Whitney Johns

Chief Executive Officer
Whitney Johns & Co.
Nashville, Tennessee

Willie S. King Jr.

Owner/Operator
King's Transmission Service
King's Funeral Home
King's Meter Reading Service
Lake Charles, Louisiana

Claude Leach

President
Sweet Lake Land and Oil Co. Inc.
and North American Land Co. Inc.
Lake Charles, Louisiana

Marilyn P. Lenard

President
Florida AFL-CIO
Tallahassee, Florida

Richard A. Machek

General Manager
Mazzoni Farms Inc.
Boynton Beach, Florida

James E. Smith

Vice President
District 3
Communications Workers of America
Decatur, Georgia

LaVergne L. Turpin

Owner/Manager
LaVergne's TeleMessaging
Alexandria, Louisiana



LEFT TO RIGHT:
Eisenbeis, Estes,
Hawkins, Caldwell,
Barron, Oliver, Guynn,
Herr, DeBeer, Brown

MANAGEMENT COMMITTEE

Jack Guynn

Chairman

President and Chief Executive Officer

Patrick K. Barron

Vice Chairman

First Vice President and
Chief Operating Officer

W. Ronnie Caldwell

Executive Vice President

Anne M. DeBeer

Senior Vice President

Robert A. Eisenbeis

Senior Vice President and
Director of Research

William B. Estes III

Senior Vice President

James D. Hawkins

Senior Vice President

Frederick R. Herr

Senior Vice President

Richard R. Oliver

Senior Vice President

Christopher G. Brown

Adviser

Vice President and
General Auditor

OTHER CORPORATE OFFICERS

SENIOR VICE PRESIDENTS

Frank J. Craven Jr.
Senior Vice President and
Director of Human Resources

Donald E. Nelson
Senior Vice President

Edmund Willingham
Senior Vice President and
General Counsel

VICE PRESIDENTS

Lois C. Berthaume
Vice President

John R. Kerr
Vice President

John D. Pelick
Vice President

Suzanna J. Costello
Vice President

B. Frank King
Vice President and
Associate Director of Research

Mary S. Rosenbaum
Vice President

Zane R. Kelley
Vice President

Bobbie H. McCrackin
Vice President and
Public Affairs Officer

Ronald N. Zimmerman
Vice President

ASSISTANT VICE PRESIDENTS

Edward C. Andrews
Assistant Vice President

Jayne Fox
Assistant Vice President and
Corporate Secretary

Alvin L. Pilkinton Jr.
Assistant General Auditor

John H. Atkinson
Assistant Vice President

Cynthia C. Goodwin
Assistant Vice President

Ted G. Reddy III
Assistant Vice President

John S. Branigin
Assistant Vice President

Barry G. Hartin
Assistant Vice President

Marion P. Rivers III
Assistant Vice President

James L. Brown
Assistant Vice President

William R. Herbert
(resigned)
Assistant Vice President

William T. Roberds
Research Officer

David F. Carr
Assistant Vice President

Susan Hoy
Assistant General Counsel

Melinda J. Rushing
Assistant Vice President

Roberto J. Chang
Research Officer

Reneé J. Leggett
Assistant Vice President

Larry J. Schulz
Assistant Vice President

Thomas J. Cunningham
Research Officer

Albert E. Martin III
Assistant General Counsel

Robert T. Sexton
Assistant Vice President

Chapelle D. Davis
Assistant Vice President

Daniel A. Maslaney
Assistant Vice President

David W. Smith
Assistant Vice President

J. Courtney Dufries
Assistant Vice President

Marie E. McNally
Assistant Vice President

Larry D. Wall
Research Officer

Gerald P. Dwyer
Assistant Vice President

Amelia A. Murphy
Assistant Vice President

Adrienne M. Wells
Assistant Vice President

J. Stephen Foley
Assistant Vice President

Kimberly K. Winstel
Assistant Vice President

BRANCH OFFICERS

ATLANTA

James M. McKee
Vice President

Marie C. Gooding
Assistant Vice President and
Assistant Branch Manager

Christopher N. Alexander
Assistant Vice President

Robert A. Love
Assistant Vice President

Robert I. McKenzie
(resigned)
Assistant Vice President

William R. Powell
Assistant Vice President

BIRMINGHAM

Frederick R. Herr
Senior Vice President

Andre T. Anderson
Vice President

Margaret A. Thomas
Assistant Vice President and
Assistant Branch Manager

Fredric L. Fullerton
Assistant Vice President

Charles W. Prime
Assistant Vice President

JACKSONVILLE

James D. Hawkins
Senior Vice President

Robert J. Slack
Vice President

Christopher L. Oakley
Assistant Vice President and
Assistant Branch Manager

Darrin G. Finley
Assistant Vice President

Jeffrey L. Weltzien
Assistant Vice President

MIAMI

James T. Curry III
Vice President

Juan del Busto
Assistant Vice President and
Assistant Branch Manager

Vicki A. Anderson
Assistant Vice President

Fred D. Cox
Assistant Vice President

Robert A. de Zayas
Assistant Vice President

Carolyn C. Healy
Assistant Vice President

NASHVILLE

Melvyn K. Purcell
Vice President

Lee C. Jones
Assistant Vice President and
Assistant Branch Manager

Annita T. Moore
Assistant Vice President

Joel E. Warren
Assistant Vice President

NEW ORLEANS

Robert J. Musso
Vice President

Amy S. Goodman
Assistant Vice President and
Assistant Branch Manager

W. Jeffrey Devine
Assistant Vice President

Edward B. Hughes
Assistant Vice President

Patricia D. Van de Graaf
Assistant Vice President

STATEMENT OF CONDITION

<i>(in millions)</i>	<i>December 31, 1997</i>	<i>December 31, 1996</i>
Assets		
Gold certificates	\$ 723	\$ 769
Special drawing rights certificates	602	745
Coin	45	81
Items in process of collection	1,287	1,556
Loans to depository institutions	163	0
U.S. government and federal agency securities, net	28,961	26,312
Investments denominated in foreign currencies	1,574	1,890
Accrued interest receivable	274	237
Interdistrict settlement account	793	0
Bank premises and equipment, net	132	133
Other assets	23	29
Total assets	\$ 34,577	\$ 31,752
Liabilities and Capital		
Liabilities		
Federal Reserve notes outstanding, net	\$ 30,390	\$ 27,512
Deposits		
Depository institutions	2,081	1,708
Other deposits	17	31
Deferred credit items	1,210	1,033
Statutory surplus transfer due U.S. Treasury	95	36
Interdistrict settlement account	0	511
Accrued benefit cost	74	70
Other liabilities	12	11
Total liabilities	\$ 33,879	\$ 30,912
Capital		
Capital paid-in	\$ 359	\$ 425
Surplus	339	415
Total capital	\$ 698	\$ 840
Total liabilities and capital	\$ 34,577	\$ 31,752

These statements are prepared by Bank management. Copies of full and final financial statements, complete with footnotes, are available by contacting the Public Affairs Department of the Federal Reserve Bank of Atlanta.

STATEMENT OF INCOME

<i>(in millions)</i>	<i>For the years ended</i>	
	<i>December 31, 1997</i>	<i>December 31, 1996</i>
Interest income		
Interest on U.S. government securities	\$ 1,679	\$ 1,448
Interest on foreign currencies	35	43
Total interest income	\$ 1,714	\$ 1,491
Other operating income (loss)		
Income from services	\$ 98	\$ 95
Reimbursable services to government agencies	11	12
Foreign currency losses, net	(239)	(163)
Government securities gains, net	1	2
Other income	5	3
Total other operating loss	\$ (124)	\$ (51)
Operating expenses		
Salaries and other benefits	\$ 113	\$ 109
Occupancy expense	15	16
Equipment expense	20	19
Cost of unreimbursed Treasury services	2	4
Assessments by Board of Governors	38	47
Other expenses	72	72
Total operating expenses	\$ 260	\$ 267
Net income prior to distribution	\$ 1,330	\$ 1,173
Distribution of net income		
Dividends paid to member banks	\$ 23	\$ 25
Transferred from surplus	(66)	36
Payments to U.S. Treasury as interest on Federal Reserve notes	0	787
Payments to U.S. Treasury as required by statute	1,373	325
	\$ 1,330	\$ 1,173

These statements are prepared by Bank management. Copies of full and final financial statements, complete with footnotes, are available by contacting the Public Affairs Department of the Federal Reserve Bank of Atlanta.

STATEMENT OF CHANGES IN CAPITAL

(in millions)

for the years ended December 31, 1997, and December 31, 1996

	Capital Paid-in	Surplus	Total Capital
Balance at January 1, 1996 (7.8 million shares)	\$ 389	\$ 389	\$ 778
Net income transferred to surplus		36	36
Statutory surplus transfer to the U.S. Treasury		(10)	(10)
Net change in capital stock issued (0.7 million shares)	\$ 36	\$	\$ 36
Balance at December 31, 1996 (8.5 million shares)	\$ 425	\$ 415	\$ 840
Net income transferred from surplus		(66)	(66)
Statutory surplus transfer to the U.S. Treasury		(10)	(10)
Net change in capital stock redeemed (1.3 million shares)	\$ (66)	\$	\$ (66)
Balance at December 31, 1997 (7.2 million shares)	\$ 359	\$ 339	\$ 698

These statements are prepared by Bank management. Copies of full and final financial statements, complete with footnotes, are available by contacting the Public Affairs Department of the Federal Reserve Bank of Atlanta.

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