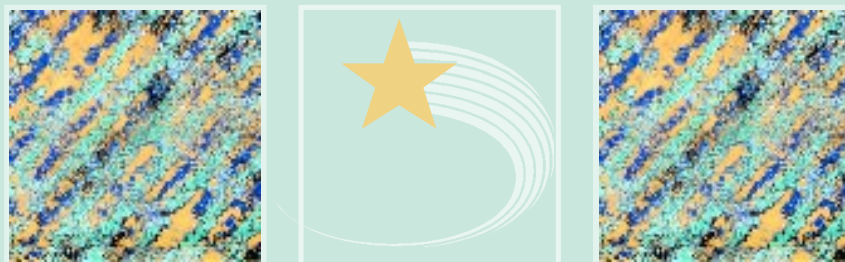


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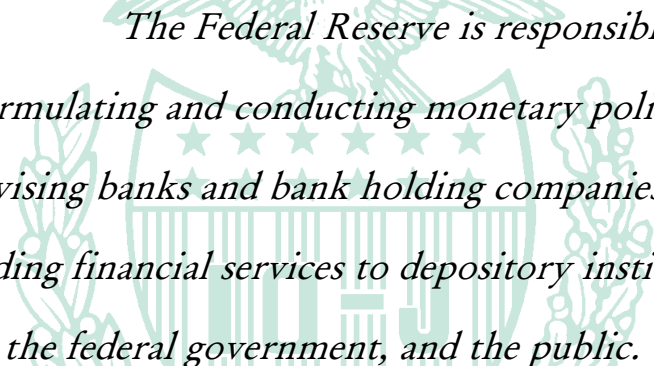
Reaching for Excellence

FEDERAL RESERVE BANK OF KANSAS CITY





*The Federal Reserve Bank of Kansas
City is one of 12 regional Reserve
Banks which, together with the Board
of Governors in Washington, D.C., comprise the
nation's central bank.*



*The Federal Reserve is responsible
for formulating and conducting monetary policy,
supervising banks and bank holding companies, and
providing financial services to depository institu-
tions, the federal government, and the public.*

*The Kansas City Bank has served the
Tenth Federal Reserve District since 1914. The district
includes Colorado, Kansas, Nebraska, Oklahoma,
Wyoming, the northern half of New Mexico, and the
western third of Missouri. Branches operate in Denver,
Oklahoma City, and Omaha.*

 *President's Message*



THOMAS M. HOENIG
President
Federal Reserve Bank of Kansas City



In reviewing the performance of the Federal Reserve Bank of Kansas City during 1995, as described in this report, I am very pleased by the exemplary commitment to excellence of our staff at Kansas City, Denver, Oklahoma City, and Omaha in providing service to the region and the nation.

In every area of our responsibility—monetary policy, banking supervision, and financial services—the employees of the Federal Reserve Bank of Kansas City responded energetically and successfully to many challenges.

In every area of our responsibility, our employees responded energetically and successfully to many challenges.

In monetary policy, our economic research and analyses supported the formulation and implementation of policy actions that helped sustain moderate growth in the national economy while, at the same time, restraining inflationary pressures.

In banking supervision, we contributed to the stability of the banking system during a period of consolidation by ensuring that our oversight of banks and bank holding companies was of the highest quality and that our support of community reinvestment in the region was effective.

In financial services, we strengthened our leadership in the payments system by encouraging the use of new technologies and services and by reorganizing our operations to be more responsive to customer needs.

Our 1995 accomplishments were enhanced by a Bankwide emphasis on excellence. During the year, we clarified the

organizational values that have always undergirded our work by developing a “Reaching for Excellence” program. This ongoing emphasis is designed to ensure that our organizational values—integrity, service, and personal growth and development—will remain in the forefront as we perform our responsibilities as the nation’s central bank.

Service is one keystone of our emphasis on excellence. While commitment to the customer has always characterized the Bank’s approach, we successfully expanded our efforts in 1995 to create a customer service sensitivity among the entire staff—those who serve our financial services customers and the public, as well as those who provide internal services. We know that effective customer service is the foundation for leadership and performance, and we will continue to train, encourage, and recognize customer service throughout the Bank.

The Bank’s commitment to service was tested in April in the aftermath of the tragic bombing of the Federal Building in Oklahoma City. Although the Oklahoma City Branch was less than two blocks from the blast and sustained some damage, no Bank employees were injured. Reacting quickly in the face of confusion and uncertainty, the staff responded with characteristic initiative to restore and maintain essential financial services to Oklahoma banks and thrifts. All of us are proud of the commitment to service demonstrated by our Oklahoma City colleagues during a very difficult time.

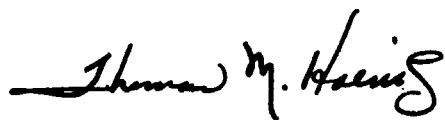
Our commitment to service was tested in the aftermath of the tragic bombing in Oklahoma City.

Our overall efforts in 1995 were supported importantly by the Bank’s directors at all four offices. These 30 men and women brought to us their perspectives and advice on monetary policy, provided oversight of our other responsibilities, and offered useful

insight into developments affecting large and small communities throughout the district.

Looking into 1996 and beyond, I am confident the Federal Reserve Bank of Kansas City will continue to provide high-quality public service to the region and the nation. We will contribute to effective monetary policy, we will work with banking institutions to promote stability in an environment of rapid change, and we will work as partners with the financial services industry to create a more efficient payments system.

Looking ahead, I am confident this Reserve Bank will continue to provide high-quality public service to the region and the nation.



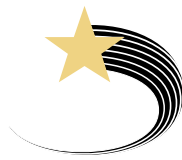
'Each of us must become an agent of change...I believe that success will come only if we anticipate change and lead effectively in shaping the future. If we are to fulfill our

central bank responsibilities,

we must ensure that high-quality financial services are available to the public and that the manner in which they are provided is excellent.'

Thomas M. Hoenig

From a speech to the Customer Service Management Conference



NEW SURVEY TRACKS MANUFACTURING

In 1995, the Bank initiated a quarterly Survey of Manufacturers that provides information on current manufacturing activity in the Tenth District. The accumulated results also help trace longer-term trends.

Donald Welde, President of Wilcox Electric, Inc. in Kansas City, Missouri, gives Bank Economist Tim Smith an on-site perspective on manufacturing issues. Mr. Welde is a member of the Tenth District Economic Advisory Council.

Manufacturing is a major force in the regional economy. It accounts for the largest share of total output and is one of the largest employers.





The Bank's primary responsibility is to contribute to the formulation and implementation of the nation's monetary policy. The Bank's president is responsible for monetary policy formulation as a member of the Federal Open Market Committee (FOMC), the Federal Reserve's major policy-making body. In addition, our directors must establish the Bank's discount rate every two weeks. In support of these responsibilities, the Bank's Economic Research staff performs both current economic analyses and basic economic research. The staff follows regional, national, and international developments in developing advice for policy.

Federal Reserve monetary policy actions in 1995 encouraged sustainable economic growth and progress toward price stability.

MONETARY POLICY

The Federal Reserve's monetary policy actions in 1995 encouraged sustainable economic growth and progress toward price stability. Moderate economic expansion continued during 1995, and inflation remained below 3 percent for the fourth consecutive year. Monetary policy was tightened early in the year in response to emerging inflationary pressures. Later in the year, policy was eased when inflation appeared to be moderating.

A firming of monetary policy in February 1995, signaled by an increase in the discount rate from 4.75 to 5.25 percent, continued the stance of policy that began in early 1994. The further tightening of policy occurred in the context of rapid economic growth in 1994 and widespread concern about inflation due to tight labor markets and increased use of industrial capacity. These policy actions helped cool

Manufacturing, which accounts for the largest share of total district output and one of the largest shares of total employment, is a major force in the regional economy. Little

information, however, has been available

until now to chart its performance.

The new survey monitors about 300 manufacturing plants, selected according to geographical distribution, industry mix, and size. Data will reveal changes in several indicators of manufacturing activity, including production and shipments, and identify changes in prices of raw materials and finished products.

Survey results are published quarterly in the Bank's Regional Economic Digest.

BULLETIN BOARD GIVES NEW ACCESS TO INFORMATION

The Bank implemented an electronic bulletin board in 1995 to provide greater access to economic and financial information to bankers, educators, research and governmental organizations, businesses, and the general public.

Information available through the service includes regional economic data, Federal Reserve Bank and System information, Bank research publications, and Federal Reserve Board statistical releases.

The Tenth District economy grew at a faster rate than the national economy in 1995.

underlying inflationary pressures during the first half of 1995. Real economic growth also slowed in the first half of the year and long-term interest rates fell because of improved inflationary expectations and optimism about federal deficit reduction. In July, the FOMC eased policy, allowing the federal funds rate to decline from 6.00 to 5.75 percent.

Economic growth rebounded in the second half of 1995. Real GDP grew rapidly in the third quarter, then moderated in the fourth quarter. Toward yearend, employment grew modestly, joblessness remained at a low level, and inflationary pressures eased somewhat. The environment of moderate economic growth and restrained inflation prompted the FOMC to reduce the federal funds rate to 5.50 percent in December. Additional easing actions were initiated in early 1996, as the federal funds rate was lowered to 5.25 percent and the discount rate was reduced to 5.00 percent.

REGIONAL ECONOMY

The Tenth District economy posted another healthy gain in 1995, with the rate of growth stronger than that of the national economy. Employment growth slowed from 1994's brisk pace, but the rate of increase was still above the national rate. Economic performance was uneven across district states. New Mexico, with continuing strength in construction, services, and manufacturing, led the region for the second straight year. Gains in Colorado, Kansas, and Oklahoma were above the district average, while gains in Missouri, Wyoming, and Nebraska were more moderate.



Economists Stu Weiner, Andy Filardo, and George Kahn saw their research attract international media attention in 1995.

Construction continued to lead all sectors of the district economy in 1995, even though the region's residential building boom slowed. Commercial construction picked up the slack, and public projects, like roads and schools, helped fuel the district construction industry.

Service industry jobs grew at a brisk pace as business service and health care firms continued to move into district states. Solid gains in employment and incomes supported further growth in retail and wholesale trade, another high-performing element of the district economy in 1995. The trade sector received an additional boost from another good year for tourism.

The bulletin board content will be expanded in 1996 to include a full range of information from the Bank's Research, Public Affairs, Financial Services, Bank Supervision, and Community Affairs departments. Further expansion in 1996 will include access via the Internet.

The bulletin board system is available

24 hours a day at (816)881-6701.

THE 1995 SYMPOSIUM

The Bank's 19th annual public policy symposium brought a distinguished international group of finance ministers, central bankers, academics, and financial market representatives to Jackson Hole, Wyoming, to consider "Budget Deficits and Debt: Issues and Options." Attendees agreed that large government budget deficits and debt are major concerns in both developed and developing countries. These fiscal imbalances siphon funds from private investment, retard growth, reduce living standards, and create burdens on workers who must finance unfunded social programs for expanding elderly populations. This problem will test public and political resolve.

The Bank will continue to devote resources to examining the significant public policy issues that lie ahead.

District manufacturing, which had surged in 1994 to a point that strained industrial capacity, slowed down a bit in 1995. Durable goods industries were strong, especially automobile production and high-tech industries. The general aviation industry remained on the upswing after years of decline. Nondurable goods manufacturing weakened, however, bringing modest job losses to that sector.

Employment in the district's energy industry continued to erode in 1995, despite further gains in district coal production, as prices for crude oil and natural gas remained generally weak.

Tenth District farm income declined in 1995, due chiefly to weak cattle markets. Nonetheless, most district farmers remained in strong financial condition. A shortened growing season produced a much smaller-than-usual harvest and an accompanying surge in crop prices. The harvest shortfall and strong global demand contributed to the rising feed costs that, along with weak prices, triggered losses in the cattle industry.

The outlook for the district economy in 1996 is for continued growth. The rate of growth, however, is likely to be slower than the moderate pace achieved in 1995.

ECONOMIC RESEARCH ACTIVITIES

Economic research in support of monetary policy activities—including basic research and analyses of the regional, national, and international economies—is reported in many ways. Research results



Alexander Potemkin and Irina Kryuchkova of the Russian Central Bank confer with Allan Gray of the Bank's Public Affairs Department.

are the primary ingredient in policy briefings for the Bank's president, boards of directors, and advisory councils. Research is also reported in Bank publications, Congressional testimony, academic literature, seminars, conferences, and speeches, including—in 1995—the Bank's 12 Economic Forums in Colorado and Nebraska. The news media often report on the Bank's research. During 1995, for example, considerable national and international media attention was focused on staff research on productivity, potential economic growth rates, the natural rate of unemployment, inventory developments, producer and consumer price movements, and agricultural policy.

For 1996 and beyond, the Bank will remain committed to excellence in economic research and will continue to devote resources to examining the significant public policy issues that lie ahead.

FOREIGN CENTRAL BANK VISITORS PROGRAM

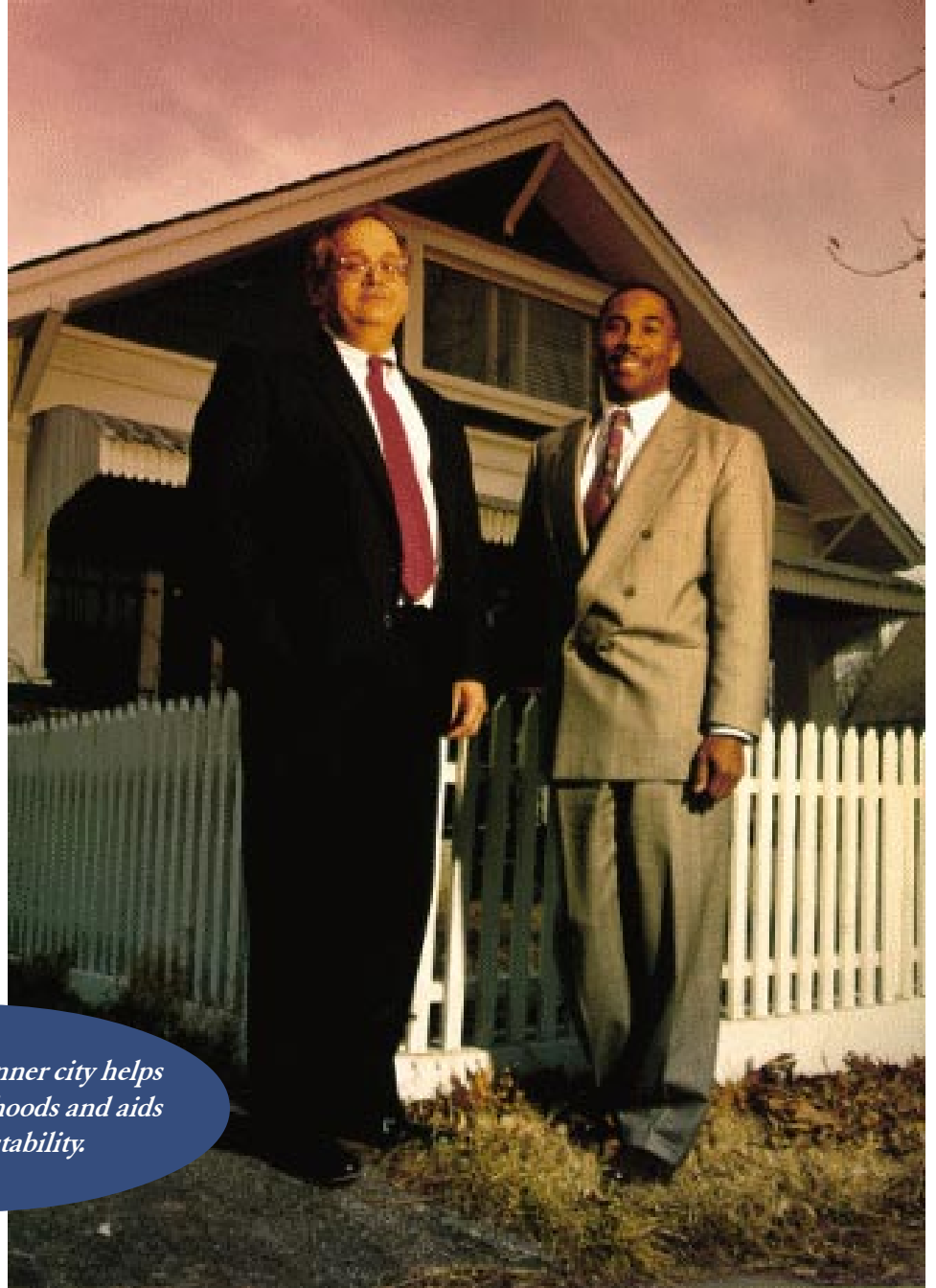
During 1995, in the fifth year of a successful technical assistance program for central banks in emerging market economies, the Bank hosted eight foreign central bankers. Each of the official visitors studies

at the Bank for a period of about two months,

learning about monetary policy processes and other central bank operations in market economies. Since 1991, more than 50 central bank officials from Bulgaria, People's Republic of China, the Czech Republic, Hungary, Poland, Romania, and Russia have studied at the Bank under the program.

Richard Moore, president of Commerce Mortgage Company, and John Wood, the Bank's assistant vice president and community affairs officer, visit a Kansas City home financed by Commerce. The Bank works with lenders to encourage such community reinvestment through the Greater Kansas City Community Lenders Association.

Investment in the inner city helps maintain neighborhoods and aids community stability.



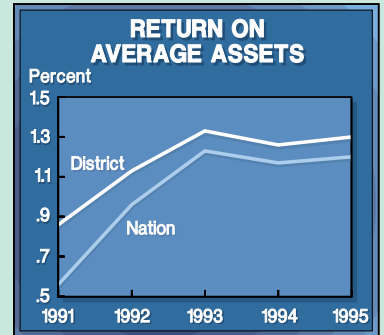


enth District bank performance remained strong in 1995 and generally outpaced bank performance nationwide. Loan growth continued strong, helping district banks register near-record earnings. Bank capital reached near-record levels, asset quality remained high, and loan losses remained near historic lows.

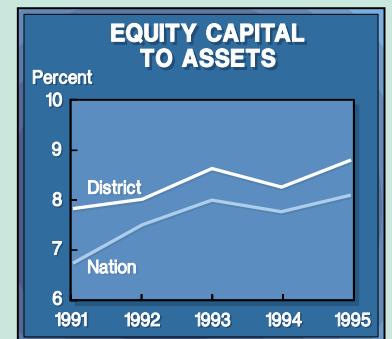
Despite this strong performance, district banks, like the rest of the financial industry, faced continued competitive challenges from unregulated financial firms. As a consequence, pressure continued for banks to be more efficient and innovative financial service providers. The need for efficiency hastened the pace of banking consolidation in the nation and district and triggered calls by bankers to reduce regulatory burdens. At the same time, new product offerings and investment opportunities added to banking's operational complexity and increased potential banking risk. These changes posed added challenges for banks and for bank supervision.

In 1995, the Bank undertook a number of initiatives to meet these supervisory challenges and to maintain its position as a high-quality supervisor of banks and bank holding companies. One important initiative was a series of regional roundtable discussions with district bankers to help improve the Bank's understanding of the changing banking environment. We met with bankers in Kansas City, Denver, Oklahoma City, and Grand Island, Nebraska, to exchange views on liquidity matters, credit underwriting standards, and other bank safety and soundness issues.

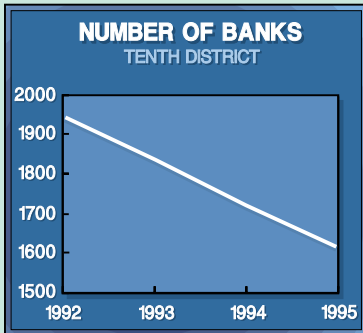
Loan growth continued to be strong, asset quality remained high, and loan losses were near historic lows.



Earnings remained strong at district banks . . .



. . . and district bank capital reached near-record levels.



Banking consolidation continued rapidly in 1995.

Besides this effort, the Bank hosted workshops, sponsored seminars, and published materials to increase lender awareness of credit opportunities for the economically disadvantaged and to improve public understanding of banking issues. During the year, the Bank hosted 15 Community Reinvestment Act workshops and four fair lending workshops. In addition, the Bank sponsored 16 housing development finance seminars and one economic development finance workshop. The Bank and a local university co-sponsored a major forum for district bank directors that focused on competitive strategies for the future.

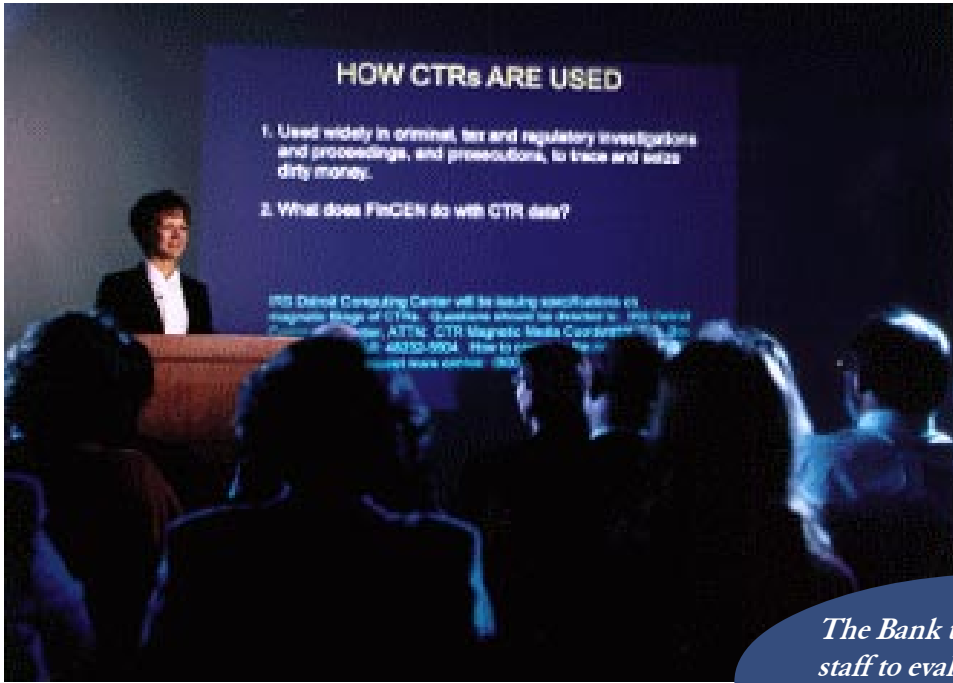
Other major Bank initiatives in 1995 were designed to improve the examination process, make examinations more effective, and lessen the supervisory burden. During the year, the Bank revised its procedures to make its examinations more timely, of higher quality, and less burdensome. Senior Bank officials worked closely with other bank regulatory agencies to improve the shared supervision of state-chartered banks and to diminish duplicative or burdensome regulatory requirements.

The key to sustaining high-quality banking supervision is a well trained, professional staff, equipped to evaluate banks and bank holding companies, regardless of the complexity of their operations.

Toward this end, the Bank is strongly committed to a training program that will develop skillful professionals who can effectively examine institutions in a dynamic banking environment.

In 1996, the Bank will continue to strive for quality in its supervision of banking institutions and for leadership in dealing with

In 1995, the Bank sponsored a major forum for bank directors that focused on competitive strategies for the future.



Lanette Rippetto, a trainer in the Bank's Supervision Division, leads a recent session for examiners and other members of the professional staff.

The Bank trains its professional staff to evaluate banks and bank holding companies, regardless of the complexity of their operations.

banking issues, including community reinvestment. The newly revised examination procedures will be implemented to improve quality and reduce the supervisory burden. Seminars and publications will continue to be offered to banks and the public to keep them advised of regulatory developments. Ongoing efforts to further reduce supervisory duplication and to strengthen ties with state and other regulators will again be a high priority. Strengthening staff development will also be a priority as the Bank prepares to meet the supervisory demands of a dynamic financial environment.



Account Manager Debbie Howell of the Financial Services Department calls on Julia Westbrook, senior vice president/cashier at the Farmers Exchange Bank, a community bank with offices in Parkville and Riverside, Missouri.

The Bank's financial services consultants stay in touch with customers.

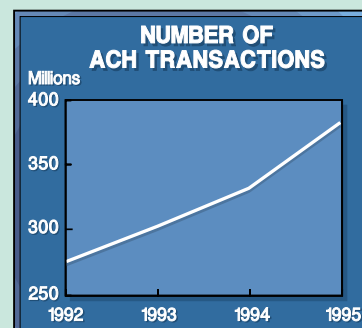


In 1995, the Bank strengthened its focus on providing high-quality, price-competitive payments services to Tenth District financial institutions. To ensure that the Bank remains a customer-focused organization, we restructured our Operations Division in 1995 to move customer needs and services to the forefront.

New departments were created to help the Bank continue to meet customer expectations in product offerings and services. To bolster our customer orientation, we implemented toll-free customer service help desks in several departments and dedicated staff to developing new products and services. In addition, a unit was created to focus on effective and efficient methods of communicating information to our customers. A new customer information and tracking system will be implemented early in 1996 to assist Bank staff in consolidating service information for customers and tracking our customer service performance.

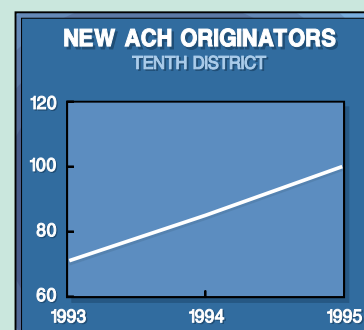
The Bank also focused on improving payments efficiency by encouraging the use of electronic payments. Bank staff worked to increase the number of financial institutions that originate Automated Clearing House (ACH) transactions in the district, resulting in over 100 new originating financial institutions. In addition, the Bank shared in a Systemwide educational campaign with the National Automated Clearing House Association to increase ACH use by corporations and consumers.

The Bank enhanced the ACH service by converting to a new centralized ACH software, Fed ACH, that gives customers



ACH transactions continued to grow in 1995 . . .

The Bank's Operations Division was restructured in 1995 to move customer needs and services to the forefront.



. . . as Bank staff worked to increase the number of ACH originators.



CHECK-IMAGING SERVICES INTRODUCED IN 1995

From this monitor, an operator in the new check-imaging unit can inspect the quality of the images, prepare images for delivery to a banking customer, or retrieve specific items for electronic faxing to a depository institution.

By yearend 1995, 29 percent of the Bank's check service customers received notification of incoming checks electronically.

increased processing flexibility. Additional features will be made available to Tenth District customers late in 1996. With these new customer-focused features, Fed ACH will encourage further use of electronic payments.

Growth in electronic check service payments also continued in 1995. The Bank's four offices added 88 electronic check presentment customers during the year. A total of 439 financial institutions, or 29 percent of the Bank's check service customers in the district, now use this service. Institutions are thereby able to receive electronic notification of incoming checks with physical delivery of the items delayed or truncated at the Bank. Additional growth in electronic check services is likely following the introduction in 1995 of new check image services. The new service offers customers digitized images of the checks processed by the Bank and delivery of these images to the customer on CD-ROM, magnetic tape, or facsimile. Digitized images are more efficient because there are no physical items to process. Moreover, customers can reduce the amount of time spent researching items, easily view imaged items for signatures, and save storage space. Financial institutions can also reduce costs by offering image statements to their customers.

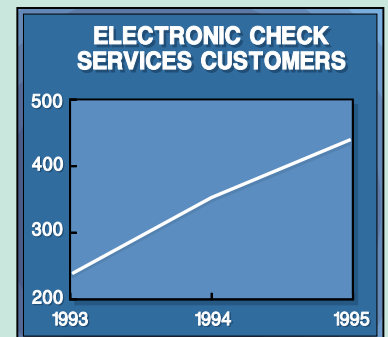
During 1995, the Bank continued to encourage financial institutions to automate the Federal Reserve services they use. As a result, institutions increased their usage of Fedline, the Bank's PC-based electronic connection, and FedFone, the Bank's voice response system; and they automated their funds transfers, Treasury Tax and Loan deposits, Treasury security tenders, and securities transfers.



Cash Services' new ISS 3000 processing system counts, inspects, bundles, or destroys currency at the rate of 100,000 notes per hour.

Internally, the Bank sought further operating efficiencies by implementing new hardware and software in several departments. Check Collection departments streamlined processing capabilities and the Cash Services departments, in anticipation of new currency, began installing a new ISS 3000 currency processing system. This system has expanded abilities to detect potential counterfeit currency. Efficiencies in these new check and cash systems help the Bank to continue to offer cost-effective services to financial institutions.

For 1996, the Bank is committed to providing quality services to financial institutions of all sizes, identifying emerging customer needs, and providing an outstanding level of customer service. At the heart of our financial services efforts is a continuing commitment to promote a safe and efficient payments system.



Electronic payments methods are growing strongly at district institutions.

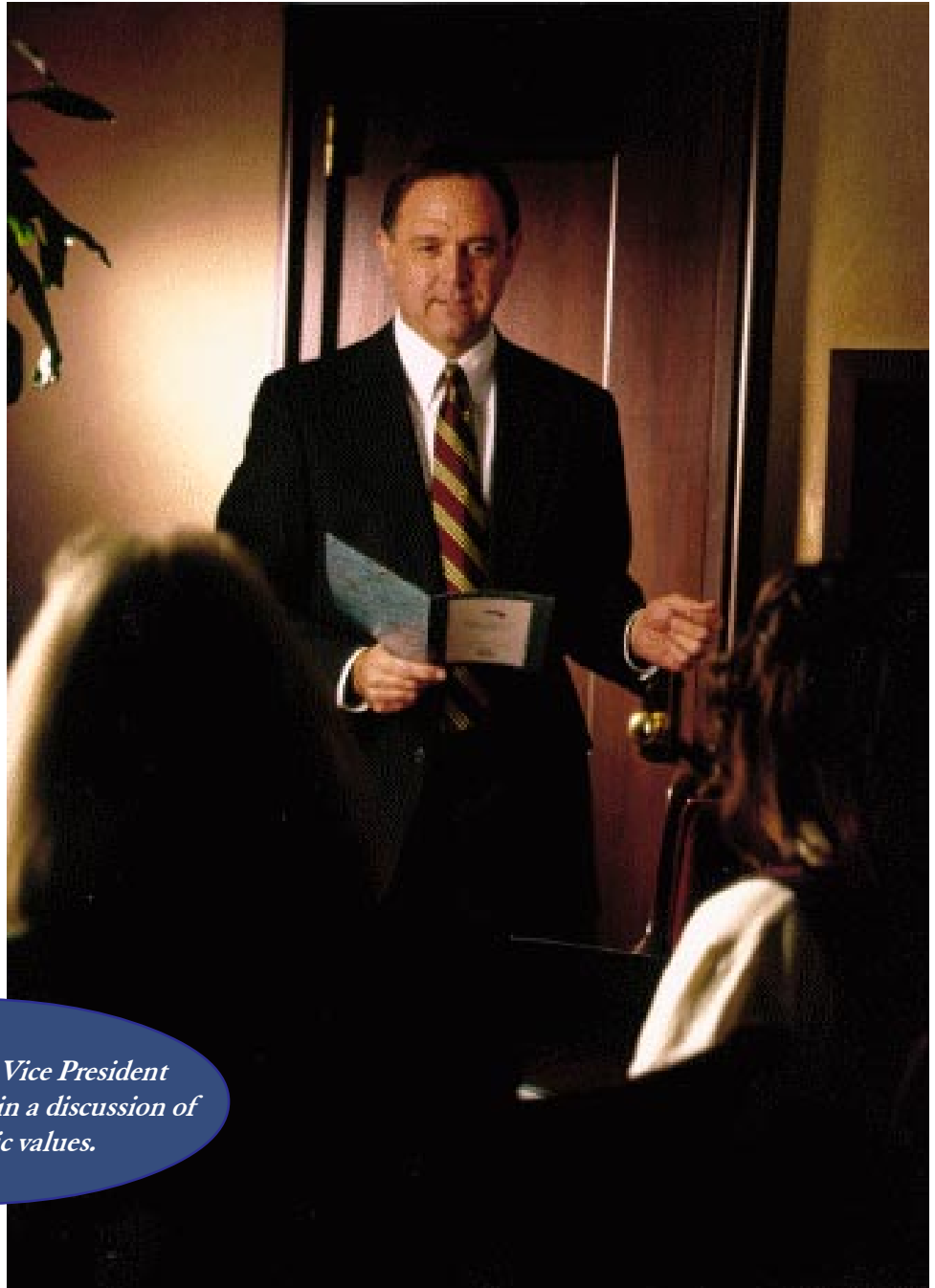
★ Integrity

Our commitment to integrity lies at the heart of who we are and what we believe. We bring honesty, fairness, professionalism, and a strict code of ethics to all our dealings.

★ Service

We put others' needs ahead of our own, recognizing that a high standard of service to our customers, to the public, and to each other must be the focus of our corporate culture. We continually seek new ways to exceed the expectations of those we serve.

Employees join First Vice President Richard K. Rasdall, Jr., in a discussion of the Bank's basic values.





*Integrity.
Service.*

Personal Growth and Development.

These are the core values of the Bank that were emphasized in a statement of corporate philosophy adopted in 1995. Although these values are not new—having formed the solid foundation of the Bank’s approach to public service over many years—they have been emphasized anew through the adoption of the “Reaching for Excellence” program.

A dynamic and competitive environment requires strong performance from every individual and organization that hopes to succeed. A regional Federal Reserve Bank is no exception. In fact, a clear focus on values and expectations may be even more important to the Bank, because Federal Reserve employees also are keepers of the public trust.

Our mission, as part of the nation’s central bank, is clear: we are responsible for monetary policy, banking supervision and regulation, and certain financial services. Effective performance in meeting these responsibilities is essential to the stability of the nation’s economy, the safety and soundness of the financial institutions, and the safety and efficiency of the nation’s payments system. Given the importance of these responsibilities, it is vital that we reach for excellence in our performance.

In our “Reaching for Excellence” program, we have restated our commitment to the corporate values of integrity, service, and personal growth and development. And, we have integrated these values more visibly into the Bank’s strategic plan to ensure that all employees of the Federal Reserve Bank of Kansas City share in a commitment to excellent performance.

Given the importance of our responsibilities, it is vital that we reach for excellence in our performance.

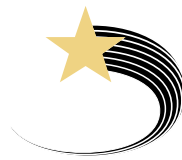
★ Personal Growth and Development.

Fundamental to our organizational philosophy is the belief that our

people are our ‘most important resource.’

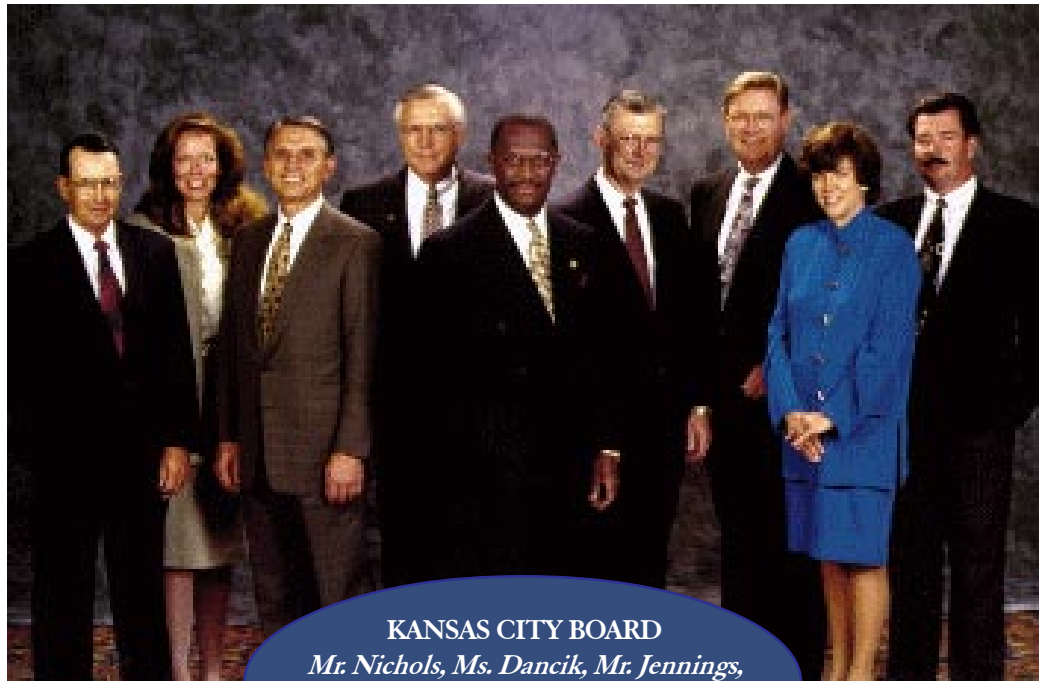
As a result, we are committed to building a workforce of energetic, highly motivated, and talented people, reflective of our communities and our region.





Board of Directors

The nine Kansas City directors represent both Federal Reserve member banks and the public. Three are usually commercial bankers; three others represent the public and come from diverse nonbanking backgrounds. These six are elected by the district's member banks. The final three, usually business leaders who are knowledgeable about the district economy, also represent the public and are appointed by the Board of Governors.



KANSAS CITY BOARD
*Mr. Nichols, Ms. Dancik, Mr. Jennings,
 Mr. Menefee, Mr. Cain, Mr. Allen, Mr. Baird,
 Ms. Hernandez, Mr. McQuillan*

KANSAS CITY BOARD OF DIRECTORS

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 Godfather's Pizza, Inc.,
 Omaha, Nebraska
 – Chairman and
 Federal Reserve Agent*

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*Chairman, President and CEO,
 Kansas City Power &
 Light Company,
 Kansas City, Missouri
 – Deputy Chairman*

W. W. ALLEN,
*President and CEO,
 Phillips Petroleum Company,
 Bartlesville, Oklahoma*

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*President,
 Farmers State Bank and
 Trust Company,
 Superior, Nebraska*

JO MARIE DANCIK,
*Area Managing Partner,
 Ernst & Young LLP,
 Denver, Colorado*

COLLEEN D. HERNANDEZ,
*Executive Director,
 Kansas City Neighborhood Alliance,
 Kansas City, Missouri*

WILLIAM L. MCQUILLAN,
*President, CEO, and Director,
 City National Bank,
 Greeley, Nebraska*

L.W. MENEFEES,
*Chairman and CEO,
 Union Colony Bank,
 Greeley, Colorado*

CHARLES W. NICHOLS,
*Managing Partner,
 Davison & Sons Cattle Company,
 Arnett, Oklahoma*

FEDERAL ADVISORY COUNCIL MEMBER

CHARLES E. NELSON,
*Chairman, President, and CEO,
 Liberty Bank and Trust
 Company of Oklahoma City, N.A.,
 Oklahoma City, Oklahoma*



DENVER BRANCH
*Mr. Gallegos, Ms. McBride,
 Mr. Decker, Ms. Woods, Mr. Kirk,
 Mr. Ledbetter, Mr. Wold*

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 Coors Brewing Company,
 Golden, Colorado
 – Chairman*

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 Decker & Associates,
 Denver, Colorado*

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*President,
 King Soopers,
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*President and CEO,
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 Gillette, Wyoming*

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 First National Bank of Farmington,
 Farmington, New Mexico*

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*President and CEO,
 McBride and Associates,
 Albuquerque, New Mexico*

PETER I. WOLD,
*Partner,
 Wold Oil and Gas Company,
 Casper, Wyoming*



OKLAHOMA CITY BRANCH
*Ms. Duca, Mr. Mitchell, Mr. Holloway,
 Mr. Fergeson, Mr. Schock*

OKLAHOMA CITY BRANCH BOARD

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*President,
 Langston University,
 Langston, Oklahoma
 – Chairman*

GORDONA DUCA,
*President and Owner,
 Gordona Duca, Inc., Realtors,
 Tulsa, Oklahoma*

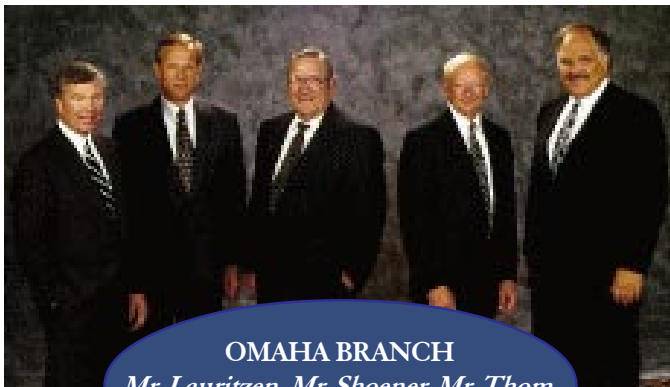
BARRY L. ELLER,
*Senior Vice President and
 General Manager,
 MerCruiser,
 Stillwater, Oklahoma*

C. KENDRIC FERGESON,
*Chairman and CEO,
 The National Bank of Commerce,
 Altus, Oklahoma*

DENNIS M. MITCHELL,
*President,
 Citizens Bank of Ardmore,
 Ardmore, Oklahoma*

MICHAEL S. SAMIS,
*President and CEO,
 Macklanburg-Duncan Company,
 Oklahoma City, Oklahoma*

VICTOR R. SCHOCK,
*President and CEO,
 Consumer Credit Counseling
 Services of Oklahoma, Inc.,
 Tulsa, Oklahoma*



OMAHA BRANCH
*Mr. Lauritzen, Mr. Shoener, Mr. Thom,
 Mr. Olson, Mr. Leu*

OMAHA BRANCH BOARD

LEROY W. THOM,
*President,
 T-L Irrigation Company,
 Hastings, Nebraska
 – Chairman*

GLADYS STYLES JOHNSTON,
*Chancellor,
 University of Nebraska at Kearney,
 Kearney, Nebraska*

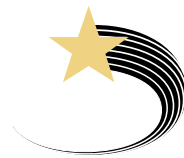
BRUCE R. LAURITZEN,
*President,
 First National Bank of Omaha,
 Omaha, Nebraska*

DONALD A. LEU,
*President and CEO,
 Consumer Credit Counseling Service,
 Omaha, Nebraska*

THOMAS H. OLSON,
*Chairman of the Board,
 First National Bank,
 Sidney, Nebraska*

ROBERT L. PETERSON,
*Chairman, President, and CEO,
 IBP, Inc.,
 Dakota City, Nebraska*

ARTHUR L. SHOENER,
*Executive Vice President-Operations,
 Union Pacific Railroad,
 Omaha, Nebraska*



Tenth District Officers

MANAGEMENT COMMITTEE

- THOMAS M. HOENIG,**
President
- RICHARD K. RASDALL, JR.,**
First Vice President
- ENIS ALLDREDGE, JR.,**
Senior Vice President
- THOMAS E. DAVIS,**
*Senior Vice President and
Director of Research*
- CARL M. GAMBS,**
*Senior Vice President and
Branch Manager, Denver*
- KENT M. SCOTT,**
Senior Vice President
- JERRY D. SHREEVES,**
Senior Vice President
- JOHN E. YORKE,**
Senior Vice President
- DICK H. WOODS, JR.,**
*Senior Vice President and
General Counsel*
—Adviser to the Management
Committee

*The Management Committee is the
Bank's top policymaking group.*

KANSAS CITY

- ROBERT W. ALLEN,**
Vice President
- CHARLES L. BACON, JR.,**
*Vice President, Associate General
Counsel & Secretary*
- BRADLEY C. CLOVERDYKE,**
Vice President
- G. WILL COOK,**
General Auditor
- MARK R. DRABENSTOTT,**
Vice President and Economist
- CRAIG S. HAKKIO,**
Vice President and Economist
- ROBERTA E. HEARN,**
Vice President
- CAROL A. HEFLEY,**
Vice President
- JAMES H. JONSON,**
Vice President
- LARRY G. MEEKER,**
Vice President
- BARBARA S. PACHECO,**
Vice President
- BARRY K. ROBINSON,**
Vice President
- PHILIP E. SCHMIDT,**
Vice President
- JOHN C. VANDERMADE, JR.,**
Vice President
- STUART E. WEINER,**
Vice President and Economist
- ALAN D. BARKEMA,**
*Assistant Vice President
and Economist*
- JUDI A. BARKEMA,**
Assistant Vice President
- DEBRA L. BRONSTON,**
Assistant Vice President
- PAUL S.J. COQUILLETTE,**
Assistant Vice President
- KELLEY D. COURTRIGHT,**
Assistant Vice President
- D. JANE DUNN,**
Assistant Vice President
- C. ALAN GARNER,**
*Assistant Vice President
and Economist*
- ESTHER L. GEORGE,**
Assistant Vice President
- LEESA M. GUYTON,**
*Assistant Vice President and
Assistant Controller*
- GEORGE A. KAHN,**
*Assistant Vice President
and Economist*
- D. MICHAEL MANIES,**
Assistant Vice President
- STEPHEN E. MCBRIDE,**
*Assistant Vice President
and Assistant Secretary*
- JOHN M. MITCHELL,**
Assistant Vice President
- CHARLES S. MORRIS,**
*Assistant Vice President
and Economist*
- JANET K. OWENS,**
Assistant Vice President
- GORDON H. SELLON, JR.,**
*Assistant Vice President
and Economist*
- JANICE L. THOMPSON,**
Assistant General Auditor
- WILMER R. ULLMANN,**
Associate General Counsel
- KATHRYN A. WEBSTER,**
Assistant Vice President
- JOHN A. WOOD,**
*Assistant Vice President and
Community Affairs Officer*
- CATHERINE A. ZEIGLER,**
Assistant Vice President

DENVER

- CARL M. GAMBS,**
*Senior Vice President and
Branch Manager*
- RANDY M. SCHATZ,**
*Vice President and
Assistant Branch Manager*
- MARYANN F. HUNTER,**
Vice President
- PAMELA L. WEINSTEIN,**
Vice President
- THOMAS P. BENNETT,**
Assistant Vice President
- GARY E. DARBY,**
Assistant Vice President
- DEBBIE L. MEYERS,**
Assistant Vice President
- S. ANDREW THOMPSON, JR.,**
Assistant Vice President

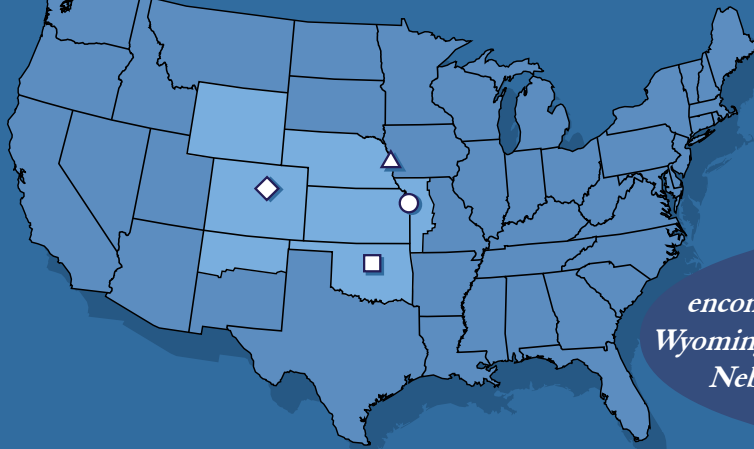
OKLAHOMA CITY

- MARK L. MULLINIX,**
*Vice President and
Branch Manager*
- KELLY J. DUBBERT,**
*Assistant Vice President and
Assistant Branch Manager*
- TARA B. KOENIGS,**
Assistant Vice President
- ROBERT W. TOLER,**
Assistant Vice President

OMAHA

- HAROLD L. SHEWMAKER,**
*Vice President and
Branch Manager*
- STEVEN D. EVANS,**
Assistant Vice President
- RONALD M. RYAN,**
Assistant Vice President

TENTH FEDERAL RESERVE DISTRICT



The Tenth District encompasses all or part of seven states: Wyoming, Colorado, Northern New Mexico, Nebraska, Kansas, Oklahoma, and Western Missouri.

○ FEDERAL RESERVE BANK OF KANSAS CITY
925 Grand Boulevard
Kansas City, Missouri 64198

■ OKLAHOMA CITY BRANCH
226 Dean A. McGee
Oklahoma City, Oklahoma 73125

◆ DENVER BRANCH
1020 16th Street
Denver, Colorado 80202

▲ OMAHA BRANCH
2201 Farnam Street
Omaha, Nebraska 68102

TENTH DISTRICT ECONOMIC ADVISORY COUNCIL

THERON BLACK,
*President,
District Lodge 70,
Machinists Retirement Club,
Wichita, Kansas*

CAROL CROOK,
*Co-owner,
Crook Farm,
Nebraska City, Nebraska*

CHARLES FREDERICKSON,
*Chairman,
VICORP Restaurants, Inc.,
Denver, Colorado*

KATHY COSGROVE GREEN,
*CFP,
Consumer Credit
Counseling Service,
Fort Collins, Colorado*

BERNARD L. HANSEN,
*President,
Flint Hills Foods, Inc.,
Alma, Kansas*

KARON E. HARRIS,
*Executive Vice President,
Blue Cross & Blue Shield
of Kansas City,
Kansas City, Missouri*

HANS HELMERICH,
*President and CEO,
Helmerich & Payne,
Tulsa, Oklahoma*

KAREN A. HILLER,
*Executive Director,
Housing and Credit
Counseling, Inc.,
Topeka, Kansas*

WAYNE NICHOLS,
*Owner,
Nichols Agency,
Santa Fe, New Mexico*

M. ANN PADILLA,
*President and CEO,
Sunny Side, Inc./Temp Side,
Denver, Colorado*

FRANK A. POTENZIANI,
*Director,
M&T Trust,
Albuquerque, New Mexico*

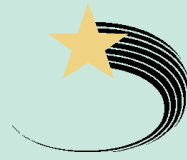
GERRALD L. SCHLEICH,
*CEO,
Austin Realty Group,
Lincoln, Nebraska*

G. W. "BILL" SWISHER, JR.,
*Chairman and CEO,
CMI Corporation,
Oklahoma City, Oklahoma*

DONALD WELDE,
*President and CEO,
Wilcox Electric, Inc.,
Kansas City, Missouri*

BARRY WILKINSON,
*Secretary Treasurer,
Western Missouri and Kansas
Laborers' District Council,
Kansas City, Missouri*

WILLARD V. WILSON,
*Owner,
Wilson Livestock,
Thermopolis, Wyoming*



Financial Statement

INCOME AND EXPENSES

CURRENT INCOME

	<u>1995</u>	<u>1994</u>
Interest on U.S. Government Securities	\$ 935,626,475	\$ 794,847,621
Income from Services	47,833,700	48,063,890
Interest on Foreign Currencies	29,612,743	33,554,134
Interest on Loans to Depository Institutions	932,450	1,360,596
Other Income	<u>130,305</u>	<u>132,808</u>
TOTAL CURRENT INCOME	\$ 1,014,135,673	\$ 877,959,049

EXPENSES

Operating Expenses	\$ (118,104,310)	\$ (116,960,205)
Reimbursements Claimed	17,715,058	16,617,685
Net Operating Expenses	(100,389,252)	(100,342,520)
Cost of Earnings Credits	<u>(11,465,245)</u>	<u>(9,729,331)</u>
Total Expenses	\$ (111,854,497)	\$ (110,071,851)
CURRENT NET INCOME	\$ 902,281,176	\$ 767,887,198

ADDITIONS/DEDUCTIONS FROM CURRENT NET INCOME

Profit on Foreign Currencies	\$ 37,964,389	\$ 91,171,971
Profit/(Loss) on Sales of Government Securities	158,280	(1,066,735)
Cost of Unreimbursed Treasury Services	(2,910,429)	(2,570,802)
(Loss) on Accumulated Post-Retirement Benefit	(2,816,822)	0
Miscellaneous Losses	(482,477)	(1,083)
Assessments by Board of Governors		
Federal Reserve Currency Costs	(13,534,714)	(15,534,956)
Board Expenditures	(6,092,400)	(5,500,400)
Net Additions/Deductions from Current Net Income	<u>\$ 12,285,827</u>	<u>\$ 66,497,995</u>

UNALLOCATED NET INCOME	\$ <u>914,567,003</u>	\$ <u>834,385,193</u>
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DISTRIBUTION OF UNALLOCATED NET INCOME

Dividends Paid to Member Banks	\$ 8,645,518	\$ 7,930,022
Transferred to Surplus	12,585,700	11,185,600
Payments to U.S. Treasury as Interest on Federal Reserve Notes	<u>893,335,785</u>	<u>815,269,571</u>
TOTAL ALLOCATION OF NET INCOME	\$ <u>914,567,003</u>	\$ <u>834,385,193</u>

STATEMENT OF CONDITION

	<u>1995</u>	<u>1994</u>
ASSETS		
Gold Certificates	\$ 382,000,000	\$ 436,000,000
Special Drawing Rights Certificates	342,000,000	199,000,000
Coin	41,236,643	21,616,194
Items in Process of Collection	361,283,695	369,792,468
Loans to Depository Institutions	3,230,000	20,035,000
U.S. Government and Federal Agency Securities, Net	14,590,732,674	15,825,414,442
Foreign Currencies	797,467,315	829,510,345
Interest Accrued	148,407,525	158,549,702
Bank Premises and Equipment, Net	72,858,964	64,443,401
Other Assets	13,616,596	11,545,324
Interdistrict Settlement Account	<u>(2,610,097,299)</u>	<u>(1,928,856,530)</u>
TOTAL ASSETS	\$ <u>14,142,736,113</u>	\$ <u>16,007,050,346</u>
LIABILITIES		
Federal Reserve Notes Outstanding, Net	\$ 12,266,820,996	\$ 13,947,686,139
Deposits:		
Depository Institutions	1,119,211,431	1,336,457,760
Other Deposits	30,984,486	28,563,561
Deferred Credit Items	361,337,791	357,932,540
Accumulated Post-Retirement Benefit	52,088,189	48,079,091
Other Liabilities	<u>8,751,920</u>	<u>9,961,355</u>
TOTAL LIABILITIES	\$ 13,839,194,813	\$ 15,728,680,446
CAPITAL ACCOUNTS		
Capital Paid-In	\$ 151,770,650	\$ 139,184,950
Surplus	<u>151,770,650</u>	<u>139,184,950</u>
TOTAL CAPITAL	\$ 303,541,300	\$ 278,369,900
TOTAL LIABILITIES AND CAPITAL	\$ <u>14,142,736,113</u>	\$ <u>16,007,050,346</u>



Operational Highlights

VOLUME OF PRINCIPAL OPERATIONS

	<u>1995</u>	<u>1994</u>
Loans and Discounts, Daily Average	\$ 16,204,000	\$ 30,313,000
Number of Institutions Borrowing	187	205
Commercial Checks	\$ 684,528,000,000	\$ 676,271,000,000
Commercial Checks Collected	1,254,747,000	1,298,393,000
Currency Receipts and Payments	\$ 25,379,871,000	\$ 23,409,410,000
Pieces	2,016,747,000	1,920,806,000
Coin Receipts and Payments	\$ 600,122,000	\$ 564,873,000
Bags	1,021,000	1,066,000
Issues, Redemptions, Exchange of		
U.S. Government Securities	\$ 91,677,000,000	\$ 91,699,839,000
Funds Transfers	\$ 10,058,915,000,000	\$ 9,877,469,000,000
Number	6,146,000	5,866,000
Automated Clearing House Transactions	\$ 752,877,000,000	\$ 782,025,000,000
Number	382,035,000	332,621,000