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 institutions, 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.
THOMAS M. HOENIG
President
Federal Reserve Bank of Kansas City
n 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 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 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.

‘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.

**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.
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.
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.

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

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.
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
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.

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

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.
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.*
Tenth 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.
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...
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.

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

HERMAN CAIN, Chairman and CEO, Godfather’s Pizza, Inc., Omaha, Nebraska
— Chairman and Federal Reserve Agent

A. DRUE JENNINGS, 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

SAMUEL P. BAIRD, 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. MENEFEE, 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 BOARD

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Vice President,
Coors Brewing Company,
Golden, Colorado
— Chairman

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Denver, Colorado

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President,
King Soopers,
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First National Bank of Gillette,
Gillette, Wyoming

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First National Bank of Farmington,
Farmington, New Mexico

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Macklanburg-Duncan Company,
Oklahoma City, Oklahoma

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

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Langston, Oklahoma
— Chairman

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Gordona Duca, Inc., Realtors,
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Senior Vice President and
General Manager,
MerCruiser,
Stillwater, Oklahoma

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President and CEO,
Consumer Credit Counseling Service,
Omaha, Nebraska

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

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

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The Management Committee is the Bank’s top policymaking group.
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

GERALD 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

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

### CURRENT INCOME

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

### EXPENSES

<table>
<thead>
<tr>
<th>Description</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td>$(118,104,310)</td>
<td>$(116,960,205)</td>
</tr>
<tr>
<td>Reimbursements Claimed</td>
<td>17,715,058</td>
<td>16,617,685</td>
</tr>
<tr>
<td>Net Operating Expenses</td>
<td>(100,389,252)</td>
<td>(100,342,520)</td>
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<tr>
<td>Cost of Earnings Credits</td>
<td>(11,465,245)</td>
<td>(9,729,331)</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$(111,854,497)</strong></td>
<td><strong>$(110,071,851)</strong></td>
</tr>
</tbody>
</table>

### CURRENT NET INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL CURRENT INCOME</strong></td>
<td><strong>$902,281,176</strong></td>
<td><strong>$767,887,198</strong></td>
</tr>
</tbody>
</table>

### ADDITIONS/DEDUCTIONS FROM CURRENT NET INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit on Foreign Currencies</td>
<td>$37,964,389</td>
<td>$91,171,971</td>
</tr>
<tr>
<td>Profit/(Loss) on Sales of Government Securities</td>
<td>158,280</td>
<td>(1,066,735)</td>
</tr>
<tr>
<td>Cost of Unreimbursed Treasury Services</td>
<td>(2,910,429)</td>
<td>(2,570,802)</td>
</tr>
<tr>
<td>(Loss) on Accumulated Post-Retirement Benefit</td>
<td>(2,816,822)</td>
<td>0</td>
</tr>
<tr>
<td>Miscellaneous Losses</td>
<td>(482,477)</td>
<td>(1,083)</td>
</tr>
<tr>
<td>Assessments by Board of Governors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Reserve Currency Costs</td>
<td>(13,534,714)</td>
<td>(15,534,956)</td>
</tr>
<tr>
<td>Board Expenditures</td>
<td>(6,092,400)</td>
<td>(5,500,400)</td>
</tr>
<tr>
<td><strong>Net Additions/Deductions from Current Net Income</strong></td>
<td><strong>$12,285,827</strong></td>
<td><strong>$66,497,995</strong></td>
</tr>
</tbody>
</table>

### UNALLOCATED NET INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNALLOCATED NET INCOME</strong></td>
<td><strong>$914,567,003</strong></td>
<td><strong>$834,385,193</strong></td>
</tr>
</tbody>
</table>

### DISTRIBUTION OF UNALLOCATED NET INCOME

<table>
<thead>
<tr>
<th>Description</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends Paid to Member Banks</td>
<td>$8,645,518</td>
<td>$7,930,022</td>
</tr>
<tr>
<td>Transferred to Surplus</td>
<td>12,585,700</td>
<td>11,185,600</td>
</tr>
<tr>
<td>Payments to U.S. Treasury as Interest on Federal Reserve Notes</td>
<td>893,335,785</td>
<td>815,269,571</td>
</tr>
<tr>
<td><strong>TOTAL ALLOCATION OF NET INCOME</strong></td>
<td><strong>$914,567,003</strong></td>
<td><strong>$834,385,193</strong></td>
</tr>
</tbody>
</table>
### STATEMENT OF CONDITION

#### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold Certificates</td>
<td>$382,000,000</td>
<td>$436,000,000</td>
</tr>
<tr>
<td>Special Drawing Rights Certificates</td>
<td>342,000,000</td>
<td>199,000,000</td>
</tr>
<tr>
<td>Coin</td>
<td>41,236,643</td>
<td>21,616,194</td>
</tr>
<tr>
<td>Items in Process of Collection</td>
<td>361,283,695</td>
<td>369,792,468</td>
</tr>
<tr>
<td>Loans to Depository Institutions</td>
<td>3,230,000</td>
<td>20,035,000</td>
</tr>
<tr>
<td>Foreign Currencies</td>
<td>797,467,315</td>
<td>829,510,345</td>
</tr>
<tr>
<td>Interest Accrued</td>
<td>148,407,525</td>
<td>158,549,702</td>
</tr>
<tr>
<td>Bank Premises and Equipment, Net</td>
<td>72,858,964</td>
<td>64,443,401</td>
</tr>
<tr>
<td>Other Assets</td>
<td>13,616,596</td>
<td>11,545,324</td>
</tr>
<tr>
<td>Interdistrict Settlement Account</td>
<td>(2,610,097,299)</td>
<td>(1,928,856,530)</td>
</tr>
</tbody>
</table>

**TOTAL ASSETS**

$14,142,736,113 $16,007,050,346

#### LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Reserve Notes Outstanding, Net</td>
<td>$12,266,820,996</td>
<td>$13,947,686,139</td>
</tr>
<tr>
<td>Deposits:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depository Institutions</td>
<td>1,119,211,431</td>
<td>1,336,457,760</td>
</tr>
<tr>
<td>Other Deposits</td>
<td>30,984,486</td>
<td>28,563,561</td>
</tr>
<tr>
<td>Deferred Credit Items</td>
<td>361,337,791</td>
<td>357,932,540</td>
</tr>
<tr>
<td>Accumulated Post-Retirement Benefit</td>
<td>52,088,189</td>
<td>48,079,091</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>8,751,920</td>
<td>9,961,355</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES**

$13,839,194,813 $15,728,680,446

#### CAPITAL ACCOUNTS

<table>
<thead>
<tr>
<th>Description</th>
<th>1995</th>
<th>1994</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Paid-In</td>
<td>$151,770,650</td>
<td>$139,184,950</td>
</tr>
<tr>
<td>Surplus</td>
<td>151,770,650</td>
<td>139,184,950</td>
</tr>
</tbody>
</table>

**TOTAL CAPITAL**

$303,541,300 $278,369,900

**TOTAL LIABILITIES AND CAPITAL**

$14,142,736,113 $16,007,050,346

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*1995 Annual Report*
### VOLUME OF PRINCIPAL OPERATIONS

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

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This annual report was produced by the Public Affairs Department of the Federal Reserve Bank of Kansas City.