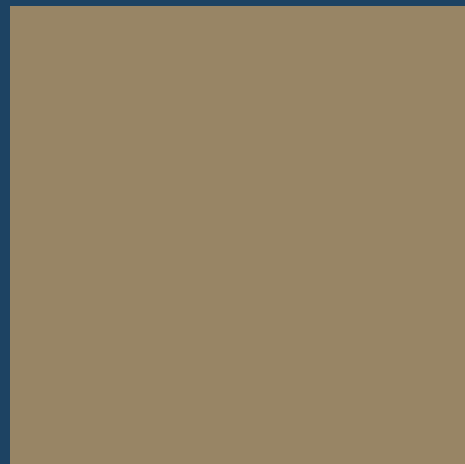


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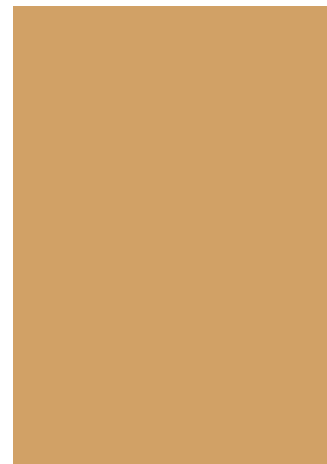
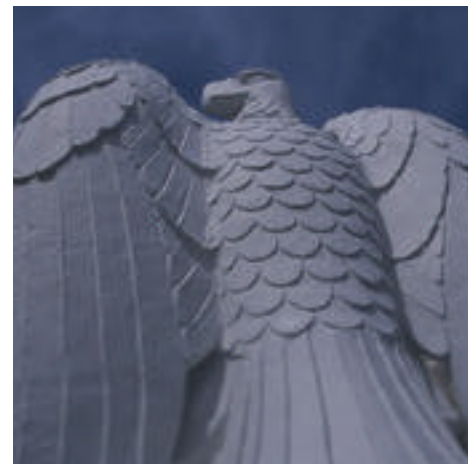
education

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Federal Reserve Bank *of* Kansas City



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KANSAS CITY

Annual Report

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President

Thomas M. Hoenic

The year 2000 presented unique challenges to the Federal Reserve Bank of Kansas City. Our nation's economy began the year growing at a vigorous rate of five percent, but then slowed noticeably in the third and fourth quarters, ending the year with growth for the last quarter of only one percent. Additionally, although the financial industry in the Tenth District remained strong overall, by year-end many institutions faced increasing challenges affecting credit, liquidity, interest rate, and operational risks.

More generally, we confronted the inevitable changes occurring in the global and national economic and financial systems. Improvements in information technology continued to increase the complexity of relationships among the world's economies, and created ever more challenging issues for monetary and financial-system policymakers. The Internet, for example, offered financial institutions across the country and around the world ever more intricate payment systems options.

Within this changing environment, the Federal Reserve Bank of Kansas City worked to play a leadership role in helping to promote a stable economy and financial system, both at the regional and national levels. We sought to gain a better understanding of emerging financial issues by hosting our 24th annual economic symposium, which provided a forum for world financial leaders to discuss the benefits and challenges of global economic

global

leadership

service



integration. We also sponsored a conference attended by international rural leaders to hear their views on new policies for the agricultural and rural economies.

On the operational front, we implemented important new technologies to ensure that our Bank and the financial institutions we serve, keep pace with an increasingly global economy. We also continued to offer the personal service and support that our regional and community bankers have come to expect from the Federal Reserve Bank of Kansas City. We worked to share our understanding of new legislation affecting bank business lines, operations, and electronic transactions. We implemented automated tools to reduce examination burden, and we developed new products to meet the demands created by evolving technology. We also provided input on monetary

policy, supervision and regulation, and financial services at a national level.

I am proud of the accomplishments at the Federal Reserve Bank of Kansas City. The efforts we made last year, that are detailed on the following pages, reflect our determination to help ensure efficient monetary and financial systems in an evolving economic climate. The foundation we built in 2000 helps ensure a healthy future as we continue to become part of an ever-changing global economic community.

THOMAS M. HOENIG
President and
Chief Executive Officer