

1999

Annual Report

Federal reserve Bank of Kansas city



Inside

President's Message	2
Monetary Policy	4
Regional Economy	8
Financial Services	12
Supervision and Regulation	16
1999 Highlights	20
Board of Directors	22
Advisory Councils	26
Bank Officers	27
Financials	28
Volume of Principal Operations	48



President

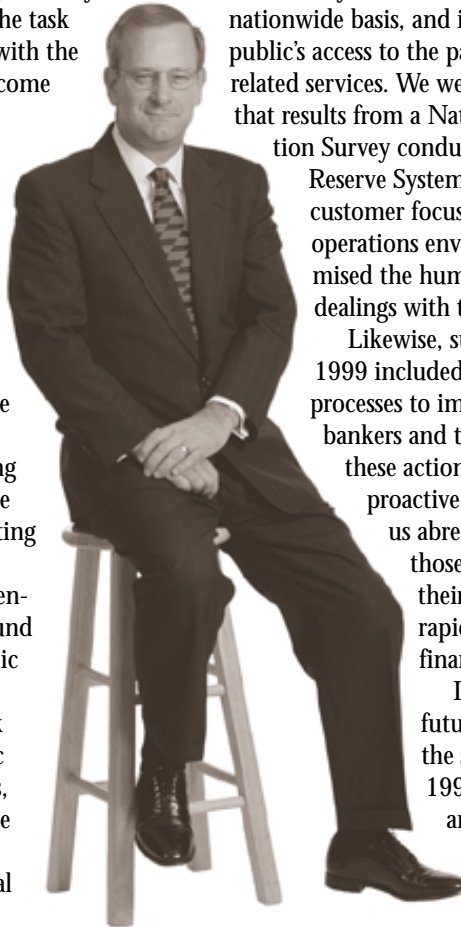
Thomas M. Hoenig

Technology is bringing customers from across the seven states and nearly half a million square miles that comprise the Tenth District closer together – literally at the speed of light. The resulting interdependence of markets and burgeoning digital-global economy make the Federal Reserve's role of promoting the stability of the financial system and our nation's economy, as important and as difficult today as at any point in our 86-year history.

Last year, the eyes of the world were transfixed on the U.S. payments system and the challenge we faced to manage century date change concerns. Though the task was formidable, it was handled with the confidence and resolve that has come to be expected from the Federal Reserve System. This diligent preparation for the year 2000 is indicative of our dedication to providing quality services into the next century. The following pages detail some of the Federal Reserve Bank of Kansas City's efforts to meet the digital economy head on with that same determination.

Our commitment to keeping abreast of economic trends in the global marketplace includes hosting a distinguished group of central bankers, financial market representatives, and academics from around the world at our annual economic symposium in Jackson Hole, Wyoming. And in order to track major developments in domestic rural and agricultural economies, the Tenth District established the Center for the Study of Rural America, a unique source of rural information for the public.

As a regional center of the central bank, we have committed ourselves to understanding and adapting technology to better serve financial institutions and the public. If 1999 was a harbinger of the changes to come in the banking industry, we believe 2000 may find our customers virtually awash in technological



advances. The Tenth District's Financial Services Division strives to remain accessible to both community banks and banks operating on a nationwide basis, and in the process assure the public's access to the payments system and related services. We were very pleased to find that results from a National Customer Satisfaction Survey conducted by the Federal Reserve System indicated that we remain customer focused and that a high-speed operations environment has not compromised the human element in our dealings with them.

Likewise, supervisory initiatives in 1999 included altering our supervisory processes to improve interactions with bankers and the public. We believe these actions will help us remain a proactive bank supervisor, keeping us abreast of emerging risks for those we supervise and assuring their sound operation in a rapidly evolving digital financial world.

In order to ensure a bright future, we must build upon the successes of the past. 1999 bore witness to changes and achievements throughout the district and will serve as a fitting cornerstone for 2000 and beyond.

THOMAS M. HOENIG
President and
Chief Executive Officer