

April 2001

To the Depository Institutions in the
Second Federal Reserve District:

It is my privilege to send to you the *Eighty-Sixth Annual Report* of the Federal Reserve Bank of New York.

In the "Report from the President," I review the Bank's major achievements in 2000. My report discusses initiatives that helped to foster financial market stability, create a stronger banking system, and enhance economic well-being. I address new efforts by the Bank to use technologies more effectively in the operations, policy, and research areas. In particular, I describe advances in our wholesale and retail payment services that bolstered productivity and helped to contain costs. I also examine developments in banking supervision and the implementation of monetary and foreign exchange policy and describe the achievements of the Bank's extensive research and community outreach programs.

Following my survey of the Bank's activities in 2000, the *Annual Report* presents detailed tables, with extensive notes, on the Bank's financial condition.

I hope you find the *Annual Report* informative and interesting.

A handwritten signature in blue ink, appearing to read "William J. McDonough".

William J. McDonough
President