



MESSAGE FROM THE FIRST VICE PRESIDENT

The Federal Reserve System continues to face a complex and dynamic outlook as it fulfills its mission to foster the stability, integrity and efficiency of the nation's monetary, financial and payments systems. To achieve this mission, the Federal Reserve sets the nation's monetary policy, supervises and

regulates banking institutions, and provides financial services to depository institutions, the U.S. government and foreign official institutions. The Federal Reserve Bank of Minneapolis leverages its strengths in order to make important System contributions while at the same time pursuing financial and operational strategies directed at ensuring that all Bank and System objectives are met efficiently and with high quality.

The Bank has consistently achieved outstanding operating results, and 2012 was no exception. We managed our expenses effectively, maintained a strong internal control environment and met most operating metrics. The accompanying "2012 by the Numbers" highlights the scope of some of the Bank's operations and the importance of excellence in conducting our operations. In a variety of areas, such as the FedACH, the Customer Contact Center and the National Service Desk, we have operational responsibilities that support the System more broadly. In a similar vein, as the Federal Reserve Treasury Retail Securities site, we support the Bureau of the Public Debt's retail program by servicing electronic and paper U.S. Savings Bonds, and Treasury marketable securities. Managing these consolidated operational responsibilities requires effective coordination and collaboration with stakeholders beyond our Bank.

Technological change creates opportunities for greater efficiency, and the System continues to refine, reorganize and consolidate its operations to take full advantage of these opportunities. We are engaged in several multiyear IT initiatives, including the consolidation of our server and network infrastructure, the upgrade of our desktop computers and the strengthening of our information security infrastructure. Change also continues in the Bank's FedACH and Treasury Retail Securities operations as a result of technology advances, marketplace dynamics and evolving business plans.

For the System's supervision and regulation area, assuming expanded responsibility

2012 BY THE NUMBERS

IN 2012 THE FEDERAL RESERVE BANK OF MINNEAPOLIS PROCESSED

- 12.3 billion ACH (Automated Clearing House) payments worth approximately \$24 trillion. FedACH is a nationwide system, developed and operated by Minneapolis staff on behalf of the entire Federal Reserve System, which provides the electronic exchange of debits and credits.
- \$10.8 billion of currency deposits from financial institutions, destroyed \$2.8 billion of worn and torn currency and shipped \$12.6 billion of currency to financial institutions.
- 178,000 transactions for the 56 million investors who hold \$177 billion in U.S. Savings Bonds and answered 577,000 calls and written inquiries from investors as the Treasury Retail Securities site for the Federal Reserve System.
- 250,000 customer support calls handled and 26,000 credentials issued for Federal Reserve payment and information services as one of two national Customer Contact Centers.
- 312,500 calls answered and 324,600 tickets created by the National Service Desk; Minneapolis is one of two sites that provide frontline IT support for the Federal Reserve System.

pursuant to the Dodd-Frank Act as systemic risk regulator, supervisor of thrift holding companies and supervisor of systemically important financial market utilities has required significant additional resources. Evolving regulatory and supervisory frameworks require increased emphasis on the analysis and review of financial organizations' risk profiles. In this regard, the Bank has engaged in a multiyear initiative to strengthen the analytical and technical skills of staff in order to address these new demands.

The Bank's Office of Minority and Women Inclusion established under Section 342 of the Dodd-Frank Act continues its work to ensure equal opportunity and racial, ethnic and gender diversity in our workforce and senior management, and the participation of minority- and women-owned businesses in our procurement activities. These efforts reinforce the Bank's long-standing and ongoing commitment to diversity and inclusion in our workforce and suppliers.

Another area of ongoing emphasis is the Bank's outreach efforts. We continue to work with communities, nonprofit organizations, lenders, educators and others in the district and across the nation to encourage financial and economic literacy, address housing problems, promote equal access to credit and advance economic and community development. In 2012, we expanded our outreach activities in the district; at the national level, one particularly notable event was the Indian Country Summit held in Washington, D.C.

In 2012, we expanded our contributions at the System level to policy discussions in a variety of areas, including monetary policy, supervision and regulation, and financial services. We also assumed a new responsibility as the System's Enterprise Content Management Support Office and will implement technology that will enable System users to better capture, store, preserve and deliver content and documents.

Looking forward, the System and the Bank will be commemorating 100 years of service with the signing of the Federal Reserve Act in December 1913 and the chartering of Reserve Banks in 1914. As we look to the future, our employees' unwavering commitment to our core values will allow us to successfully address challenges and achieve the System's mission to foster the stability, integrity and efficiency of the nation's monetary, financial and payments systems.



James M. Lyon
First Vice President