



MESSAGE FROM THE FIRST VICE PRESIDENT

As 2013 drew to a close, we observed the 100th anniversary of the signing of the Federal Reserve Act. A centennial is a remarkable achievement for any organization, particularly one as important and unique as the Federal Reserve. Over its first 100 years, the Fed has changed dramatically in many respects, particularly in terms of the scope and composition of its operations. But at the same time, at a deeper level, the Fed has evidenced remarkable constancy.

The basic organizational framework of the Federal Reserve System, consisting of the Board of Governors and 12 regional Reserve Banks, has remained unchanged. This complex blend of national and regional perspectives, along with public and private institutional attributes that define our organizational structure, has proved remarkably durable at the most fundamental level. But within this basic framework, there have been enormous changes in the scope and character of the Federal Reserve's operations and the structure of its governance mechanisms. Moreover, the System's operations and business practices have continued to evolve and adapt to new demands and new opportunities.

While much has changed over the past 100 years, what hasn't changed and will not change is the Fed's unwavering commitment to always act in the public interest. At the Minneapolis Federal Reserve Bank, we work hard every day to put our core values into practice as we strive to contribute to the System's fulfillment of its mission to foster the stability, integrity, and efficiency of the nation's monetary, financial, and payments systems.

In terms of its operating results, the Bank had a strong year in 2013. We achieved our strategic objectives and our operational metrics. Our expenses were below budget, and we had no significant compliance issues. Last year, the Board of Governors commended the Bank as a model for the System in achieving both strong controls and operational efficiency. The attached "2013 by the Numbers" highlights the scope of some of the Bank's 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 numerous stakeholders across the System and beyond.

In 2013, we met all of our supervision and regulation mandates and conducted a robust industry outreach program. In the policy arena, our research staff showcased their scholarship through numerous publications and conference presentations. In addition, Bank officers and staff made material contributions to the development of various System supervisory policies.

Effective outreach efforts throughout the Ninth District allow us to maximize the benefits afforded by the regional structure of the Federal Reserve. Last year, we continued 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. We also redesigned our advisory groups to strengthen this valuable input and expanded our "Conversations with the Fed" series of town hall meetings.

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.

As we embark on the second 100 years of the Federal Reserve, there is no way to know with certainty what new challenges we will face. But whatever the future holds, we will respond with the same commitment to our core mission and values that has guided us successfully to this point.



James M. Lyon
First Vice President