



FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.
DALLAS, TX 75201-2272

January 17, 2006

Notice 06-04

TO: The Chief Executive Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

Reserve Bank Income and Expense Data and Transfers to the Treasury for 2005

DETAILS

Figures released by the Board of Governors indicate the Federal Reserve Banks distributed approximately \$21.454 billion of their \$30.246 billion total income to the U.S. Treasury during 2005.

Federal Reserve System income is derived primarily from interest earned on U.S. government securities that the Federal Reserve has acquired through open market operations. This income amounted to \$28.959 billion in 2005. Additionally, income from fees for the provision of priced services to depository institutions totaled \$901 million. The remaining income of \$386 million includes earnings on foreign currencies, earnings from loans, and other income.

The operating expenses of the twelve Reserve Banks totaled \$2.193 billion in 2005, including the System's net pension credit. In addition, the cost of earnings credits granted to depository institutions amounted to \$212 million. Assessments against Reserve Banks for Board expenditures totaled \$266 million and the cost of currency amounted to \$477 million.

Net deductions to income amounted to \$3.577 billion, primarily representing unrealized losses on assets denominated in foreign currencies that are revalued to reflect current market exchange rates.

Total net income for the Federal Reserve Banks in 2005 amounted to \$23.521 billion. Under the Board's policy, each Reserve Bank's net income—after the statutory dividends of \$781 million to member banks and the \$1.286 billion necessary to equate surplus to paid-in capital—is transferred to the U.S. Treasury.

MORE INFORMATION

For more information, please contact Claude Davis, Financial Management Department, (214) 922-5607. Previous Federal Reserve Bank notices are available on our web site at www.dallasfed.org/banking/notices/index.html or by contacting the Public Affairs Department at (214) 922-5254.