



FEDERAL RESERVE BANK
OF DALLAS

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

DALLAS, TEXAS
75265-5906

February 9, 2001

Notice 01-14

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

SUBJECT

**Preliminary Figures on the Operating Income
of Federal Reserve Banks**

DETAILS

The Board of Governors of the Federal Reserve System has announced preliminary figures on the operating income of Federal Reserve Banks during 2000. 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.

ATTACHMENT

A copy of the Board's press release announcing the preliminary figures is printed on the reverse side of this notice.

MORE INFORMATION

For further information, please contact Claude Davis at (214) 922-5607. For additional copies of this Bank's notice, contact the Public Affairs Department at (214) 922-5254 or access District Notices on our web site at <http://www.dallasfed.org/banking/notices/index.html>.

Sincerely,

A handwritten signature in cursive script that reads "Helen E. Holcomb".

Federal Reserve Release



For immediate release

January 18, 2001

Preliminary figures indicate that the Federal Reserve Banks distributed approximately \$25.3 billion of their \$34.0 billion total income to the Treasury during 2000. In addition, \$3.75 billion was transferred from surplus to the Treasury in May 2000, as required by statute.

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 \$32.7 billion. Additionally, revenues from fees for the provision of priced services to depository institutions totaled \$881 million. The remaining income of \$335 million includes earnings on foreign currencies, earnings from loans, and other income.

The operating expenses of the twelve Reserve Banks totaled \$1.59 billion, including the System's pension cost credit. In addition, the cost of earnings credits granted to depository institutions under the Monetary Control Act of 1980 amounted to \$389 million. Assessments against Reserve Banks for Board expenditures totaled \$188 million and the cost of currency amounted to \$436 million.

Net deductions from income amounted to \$1.49 billion, resulting primarily from unrealized losses on assets denominated in foreign currencies revalued to reflect current market exchange rates.

Total net income for the Federal Reserve Banks amounted to \$29.9 billion. Under the Board's policy, all net income after the statutory dividend to member banks and the amount necessary to equate surplus to paid-in capital is transferred to the Treasury. The statutory dividends to member banks were \$410 million.