



FEDERAL RESERVE BANK  
OF DALLAS

DALLAS, TEXAS  
75265-5906

January 29, 2003

**Notice 03-05**

**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 2002**

**DETAILS**

Preliminary figures indicate that the Federal Reserve Banks distributed approximately \$24.497 billion of their \$26.758 billion total income to the U.S. Treasury during 2002.

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 \$25.532 billion. Additionally, revenues from fees for the provision of priced services to depository institutions totaled \$914 million. The remaining income of \$312 million includes earnings on foreign currencies, earnings from loans, and other income.

The operating expenses of the twelve Reserve Banks totaled \$2.070 billion in 2002, including the System's pension cost credit. In addition, the cost of earnings credits granted to depository institutions amounted to \$156 million. Assessments against Reserve Banks for Board expenditures totaled \$202 million, and the cost of currency amounted to \$430 million.

Net additions to income amounted to \$2.149 billion, resulting primarily from unrealized gains on assets denominated in foreign currencies revalued to reflect current market exchange rates.

Total net income for the Federal Reserve Banks amounted to \$26.049 billion. Under the Board's policy, each Reserve Bank's net income after the statutory dividend to member

banks and the amount necessary to equate surplus to paid-in capital is transferred to the U.S. Treasury. The statutory dividends to member banks were \$484 million.

### **MORE INFORMATION**

For more information, please contact Claude Davis, (214) 922-5607. Paper copies of this notice or previous Federal Reserve Bank notices can be printed from our web site at <http://www.dallasfed.org/banking/notices/index.html>.