



FEDERAL RESERVE BANK  
OF DALLAS

TONY J. SALVAGGIO  
FIRST VICE PRESIDENT

February 7, 1994

DALLAS, TEXAS  
75265-5906

Notice 94-18

**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 the Federal Reserve Banks**

**DETAILS**

The Board of Governors of the Federal Reserve System has announced preliminary figures on the operating income of the Federal Reserve Banks during 1993. 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 of this notice.

**MORE INFORMATION**

For further information, please contact Claude Davis at (214) 922-5607. For additional copies of this Bank's notice and the Board's press release, please contact the Public Affairs Department at (214) 922-5254.

Sincerely,

A handwritten signature in cursive script that reads "Tony J. Salvaggio".

# FEDERAL RESERVE press release



For immediate release

January 7, 1994

Preliminary figures indicate that operating income of the Federal Reserve Banks amounted to \$18.913 billion during 1993. Net income before payment of dividends, additions to surplus, and payments to the Treasury totaled \$16.528 billion. About \$15.985 billion was paid to the U.S. Treasury during 1993.

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. Income from the provision of financial services amounted to \$756 million.

Operating expenses of the 12 Reserve Banks and branches totaled \$1.609 billion. In addition, \$182 million for earnings credits were granted to depository institutions under the Monetary Control Act of 1980. Assessments to Reserve Banks for Board expenditures totaled \$140 million and the cost of currency amounted to \$356 million.

Net deductions from income amounted to \$201 million. Net deductions from income resulted primarily from the initial accrual of postretirement employee benefits required by the adoption of Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This accrual was partially offset by gains on the sales of assets denominated in foreign currencies and securities from the System Open Market Account. Statutory dividends to member banks were \$195 million.

Under the policy established by the Board of Governors at the end of 1964, 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 U.S. Treasury as interest on Federal Reserve notes.