



**FEDERAL RESERVE BANK
OF DALLAS**

HELEN E. HOLCOMB
FIRST VICE PRESIDENT AND
CHIEF OPERATING OFFICER

DALLAS, TEXAS
75265-5906

February 14, 1997

Notice 97-19

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 1996. 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 attached.

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,

Helen E. Holcomb

FEDERAL RESERVE press release



For immediate release

January 13, 1997

Preliminary figures indicate that operating income of the Federal Reserve Banks amounted to \$25.163 billion during 1996. Net income before payment of dividends, additions to surplus, and payments to the Treasury totaled \$20.974 billion. About \$20.083 billion of this net income was distributed to the U.S. Treasury during 1996.

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 \$787.7 million.

Operating expenses of the 12 Reserve Banks and branches totaled \$1.781 billion. In addition, earnings credits in the amount of \$306.8 million were granted to depository institutions under the Monetary Control Act of 1980. Assessments to Reserve Banks for Board expenditures totaled \$162.6 million and the cost of currency amounted to \$402.5 million.

Net deductions from income amounted to \$1.639 billion, resulting primarily from unrealized losses on assets denominated in foreign currencies revalued to reflect current market exchange rates. Statutory dividends to member banks were \$255.9 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. In October 1996 the Reserve Banks also transferred \$106 million from their surplus accounts to the Treasury, as statutorily required.