

Comparative Financial Statements

STATEMENTS OF CONDITION

(in millions)

	As of December 31, 2003	As of December 31, 2002
ASSETS		
Gold certificates	\$ 477	\$ 522
Special drawing rights certificates	104	104
Coin	33	43
Items in process of collection	595	764
U.S. government and federal agency securities, net	31,655	35,264
Investments denominated in foreign currencies	1,665	1,531
Accrued interest receivable	237	301
Bank premises and equipment, net	180	182
Other assets	69	64
Total assets	\$ 35,015	\$ 38,775
LIABILITIES AND CAPITAL		
Liabilities:		
Federal Reserve notes outstanding, net	\$ 28,375	\$ 28,170
Securities sold under agreements to repurchase	1,202	1,164
Deposits:		
Depository institutions	1,260	1,393
Other deposits	4	4
Deferred credit items	521	685
Interest on Federal Reserve notes due U.S. Treasury	24	71
Interdistrict settlement account	2,103	5,818
Accrued benefit costs	61	58
Other liabilities	11	8
Total liabilities	\$ 33,561	\$ 37,371
Capital:		
Capital paid-in	727	702
Surplus	727	702
Total capital	1,454	1,404
Total liabilities and capital	\$ 35,015	\$ 38,775

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF INCOME (in millions)

	For the year ended December 31, 2003	For the year ended December 31, 2002
Interest income:		
Interest on U.S. government and federal agency securities	\$ 1,097	\$ 1,410
Interest on investments denominated in foreign currencies	22	24
Total interest income	1,119	1,434
Interest expense:		
Interest expense on securities sold under agreements to repurchase	11	1
Net interest income	1,108	1,433
Other operating income:		
Income from services	56	66
Reimbursable services to government agencies	32	26
Foreign currency gains, net	227	194
U.S. government securities gains, net	—	4
Other income	4	4
Total other operating income	\$ 319	\$ 294
Operating expenses:		
Salaries and other benefits	93	86
Occupancy expense	13	11
Equipment expense	13	13
Assessments by Board of Governors	52	40
Other expenses	49	46
Total operating expenses	220	196
Net income prior to distribution	\$ 1,207	\$ 1,531
Distribution of net income:		
Dividends paid to member banks	\$ 42	\$ 42
Transferred to surplus	25	37
Payments to U.S. Treasury as interest on Federal Reserve notes	1,140	1,452
Total distribution	\$ 1,207	\$ 1,531

STATEMENTS OF CHANGES IN CAPITAL (in millions)

For the years ended December 31, 2003 and December 31, 2002

	Capital Paid-in	Surplus	Total Capital
Balance at January 1, 2002 (13.3 million shares)	\$ 665	\$ 665	\$ 1,330
Net income transferred to surplus	—	37	37
Net change in capital stock issued (0.7 million shares)	37	—	37
Balance at December 31, 2002 (14 million shares)	\$ 702	\$ 702	\$ 1,404
Net income transferred to surplus	—	25	25
Net change in capital stock issued (0.5 million shares)	25	—	25
Balance at December 31, 2003 (14.5 million shares)	\$ 727	\$ 727	\$ 1,454

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