

Press Release

FEDERAL RESERVE press release



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The Federal Reserve System on Thursday published the annual financial statements for the combined Federal Reserve Banks, the 12 individual Federal Reserve Banks, the limited liability companies (LLCs) that were created in 2008 to respond to strains in financial markets, and the Board of Governors for the years ended December 31, 2008 and 2007.

New information about the assets held by each of the consolidated LLCs is also included in the annual financial statements. The composition of the LLCs' portfolios is detailed in the statements. Measures of the quality of these assets are provided as well as information about their value. For mortgages held, information is included regarding concentrations by geography and type. The statements contain summaries of the associated credit and market risk for each significant holding.

The financial position of the combined Federal Reserve Banks, with detail for each Federal Reserve Bank and the consolidated LLCs, is also published weekly in the Board's H.4.1 statistical release.

Total Reserve Bank assets were \$2.25 trillion on December 31, 2008, which is an increase of \$1.33 trillion from the prior year. The increase was primarily the result of a \$595 billion increase in loans to depository institutions and others, a \$530 billion increase in central bank liquidity swaps, and a \$412 billion increase in investments held by consolidated LLCs, offset, in part, by a \$263 billion decrease in U.S. government securities. Balances of depository institutions and the U.S. Treasury held with the Reserve Banks contributed most significantly to the \$1.33 trillion increase in Reserve Bank liabilities.

Reserve Bank comprehensive income (net income after a decline in the funded status of benefit plans) decreased \$3.2 billion from its 2007 level to \$35.5 billion in 2008. Net interest income on System Open Market Account holdings decreased \$11.7 billion. Interest paid on depository institutions' reserve balances, which began on October 9, 2008, totaled \$0.8 billion. Comprehensive income was also reduced by \$5.2 billion due to the decline in the fair value of investments held by the consolidated LLCs, offset, in part, by \$3.5 billion in net income on those investments. The change in the funded status of Federal Reserve benefit plans resulted in an additional decrease of \$3.5 billion. The decrease in comprehensive income was offset by an increase of \$3.6 billion in interest income on central bank liquidity swaps, \$3.8 billion in realized gains on the sale of U.S. government securities, and \$7.1 billion in interest earned on loans to depository institutions and others.

The Reserve Banks transferred \$31.7 billion to the U.S. Treasury in 2008, a \$2.9 billion decrease from 2007.

The individual and combined Reserve Bank financial statements and those of the consolidated LLCs and the Board are audited annually by an independent external auditor.

The Federal Reserve System financial statements may be accessed via the Federal Reserve Board's website at: http://www.federalreserve.gov/monetarypolicy/bst_fedfinancials.htm