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## Press Release

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January 10, 2011

### Reserve Bank income and expense data and transfers to the Treasury for 2010

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The Federal Reserve Board on Monday announced preliminary unaudited results indicating that the Reserve Banks provided for payments of approximately \$78.4 billion of their estimated 2010 net income of \$80.9 billion to the U.S. Treasury. This represents a \$31.0 billion increase in payments to the U.S. Treasury over 2009 (\$47.4 billion of \$53.4 billion of net income). The increase was due primarily to increased interest income earned on securities holdings during 2010.

Under the Board's policy, the residual earnings of each Federal Reserve Bank, after providing for the costs of operations, payment of dividends, and the amount necessary to equate surplus with capital paid-in, are distributed to the U.S. Treasury.

The Federal Reserve Banks' 2010 net income was derived primarily from \$76.2 billion in income on securities acquired through open market operations (federal agency and government-sponsored enterprise (GSE) mortgage-backed securities, U.S. Treasury securities, and GSE debt securities); \$7.1 billion in net income from consolidated limited liability companies (LLCs), which were created in response to the financial crisis; \$2.1 billion in interest income from credit extended to American International Group, Inc.; \$1.3 billion of dividends on preferred interests in AIA Aurora LLC and ALICO Holdings LLC; and \$0.8 billion in interest income on loans extended under the Term Asset-Backed Securities Loan Facility (TALF) and loans to depository institutions. Additional

earnings were derived primarily from revenue of \$0.6 billion from the provision of priced services to depository institutions. The Reserve Banks had interest expense of \$2.7 billion on depository institutions' reserve balances and term deposits.

Operating expenses of the Reserve Banks, net of amounts reimbursed by the U.S. Treasury and other entities for services the Reserve Banks provided as fiscal agents, totaled \$4.3 billion in 2010. The Reserve Banks' operating expenses included assessments of \$1.0 billion for Board expenditures and the cost of new currency. In 2010, statutory dividends totaled \$1.6 billion and approximately \$0.6 billion of net income was used to equate surplus to paid-in capital.

The preliminary unaudited results include valuation adjustments as of September 30 for TALF loans and consolidated LLCs. The final results, which will be presented in the Reserve Banks' annual audited financial statements and the Board of Governors' Annual Report, will reflect valuation adjustments as of December 31.

[Chart: 2001-2010 Federal Reserve Distributions to the U.S. Treasury \(41 KB PDF\)](#)

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