



Financial Statements:

TALF II LLC

A Limited Liability Company Consolidated by the Federal Reserve Bank of New York

As of and for the Years Ended December 31, 2023 and
December 31, 2022 and Independent Auditors' Report

TALF II LLC

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Report of Independent Registered Public Accounting Firm

To the Managing Member of
TALF LLC:

Opinion on the Financial Statements

We have audited the accompanying statements of financial condition of TALF II LLC (a Limited Liability Company consolidated by the Federal Reserve Bank of New York) (the "LLC") as of December 31, 2023 and 2022, the related statements of operations, changes in members' equity, and cash flows for the years then ended and the related notes (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the LLC as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the LLC's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have served as the LLC's auditor since 2020.

New York, New York
March 18, 2024

Abbreviations

ABS	Asset-backed securities
ASC	Accounting Standards Codification
FASB	Financial Accounting Standards Board
FRBNY	Federal Reserve Bank of New York
GAAP	Accounting principles generally accepted in the United States of America
LLC	Limited liability company
SBA	Small Business Administration
TALF II	TALF II LLC

Statements of Financial Condition

As of December 31, 2023 and 2022

(Amounts in thousands)

		<u>2023</u>	<u>2022</u>
<u>ASSETS</u>			
Cash and cash equivalents	Note 3	\$ 45,499	\$ 54,039
Restricted cash and cash equivalents			
Cash deposit		-	155,831
Short-term investments in non-marketable securities	Note 3	-	887,099
Loans to eligible borrowers, at loan amount	Note 3	-	996,426
Principal and interest receivable		430	18,359
Total assets		<u>\$ 45,929</u>	<u>\$ 2,111,754</u>
<u>LIABILITIES AND MEMBERS' EQUITY</u>			
Liabilities:			
Loans payable to FRBNY	Note 5	\$ -	\$ 1,011,353
Interest payable	Note 5	-	19,096
Administrative fees deferred revenue		-	367
Other liabilities		52	170
Total liabilities		<u>52</u>	<u>1,030,986</u>
Members' equity	Note 6	<u>45,877</u>	<u>1,080,768</u>
Total liabilities and members' equity		<u>\$ 45,929</u>	<u>\$ 2,111,754</u>

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

Statements of Operations

For the years ended December 31, 2023 and 2022
(Amounts in thousands)

		<u>2023</u>	<u>2022</u>
<u>INCOME</u>			
Interest income	Note 4	\$ 71,014	\$ 42,572
Administrative fees		<u>367</u>	<u>569</u>
Total operating income		<u>71,381</u>	<u>43,141</u>
<u>EXPENSES</u>			
Loans interest expense	Note 5	34,602	19,417
Professional fees		<u>290</u>	<u>514</u>
Total operating expenses		<u>34,892</u>	<u>19,931</u>
Net operating income	Note 6	<u>\$ 36,489</u>	<u>\$ 23,210</u>

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

Statements of Changes in Members' Equity

For the years ended December 31, 2023 and 2022

(Amounts in thousands)

		<u>Members'</u> <u>contributed equity</u>	<u>Undistributed net</u> <u>operating income</u>	<u>Total members'</u> <u>equity</u>
Members' equity, December 31, 2021		\$ 1,364,076	\$ 33,770	\$ 1,397,846
Members' (distributions)	Note 6	(340,288)	-	(340,288)
Undistributed net operating income	Note 6	-	23,210	23,210
Members' equity, December 31, 2022		<u>\$ 1,023,788</u>	<u>\$ 56,980</u>	<u>\$ 1,080,768</u>
Members' (distributions)	Note 6	(1,023,788)	(47,592)	(1,071,380)
Undistributed net operating income	Note 6	-	36,489	36,489
Members' equity, December 31, 2023		<u><u>\$ -</u></u>	<u><u>\$ 45,877</u></u>	<u><u>\$ 45,877</u></u>

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

TALF II LLC

Statements of Cash Flows

For the years ended December 31, 2023 and 2022
(Amounts in thousands)

	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Net operating income	Note 6 \$ 36,489	\$ 23,210
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Decrease in principal and interest receivable	17,929	41,775
(Decrease) increase in interest payable	(19,096)	17,120
(Decrease) in administrative fee deferred revenue	(367)	(569)
(Decrease) increase in other liabilities	(118)	4
Cash provided by operating activities	<u>34,837</u>	<u>81,540</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from repayments of loans to eligible borrowers	Note 3 996,426	349,596
Cash provided by investing activities	<u>996,426</u>	<u>349,596</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Repayment of contributed capital	Note 6 (1,023,788)	(340,288)
Distributions to members	Note 6 (47,592)	-
Repayment of loans payable to FRBNY	Note 5 (1,011,353)	(393,526)
Cash used in financing activities	<u>(2,082,733)</u>	<u>(733,814)</u>
Net change in cash and cash equivalents, restricted cash and cash equivalents	(1,051,470)	(302,678)
Beginning cash and cash equivalents, restricted cash and cash equivalents	<u>1,096,969</u>	<u>1,399,647</u>
Ending cash and cash equivalents, restricted cash and cash equivalents	<u>\$ 45,499</u>	<u>\$ 1,096,969</u>
<u>SUPPLEMENTAL CASH FLOW DISCLOSURE</u>		
Cash paid for interest	<u>\$ 53,699</u>	<u>\$ 2,296</u>

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

TALF II LLC

Notes to Financial Statements

(1) ORGANIZATION, NATURE OF BUSINESS, AND FINANCING

In accordance with section 13(3) of the Federal Reserve Act and with prior approval from the Secretary of the Treasury, the Board of Governors of the Federal Reserve System authorized the Federal Reserve Bank of New York (FRBNY) to establish the Term Asset-Backed Securities Loan Facility (Facility) to support the flow of credit to consumers and businesses. The Facility's purpose is to provide credit to eligible borrowers by making three-year loans (TALF Loans or Loans to eligible borrowers) secured by eligible collateral, which includes asset-backed securities (ABS) backed by student loans, auto loans, credit card loans, loans guaranteed by the Small Business Administration (SBA), leveraged loans, commercial mortgages, and certain other assets. The authorization to extend TALF Loans through the Facility expired on December 31, 2020.

TALF II LLC (TALF II) is a Delaware limited liability company (LLC) formed in connection with the implementation of the Facility on April 13, 2020. TALF II has two members: FRBNY, which is TALF II's managing member and the U.S. Department of the Treasury (Treasury), which is TALF II's preferred equity member. The managing member has the exclusive rights to manage TALF II. The preferred equity member contributed capital to TALF II using funds from the Exchange Stabilization Fund under section 4027 of the Coronavirus Aid, Relief, and Economic Security Act.

TALF II's LLC agreement provided for bi-annual distributions of capital to the Treasury each year until TALF II is terminated. The LLC agreement was amended and restated in December 2023 to provide for certain additional interim distributions (including the return of capital contributed by Treasury), expense reserves and a final distribution. The final distribution of capital occurred on December 22, 2023. Distributions of capital and earnings are described in more detail in Note 6.

FRBNY also served as the lender to TALF II. FRBNY extended \$4.4 billion in loans to TALF II to enable TALF II to make Loans to eligible borrowers (TALF Borrowers) during the period of June 25, 2020 to December 31, 2020. All loans extended by TALF II to TALF Borrowers were repaid in full by December 8, 2023. All loans extended to TALF II by FRBNY were repaid in full by December 15, 2023. The loans made by FRBNY were with full recourse to TALF II and secured by all assets of TALF II. TALF II recorded a liability in the Statements of Financial Condition when FRBNY funded the loans. Interest on loans from FRBNY was paid on the maturity date or upon any repayment or prepayment of the loans.

TALF Loans were made only against eligible ABS collateral, as set forth in the Facility's terms and conditions and Master Loan and Security Agreement. As described in more detail therein, the underlying credit exposures for eligible ABS collateral must be one of the following: 1) auto loans and leases; 2) student loans; 3) credit card receivables (both consumer and corporate); 4) equipment loans; 5) floorplan loans; 6) premium finance loans for property and casualty insurance; 7) certain small business loans that are guaranteed by the SBA; 8) leveraged loans; or 9) commercial mortgages.

TALF II's recourse against TALF Borrowers was limited to the ABS collateral securing a TALF Loan, absent breaches of representations, warranties, or covenants by a TALF Borrower. The ABS collateral pledged to TALF II by TALF Borrowers was subject to haircuts, based on the ABS type and weighted average life. A TALF Borrower was entitled to prepay its loan, in whole or in part, without penalty. A TALF Borrower could also surrender the ABS collateral to TALF II at any time in full satisfaction of its loan.

TALF II LLC

Notes to Financial Statements

TALF Borrowers were required to pay a non-refundable administrative fee equal to 10 basis points of the loan amount on the loan settlement date.

All available cash receipts of TALF II are used to pay its obligations as described in Note 5. Distributions of residual proceeds to the members will occur after all loans from FRBNY are repaid in full. During the life of TALF II, undistributed net residual income or loss is reported as “Undistributed net operating income” in the Statements of Changes in Members’ Equity. TALF II invests cash receipts from administrative fees and investment earnings in government money market funds and cash deposits.

Various service providers for legal, accounting, administrative, and custodial services were engaged to provide services for TALF II. The Bank of New York Mellon provides administrative and custodial services for TALF II. TALF II does not have any employees and therefore does not bear any employee-related costs.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP), which require the managing member to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expense during the reporting period. Significant items subject to such estimates and assumptions include the fair value of the investments. Actual results could differ from those estimates.

Significant accounts and accounting policies are explained below.

a. Cash and Cash Equivalents, Restricted Cash and Cash Equivalents

TALF II defines investments in money market funds and other highly liquid investments with original maturities of three months or less, when acquired, as cash equivalents. Money market funds are carried at fair value based on the publicly available net asset value.

In accordance with the terms of the Investment Memorandum of Understanding for TALF II, approximately 85 percent of the Treasury’s initial equity contribution was invested in overnight non-marketable securities issued by the Treasury to TALF II. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 230-10 *Statement of Cash Flows*, these investments were reported as restricted cash and cash equivalents as there are contractual limitations and restrictions on the use of the funds and ability to withdraw the funds. The investments in overnight non-marketable Treasury securities were recorded at amortized cost and shown as “Restricted cash and cash equivalents: Short-term investments in non-marketable securities” in the Statements of Financial Condition. The remaining Treasury equity contribution in TALF II was held in cash as a deposit at FRBNY to support the liquidity needs of TALF II and is reported as “Restricted cash and cash equivalents: Cash deposit” in the Statements of Financial Condition and is included in “Net change in cash and cash equivalents, restricted cash and cash equivalents” in the Statements of Cash Flows.

b. Investments

TALF II extended Loans to eligible borrowers on a non-recourse basis. TALF Borrowers pledged eligible ABS collateral as security for the loans. The original principal amount of loans was recorded as a loan receivable. TALF Loans were designated as held-for-investment and accounted for in accordance with FASB ASC 310 *Receivables*. Principal payments, on loans held by the custodian but not yet received by TALF II, and accrued interest are reported as “Principal and interest receivable” in the Statements of Financial Condition.

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c. Credit Impairment and Allowance for Credit Losses

TALF II's TALF Loans were subject to review each reporting period to identify and evaluate loans that have indications of possible impairment in accordance with FASB ASC 310-10 *Receivables*. TALF II recognizes an allowance for credit loss for the TALF Loans when it is expected that TALF II will be unable to collect all amounts due, including both the contractual interest and principal payments under the loan agreement. Based on current information and events, if expected that a credit loss has been or will be incurred and the amount of the loss can be reasonably estimated, a credit loss is recorded. TALF II recognizes any credit loss by creating a valuation allowance with a corresponding charge to bad debt expense. As of December 31, 2023, there were no outstanding loans and no credit loss allowances. As of December 31, 2022, no loans were considered impaired, and there were no allowances or loans in non-accrual status.

d. Interest Income

TALF II recognized interest income on Loans to eligible borrowers based on the contractual rate of the loans. Interest income recognition ceased when the loans matured or were prepaid by the TALF Borrowers. Interest income on short-term investments in non-marketable securities was recorded when earned and was received daily based on an overnight rate established by the Treasury's Bureau of Fiscal Service.

e. Administrative Fees

TALF II assessed an administrative fee to the TALF Borrower equal to 10 basis points of the loan amount on the settlement date of the collateral. In accordance with FASB ASC 310-20 *Receivables - Nonrefundable Fees and Other Costs*, administrative fees were deferred and amortized over the term of the loans. The administrative fees were amortized using the effective interest method and are reported as "Administrative fees deferred revenue" in the Statements of Financial Condition and as "Administrative fees" in the Statements of Operations.

f. Professional Fees

Professional fees consist primarily of fees charged by TALF II's administrator, custodian, attorneys, and independent auditors. Professional fees are reported as "Professional fees" in the Statements of Operations.

g. Taxes

TALF II was formed by FRBNY and the Treasury. It is not subject to an entity level income tax. Accordingly, no provision for income taxes is made in the financial statements.

h. Fair Value Measurements

Certain assets of TALF II are measured at fair value in accordance with FASB ASC 820 *Fair Value Measurement & Disclosures*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 *Fair Value Measurement & Disclosures* establishes a three-level fair value hierarchy that distinguishes between assumptions developed using market data obtained from independent sources (observable inputs) and assumptions developed using the best information available in the circumstances

TALF II LLC

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(unobservable inputs). The three levels established by FASB ASC 820 *Fair Value Measurement & Disclosures* are described as follows:

- Level 1 – Valuation is based on quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is based on model-based techniques that use significant inputs and assumptions not observable in the market. These unobservable inputs and assumptions reflect estimates of inputs and assumptions that market participants would use in pricing the assets and liabilities. Valuation techniques include the use of option pricing models, discounted cash flow models, and similar techniques.

The inputs or methodologies used for valuing the financial instruments are not necessarily an indication of the risk associated with investing in those financial instruments.

i. Recently Issued Accounting Standards

The following items represent recent GAAP accounting standards.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, amended in subsequent related ASUs. ASU 2016-13 introduces the Current Expected Credit Losses (CECL) methodology which replaced the previous GAAP method of calculating credit losses. While the prior methodology required incurred losses to be probable before they were recognized, ASU 2016-13 requires the use of a lifetime expected loss methodology, which requires earlier recognition of credit losses on financial assets measured at amortized cost. The new standard modifies the methodology for measuring credit losses by incorporating future forecast assumptions while it does not change the determined credit risk on the underlying financial assets. TALF II adopted this standard using the modified retrospective method to report results under ASU 2016-13 for reporting periods after January 1, 2023. The adoption of this standard did not have a material effect on TALF II's financial statements.

TALF II LLC

Notes to Financial Statements

(3) FACILITY ASSETS

Facility assets consisted of cash equivalents, which are recorded at fair value, short-term investments in non-marketable securities, which are recorded at amortized cost, and principal for loans to eligible borrowers in the Statements of Financial Condition.

At December 31, 2023, TALF II held \$45 million of cash equivalents with maturities within 15 days. TALF II did not hold short-term investments in non-marketable securities and loans to eligible borrowers as of December 31, 2023. At December 31, 2022, the maturity distribution of TALF II holdings were as follows (in thousands):

	2022				Total
	Within 15 days	16 days to 90 days	91 days to 1 year	Over 1 year to 5 years	
Cash equivalents ¹	\$ 54,039	\$ -	\$ -	\$ -	\$ 54,039
Short-term investments in non-marketable securities	887,099	-	-	-	887,099
Loans to eligible borrowers	-	-	996,426	-	996,426
	<u>\$ 941,138</u>	<u>\$ -</u>	<u>\$ 996,426</u>	<u>\$ -</u>	<u>\$ 1,937,564</u>

¹Cash equivalents is a component of “Cash and cash equivalents” reported in the Statements of Financial Condition

At December 31, 2023 and 2022, TALF II’s cash equivalents consisted of government money market funds valued on the basis of the publicly available net asset value and classified as Level 1 within the FASB ASC 820 *Fair Value Measurements & Disclosures* hierarchy. Due to the short-term nature of cash equivalents and short-term investments in non-marketable securities, there was no material difference between cost and fair value.

At December 31, 2023, there were no outstanding TALF Loans and collateral held by TALF II. The last remaining TALF Loans were repaid on December 8, 2023. The following table presents the loans principal and collateral fair value of TALF Loans at December 31, 2022 (in thousands):

	2022	
	Loan principal	Collateral fair value ¹
Loans ²	\$ 996,426	\$ 1,099,011

¹ Collateral fair value reflects the market value of collateral, including accrued interest.

² All loans were fully collateralized.

The fair value of TALF II collateral was subject to both market and credit risk, arising from movements in variables such as interest rates and credit spreads and the credit quality of the collateral. Based on evaluations performed as of December 31, 2023 and 2022, there were no credit impairments of TALF II’s holdings.

TALF II LLC

Notes to Financial Statements

(4) RISK PROFILE

At December 31, 2023, TALF II's portfolio consisted of cash equivalents composed of \$45 million of government money market funds investments that are rated as government/agency.

At December 31, 2023 there were no holdings of short-term investments in non-marketable securities. Interest income earned over the year on the portion of the preferred equity contributions invested in non-marketable securities totaled \$28 million and is reported as a component of "Interest income" in the Statements of Operations.

At December 31, 2023, all loans to Loans to eligible borrowers have been repaid, and no securities collateralizing TALF Loans have been surrendered. At December 31, 2022, TALF II's portfolio included non-recourse Loans to eligible borrowers and securities collateralizing loans to TALF Borrowers. The ratings breakdown of the fair value of collateral securing Loans to eligible borrowers at December 31, 2022 was as follows (in thousands):

Collateral sector	2022		
	AAA	Government / agency	Total
SBA loans	\$ -	\$ 898,637	\$ 898,637
Commercial mortgages	19,334	-	19,334
Leveraged loans	181,040	-	181,040
Total collateral	<u>\$ 200,374</u>	<u>\$ 898,637</u>	<u>\$ 1,099,011</u>

Note: Lowest of all ratings was used for the purpose of this table if rated by two or more nationally recognized statistical rating organizations.

(5) LOANS PAYABLE TO THE FEDERAL RESERVE BANK OF NEW YORK

FRBNY extended loans to TALF II, and the loan proceeds financed TALF II's issuance of Loans to eligible borrowers. In addition to FRBNY loans for issuance of TALF Loans, TALF II was permitted to borrow from FRBNY for temporary liquidity needs, but the need to borrow did not occur.

The assets of TALF II were used to secure the loans from FRBNY. These assets included the equity that the Treasury contributed to TALF II to function as credit protection for FRBNY's loans to TALF II.

Each loan made by FRBNY to TALF II bore interest, accrued daily, at a rate per annum equal to the interest rate on reserve balances (IORB) in effect on such day. Repayment of the principal and interest on the loans was made from proceeds of principal and interest received by TALF II on TALF Loans.

TALF II's loans payable to FRBNY are reported as "Loans payable to FRBNY" in the Statements of Financial Condition. The related interest payable is reported as "Interest payable" in the Statements of Financial Condition; the amount of interest expense during the period is reported as "Loans interest expense" in the Statements of Operations.

There were no new loans extended by FRBNY to TALF II during the year ending December 31, 2023. The final loan payable balance to FRBNY was repaid on December 15, 2023.

TALF II LLC

Notes to Financial Statements

Loans payable to FRBNY at December 31, 2022, were as follows (in thousands):

Loan Type	2022			Maturity date
	Loans payable to FRBNY	Interest payable	Interest rate	
Funding	\$ 1,011,353	\$ 19,096	IORB	October 30, 2023 - December 21, 2023

(6) CONTRIBUTIONS AND DISTRIBUTIONS

The following table presents distributions of capital and current year undistributed net operating income for the years ended December 31, 2023 and 2022 (in thousands), which are reported as “Members’ (distributions)” and “Undistributed net operating income,” respectively, in the Statements of Changes in Members’ Equity:

	Managing member	Preferred equity member	Total members
Members' equity, December 31, 2021	\$ 2,975	\$ 1,394,871	\$ 1,397,846
Capital (distribution)	-	(340,288)	(340,288)
Current year undistributed net operating income	809	22,401	23,210
Members' equity, December 31, 2022	\$ 3,784	\$ 1,076,984	\$ 1,080,768
Capital (distribution)	-	(1,023,788)	(1,023,788)
Current year undistributed net operating income	804	35,685	36,489
Earnings (distribution) ¹	-	(47,592)	(47,592)
Members' equity, December 31, 2023	\$ 4,588	\$ 41,289	\$ 45,877

¹ Represents the distribution of cumulative earnings in accordance with the LLC’s legal agreements.

The following table presents cumulative capital contributions and undistributed net operating income as of December 31, 2023 and 2022 (in thousands):

	Managing member	Preferred equity member	Total members
Cumulative capital contributions, net	\$ -	\$ -	\$ -
Cumulative undistributed net operating income	4,588	41,289	45,877
Members' equity, December 31, 2023	\$ 4,588	\$ 41,289	\$ 45,877

	Managing member	Preferred equity member	Total members
Cumulative capital contributions, net	\$ -	\$ 1,023,788	\$ 1,023,788
Cumulative undistributed net operating income	3,784	53,196	56,980
Members' equity, December 31, 2022	\$ 3,784	\$ 1,076,984	\$ 1,080,768

TALF II LLC

Notes to Financial Statements

a. Contributions and Distributions of Capital

The preferred equity member contributed \$10.0 billion in capital as credit protection to TALF II for loans needed to fund TALF Loans or operations of TALF II, and the managing member was deemed to have contributed \$10 in capital.

Preferred equity member contributions, less distributions were held in cash deposits and non-marketable securities, as mutually agreed upon by the managing member and the preferred equity member and consented to by FRBNY. TALF II returned \$1.0 billion and \$340 million of the preferred equity member's capital contribution in 2023 and 2022, respectively.

b. Undistributed and Distributed Net Operating Income

Amounts available for distribution, due to interest, fees, payments on investments and other receipts of income are determined on the dates and in the order of priority set forth in the credit agreement between TALF II and FRBNY.

Prior to the conclusion of the Facility, when all obligations of TALF II are repaid, the remaining net assets will be allocated and distributed in accordance with the limited liability company agreement of TALF II. That agreement contemplates the distribution 1) to Treasury of the preferred equity account balance inclusive of all investment earnings on non-marketable securities, and 2) 90 percent of the remaining net assets to the Treasury, as the preferred equity member and 10 percent of the remaining net assets to FRBNY, as the managing member.

As of December 31, 2023, TALF II had distributed \$48 million to the Treasury, representing cumulative earnings on the short-term investments in non-marketable securities.

(7) COMMITMENTS AND CONTINGENCIES

TALF II agreed to pay the reasonable out-of-pocket costs and expenses of certain service providers incurred in connection with their duties. TALF II also generally agreed to indemnify its service providers for certain losses, expenses, and other liabilities under the agreements it has with those service providers, subject to customary exceptions such as for losses caused by the service providers' misconduct. These indemnity obligations survive termination of those agreements. As of December 31, 2023, TALF II did not have any prior claims or losses pursuant to these agreements. The risk of loss was deemed remote.

(8) SUBSEQUENT EVENTS

As of February 23, 2024, TALF II held no remaining assets. All holdings were liquidated, final obligations were satisfied, and final distributions of proceeds to FRBNY and the Treasury were made in accordance with the Amended and Restated LLC agreement. FRBNY terminated TALF II following the final distribution and the termination or expiration of existing contractual agreements. During 2024, TALF II distributed Treasury's remaining earnings since inception of \$41 million, and FRBNY's earnings since inception of \$5 million.

Subsequent events were evaluated through March 18, 2024, which is the date that these financial statements were available to be issued.