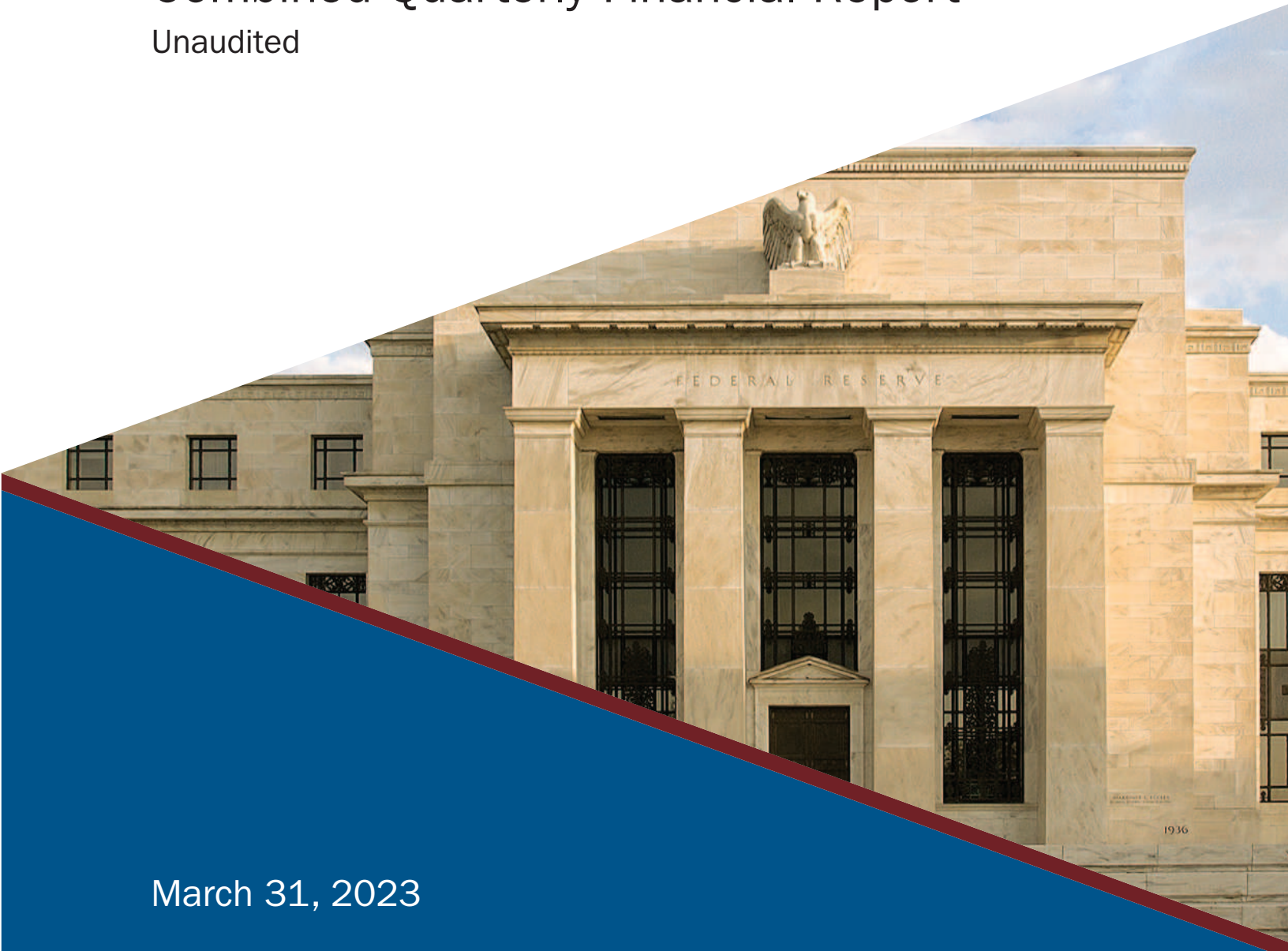




Federal Reserve Banks Combined Quarterly Financial Report Unaudited



March 31, 2023



The Federal Reserve System is the central bank of the United States. It performs five key functions to promote the effective operation of the U.S. economy and, more generally, the public interest.

The Federal Reserve

- **conducts the nation's monetary policy** to promote maximum employment and stable prices in the U.S. economy;
- **promotes the stability of the financial system** and seeks to minimize and contain systemic risks through active monitoring and engagement in the U.S. and abroad;
- **promotes the safety and soundness of individual financial institutions** and monitors their impact on the financial system as a whole;
- **fosters payment and settlement system safety and efficiency** through services to the banking industry and U.S. government that facilitate U.S.-dollar transactions and payments; and
- **promotes consumer protection and community development** through consumer-focused supervision and examination, research and analysis of emerging consumer issues and trends, community economic development activities, and administration of consumer laws and regulations.

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Overview

The Federal Reserve supplements the release of its annual financial statements with three quarterly financial reports to summarize the unaudited combined financial position and results of operations of the 12 Reserve Banks. The combined financial information reported includes the accounts and results of operations of each Reserve Bank and some consolidated variable interest entities.

The report contains

- the [combined statements](#) of condition, operations, and changes in capital; and
- eight explanatory notes that provide [supplemental financial information](#) for line items in the combined quarterly statements.

For more information about Federal Reserve Board financial statements and reporting, visit our website at <https://www.federalreserve.gov/aboutthefed/fed-financial-statements.htm>. For more information about how the Federal Reserve Board supervises Federal Reserve Bank operations, see the “Payment System and Reserve Bank Oversight” section of our latest Annual Report (<https://www.federalreserve.gov/publications/annual-report.htm>).

The following unaudited financial statements—for the quarter-ended March 31, 2023—summarize the combined financial position and results of operations of the 12 Federal Reserve Banks. The notes cited in the financial statements provide [supplemental financial information](#) for specific line items.

Combined statements of condition		
<i>(in millions)</i>		
	March 31, 2023	December 31, 2022
Assets		
Gold certificates	\$ 11,037	\$ 11,037
Special drawing rights certificates	5,200	5,200
Coin	1,315	1,209
Loans:	Note 1	
Loans to depository institutions	250,446	5,276
Other loans	73,762	11,450
System Open Market Account:	Note 2	
Securities purchased under agreements to resell	45,000	—
Treasury securities, net (of which \$54,242 and \$51,590 is lent as of March 31, 2023, and December 31, 2022, respectively)	5,502,232	5,729,247
Federal agency and government-sponsored enterprise mortgage-backed securities, net	2,649,119	2,697,583
Government-sponsored enterprise debt securities, net (of which \$0 and \$23 is lent as of March 31, 2023, and December 31, 2022)	2,577	2,584
Foreign currency denominated investments, net	18,730	18,565
Central bank liquidity swaps	588	412
Accrued interest receivable	30,799	34,277
Other assets	1	1
Consolidated variable interest entities: Investments, net (including \$456 and \$547 measured at fair value as of March 31, 2023, and December 31, 2022, respectively)	Note 3 29,870	30,436
Prepaid pension benefit costs	1,331	1,333
Other accrued interest receivable	397	68
Bank premises and equipment, net	2,748	2,700
Items in process of collection	59	72
Deferred asset – remittances to the Treasury	44,716	16,585
Other assets	1,293	1,319
Total assets	\$ 8,671,220	\$ 8,569,354
Liabilities and capital		
Federal Reserve notes outstanding, net	Note 4 \$ 2,272,598	\$ 2,258,961
System Open Market Account:	Note 2	
Securities sold under agreements to repurchase	2,742,659	2,889,555
Other liabilities	368	690
Deposits:		
Depository institutions	Note 5 3,183,739	2,684,814
Treasury, general account	Note 6 177,692	446,685
Other deposits	228,368	227,160
Interest payable to depository institutions and others	4,400	1,093
Consolidated variable interest entities: Other liabilities	Note 3 72	96
Accrued benefit costs	1,956	1,940
Deferred credit items	431	611
Other liabilities	806	359
Total liabilities	\$ 8,613,089	\$ 8,511,964
Reserve Bank capital	Note 7	
Capital paid-in	\$ 35,417	\$ 35,014
Surplus (including accumulated other comprehensive loss of \$970 and \$960 at March 31, 2023, and December 31, 2022, respectively)	6,785	6,785
Total Reserve Bank capital	42,202	41,799
Consolidated variable interest entities formed to administer credit and liquidity facilities: Non-controlling interest	Note 3 15,929	15,591
Total Reserve Bank capital and consolidated variable interest entities non-controlling interest	58,131	57,390
Total liabilities and capital	\$ 8,671,220	\$ 8,569,354

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Combined statements of operations		
(in millions)		
	Three months ended	
	March 31, 2023	March 31, 2022
Interest income		
Loans:	Note 8(A)	
Loans to depository institutions	\$ 778	\$ 1
Other loans	103	24
System Open Market Account:	Note 8(B)	
Securities purchased under agreements to resell	99	–
Treasury securities, net	23,979	25,576
Federal agency and government-sponsored enterprise mortgage-backed securities, net	14,852	11,730
Government-sponsored enterprise debt securities, net	33	33
Foreign currency denominated investments, net	41	(11)
Central bank liquidity swaps	5	–
Total interest income	<u>\$ 39,890</u>	<u>\$ 37,353</u>
Interest expense		
System Open Market Account:	Note 8(B)	
Securities sold under agreements to repurchase	\$ 28,058	\$ 444
Depository institutions and others	Note 8(D) 37,852	1,955
Total interest expense	<u>65,910</u>	<u>2,399</u>
Net interest (expense) income	<u>(26,020)</u>	<u>34,954</u>
Other items of income (loss)		
System Open Market Account:		
Treasury securities (losses), net	\$ (6)	\$ –
Federal agency and government-sponsored enterprise mortgage-backed securities (losses), net	(1)	(35)
Foreign currency translation gains (losses), net	137	(732)
Other	24	15
Income from services	126	116
Reimbursable services to government agencies	192	186
Other components of net benefit costs	65	120
Other	11	10
Total other items of income (loss)	<u>548</u>	<u>(320)</u>
Operating expenses		
	Note 8(E)	
Salaries and benefits	\$ 978	\$ 913
System pension service cost	132	234
Occupancy	75	74
Equipment	58	55
Other	282	249
Assessments:		
Board of Governors operating expenses and currency costs	446	440
Bureau of Consumer Financial Protection	286	276
Total operating expenses	<u>2,257</u>	<u>2,241</u>
Reserve Bank net (loss) income from operations	(27,729)	32,393
Consolidated variable interest entities: Income, net	Note 8(C) 354	271
Consolidated variable interest entities: Non-controlling (income), net	Note 8(C) (338)	(264)
Reserve Bank and consolidated variable interest entities net (loss) income before providing remittances to the Treasury	<u>(27,713)</u>	<u>32,400</u>
Earnings remittances to the Treasury, net	(28,058)	32,249
Net income after providing for remittances to the Treasury	<u>345</u>	<u>151</u>
Change in prior service costs related to benefit plans	(5)	(7)
Change in actuarial (losses) gains related to benefit plans	(5)	7
Total other comprehensive (loss) income	<u>(10)</u>	<u>–</u>
Comprehensive income	<u>\$ 335</u>	<u>\$ 151</u>

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Combined statements of changes in capital							
<small>(in millions, except share data)</small>							
	Reserve Bank capital					Consolidated variable interest entities: Non-controlling interest	Total Reserve Bank capital and consolidated variable interest entities non-controlling interest
	Capital paid-in	Surplus			Total Reserve Bank capital		
		Net income retained	Accumulated other comprehensive income (loss)	Total surplus			
Balance at December 31, 2021 (677,534,103 shares of Reserve Bank capital stock)	\$ 33,877	\$ 9,564	\$ (2,779)	\$ 6,785	\$ 40,662	\$ 19,801	\$ 60,463
Net change in capital stock issued (22,747,439 shares)	1,137	–	–	–	1,137	–	1,137
Comprehensive income:							
Reserve Bank net loss after providing for remittances to the Treasury	–	(651)	–	(651)	(651)	–	(651)
Consolidated variable interest entities: Income, net	–	41	–	41	41	1,701	1,742
Other comprehensive income	–	–	1,819	1,819	1,819	–	1,819
Dividends on capital stock	–	(1,209)	–	(1,209)	(1,209)	–	(1,209)
Consolidated variable interest entities: Non-controlling interest-capital contribution (distribution)	–	–	–	–	–	(5,911)	(5,911)
Net change in Reserve Bank capital and non-controlling interest	1,137	(1,819)	1,819	–	1,137	(4,210)	(3,073)
Balance at December 31, 2022 (700,281,542 shares of Reserve Bank capital stock)	\$ 35,014	\$ 7,745	\$ (960)	\$ 6,785	\$ 41,799	\$ 15,591	\$ 57,390
Net change in capital stock issued (8,049,288 shares)	403	–	–	–	403	–	403
Comprehensive income:							
Reserve Bank net income after providing for remittances to the Treasury	–	329	–	329	329	–	329
Consolidated variable interest entities: Income, net	–	16	–	16	16	338	354
Other comprehensive loss	–	–	(10)	(10)	(10)	–	(10)
Dividends on capital stock	–	(335)	–	(335)	(335)	–	(335)
Consolidated variable interest entities: Non-controlling interest-capital contribution (distribution)	–	–	–	–	–	–	–
Net change in Reserve Bank capital and non-controlling interest	403	10	(10)	–	403	338	741
Balance at March 31, 2023 (708,330,830 shares of Reserve Bank capital stock)	\$ 35,417	\$ 7,755	\$ (970)	\$ 6,785	\$ 42,202	\$ 15,929	\$ 58,131

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Supplemental Financial Information

(1) Loans

Loans to Depository Institutions

The Board of Governors authorized the Reserve Banks to offer primary, secondary, and seasonal credit extensions to eligible borrowers under section 10B of the Federal Reserve Act (FRA). Primary loans provide discount window credit for periods up to 90 days, secondary loans are extended on a short-term basis, typically overnight, and seasonal loans may be extended for a period of up to nine months. Other credit extensions include outstanding loans to depository institutions that were subsequently placed into Federal Deposit Insurance Corporation (FDIC) receivership, including depository institutions established by the FDIC. All loans must be secured to the satisfaction of the Reserve Bank.

Other Loans

On March 12, 2023, the Board of Governors authorized the Bank Term Funding Program (BTFFP) under section 13(3) of the FRA to make additional funding available to eligible depository institutions by extending loans of up to one year to help assure banks have the ability to meet the needs of all their depositors. Eligible collateral includes Treasury securities, federal agency and government-sponsored enterprise (GSE) mortgage-backed securities (MBS), GSE debt securities, and other qualifying assets and the collateral will be valued at par value. The Treasury, using the Exchange Stabilization Fund, made available \$25 billion as credit protection to the BTFFP. New credit extensions will be available until at least March 11, 2024.

The Board of Governors authorized the Paycheck Protection Program Liquidity Facility (PPPLF) under section 13(3) of the FRA to support the flow of credit to households and businesses. The PPPLF program extended credit to eligible financial institutions that participate in the Small Business Administration's (SBA) Paycheck Protection Program, taking the loans as collateral at face value. The PPPLF's authority to extend new loans ended July 30, 2021.

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The amounts outstanding at March 31, 2023, and December 31, 2022, for loans to depository institutions and other loans were as follows (in millions):

Table 1. Loans to depository institutions and other loans				
<small>(in millions)</small>				
	March 31, 2023		December 31, 2022	
Loans to depository institutions				
Primary, secondary, seasonal, and other credit	\$	250,446	\$	5,276
Other loans				
BTFP		64,596		–
PPPLF		9,166		11,450
Total other loans		73,762		11,450
Total loans	\$	324,208	\$	16,726

The remaining maturity distribution of loans to depository institutions and other loans outstanding as of March 31, 2023, and December 31, 2022, was as follows:

Table 2. Maturity distribution of loans to depository institutions and other loans						
<small>(in millions)</small>						
	Performing and past due	Remaining maturity				Total
		Within 15 days	16 days to 90 days	91 days to 1 year	Over 1 year to 5 years	
March 31, 2023						
Loans to depository institutions						
Primary, secondary, seasonal, and other credit ¹	\$ 180,100	\$ 5,166	\$ 65,180	\$ –	\$ –	\$ 250,446
Other loans						
BTFP	–	178	71	64,274	73	64,596
PPPLF ²	6	–	–	–	9,160	9,166
Total other loans	6	178	71	64,274	9,233	73,762
Total loans	\$ 180,106	\$ 5,344	\$ 65,251	\$ 64,274	\$ 9,233	\$ 324,208
December 31, 2022						
Loans to depository institutions						
Primary, secondary, and seasonal credit	\$ –	\$ 3,783	\$ 1,493	\$ –	\$ –	\$ 5,276
Other loans						
PPPLF ²	7	–	–	–	11,443	11,450
Total loans	\$ 7	\$ 3,783	\$ 1,493	\$ –	\$ 11,443	\$ 16,726

¹ Balances presented in the performing and past due category include outstanding loans to depository institutions (including FDIC - established depository institutions) that were subsequently placed in receivership. These loans are recognized as performing based upon payment due from receiverships, collateral securing the loans, and the FDIC repayment guarantees.

² Balances presented in the performing and past due category have reached maturity and are recognized as performing loans based upon the underlying guarantee of the collateral by the SBA. PPPLF balances have been reclassified from the within 15 days category to the performing and past due category as of December 31, 2022.

At March 31, 2023, and December 31, 2022, the Reserve Banks did not have any loans that were impaired, restructured, past due and determined to be non-performing, or on non-accrual status, and no allowance for loan losses was required.

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(2) System Open Market Account (SOMA) Holdings

Treasury securities, federal agency and GSE MBS, and GSE debt securities are reported at amortized cost in the Combined statements of condition. SOMA portfolio holdings at March 31, 2023, and December 31, 2022, were as follows:

Table 3. Domestic SOMA portfolio holdings						
(in millions)						
	March 31, 2023			December 31, 2022		
	Amortized cost	Fair value	Cumulative unrealized gains (losses), net	Amortized cost	Fair value	Cumulative unrealized gains (losses), net
Treasury securities						
Bills	\$ 277,897	\$ 277,890	\$ (7)	\$ 286,585	\$ 286,373	\$ (212)
Notes	3,346,051	3,123,544	(222,507)	3,564,863	3,285,274	(279,589)
Bonds	1,878,284	1,558,770	(319,514)	1,877,799	1,484,758	(393,041)
Total Treasury securities	\$ 5,502,232	\$ 4,960,204	\$ (542,028)	\$ 5,729,247	\$ 5,056,405	\$ (672,842)
Federal agency and GSE MBS						
Residential	\$ 2,639,905	\$ 2,272,350	\$ (367,555)	\$ 2,688,280	\$ 2,282,190	\$ (406,090)
Commercial	9,214	7,819	(1,395)	9,303	7,729	(1,574)
Total federal agency and GSE MBS	\$ 2,649,119	\$ 2,280,169	\$ (368,950)	\$ 2,697,583	\$ 2,289,919	\$ (407,664)
GSE debt securities	2,577	2,779	202	2,584	2,736	152
Total domestic SOMA portfolio securities holdings	\$ 8,153,928	\$ 7,243,152	\$ (910,776)	\$ 8,429,414	\$ 7,349,060	\$ (1,080,354)
Memorandum-Commitments for purchases of:						
Treasury securities ¹	\$ 3,110	\$ 3,109	\$ (1)	\$ 2,560	\$ 2,560	\$ –
Federal agency and GSE MBS ¹	80	81	1	–	–	–
Memorandum-Commitments for sales of:						
Treasury securities ²	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Federal agency and GSE MBS ²	–	–	–	–	–	–

¹ The amortized cost column presents unsettled purchase costs.

² The amortized cost column presents unsettled sales proceeds.

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The following table provides additional information on the amortized cost and fair values of the federal agency and GSE MBS portfolio at March 31, 2023, and December 31, 2022:

	March 31, 2023		December 31, 2022	
	Amortized cost	Fair value	Amortized cost	Fair value
Residential				
1.50%	\$ 165,536	\$ 138,754	\$ 168,762	\$ 139,602
2.00%	1,018,523	843,764	1,034,220	846,233
2.50%	737,405	626,041	750,796	628,922
3.00%	313,939	281,780	321,270	283,344
3.50%	205,600	190,708	210,290	191,813
4.00%	127,575	121,233	130,284	121,691
4.50%	53,139	51,971	54,176	52,350
5.00%	15,846	15,740	16,143	15,883
5.50%	2,005	2,020	2,007	2,020
6.00%	297	298	290	290
6.50%	40	41	42	42
Total	\$ 2,639,905	\$ 2,272,350	\$ 2,688,280	\$ 2,282,190
Commercial				
1.00% - 1.50%	\$ 91	\$ 73	\$ 91	\$ 71
1.51% - 2.00%	441	351	445	346
2.01% - 2.50%	1,016	842	1,027	838
2.51% - 3.00%	1,399	1,183	1,413	1,171
3.01% - 3.50%	2,910	2,471	2,928	2,428
3.51% - 4.00%	3,086	2,670	3,127	2,651
4.01% - 4.50%	271	229	272	224
Total	\$ 9,214	\$ 7,819	\$ 9,303	\$ 7,729
Total MBS	\$ 2,649,119	\$ 2,280,169	\$ 2,697,583	\$ 2,289,919

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The Federal Reserve Bank of New York (FRBNY) may engage in purchases of securities under agreements to resell (repurchase agreements) with primary dealers and eligible counterparties (repo operations), and foreign official account holders under the Foreign and International Monetary Authorities (FIMA) Repo Facility. The FRBNY may also engage in sales of securities under agreements to repurchase (reverse repurchase agreements) with primary dealers and with a set of expanded counterparties that includes banks, savings associations, GSEs, and domestic money market funds. Reverse repurchase agreements may also be executed with foreign official and international account holders as part of a service offering. Financial information related to repurchase agreements and reverse repurchase agreements at March 31, 2023, and December 31, 2022, was as follows:

Table 5. Repurchase agreements and reverse repurchase agreements				
(In millions)				
	March 31, 2023		December 31, 2022	
Repurchase agreements conducted with				
Primary dealers and expanded counterparties:				
Contract amount outstanding, end of period	\$	–	\$	–
FIMA Repo Facility:				
Contract amount outstanding, end of period		45,000		–
Total repurchase agreement contract amount outstanding, end of period	\$	45,000	\$	–
Reverse repurchase agreements conducted with				
Primary dealers and expanded counterparties:				
Contract amount outstanding, end of period	\$	2,375,171	\$	2,553,716
Securities pledged (par value), end of period		2,502,565		2,749,747
Securities pledged (fair value), end of period		2,327,554		2,508,194
Foreign official and international accounts:				
Contract amount outstanding, end of period		367,488		335,839
Securities pledged (par value), end of period		408,848		390,529
Securities pledged (fair value), end of period		368,281		335,886
Total reverse repurchase agreement contract amount outstanding, end of period	\$	2,742,659	\$	2,889,555

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The remaining maturity distribution of Treasury securities, federal agency and GSE MBS bought outright, GSE debt securities, repurchase agreements, and reverse repurchase agreements at March 31, 2023, and December 31, 2022, was as follows:

Table 6. Maturity distribution of SOMA domestic portfolio securities, securities purchased under agreements to resell, and securities sold under agreements to repurchase							
(in millions)							
	Within 15 days	16 days to 90 days	91 days to 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
March 31, 2023:							
Treasury securities (par value)	\$ 51,141	\$ 333,917	\$ 680,713	\$ 1,842,780	\$ 892,449	\$ 1,478,840	\$ 5,279,840
Federal agency and GSE residential MBS (par value) ¹	–	2	19	7,155	42,251	2,536,619	2,586,046
Federal agency and GSE commercial MBS (par value) ¹	–	–	–	630	4,598	3,206	8,434
GSE debt securities (par value)	–	–	–	–	2,347	–	2,347
Securities purchased under agreements to resell (contract amount)	45,000	–	–	–	–	–	45,000
Securities sold under agreements to repurchase (contract amount)	2,742,659	–	–	–	–	–	2,742,659
December 31, 2022:							
Treasury securities (par value)	\$ 91,280	\$ 369,443	\$ 721,298	\$ 1,915,468	\$ 937,231	\$ 1,464,634	\$ 5,499,354
Federal agency and GSE residential MBS (par value) ¹	–	2	36	3,557	45,302	2,584,012	2,632,909
Federal agency and GSE commercial MBS (par value) ¹	–	–	–	463	4,677	3,354	8,494
GSE debt securities (par value)	–	–	–	–	2,347	–	2,347
Securities purchased under agreements to resell (contract amount)	–	–	–	–	–	–	–
Securities sold under agreements to repurchase (contract amount)	2,889,555	–	–	–	–	–	2,889,555

¹ The par amount shown for federal agency and GSE residential MBS and commercial MBS is the remaining principal balance of the securities.

Federal agency and GSE residential MBS (RMBS) and commercial MBS (CMBS) are reported at stated maturity in table 6. The estimated weighted-average lives of these securities differ from the stated maturity in table 6 primarily because these estimated weighted-average lives factor in scheduled payments and prepayment assumptions. The estimated weighted-average life of RMBS and CMBS as of March 31, 2023, and December 31, 2022, was as follows:

Table 6a. Estimated weighted-average life of residential and commercial CMBS		
(in years)		
	March 31, 2023	December 31, 2022
RMBS	8.8	9.0
CMBS	7.2	7.4

Information about transactions related to Treasury securities, federal agency and GSE MBS, and GSE debt securities held in the SOMA during the three months ended March 31, 2023, and during the year ended December 31, 2022, is summarized as follows:

Table 7a. Domestic portfolio transactions of SOMA securities—bills, notes, and bonds				
(in millions)				
	Bills	Notes	Bonds	Total Treasury securities
Balance at Balance at December 31, 2021	\$ 325,956	\$ 3,812,476	\$ 1,778,994	\$ 5,917,426
Purchases ¹	958,843	514,065	105,271	1,578,179
Sales ¹	—	—	(21)	(21)
Realized gains (losses), net ²	—	—	(5)	(5)
Principal payments and maturities	(1,002,507)	(762,463)	(11,460)	(1,776,430)
Amortization of premiums and accretion of discounts, net	4,293	(18,981)	(10,156)	(24,844)
Inflation adjustment on inflation-indexed securities	—	19,766	15,176	34,942
Subtotal of activity	(39,371)	(247,613)	98,805	(188,179)
Balance at Balance at December 31, 2022	\$ 286,585	\$ 3,564,863	\$ 1,877,799	\$ 5,729,247
Purchases ¹	180,916	56,373	13,534	250,823
Sales ¹	—	(119)	—	(119)
Realized gains (losses), net ²	—	(6)	—	(6)
Principal payments and maturities	(192,531)	(271,984)	(11,047)	(475,562)
Amortization of premiums and accretion of discounts, net	2,927	(4,104)	(2,844)	(4,021)
Inflation adjustment on inflation-indexed securities	—	1,028	842	1,870
Subtotal of activity	(8,688)	(218,812)	485	(227,015)
Balance at Balance at March 31, 2023	\$ 277,897	\$ 3,346,051	\$ 1,878,284	\$ 5,502,232
Year-ended December 31, 2022				
Supplemental information—par value of transactions				
Purchases ³	\$ 965,988	\$ 515,609	\$ 106,728	\$ 1,588,325
Sales	—	—	(25)	(25)
Three months ended March 31, 2023				
Supplemental information—par value of transactions				
Purchases ³	\$ 183,973	\$ 56,624	\$ 13,707	\$ 254,304
Sales	—	(125)	—	(125)
¹ Purchases and sales may include payments and receipts related to principal, premiums, discounts, and inflation compensation adjustments to the basis of inflation-indexed securities. The amount reported as sales includes the realized gains and losses on such transactions.				
² Realized gains (losses), net is the offset of the amount of realized gains and losses included in the reported sales amount.				
³ Includes inflation compensation.				

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Table 7b. Domestic portfolio transactions of SOMA securities—residential and commercial MBS and GSE debt securities				
(in millions)				
	Residential MBS	Commercial MBS	Total federal agency and GSE MBS	GSE debt securities
Balance at December 31, 2021	\$ 2,675,057	\$ 10,211	\$ 2,685,268	\$ 2,610
Purchases ¹	402,649	–	402,649	–
Sales ¹	(345)	–	(345)	–
Realized gains, net ²	(28)	–	(28)	–
Principal payments and maturities	(376,705)	(744)	(377,449)	–
Amortization of premiums and accretion of discounts, net	(12,348)	(164)	(12,512)	(26)
Subtotal of activity	13,223	(908)	12,315	(26)
Balance at December 31, 2022	\$ 2,688,280	\$ 9,303	\$ 2,697,583	\$ 2,584
Purchases ¹	137	–	137	–
Sales ¹	–	–	–	–
Realized gains, net ²	–	–	–	–
Principal payments and maturities	(46,998)	(59)	(47,057)	–
Amortization of premiums and accretion of discounts, net	(1,514)	(30)	(1,544)	(7)
Subtotal of activity	(48,375)	(89)	(48,464)	(7)
Balance at March 31, 2023	\$ 2,639,905	\$ 9,214	\$ 2,649,119	\$ 2,577
Year-ended December 31, 2022				
Supplemental information—par value of transactions				
Purchases	\$ 403,669	\$ –	\$ 403,669	\$ –
Sales	(365)	–	(365)	–
Three months ended March 31, 2023				
Supplemental information—par value of transactions				
Purchases	\$ 135	\$ –	\$ 135	\$ –
Sales	–	–	–	–
¹ Purchases and sales may include payments and receipts related to principal, premiums, and discounts. The amount reported as sales includes the realized gains and losses on such transactions. Purchases and sales exclude MBS TBA transactions that are settled on a net basis.				
² Realized gains (losses), net is the offset of the amount of realized gains and losses included in the reported sales amount.				

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Information about foreign currency denominated investments recorded at amortized cost and valued at foreign currency market exchange rates held in the SOMA at March 31, 2023, and December 31, 2022, was as follows:

Table 8. Foreign currency denominated investments				
<small>(in millions)</small>				
	March 31, 2023		December 31, 2022	
Euro:				
Foreign currency deposits	\$	7,320	\$	7,092
French government debt instruments		2,625		1,103
Dutch government debt instruments		1,050		2,591
German government debt instruments		694		688
Japanese yen:				
Foreign currency deposits		7,038		7,088
Japanese government debt instruments		3		3
Total	\$	18,730	\$	18,565

The remaining maturity distribution of foreign currency denominated investments at March 31, 2023, and December 31, 2022, was as follows:

Table 9. Maturity distribution of foreign currency denominated investments						
<small>(in millions)</small>						
	Within 15 days	16 days to 90 days	91 days to 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Total
March 31, 2023						
Euro	\$ 1,160	\$ 6,308	\$ 399	\$ 2,647	\$ 1,175	\$ 11,689
Japanese yen	7,038	–	–	3	–	7,041
Total	\$ 8,198	\$ 6,308	\$ 399	\$ 2,650	\$ 1,175	\$ 18,730
December 31, 2022						
Euro	\$ 7,158	\$ –	\$ 193	\$ 2,965	\$ 1,158	\$ 11,474
Japanese yen	7,088	–	–	3	–	7,091
Total	\$ 14,246	\$ –	\$ 193	\$ 2,968	\$ 1,158	\$ 18,565

At March 31, 2023, and December 31, 2022, the fair value of foreign currency denominated investments held in the SOMA was \$18,321 million and \$18,112 million, respectively.

Because of the global character of bank funding markets, the Federal Reserve System has, at times, coordinated with other central banks to provide liquidity. The Federal Open Market Committee (FOMC) authorized and directed the FRBNY to maintain standing U.S. dollar liquidity swap arrangements with the Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, and the Swiss National Bank in order to provide U.S. dollar liquidity to foreign markets. Effective March 20, 2023, the Bank of Canada, the Bank of England, the European Central Bank, the Swiss National Bank, and the Federal Reserve announced a coordinated effort to enhance the provision of liquidity through the standing U.S. dollar liquidity lines which increased the frequency of seven day maturity operations from weekly to daily. At the end of April, the daily operations reverted back to weekly.

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The remaining maturity distribution of U.S. dollar liquidity swaps that were allocated to the Reserve Banks at March 31, 2023, and December 31, 2022, was as follows:

	Within 15 days	Total
March 31, 2023		
Euro	\$ 488	\$ 488
Swiss franc	100	100
Total	\$ 588	\$ 588
December 31, 2022		
Euro	\$ 412	\$ 412
Total	\$ 412	\$ 412

The following table presents the realized gains (losses) and the change in the cumulative unrealized gains (losses) related to SOMA domestic securities holdings during the periods ended March 31, 2023, and March 31, 2022:

	Three months ended March 31, 2023		Three months ended March 31, 2022	
	Realized gains (losses), net ^{1,2}	Change in cumulative unrealized gains (losses) ³	Realized gains (losses), net ²	Change in cumulative unrealized gains (losses) ³
Treasury securities	\$ (6)	\$ 130,814	\$ –	\$ (300,662)
Federal agency and GSE MBS				
Residential	(1)	38,535	(35)	(156,767)
Commercial	–	179	–	(712)
Total federal agency and GSE MBS	<u>(1)</u>	<u>38,714</u>	<u>(35)</u>	<u>(157,479)</u>
GSE debt securities	–	50	–	(226)
Total	\$ (7)	\$ 169,578	\$ (35)	\$ (458,367)

¹ Realized gains (losses) for Treasury securities are reported in “Other items of income (loss): System Open Market Account: Treasury securities gains (losses), net” in the Combined statements of operations.

² Realized gains (losses) for federal agency and GSE MBS are reported in “Other items of income (loss): System Open Market Account: Federal agency and government-sponsored enterprise mortgage-backed securities gains (losses), net” in the Combined statements of operations.

³ Because SOMA securities are recorded at amortized cost, the change in the cumulative unrealized gains (losses) is not reported in the Combined statements of operations.

(3) Consolidated Variable Interest Entities (VIEs)

The Board of Governors authorized several lending facilities under section 13(3) of the Federal Reserve Act (FRA) to support the flow of credit to households and businesses. The combined financial statements include the accounts and result of operations of the consolidated VIEs formed to administer certain lending facilities. A Reserve Bank consolidates a VIE if it has a controlling financial interest. The Reserve Banks that are controlling members have extended loans to the VIEs under the authority of section 13(3) of the FRA. Intercompany balances and transactions are eliminated in consolidation. Pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Treasury provided credit protection to the limited liability companies (LLCs) and is a non-controlling member of MS Facilities LLC (Main Street),

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Municipal Liquidity Facility LLC (MLF), and Term Asset-Backed Securities Loan Facility II LLC (TALF II). The assets of the VIE and the amounts provided by the Treasury as credit protection are used to secure the loan from the Reserve Banks.

Main Street supported small and medium sized businesses, and nonprofit organizations in sound financial condition before the onset of the pandemic through the purchase of loan participations. MLF purchased municipal notes to support lending to state, city, and county governments, certain multistate entities, and other issuers of municipal securities. TALF II supported the flow of credit to consumers and businesses by enabling issuance of asset-backed securities which were backed by student loans, auto loans, credit card loans, loans guaranteed by the SBA, and certain other assets.

The authority for MLF and TALF II to purchase assets ended December 31, 2020, and Main Street's authority to purchase assets ended on January 8, 2021. Semiannually, Main Street, MLF, and TALF II return portions of the Treasury's equity investment, as reported in table 14a and 14b, respectively.

The classification of assets and liabilities of the consolidated VIEs as of March 31, 2023, and December 31, 2022, respectively, are as follows:

Table 12a. Net portfolio assets and liabilities of consolidated VIEs				
<small>(in millions)</small>				
	Main Street	MLF	TALF II	Total
As of March 31, 2023:				
Assets				
Cash and cash equivalents ¹	\$ 2,051	\$ 102	\$ 66	\$ 2,219
Short-term investments in non-marketable securities ²	9,995	2,505	895	13,395
Loan participations ³	10,299	–	–	10,299
Municipal notes ⁴	–	2,907	–	2,907
Loans ⁵	–	–	927	927
Other assets	–	88	35	123
Total assets, net	\$ 22,345	\$ 5,602	\$ 1,923	\$ 29,870
Liabilities	70	1	1	72
Net assets and liabilities	\$ 22,275	\$ 5,601	\$ 1,922	\$ 29,798
¹ Includes \$456 million of cash equivalents and \$1,763 million of cash at March 31, 2023. ² Represents the portion of the Treasury preferred equity contribution to the credit facilities, which are held as short-term investments in non-marketable securities at amortized cost and the related earnings on those investments. ³ Reported at principal amount outstanding, net of allowance, charge-offs, and recoveries and including interest. ⁴ Reported at amortized cost. ⁵ Reported at principal amount outstanding.				

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Table 12b. Net portfolio assets and liabilities of consolidated VIEs				
(in millions)				
	Main Street	MLF	TALF II	Total
As of December 31, 2022:				
Assets				
Cash and cash equivalents ¹	\$ 2,240	\$ 101	\$ 54	\$ 2,395
Short-term investments in non-marketable securities ²	9,907	2,482	887	13,276
Loan participations ³	10,763	–	–	10,763
Municipal notes ⁴	–	2,907	–	2,907
Loans ⁵	–	–	996	996
Other assets	–	80	19	99
Total assets, net	\$ 22,910	\$ 5,570	\$ 1,956	\$ 30,436
Liabilities	94	1	1	96
Net assets and liabilities	\$ 22,816	\$ 5,569	\$ 1,955	\$ 30,340

¹ Includes \$547 million of cash equivalents and \$1,848 million of cash at December 31, 2022.
² Represents the portion of the Treasury preferred equity contribution to the credit facilities, which are held as short-term investments in non-marketable securities at amortized cost and the related earnings on those investments.
³ Reported at principal amount outstanding, net of allowance, charge-offs, and recoveries and including interest.
⁴ Reported at amortized cost.
⁵ Reported at principal amount outstanding.

Investments held by MLF are subject to review each reporting period to identify indications of other-than-temporary impairment, and no impairments were indicated as of March 31, 2023. TALF II loans and Main Street loan participations are evaluated for impairment in accordance with FASB Accounting Standards Codification Topic 310 and Topic 450. No impairments were indicated for loans and there were no loans in non-accrual status extended by TALF II as of March 31, 2023. Effective January 1, 2023, Main Street adopted the CECL methodology in accordance with *FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, amended in subsequent related ASUs. The adoption of this methodology replaces the previous GAAP methodology and an immaterial amount was recorded to increase credit losses under the CECL methodology. Main Street’s allowance for loan losses consists of specific allowances for impaired loan participations and a general allowance for all other loan participations, collectively reflecting management’s estimate of probable loan losses inherent in the loan portfolio at reporting date. The principal exposure of loan participations in non-accrual status as of March 31, 2023, and December 31, 2022, was \$1.7 billion and \$2.0 billion, respectively. The evaluation of loan participations purchased by Main Street, including those in non-accrual status, resulted in recording a loan loss allowance of \$1.0 billion and \$1.1 billion as of March 31, 2023, and December 31, 2022, respectively. Main Street realized principal and interest losses, net of subsequent recoveries, of \$118.0 million and \$31.0 million for charge-offs as of March 31, 2023, and March 31, 2022, respectively. In certain cases, when a borrower experiences significant financial difficulties and is unable to meet its financial obligations, modifications to contractual terms may be

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approved that would not otherwise have been approved if the loan were performing. Loan participations totaling \$79.0 million and \$80.0 million were modified as of March 31, 2023, and December 31, 2022, respectively.

The maturity distribution of major asset categories in the consolidated VIEs net portfolio holdings, which have set maturity terms is as follows:

Table 13. Maturity distribution of major asset categories of consolidated VIEs					
<small>(in millions)</small>					
	Remaining maturity				Total
	Within 15 days	16 day to 90 days	91 days to 1 year	Over 1 year to 5 years	
March 31, 2023					
Cash equivalents	\$ 355	\$ 101	\$ –	\$ –	\$ 456
Short-term investments in non-marketable securities	13,395	–	–	–	13,395
Loan participations	–	–	–	10,299	10,299
Municipal notes	–	–	2,907	–	2,907
Loans	–	–	927	–	927
Total	\$ 13,750	\$ 101	\$ 3,834	\$ 10,299	\$ 27,984
December 31, 2022					
Cash equivalents	\$ 447	\$ 100	\$ –	\$ –	\$ 547
Short-term investments in non-marketable securities	13,276	–	–	–	13,276
Loan participations	–	–	–	10,763	10,763
Municipal notes	–	–	2,907	–	2,907
Loans	–	–	996	–	996
Total	\$ 13,723	\$ 100	\$ 3,903	\$ 10,763	\$ 28,489

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The following tables present information related to the portfolio holdings of the VIEs and the funding provided by the Reserve Bank and Treasury, as of March 31, 2023, and December 31, 2022, respectively.

Table 14a. Analysis of Reserve Bank funding and Treasury non-controlling interests of VIEs				
<small>(In millions)</small>				
	March 31, 2023			
	Main Street	MLF	TALF II	Total
Outstanding amount of facility assets	\$ 10,299	\$ 2,907	\$ 927	\$ 14,133
Treasury contribution, including deposits and non-marketable Treasury securities ¹	11,736	2,941	1,051	15,728
Other assets and liabilities, net	240	189	100	529
Unconsolidated variable interest entities: Assets available to pay Reserve Bank loans and Treasury non-controlling interests, net	\$ 22,275	\$ 6,037	\$ 2,078	\$ 30,390
Reserve Bank funding:				
Loans outstanding	\$ 10,514	\$ 2,907	\$ 958	\$ 14,379
Plus: Outstanding interest accrued	25	7	29	61
Total controlling interests outstanding	\$ 10,539	\$ 2,914	\$ 987	\$ 14,440
Non-controlling interest:				
Non-controlling interest-capital contribution	\$ 37,500	\$ 17,500	\$ 10,000	\$ 65,000
Return of non-controlling interest-capital contribution	(26,048)	(14,630)	(8,976)	(49,654)
Non-controlling interest-Treasury capital contributions	\$ 11,452	\$ 2,870	\$ 1,024	\$ 15,346
Excess of net unconsolidated VIE assets	\$ 284	\$ 253	\$ 67	\$ 604
Allocated to non-controlling Treasury interest	284	236	63	583
Allocated to Reserve Bank	–	17	4	21
Consolidated variable interest entities: Non-controlling interest	\$ 11,736	\$ 3,106	\$ 1,087	\$ 15,929
Memo: Earnings distribution²	\$ –	\$ –	\$ –	\$ –
Non-controlling Treasury interest	–	–	–	–
Reserve Bank	–	–	–	–

¹ Includes earnings on non-marketable Treasury securities and deposits from the Treasury. Treasury contributions held in deposit, which eliminate in consolidation, are \$436 million for MLF and \$156 million for TALF II.

² Represents distribution of cumulative LLC earnings upon wind down in accordance with the LLC's legal agreements.

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Table 14b. Analysis of Reserve Bank funding and Treasury non-controlling interests of VIEs				
(in millions)				
	December 31, 2022			
	Main Street	MLF	TALF II	Total
Outstanding amount of facility assets	\$ 10,763	\$ 2,907	\$ 996	\$ 14,666
Treasury contribution, including deposits and non-marketable Treasury securities ¹	11,648	2,919	1,043	15,610
Other assets and liabilities, net	405	179	72	656
Unconsolidated variable interest entities: Assets available to pay Reserve Bank loans and Treasury non-controlling interests, net	\$ 22,816	\$ 6,005	\$ 2,111	\$ 30,932
Reserve Bank funding:				
Loans outstanding	\$ 11,353	\$ 2,907	\$ 1,012	\$ 15,272
Plus: Outstanding interest accrued	23	6	19	48
Total controlling interests outstanding	\$ 11,376	\$ 2,913	\$ 1,031	\$ 15,320
Non-controlling interest:				
Non-controlling interest-capital contribution	\$ 37,500	\$ 17,500	\$ 10,000	\$ 65,000
Return of non-controlling interest-capital contribution	(26,048)	(14,630)	(8,976)	(49,654)
Total controlling interests outstanding	\$ 11,452	\$ 2,870	\$ 1,024	\$ 15,346
Excess of net unconsolidated VIE assets	\$ (12)	\$ 222	\$ 56	\$ 266
Allocated to non-controlling Treasury interest	(12)	204	53	245
Allocated to Reserve Bank	–	18	3	21
Consolidated variable interest entities: Non-controlling interest	\$ 11,440	\$ 3,074	\$ 1,077	\$ 15,591
Memo: Earnings distribution²	\$ –	\$ –	\$ –	\$ –
Non-controlling Treasury interest	–	–	–	–
Reserve Banks	–	–	–	–

¹ Includes earnings on non-marketable Treasury securities and deposits from the Treasury. Treasury contributions held in deposit, which eliminate in consolidation, are \$436 million for MLF and \$156 million for TALF II.

² Represents distribution of cumulative LLC earnings upon wind down in accordance with the LLC's legal agreements.

The allocation of the excess of net unconsolidated VIE assets is determined in accordance with the limited liability company agreement for each entity. The hypothetical liquidation basis of valuation (HLBV) is applied in determining the allocation. Under the HLBV, the hypothetical liquidation of the VIE at book value forms the basis for allocating income or loss and net assets between its controlling and non-controlling interest holders.

(4) Federal Reserve Notes

Federal Reserve notes are the circulating currency of the United States. These notes, which are identified as issued to a specific Reserve Bank, must be fully collateralized. All of the Reserve Banks' assets are eligible to be pledged as collateral. At March 31, 2023, and December 31, 2022, all Federal Reserve notes, net, were fully collateralized.

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(5) Depository Institution Deposits

Depository institutions' deposits primarily represent the balances in the master accounts and excess balance accounts held by the depository institutions at the Reserve Banks.

(6) Treasury Deposits

The Treasury holds deposits at the Reserve Banks in a general account pursuant the Reserve Banks' role as fiscal agent and depository of the United States.

(7) Capital and Surplus

The FRA requires that each member bank subscribe to the capital stock of the Reserve Bank in an amount equal to 6 percent of the capital and surplus of the member bank. These shares have a par value of \$100 and may not be transferred or hypothecated. As a member bank's capital and surplus changes, its holdings of Reserve Bank stock must be adjusted. Currently, only one-half of the subscription is paid in, and the remainder is subject to call. A member bank is liable for Reserve Bank liabilities up to twice the par value of stock subscribed by it.

The FRA requires each Reserve Bank to pay each member bank an annual dividend on paid in capital stock. By law member banks with more than \$10 billion of total consolidated assets, adjusted annually for inflation, receive a dividend on paid in capital stock equal to the smaller of 6 percent or the rate equal to the high yield of the 10-year Treasury note auctioned at the last auction held prior to the payment of the dividend. Member banks with \$10 billion or less of total consolidated assets, adjusted annually for inflation, receive a dividend on paid in capital stock equal to 6 percent. The dividend is paid semiannually and is cumulative.

The FRA limits aggregate Reserve Bank surplus to \$6.785 billion.

The Treasury equity contribution to the consolidated VIEs is reported as an element of "Consolidated variable interest entities formed to administer credit and liquidity facilities: Non-controlling interest" in the Combined statements of condition. The reported amount also includes Treasury's allocated portion of undistributed net VIE assets as of March 31, 2023, determined in accordance with VIE agreements and accounting policies adopted by the VIEs.

(8) Income and Expense

(A) Loans to Depository Institutions and Other Loans

Interest income on primary, secondary, and seasonal loans is accrued using the applicable rate for each loan type established at least every 14 days by the Reserve Banks' boards of directors, subject to review and determination by the Board of Governors. For other credit extensions, which include outstanding loans

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to depository institutions that were subsequently placed in FDIC receivership (including depository institutions established by the FDIC), interest income is accrued at 100 basis points above the primary credit rate. Interest income on advances made under the BTFP and PPPLF is accrued using the applicable rate as outlined by the term sheets of the respective programs.

Supplemental information on interest income on loans and other loans is as follows:

Table 15. Interest income on loans to depository institutions and other loans				
(in millions)				
	Three months ended March 31, 2023		Three months ended March 31, 2022	
Interest income:				
Primary, secondary, seasonal, and other credit	\$	778	\$	1
BTFP ¹		94		–
PPPLF ²		9		24
Total interest income	\$	881	\$	25
Average daily loan balance:				
Primary, secondary, seasonal, and other credit	\$	65,250	\$	941
BTFP ¹		43,538		–
PPPLF ²		10,884		28,067
Average interest rate:				
Primary, secondary, seasonal, and other credit		4.84 %		0.28 %
BTFP ¹		4.13 %		–
PPPLF ²		0.35 %		0.35 %
¹ BTFP commenced extending loans on March 12, 2023.				
² PPPLF ceased extending loans on July 30, 2021.				
*Less than \$500 thousand				

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(B) SOMA Holdings

The amount reported as interest income on SOMA portfolio holdings includes the amortization of premiums and discounts. Supplemental information on interest income on SOMA portfolio holdings is as follows:

Table 16. Interest income on SOMA portfolio		
(In millions)		
	Three months ended March 31, 2023	Three months ended March 31, 2022
Interest income:		
Securities purchased under agreements to resell	\$ 99	*
Treasury securities, net	23,979	25,576
Federal agency and GSE MBS, net	14,852	11,730
GSE debt securities, net	33	33
Foreign currency denominated investments, net ¹	41	(11)
Central bank liquidity swaps	5	*
Total interest income	\$ 39,009	\$ 37,328
Average daily balance:		
Securities purchased under agreements to resell	\$ 8,170	*
Treasury securities, net ²	5,612,072	5,988,313
Federal agency and GSE MBS, net ³	2,677,270	2,752,138
GSE debt securities, net ²	2,581	2,606
Foreign currency denominated investments, net ⁴	18,644	20,140
Central bank liquidity swaps ⁵	406	433
Average interest rate:		
Securities purchased under agreements to resell	4.85 %	0.26 %
Treasury securities, net	1.73 %	1.73 %
Federal agency and GSE MBS, net	2.22 %	1.70 %
GSE debt securities, net	5.10 %	5.10 %
Foreign currency denominated investments, net	0.90 %	-0.22 %
Central bank liquidity swaps	4.79 %	0.37 %
¹ As a result of negative interest rates on certain foreign currency denominated investments held in the SOMA, interest income on foreign currency denominated investments, net contains negative interest of \$2 million and \$13 million for the three months ended March 31, 2023 and 2022, respectively.		
² Face value, net of unamortized premiums and discounts.		
³ Guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae. Current face value of the securities, which is the remaining principal balance of the securities, net of premiums and discounts.		
⁴ Foreign currency denominated investments are revalued daily at market exchange rates.		
⁵ Dollar value of foreign currency held under these agreements valued at the exchange rate to be used when the foreign currency is returned to the foreign central bank. This exchange rate equals the market exchange rate used when the foreign currency was acquired from the foreign central bank.		
* Less than \$500 thousand.		

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Supplemental information on interest expense on securities sold under agreement to repurchase (reverse repurchase agreements) is as follows:

Table 17. Interest expense on securities sold under agreement to repurchase				
<small>(In millions)</small>				
	Three months ended March 31, 2023		Three months ended March 31, 2022	
Interest expense:				
Primary dealers and expanded counterparties ¹	\$	24,015	\$	384
Foreign official and international accounts ²		4,043		60
Total interest expense	\$	28,058	\$	444
Average daily balance:				
Primary dealers and expanded counterparties ¹	\$	2,140,887	\$	1,630,319
Foreign official and international accounts ²		360,481		269,591
Average interest rate:				
Primary dealers and expanded counterparties ¹		4.49 %		0.09 %
Foreign official and international accounts ²		4.49 %		0.09 %
¹ Overnight and term reverse repurchase agreements arranged as open market operations are settled through a set of expanded counterparties that includes banks, savings associations, GSEs, and domestic money market funds.				
² Reverse repurchase agreements are entered into as part of a service offering to foreign official and international account holders.				

(C) Consolidated Variable Interest Entities (VIEs)

The combined financial statements include the accounts and results of operations of consolidated VIEs formed under the authority of section 13(3) of the FRA (note 3). Net income and losses from operations of the consolidated VIEs are reported as “Consolidated variable interest entities: Income, net” in the Combined statements of operations. The portion of consolidated VIE net income and loss that is allocated to the non-controlling interests is reported as “Consolidated variable entities: Non-controlling interest (income), net” in the Combined statements of operations.

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Supplemental information on consolidated VIE income is as follows:

Table 18a. Net operating income (loss) of consolidated VIEs				
<i>(in millions)</i>				
	Main Street	MLF	TALF II	Total
Three months ended March 31, 2023				
Interest income ¹	\$ 286	\$ 33	\$ 22	\$ 341
Other items of income (loss):				
Fees	10	–	–	10
Provision for loan losses	33	–	–	33
Realized (loss) on sale of portfolio investments	(18)	–	–	(18)
Total other items of income (loss)	25	–	–	25
Less: Expenses ²	12	–	–	12
Net income (loss) attributable to consolidated VIEs	\$ 299	\$ 33	\$ 22	\$ 354
Allocated to non-controlling Treasury interest	\$ 297	\$ 31	\$ 10	\$ 338
Allocated to Reserve Banks	\$ 2	\$ 2	\$ 12	\$ 16
¹ Recorded when earned and includes amortization of premiums and accretion of discounts.				
² Includes fees, participation loan servicing costs, and other expenses.				

Table 18b. Net operating income (loss) of consolidated VIEs				
<i>(in millions)</i>				
	Main Street	MLF	TALF II	Total
Three months ended March 31, 2022				
Interest income ¹	\$ 108	\$ 14	\$ 4	\$ 126
Other items of income (loss):				
Fees	13	1	–	14
Provision for loan losses	145	–	–	145
Total other items of income (loss)	158	1	–	159
Less: Expenses ²	14	–	–	14
Net income (loss) attributable to consolidated VIEs	\$ 252	\$ 15	\$ 4	\$ 271
Allocated to non-controlling Treasury interest	\$ 248	\$ 13	\$ 3	\$ 264
Allocated to Reserve Banks	\$ 4	\$ 2	\$ –	\$ 6
¹ Recorded when earned and includes amortization of premiums and accretion of discounts.				
² Includes fees, participation loan servicing costs, and other expenses.				

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(D) Depository Institution Deposits

Depository institutions earn interest at the interest of reserve balance (IORB) rate. Effective March 16, 2022, June 16, 2022, July 28, 2022, September 22, 2022, November 3, 2022, December 14, 2022, and March 23, 2023, the FOMC increased the established target range for the federal funds rate.

The Reserve Banks also offer term deposits through the Term Deposit Facility, and all depository institutions that are eligible to receive interest on their balances at the Reserve Banks may participate in the term deposit program. The interest rate paid on these deposits is determined by auction.

(E) Operating Expenses

The Federal Reserve Banks have established procedures for budgetary control and monitoring of operating expenses as part of their efforts to ensure appropriate stewardship and accountability. Reserve Bank and Board governance bodies provide budget guidance for major functional areas for the upcoming budget year. The Board's Committee on Federal Reserve Bank Affairs (BAC) reviews the Banks' budgets, and the BAC chair submits the budgets to Board members for review and final action. Throughout the year, Reserve Bank and Board staffs monitor actual performance and compare it with approved budgets and forecasts.

Additional information regarding Reserve Bank operating expenses is available each year in the Annual Report of the Board of Governors of the Federal Reserve System at <https://www.federalreserve.gov/publications/annual-report.htm>, and on the Audit webpage of the Board's website at <https://www.federalreserve.gov/regreform/audit.htm>.

(F) Reconciliation of Total Distribution of Comprehensive Income and Treasury Remittances

The Reserve Banks remitted excess earnings to the Treasury on a weekly basis for most of 2022 and some Reserve Banks remitted during the first quarter of 2023. At March 31, 2023, Treasury remittances are reported as "Earnings remittances to the Treasury, net" in the Combined statements of operations. In the fall of 2022, the Reserve Banks first suspended weekly remittances to the Treasury because earnings shifted from excess to less than the costs of operations, payment of dividends, and reservation of surplus. The Reserve Banks began accumulating a deferred asset. At March 31, 2023, the deferred asset represents the net accumulation of costs in excess of earnings and is reported as "Deferred asset – remittances to the Treasury" in the Combined statements of condition. The deferred asset is the amount of net excess earnings the Reserve Banks will need to realize in the future before remittances to the Treasury resume.

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The following table presents the distribution of the System's total comprehensive income as of March 31, 2023, and March 31, 2022:

Table 19. Reconciliation of total distribution of comprehensive income (loss) and Treasury remittances		
<small>(in millions)</small>		
	March 31, 2023	March 31, 2022
Reserve Bank and consolidated variable interest entity net (loss) income before providing for remittances to the Treasury	\$ (27,713)	\$ 32,400
Other comprehensive loss	(10)	–
Total comprehensive (loss) income - available for distribution	\$ (27,723)	\$ 32,400
Distribution of comprehensive income (loss):		
Dividends	335	151
Remittances transferred to the Treasury	73	32,249
Deferred asset increase	(28,131)	–
Earnings remittances to the Treasury, net	(28,058)	32,249
Total distribution of comprehensive (loss) income	\$ (27,723)	\$ 32,400

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