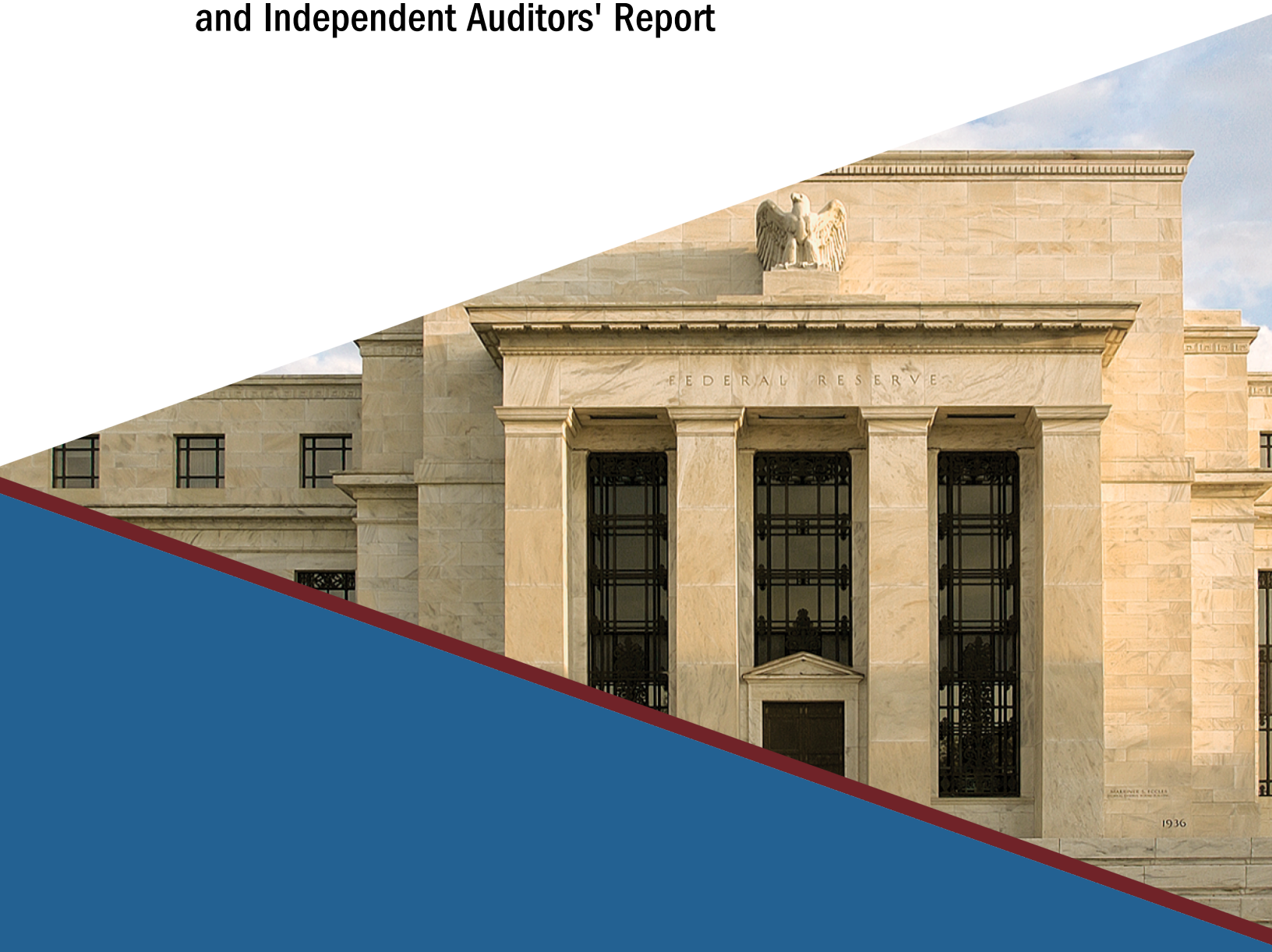
# Federal Reserve Bank of Richmond
# Financial Statements

## As of and for the Years Ended December 31, 2025 and 2024 and Independent Auditors' Report



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, stable prices, and moderate long-term interest rates 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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FEDERAL RESERVE BANK
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**Management's Report on Internal Control over Financial Reporting**

March 12, 2026

To the Board of Directors:

The management of the Federal Reserve Bank of Richmond (Bank) is responsible for the preparation and fair presentation of the Statements of Condition as of December 31, 2025 and 2024 and the Statements of Operations, and Statements of Changes in Capital, for the years then ended, including the related notes (collectively, the financial statements). The financial statements have been prepared in conformity with the accounting principles, policies, and practices established by the Board of Governors of the Federal Reserve System as set forth in the *Financial Accounting Manual for Federal Reserve Banks* (FAM), and, as such, include some amounts that are based on management judgments and estimates. To our knowledge, the financial statements are, in all material respects, fairly presented in conformity with the accounting principles, policies and practices documented in the FAM and include all disclosures necessary for such fair presentation.

The management of the Bank is responsible for establishing and maintaining effective internal control over financial reporting as it relates to the financial statements. The Bank's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with the FAM. The Bank's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Bank's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with FAM, and that the Bank's receipts and expenditures are being made only in accordance with authorizations of its management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Bank's assets that could have a material effect on financial statements.

Even effective internal control, no matter how well designed, has inherent limitations, including the possibility of human error, and therefore can provide only reasonable assurance with respect to the preparation of reliable financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The management of the Bank assessed its internal control over financial reporting based upon the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we believe that the Bank maintained effective internal control over financial reporting.

Thomas I. Barkin
President and
Chief Executive Officer

Becky C. Bareford
First Vice President and
Chief Operating Officer

William O. Riley
Senior Vice President and
Chief Financial Officer

KPMG LLP
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## Report of Independent Registered Public Accounting Firm

To the Board of Governors of the Federal Reserve System and the Board of Directors of the Federal Reserve Bank of Richmond:

*Opinions on the Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying statements of condition of the Federal Reserve Bank of Richmond ("FRB Richmond") as of December 31, 2025 and 2024, and the related statements of operations and changes in capital for the years then ended, and the related notes (collectively, the financial statements). We also have audited the FRB Richmond's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FRB Richmond as of December 31, 2025 and 2024, and the results of its operations and changes in capital for the years then ended, on the basis of accounting described in Note 3 to the financial statements. Also, in our opinion, the FRB Richmond maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

*Basis of Accounting*

As described in Note 3 to the financial statements, the FRB Richmond has prepared these financial statements in conformity with the accounting principles established by the Board of Governors of the Federal Reserve System (the "Board"), as set forth in the *Financial Accounting Manual for Federal Reserve Banks* ("FAM"), which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

*Basis for Opinions*

The FRB Richmond's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the FRB Richmond's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to FRB Richmond in accordance with the relevant ethical requirements relating to our audits.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements 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

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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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

*Definition and Limitations of Internal Control Over Financial Reporting*

The FRB Richmond's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the accounting principles established by the Board as described in Note 3 of the financial statements and as set forth in the FAM. The FRB Richmond's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the FRB Richmond; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the FAM, and that receipts and expenditures of the FRB Richmond are being made only in accordance with authorizations of management and directors of the FRB Richmond; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the FRB Richmond's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

KPMG LLP

Richmond, Virginia
March 12, 2026

# Abbreviations

| | |
|---|---|
| **ACH** | **Automated clearinghouse** |
| **ASC** | **Accounting Standards Codification** |
| **ASU** | **Accounting Standards Update** |
| **BEP** | **Benefit Equalization Retirement Plan** |
| **BTFP** | **Bank Term Funding Program** |
| **Bureau** | **Bureau of Consumer Financial Protection** |
| **CARES** | **Coronavirus Aid, Relief, and Economic Security** |
| **CECL** | **Current Expected Credit Losses** |
| **CMBS** | **Agency commercial mortgage-backed securities** |
| **ESF** | **Exchange Stabilization Fund** |
| **FAM** | **Financial Accounting Manual for Federal Reserve Banks** |
| **FASB** | **Financial Accounting Standards Board** |
| **FIMA** | **Foreign and International Monetary Authorities** |
| **FOMC** | **Federal Open Market Committee** |
| **FRA** | **Federal Reserve Act** |
| **FRBA** | **Federal Reserve Bank of Atlanta** |
| **FRBB** | **Federal Reserve Bank of Boston** |
| **FRBNY** | **Federal Reserve Bank of New York** |
| **FRFS** | **Federal Reserve Financial Services** |
| **GAAP** | **Accounting principles generally accepted in the United States of America** |
| **GSE** | **Government-sponsored enterprise** |
| **IMF** | **International Monetary Fund** |
| **LLC** | **Limited Liability Company** |
| **Main Street** | **MS Facilities 2020 LLC** |
| **MBS** | **Mortgage-backed securities** |
| **MLF** | **Municipal Liquidity Facility LLC** |
| **PPP** | **Paycheck Protection Program** |
| **PPPLF** | **Paycheck Protection Program Liquidity Facility** |
| **RMBS** | **Agency residential mortgage-backed securities** |
| **SBA** | **Small Business Administration** |
| **SDR** | **Special drawing rights** |
| **SERP** | **Supplemental Retirement Plan for Select Officers of the Federal Reserve Banks** |
| **SOMA** | **System Open Market Account** |
| **TALF II** | **Term Asset-Backed Securities Loan Facility II LLC** |
| **TBA** | **To be announced** |
| **TIPS** | **Treasury Inflation-Protected Securities** |

## Statements of Condition as of December 31, 2025 and December 31, 2024
(in millions)

| | | 2025 | 2024 |
|---|---|---|---|
| **Assets** | | | |
| Gold certificates | | $ 771 | $ 791 |
| Special drawing rights certificates | | 1,120 | 1,120 |
| Coin | | 193 | 198 |
| **Loans:** | Note 4 | | |
| Loans to depository institutions | | 267 | 378 |
| Other loans | | – | 436 |
| **System Open Market Account:** | Note 5 | | |
| Securities purchased under agreements to resell | | 6,714 | – |
| Treasury securities, net (of which $4,472 and $4,449 is lent as of December 31, 2025 and 2024, respectively) | | 395,105 | 445,865 |
| Federal agency and government-sponsored enterprise mortgage-backed securities, net | | 186,980 | 226,981 |
| Government-sponsored enterprise debt securities, net (of which $0 and $0 is lent as of December 31, 2025 and 2024, respectively) | | 225 | 252 |
| Foreign currency denominated investments, net | | 3,742 | 3,437 |
| Central bank liquidity swaps | | 94 | 221 |
| Accrued interest receivable | | 2,773 | 2,989 |
| Other accrued interest receivable | | – | 20 |
| Bank premises and equipment, net | Note 6 | 441 | 479 |
| Deferred asset–remittances to the Treasury | Note 11 | 39,830 | 34,850 |
| Other assets | | 404 | 336 |
| **Total assets** | | **$ 638,659** | **$ 718,353** |
| **Liabilities and capital** | | | |
| Federal Reserve notes outstanding, net | | $ 173,769 | $ 167,076 |
| **System Open Market Account:** | Note 5 | | |
| Securities sold under agreements to repurchase | | 41,596 | 88,554 |
| Other liabilities | | 4 | 10 |
| **Deposits:** | | | |
| Depository institutions | | 325,893 | 356,465 |
| Other deposits | | 365 | 538 |
| Interest payable to depository institutions and others | | 242 | 274 |
| Accrued benefit costs | Notes 8, 9 | 502 | 337 |
| Interdistrict settlement account | | 86,122 | 96,452 |
| Other liabilities | | 90 | 83 |
| Total liabilities | | 628,583 | 709,789 |
| Reserve Bank capital | | | |
| Capital paid-in | | $ 8,588 | $ 7,242 |
| Surplus (including accumulated other comprehensive loss of $158 and $5 at December 31, 2025 and 2024, respectively) | | 1,488 | 1,322 |
| Total Reserve Bank capital | | 10,076 | 8,564 |
| **Total liabilities and capital** | | **$ 638,659** | **$ 718,353** |

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

**Statements of Operations for the years ended December 31, 2025 and December 31, 2024**
**(in millions)**

| | | 2025 | 2024 |
|---|---|---|---|
| **Interest income** | | | |
| **Loans:** | Note 4 | | |
| Loans to depository institutions | | $ 3 | $ 9 |
| Other loans | | 1 | 431 |
| **System Open Market Account:** | Note 5 | | |
| Securities purchased under agreements to resell | | 6 | – |
| Treasury securities, net | | 9,860 | 9,221 |
| Federal agency and government-sponsored enterprise mortgage-backed securities, net | | 4,457 | 4,785 |
| Government-sponsored enterprise debt securities, net | | 12 | 12 |
| Foreign currency denominated investments, net | | 57 | 65 |
| Central bank liquidity swaps | | 1 | 2 |
| **Total interest income** | | **$ 14,397** | **$ 14,525** |
| **Interest expense** | | | |
| **System Open Market Account:** | Note 5 | | |
| Securities sold under agreements to repurchase | | $ 1,836 | $ 3,619 |
| Depository institutions and others | | 16,326 | 23,809 |
| **Total interest expense** | | **$ 18,162** | **$ 27,428** |
| **Net interest expense** | | **$ (3,765)** | **$ (12,903)** |
| **Other items of income (loss)** | | | |
| **System Open Market Account:** | Note 5 | | |
| Treasury securities losses, net | | $ (4) | $ (3) |
| Federal agency and government-sponsored enterprise mortgage-backed securities losses, net | | (6) | (7) |
| Foreign currency translation gains (losses), net | | 308 | (296) |
| Other | | 3 | (6) |
| Reimbursable services to government agencies | | 8 | 10 |
| Other components of net benefit costs | Notes 8, 9 | (11) | 14 |
| Other | | 5 | 4 |
| **Total other items of income (loss)** | | **$ 303** | **$ (284)** |
| **Operating expenses** | | | |
| Salaries and benefits | | $ 714 | $ 655 |
| Occupancy | | 33 | 34 |
| Equipment | | 147 | 131 |
| Other | | (513) | (462) |
| **Assessments:** | | | |
| Board of Governors operating expenses and currency costs | | 421 | 390 |
| Bureau of Consumer Financial Protection | | 48 | 131 |
| **Total operating expenses** | | **$ 850** | **$ 879** |
| Reserve Bank net loss from operations | | (4,312) | (14,066) |
| Earnings remittances to the Treasury, net | Note 11 | (4,980) | (14,454) |
| Net income after providing for remittances to the Treasury | | 668 | 388 |
| Change in prior service costs related to benefit plans | Notes 9, 10 | (12) | (17) |
| Change in actuarial losses related to benefit plans | Notes 9, 10 | (141) | (73) |
| Total other comprehensive loss | | (153) | (90) |
| **Comprehensive income** | | **$ 515** | **$ 298** |

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

**Statements of Changes in Capital for the years ended December 31, 2025 and December 31, 2024**
(in millions, except share data)

| | Reserve Bank Capital | | | | |
|---|---|---|---|---|---|
| | | Surplus | | | |
| | Capital paid-in | Net income retained | Accumulated other comprehensive income (loss) | Total surplus | Total Reserve Bank capital |
| **Balance at December 31, 2023 (142,310,164 shares of Reserve Bank capital stock)** | **$ 7,115** | **$ 1,254** | **$ 85** | **$ 1,339** | **$ 8,454** |
| Net change in capital stock issued (2,544,845 shares) | 127 | – | – | – | 127 |
| Comprehensive income: | | | | | |
| Reserve Bank net income after providing for remittances to the Treasury | – | 388 | – | 388 | 388 |
| Other comprehensive loss | – | – | (90) | (90) | (90) |
| Dividends on capital stock | – | (315) | – | (315) | (315) |
| Net change in Reserve Bank capital | 127 | 73 | (90) | (17) | 110 |
| **Balance at December 31, 2024 (144,855,009 shares of Reserve Bank capital stock)** | **$ 7,242** | **$ 1,327** | **$ (5)** | **$ 1,322** | **$ 8,564** |
| Net change in capital stock issued (26,901,788 shares) | 1,346 | – | – | – | 1,346 |
| Comprehensive income: | | | | | |
| Reserve Bank net income after providing for remittances to the Treasury | – | 668 | – | 668 | 668 |
| Other comprehensive loss | – | – | (153) | (153) | (153) |
| Dividends on capital stock | – | (349) | – | (349) | (349) |
| Net change in Reserve Bank capital | 1,346 | 319 | (153) | 166 | 1,512 |
| **Balance at December 31, 2025 (171,756,797 shares of Reserve Bank capital stock)** | **$ 8,588** | **$ 1,646** | **$ (158)** | **$ 1,488** | **$ 10,076** |

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

# Notes to Financial Statements

## (1) STRUCTURE

The Federal Reserve Bank of Richmond (Bank) is part of the Federal Reserve System (System) and is one of the 12 Federal Reserve Banks (Reserve Banks) created by Congress under the Federal Reserve Act of 1913 (FRA), which established the central bank of the United States. The Reserve Banks are chartered by the federal government and possess a unique set of governmental, corporate, and central bank characteristics. The Bank serves the Fifth Federal Reserve District, which includes Maryland, North Carolina, South Carolina, Virginia, District of Columbia, and portions of West Virginia.

In accordance with the FRA, supervision and control of the Bank is exercised by a board of directors. The FRA specifies the composition of the board of directors for each of the Reserve Banks. Each board is composed of nine members serving three-year terms: three directors, including those designated as chairman and deputy chairman, are appointed by the Board of Governors of the Federal Reserve System (Board of Governors) to represent the public, and six directors are elected by member banks. Banks that are members of the System include all national banks and state-chartered banks that apply and are approved for membership. Member banks are divided into three classes according to size. Member banks in each class elect one director representing member banks and one director representing the public. In any election of directors, each member bank receives one vote, regardless of the number of shares of Reserve Bank stock it holds.

In addition to the Reserve Banks, the System also consists, in part, of the Board of Governors and the Federal Open Market Committee (FOMC). The Board of Governors, an independent federal agency, is charged by the FRA with a number of specific duties, including general supervision over the Reserve Banks. The FOMC is composed of members of the Board of Governors, the president of the Federal Reserve Bank of New York (FRBNY), and, on a rotating basis, four other Reserve Bank presidents.

## (2) OPERATIONS AND SERVICES

The Reserve Banks perform a variety of services and operations. These functions include participating in formulating and conducting monetary policy; participating in the payment system, including transfers of funds, automated clearinghouse (ACH) operations, check collection, and a nationwide instant payments settlement service, named the FedNow Service; distributing coin and currency; performing fiscal agency functions for the U.S. Department of the Treasury (Treasury), certain federal agencies, and other entities; serving as the federal government's bank; providing short-term loans to depository institutions; providing loans to participants in programs or facilities with broad-based eligibility in unusual and exigent circumstances; serving consumers and communities by providing educational materials and information regarding financial consumer protection rights and laws and information on community development programs and activities; and supervising bank holding

companies, state member banks, savings and loan holding companies, U.S. offices of foreign banking organizations, Edge Act and agreement corporations, and certain financial market utilities that have been designated as systemically important. Certain services are provided to foreign official and international account holders, primarily by the FRBNY.

The FOMC, in conducting monetary policy, establishes policy regarding domestic open market operations and oversees these operations. The FOMC has selected the FRBNY to execute open market transactions on behalf of the Reserve Banks as provided in its annual authorization. As such, the FRBNY holds the resulting securities and agreements in a portfolio known as the System Open Market Account (SOMA). The FOMC authorizes and directs the FRBNY to conduct operations in domestic markets, including the direct purchase and sale of Treasury securities, federal agency and government-sponsored enterprise (GSE) residential mortgage-backed securities (RMBS), federal agency and GSE commercial mortgage-backed securities (CMBS), and GSE debt securities; the purchase of these securities under agreements to resell; the sale of these securities under agreements to repurchase; and the exchange, at market prices, of these securities that are maturing. The FRBNY is authorized and directed to lend the Treasury securities and GSE debt securities that are held in the SOMA.

To be prepared to meet the needs specified by the FOMC to carry out the System's central bank responsibilities, the FOMC authorized and directed the FRBNY to execute standalone spot and forward foreign exchange transactions in certain foreign currencies, to hold balances in those currencies, and to invest such foreign currency holdings, while maintaining adequate liquidity. The FRBNY holds these securities and agreements in the SOMA.

Because of the global character of bank funding markets, the System has, at times, coordinated with other central banks to provide liquidity. The FOMC authorized and directed the FRBNY to maintain standing and temporary U.S. dollar liquidity swap arrangements and standing foreign currency liquidity swap arrangements with various foreign banks. The FRBNY holds amounts outstanding under these liquidity swap lines in the SOMA.

The FOMC has authorized and directed the FRBNY to conduct small-value exercises periodically for the purpose of testing operational readiness.

On March 12, 2023, each Federal Reserve Bank established and commenced operation of the Bank Term Funding Program (BTFP), pursuant to section 13(3) of the FRA. The BTFP was established to support American businesses and households by making additional funding available to eligible depository institutions to help assure banks have the ability to meet the needs of all their depositors. The BTFP's authority to extend new loans ended March 11, 2024, and all loans were repaid by March 7, 2025.

In response to the coronavirus pandemic that began in 2020, the Board of Governors authorized the operation of several lending facilities under section 13(3) of the FRA. The authority granted to these lending facilities to extend loans or purchase eligible assets has ended.

On April 8, 2020, each Federal Reserve Bank established and commenced operation of the Paycheck Protection Program Liquidity Facility (PPPLF). The PPPLF offered a source of liquidity to financial institution lenders that lend to small businesses through the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPPLF's authority to extend new loans ended July 30, 2021, and the facility will continue to operate until all loans are paid off and operations cease.

The Board of Governors authorized the Federal Reserve Bank of Boston (FRBB) to operate the following lending facility:

- On April 9, 2020, the Main Street Lending Program (MSLP) was established to support lending to small and medium-sized businesses and non-profit organizations that were in sound financial condition before the onset of the coronavirus pandemic. The MSLP involved the purchase of participations in loans originated by eligible lenders. The MSLP includes five facilities: Main Street New Loan Facility, Main Street Expanded Loan Facility, Main Street Priority Loan Facility, Non-profit Organization New Loan Facility, and Non-profit Organization Expanded Loan Facility. The MS Facilities 2020 LLC (Main Street) was established to administer the facilities. The Treasury, using funds appropriated to the Exchange Stabilization Fund (ESF) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, made an equity investment in Main Street. The facilities' authority to purchase loan participations ended January 8, 2021, and the FRBB will continue to manage operations until the closure of Main Street.

The Board of Governors authorized the FRBNY to operate the following lending facilities:

- On March 22, 2020, the Term Asset-Backed Securities Loan Facility (TALF) was established to provide loans to U.S. companies secured by certain AAA-rated asset-backed securities backed by consumer and business loans. Term Asset-Backed Securities Loan Facility II Limited Liability Company (LLC) (TALF II) was established to administer the facility. The Treasury, using funds appropriated to the ESF through the CARES Act, made an equity investment in TALF II. The TALF's authority to extend loans ended December 31, 2020, and TALF II was terminated in March 2024.

- On April 8, 2020, the Municipal Liquidity Facility was established to support lending to state, city, and county governments, certain multistate entities, and other issuers of municipal securities. Municipal Liquidity Facility LLC (MLF) was established to administer the facility. The Treasury, using funds appropriated to the ESF through the CARES Act, made an equity investment in MLF. The facility's authority to purchase eligible assets ended December 31, 2020, and MLF was terminated in March 2024.

Additional information related to the lending facility that the Bank participates in is provided in Note 4.

Although the Reserve Banks are separate legal entities, they collaborate on the delivery of certain services to achieve greater efficiency and effectiveness. This collaboration takes the form of centralized operations and product or function offices that have responsibility for the delivery of certain services on behalf of the Reserve Banks. Various operational and management models are used and are supported by service agreements among the Reserve Banks. In some cases, costs incurred by a Reserve Bank for services provided to other Reserve Banks are not shared; in other cases, the Reserve Banks are reimbursed for costs incurred in providing services to other Reserve Banks. Major services provided by the Bank on behalf of the System for which the costs were not reimbursed by the other Reserve Banks include the Currency Technology Office and System Financial Planning & Management. Costs are, however, redistributed to the other Reserve Banks for computing and support services the Bank provides for the System. The Bank's total reimbursement for these costs was $1,135 million and $1,052 million for the years ended December 31, 2025 and 2024, respectively, and is included in "Operating expenses: Other" on the Statements of Operations.

## (3) SIGNIFICANT ACCOUNTING POLICIES

Accounting principles for entities with the unique powers and responsibilities of the nation's central bank have not been formulated by accounting standard-setting bodies. The Board of Governors has developed specialized accounting principles and practices that it considers to be appropriate for the nature and function of a central bank. These accounting principles and practices are documented in the Financial Accounting Manual for Federal Reserve Banks (FAM), which is issued by the Board of Governors. The Reserve Banks are required to adopt and apply accounting policies and practices that are consistent with the FAM. The financial statements and associated disclosures have been prepared in accordance with the FAM.

Due to the unique nature of the Bank's powers and responsibilities as part of the nation's central bank and given the System's unique responsibility to conduct monetary policy, the Board of Governors has adopted accounting principles and practices in the FAM that differ from accounting principles generally accepted in the United States of America (GAAP). The more significant differences are the presentation of all SOMA securities holdings at amortized cost, adjusted for credit impairment, if any, and the recording of all SOMA securities on a settlement-date basis. Amortized cost, rather than the fair value presentation, more appropriately reflects the financial position associated with the Bank's securities holdings given the System's unique responsibility to conduct monetary policy. Although the application of fair value measurements to the securities holdings may result in values substantially greater or less than their carrying values, these unrealized changes in value have no direct effect on the quantity of reserves available to the banking system or on the ability of the Reserve Banks, as the central bank, to meet their financial obligations and responsibilities. Both the domestic and foreign components of the SOMA portfolio may involve transactions that result in gains or losses when holdings are sold before maturity. Decisions regarding securities and foreign currency transactions, including their purchase and sale, are primarily motivated by monetary policy and financial stability objectives rather than profit. Accordingly, fair values, earnings, and gains or losses resulting from the sale of such securities and currencies are incidental to open market

operations and do not motivate decisions related to policy or open market activities. Accounting for these securities on a settlement-date basis, rather than the trade-date basis required by GAAP, better reflects the timing of the transaction's effect on the quantity of reserves in the banking system.

In addition, the Bank does not present a Statement of Cash Flows as required by GAAP because the liquidity and cash position of the Bank are not a primary concern given the Bank's unique powers and responsibilities as a central bank. Other information regarding the Bank's activities is provided in, or may be derived from, the Statements of Condition, Operations, and Changes in Capital, and the accompanying notes to the financial statements. Other than those described above, the accounting policies described in FAM are generally consistent with those in GAAP and the references to GAAP in the notes to the financial statements highlight those areas where FAM is consistent with GAAP.

Preparing the financial statements in conformity with the FAM requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Significant accounts and accounting policies are explained below.

### a. Consolidation

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) established the Bureau of Consumer Financial Protection (Bureau) as an independent bureau within the System that has supervisory authority over some institutions previously supervised by the Reserve Banks in connection with those institutions' compliance with consumer protection statutes. Section 1017 of the Dodd-Frank Act provides that the financial statements of the Bureau are not to be consolidated with those of the Board of Governors or the System. The Board of Governors funds the Bureau through assessments on the Reserve Banks as required by the Dodd-Frank Act. The Reserve Banks reviewed the law and evaluated the design of and their relationship to the Bureau and determined that it should not be consolidated in the Bank's financial statements.

### b. Gold and Special Drawing Rights Certificates

The Secretary of the Treasury is authorized to issue gold certificates to the Reserve Banks. Upon authorization, the Reserve Banks acquire gold certificates by crediting equivalent amounts in dollars to the account established for the Treasury. The gold certificates held by the Reserve Banks are required to be backed by the gold owned by the Treasury. The Treasury may reacquire the gold certificates at any time, and the Reserve Banks must deliver them to the Treasury. At such time, the Treasury's account is charged, and the Reserve Banks' gold certificate accounts are reduced. The value of gold for purposes of backing the gold certificates is set by law at $42 2/9 per fine troy ounce. Gold certificates are recorded by the Reserve Banks at original cost. The Board of Governors allocates the

gold certificates among the Reserve Banks once a year based on each Reserve Bank's average Federal Reserve notes outstanding during the preceding 12 months.

Special drawing rights (SDR) are issued by the International Monetary Fund (IMF) to its members in proportion to each member's quota in the IMF at the time of issuance. SDRs serve as a supplement to international monetary reserves and may be transferred from one national monetary authority to another. Under the law providing for U.S. participation in the SDR system, the Secretary of the Treasury is authorized to issue SDR certificates to the Reserve Banks. When SDR certificates are issued to the Reserve Banks, equivalent amounts in U.S. dollars are credited to the account established for the Treasury and the Reserve Banks' SDR certificate accounts are increased. The Reserve Banks are required to purchase SDR certificates, at the direction of the Treasury, for the purpose of financing SDR acquisitions or for financing exchange-stabilization operations. At the time SDR certificate transactions occur, the Board of Governors allocates the SDR certificates among the Reserve Banks based upon each Reserve Bank's Federal Reserve notes outstanding at the end of the preceding calendar year. SDR certificates are recorded by the Reserve Banks at original cost. There were no SDR transactions in 2025. In 2024, the Treasury issued $10 billion in SDR certificates, of which $708 million was allocated to the Bank.

### c. Coin

The amount reported as coin in the Statements of Condition represents the face value of all United States coin held by the Bank. The Bank buys coin at face value from the U.S. Mint in order to fill depository institution orders.

### d. Loans

Loans to depository institutions and other loans are reported at their outstanding principal balances and interest income is recognized on an accrual basis. BTFP and PPPLF loans extended were reported as other loans. Accrued interest on loans to depository institutions and other loans is reported as a component of "Other accrued interest receivable" in the Statements of Condition.

If receipt of income on a loan becomes doubtful, the loan is reclassified to non-accrual status. The Bank would discontinue recognizing interest income on non-accrual status loans until the borrower’s repayment performance demonstrates principal and interest would be received in accordance with the terms of the loan agreement. If the Bank discontinues recording interest on a non-accrual status loan, cash payments are first applied to principal until the loan balance is reduced to zero, subsequent payments are applied as recoveries of interest income previously deemed uncollectible and then any remaining amounts as interest income.

### e. Securities Purchased Under Agreements to Resell, Securities Sold Under Agreements to Repurchase, and Securities Lending

The FRBNY may engage in purchases of securities under agreements to resell (repurchase agreements) under the standard monetary policy repurchase agreement operations and domestic standing repurchase agreement operations with primary dealers and eligible counterparties (repo operations) and foreign official and international account holders under the Foreign and International Monetary Authorities (FIMA) Repo Facility. Repo operations transactions are settled through a tri-party arrangement, in which a commercial custodial bank manages the collateral clearing, settlement, pricing, and pledging, and provides cash and securities custodial services for and on behalf of the FRBNY and the counterparty. The collateral pledged must exceed the principal amount of the transaction by a margin determined by the FRBNY for each class and maturity of acceptable collateral. Collateral designated by the FRBNY as acceptable under repo operations primarily include Treasury securities (including Treasury Inflation-Protected Securities (TIPS), Separate Trading of Registered Interest and Principal of Securities, and Treasury Floating Rate Notes); direct obligations of several federal agencies and GSEs, including Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Home Loan Banks; and pass-through federal agency and GSE mortgage-backed securities (MBS). The FIMA Repo Facility is managed by the FRBNY, and acceptable collateral includes Treasury securities only. The repurchase agreements are accounted for as financing transactions with the associated interest income recognized over the life of the transaction. These repurchase agreements are reported at their contractual amounts as "System Open Market Account: Securities purchased under agreements to resell" and the related accrued interest receivable is reported as a component of "System Open Market Account: Accrued interest receivable" in the Statements of Condition. Interest income is reported as "System Open Market Account: Securities purchased under agreements to resell" in the Statements of Operations.

The FRBNY may 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. Transactions under these reverse repurchase agreements are designed to have a margin of zero and are settled through a tri-party arrangement, similar to repo operations. Reverse repurchase agreements may also be executed with foreign official and international account holders as part of a service offering. Reverse repurchase agreements are collateralized by a pledge of an amount of Treasury securities, federal agency and GSE MBS, or GSE debt securities that are held in the SOMA. Reverse repurchase agreements are accounted for as financing transactions, and the associated interest expense is recognized over the life of the transaction. These reverse repurchase agreements are reported at their contractual amounts as "System Open Market Account: Securities sold under agreements to repurchase" and the related accrued interest payable is reported as a component of "System Open Market Account: Other liabilities" in the Statements of Condition. Interest expense is reported as "System Open Market Account: Securities sold under agreements to repurchase" in the Statements of Operations.

Treasury securities and GSE debt securities held in the SOMA may be lent to primary dealers, typically overnight, to facilitate the effective conduct of open market operations. The amortized cost basis of securities lent continues to be reported as "System Open Market Account: Treasury securities, net" and "System Open Market Account: Government-sponsored enterprise debt securities, net," as appropriate, in the Statements of Condition. Securities lending transactions are fully collateralized by Treasury securities based on the fair values of the securities lent increased by a margin determined by the FRBNY. The FRBNY charges the primary dealer a fee for borrowing securities, and these fees are reported as a component of "Other items of income (loss): System Open Market Account: Other" in the Statements of Operations.

Activity related to repurchase agreements, reverse repurchase agreements, and securities lending is allocated to each of the Reserve Banks on a percentage basis derived from an annual settlement of the interdistrict settlement account that occurs in the second quarter of each year.

### f. Treasury Securities, Federal Agency and Government-Sponsored Enterprise Residential and Commercial Mortgage-Backed Securities, Government-Sponsored Enterprise Debt Securities, and Foreign Currency Denominated Investments

Interest income on Treasury securities, federal agency and GSE MBS, GSE debt securities, and foreign currency denominated investments included in the SOMA is recorded when earned and includes inflation compensation on TIPS and amortization of premiums and accretion of discounts using the effective interest method. Interest income on federal agency and GSE MBS also includes gains or losses associated with principal paydowns. Premiums and discounts related to federal agency and GSE MBS are amortized or accreted over the term of the security to stated maturity, and the amortization of premiums and accretion of discounts are accelerated when principal payments are received. Gains and losses resulting from sales of securities are determined by specific issue based on average cost. Treasury securities, federal agency and GSE MBS, and GSE debt securities are reported net of premiums and discounts in the Statements of Condition and interest income on those securities is reported net of the amortization of premiums and accretion of discounts in the Statements of Operations.

In addition to outright purchases of federal agency and GSE MBS that are held in the SOMA, the FRBNY may enter into RMBS dollar roll transactions (dollar rolls), which primarily involve an initial transaction to purchase or sell "to be announced" (TBA) MBS for delivery in the current month combined with a simultaneous agreement to sell or purchase TBA MBS on a specified future date. During the years ended December 31, 2025 and 2024, the FRBNY executed dollar rolls to facilitate settlement of outstanding purchases of federal agency and GSE MBS. The FRBNY accounts for dollar rolls as individual purchases and sales, on a settlement-date basis. Accounting for these transactions as purchases and sales, rather than as financing transactions, is appropriate because the purchase or sale component of the TBA MBS dollar roll is paired off or assigned prior to settlement and, as a result, there is no transfer and return of securities. Net gains (losses) resulting from MBS transactions are reported as a component of "Other items of income (loss): System Open Market Account: Federal agency and government-sponsored enterprise mortgage-backed securities losses, net" in the Statements of Operations.

Foreign currency denominated investments, which can include foreign currency deposits, repurchase agreements, and government debt instruments, are revalued daily at current foreign currency market exchange rates in order to report these assets in U.S. dollars. Any negative interest associated with these foreign currency denominated investments is included as a component of "Interest income: System Open Market Account: Foreign currency denominated investments, net" in the Statements of Operations. Foreign currency translation gains and losses that result from the daily revaluation of foreign currency denominated investments are reported as "Other items of income (loss): System Open Market Account: Foreign currency translation gains (losses), net" in the Statements of Operations.

Because the FRBNY enters into commitments to buy Treasury securities, federal agency and GSE MBS, and foreign government debt instruments and records the related securities on a settlement-date basis in accordance with the FAM, the related outstanding commitments are not reflected in the Statements of Condition.

Activity related to Treasury securities, federal agency and GSE MBS, and GSE debt securities including the premiums, discounts, and realized gains and losses, is allocated to each Reserve Bank on a percentage basis derived from an annual settlement of the interdistrict settlement account that occurs in the second quarter of each year. Activity related to foreign currency denominated investments, including the premiums, discounts, and realized and unrealized gains and losses, is allocated to each Reserve Bank on a percentage basis, adjusted annually in the second quarter of each year, calculated as the ratio of each Reserve Bank's capital and surplus to the Reserve Banks' aggregate capital and surplus at the preceding December 31.

## g. Central Bank Liquidity Swaps

Central bank liquidity swaps, which are transacted between the FRBNY and a foreign central bank, can be structured as either U.S. dollar or foreign currency liquidity swap arrangements.

Central bank liquidity swaps activity, including the related income and expense, is allocated to each Reserve Bank based on a percentage basis, adjusted annually in the second quarter of each year, calculated as the ratio of each Reserve Bank's capital and surplus to the Reserve Banks' aggregate capital and surplus at the preceding December 31.

### *U.S. dollar liquidity swaps*

At the initiation of each U.S. dollar liquidity swap transaction, the foreign central bank transfers a specified amount of its currency to a restricted account for the FRBNY in exchange for U.S. dollars at the prevailing market exchange rate. Concurrent with this transaction, the FRBNY and the foreign central bank agree to a second transaction that obligates the foreign central bank to return the U.S. dollars and the FRBNY to return the foreign currency on a specified future date at the same exchange rate as the initial transaction. The Bank's allocated portion of the

foreign currency amounts that the FRBNY acquires are reported as "System Open Market Account: Central bank liquidity swaps" in the Statements of Condition. Because the swap transaction will be unwound at the same U.S. dollar amount and exchange rate that were used in the initial transaction, the recorded value of the foreign currency amounts is not affected by changes in the market exchange rate.

The foreign central bank compensates the FRBNY based on the amount outstanding and the interest rate under the swap agreement. The Bank's allocated portion of the amount of compensation received during the term of the swap transaction is reported as "Interest income: System Open Market Account: Central bank liquidity swaps" in the Statements of Operations.

***Foreign currency liquidity swaps***

Foreign currency liquidity swap transactions involve the transfer by the FRBNY at the prevailing market exchange rate, of a specified amount of U.S. dollars to an account for the foreign central bank in exchange for its currency. Concurrent with this transaction, the FRBNY and the foreign central bank agree to a second transaction that obligates the FRBNY to return the foreign currency and the foreign central bank to return the U.S. dollars on a specified future date at the same exchange rate as the initial transaction. The Bank's allocated portion of the foreign currency liquidity swap is recorded as "System Open Market Account: Other liabilities" in the Statements of Condition in the amount of foreign currency that the FRBNY receives. Because the swap transaction will be unwound at the same foreign currency amount and market exchange rate that were used in the initial transaction, the recorded value of the U.S. dollar amounts is not affected by changes in the market exchange rate.

## h. Allowance for Credit Losses

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 326, Financial Instruments – Credit Losses provides the updated methodology for measuring credit losses on loans and SOMA assets measured at amortized cost. The Bank estimates the allowance for credit losses using the current expected credit loss (CECL) methodology. CECL uses historical loss information, adjusted to reflect current economic conditions, asset specific considerations, and forward-looking assumptions to estimate lifetime expected credit losses. Specific considerations for the Bank's assets are as follows:

- Loans include loans to depository institutions and other loans. When evaluating the risk of credit loss, the Bank considers the term of the loan, the depository institution's and other financial institution's commitment and ability to repay, the underlying collateral type and coverage of the loans, and any repayment guarantees. See Note 4.

- SOMA assets include repurchase agreements, Treasury securities, GSE debt, federal agency and GSE MBS, and foreign currency denominated investments. When evaluating the risk of credit loss on

repurchase agreements, the Bank considers collateral maintenance provisions and the short-term nature of the agreements. The risk of credit loss on the remaining SOMA assets are evaluated considering historical loss experience, assessment of ongoing credit condition of the security issuer or counterparty, and the existence of third-party guarantees. See Note 5.

The recognition of an allowance for credit losses is evaluated and reviewed at least annually. When the risk of non-payment is zero, an estimate for credit losses is not required to be recognized. Loans to depository institutions and SOMA assets including repurchase agreements, Treasury securities, GSE debt, federal agency and GSE MBS, and foreign currency denominated investments are within the scope of the zero-loss assumption under CECL. No allowance for credit losses was recorded as of December 31, 2025 and 2024. An estimate of expected losses was assessed for other loans using loan factors outlined above, including the risk of non-payment. See Note 4.

### i. Bank Premises, Equipment, and Software

Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from 2 to 50 years. Major alterations, renovations, and improvements are capitalized and depreciated over the remaining useful life of the asset or, if appropriate, over the unique useful life of the alteration, renovation, or improvement. Maintenance, repairs, and minor replacements are charged to operating expense in the year incurred. Reserve Banks may transfer assets to other Reserve Banks or may lease property of other Reserve Banks.

Costs incurred to acquire software are capitalized based on the purchase price. Costs incurred during the application development stage to develop internal-use software are capitalized based on the cost of direct services and materials associated with designing, coding, testing, and placing the software into production. Capitalized software costs are amortized on a straight-line basis over the estimated useful lives of the software applications, which generally range from two to five years. Maintenance costs and minor replacements related to software are charged to operating expense in the year incurred.

Capitalized assets, including land improvements, buildings, construction, furniture and equipment, and software, are impaired and an adjustment is recorded when events or changes in circumstances indicate that the carrying amount of assets or asset groups is not recoverable and significantly exceeds the assets' fair value. Bank premises and equipment are reported as "Bank premises and equipment, net" and software is included in "Other assets" in the Statements of Condition.

### j. Leases

Leases are identified in accordance with FASB ASC 842, Leases. The Bank’s material leases involve lessor and lessee arrangements for premises that are classified as operating leases and lessee arrangements for equipment

that are classified as finance leases. When the Bank is a lessee, the discount rate is based on a risk-free Treasury borrowing rate at lease commencement using a period comparable to the lease term.

### k. Interdistrict Settlement Account

Each Reserve Bank aggregates the payments due to or from other Reserve Banks. These payments result from transactions between the Reserve Banks and transactions that involve depository institution accounts held by other Reserve Banks, such as Fedwire funds and securities transfers, check and ACH, and FedNow transactions. The cumulative net amount due to or from the other Reserve Banks is reflected in the “Interdistrict settlement account” in the Statements of Condition.

An annual settlement of the interdistrict settlement account occurs in the second quarter of each year. As a result of the annual settlement, the balance in each Bank’s interdistrict settlement account is adjusted by an amount equal to the average balance in the account during the previous twelve-month period ended March 31. An equal and offsetting adjustment is made to each Bank’s allocated portion of SOMA assets and liabilities.

### l. 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 Bank's assets are eligible to be pledged as collateral. The collateral value is equal to the book value of the collateral tendered with the exception of securities, for which the collateral value is equal to the par value of the securities tendered. The par value of securities pledged as collateral under reverse repurchase agreements is deducted from the eligible collateral value.

The Board of Governors may, at any time, call upon a Reserve Bank for additional security to adequately collateralize outstanding Federal Reserve notes. To satisfy the obligation to provide sufficient collateral for outstanding Federal Reserve notes, the Reserve Banks have entered into an agreement that provides for certain assets of the Reserve Banks to be jointly pledged as collateral for the Federal Reserve notes issued to all Reserve Banks. In the event that this collateral is insufficient, the FRA provides that Federal Reserve notes become a first and paramount lien on all the assets of the Reserve Banks. Finally, Federal Reserve notes are obligations of the United States government.

"Federal Reserve notes outstanding, net" in the Statements of Condition represents the Bank's Federal Reserve notes outstanding, reduced by the Bank's currency holdings of $25,541 million and $29,008 million at December 31, 2025 and 2024, respectively.

At December 31, 2025 and 2024, all Federal Reserve notes outstanding, net, were fully collateralized. At December 31, 2025 and 2024, all gold certificates, all SDR certificates, and $2,368 billion and $2,296 billion,

respectively, of domestic securities held in the SOMA were pledged as collateral. At December 31, 2025 and 2024, no investments denominated in foreign currencies were pledged as collateral.

## m. Deposits

***Depository Institutions***

Depository institutions' deposits represent balances maintained in master accounts and excess balance accounts held by the depository institutions at the Bank.

Depository institutions earn interest at the interest on reserve balance (IORB) rate. The Board of Governors sets the IORB rate at a rate not to exceed the general level of short-term interest rates and has the discretion to change the IORB rate at any time. Interest on depository institutions' balances is calculated and accrued daily at the specified rate. Interest payable on deposits of depository institutions at Reserve Banks is reported as a component of "Interest payable to depository institutions and others" in the Statements of Condition. Interest expense on deposits of depository institutions at Reserve Banks is reported as a component of "Depository institutions and others" in the Statements of Operations.

***Other Deposits***

Other deposits include the Bank's allocated portion of foreign central bank and foreign government deposits held at the FRBNY. Other deposits also include cash collateral and GSE deposits held by the Bank.

## n. Reserve Bank Capital Paid-in

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 based on the amount of the member bank's paid-in capital stock and a rate determined by the member bank's total consolidated assets. Member banks with total consolidated assets in excess of a threshold established in the FRA receive a dividend 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 total consolidated assets equal to or less than the threshold receive a dividend of 6 percent. The threshold for total consolidated assets was $12.8 billion and $12.5 billion for the years ended December 31, 2025 and 2024, respectively. This threshold is

adjusted annually based on the Gross Domestic Product Price Index, which is published by the Bureau of Economic Analysis. The dividend is paid semiannually and is cumulative.

### o. Surplus

The FRA limits aggregate Reserve Bank surplus to $6.785 billion. Reserve Bank surplus is allocated among the Reserve Banks based on the ratio of each Bank's capital paid-in to total Reserve Bank capital paid-in as of December 31 of each year. The amount reported as surplus by the Bank as of December 31, 2025 and 2024 represents the Bank's allocated portion of surplus.

Accumulated other comprehensive income (loss) is reported as a component of "Surplus" in the Statements of Condition and the Statements of Changes in Capital. Additional information regarding the classifications of accumulated other comprehensive income (AOCI) is provided in Notes 9 and 10.

### p. Earnings Remittances to the Treasury

The FRA requires that any amounts of the surplus funds of the Reserve Banks that exceed, or would exceed, the aggregate surplus limitation shall be transferred to the Board of Governors for transfer to the Treasury. The Bank remits excess earnings to the Treasury after providing for the cost of operations, payment of dividends, and reservation of an amount necessary to maintain surplus at the Bank's allocated portion of the aggregate surplus limitation. Remittances to the Treasury are made on a weekly basis, and prior to payment, amounts due to the Treasury are reported as "Accrued remittances to the Treasury" in the Statements of Condition. See Note 11 for additional information on earnings remittances to the Treasury.

On a weekly basis, if earnings become less than the costs of operations, payment of dividends, and reservation of an amount necessary to maintain the Bank's allocated portion of the aggregate surplus limitation, the Bank suspends weekly remittances to the Treasury and records a deferred asset, which is reported as “Deferred asset – remittances to the Treasury” in the Statements of Condition. A deferred asset represents the shortfall in earnings from the most recent point that remittances to the Treasury were suspended. The deferred asset is the amount of net excess earnings the Bank will need to realize in the future before remittances to the Treasury resume, and the deferred asset is reviewed for impairment periodically. The net amount of the excess earnings and costs in excess of earnings recognized for the full year is reported as “Earnings remittances to the Treasury, net” in the Statements of Operations.

### q. Income and Costs Related to Treasury Services

When directed by the Secretary of the Treasury, the Bank is required by the FRA to serve as fiscal agent and depositary of the United States Government. By statute, the Treasury has appropriations to pay for these services. Revenue generated by the Bank in performing fiscal agent activities is recognized when the Bank's performance

obligations are satisfied. During the years ended December 31, 2025 and 2024, the Bank was reimbursed for all services provided to the Treasury as its fiscal agent.

### r. Services Provided by Other Reserve Banks

The Reserve Banks collectively manage the delivery of financial services to depository institutions under a single Federal Reserve Financial Services (FRFS) organization. The financial services managed by the FRFS include check, ACH, FedNow Service, Fedwire Funds and Securities, National Settlement Services, and electronic access.

The Federal Reserve Bank of Atlanta (FRBA) operates the Reserve Banks' provision of check and ACH services to depository institutions, the FRBNY operates the Reserve Banks' provision of Fedwire Funds and Securities services and National Settlement Service, the Federal Reserve Bank of Chicago operates the Reserve Banks' provision of electronic access services to depository institutions, and the FRBB operates instant payments settlement services to depository institutions. The Reserve Bank that operates these services recognizes the related total System revenue in the Statements of Operations. Revenue generated from these services is recognized when the Reserve Banks' performance obligations are satisfied. Because the performance obligations for these services are not for any specific term, the Reserve Banks responsible for operating these services recognize income based on usage of the services. Transaction prices are set by fee schedules published by the System. During the years ended December 31, 2025 and 2024, earned income was collected timely. The Bank is reimbursed for costs incurred to provide these services by the Reserve Banks responsible for operating these services and reports this reimbursement as a component of "Operating expenses: Other" in the Statements of Operations.

### s. Assessments

The Board of Governors assesses the Reserve Banks to fund its operations and the operations of the Bureau. These assessments are allocated to each Reserve Bank based on each Reserve Bank's capital and surplus balances. The Board of Governors also assesses each Reserve Bank for expenses related to producing, issuing, and retiring Federal Reserve notes based on each Reserve Bank's share of the number of notes comprising the System's net liability for Federal Reserve notes on December 31 of the prior year.

The Dodd-Frank Act requires that, after the transfer of its responsibilities to the Bureau on July 21, 2011, the Board of Governors fund the Bureau in an amount not to exceed a fixed percentage of the total operating expenses of the System as reported in the Board of Governors' 2009 annual report, which totaled $4.98 billion. After 2013, the amount is adjusted annually in accordance with the provisions of the Dodd-Frank Act. On July 4, 2025, the One Big Beautiful Bill Act amended the Dodd-Frank Act to reduce the funding cap for the Bureau. The percentage of total operating expenses of the System for the years ended December 31, 2025 and 2024 was 8.95 percent ($445.8 million) and 15.77 percent ($785.4 million), respectively. The Bank's assessment for Bureau funding is reported as "Operating expenses: Assessments: Bureau of Consumer Financial Protection" in the Statements of Operations.

### t. Taxes

The Reserve Banks are exempt from federal, state, and local taxes, except for taxes on real property. The Bank's real property taxes were $2 million and $2 million for the years ended December 31, 2025 and 2024, respectively, and are reported as a component of "Operating expenses: Occupancy" in the Statements of Operations.

### u. Recently Issued Accounting Standards

Other than the significant differences described in Note 3, the accounting policies described in FAM are generally consistent with those in GAAP. The following items represent recent accounting standards and describe how the FAM was or will be revised to be consistent with these GAAP standards.

In November 2024 and January 2025, the FASB issued Accounting Standard Update (ASU) 2024-03 and ASU 2025-01, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Topic 220-40). These updates improve the disclosures about an entity's expenses and address requests for more detailed information about the types of expenses in commonly presented expense captions. These updates are effective for the Bank for the year ending December 31, 2026, and the Bank is continuing to evaluate the effect of this new guidance on the Bank's financial statements.

In September 2025, the FASB issued ASU 2025-06 Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40). This update better aligns accounting for internally developed software with the shift towards incremental and iterative development methods and is effective for the Bank for the year ending December 31, 2028. The Bank is continuing to evaluate the effect of this new guidance on the Bank’s financial statements.

## (4) LOANS

### Loans to Depository Institutions

The Bank offers primary, secondary, and seasonal loans to eligible borrowers. Each program has its own interest rate and interest is accrued using the applicable interest rate established at least every 14 days by the Bank's board of directors, subject to review and determination by the Board of Governors. 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.

Primary, secondary, and seasonal loans are collateralized to the satisfaction of the Bank to reduce credit risk. Assets eligible to collateralize these loans include consumer, business, and real estate loans; Treasury securities; GSE debt securities; foreign sovereign debt; municipal, corporate, and state and local government obligations; asset-backed securities; corporate bonds; commercial paper; and bank-issued assets, such as certificates of

deposit, bank notes, and deposit notes. Collateral is assigned a lending value that is deemed appropriate by the Bank, which is typically fair value reduced by a margin. Loans to depository institutions are monitored daily to ensure that borrowers continue to meet eligibility requirements for these programs. If a borrower no longer qualifies for these programs, the Bank will generally request full repayment of the outstanding loan or, for primary or seasonal loans, may convert the loan to a secondary credit loan. Collateral levels are reviewed daily against outstanding obligations, and borrowers that no longer have sufficient collateral to support outstanding loans are required to provide additional collateral or to make partial or full repayment. No allowance for credit losses was recorded at December 31, 2025 and 2024. No loans to depository institutions were 90 days past due or on non-accrual status at December 31, 2025 and 2024.

## Other Loans

### Bank Term Funding Program

The BTFP offered advances up to one year in length to banks, savings associations, credit unions, and other eligible depository institutions pledging any collateral eligible for purchase in open market operations, such as Treasuries, agency securities, and agency MBS. These assets were valued at par. Advances were limited to the value of eligible collateral pledged by the eligible borrower. The Department of the Treasury, using the ESF, made available $25 billion as credit protection to the Reserve Banks in connection with the program. Interest income on advances made under the BTFP was accrued using the applicable rate as outlined by the term sheet. All BTFP loans were repaid by March 7, 2025. No allowance for credit losses was recorded at December 31, 2024. No BTFP loans were 90 days past due or on non-accrual status at December 31, 2024.

### Paycheck Protection Program Liquidity Facility

PPPLF loans are non-recourse loans and only PPP loans guaranteed by the SBA are eligible to serve as collateral for the PPPLF. An eligible borrower may pledge SBA-guaranteed PPP loans that it has originated or purchased. Each PPPLF loan is equal to the maturity of the PPP loan pledged and has a term of five years based on the PPP loan origination date. In an event of default, PPP covered loans are guaranteed as to principal and accrued interest by the SBA. The Bank has the rights to any such loan forgiveness reimbursement by the SBA to the eligible borrower. The eligible borrower shall pay fully collected funds to the Bank. In unusual cases, the Bank may be exposed to credit risk should collateral supporting PPPLF loans become inadequate. The Bank had immaterial PPPLF loans at December 31, 2025 and 2024. No allowance for credit losses was recorded at December 31, 2025 and 2024. The Bank did not have any PPPLF loans that were over 90 days past due and determined to be non-performing, or on non-accrual status at December 31, 2025 and 2024.

The remaining maturity distribution and total amount of loans outstanding at December 31, 2025 and 2024 were as follows (in millions):

| | Within 15 days | 16 days to 90 days | 91 days to 1 year | Over 1 year to 5 years | Total |
|---|---|---|---|---|---|
| **December 31, 2025** | | | | | |
| **Loans to depository institutions** | | | | | |
| Primary, secondary, and seasonal credit | $ 201 | $ 66 | $ – | $ – | $ 267 |
| **Total loans** | **$ 201** | **$ 66** | **$ –** | **$ –** | **$ 267** |
| **December 31, 2024** | | | | | |
| **Loans to depository institutions** | | | | | |
| Primary, secondary, and seasonal credit | $ 343 | $ 35 | $ – | $ – | $ 378 |
| **Other loans** | | | | | |
| BTFP | 388 | 48 | – | – | 436 |
| **Total loans** | **$ 731** | **$ 83** | **$ –** | **$ –** | **$ 814** |

Interest income attributable to loans outstanding during the years ended December 31, 2025 and 2024 was as follows (in millions):

| | 2025 | 2024 |
|---|---|---|
| **Interest income** | | |
| **Loans to depository institutions** | | |
| Primary, secondary, and seasonal credit | $ 3 | $ 9 |
| **Other loans** | | |
| BTFP | 1 | 431 |
| **Total loans** | **$ 4** | **$ 440** |

## (5) SYSTEM OPEN MARKET ACCOUNT

### a. Domestic Securities Holdings

The FRBNY executes domestic open market operations and, on behalf of the Reserve Banks, holds the resulting securities in the SOMA.

From June 2022 to November 2025, the FOMC had directed the FRBNY to roll over all principal payments of Treasury securities and to reinvest payments of GSE debt securities and RMBS. The FRBNY reinvested principal payments from those securities to the extent that they exceed monthly caps as follows:

- Effective September 2022 through May 2024, rolled over at auction Treasury securities maturing in the calendar month that exceed a cap of $60 billion and reinvested GSE debt securities and RMBS maturities in the calendar month that exceed a cap of $35 billion into RMBS.

- Effective June 2024 through March 2025, rolled over at auction Treasury securities maturing in the calendar month that exceed a cap of $25 billion and reinvested GSE debt securities and RMBS maturities in the calendar month that exceed a cap of $35 billion into Treasury securities.

- Effective April 2025 through November 2025, rolled over at auction Treasury securities maturing in the calendar month that exceed a cap of $5 billion and reinvested GSE debt securities and RMBS maturities in the calendar month that exceed a cap of $35 billion into Treasury securities.

Effective December 1, 2025, the FOMC directed the FRBNY to roll over at auction all matured Treasury securities, and to reinvest GSE debt securities, RMBS, and CMBS principal payments into Treasury bills.

Effective December 11, 2025, the FOMC directed the FRBNY to increase the SOMA holdings of securities through purchases of Treasury bills, and if needed, other Treasury securities with remaining maturities of three years or less.

The Bank's allocated share of activity related to domestic open market operations was 9.0 percent and 9.968 percent at December 31, 2025 and 2024, respectively.

The Bank's allocated share of Treasury securities, federal agency and GSE MBS, and GSE debt securities, net, excluding accrued interest, held in the SOMA at December 31, 2025 and 2024 was as follows (in millions):

| | Allocated to the Bank | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| | Par | Unamortized premiums | Unaccreted discounts | Total amortized cost | Par | Unamortized premiums | Unaccreted discounts | Total amortized cost |
| **Treasury securities** | | | | | | | | |
| Bills | $ 21,023 | $ – | $ (190) | $ 20,833 | $ 19,471 | $ – | $ (203) | $ 19,268 |
| Notes | 201,032 | 1,214 | (431) | 201,815 | 235,667 | 2,159 | (485) | 237,341 |
| Bonds | 158,435 | 15,340 | (1,318) | 172,457 | 172,593 | 18,087 | (1,424) | 189,256 |
| **Total Treasury securities** | **380,490** | **16,554** | **(1,939)** | **395,105** | **427,731** | **20,246** | **(2,112)** | **445,865** |
| **Federal agency and GSE MBS** | | | | | | | | |
| Residential | $ 182,808 | $ 3,621 | $ (189) | $ 186,240 | $ 221,806 | $ 4,549 | $ (234) | $ 226,121 |
| Commercial | 698 | 42 | – | 740 | 802 | 58 | – | 860 |
| **Total federal agency and GSE MBS** | **183,506** | **3,663** | **(189)** | **186,980** | **222,608** | **4,607** | **(234)** | **226,981** |
| GSE debt securities | $ 211 | $ 14 | $ – | $ 225 | $ 234 | $ 18 | $ – | $ 252 |

| | Total SOMA | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2025 | | | | 2024 | | | |
| | Par | Unamortized premiums | Unaccreted discounts | Total amortized cost | Par | Unamortized premiums | Unaccreted discounts | Total amortized cost |
| **Treasury securities** | | | | | | | | |
| Bills | $ 233,592 | $ – | $ (2,107) | $ 231,485 | $ 195,343 | $ – | $ (2,033) | $ 193,310 |
| Notes | 2,233,760 | 13,489 | (4,780) | 2,242,469 | 2,364,266 | 21,665 | (4,873) | 2,381,058 |
| Bonds | 1,760,448 | 170,450 | (14,649) | 1,916,249 | 1,731,497 | 181,455 | (14,285) | 1,898,667 |
| **Total Treasury securities** | **4,227,800** | **183,939** | **(21,536)** | **4,390,203** | **4,291,106** | **203,120** | **(21,191)** | **4,473,035** |
| **Federal agency and GSE MBS** | | | | | | | | |
| Residential | $ 2,031,272 | $ 40,239 | $ (2,109) | $ 2,069,402 | $ 2,225,216 | $ 45,639 | $ (2,354) | $ 2,268,501 |
| Commercial | 7,752 | 471 | (2) | 8,221 | 8,047 | 581 | (2) | 8,626 |
| **Total federal agency and GSE MBS** | **2,039,024** | **40,710** | **(2,111)** | **2,077,623** | **2,233,263** | **46,220** | **(2,356)** | **2,277,127** |
| GSE debt securities | $ 2,347 | $ 152 | $ – | $ 2,499 | $ 2,347 | $ 182 | $ – | $ 2,529 |

During the years ended December 31, 2025 and 2024, the FRBNY entered into repurchase agreements and reverse repurchase agreements as part of its monetary policy activities. These operations have been undertaken as necessary to maintain the federal funds rate within the FOMC's target range. In addition, reverse repurchase agreements are entered into as part of a service offering to foreign official and international account holders.

The FIMA Repo Facility allows FIMA account holders to temporarily exchange their U.S. Treasury securities for U.S. dollars, which can then be available to institutions in their jurisdictions.

Financial information related to repurchase agreements allocated to the Bank and held in the SOMA for the years ended December 31, 2025 and 2024 was as follows (in millions):

| | Allocated to the Bank | | Total SOMA | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Repo operations:** | | | | |
| Contract amount outstanding, end of year | $ 6,714 | $ – | $ 74,600 | $ – |
| Average daily amount outstanding, during the year | 148 | 1 | 1,649 | 13 |
| Maximum balance outstanding, during the year | 6,714 | 259 | 74,600 | 2,600 |
| **FIMA Repo Facility:** | | | | |
| Contract amount outstanding, end of year | $ – | $ – | $ – | $ – |
| Average daily amount outstanding, during the year | 7 | – | 78 | 3 |
| Maximum balance outstanding, during the year | 180 | 10 | 2,001 | 100 |
| **Total repurchase agreement contract amount outstanding, end of year** | **$ 6,714** | **$ –** | **$ 74,600** | **$ –** |
| **Supplemental information—interest income:** | | | | |
| Repo operations | $ 6 | $ – | $ 66 | $ 1 |
| FIMA Repo Facility | – | – | 4 | – |
| **Total interest income—securities purchased under agreements to resell** | **$ 6** | **$ –** | **$ 70** | **$ 1** |

The contract amount outstanding as of December 31, 2025 of repurchase agreements that were transacted with primary dealers and eligible counterparties had a remaining term of one business day and matured on January 2, 2026.

Financial information related to reverse repurchase agreements allocated to the Bank and held in the SOMA for the years ended December 31, 2025 and 2024 was as follows (in millions):

| | Allocated to the Bank | | Total SOMA | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Primary dealers and expanded counterparties:** | | | | |
| Contract amount outstanding, end of year | $ 9,539 | $ 47,194 | $ 105,993 | $ 473,460 |
| Average daily amount outstanding, during the year | 9,733 | 34,494 | 103,669 | 391,163 |
| Maximum balance outstanding, during the year | 47,194 | 70,876 | 473,460 | 1,018,483 |
| Securities pledged (par value), end of year | 10,243 | 55,215 | 113,820 | 553,934 |
| Securities pledged (fair value), end of year | 9,527 | 47,114 | 105,858 | 472,664 |
| **Foreign official and international accounts:** | | | | |
| Contract amount outstanding, end of year | $ 32,057 | $ 41,360 | $ 356,205 | $ 414,935 |
| Average daily amount outstanding, during the year | 33,820 | 34,859 | 364,571 | 378,540 |
| Maximum balance outstanding, during the year | 41,360 | 43,559 | 414,935 | 436,995 |
| Securities pledged (par value), end of year | 37,091 | 48,421 | 412,137 | 485,767 |
| Securities pledged (fair value), end of year | 32,060 | 41,363 | 356,234 | 414,967 |
| **Total reverse repurchase agreement contract amount outstanding, end of year** | **$ 41,596** | **$ 88,554** | **$ 462,198** | **$ 888,395** |
| **Supplemental information—interest expense:** | | | | |
| Primary dealers and expanded counterparties | $ 418 | $ 1,816 | $ 4,452 | $ 20,652 |
| Foreign official and international accounts | 1,418 | 1,803 | 15,267 | 19,636 |
| **Total interest expense—securities sold under agreements to repurchase** | **$ 1,836** | **$ 3,619** | **$ 19,719** | **$ 40,288** |

Securities pledged as collateral, at December 31, 2025 and 2024, consisted solely of Treasury securities. The contract amount outstanding as of December 31, 2025 of reverse repurchase agreements that were transacted with primary dealers and expanded counterparties had a remaining term of one business day and matured on January 2, 2026. The contract amount outstanding as of December 31, 2025 of reverse repurchase agreements that were transacted with foreign official and international account holders had a remaining term of one business day and matured on January 2, 2026.

The remaining maturity distribution of Treasury securities, federal agency and GSE MBS, GSE debt securities, repurchase agreements, and reverse repurchase agreements that were allocated to the Bank at December 31, 2025 and 2024 was as follows (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 |
|---|---|---|---|---|---|---|---|
| **December 31, 2025:** | | | | | | | |
| Treasury securities (par value) | $ 6,326 | $ 18,837 | $ 40,514 | $ 126,111 | $ 45,038 | $ 143,664 | $ 380,490 |
| Federal agency and GSE residential MBS (par value) [1] | – | – | – | 106 | 4,201 | 178,501 | 182,808 |
| Federal agency and GSE commercial MBS (par value) [1] | – | 3 | 3 | 323 | 286 | 83 | 698 |
| GSE debt securities (par value) | – | – | – | 164 | 47 | – | 211 |
| Securities purchased under agreements to resell (contract amount) | 6,714 | – | – | – | – | – | 6,714 |
| Securities sold under agreements to repurchase (contract amount) | 41,596 | – | – | – | – | – | 41,596 |
| **December 31, 2024:** | | | | | | | |
| Treasury securities (par value) | $ 6,146 | $ 23,530 | $ 44,105 | $ 146,114 | $ 54,723 | $ 153,113 | $ 427,731 |
| Federal agency and GSE residential MBS (par value) [1] | – | – | – | 70 | 2,149 | 219,587 | 221,806 |
| Federal agency and GSE commercial MBS (par value) [1] | – | – | 3 | 310 | 343 | 146 | 802 |
| GSE debt securities (par value) | – | – | – | 48 | 186 | – | 234 |
| Securities purchased under agreements to resell (contract amount) | – | – | – | – | – | – | – |
| Securities sold under agreements to repurchase (contract amount) | 88,554 | – | – | – | – | – | 88,554 |

[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 MBS are reported at stated maturity in the table above. The estimated weighted-average life of these securities differs from the stated maturity primarily because it factors in scheduled payments and prepayment assumptions. The estimated weighted-average lives of RMBS and CMBS as of December 31, 2025 and 2024 were as follows (in years):

| | 2025 | 2024 |
|---|---|---|
| **Estimated weighted-average life of** | | |
| RMBS | 8.0 | 8.3 |
| CMBS | 4.8 | 5.6 |

The amortized cost and par value of Treasury securities and GSE debt securities that were loaned from the SOMA under securities lending agreements allocated to the Bank and held in the SOMA at December 31, 2025 and 2024 were as follows (in millions):

| | Allocated to the Bank | | Total SOMA | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Treasury securities (amortized cost) | $ 4,472 | $ 4,449 | $ 49,685 | $ 44,632 |
| Treasury securities (par value) | 4,413 | 4,378 | 49,033 | 43,918 |
| GSE debt securities (amortized cost) | – | – | – | – |
| GSE debt securities (par value) | – | – | – | – |

Securities pledged as collateral by the counterparties in the securities lending arrangements at December 31, 2025 and 2024 consisted solely of Treasury securities. The securities lending agreements outstanding as of December 31, 2025 had a term of one business day and matured on January 2, 2026.

The FRBNY enters into commitments to buy and sell Treasury securities and federal agency and GSE MBS and records the related securities on a settlement-date basis. As of December 31, 2025, the portions allocated to the Bank and total purchases and sales under outstanding commitments were as follows (in millions):

| | Allocated to the Bank | Total SOMA | Contractual settlement dates through |
|---|---|---|---|
| **Purchases under outstanding commitments** | | | |
| Treasury securities | $ 1,321 | $ 14,680 | January 6, 2026 |
| TBA RMBS | – | – | |
| **Sales under outstanding commitments** | | | |
| RMBS | $ – | $ – | |

RMBS commitments are subject to varying degrees of off-balance-sheet market risk and counterparty credit risk that result from their future settlement. The FRBNY requires the posting of cash margin for RMBS commitments as part of its risk management practices used to mitigate the counterparty credit risk.

Accrued interest receivable on domestic securities held in the SOMA was $30,549 million and $29,893 million as of December 31, 2025 and 2024, respectively, of which $2,749 million and $2,980 million, respectively, was allocated to the Bank. These amounts are reported as a component of "System Open Market Account: Accrued interest receivable" in the Statements of Condition. Accrued interest receivable on repurchase agreements was $8 million as of December 31, 2025, of which $1 million was allocated to the Bank, and was immaterial for the year ended December 31, 2024. These amounts are reported as a component of "System Open Market Account: Accrued interest receivable" in the Statements of Condition.

Other assets held in the SOMA consist primarily of cash and short-term investments related to the federal agency and GSE MBS portfolio and were immaterial at December 31, 2025 and 2024. Other liabilities include the FRBNY's accrued interest payable related to reverse repurchase agreements transactions, obligations to return cash margin posted by counterparties as collateral under commitments to purchase and sell RMBS, and obligations that arise from the failure of a seller to deliver Treasury securities and RMBS to the FRBNY on the settlement date and were immaterial at December 31, 2025 and 2024. Although the FRBNY has ownership of and records its investments in Treasury securities and RMBS as of the contractual settlement date, it is not obligated to make payment until the securities are delivered, and the amount included in other liabilities represents the FRBNY's obligation to pay for the securities when delivered.

Information about transactions related to Treasury securities, federal agency and GSE MBS, and GSE debt securities allocated to the Bank and held in the SOMA during the years ended December 31, 2025 and 2024, is summarized as follows (in millions):

| | Allocated to the Bank | | | |
|---|---|---|---|---|
| | Bills | Notes | Bonds | Total Treasury securities |
| **Balance at December 31, 2023** | **$ 14,908** | **$ 201,207** | **$ 131,020** | **$ 347,135** |
| Purchases [1] | 43,843 | 15,969 | 2,647 | 62,459 |
| Sales [1] | – | (9) | (8) | (17) |
| Realized gains (losses), net [2] | – | (1) | (3) | (4) |
| Principal payments and maturities | (46,209) | (60,616) | (611) | (107,436) |
| Amortization of premiums and accretion of discounts, net | 920 | (928) | (1,011) | (1,019) |
| Inflation adjustment on inflation-indexed securities | – | 581 | 547 | 1,128 |
| Annual reallocation adjustment [3] | 5,806 | 81,138 | 56,675 | 143,619 |
| Subtotal of activity | 4,360 | 36,134 | 58,236 | 98,730 |
| **Balance at December 31, 2024** | **$ 19,268** | **$ 237,341** | **$ 189,256** | **$ 445,865** |
| Purchases [1] | 58,077 | 34,490 | 5,111 | 97,678 |
| Sales [1] | – | (10) | (5) | (15) |
| Realized gains (losses), net [2] | – | (1) | (3) | (4) |
| Principal payments and maturities | (55,403) | (47,546) | (3,275) | (106,224) |
| Amortization of premiums and accretion of discounts, net | 766 | (649) | (969) | (852) |
| Inflation adjustment on inflation-indexed securities | – | 605 | 610 | 1,215 |
| Annual reallocation adjustment [3] | (1,875) | (22,415) | (18,268) | (42,558) |
| Subtotal of activity | 1,565 | (35,526) | (16,799) | (50,760) |
| **Balance at December 31, 2025** | **$ 20,833** | **$ 201,815** | **$ 172,457** | **$ 395,105** |
| **Year-ended December 31, 2024** | | | | |
| **Supplemental information—par value of transactions:** | | | | |
| Purchases [4] | $ 44,710 | $ 16,013 | $ 2,658 | $ 63,381 |
| Sales [4] | – | (10) | (10) | (20) |
| **Year-ended December 31, 2025** | | | | |
| **Supplemental information—par value of transactions:** | | | | |
| Purchases [4] | $ 58,846 | $ 34,594 | $ 5,198 | $ 98,638 |
| Sales [4] | – | (11) | (8) | (19) |

[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] Reflects the annual adjustment to the Bank's allocated portion of the related SOMA securities that results from the annual settlement of the interdistrict settlement account, as discussed in Note 3k.
[4] Includes inflation compensation.

| | Total SOMA | | | |
|---|---|---|---|---|
| | Bills | Notes | Bonds | Total Treasury securities |
| **Balance at December 31, 2023** | **$ 214,231** | **$ 2,891,337** | **$ 1,882,759** | **$ 4,988,327** |
| Purchases [1] | 477,269 | 164,580 | 27,435 | 669,284 |
| Sales [1] | – | (102) | (83) | (185) |
| Realized gains (losses), net [2] | – | (9) | (28) | (37) |
| Principal payments and maturities | (508,325) | (670,617) | (6,126) | (1,185,068) |
| Amortization of premiums and accretion of discounts, net | 10,135 | (10,297) | (11,078) | (11,240) |
| Inflation adjustment on inflation-indexed securities | – | 6,166 | 5,788 | 11,954 |
| Subtotal of activity | (20,921) | (510,279) | 15,908 | (515,292) |
| **Balance at December 31, 2024** | **$ 193,310** | **$ 2,381,058** | **$ 1,898,667** | **$ 4,473,035** |
| Purchases [1] | 631,036 | 373,533 | 55,147 | 1,059,716 |
| Sales [1] | – | (110) | (59) | (169) |
| Realized gains (losses), net [2] | – | (9) | (33) | (42) |
| Principal payments and maturities | (601,123) | (511,569) | (33,618) | (1,146,310) |
| Amortization of premiums and accretion of discounts, net | 8,262 | (6,976) | (10,458) | (9,172) |
| Inflation adjustment on inflation-indexed securities | – | 6,542 | 6,603 | 13,145 |
| Subtotal of activity | 38,175 | (138,589) | 17,582 | (82,832) |
| **Balance at December 31, 2025** | **$ 231,485** | **$ 2,242,469** | **$ 1,916,249** | **$ 4,390,203** |
| **Year-ended December 31, 2024** | | | | |
| **Supplemental information—par value of transactions:** | | | | |
| Purchases [3] | $ 486,699 | $ 165,033 | $ 27,562 | $ 679,294 |
| Sales [3] | – | (110) | (101) | (211) |
| **Year-ended December 31, 2025** | | | | |
| **Supplemental information—par value of transactions:** | | | | |
| Purchases [3] | $ 639,372 | $ 374,637 | $ 56,059 | $ 1,070,068 |
| Sales [3] | – | (117) | (93) | (210) |

[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.

| | Allocated to the Bank | | | |
|---|---|---|---|---|
| | Residential MBS | Commercial MBS | Total federal agency and GSE MBS | GSE debt securities |
| **Balance at December 31, 2023** | **$ 172,054** | **$ 621** | **$ 172,675** | **$ 178** |
| Purchases [1] | 41 | – | 41 | – |
| Sales [1] | (37) | – | (37) | – |
| Realized gains (losses), net [2] | (7) | – | (7) | – |
| Principal payments and maturities | (18,464) | (17) | (18,481) | – |
| Amortization of premiums and accretion of discounts, net | (517) | (10) | (527) | (3) |
| Annual reallocation adjustment [3] | 73,051 | 266 | 73,317 | 77 |
| Subtotal of activity | 54,067 | 239 | 54,306 | 74 |
| **Balance at December 31, 2024** | **$ 226,121** | **$ 860** | **$ 226,981** | **$ 252** |
| Purchases [1] | 42 | – | 42 | – |
| Sales [1] | (33) | – | (33) | – |
| Realized gains (losses), net [2] | (6) | – | (6) | – |
| Principal payments and maturities | (17,887) | (27) | (17,914) | – |
| Amortization of premiums and accretion of discounts, net | (475) | (10) | (485) | (3) |
| Annual reallocation adjustment [3] | (21,522) | (83) | (21,605) | (24) |
| Subtotal of activity | (39,881) | (120) | (40,001) | (27) |
| **Balance at December 31, 2025** | **$ 186,240** | **$ 740** | **$ 186,980** | **$ 225** |
| | | | | |
| **Year-ended December 31, 2024** | | | | |
| **Supplemental information—par value of transactions:** | | | | |
| Purchases | $ 41 | $ – | $ 41 | $ – |
| Sales | (43) | – | (43) | – |
| | | | | |
| **Year-ended December 31, 2025** | | | | |
| **Supplemental information—par value of transactions:** | | | | |
| Purchases | $ 42 | $ – | $ 42 | $ – |
| Sales | (39) | – | (39) | – |

[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 TBA MBS 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.
[3] Reflects the annual adjustment to the Bank's allocated portion of the related SOMA securities that results from the annual settlement of the interdistrict settlement account, as discussed in Note 3k.

| | Total SOMA | | | |
|---|---|---|---|---|
| | Residential MBS | Commercial MBS | Total federal agency and GSE MBS | GSE debt securities |
| **Balance at December 31, 2023** | **$ 2,472,419** | **$ 8,917** | **$ 2,481,336** | **$ 2,557** |
| Purchases [1] | 447 | – | 447 | – |
| Sales [1] | (369) | – | (369) | – |
| Realized gains (losses), net [2] | (69) | – | (69) | – |
| Principal payments and maturities | (198,346) | (182) | (198,528) | – |
| Amortization of premiums and accretion of discounts, net | (5,581) | (109) | (5,690) | (28) |
| Subtotal of activity | (203,918) | (291) | (204,209) | (28) |
| **Balance at December 31, 2024** | **$ 2,268,501** | **$ 8,626** | **$ 2,277,127** | **$ 2,529** |
| Purchases [1] | 447 | – | 447 | – |
| Sales [1] | (370) | – | (370) | – |
| Realized gains (losses), net [2] | (72) | – | (72) | – |
| Principal payments and maturities | (193,955) | (295) | (194,250) | – |
| Amortization of premiums and accretion of discounts, net | (5,149) | (110) | (5,259) | (30) |
| Subtotal of activity | (199,099) | (405) | (199,504) | (30) |
| **Balance at December 31, 2025** | **$ 2,069,402** | **$ 8,221** | **$ 2,077,623** | **$ 2,499** |
| **Year-ended December 31, 2024** | | | | |
| **Supplemental information—par value of transactions:** | | | | |
| Purchases | $ 447 | $ – | $ 447 | $ – |
| Sales | (429) | – | (429) | – |
| **Year-ended December 31, 2025** | | | | |
| **Supplemental information—par value of transactions:** | | | | |
| Purchases | $ 447 | $ – | $ 447 | $ – |
| Sales | (436) | – | (436) | – |

[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 TBA MBS 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.

## b. Foreign Currency Denominated Investments

The FRBNY conducts foreign currency operations and, on behalf of the Reserve Banks, holds foreign currency denominated investments in the SOMA.

The FRBNY holds foreign currency deposits with foreign central banks and with the Bank for International Settlements. The FRBNY also invests in foreign government debt instruments of France, Germany, the Netherlands, and Japan. These foreign government debt instruments are backed by the full faith and credit of the issuing foreign governments. In addition, the FRBNY enters into repurchase agreements to purchase government debt securities for which the accepted collateral is the debt instruments issued by a foreign government.

The Bank's allocated share of activity related to foreign currency denominated investments was 19.479 percent and 19.730 percent at December 31, 2025 and 2024, respectively.

Foreign currency denominated investments are recorded at amortized cost and valued at foreign currency market exchange rates. These foreign currency denominated investments allocated to the Bank and held in the SOMA at December 31, 2025 and 2024 were as follows (in millions):

| | Allocated to the Bank | | Total SOMA | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Euro:** | | | | |
| Foreign currency deposits | $ 1,124 | $ 981 | $ 5,772 | $ 4,970 |
| Dutch government debt instruments | 98 | 98 | 501 | 498 |
| French government debt instruments | 1,222 | 920 | 6,275 | 4,665 |
| German government debt instruments | 131 | 266 | 674 | 1,347 |
| **Japanese yen:** | | | | |
| Foreign currency deposits | $ 593 | $ 1,172 | $ 3,044 | $ 5,940 |
| Japanese government debt instruments | 574 | – | 2,945 | 2 |
| **Total** | **$ 3,742** | **$ 3,437** | **$ 19,211** | **$ 17,422** |

At December 31, 2025 and 2024, there were no repurchase agreements outstanding and, consequently, no related foreign securities held as collateral.

As of December 31, 2025 and 2024, total net interest income earned on foreign currency denominated investments allocated to the Bank and held in the SOMA was as follows (in millions):

| | Allocated to the Bank | | Total SOMA | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| **Net interest income:** [1] | | | | |
| Euro | $ 51 | $ 64 | $ 259 | $ 324 |
| Japanese yen | 6 | 1 | 32 | 4 |
| **Total net interest income** | **$ 57** | **$ 65** | **$ 291** | **$ 328** |

[1] As a result of negative interest rates in certain foreign currency denominated investments held in the SOMA, interest income on foreign currency denominated investments, net contains negative interest of $3 million and $5 million for the years ended December 31, 2025 and 2024, respectively, of which $1 million and $1 million, respectively, were allocated to the Bank.

Accrued interest receivable on foreign currency denominated investments, net was $119 million and $46 million as of December 31, 2025 and 2024, respectively, of which $23 million and $9 million, respectively, were allocated to the Bank. These amounts are reported as a component of "System Open Market Account: Accrued interest receivable" in the Statements of Condition.

The remaining maturity distribution of foreign currency denominated investments that were allocated to the Bank at December 31, 2025 and 2024 was as follows (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 | Total |
|---|---|---|---|---|---|---|
| **December 31, 2025:** | | | | | | |
| Euro | $ 240 | $ – | $ 1,285 | $ 539 | $ 511 | $ 2,575 |
| Japanese yen | 593 | 71 | 215 | 288 | – | 1,167 |
| **Total** | **$ 833** | **$ 71** | **$ 1,500** | **$ 827** | **$ 511** | **$ 3,742** |
| **December 31, 2024:** | | | | | | |
| Euro | $ 211 | $ 13 | $ 1,580 | $ 429 | $ 32 | $ 2,265 |
| Japanese yen | 1,172 | – | – | – | – | 1,172 |
| **Total** | **$ 1,383** | **$ 13** | **$ 1,580** | **$ 429** | **$ 32** | **$ 3,437** |

There were no foreign exchange contracts related to foreign currency operations outstanding as of December 31, 2025.

The FRBNY enters into commitments to buy foreign government debt instruments and records the related securities on a settlement-date basis. As of December 31, 2025, there were no outstanding commitments to purchase foreign government debt instruments. During 2025, there were purchases, sales, and maturities of foreign government debt instruments of $8,355 million, $9 million, and $5,237 million, respectively, of which $1,632 million, $2 million, and $1,020 million, respectively, were allocated to the Bank. Sales of $9 million includes realized immaterial losses, of which a portion is allocated to the Bank. During 2024, there were purchases, sales, and maturities of foreign government debt instruments of $4,695 million, $611 million, and $1,028 million, respectively, of which $927 million, $120 million, and $205 million, respectively, were allocated to the Bank. Sales of $611 million includes realized losses of $49 million, of which a portion is allocated to the Bank.

In connection with its foreign currency activities, the FRBNY may enter into transactions that are subject to varying degrees of off-balance-sheet market risk and counterparty credit risk that result from their future settlement. The FRBNY controls these risks by obtaining credit approvals, establishing transaction limits, receiving collateral in some cases, and performing monitoring procedures.

## c. Central Bank Liquidity Swaps

### *U.S. Dollar Liquidity Swaps*

The 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. The Bank's allocated share of U.S. dollar liquidity swaps was 19.479 percent and 19.730 percent at December 31, 2025 and 2024, respectively.

Euros held in the SOMA under U.S. dollar liquidity swaps at December 31, 2025 and 2024 was $481 million and $1,120 million, respectively, of which $94 million and $221 million, respectively, was allocated to the Bank and matured within 15 days of year-end. Accrued interest receivable on U.S. dollar liquidity swaps was $1 million and $2 million as of December 31, 2025 and 2024, respectively, of which immaterial amounts were allocated to the Bank.

Net income earned on U.S. dollar liquidity swaps is reported as "System Open Market Account: Central bank liquidity swaps" in the Statements of Operations.

***Foreign Currency Liquidity Swaps***

At December 31, 2025 and 2024, there was no balance outstanding related to foreign currency liquidity swaps.

## d. Fair Value of SOMA Assets and Liabilities

The fair value amounts below are presented solely for informational purposes and are not intended to comply with the fair value disclosures required by FASB ASC 820, Fair Value Measurement. Although the fair value of SOMA security holdings can be substantially greater than or less than the recorded value at any point in time, these unrealized gains or losses have no effect on the ability of the Reserve Banks, as the central bank, to meet their financial obligations and responsibilities. Because SOMA securities are recorded at amortized cost, cumulative unrealized gains (losses) are not recognized in the Statements of Condition and the changes in cumulative unrealized gains (losses) are not recognized in the Statements of Operations.

The fair value of the Treasury securities, federal agency and GSE MBS, GSE debt securities, and foreign government debt instruments held in the SOMA is subject to market risk, arising from movements in market variables such as interest rates and credit risk. The fair value of federal agency and GSE MBS is also affected by the expected rate of prepayments of mortgage loans underlying the securities. The fair value of foreign government debt instruments is also affected by currency risk. Based on evaluations performed as of December 31, 2025 and 2024, there are no credit impairments of SOMA securities holdings.

The following table presents the amortized cost, fair value, and cumulative unrealized gains (losses) on the Treasury securities, federal agency and GSE MBS, and GSE debt securities allocated to the Bank and held in the SOMA at December 31, 2025 and 2024 (in millions):

| | Allocated to the Bank | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Amortized cost | Fair value | Cumulative unrealized gains (losses), net | Amortized cost | Fair value | Cumulative unrealized gains (losses), net |
| **Treasury securities** | | | | | | |
| Bills | $ 20,833 | $ 20,844 | $ 11 | $ 19,268 | $ 19,283 | $ 15 |
| Notes | 201,815 | 194,883 | (6,932) | 237,341 | 221,419 | (15,922) |
| Bonds | 172,457 | 131,206 | (41,251) | 189,256 | 140,057 | (49,199) |
| **Total Treasury securities** | **$ 395,105** | **$ 346,933** | **$ (48,172)** | **$ 445,865** | **$ 380,759** | **$ (65,106)** |
| **Federal agency and GSE MBS** | | | | | | |
| Residential | $ 186,240 | $ 158,507 | $ (27,733) | $ 226,121 | $ 185,321 | $ (40,800) |
| Commercial | 740 | 658 | (82) | 860 | 728 | (132) |
| **Total federal agency and GSE MBS** | **$ 186,980** | **$ 159,165** | **$ (27,815)** | **$ 226,981** | **$ 186,049** | **$ (40,932)** |
| GSE debt securities | 225 | 237 | 12 | 252 | 259 | 7 |
| **Total domestic SOMA portfolio securities holdings** | **$ 582,310** | **$ 506,335** | **$ (75,975)** | **$ 673,098** | **$ 567,067** | **$ (106,031)** |
| **Memorandum—Commitments for purchases of:** | | | | | | |
| Treasury securities [1] | $ 1,321 | $ 1,321 | $ – | $ 908 | $ 908 | $ – |
| Federal agency and GSE MBS [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.

| | Total SOMA | | | | | |
|---|---|---|---|---|---|---|
| | 2025 | | | 2024 | | |
| | Amortized cost | Fair value | Cumulative unrealized gains (losses), net | Amortized cost | Fair value | Cumulative unrealized gains (losses), net |
| **Treasury securities** | | | | | | |
| Bills | $ 231,485 | $ 231,604 | $ 119 | $ 193,310 | $ 193,456 | $ 146 |
| Notes | 2,242,469 | 2,165,444 | (77,025) | 2,381,058 | 2,221,327 | (159,731) |
| Bonds | 1,916,249 | 1,457,894 | (458,355) | 1,898,667 | 1,405,089 | (493,578) |
| **Total Treasury securities** | **$ 4,390,203** | **$ 3,854,942** | **$ (535,261)** | **$ 4,473,035** | **$ 3,819,872** | **$ (653,163)** |
| **Federal agency and GSE MBS** | | | | | | |
| Residential | $ 2,069,402 | $ 1,761,250 | $ (308,152) | $ 2,268,501 | $ 1,859,187 | $ (409,314) |
| Commercial | 8,221 | 7,306 | (915) | 8,626 | 7,303 | (1,323) |
| **Total federal agency and GSE MBS** | **$ 2,077,623** | **$ 1,768,556** | **$ (309,067)** | **$ 2,277,127** | **$ 1,866,490** | **$ (410,637)** |
| GSE debt securities | 2,499 | 2,634 | 135 | 2,529 | 2,602 | 73 |
| **Total domestic SOMA portfolio securities holdings** | **$ 6,470,325** | **$ 5,626,132** | **$ (844,193)** | **$ 6,752,691** | **$ 5,688,964** | **$ (1,063,727)** |
| **Memorandum—Commitments for purchases of:** | | | | | | |
| Treasury securities [1] | $ 14,680 | $ 14,679 | $ (1) | $ 9,105 | $ 9,104 | $ (1) |
| Federal agency and GSE MBS [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.

The fair value of Treasury securities and GSE debt securities was determined using pricing services that provide market consensus prices based on indicative quotes from various market participants. The fair value of federal agency and GSE MBS was determined using pricing services that utilize a model-based approach that considers observable inputs for similar securities. The cost bases of repurchase agreements, reverse repurchase agreements, central bank liquidity swaps, and other investments held in the SOMA portfolio approximate fair value because of the short-term nature of these agreements and the defined amount that will be received upon settlement.

At December 31, 2025 and 2024, the fair value of foreign currency denominated investments held in the SOMA was $19,156 million and $17,360 million, respectively, of which $3,731 million and $3,425 million, respectively, was allocated to the Bank. The fair value of foreign government debt instruments was determined using pricing services that provide market consensus prices based on indicative quotes from various market participants. Due to the short-term nature of foreign currency deposits, the cost basis is estimated to approximate fair value.

The following tables provide additional information on the amortized cost and fair value of the federal agency and GSE MBS portfolios allocated to the Bank and held in the SOMA at December 31, 2025 and 2024 (in millions):

| | Allocated to the Bank | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| Distribution of MBS holdings by coupon rate | Amortized cost | Fair value | Amortized cost | Fair value |
| **Residential** | | | | |
| 1.50% | $ 11,446 | $ 9,681 | $ 14,059 | $ 11,348 |
| 2.00% | 74,027 | 60,410 | 88,899 | 69,810 |
| 2.50% | 51,865 | 43,402 | 62,999 | 50,972 |
| 3.00% | 21,208 | 18,911 | 26,130 | 22,371 |
| 3.50% | 14,011 | 12,950 | 17,210 | 15,248 |
| 4.00% | 8,758 | 8,295 | 10,752 | 9,802 |
| 4.50% | 3,643 | 3,573 | 4,499 | 4,246 |
| 5.00% | 1,074 | 1,072 | 1,333 | 1,288 |
| 5.50% | 156 | 159 | 185 | 181 |
| 6.00% | 42 | 43 | 41 | 41 |
| 6.50% | 10 | 11 | 14 | 14 |
| **Total** | **$ 186,240** | **$ 158,507** | **$ 226,121** | **$ 185,321** |
| **Commercial** | | | | |
| 1.00%-1.50% | $ 8 | $ 7 | $ 9 | $ 7 |
| 1.51%-2.00% | 36 | 30 | 42 | 33 |
| 2.01%-2.50% | 82 | 69 | 96 | 78 |
| 2.51%-3.00% | 113 | 99 | 130 | 109 |
| 3.01%-3.50% | 238 | 213 | 275 | 233 |
| 3.51%-4.00% | 241 | 221 | 283 | 247 |
| 4.01%-4.50% | 22 | 19 | 25 | 21 |
| **Total** | **$ 740** | **$ 658** | **$ 860** | **$ 728** |
| **Total MBS** | **$ 186,980** | **$ 159,165** | **$ 226,981** | **$ 186,049** |

| Distribution of MBS holdings by coupon rate | Total SOMA | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Amortized cost | Fair value | Amortized cost | Fair value |
| **Residential** | | | | |
| 1.50% | $ 127,183 | $ 107,567 | $ 141,045 | $ 113,849 |
| 2.00% | 822,544 | 671,232 | 891,859 | 700,349 |
| 2.50% | 576,283 | 482,261 | 632,021 | 511,360 |
| 3.00% | 235,658 | 210,132 | 262,141 | 224,430 |
| 3.50% | 155,681 | 143,898 | 172,654 | 152,970 |
| 4.00% | 97,319 | 92,175 | 107,868 | 98,342 |
| 4.50% | 40,478 | 39,704 | 45,138 | 42,595 |
| 5.00% | 11,931 | 11,913 | 13,368 | 12,920 |
| 5.50% | 1,737 | 1,767 | 1,852 | 1,816 |
| 6.00% | 472 | 482 | 413 | 413 |
| 6.50% | 116 | 119 | 142 | 143 |
| **Total** | **$ 2,069,402** | **$ 1,761,250** | **$ 2,268,501** | **$ 1,859,187** |
| **Commercial** | | | | |
| 1.00%-1.50% | $ 88 | $ 76 | $ 90 | $ 72 |
| 1.51%-2.00% | 402 | 329 | 419 | 327 |
| 2.01%-2.50% | 912 | 772 | 963 | 781 |
| 2.51%-3.00% | 1,253 | 1,101 | 1,308 | 1,098 |
| 3.01%-3.50% | 2,649 | 2,364 | 2,755 | 2,336 |
| 3.51%-4.00% | 2,674 | 2,448 | 2,843 | 2,479 |
| 4.01%-4.50% | 243 | 216 | 248 | 210 |
| **Total** | **$ 8,221** | **$ 7,306** | **$ 8,626** | **$ 7,303** |
| **Total MBS** | **$ 2,077,623** | **$ 1,768,556** | **$ 2,277,127** | **$ 1,866,490** |

The following tables present the realized gains (losses) and the change in the cumulative unrealized gains (losses) related to SOMA domestic securities holdings allocated to the Bank and held in the SOMA during the years ended December 31, 2025 and 2024 (in millions):

| | Allocated to the Bank | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Realized gains (losses), net [1, 2] | Change in cumulative unrealized gains (losses) [3, 4] | Realized gains (losses), net [1, 2] | Change in cumulative unrealized gains (losses) [3, 4] |
| Treasury securities | $ (4) | $ 11,146 | $ (3) | $ (2,977) |
| **Federal agency and GSE MBS** | | | | |
| Residential | (6) | 9,359 | (7) | (1,656) |
| Commercial | – | 38 | – | 10 |
| Total federal agency and GSE MBS | (6) | 9,397 | (7) | (1,646) |
| GSE debt securities | – | 6 | – | (5) |
| **Total** | **$ (10)** | **$ 20,549** | **$ (10)** | **$ (4,628)** |

[1] Realized gains (losses), net for Treasury securities are reported in "Other items of income (loss): System Open Market Account: Treasury securities losses, net" in the Statements of Operations.
[2] Realized gains (losses), net 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 losses, net" in the 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 Statements of Operations.
[4] The amount reported as change in cumulative unrealized gains (losses) allocated to the Bank is affected by the annual adjustment to the Bank's allocated portion of the related SOMA securities, as discussed in Note 3f.

| | Total SOMA | | | |
|---|---|---|---|---|
| | 2025 | | 2024 | |
| | Realized gains (losses), net [1, 2] | Change in cumulative unrealized gains (losses) [3] | Realized gains (losses), net [1, 2] | Change in cumulative unrealized gains (losses) [3] |
| Treasury securities | $ (42) | $ 117,902 | $ (37) | $ (67,919) |
| **Federal agency and GSE MBS** | | | | |
| Residential | (72) | 101,162 | (70) | (47,334) |
| Commercial | – | 408 | – | 42 |
| Total federal agency and GSE MBS | (72) | 101,570 | (70) | (47,292) |
| GSE debt securities | – | 62 | – | (73) |
| **Total** | **$ (114)** | **$ 219,534** | **$ (107)** | **$ (115,284)** |

[1] Realized gains (losses), net for Treasury securities are reported in "Other items of income (loss): System Open Market Account: Treasury securities losses, net" in the Statements of Operations.
[2] Realized gains (losses), net 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 losses, net" in the 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 Statements of Operations.

The amount of change in cumulative unrealized gains position, net related to foreign currency denominated investments was a gain of $6 million and a gain of $137 million for the years ended December 31, 2025 and 2024, respectively, of which $1 million and $27 million, respectively, were allocated to the Bank. Realized losses, net related to foreign currency denominated investments were immaterial for the year ended December 31, 2025, and $49 million for the year ended December 31, 2024, of which $10 million was allocated to the Bank.

ASC 820, Fair Value Measurement, 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. ASC 820 establishes a three-level fair value hierarchy that distinguishes between assumptions developed using market data obtained from independent sources (observable inputs) and the Bank's assumptions developed using the best information available in the circumstances (unobservable inputs). The three levels established by ASC 820 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 the FRBNY's 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.

Treasury securities, federal agency and GSE MBS, GSE debt securities, and foreign government debt instruments are classified as Level 2 within the ASC 820 hierarchy because the fair values are based on indicative quotes and other observable inputs obtained from independent pricing services. The fair value hierarchy level of SOMA financial assets is not necessarily an indication of the risk associated with those assets.

## (6) BANK PREMISES, EQUIPMENT, AND SOFTWARE

Bank premises and equipment at December 31, 2025 and 2024 were as follows (in millions):

| | 2025 | 2024 |
|---|---|---|
| **Bank premises and equipment:** | | |
| Land and land improvements | $ 45 | $ 48 |
| Buildings | 300 | 302 |
| Construction | 7 | 10 |
| Furniture and equipment | 795 | 819 |
| Subtotal | 1,147 | 1,179 |
| Accumulated depreciation | (706) | (700) |
| **Bank premises and equipment, net** | **$ 441** | **$ 479** |
| Depreciation expense, for the years ended December 31 | $ 89 | $ 76 |

Bank premises and equipment at December 31, 2025 and 2024 included the following amounts for finance leases (in millions):

| | 2025 | 2024 |
|---|---|---|
| Leased premises and equipment under finance leases | $ 42 | $ 64 |
| Accumulated depreciation | (24) | (43) |
| **Leased premises and equipment under finance leases, net** | **$ 18** | **$ 21** |
| Depreciation expense related to leased premises and equipment under finance leases, for the years ended December 31 | $ 7 | $ 10 |

The Bank leases space to outside tenants with remaining lease terms ranging from 2 to 5 years, which reflect any renewal options the lessee is reasonably certain to exercise or termination options not reasonably certain to exercise. Rental income from such leases was $1 million and $1 million for the years ended December 31, 2025 and 2024, respectively, and is reported as a component of "Other items of income (loss): Other" in the Statements of Operations.

Future minimum lease payments that the Bank will receive under non-cancelable lease agreements in existence at December 31, 2025 are as follows (in millions):

| | |
|---|---|
| 2026 | $ 2 |
| 2027 | 1 |
| 2028 | 1 |
| 2029 | – |
| 2030 | – |
| Thereafter | – |
| Total | $ 4 |

The Bank had capitalized software assets, net of amortization, of $27 million and $35 million at December 31, 2025 and 2024, respectively. Amortization expense was $18 million and $24 million for the years ended December 31, 2025 and 2024, respectively. Capitalized software assets are reported as a component of "Other assets" in the Statements of Condition and the related amortization is reported as a component of "Operating expenses: Other" in the Statements of Operations.

## (7) COMMITMENTS AND CONTINGENCIES

In conducting its operations, the Bank enters into contractual commitments, normally with fixed expiration dates or termination provisions, at specific rates and for specific purposes.

At December 31, 2025, the Bank was obligated under non-cancelable leases for premises with remaining terms ranging from 2 to approximately 3 years. The lease term and the recorded amount of right-of-use assets and lease liabilities include any renewal options reasonably certain to be exercised or termination options not reasonably

certain to be exercised. These leases provide for increased lease payments based upon increases in operating costs.

Rental expense for operating facilities, warehouses, and data processing (including taxes, insurance, and maintenance when included in rent) was $11 million and $11 million for the years ended December 31, 2025 and 2024, respectively. Certain of the Bank's leases have options to renew.

Lease right-of-use assets were $28 million and $9 million at December 31, 2025 and 2024, respectively, and are reported as a component of "Other assets" in the Statements of Condition, while lease liabilities are disclosed below and are reported as a component of "Other liabilities" in the Statements of Condition. Future minimum lease payments and total lease liabilities under non-cancelable operating leases at December 31, 2025, are as follows (in millions):

| | Operating leases |
|---|---|
| 2026 | $ 11 |
| 2027 | 11 |
| 2028 | 7 |
| 2029 | – |
| 2030 | – |
| Thereafter | – |
| Future minimum lease payments | $ 29 |

At December 31, 2025, there were no material unrecorded unconditional purchase commitments or obligations.

Under an insurance agreement of the Reserve Banks, each of the Reserve Banks has agreed to bear, on a per-incident basis, a share of certain losses in excess of 1 percent of the capital paid-in of the claiming Reserve Bank, up to 50 percent of the total capital paid-in of all Reserve Banks. Losses are borne in the ratio of a Reserve Bank's capital paid-in to the total capital paid-in of all Reserve Banks at the beginning of the calendar year in which the loss is shared. No claims were outstanding under the agreement at December 31, 2025 and 2024.

The Bank is involved in certain legal actions and claims arising in the ordinary course of business. Although it is difficult to predict the ultimate outcome of these actions, in management's opinion, based on discussions with counsel, the legal actions and claims will be resolved without material adverse effect on the financial position or results of operations of the Bank.

## (8) RETIREMENT AND THRIFT PLANS

### Retirement Plans

The Bank currently offers three defined benefit retirement plans to its employees, based on length of service and level of compensation. Substantially all of the employees of the Reserve Banks, Board of Governors, and Office of

Employee Benefits of the Federal Reserve System (OEB) participate in the Retirement Plan for Employees of the Federal Reserve System (System Plan). Under the Dodd-Frank Act, eligible Bureau employees may participate in the System Plan and, during the years ended December 31, 2025 and 2024, certain costs associated with the System Plan were reimbursed by the Bureau. In addition, employees at certain compensation levels participate in the Benefit Equalization Retirement Plan (BEP) and certain Reserve Bank officers participate in the Supplemental Retirement Plan for Select Officers of the Federal Reserve Banks (SERP).

The FRBA, on behalf of the System, recognizes the net asset or net liability and costs associated with the System Plan in its financial statements. The Bank reports the service cost related to the BEP and SERP as a component of "Operating expenses: Salaries and benefits" in the Statements of Operations, the other net cost related to the BEP and SERP as "Other items of income (loss): Other components of net benefit costs" in the Statements of Operations, and the net liability as a component of "Accrued benefit costs" in the Statements of Condition.

The Bank's projected benefit obligation, funded status, and net pension expenses for the BEP and the SERP at December 31, 2025 and 2024, and for the years then ended, were immaterial.

### Thrift Plan

Employees of the Bank participate in the defined contribution Thrift Plan for Employees of the Federal Reserve System (Thrift Plan). The Bank matches 100 percent of the first 6 percent of employee contributions from the date of hire and provides an automatic employer contribution of 1 percent of eligible pay. The Bank's Thrift Plan contributions totaled $31 million and $30 million for the years ended December 31, 2025 and 2024, respectively, and are reported as a component of "Operating expenses: Salaries and benefits" in the Statements of Operations.

## (9) POSTRETIREMENT BENEFITS OTHER THAN RETIREMENT PLANS AND POSTEMPLOYMENT BENEFITS

### Postretirement Benefits Other Than Retirement Plans

In addition to the Bank's retirement plans, employees who have met certain age and length-of-service requirements are eligible for both medical and life insurance benefits during retirement. The Bank and plan participants fund benefits payable under the medical and life insurance plans as due and the plans have no assets.

Following is a reconciliation of the beginning and ending balances of the benefit obligation for the years ended December 31, 2025 and 2024 (in millions):

| | 2025 | 2024 |
|---|---|---|
| Accumulated postretirement benefit obligation at January 1 | $ 283 | $ 204 |
| Service cost–benefits earned during the period | 14 | 11 |
| Interest cost on accumulated benefit obligation | 16 | 10 |
| Net actuarial loss | 141 | 70 |
| Contributions by plan participants | 6 | 5 |
| Benefits paid | (21) | (16) |
| Plan amendments | – | (1) |
| Accumulated postretirement benefit obligation at December 31 | $ 439 | $ 283 |

At December 31, 2025 and 2024, the weighted-average discount rate assumptions used in developing the postretirement benefit obligation were 5.45 percent and 5.62 percent, respectively.

Discount rates reflect yields available on high-quality corporate bonds that would generate the cash flows necessary to pay the plan's benefits when due. The System Plan discount rate assumption setting convention uses an unrounded rate.

Following is a reconciliation of the beginning and ending balance of the plan assets, and the unfunded postretirement benefit obligation and accrued postretirement benefit costs for the years ended December 31, 2025 and 2024 (in millions):

| | 2025 | 2024 |
|---|---|---|
| Fair value of plan assets at January 1 | $ – | $ – |
| Contributions by the employer | 15 | 11 |
| Contributions by plan participants | 6 | 5 |
| Benefits paid | (21) | (16) |
| Fair value of plan assets at December 31 | $ – | $ – |
| Unfunded obligation and accrued postretirement benefit costs | $ 439 | $ 283 |
| **Amounts included in accumulated other comprehensive loss are shown below:** | | |
| Prior service cost | $ 6 | $ 18 |
| Net actuarial loss | (164) | (23) |
| **Total accumulated other comprehensive (loss)** | **$ (158)** | **$ (5)** |

Accrued postretirement benefit costs are reported as a component of "Accrued benefit costs" in the Statements of Condition.

For measurement purposes, the assumed health-care cost trend rates were disaggregated due to expected increases in health-care costs at December 31, 2025 and 2024, and are provided in the table below:

| | 2025 | 2024 |
|---|---|---|
| Health-care cost trend rate assumed for non-Medicare Advantage Prescription Drug (MAPD) plans next year | 8.25 % | 7.00 % |
| Health-care cost trend rate assumed for MAPD plans next year | 13.70 % | 7.00 % |
| Rate to which the cost trend rate is assumed to decline (the ultimate trend rate) | 4.75 % | 4.75 % |
| Year that the rate reaches the ultimate trend rate | 2040 | 2034 |

The following is a summary of the components of net periodic postretirement benefit expense for the years ended December 31, 2025 and 2024 (in millions):

| | 2025 | 2024 |
|---|---|---|
| Service cost—benefits earned during the period | $ 14 | $ 11 |
| **Other components of periodic postretirement benefit expense:** | | |
| Interest cost on accumulated benefit obligation | $ 16 | $ 10 |
| Amortization of prior service credit | (12) | (18) |
| Amortization of net actuarial gain | – | (3) |
| **Other components of periodic postretirement benefit expense** | **$ 4** | **$ (11)** |
| Total periodic postretirement benefit expense | $ 18 | $ – |

The service cost component of periodic postretirement benefit expense is reported as a component of "Operating expenses: Salaries and benefits" in the Statements of Operations and the other components of periodic postretirement benefit expense are reported as a component of "Other items of income (loss): Other components of net benefit costs" in the Statements of Operations.

Net postretirement benefit costs are actuarially determined using a January 1 measurement date. At January 1, 2025 and 2024, the weighted-average discount rate assumptions used to determine net periodic postretirement benefit costs were 5.62 percent and 5.11 percent, respectively.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established a prescription drug benefit under Medicare (Medicare Part D) and a federal subsidy to sponsors of retiree health-care benefit plans that provide benefits that are at least actuarially equivalent to Medicare Part D. The benefits provided under the Bank's plan to certain participants are at least actuarially equivalent to the Medicare Part D prescription drug benefit. The estimated effects of the subsidy are reflected in the actuarial loss in the accumulated postretirement benefit obligation and net periodic postretirement benefit expense.

Federal Medicare Part D subsidy receipts were immaterial in the years ended 2025 and 2024. Expected receipts in 2026, related to benefits paid in the years ended 2025 and 2024, are immaterial.

Following is a summary of expected postretirement benefit payments (in millions):

| | Without subsidy | With subsidy |
|---|---|---|
| 2026 | $ 18 | $ 17 |
| 2027 | 19 | 19 |
| 2028 | 21 | 21 |
| 2029 | 23 | 22 |
| 2030 | 25 | 25 |
| 2031-2035 | 161 | 160 |
| Total | $ 267 | $ 264 |

## Postemployment Benefits

The Bank offers benefits to former qualifying or inactive employees. Postemployment benefit costs are actuarially determined using a December 31 measurement date and include the cost of providing disability; medical, dental, and vision insurance; and survivor income benefits. The accrued postemployment benefit costs recognized by the Bank at December 31, 2025 and 2024 were $7 million and $7 million, respectively. This cost is included as a component of "Accrued benefit costs" in the Statements of Condition. Net periodic postemployment benefit expense included in 2025 and 2024 operating expenses were $2 million and $1 million, respectively, and are recorded as a component of "Operating expenses: Salaries and benefits" in the Statements of Operations.

# (10) ACCUMULATED OTHER COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME

Following is a reconciliation of beginning and ending balances of accumulated other comprehensive income (loss) as of December 31, 2025 and 2024 (in millions):

| | 2025 | 2024 |
|---|---|---|
| | Amount related to postretirement benefits other than retirement plans | Amount related to postretirement benefits other than retirement plans |
| **Balance at January 1** | **$ (5)** | **$ 85** |
| **Change in funded status of benefit plans:** | | |
| Prior service costs arising during the year | – | 1 |
| Amortization of prior service cost (credit) [1] | (12) | (18) |
| Change in prior service costs related to benefit plans | (12) | (17) |
| Net actuarial loss arising during the year | (141) | (70) |
| Amortization of net actuarial gain [1] | – | (3) |
| Change in actuarial loss related to benefit plans | (141) | (73) |
| **Change in funded status of benefit plans–other comprehensive loss** | **$ (153)** | **$ (90)** |
| **Balance at December 31** | **$ (158)** | **$ (5)** |

[1] Reclassification is reported as a component of "Other items of income (loss): Other components of net benefit costs" in the Statements of Operations.

Additional detail regarding the classification of accumulated other comprehensive income (loss) is included in Note 9.

## (11) RECONCILIATION OF TOTAL DISTRIBUTION OF COMPREHENSIVE INCOME AND TREASURY REMITTANCES

In accordance with the FRA, the Bank remits excess earnings to the Treasury after providing for the cost of operations, payment of dividends, and reservation of an amount necessary to maintain the Bank's allocated portion of the aggregate surplus limitation. See Note 3p for discussion of earnings remittances to the Treasury.

The Bank 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 Bank's deferred asset represents the net accumulation of all costs in excess of earnings, and is reported as "Deferred asset – remittances to the Treasury" in the Statements of Condition. The deferred asset represents the amount of net excess earnings the Bank will need to realize in the future before remittances to the Treasury resume. No impairment existed as of December 31, 2025 and 2024, because net excess earnings of the Bank in future periods are expected to exceed the balance of the deferred asset.

The following table presents the distribution of the Bank's and System's total comprehensive income for the years ended December 31, 2025 and 2024 (in millions):

| | Bank's portion | | System total | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Reserve Bank net loss from operations | $ (4,312) | $ (14,066) | $ (18,761) | $ (77,621) |
| Other comprehensive (loss) income | (153) | (90) | (796) | 140 |
| Total comprehensive loss–available for distribution | $ (4,465) | $ (14,156) | $ (19,557) | $ (77,481) |
| **Distribution of comprehensive income (loss):** | | | | |
| Transfer to (from) surplus | $ 166 | $ (17) | $ – | $ – |
| Dividends | 349 | 315 | 1,688 | 1,623 |
| Remittances transferred to the Treasury [1] | – | – | 6,281 | 3,533 |
| Deferred asset increase | (4,980) | (14,454) | (27,526) | (82,637) |
| Earnings remittances to the Treasury, net | (4,980) | (14,454) | (21,245) | (79,104) |
| **Total distribution of comprehensive loss** | **$ (4,465)** | **$ (14,156)** | **$ (19,557)** | **$ (77,481)** |

[1] Represents cumulative excess earnings remittances transferred to the Treasury.

## (12) SUBSEQUENT EVENTS

There were no subsequent events that required adjustments to or disclosures in the financial statements as of December 31, 2025. Subsequent events were evaluated through March 12, 2026, which is the date that the financial statements were available to be issued.

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