

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

March 24, 2011

To State Member Banks, Bank  
Holding Companies, Financial Holding  
Companies, and Foreign Bank Offices  
in the Twelfth Federal Reserve District

**Federal Reserve System Publishes Annual Financial Statements**

The Federal Reserve System on March 22, 2011 released the 2010 combined annual comparative financial statements for the Federal Reserve Banks, as well as for the 12 individual Federal Reserve Banks, the limited liability companies (LLCs) that were created to respond to strains in financial markets, and the Board of Governors. These financial statements are audited annually by an independent auditing firm.

Total Reserve Bank assets as of December 31, 2010, were \$2.428 trillion, which represents an increase of \$193 billion from the previous year. The composition of the balance sheet changed notably. Holdings of U.S. Treasury securities increased \$261 billion and holdings of federal agency and government-sponsored enterprise (GSE) mortgage-backed securities (MBS) increased \$86 billion. These increases were partly offset by a \$96 billion decrease in loans to depository institutions and a \$23 billion decrease in loans extended under the Term Asset-Backed Securities Loan Facility, largely due to early repayments by borrowers.

The Reserve Banks' comprehensive income increased \$28 billion over the previous year to \$82 billion for the year ended December 31, 2010. The increase was primarily attributable to an increase of \$24 billion in interest earnings on the federal agency and GSE MBS holdings.

The Reserve Banks transferred \$79 billion of their \$82 billion in comprehensive income to the U.S. Treasury in 2010, a \$32 billion increase from the amount transferred in 2009.

The combined annual financial statements for the Federal Reserve Banks and the consolidated annual financial statements for the Federal Reserve Bank of New York include information about the assets and income of each of the consolidated LLCs, such as overall financial results, portfolio composition, asset quality, and asset value information. The statements also contain summaries of the associated credit and market risks for each significant holding.

The consolidated LLCs also contributed to the increase in Reserve Banks' 2010 comprehensive income, with net earnings of \$8 billion for the year ended December 31, 2010, a \$2 billion increase from the 2009 net earnings of \$6 billion.

The Federal Reserve System financial statements may be accessed via the Federal Reserve Board's website at [http://www.federalreserve.gov/monetarypolicy/bst\\_fedfinancials.htm](http://www.federalreserve.gov/monetarypolicy/bst_fedfinancials.htm)

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

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