

# US Fed Estimates 2010 Net Income At \$80.9B

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WASHINGTON (Dow Jones)--The U.S. Federal Reserve's 2010 net income grew to \$80.9 billion largely due to a boost in earnings from securities it acquired during the financial crisis, according to preliminary unaudited results the central bank announced Monday.

The income surge--a significant jump from its record-breaking \$53.4 billion in earnings in 2009--makes way for the Fed to transfer about \$78.4 billion to the Treasury Department.

The \$78.4 billion in payments represents a 65% increase over the 47.4 billion the Fed paid the Treasury in 2009.

Fed officials said the bulk of the payments have already been distributed to Treasury.

"The increase was due primarily to increased interest income earned on securities holdings during 2010," the Fed said in a statement.

During the financial crisis, the Fed created a slew of unprecedented, emergency programs through which it bought securities and debts and lent to banks and other firms.

Providing a preliminary overview of its 2010 finances, the Fed said the estimated 2010 net income was derived primarily from \$76.2 billion in income on federal agency and government-sponsored enterprise, or GSE, mortgage-backed securities, U.S. Treasury securities, and GSE debt securities. In contrast, 2009 income from those securities totaled \$48.8 billion, Federal Reserve officials said on a conference call with reporters Monday morning.

In addition, the Fed said \$7.1 billion in net income came from consolidated limited liability companies that were created in response to the financial crisis; \$2.1 billion in interest income from credit extended to American International Group, Inc.; \$1.3 billion of dividends on preferred interests in AIA Aurora LLC and ALICO Holdings LLC; and \$0.8 billion in interest income on loans extended under the Term Asset-Backed Securities Loan Facility (TALF) and loans to depository institutions.

Fed officials said they expect to release final financial results this spring.

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