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H.4.1

Factors Affecting Reserve Balances of Depository Institutions and Condition Statement of Federal Reserve Banks

1. Factors Affecting Reserve Balances of Depository Institutions

Millions of dollars

Reserve Bank credit, related items, and reserve balances of depository institutions at Federal Reserve Banks	Averages of daily figures 27			Wednesday 28
	Week ended	Change from week ended		
Reserve Bank credit 1				
Securities held outright[1] 2				
U.S. Treasury securities 3				
Bills[2]				
Notes and bonds, nominal[2]				
Notes and bonds, inflation-indexed[2]				
Inflation compensation[3]				
Federal agency debt securities[2] 4				
Mortgage-backed securities[4] 5				
Repurchase agreements[5] 6				
Term auction credit 7				
Other loans 8				
Primary credit				
Secondary credit 9				
Seasonal credit				
Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility 10				
Credit extended to American International Group, Inc., net[6] 11				
Term Asset-Backed Securities Loan Facility[7] 12				
Other credit extensions 13				
Net portfolio holdings of Commercial Paper Funding Facility LLC[8] 14				
Net portfolio holdings of Maiden Lane LLC[9] 15				
Net portfolio holdings of Maiden Lane II LLC[10] 16				
Net portfolio holdings of Maiden Lane III LLC[11] 17				
Net portfolio holdings of TALF LLC[12] 18				
Preferred interests in AIA Aurora LLC and ALICO Holdings LLC[13] 19				
Float 20				
Central bank liquidity swaps[14] 21				
Other Federal Reserve assets[15] 22				
Gold stock 23				
Special drawing rights certificate account 24				
Treasury currency outstanding[16] 25				
Total factors supplying reserve funds 26				

Note: Components may not sum to totals because of rounding. Footnotes appear at the end of the table.

1 **Reserve Bank credit:** Reserve Bank credit is the sum of securities held outright, repurchase agreements, term auction credit, other loans, net portfolio holdings of Commercial Paper Funding Facility LLC, net portfolio holdings of Maiden Lane LLC, net portfolio holdings of Maiden Lane II LLC, net portfolio holdings of Maiden Lane III LLC, net portfolio holdings of TALF LLC, total preferred interests in AIA Aurora LLC and ALICO Holdings LLC, float, central bank liquidity swaps, and other Federal Reserve assets. Return

2 **Securities held outright:** The amount of securities held by Federal Reserve Banks. This quantity is the cumulative result of permanent open market operations: outright purchases or sales of securities, conducted by the Federal Reserve. Section 14 of the Federal Reserve Act defines the securities that the Federal Reserve is authorized to buy and sell. Return

3 **U.S. Treasury securities:** The total face value of U.S. Treasury securities held by the Federal Reserve. This total is broken out in the lines below. Purchases or sales of U.S. Treasury securities by the Federal Reserve Bank of New York (FRBNY) are made in the secondary market, or with various foreign official and international organizations that maintain accounts at the Federal Reserve. FRBNY's purchases or sales in the secondary market are conducted only through primary dealers.

- **Bills:** The current face value of the Federal Reserve's outright holdings of Treasury bills.
- **Notes and bonds, nominal:** The current face value of the Federal Reserve's outright holdings of nominal Treasury notes and bonds.
- **Notes and bonds, inflation-indexed:** The current face value of the Federal Reserve's outright holdings of inflation-indexed Treasury notes and bonds.
- **Inflation compensation:** Inflation compensation reflects adjustments for the effects of inflation to the principal of inflation-indexed securities. Return

4 **Federal agency debt securities:** The current face value of federal agency obligations held by Federal Reserve Banks. These securities are direct obligations of Fannie Mae, Freddie Mac, and the Federal Home Loan Banks. Return

5 **Mortgage-backed securities:** The current face value of mortgage-backed obligations held by Federal Reserve Banks. These securities are guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae. Return

6 **Repurchase agreements:** Repurchase agreements reflect some of the Federal Reserve's temporary open market operations. Repurchase agreements are transactions in which securities are purchased from a primary dealer under an agreement to sell them back to the dealer on a specified date in the future. The difference between the purchase price and the repurchase price reflects an interest payment. The Federal Reserve may enter into repurchase agreements for up to 65 business days, but the typical maturity is between one and 14 days. Federal Reserve repurchase agreements supply reserve balances to the banking system for the length of the agreement. The Federal Reserve employs a naming convention for these transactions based on the perspective of the primary dealers: the dealers receive cash while the Federal Reserve receives the collateral. Return

7 **Term auction credit:** Under the Term Auction Facility (TAF) program, the Federal Reserve auctions term funds to depository institutions. All depository institutions judged to be in generally sound financial condition by their local Reserve Bank and that are eligible to borrow under the primary credit discount window program are eligible to participate in TAF auctions. All advances must be fully collateralized with an appropriate haircut. Return

8 **Other loans:** Other loans is the sum of "Primary credit," "Secondary credit," "Seasonal credit," "Primary dealer and other broker-dealer credit," "Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility," "Credit extended to American International Group, Inc.," “Term Asset-Backed Securities Loan Facility,” and "Other credit extensions." Return

9 **Primary credit:** Primary credit is a lending program available to depository institutions that are in generally sound financial condition. Primary credit is available in terms from overnight to 90 days. In extending primary credit, Reserve Banks must judge that the borrower is likely to remain eligible for primary credit for the term of the loan.

Secondary credit: Secondary credit is a lending program available to depository institutions that are not eligible for primary credit. It is extended on a very short-term basis, typically overnight, at a rate that is 50 basis points above the primary credit rate. In contrast to primary credit, there are restrictions on the uses for secondary credit extensions. Secondary credit is available to meet backup liquidity needs when its use is consistent with a timely return to a reliance on market sources of funding or the orderly resolution of a troubled institution. Secondary credit may not be used to fund an expansion of the borrower's assets. Moreover, the secondary credit program entails a higher level of Reserve Bank administration and oversight than the primary credit program. Reserve Banks typically apply higher haircuts on collateral pledged to secure secondary credit. In addition, the liquidity position of secondary credit borrowers is monitored closely and the Federal Reserve typically is in close contact with the borrower's primary federal regulator.

Seasonal: Seasonal credit is a lending program designed to assist small depository institutions in managing significant seasonal swings in their loans and deposits. Seasonal credit is available to depository institutions that can demonstrate a clear pattern of recurring intra-yearly swings in funding needs. Eligible institutions are usually located in agricultural or tourist areas. The interest rate applied to seasonal credit is a floating rate based on market rates. Return

10 **Asset-backed Commercial Paper Money Market Mutual Fund Liquidity Facility:** The Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF) is a lending facility that provides funding to U.S. depository institutions and bank holding companies to finance their purchases of high-quality asset-backed commercial paper (ABCP) from money market mutual funds under certain conditions. The program is intended to assist money funds that hold such paper to meet demands for redemptions by investors and to foster liquidity in the ABCP market and money markets more generally. Return

11 **Credit extended to American International Group, Inc., net:** On September 16, 2008, the Federal Reserve announced that it would lend to American International Group, Inc. (AIG) to provide AIG with breathing room to execute a value-maximizing strategic plan. On October 8, 2008, the FRBNY was authorized to extend credit to certain AIG subsidiaries against a range of securities. The credit extended to AIG under both of these programs is reported on this line. The credit extended under the October 8, 2008 agreement has been repaid. Return

12 **Term Asset-Backed Securities Loan Facility:** The Term Asset-Backed Securities Loan Facility (TALF) is a funding facility that issues loans with a term of up to three years (and in some cases, five years) to holders of eligible asset-backed securities (ABS). The program is intended to assist the financial markets in accommodating the credit needs of consumers and businesses of all sizes by facilitating the issuance of ABS backed by consumer and small business loans and to improve the market conditions for ABS more generally. Return

13 **Other credit extensions:** The value of loans made by Federal Reserve Banks that are not categorized elsewhere on this balance sheet. Recently, this line included emergency credit to Bear Stearns that was announced on March 16, 2008, and, before the credit extension was listed separately, the credit extended to AIG. Return

14 **Net portfolio holdings of Commercial Paper Funding Facility LLC:** The Commercial Paper Funding Facility (CPFF) provides a liquidity backstop to U.S. issuers of commercial paper through a special purpose vehicle (SPV), the CPFF LLC. This LLC purchases three-month unsecured and asset-backed commercial paper directly from eligible issuers. The Federal Reserve provides financing to the LLC through the CPFF, and all lending is secured by all of the assets of the LLC and, in the case of commercial paper that is not asset-backed commercial paper, by the retention of up front fees paid by the issuers or by other forms of security acceptable to the Federal Reserve in consultation with market participants. This line reports the book value of the commercial paper and other investments held by the LLC.

Because the FRBNY is the sole beneficiary of the CPFF LLC, the assets and liabilities of the LLC are consolidated onto the books of the FRBNY. Return

15 **Net portfolio holdings of Maiden Lane LLC:** To facilitate the acquisition of the Bear Stearns Companies, Inc. by JPMorgan Chase & Co., the Federal Reserve Bank of New York (FRBNY) created and extended credit to Maiden Lane LLC. Maiden Lane LLC is a limited liability company formed to acquire certain assets of Bear Stearns and to manage those assets through time to maximize the repayment of credit extended to it and to minimize disruption to financial markets. This line reports the fair value of the assets held by the LLC.

Because the FRBNY is the primary beneficiary of the LLC, the assets and liabilities of the LLC are consolidated onto the books of the FRBNY. Return

16 **Net portfolio holdings of Maiden Lane II LLC:** On December 12, 2008, FRBNY began extending credit to Maiden Lane II LLC, a company formed as part of a restructuring of the government's financial support to AIG, to purchase residential mortgage-backed security (RMBS) assets from AIG subsidiaries. This line reports the fair value of the RMBS held by the LLC.

Because the FRBNY is the primary beneficiary of the LLC, the assets and liabilities of the LLC are consolidated onto the books of the FRBNY. Return

17 **Net portfolio holdings of Maiden Lane III LLC:** On November 25, 2008, the FRBNY began extending credit to Maiden Lane III LLC, a company formed to purchase multi-sector collateralized debt obligations (CDOs) on which the Financial Products group of AIG had written credit default swap (CDS) contracts. This line reports the fair value of the CDOs held by the LLC.

Because the FRBNY is the primary beneficiary of the LLC, the assets and liabilities of the LLC are consolidated onto the balance sheet of the FRBNY. Return

18 **Net portfolio holdings of TALF LLC:** The loans provided through the TALF (refer to the note accompanying loans extended under the Term Asset-Backed Securities Loan Facility above) to eligible borrowers are non-recourse, meaning that the obligation of the borrower can be discharged by surrendering the collateral to the FRBNY. TALF LLC is a limited liability company formed to purchase and manage any asset-backed securities received by the FRBNY in connection with the decision of a borrower not to repay a TALF loan. This line reports the fair value of the asset-backed securities and other investments held by the LLC.

Because the FRBNY is the primary beneficiary of the LLC, the assets and liabilities of the LLC are consolidated onto the books of the FRBNY.Return

19 **Preferred interests in AIA Aurora LLC and ALICO Holdings LLC:** AIA Aurora LLC and ALICO Holdings LLC are two limited liability companies created to directly or indirectly hold all of the outstanding common stock of American International Assurance Company Ltd. (AIA) and American Life Insurance Company (ALICO), two life insurance subsidiaries of AIG. AIG will retain control of AIA Aurora LLC and ALICO Holdings LLC, and the FRBNY will have certain consent, disposition, and conversion rights with respect to its preferred interests. Return

20 **Float:** Reserve balances can be affected by mismatches in check-clearing operations. When a check is received by a Reserve Bank, the depositing institution's account is credited according to a fixed schedule, regardless of when the check is presented to the bank on which it is drawn. When there are delays in the presentment of checks to the paying institution, the receiving institution's account is credited before the account of the paying depository institution is charged, elevating reserve balances. Conversely, if the paying institution's account is debited faster than the schedule for crediting the receiving institution's account, reserve balances are reduced. These increases or decreases in reserve balances that result from mismatches in the timing of check clearing are known as float. Float figures include the net amount of float-related adjustments. Return

21 **Central bank liquidity swaps:** The FOMC has authorized temporary reciprocal currency arrangements (central bank liquidity swaps) with certain foreign central banks to help provide liquidity in U.S. dollars to overseas markets.

These swaps involve two transactions. First, when the foreign central bank draws on the swap line, it sells a specified amount of its currency to the Federal Reserve in exchange for dollars at the prevailing market exchange rate. The foreign currency that the Federal Reserve acquires is placed in an account for the Federal Reserve at the foreign central bank. This line in the statistical release reports the dollar value of the foreign currency held under these swaps.

Second, the dollars that the Federal Reserve provides are deposited in an account for the foreign central bank at the Federal Reserve Bank of New York. At the same time as the draw on the swap line, the Federal Reserve and the foreign central bank enter into a binding agreement for a second transaction in which the foreign central bank is obligated to repurchase the foreign currency at a specified future date at the same exchange rate. At the conclusion of the second transaction, the foreign central bank pays a market-based rate of interest to the Federal Reserve. Central bank liquidity swaps are of various maturities, ranging from overnight to three months. Return

22 **Other Federal Reserve assets:** This item includes other Federal Reserve assets and non-float-related as-of adjustments. In addition to the as-of adjustments, there are many components in this category, including the following major items:

- **Assets denominated in foreign currencies:** Foreign currencies are revalued to reflect movements in market exchange rates each day. If, in the revaluation, the value of the currency increases, then other Federal Reserve assets increase. On the other side of the balance sheet, "Other liabilities and capital" increase because the increase in value of the currency becomes earnings, which are reflected in the earnings category within the capital account. Other liabilities and capital decline in value as the earnings are removed from this category and the U.S. Treasury's general account increases because the funds are remitted to this account at the Reserve Banks.

  Since 1963, the Federal Reserve has occasionally agreed to warehouse foreign currency for the Treasury. In such transactions, the Federal Reserve takes the foreign currency from the Treasury in return for dollars provided to the Treasury. The Federal Reserve makes a spot purchase of the currency and protects the value of those currencies purchased by simultaneously selling the same amount of currencies forward at the same price to the Treasury.

  When the Federal Reserve warehouses foreign currencies for the Treasury, both "other Federal Reserve assets" and "U.S. Treasury, general account" increase in value at the time of the spot transaction. Both accounts decline when the forward transaction is completed or when currencies are withdrawn from the warehousing arrangement prior to maturity.

- **Premiums paid on securities bought:** This release reports Federal Reserve holdings of securities at face value, not necessarily at market value. If the Federal Reserve pays more than the face value for securities it purchased, the premiums over the face value are amortized as the securities mature. Part of the premium is transferred daily to the earnings category as a "negative earning." As the premium in "Other Federal Reserve assets" is reduced, a simultaneous balancing reduction is made in "Other liabilities and capital." Securities purchased at a premium over face value are accounted for in this way because, at maturity, the Federal Reserve Banks receive only the face amount of the securities, not the amount actually paid.

  The premiums paid on securities bought under repurchase agreements, though, are not amortized. These premiums are, in effect, returned to the Federal Reserve Banks when the securities are repurchased by the dealer, since the negotiated price in the original transaction reflects the premiums.

- **Accrued interest and other accounts receivable:** This item represents the daily accumulation of interest earned on U.S. government securities--other than bills--owned by the Federal Reserve or held under repurchase agreements, on loans to depository institutions, and on foreign currency investments. Interest is accrued daily.

- **Reserve Bank premises and operating equipment less allowances for depreciation:** This item states the value, at initial cost, of the land and buildings of the Reserve Banks and branches less an allowance for depreciation on buildings, including building-related machinery and equipment. Return

23 **Gold stock:** The gold stock of the United States is held by the Treasury and consists of gold that has been monetized: the Treasury has issued certificates reflecting the value of the gold to the Federal Reserve in return for a credit for the same dollar value to the Treasury's accounts. The gold stock also includes unmonetized gold, against which certificates have not been issued by the Treasury (although virtually all the Treasury's gold has been monetized since 1974).

The value of the gold stock is recorded on Federal Reserve and Treasury books at $42.22 per troy ounce, the so-called official U.S. government price established by international agreement and confirmed by Congress in 1973. If the Treasury buys or sells gold, however, the purchase or sale is executed at market prices.

Acquisition of gold, and its monetization by the Treasury, can affect reserve balances at depository institutions. Acquisition increases reserve balances "Gold stock" and "Treasury cash holdings" rise, but the "U.S. Treasury, general account" balance falls. Monetization leaves the gold stock unchanged, but reduces Treasury cash holdings and increases the Treasury's general account. Monetization itself does not alter reserve balances, but these balances increase when the Treasury spends the proceeds or shifts the proceeds to the accounts that it maintains with depository institutions. Return

24 **Special drawing right certificate account:** Reserve Banks hold special drawing rights certificates (SDRs), an international monetary reserve asset created by the International Monetary Fund in 1970. Under the law providing for the United States' participation in the SDR system, the Secretary of the Treasury is authorized to issue SDR certificates, somewhat similar to gold certificates, to the Reserve Banks, which are required to purchase the SDRs for the purpose of financing SDR acquisitions or exchange stabilization operations. The value of the SDRs is established monthly, based on the exchange rates of a number of the underlying currencies. Return

25 **Treasury currency outstanding:** Coin and paper currency (excluding Federal Reserve notes) held by the public, financial institutions, Reserve Banks, and the Treasury are liabilities of the U.S. Treasury. This item consists primarily of coin, but includes about a small amount of U.S. notes--that is, liabilities of the U.S. Treasury--that have been outstanding since the late 1970s. U.S. notes are no longer issued. Return

26 **Total factors supplying reserve funds:** Total factors supplying reserve funds are the sum of "Reserve Bank credit," "gold stock," the "special drawing right certificate account," and "Treasury currency outstanding." Return

27 **Averages of daily figures:** The figures in column two are seven-day averages of the daily values for each item. The seven days end on the Wednesday date shown, and begin on the Thursday before. The figures in columns three and four are the changes in the item from the seven-day average in column two to the average of the seven days ending on the prior Wednesday (column three) and to the average of the seven days ending on the Wednesday one year prior (column four). Return

28 **Wednesday:** The figures in column five are the values for each item at the close of business on the Wednesday date shown. Return

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1. Factors Affecting Reserve Balances of Depository Institutions (continued)

Millions of dollars

Reserve Bank credit, related items, and reserve balances of depository institutions at Federal Reserve Banks	Averages of daily figures			Wedne
	Week ended	Change from week ended		
Currency in circulation[16] 29				
Reverse repurchase agreements[17] 30				
Foreign official and international accounts				
Dealers				
Treasury cash holdings 31				
Deposits with F.R. Banks, other than reserve balances 32				
U.S. Treasury, general account				
U.S. Treasury, supplementary financing account				
Foreign official				
Service-related				
Required clearing balances				
Adjustments to compensate for float				
Other				
Other liabilities and capital[18] 33				
Total factors, other than reserve balances, absorbing reserve funds 34				
Reserve balances with Federal Reserve Banks 35				

Note: Components may not sum to totals because of rounding.

1. Includes securities lent to dealers under the overnight and term securities lending facilities; refer to table 1A.
2. Face value of the securities.
3. Compensation that adjusts for the effect of inflation on the original face value of inflation-indexed securities.
4. Guaranteed by Fannie Mae, Freddie Mac, and Ginnie Mae. Current face value of the securities, which is the remaining principal balance of the underlying mortgages.
5. Cash value of agreements.
6. Includes outstanding principal and capitalized interest net of unamortized deferred commitment fees and allowance for loan restructuring. Excludes credit extended to consolidated LLCs.
7. Includes credit extended by the Federal Reserve Bank of New York to eligible borrowers through the Term Asset-Backed Securities Loan Facility.
8. Refer to table 7 and the note on consolidation accompanying table 11.
9. Refer to table 4 and the note on consolidation accompanying table 11.
10. Refer to table 5 and the note on consolidation accompanying table 11.
11. Refer to table 6 and the note on consolidation accompanying table 11.
12. Refer to table 8 and the note on consolidation accompanying table 11.
13. Refer to table 9.
14. Dollar value of foreign currency held under these agreements valued at the exchange rate to be used when the foreign currency is returned to the foreign central bank. This exchange rate equals the market exchange rate used when the foreign currency was acquired from the foreign central bank.
15. Includes other assets denominated in foreign currencies, which are revalued daily at market exchange rates, accrued dividends on the Federal Reserve Bank of New York's (FRBNY) preferred interests in AIA Aurora LLC and ALICO Holdings LLC, and the fair value adjustment to credit extended by the FRBNY to eligible borrowers through the Term Asset-Backed Securities Loan Facility.
16. Estimated.
17. Cash value of agreements, which are collateralized by U.S. Treasury securities and federal agency debt securities.
18. Includes the liabilities of Commercial Paper Funding Facility LLC, Maiden Lane LLC, Maiden Lane II LLC, Maiden Lane III LLC, and TALF LLC to entities other than the Federal Reserve Bank of New York, including liabilities that have recourse only to the portfolio holdings of these LLCs. Refer to table 4 through table 8 and the note on consolidation accompanying table 11.

Sources: Federal Reserve Banks and the U.S. Department of the Treasury.

29 **Currency in circulation:** Currency in circulation includes paper currency and coin held both by the public and in the vaults of depository institutions. The total includes Treasury estimates of coins outstanding and Treasury paper currency outstanding. This definition of currency in circulation differs from the currency component of the money stock, a measure of currency used in some other Federal Reserve reports (for example, the H.6 release), which excludes currency held in vaults of depository institutions. Return

30 **Reverse repurchase agreements:** Reverse repurchase agreements are transactions in which securities are sold to primary dealers or foreign central banks under an agreement to buy them back from the same party on a specified date at the same price plus interest. Reverse repurchase agreements absorb reserve balances from the banking system for the length of the agreement. As with repurchase agreements, the naming convention used here reflects the transaction from the dealers' perspective; the Federal Reserve receives cash in a reverse repurchase agreement and provides collateral to the dealers. Return

31 **Treasury cash holdings:** Treasury cash holdings include paper currency and coin held in Treasury vaults, including silver bullion, silver dollars, coinage metal, and unmonetized gold. The value of Treasury cash holdings is estimated using Treasury data. Return

32 **Deposits with F.R. Banks, other than reserve balances:** This item is the sum of "Term deposits held by depository institutions," "U.S. Treasury, general account," "U.S. Treasury, supplementary financing account," "foreign official accounts," "service-related deposits," and "other deposits."

- **Term deposits held by depository institutions:** Term deposits are deposits with specified maturity dates that are held by institutions that are eligible to receive interest on their balances at Reserve Banks. Term deposits are separate and distinct from balances maintained in an institution's master account at a Federal Reserve Bank as well as from those maintained in an excess balance account. Term deposits are intended to facilitate the conduct of monetary policy by providing a tool for managing the aggregate quantity of reserve balances.

- **U.S. Treasury, general account:** This account is the primary operational account of the U.S. Treasury at the Federal Reserve. Virtually all U.S. government disbursements are made from this account. Some tax receipts, primarily individual and other tax payments made directly to the Treasury, are deposited in this account, and it is also used to collect funds from sales of Treasury debt.
- **U.S. Treasury, supplementary financing account:** With the dramatic expansion of the Federal Reserve's liquidity facilities, the Treasury agreed to establish the Supplementary Financing Program with the Federal Reserve. Under the Supplementary Financing Program, the Treasury issues debt and places the proceeds in the Supplementary Financing Account. The effect of the account is to drain balances from the deposits of depository institutions, helping to offset, somewhat, the rapid rise in balances that resulted from the various Federal Reserve liquidity facilities.
- **Foreign official:** Foreign official deposits are balances of foreign central banks and monetary authorities, foreign governments, and other foreign official institutions with accounts at FRBNY. These balances usually are relatively small because the accounts do not bear interest. While transactions in these accounts are handled by FRBNY for balance sheet purposes, the deposits are allocated across all of the Reserve Banks based on each Reserve Bank's capital and surplus.
- **Service-related:** Service-related deposits are the sum of "required clearing balances" and "adjustments to compensate for float."
- **Required clearing balances:** A required clearing balance (also called a contractual clearing balance) is an amount agreed upon in advance that a depository institution holds in excess of the balance it must maintain to satisfy its reserve requirements, if any. Required clearing balances facilitate access to Federal Reserve priced services, such as check processing and use of Fedwire. Required clearing balances are especially useful for institutions that do not maintain accounts at the Reserve Bank for meeting reserve requirements, either because they keep reserves in the form of vault cash or because they maintain reserve balances at correspondent banks.

  Balances maintained to satisfy a required clearing balance generate earnings credits for the depository institution. The credits are used to pay for Reserve Bank priced services.
- **Adjustments to compensate for float:** This item lists the adjustments to reserve balances made to compensate for float created through the direct participation of depository institutions in the interdistrict check-clearing process.
- **Other deposits:** Other deposits at Federal Reserve Banks include balances of international and multilateral organizations with accounts at FRBNY, such as the International Monetary Fund, United Nations, International Bank for Reconstruction and Development (World Bank); the special checking account of the ESF (where deposits from monetizing SDRs would be placed); and balances of a few U.S. government agencies, such as the Fannie Mae and Freddie Mac. Return

33 **Other liabilities and capital:** A total for other liabilities and capital. The major components of this sum are described in table 9 of the H.4.1 statistical release. This item includes the liabilities to entities other than the Federal Reserve of the LLCs that have been consolidated on the books of the Federal Reserve. Return

34 **Total factors, other than reserve balances, absorbing reserve funds:** This item is the sum of "currency in circulation," "reverse repurchase agreements," "Treasury cash holdings," "deposits with Federal Reserve Banks other than reserve balances," and "other liabilities and capital." Return

35 **Reserve balances with Federal Reserve Banks:** Reserve balances with Federal Reserve Banks are the difference between "total factors supplying reserve funds" and "total factors, other than reserve balances, absorbing reserve funds." This item includes balances at the Federal Reserve of all depository institutions that are used to satisfy reserve requirements and balances held in excess of balance requirements. It excludes reserves held in the form of cash in bank vaults, and excludes service-related deposits. Return

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