

EXCHANGE STABILIZATION FUND
STATEMENT OF FINANCIAL POSITION
As of December 31, 2020

ASSETS

<i>Fund Balance with Treasury</i>	(Note 1)		\$ 51,563,887,647.98
<i>Special Drawing Rights</i>			
Special Drawing Rights Holdings		\$ 52,942,045,215.14	
Accrued interest receivable on Special Drawing Rights holdings		9,175,170.95	
<i>Total Special Drawing Rights</i>			52,951,220,386.09
<i>US Government Securities</i>			
Investments in US Government Securities		11,165,635,673.93	
Accrued interest receivable on U.S. Gov't Securities		-	
<i>Total US Government Securities</i>			11,165,635,673.93
<i>Economic Recovery Program- Investments and Other</i>			
	(Note 2)		
Corporate Credit Facilities (CCF)		37,500,000,000.00	
Municipal Liquidity Facility (MLF)		17,500,000,000.00	
Main Street Loan Program (MSLP)		37,500,000,000.00	
Term Asset-Backed Securities Loan Facility (TALF)		10,000,000,000.00	
Commercial Paper Funding Facility (CPFF)		10,000,000,000.00	
Money Market Mutual Fund Liquidity Facility (MMLF), including accrued facility fee		1,618,699,038.33	
<i>Total Economic Recovery Programs- Investments and Other</i>			114,118,699,038.33
<i>Economic Recovery Program- Loans Receivable</i>			
	(Note 3)		
Passenger Air Carriers		1,900,965,474.16	
Cargo Air Carriers		41,789,322.16	
National Security and Defense Businesses (NSD)		413,096,399.95	
<i>Total Economic Recovery Program- Loans Receivable</i>			2,355,851,196.27
<i>European Euros</i>			
	(Note 4)		
Deposits with Official Institutions		1,849,201,799.71	
<i>Securities:</i>			
Held outright		11,276,729,645.05	
Held under repurchase agreements		-	
Accrued interest receivable on Euro investments		73,518,845.30	
<i>Total European Euros</i>			13,199,450,290.06
<i>Japanese Yen</i>			
	(Note 4)		
Deposits with Official Institutions		8,436,314,196.74	
Securities		621,839,293.24	
Accrued interest on Yen investments		644,674.50	
<i>Total Japanese Yen</i>			9,058,798,164.48
TOTAL ASSETS			\$ 254,413,542,397.14

LIABILITIES AND CAPITAL

Liabilities

Special Drawing Rights Certificates		\$ 5,200,000,000.00	
Special Drawing Rights Allocations		50,864,115,604.54	
Accrued charges payable on SDR Allocations		9,082,245.44	
Due to Treasury		32,532.43	
Debt, including accrued interest payable	(Note 5)	88,294,451,677.80	
Other Liabilities		834,725.39	
TOTAL LIABILITIES	(Note 6, 7)		\$ 144,368,516,785.60
<i>Capital</i>			
Initial Appropriated Capital Account		200,000,000.00	
Additional Appropriated Capital Account		69,270,955,351.93	
Retained Earnings		40,574,070,259.61	
TOTAL CAPITAL			\$ 110,045,025,611.54
TOTAL LIABILITIES AND CAPITAL			\$ 254,413,542,397.14

EXCHANGE STABILIZATION FUND
STATEMENT OF INCOME
For the Current Month and Fiscal Year Periods Ending December 31, 2020

INCOME and EXPENSE	Current Month	Fiscal Year
<i>Special Drawing Rights</i>		
Net interest (charges) on Special Drawing Rights	166,664.58	508,696.28
Net gain (loss) on SDR valuation	14,689,008.37	47,161,166.36
<i>U.S. Government securities</i>		
Interest earned on U.S. Government Securities	735,045.31	2,379,166.83
<i>Foreign Exchange</i>		
Interest earned (incurred) on Foreign Currency Denominated Assets	(3,663,219.00)	(10,519,105.93)
Net gain (loss) on Sales of Investment Securities and Foreign Currency Denominated Assets	(16,282.95)	(16,282.95)
Net gain (loss) on Foreign Exchange valuation (Note 8)	407,714,215.02	752,445,829.33
Other	(2,751.76)	(8,769.20)
<i>Economic Recovery Programs</i>		
Appropriation Revenue	496,438.30	4,709,922.67
Administrative Expense (Note 9)	(716,791.24)	(5,114,257.13)
MMLF Facility Fee	-	-
Net Financing cost	(234,257,186.61)	(734,157,401.04)
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Net Income (Net Cost)	\$ 185,145,140.02	\$ 57,388,965.22

EXCHANGE STABILIZATION FUND
NOTES TO THE FINANCIAL STATEMENTS
For the Current Month and Fiscal Year Periods Ending December 31, 2020

1. Section 4027 of H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020 as Pub. Law 116-136, appropriated \$500 billion to the Exchange Stabilization Fund (ESF), which the Secretary of the Treasury (Secretary) is authorized to use to make loans, loan guarantees, and other investments. ESF received the full amount of this appropriated balance on March 31, 2020, which is held as Fund Balance with Treasury (FBWT) until disbursed. The CARES Act requires these funds to be managed, for budgetary purposes, in accordance with the Federal Credit Reform Act of 1990, as amended (FCRA). Under FCRA, ESF will use the appropriated \$500 billion to fund the credit subsidy portion of these economic recovery program loans, loan guarantees, and other investments, and the remaining portion of these disbursements will be funded via borrowings from Treasury (refer to Note 5). The credit subsidy cost represents the estimated long-term cost to the federal government of the program, which is calculated on a net present value basis, excluding administrative costs. On December 27, 2020, the President signed into law the Consolidated Appropriations Act, 2021, which, as of the date of enactment, rescinded \$429.0 billion of the \$500.0 billion appropriation provided to Treasury under Section 4027 of the CARES Act and provided that the remaining unobligated appropriation as of January 9, 2021 will be rescinded as of that date other than with respect to those funds made available for administrative expenses pursuant to Section 4003(f), for the Special Inspector General for Pandemic Recovery pursuant to Section 4018(g), and for the Congressional Oversight Commission pursuant to Section 4020. As a result, the Fund Balance with Treasury was reduced, from \$480 billion as of November 30, 2020 to \$51 billion as of December 31, 2020.
2. As of December 31, 2020, Treasury had made investments in six economic recovery programs. Treasury funded, using the CARES Act appropriated funds and borrowings, \$37.5 billion in the CCF, \$37.5 billion in the Main Street Loan Program (MSLP), \$10.0 billion in the Term Assets Lending Facility (TALF), and \$17.5 billion in the Municipal Liquidity Facility (MLF). In addition, Treasury, using funds from the ESF, invested \$10.0 billion into the Commercial Paper Funding Facility (CPFF), and \$1.5 billion into the Money Market Mutual Fund Liquidity Facility (MMLF). These investments are reported at cost. Under the MMLF Credit Support Agreement, the Treasury accrues facility fees from the Federal Reserve Bank of Boston.
3. As of December 31, 2020, using CARES Act appropriated funds and borrowings, Treasury had disbursed \$1.58 billion in economic recovery program loans to Large Passenger Air Carriers, \$350 million to small Passenger Air Carriers, \$42 million to Cargo Air Carriers and \$400 million to businesses critical to maintaining national security (NSD). Loan receivables are reported at cost.
4. The ESF carries several long-term instruments in its portfolio. Some of these instruments may have been purchased at a premium and others may have been purchased at a discount. These instruments are reported at cost. Cost is reflected as a face amount paid for the instrument plus any unamortized premium paid and less any unaccrued discount received. Premiums (that are amortized) and discounts (that accrete) are allocated to expense (amortization expense) and revenue, respectively, over the life of the instrument.
5. Debt represents borrowings from Treasury through the Bureau of Fiscal Service (BFS) that are used, along with the appropriated fund balance (refer to Note 1), to fund the economic recovery program investments authorized under the CARES Act. As of December 31, 2020, Treasury had borrowed \$87.5 billion to finance the following economic recovery programs: \$36.9 billion for the CCF, \$17.7 billion for the MLF, \$10.0 billion for the TALF, \$20.9 billion for the MSLP, \$1.8 billion for Passenger Air Carriers, \$36.0 million for Cargo Air Carriers and \$238.0 million for the NSD.
6. The ESF has an exchange stabilization agreement with Mexico for \$9 billion; this agreement was modified and renewed in November 2020 for an additional year. No drawings were outstanding under this agreement.
7. Treasury had signed LLC Agreements with the Federal Reserve Bank of New York to provide investments in the special purpose vehicles (SPVs) for the CPFF (\$10 billion), CCF (\$75 billion), TALF (\$10 billion) and MLF (\$35 billion). Treasury had also signed LLC Agreements with the Federal Reserve Bank of Boston to provide investments in the MMLF (\$10 billion) and the MSLP (\$75 billion). Treasury had agreed to provide up to \$19.2 billion in loans to Large Passenger Air Carriers and \$0.7 billion under the NSD. As of December 31, 2020, Treasury has made investments in the CPFF, CCF, MLF, MSLP, TALF and MMLF and made loans to Passenger Air Carriers, Cargo Air Carriers and NSD (refer to Note 2 & 3). Consistent with the Consolidated Appropriations Act, 2021, on December 29, 2020 Treasury and the Federal Reserve Bank of New York amended the LLC Agreements for the CCF, TALF, and MLF SPVs, and Treasury and the Federal Reserve Bank of Boston amended the LLC Agreement for the MSLP SPV, to provide that Treasury's investment in excess of the amount equivalent to the purchased asset amount within each SPV would be returned to Treasury and to cancel Treasury's additional commitments to those SPVs.
8. Foreign currency denominated assets and liabilities are revalued daily -- and reported monthly -- to reflect fluctuations in market exchange rates. These fluctuations in market exchange rates are reported in the Statement of Income as "Net gain (loss) on valuation." This gain or loss is unrealized to the Exchange Stabilization Fund until such time as the Fund sells the currency.
9. Up to \$100 million of the funds appropriated by the CARES Act to the ESF is authorized to make payments for administrative expenses incurred in connection with loans, loan guarantees, and other investments authorized under the Cares Act.