OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

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OFHEO ISSUES REPORT "MORTGAGE MARKETS AND THE ENTERPRISES IN 2001"

WASHINGTON, D.C. — Armando Falcon, Jr., Director of the Office of Federal Housing Enterprise Oversight (OFHEO), safety and soundness regulator for Fannie Mae and Freddie Mac (the Enterprises), today issued the annual research paper, "Mortgage Markets and the Enterprises in 2001."

"This report provides a thoughtful analysis of the trends in the primary and secondary markets," said Director Falcon. "Additionally, it provides a thorough picture of the Enterprises' secondary market activities and their financial condition and performance in 2001."

The report covers developments in the housing sector and primary mortgage market, the secondary market activities of the Enterprises, and the financial performance of the Enterprises in 2001. Additionally, the appendix provides historical data on the Enterprises, loan limits, mortgage interest rates, housing activity and regional and national home prices.

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MORTGAGE MARKETS
AND
THE ENTERPRISES
IN 2001

August 2002*

***revised/corrected version as of 9/16/02**

Preface

This Office of Federal Housing Enterprise Oversight (OFHEO) paper reviews developments in the housing sector and the primary mortgage market, the secondary market activities of Fannie Mae and Freddie Mac, and the financial performance of the Enterprises in 2001. An appendix to the paper provides tables with historical data on the activities and performance of Fannie Mae and Freddie Mac, federally-established loan limits, mortgage interest rates, housing activity, and regional and national home prices, which provide a context for the survey of recent activity provided in this paper. The paper is part of OFHEO's ongoing effort to enhance public understanding of the nation's housing finance system.

The paper was prepared principally by Valerie L. Smith, with contributions by Brian Doherty and Forrest Pafenberg.

Armando Falcon, Jr.
Director

August 2002

Contents

List of Figures

List of Tables

List of Boxes

MORTGAGE MARKETS AND THE ENTERPRISES IN 2001

SUMMARY

The year 2001 marked the end of the longest economic expansion in U.S. history. The economy contracted during the first three quarters of the year before expanding in the fourth quarter. Net economic growth during the year was only marginally positive, and the unemployment rate rose from 4 percent to 5.8 percent. In response to the weak economy, the Federal Reserve cut its federal funds rate target sharply over the course of the year from 6.5 percent to 1.75 percent. Mortgage interest rates, which had declined in the latter half of 2000, fell somewhat further to the lowest levels since the 1960s. Rates on fixed-rate loans averaged a full percentage point below their level in 2000.

Lower mortgage rates ushered in a wave of mortgage refinancings that helped to send mortgage originations to an all-time high. Originations of single-family mortgages exceeded $2 trillion. The housing market was one of a few areas of strength in the economy in 2001 and helped make the economic contraction quite mild.

The high level of mortgage originations in 2001 facilitated extraordinary levels of Fannie Mae and Freddie Mac business activity. The Enterprises' purchase volumes and issuances of mortgage-backed securities were well above previous levels, as were their profits. Their combined operating net income rose 22 percent to $8.5 billion. The mortgage asset portfolios of Fannie Mae and Freddie Mac continued to grow at double-digit rates. Portfolio growth and lower borrowing costs were chiefly responsible for the Enterprises' improved earnings picture. Also contributing to higher profits was a further decline in each Enterprise's credit losses, which fell despite worsening economic conditions. The combined core capital of the Enterprises rose by $9.3 billion, keeping pace with growth in their outstanding business volumes. Fannie Mae and Freddie Mac each met its statutory minimum capital requirements throughout the year.

HOUSING AND PRIMARY MORTGAGE MARKET DEVELOPMENTS

Economy Falters as Housing Market Has One of the Strongest Showings Ever

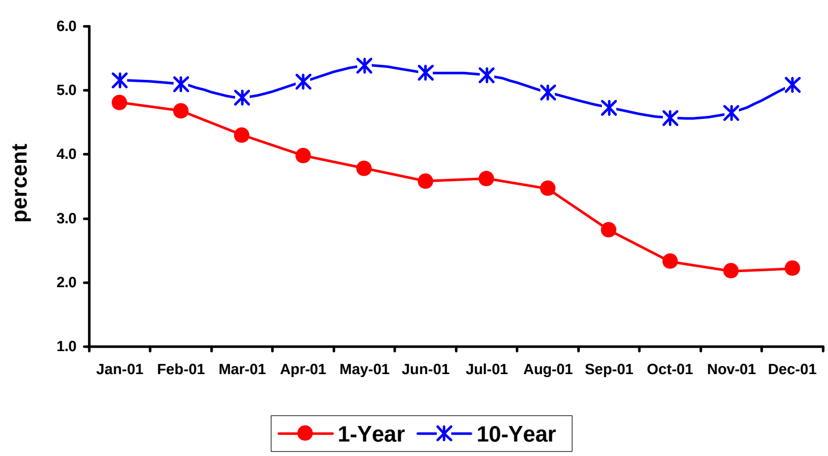
Fiscal and monetary policy actions to stimulate the weakening economy began before September 11th. Federal tax cut and rebate programs were implemented in the summer of 2001. In addition, the Federal Reserve cut the federal funds rate target eight times, by a total of 300 basis points between early January and the end of the summer. The terrorist attacks caused economic activity in some sectors to drop suddenly and dampened the effects of the government's fiscal and monetary stimulus. Job losses accelerated, causing a substantial increase in unemployment and a sharp decline in consumer confidence. Deteriorating prospects of a strong recovery caused the Federal Reserve to lower the federal funds rate target an additional 175 basis points after September 11th. In the fourth quarter there were signs of recovery. Real gross domestic product (GDP), after falling in the first three quarters—the first declines since the 1990-1991 recession—gained in the fourth quarter at an annual rate of 2.7 percent. The unemployment rate continued to inch up, however, ending the year at about 5.8 percent, the highest level since April 1995. While most other sectors of the economy were weak or declining, the housing sector was a bright spot in 2001, as historically low mortgage rates effectively stimulated demand.

Yield Curve Moves Quickly from an Inverted Position to a Steep Positive Slope

The 11 cuts in the federal funds rate target in 2001 sent short-term interest rates to their lowest levels in four decades. Investors viewed these declines as mostly transitory, and long-term interest rates ended 2001 only slightly lower than a year before. As a result, the Treasury yield curve (depicting the yields of U.S. Treasury securities at each maturity), which was negatively sloped during most of the second half of 2000, developed a progressively steep positive slope in 2001. At year-end, long-term rates were sharply higher than short-term rates (Figure 1). A yield curve with a steeply positive slope generally reflects investors' expectations of a quickening of economic activity and higher future rates.

Figure 1

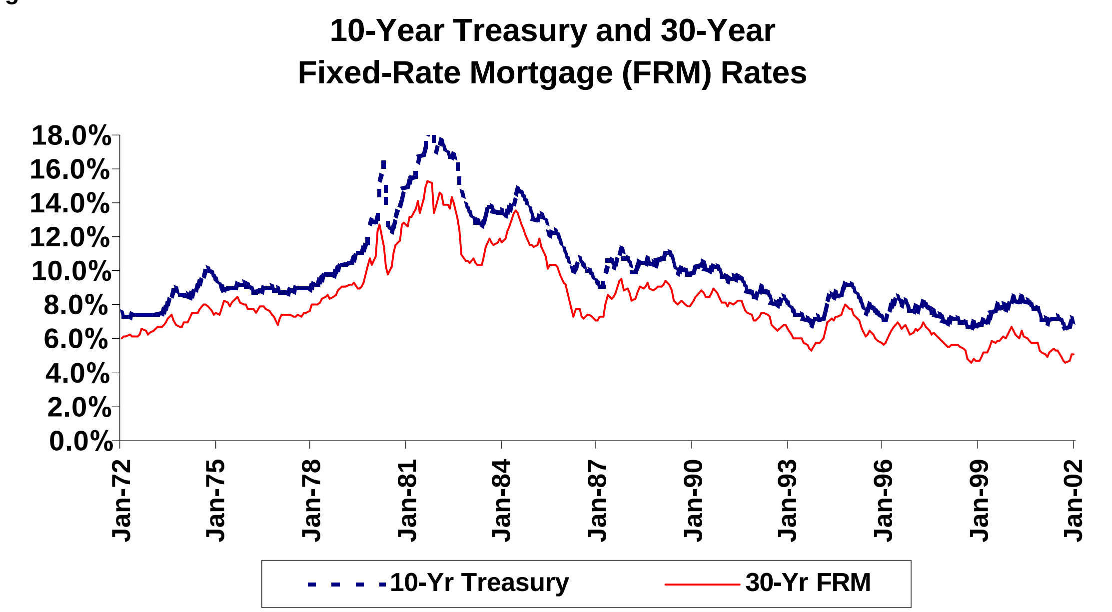
Yields on Treasury Securities in 2001



Source: Federal Reserve System

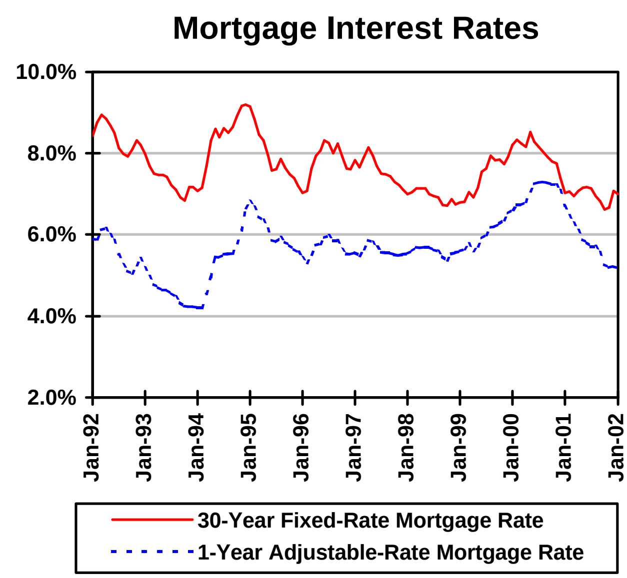
Rates on 30-year, fixed-rate mortgages (FRMs) generally move in line with yields on 10-year Treasury notes (Figure 2). Freddie Mac's Primary Mortgage Market Survey (PMMS) indicates that lenders' commitment rates on 30-year fixed-rate mortgages (FRMs), while fluctuating over a range of 80 basis points during 2001, averaged 6.97 for the year, the second lowest level (after 1998) since Freddie Mac began tracking those rates. Rates on FRMs ended the year a mere three basis points higher than at the start of the year. Commitment rates on adjustable-rate mortgages (ARMs) indexed to one-year Treasury securities also fell in 2001, reaching a low of 5.2 percent in November and averaging 5.82 percent for the year (Figure 3). Sustained low mortgage rates helped boost housing demand despite the overall weakness of the economy.

Figure 2



Sources: Federal Reserve System and Freddie Mac Primary Mortgage Survey

Figure 3

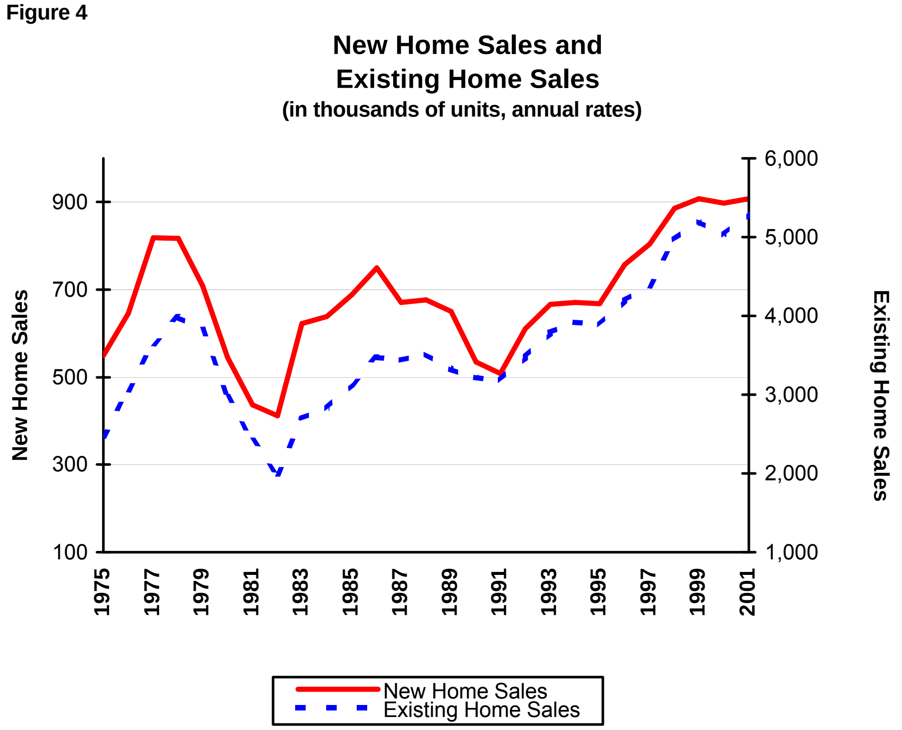


Source: Freddie Mac Primary Mortgage Market Survey

Housing Market Remains Strong Despite Recession

In most business cycles, the housing market has led the economy into recession. That pattern was reversed in 2001, however, when housing showed remarkable strength. Aided by generally low interest rates, single-family housing starts totaled 1.3 million units, the third largest volume in the past 20 years, after 1999 and 1998. Home sales were especially strong in 2001. Sales of new single-family homes reached 908 thousand units. Existing homes sales totaled 5.3 million units, the highest annual volume ever. Collectively, new and existing home sales totaled 6.2 million units and exceeded the record level set in 1999 by about 2 percent (Figure 4). The expansion in home sales boosted homeownership, as the homeownership rate increased to a record high 68 percent.

Figure 4



Sources: U.S. Bureau of the Census and National Association of Realtors

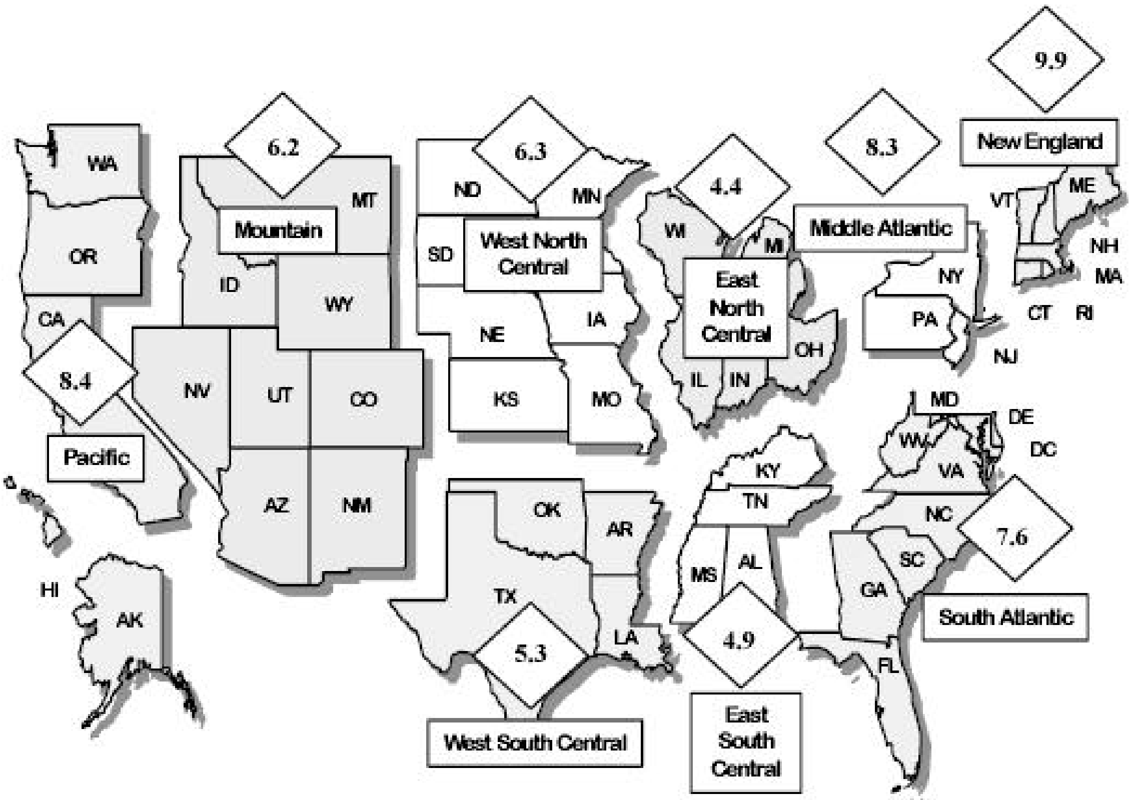
Activity in the multifamily housing market was off for the third consecutive year. Multifamily starts fell 1 percent to 292 thousand units. The rental vacancy rate increased to 8.8 percent in the fourth quarter of 2001, compared to 7.8 percent in the comparable 2000 period.

Continued Appreciation in Home Values Reflects Strong Housing Market

Home values, spurred by heavy demand, continued their upward trend in 2001, albeit at a more moderate pace than in 2000. Single-family home prices, as measured by OFHEO's House Price Index, increased 6.9 percent from the fourth quarter of 2000 to the fourth quarter of 2001. That compared to 8.9 percent for the previous one-year period. Unlike the year 2000, when home values in certain census divisions rose at double-digit rates, only the New England Census division came close to meeting that threshold in 2001. Home prices in that division appreciated division came close to meeting that threshold in 2001. Home prices in that division appreciated at an annual rate of 9.9 percent in 2001 (Figure 5). The East North Central division edged out the East South Central division with the lowest rate of appreciation. However, the 4.4 percent appreciation rate experienced by the former division in 2001 exceeded the general rate of inflation, which was 1.6 percent. Over the past five years (1997-2001), U.S. home prices increased an average 36.1 percent. The continued house appreciation in 2001 stands in sharp contrast to previous economic downturns, when house prices stagnated or fell. That appreciation in home values reinforced the investment aspect of home buying, in contrast to equities, which continued their downward trend in 2001.

Figure 5

One Year Change in House Prices by Census Division
Fourth Quarter 2000 to Fourth Quarter 2001



Source: OFHEO

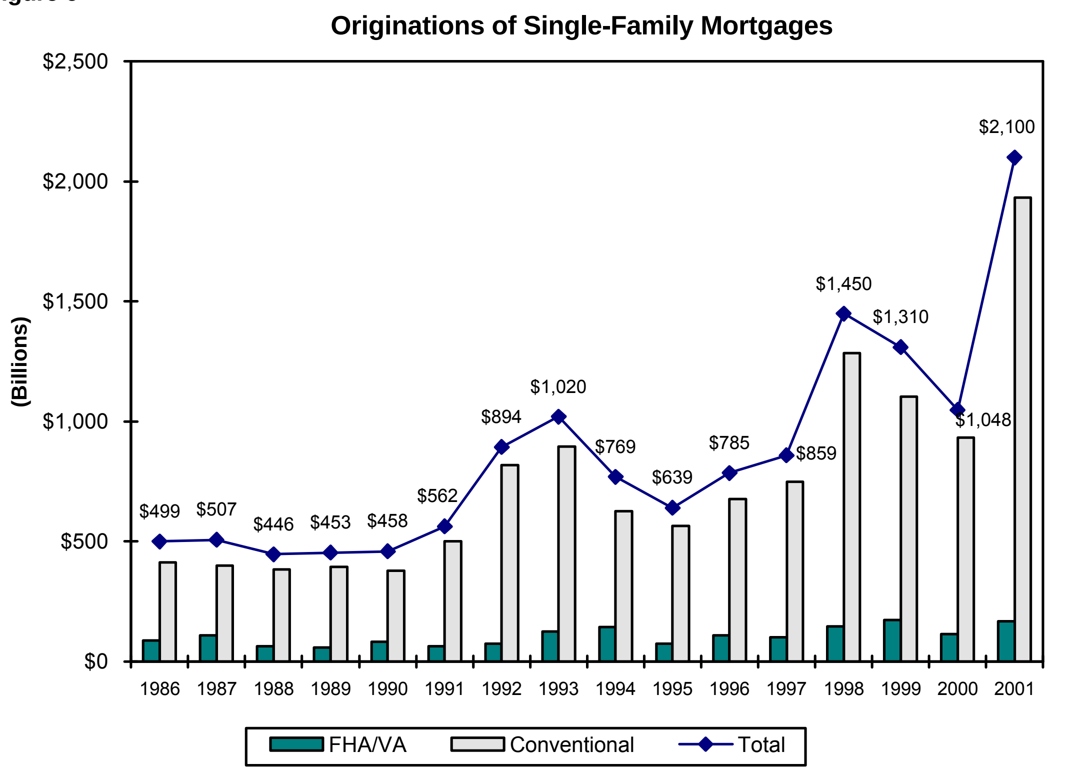
Although home prices continued to rise, a combination of lower mortgage rates and higher median family income increased housing affordability, as measured by the National Association of Realtors' (NAR) index. That index rose from 130 in 2000 to 138 in 2001. The index implies that one-half the nation's households had at least 138 percent of the income needed to purchase a dwelling with the national annual median existing-home price in 2001 ($147,800).

Single-Family Originations Shatter Old Record

Sustained lower mortgage rates and record home sales lifted originations of single-family mortgages to a record $2.1 trillion in 2001, more than twice the level of 2000 (Figure 6). Originations in 2001 exceeded the previous record, set in 1998, by more than 45 percent. Originations of conventional loans also more than doubled the 2000 level, increasing to a record high $1.4 trillion. Other segments of the housing market also fared well in 2001. Originations of mortgages insured by the Federal Housing Administration (FHA) increased 41 percent to a record high $131 billion, while loans guaranteed by the Department of Veterans Affairs (VA) increased by 60 percent, to $35.4 billion. However, because of the high volume of refinancings in the conventional market, the combined FHA and VA share of total originations fell to 8 percent, down from 11 percent in 2000. Private mortgage insurers wrote a record $283 billion in new primary mortgage insurance business during 2001. That represented an increase of 73 percent over the 2000 level.

Activity in the subprime segment of the mortgage market continued to be strong in 2001, but sagged behind the mortgage market as a whole. Originations of subprime mortgages rose 24 percent to an estimated $173 billion, the highest annual volume ever. Because of the high volume of refinancings in the prime mortgage market, the subprime share of total originations fell to about 8 percent, down from 13 percent in 2000.

Figure 6



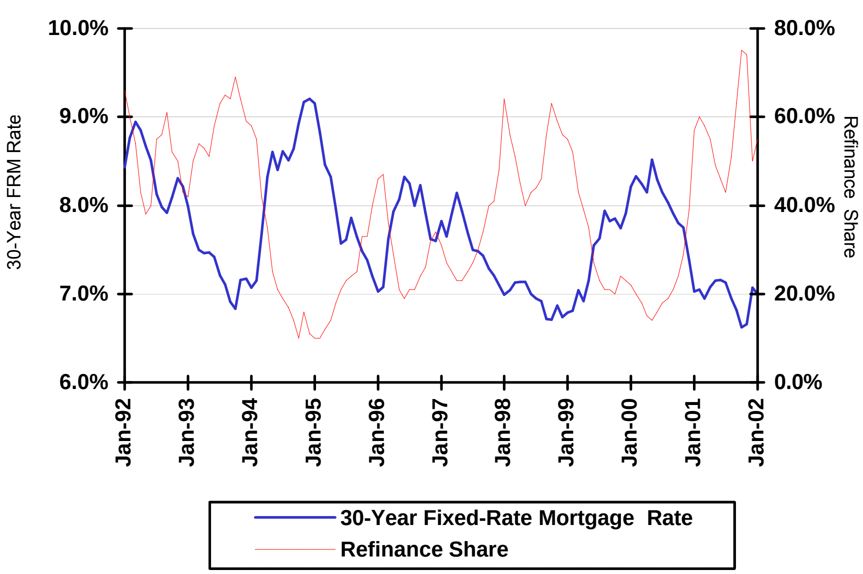
Sources: Department of Housing and Urban Development and *Inside Mortgage Finance*

Changes in Mortgage Rates Alter the Composition of Conventional, Single-Family Originations

Lower mortgage rates benefitted not only prospective homebuyers, but also homeowners who wanted to tap into their equity or refinance at lower rates in order to lower their mortgage payments. For the year, refinancings amounted to 57 percent of originations, up from 19 percent in 2000 (Figure 7). According to Freddie Mac, homeowners who refinanced their mortgages in 2001 lowered their rates by an average of 115 basis points. The increase in refinancing activity also injected much-needed cash into the struggling economy. About 54 percent of loans refinanced in 2001 resulted in new mortgages at least 5 percent higher than the original loans. While that share is down from 80 percent in 2000, the figure for 2001 is comparable to the 50 percent level in the last refinance boom in 1998 (Figure 8). In general, the percentage of cash-out refinances falls during refinance booms. However, because the volume of refinance loans in 2001 was so much larger than in 2000, cash-out refinance loans increased roughly 300 percent, despite the lower percentage.

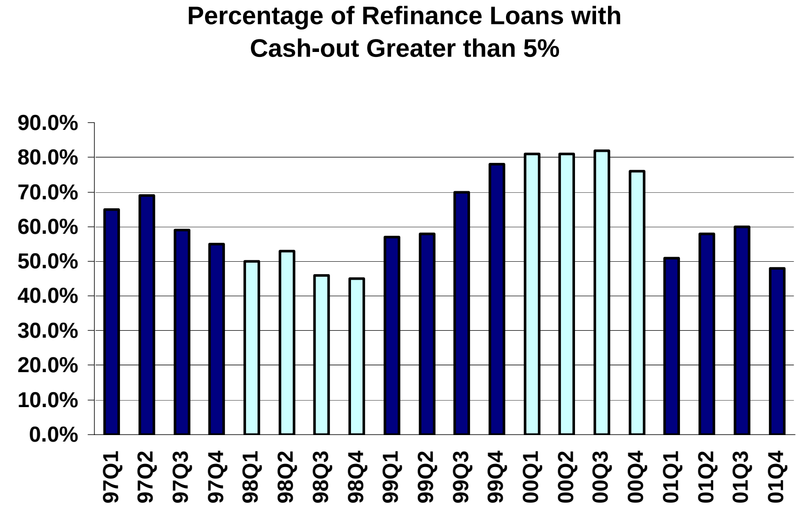
Figure 7

Interest Rates on 30-Year Fixed-Rate Mortgages (FRMs) Versus Refinance Share



Source: Freddie Mac Primary Mortgage Market Survey

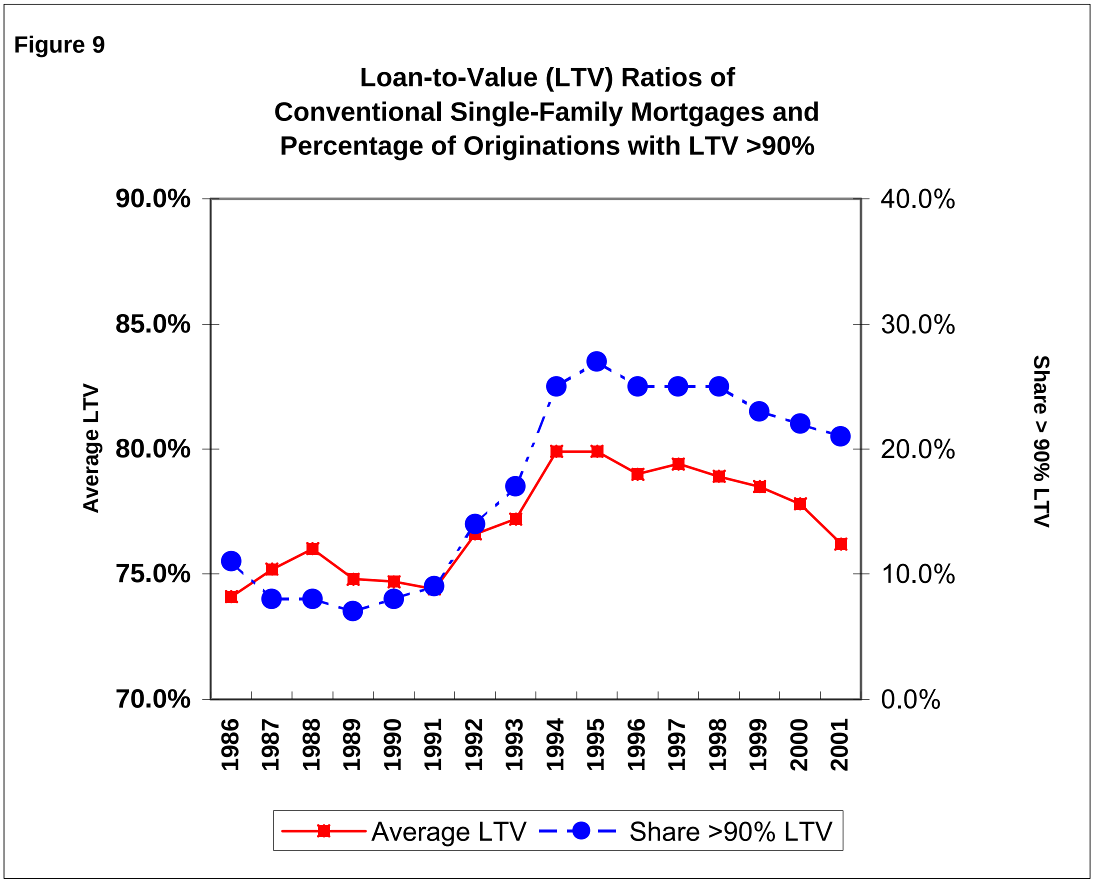
Figure 8



Source: Freddie Mac

The Federal Housing Finance Board's Mortgage Interest Rate Survey (MIRS), which tracks the terms of single-family, conventional, purchase-money originations, provides additional information on the characteristics of newly originated mortgages. The survey also permits comparison of purchase-money loans with balances small enough to make them eligible for purchase by Fannie Mae and Freddie Mac (conforming mortgages) with loans that have balances too large to make them eligible for purchase by the Enterprises (jumbo loans). According to MIRS, the conforming share of total purchase-money originations, based on the number of loans, was 92 percent in 2001, up slightly from 90 percent the previous year. Based on the total dollar volume of loans, the conforming share held constant at 75 percent in 2001. The average conforming mortgage increased 8 percent to $134,200 in 2001, whereas the average jumbo loan increased 11.6 percent to $403,000. The conforming limit in 2001 for mortgages that financed single-family properties was $275,000, an increase of 8.8 percent over the 2000 limit.

According to MIRS, the average loan-to-value (LTV) ratio of single-family, conventional, purchase-money mortgages and the proportion of such loans with high LTV ratios both fell slightly compared to 2000 (Figure 9), owing to the high proportion of refinance loans, which generally have lower average LTV ratios. A lower LTV ratio (higher borrower equity in the property) indicates that a mortgage is less likely to default, everything else being equal. Conforming and jumbo loans each had average LTV ratios of about 76 percent, and there was little difference in the average LTV ratios of FRMs and ARMs in each category. Conforming mortgages were much more likely to have high LTV ratios than jumbo loans, as in the past.

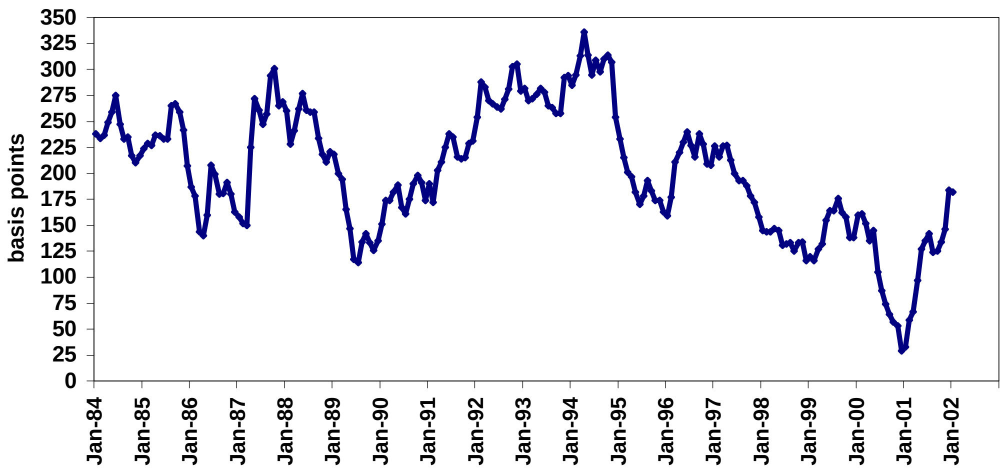


Source: Federal Housing Finance Board's Mortgage Interest Rate Survey

As the yield curve steepened in 2001, the spread between commitment rates on 30-year FRMs and 1-year ARMs widened, increasing from 33 basis points in January to 184 basis points in December (Figure 10). Unlike the first half of 2000, when widening spreads between 30-year FRMs and 1-year ARMs caused a barrage of ARM financing activity, the demand for ARM products was relatively low in 2001. ARMs accounted for just 12 percent of the record-breaking $2.1 trillion volume of mortgages made in 2001. That was the lowest level since 1998, when the ARM share dipped to 11 percent, its all-time low since ARMs became widely available in the early 1980s. The low ARM share in 2001 reflects the fact that more than one-half of the mortgages originated in 2001 represented refinancings rather than purchase transactions. With rates on 30-year FRMs near record lows, borrowers found it advantageous to lock-in long-term rates with guaranteed fixed payments (Figure 11).

Figure 10

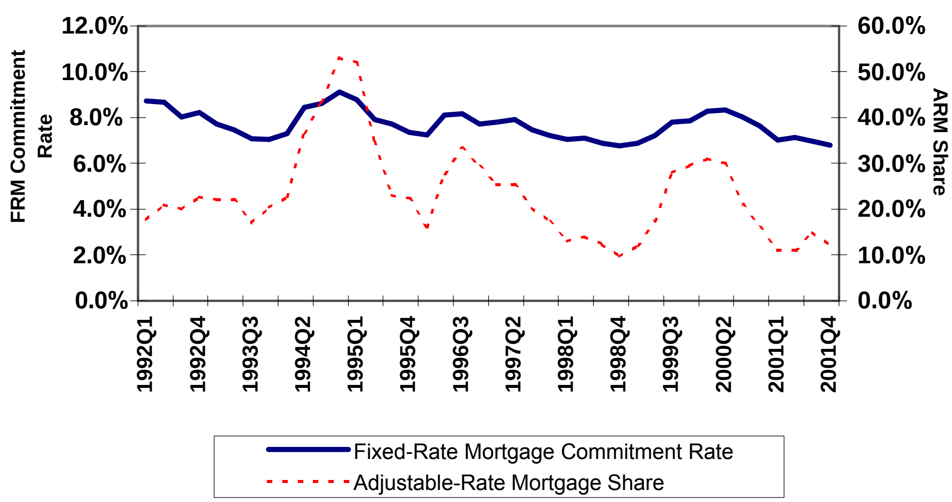
Spreads Between Commitment Rates on 30-year Fixed-Rate and 1-Year Adjustable-Rate Mortgages



Source: Freddie Mac Primary Mortgage Market Survey

Figure 11

Percentage of Conventional Single-Family Loans with Adjustable Rates Versus Commitment Rates on 30-Year Fixed-Rate Mortgages (FRMs)

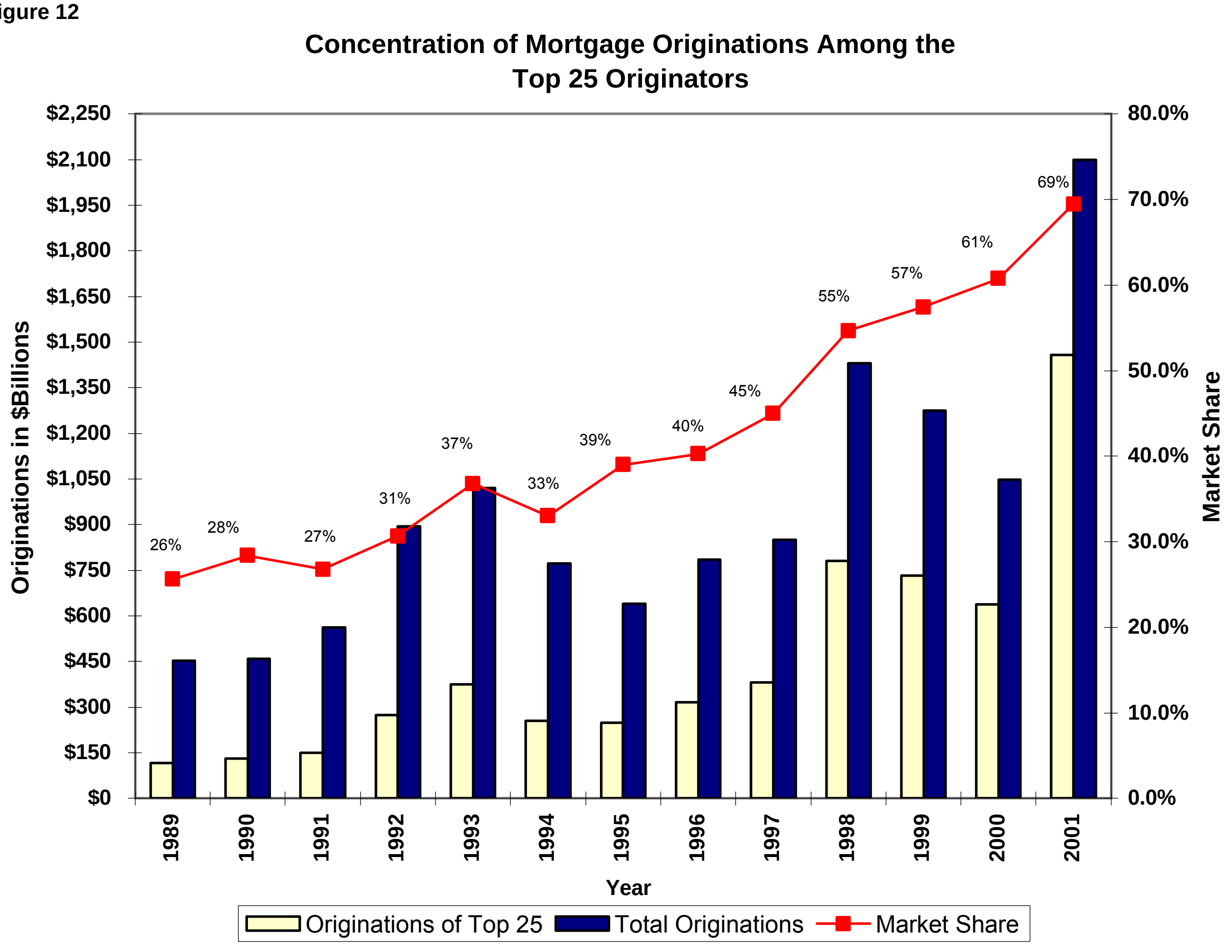


Source: Freddie Mac Primary Mortgage Market Survey

Consolidation Among Lenders Continues

The proportion of single-family mortgages originated by the largest lenders continued to increase in 2001, consistent with the consolidation trend in the financial services industry generally. The top 25 originators accounted for 69 percent of all single-family originations in 2001, up from 61 percent in 2000 and more than double their market share less than 10 years before (Figure 12). The top 10 originators accounted for 51 percent of single-family mortgages originated in 2001, compared to 41 percent one year earlier. Lenders continued to rely on multiple channels of production to originate loans. Retail channels peaked at 45 percent of total originations in 1993 and 1994, and in recent years experienced a leveling-off in market share, at about 38 percent. Within the wholesale market, brokers accounted for 29 percent of originations in 2001, up slightly from 28 percent in 2000, while correspondents' share fell from 34 percent to about 33 percent (Figure 13).

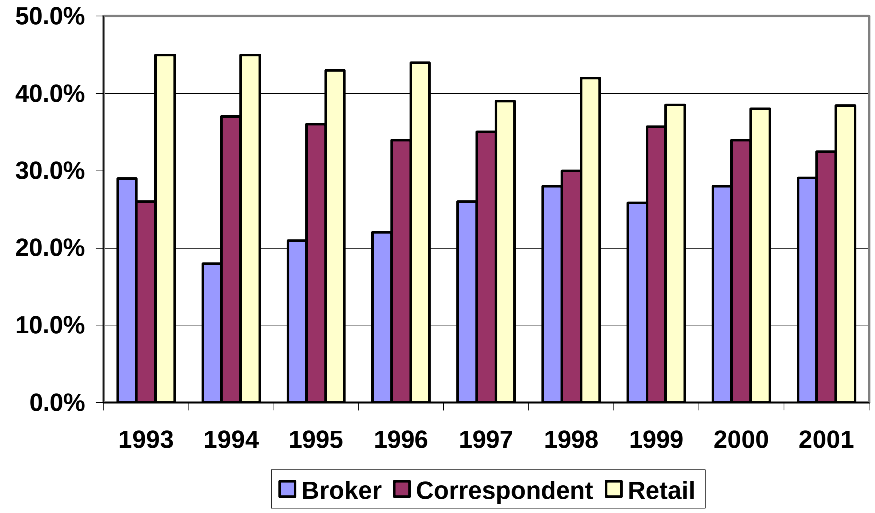
Figure 12



Source: *Inside Mortgage Finance*

Figure 13

Mortgage Originations by Source



Source: *Inside Mortgage Finance*

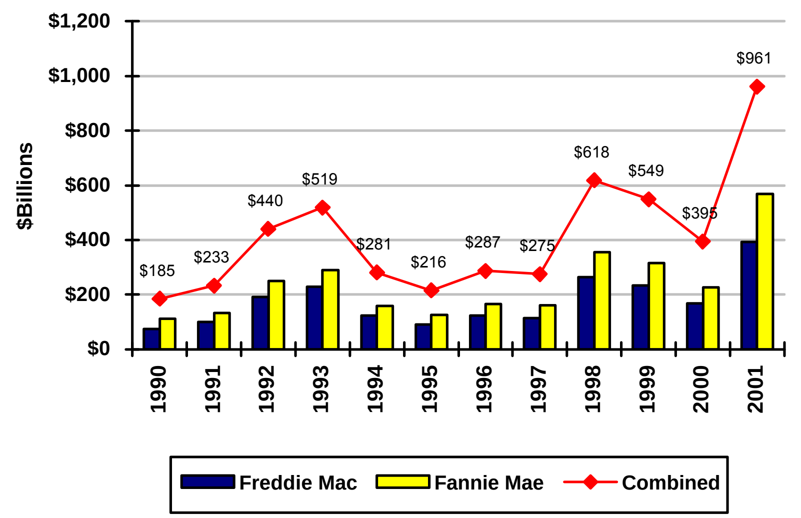
SECONDARY MARKET ACTIVITIES OF THE ENTERPRISES

Purchases of Single-Family Mortgages Soar to New Levels

With single-family originations in 2001 more than twice the previous year's level, Fannie Mae and Freddie Mac charted new territory in terms of their purchase activities. Purchases by the Enterprises of single-family mortgages (defined to include cash purchases from lenders and swaps of whole loans for mortgage-backed securities, or MBS) reached an all-time high $961 billion in 2001 (Figure 14). Collectively, the Enterprises purchased before the end of the year some 40 percent of the single-family conventional mortgages originated in 2001, up from about 30 percent in 2000. Total purchases, including loans originated in prior years, amounted to 46 percent of 2001 originations.

Figure 14

Enterprise Single-Family Mortgage Purchases



Sources: Fannie Mae and Freddie Mac

Fannie Mae purchased $568 billion in single-family loans in 2001, and Freddie Mac purchased $393 billion. Both totals were well over twice the amount each Enterprise purchased in 2000 and represented each Enterprise's highest volumes ever by a large margin.

Newly Acquired Single-Family Loans Pose Slightly Less Credit Risk

Trends in the primary market in 2001 changed the characteristics of single-family originations in ways that tend to decrease slightly the credit risk of mortgages purchased by the Enterprises. In particular:

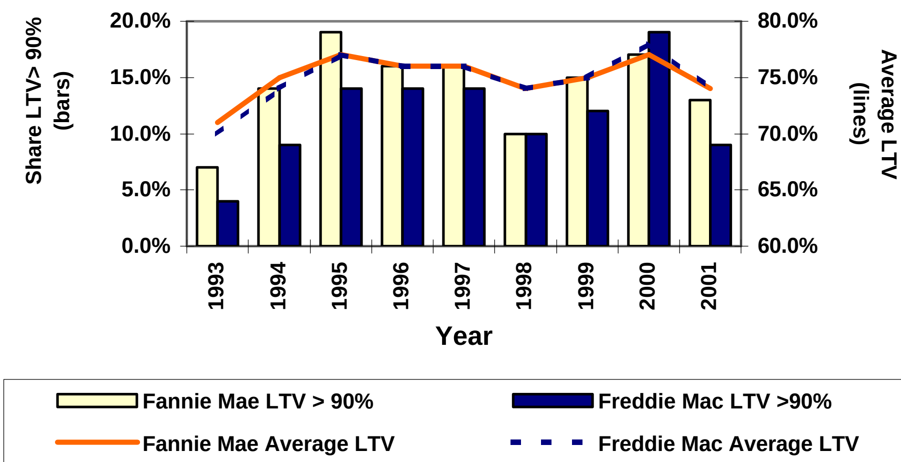
1. The refinance share of single-family mortgages purchased by the Enterprises rose sharply in 2001. Of the loans purchased by each Enterprise, more than 60

percent were refinance loans, compared with less than one-third the previous year. Refinance mortgages tend to be of higher credit quality than purchase loans.

2. The average LTV ratio of single-family mortgages purchased by each Enterprise decreased (Figure 15). That change reflects the high volume of refinance mortgages purchased by the Enterprises in 2001. Also, loans with high LTV ratios made up a smaller share of each Enterprise's single-family purchases in 2001.

Figure 15

Enterprise Single-Family Purchases by Loan-to-Value (LTV) Ratio



Sources: Fannie Mae and Freddie Mac

3. Adjustable-rate loans comprised a smaller share of each Enterprise's single-family purchases in 2001. The ARM share of Fannie Mae's purchases dropped from 16 percent in 2000 to 5 percent, while the ARM share of Freddie Mac's purchases fell from about 13 percent to less than 6 percent. ARMs generally have a higher default rate than fixed-rate loans because the rates on ARMs, while originally low, may change overtime. As payments rise, the risk of default also increases.

Enterprises Maintain Presence in the Subprime and Alternative A Markets

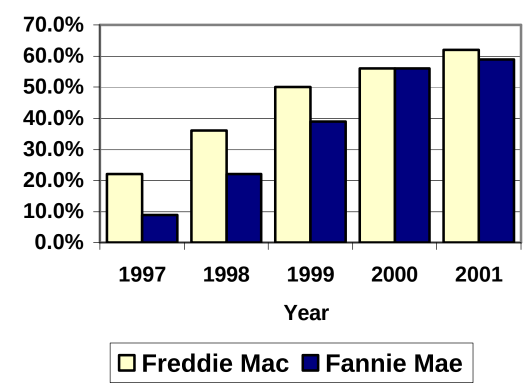
The Enterprises continued to be active in the markets for subprime and Alternative A mortgages in 2001. (Alternative A loans are made to low-risk borrowers who choose to provide limited documentation and generally are not considered to be subprime mortgages.) Freddie Mac purchased $9 billion of subprime mortgages, down from $18.6 billion in 2000. Fannie Mae does not release comparable data. However, the Enterprise purchased approximately $15 billion of low-documentation loans—mortgages to borrowers with good credit who were able to avoid the normal paperwork documentation burdens associated with getting a mortgage. In addition, Fannie Mae purchased $9.7 billion of Expanded Approval/Timely Payment Reward Mortgages. Under the Timely Payment Reward program, introduced in 2000, the interest rate on an A- loan is initially higher but is reduced if the borrower makes payments on time for 24 consecutive months.

Automated Underwriting and Credit Enhancements Help Keep Credit Risks Low

Increasingly, the Enterprises are assessing the credit risk of the single-family mortgages they purchase using automated underwriting systems (AUS). Such systems combine LTV ratios, credit scores, and other loan and borrower characteristics to classify loans in terms of their relative risk of default. During 2001, 62 percent of Freddie Mac's single-family purchase volume was evaluated prior to purchase using Loan Prospector, compared with 56 percent in 2000. In 2001, Fannie Mae processed 59 percent of its single-family purchases through Desktop Underwriter. That represented 59 percent of that year's business, up from 56 percent in 2000 (Figure 16). Thus, the percentage of loans processed through each Enterprise's AUS continues to increase, albeit at a decreasing rate. As part of its post-purchase quality control review process, Fannie Mae and Freddie Mac each uses its respective AUS to evaluate the credit quality of virtually all single-family mortgages that were not evaluated by the system prior to purchase. Particular focus is placed on performing quality control reviews of purchases identified as high-risk mortgages. Each Enterprise also allows some large lenders to use their own AUS to evaluate mortgages prior to purchase. As a result, the data in Figure 16 understate the proportion of loans purchased by the Enterprises that were evaluated using automated underwriting prior to origination. Despite the fact that mortgages purchased by each Enterprise must meet its underwriting guidelines, loans may become non-performing due to changes in general economic conditions, changes in the financial status of the individual borrowers, or other factors.

Figure 16

Percent of Mortgages Evaluated by Enterprise Automated Underwriting Systems Prior to Purchase*



Sources: Fannie Mae and Freddie Mac
*Based on recently originated mortgages not included in structured transactions.

Fannie Mae and Freddie Mac also reduce their exposure to mortgage credit risk by obtaining credit enhancements on higher-risk single-family loans. Credit enhancements include primary mortgage insurance on loans with original LTV ratios greater than 80 percent, and agreements in which lenders or other third parties pledge collateral or agree to accept losses on loans that default. In addition, a portion of the mortgages purchased by each Enterprise are insured by FHA or guaranteed by VA. Credit enhancements transform a portion of the credit risk associated with individual loans into counterparty risk. The Enterprises manage the latter by establishing eligibility requirements for and monitoring the condition of counterparties.

The proportion of single-family MBS issued by Fannie Mae where lenders or other third parties bear primary risk of default (other than through loan level mortgage insurance) declined to 8.1 percent in 2001 from 13 percent in 2000. For all single-family purchases by Freddie Mac (including MBS issued and whole loan purchases), the decline was greater - to 27 percent in 2001, from 44 percent the previous year. The share of Fannie Mae's total outstanding mortgage portfolio where lenders or other third parties bear primary risk decreased slightly, from 22 percent at year-end 2000 to 21 percent at year-end 2001. Again, for Freddie Mac, the decline was greater - from 32 percent to 29 percent. These declines were primarily due to a drop in the proportion of loans covered by pool insurance.

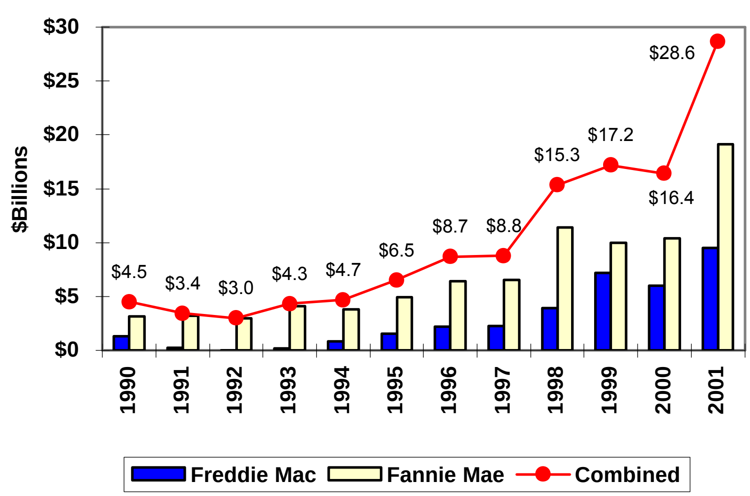
In 2001, the Enterprises began making quarterly disclosures regarding the sensitivity of their mortgage credit risk exposures. Those disclosures include estimates of the sensitivity of the present value of their future credit losses on all single-family mortgages held in portfolio and backing guaranteed MBS to an immediate 5 percent decline in home values. Fannie Mae estimated that, as of the end of 2001, that shock would increase its lifetime credit losses by $487 million, net of the beneficial effect of credit enhancements. Without credit enhancements, the lifetime loss sensitivity was $1,332 million. The comparable values for year-end 2000 were $295 million and $1,065 million, respectively. Freddie Mac estimated that, as of December 31, 2001, an immediate 5 percent decline in house prices would increase the present value of the credit losses it would sustain over a 10-year period by $301 million after receipt of primary mortgage insurance and credit enhancements. Without such enhancements, the increase in credit losses would be $940 million. The comparable figures for year-end 2000 were $349 million and $971 million, respectively.

Purchases of Multifamily Mortgages Rise Sharply

The Enterprises' combined purchases of multifamily mortgages (defined to include cash purchases and securitizations) were up sharply in 2001. Purchases by Fannie Mae exceeded $19 billion, the largest annual volume ever, and almost twice the level purchased in 2000. Purchases by Freddie Mac increased more than 50 percent to an annual high of $9.5 billion (Figure 17). As of year-end 2001, the Enterprises collectively owned (held in portfolio) $33 billion of multifamily mortgages and guaranteed an additional $52 billion of such mortgages. Purchases of multifamily loans were greatly encouraged by significant increases in the Department of Housing and Urban Development's (HUD) affordable housing goals for the Enterprises.

Figure 17

Enterprise Multifamily Mortgage Purchases



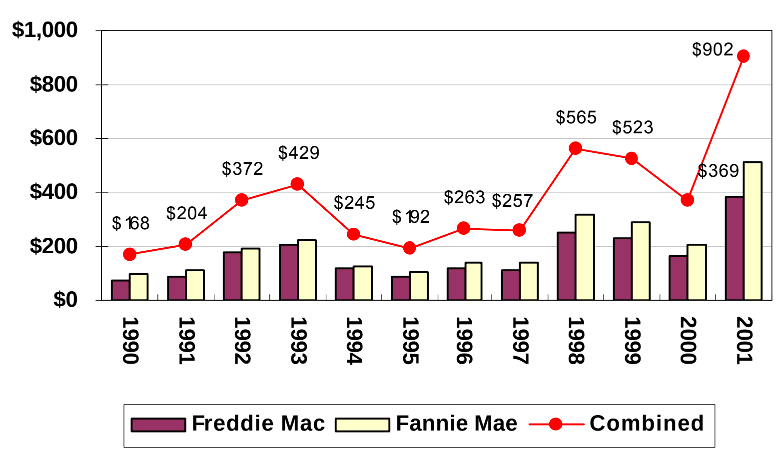
Sources: Fannie Mae and Freddie Mac

Volumes of MBS and REMIC Issuances Soar, in Line with Originations

The record volume of mortgages originated in 2001 enabled each Enterprise to issue a record volume of MBS (Figure 18). Fannie Mae's issuances increased 150 percent to an annual high of $515 billion, which exceeded issuances for the two preceding years combined. Adjustable-rate loans accounted for 4.6 percent of the Enterprise's new issuances, down from 12 percent in 2000. MBS issuances of Freddie Mac rose to $387 billion in 2001, an increase of 134 percent. Only 6 percent of Freddie Mac's 2001 issues were backed by ARMs, compared to 12 percent in 2000.

Figure 18

Enterprise Single-Class MBS Issuance
($ in Billions)

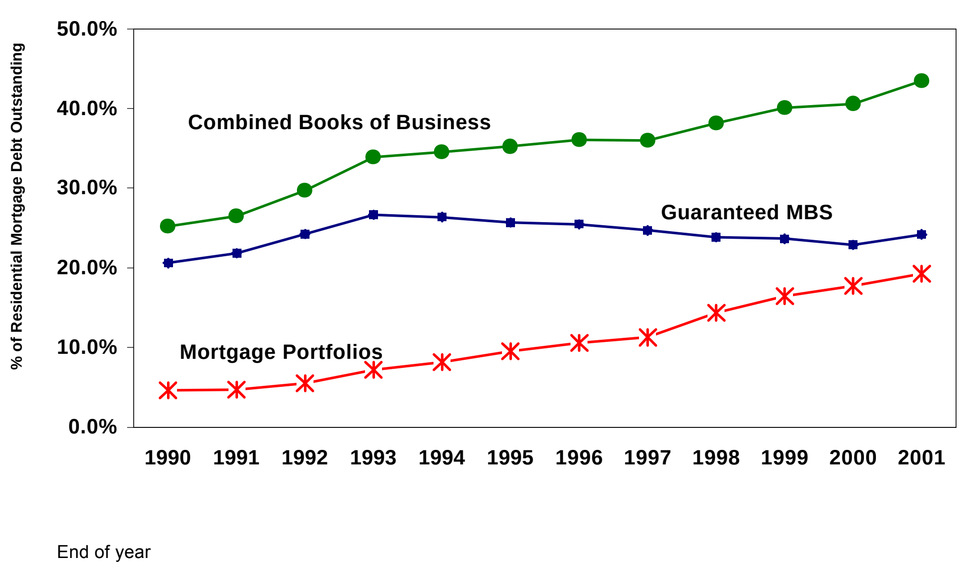


Sources: Fannie Mae and Freddie Mac

The high volume of single-family MBS issuances facilitated increases in the Enterprises' shares of mortgage debt outstanding, despite the high volume of mortgage liquidations caused principally by refinancings. Fannie Mae's mortgage portfolio liquidation rate was 25 percent in 2001, compared with 10 percent in 2000. Freddie Mac's mortgage portfolio liquidation rate increased to 28 percent in 2001 from 12 percent in 2000. Each Enterprise also continued to purchase sizable volumes of its MBS issues for its asset portfolio. Fannie Mae purchased $180 billion of its MBS in 2001, compared with $105 billion in 2000, while Freddie Mac's purchases of its MBS increased from $59 billion in 2000 to $158 billion 2001. However, the flow of new MBS issues was sufficient to produce substantial growth in outstanding MBS held by other investors. That growth amounted to 22 percent for Fannie Mae in 2001, the first year since 1991 that Fannie Mae's net guaranteed portfolio grew at a faster rate than its mortgage portfolio, which expanded 16 percent in 2001. Freddie Mac's outstanding MBS held by other investors increased 12 percent. The growth in the Enterprises' MBS held by other investors caused a modest increase in their share of residential mortgage debt outstanding. At the end of 2001, the Enterprises' combined MBS held by other investors accounted for about 24 percent of outstanding residential mortgage debt, up from 23 percent in 2000. The Enterprises' combined book of business (defined to include MBS held by other investors plus mortgages and MBS held by the Enterprises) represented about 44 percent of residential mortgage debt outstanding as of the end of 2001, up from 41 percent at the end of 2000 (Figure 19).

Figure 19

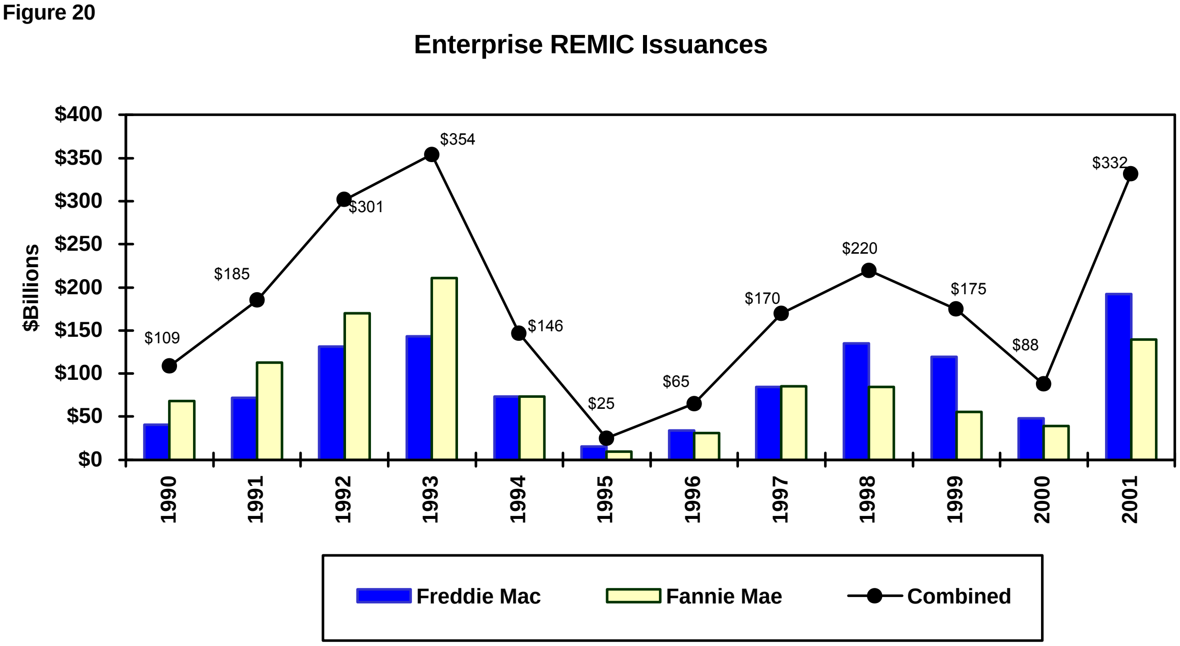
Enterprise Share of Residential Mortgage Debt Outstanding



Sources: Fannie Mae, Freddie Mac, and the Federal Reserve

Multi-class mortgage securities consist primarily of Real Estate Mortgage Investment Conduit (REMIC) offerings. Both Enterprises' REMIC programs grew significantly in 2001. The steep yield curve and high new MBS issue volumes drove the structured product market in 2001. Freddie Mac's new issue volume of REMICs increased four-fold in 2001, reaching $192.4 billion, its largest annual volume ever, while Fannie Mae issuances rose by approximately $100 billion to $139.4 billion, its highest annual volume since 1993 (Figure 20). Each Enterprise's outstanding multi-class issues increased sharply in 2001 after falling in 2000. Fannie Mae's outstanding multi-class issues rose more than 17 percent, while Freddie Mac's rose 21 percent. Steep yield curves stimulate creation of new REMICs because REMICs typically convert a portion of long-term, relatively high-yielding mortgage debt into lower-yielding (and therefore higher priced), relatively short-term securities.

Figure 20



Sources: Fannie Mae and Freddie Mac

FINANCIAL PERFORMANCE AND CONDITION OF THE ENTERPRISES

On January 1, 2001, Fannie Mae and Freddie Mac adopted Statement of Financial Accounting Standard No. 133 (FAS 133), which altered accounting and reporting standards for derivative instruments. FAS 133 requires, among other things, that all derivatives, whether designated for hedging relationships or not, be recorded on the balance sheet at fair value. Changes in fair values can affect reported earnings, frequently in ways that are reversed over time. Adoption of FAS 133 had significant implications for the Enterprises' balance sheets and reported earnings in 2001 (see Box A). This discussion of the Enterprises' financial results is based primarily upon pre-FAS 133 accounting, which facilitates comparisons of results over time and provides a more meaningful picture of the economic effects of the Enterprises' management decisions.

Profits Continue to Improve

The Enterprises' financial performance set new records across the board in 2001. Fannie Mae's operating net income[3] rose 21 percent to $5.4 billion, while Freddie Mac's rose 24 percent to $3.2 billion (see Tables A and B). Those gains extended long strings of rapid increases in the Enterprises' earnings. Over the past decade, Fannie Mae's earnings have almost tripled, whereas Freddie Mac's have more than quadrupled. That strong profit growth has enabled each Enterprise to sustain high rates of return on equity (ROE). Last year, Fannie Mae's adjusted ROE[3] was 25.4 percent, the highest level since 1992. Freddie Mae's adjusted ROE, although slightly lower, was still a very healthy 23.1 percent.

Fannie Mae's net profit growth would have been 33 percent last year had it not chosen to make a $300 million special contribution to its charitable foundation and to repurchase debt selling at a premium of $525 million. Freddie Mac repurchased $4.7 billion in debt; without those repurchases, its profit growth would have been 33 percent as well. For both firms, the debt repurchases will increase profit in future years. On a mark-to-market basis, the Enterprises were less successful. Fannie Mae reported an increase in fair value of its assets, net of liabilities, of $2.4 billion, whereas Freddie Mac reported an increase of $2.3 billion. Adjusted for net shareholder distributions, Fannie Mae generated a net value increase of $3.9 billion, while Freddie Mac generated $1.5 billion. The Freddie Mac estimates reflect a more conservative treatment of future guarantee fees.

[3] Reported net income adjusted for the effects of FAS 133.
[4] Operating net income divided by adjusted (pre-FAS 133) common equity.

Box A

Enterprises Adopt New Derivative Accounting Standard

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard Number 133 (FAS 133), *Accounting for Derivative Instruments and Hedging Activities*. Statement 133 requires, among other things, that entities recognize all derivatives as assets or liabilities on their balance sheets measured at fair value. If certain criteria are met, a derivative may be designated as a fair value or cash flow hedge. Different accounting applies to each hedge designation, with different effects on shareholders' equity and current earnings.

If the derivative is designated as a fair value hedge, all changes in the fair value of the derivative and changes in the fair value of the hedged item attributed to the hedged risk are recognized currently in earnings. If the derivative is designated as a cash flow hedge, the effective portion of the change in the fair value of the derivative is recorded in "Accumulated Other Comprehensive Income" (AOCI), a component of shareholders' equity, and recognized in the income statement when the hedged item affects earnings. The ineffective portions of cash flow hedges are immediately recognized in earnings. The standard did not change the accounting for the item for which cash flows are being hedged by a derivative designated as a cash flow hedge.

Fannie Mae and Freddie Mac adopted FAS 133 on January 1, 2001. The adoption of the new accounting standard had major ramifications for the Enterprises' balance sheets and earnings in 2001. Because the Enterprises employ different hedging strategies and may use the same hedge instruments to achieve different hedge results, they are impacted differently by FAS 133 from both a balance sheet and earnings perspective. On January 1, 2001, both Enterprises were required to make a one-time adjustment to AOCI to reflect the fair value of hedge instruments carried on their books and classified as cash flow hedges. Fannie Mae recorded a $4.0 billion net reduction to AOCI, while Freddie Mac recorded a net reduction to AOCI of $2.5 billion.

For the Enterprises, FAS 133 has the potential to greatly increase balance-sheet and income-statement volatility. This potentiality came to fruition in 2001. In particular, Fannie Mae experienced considerable volatility in its shareholders' equity, determined in accordance with Generally Accepted Accounting Principles (GAAP). The Enterprise's GAAP equity fell from $20.8 billion at the end of 2000 to $13.8 billion at the end of the third quarter 2001, and increased to $18.1 billion at the end of 2001. This volatility reflects the Enterprise's heavy reliance on derivatives designated as cash flow hedges, which are marked-to-market through AOCI. At the end of 2001, more than 80 percent of Fannie Mae's $533 billion notional amount of derivatives outstanding qualified for cash flow accounting treatment. On the other hand, Freddie Mac's $1.1 trillion portfolio of derivatives was divided roughly equally between derivatives that qualify for cash flow and fair value accounting. Accordingly, Freddie Mac's GAAP equity showed far less volatility than that of Fannie Mae in 2001. The Enterprise's GAAP equity fell from $14.8 billion at the end of 2000 to $12.9 billion at the end of the first quarter 2001. This change was due primarily to the one-time $2.5 billion net reduction to AOCI mentioned above; GAAP equity increased in each successive quarter.

FAS 133 also affected reported income significantly in 2001. In this case, the effect on Freddie Mac was greater. GAAP net income exceeded operating net income (defined to exclude most of the effects of FAS 133) by $1.0 billion, or 31 percent. The change in accounting also increased Fannie Mae's GAAP income, but by only $0.5 billion, or 10 percent. Most of the difference between each Enterprise's GAAP income and operating net income is due to treatment of expenses associated with premiums paid on purchased options. Although the two Enterprises' hedge structures are very different, the effect of FAS 133 in both cases is to replace straight-line amortization of options cost with a fluctuating series of charges and earnings that will amount to the same result over time.

FAS 133 accounting will continue to impact the Enterprises' earnings and balance sheets differently and by varying amounts, depending on future changes in interest rates. While, in some instances, FAS 133 can provide valuable insight into implications of derivatives, the standard generally does not provide a clear picture of the Enterprises' earnings capacity and risk management. For this reason, OFHEO, like other bank regulatory agencies, excludes the effects on equity from marking-to-market derivatives in determining capital adequacy. In addition, OFHEO relies more heavily on pre-FAS 133 accounting to gauge the Enterprises' financial condition.

Table A. Fannie Mae Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS (Dollars in Billions)	2001	2000	1999	1998	1997
EARNINGS PERFORMANCE:					
Net Income, GAAP ($)[1]	5.89	4.45	3.91	3.42	3.06
Operating Net Income[2]	5.37	4.45	3.91	3.42	3.06
Operating Net Interest Income ($)[3]	7.50	5.67	4.89	4.11	3.95
Guarantee Fees ($)	1.48	1.35	1.28	1.23	1.27
Operating Net Interest Margin (%)[4]	1.11	1.01	1.01	1.03	1.17
Average Guarantee Fee (bps)[5]	19.0	19.5	19.3	20.2	22.7
Return on Adjusted Common Equity (%)[6]	25.4	25.2	25.0	25.2	24.6
Dividend Payout Ratio (%)[7]	23.0	26.0	28.8	29.5	29.4
BALANCE SHEET POSITION:					
Total Assets ($)	799.8	675.1	575.2	485.0	391.7
Outstanding Debt ($)	763.5	642.7	547.6	460.3	369.8
Mortgages:					
Mortgage Assets ($)	705.4	607.6	523.0	415.4	316.6
MBS ($) (excluding Fannie Mae MBS held in Portfolio)	858.9	706.7	679.2	637.1	579.1
Mortgage Assets as % of Total Mortgage Portfolio	45.1	46.2	43.0	39.5	35.3
Capital:					
Core Capital[8]/MBS plus Total Assets (%)	1.52	1.51	1.43	1.38	1.42
Core Capital/Total Assets (%)	3.15	3.09	3.11	3.19	3.52

Source: Fannie Mae

[1] Reflects adoption of FAS 133 starting in 2001.

[2] Reported net income adjusted for the effects of FAS 133 starting in 2001.

[3] Interest income net of interest expenses, nominal basis, adjusted to remove FAS 133 effects starting in 2001.

[4] Taxable equivalent operating net interest income divided by average earning assets.

[5] Guarantee fees divided by average MBS outstanding net of MBS held in portfolio.

[6] Operating net income (net income adjusted for the net effects of FAS 133) divided by adjusted common equity (shareholders' equity stated on a pre-FAS 133 basis).

[7] Paid common dividends as a percentage of operating net income available to common stockholders.

[8] The sum of common stock, noncumulative preferred stock, paid-in capital and retained earnings.

Table B. Freddie Mac Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS (Dollars in Billions)	2001	2000	1999	1998	1997
EARNINGS PERFORMANCE:					
Net Income, GAAP ($)[1]	4.15	2.55	2.22	1.70	1.40
Operating Net Income[2]	3.15	2.55	2.22	1.70	1.40
Operating Net Interest Income ($)[2,3]	4.44	3.27	2.93	2.22	1.85
Guarantee Fees ($)[3]	1.13	1.06	1.02	1.02	1.08
Operating Net Interest Margin (%)[4]	0.89	0.84	0.88	0.93	1.01
Average Guarantee Fee (bps)[5]	18.7	19.3	19.8	21.4	22.9
Return on Adjusted Common Equity (%)[6]	23.1	23.7	25.5	22.6	23.1
Dividend Payout Ratio (%)[7]	19.0	20.0	20.1	20.7	21.0
BALANCE SHEET POSITION:					
Total Assets ($)	617.3	459.3	386.7	321.4	194.6
Outstanding Debt ($)	565.1	426.9	360.7	287.4	172.8
Mortgages:					
Mortgage Assets ($)	494.6	385.5	322.9	255.7	164.5
MBS ($) (excluding Freddie Mac MBS held in Portfolio)	646.4	576.1	537.9	478.4	476.0
Mortgage Assets as % of Total Mortgage Portfolio	43.3	40.1	37.5	34.8	25.7
Capital:					
Core Capital[8]/MBS MBS plus Total Assets (%)	1.50	1.39	1.37	1.34	1.10
Core Capital/Total Assets (%)	3.13	3.13	3.28	3.33	3.79

Source: Freddie Mac

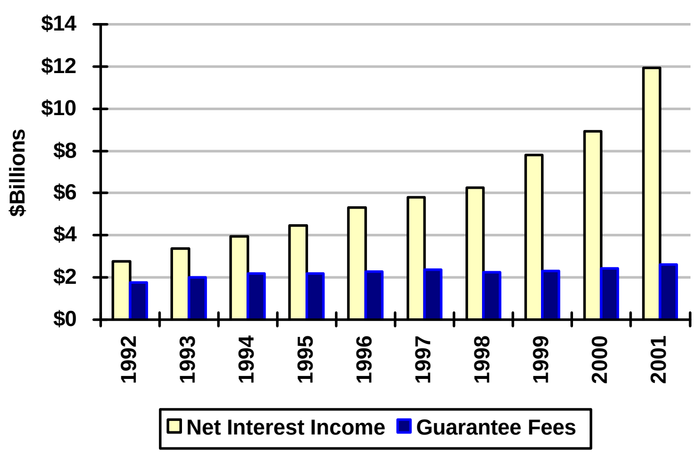
[1] Reflects adoption of FAS 133 starting in 2001.
[2] Net income adjusted for the effects of FAS 133 starting in 2001.
[3] Interest income net of interest expenses, nominal basis, adjusted to remove FAS 133 effects starting in 2001.
Freddie Mac reports guarantee fees on retained Freddie Mac Participation Certificates or "MBS" as guarantee fee income. For comparability with Fannie Mae, guarantee fee income on retained MBS has been estimated and included in operating net interest income rather than fee income.
[4] Taxable equivalent operating net interest income divided by average earning assets.
[5] Guarantee fees divided by average MBS outstanding net of MBS held in portfolio.
[6] Operating net income (net income adjusted for the net effects of FAS 133) divided by adjusted common equity (shareholders' equity stated on a pre-FAS 133 basis).
[7] Paid common dividends as a percentage of operating net income available to common stockholders.
[8] The sum of common stock, noncumulative preferred stock, paid-in capital and retained earnings.

Revenues Continue to Rise

Total revenues rose significantly in 2001 at each Enterprise, 21 percent at Fannie Mae and 31 percent at Freddie Mac. As in all recent years, operating net interest income[6] provided the bulk of the gain (Figure 21). Fannie Mae's operating interest net income rose to $7.5 billion in 2001, an increase of 32 percent. Operating net interest income is affected by changes in the average interest rate on earning assets, the average interest rate paid on interest-bearing liabilities, and by changes in the volume of earnings assets and interest-bearing liabilities. Relatively high portfolio liquidations and lower yields on portfolio purchases caused the average yields on Fannie Mae's mortgage portfolio to fall by a modest 5 basis points in 2001. Average yields on all earning assets declined 21 basis points. The Enterprise's average borrowing costs, however, fell by 35 basis points. The decline in borrowing costs reflects both a substantial decline in short-term interest rates and Fannie Mae's increased use of short-term debt in 2001 in response to a shortening of expected asset lives. During the early part of 2001, Fannie Mae was able to call high-coupon debt in amounts that substantially exceeded the volume of mortgage liquidations, and replaced much of that debt with short-term maturities. The result was a widening of the spread between Fannie Mae's average earning assets and interest-bearing liabilities and an improvement in Fannie Mae's net interest margin, which increased 10 basis points, from 101 basis points in 2000 to 111 basis points in 2001, the Enterprise's best showing since 1997 (Figure 22). The wider margin and a 19 percent increase in Fannie Mae's average portfolio balance were responsible for the Enterprise's higher operating net interest income.

Figure 21

Enterprise Primary Sources of Revenue

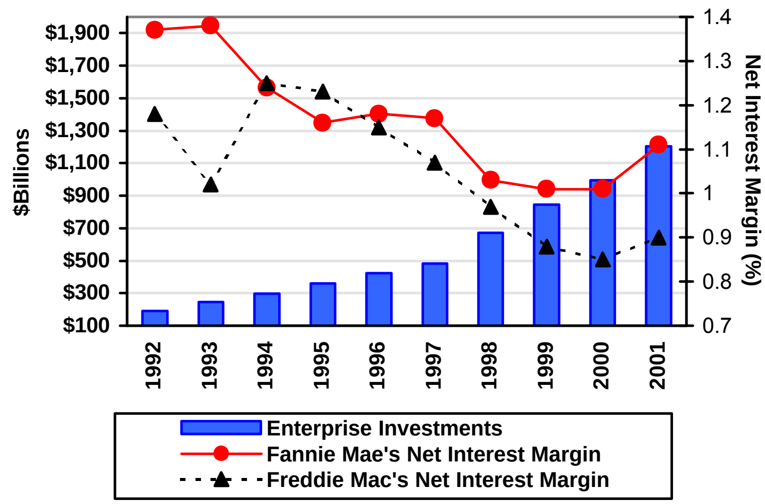


Sources: Fannie Mae and Freddie Mac

[6] Reported net income adjusted for the effects of FAS 133.

Figure 22

Enterprise Mortgage Investments and Net Interest Margin



Sources: Fannie Mae, Freddie Mac, and OFHEO

Freddie Mac increased its operating net interest income (defined for consistency with Fannie Mae to include guarantee fees on MBS in its mortgage asset portfolio) by more than one-third to $4.4 billion in 2001. That rise reflects improvement in Freddie Mac's operating net interest margin, which rose by 5 basis points to 89 basis points and, to a larger extent, the 28 percent increase in the Enterprise's average mortgage portfolio balance.

Enterprise non-interest income consists primarily of guarantee fees associated with the securitization of mortgages. The combined guarantee fee income of Fannie Mae and Freddie Mac rose 8.5 percent in 2001 despite a decline in their average guarantee fee rates. Fannie Mae's average guarantee fee rate fell to 19.0 basis points in 2001, down from 19.5 basis points in 2000. The modest decline in the Enterprise's average guarantee fee rate was the result of increased liquidation of older, higher fee-rate business resulting from the high volume of mortgages refinanced in 2001. Freddie Mac's average guarantee fee rate fell for the seventh consecutive year, dropping 0.6 basis points in 2001 to 18.7 basis points. The Enterprise's average guarantee fee rate has fallen more than 23 percent since 1994. Like that of Fannie Mae, Freddie Mac's average guarantee fee rate was adversely affected in 2001 by portfolio turnover. The decline in the average fee rate also reflected the pressures of product mix, customer concentration, the use of credit enhancements, and the general competitive environment.

The Enterprises' higher guarantee fee income was driven by higher average balances of outstanding MBS in 2001. Fannie Mae's average balance of outstanding MBS increased 12 percent, while the average balance on Freddie Mac's outstanding MBS increased 10 percent.

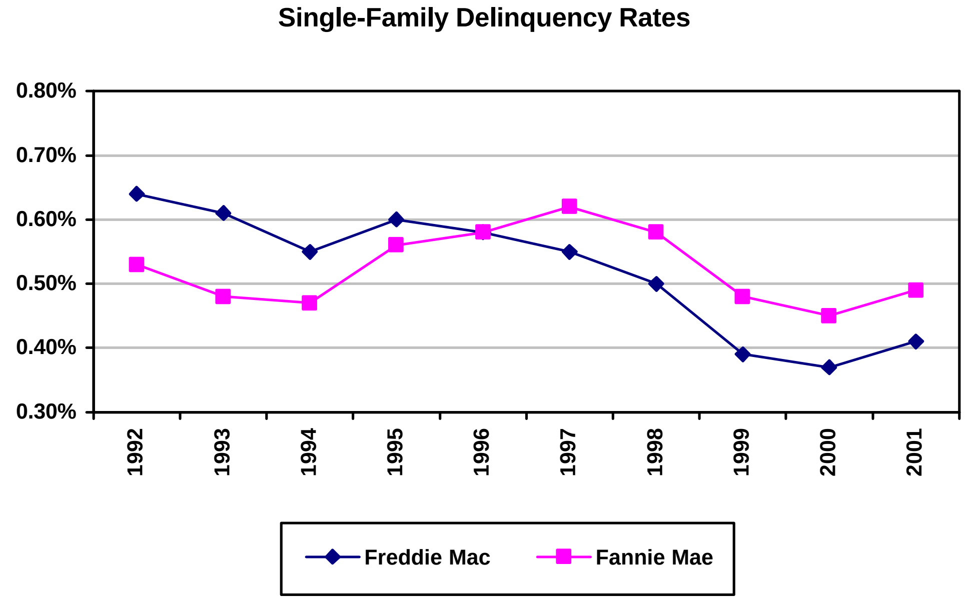
Other non-interest income items of the Enterprises include fees earned for automated underwriting services, multi-family fees, fees earned from resecuritization activity (paid by underwriters to the Enterprises), and gains and losses from certain hedging transactions. Freddie Mac's net non-interest income totaled $273 million in 2001 compared to $130 million in the previous year. That increase primarily reflects a $115 million increase in securitization fees, which fluctuate with investor demand for REMIC securities, gains on a higher volume of asset sales, and the activities of the Enterprise's trading desk. Fannie Mae recorded $151 million of fee and other income in 2001, up from a $44 million expense in 2000. That $195 million increase was due primarily to a $146 million increase in technology and transaction fees resulting largely from greater usage of Fannie Mae's Desktop Underwriter system (due to record business volumes), and the absence of a hedging loss that occurred in early 2000.

Credit Losses and Delinquencies Continue to Decline

A generally strong housing market and increased recoveries from credit enhancements enabled the Enterprises to reduce their credit losses (charge-offs plus foreclosure expenses) for the fourth consecutive year in 2001 to extremely low levels. Credit losses for Fannie Mae fell 9 percent, to just $81 million, or 0.006 percent of the Enterprise's average total mortgage portfolio. Freddie Mac's credit losses (based on slightly different accounting practices) fell by 29 percent to $67 million, or 0.007 percent of its average total mortgage portfolio. For both Enterprises, that improved performance was due primarily to lower loss severity rates on defaulted mortgages, resulting from higher recoveries on foreclosed properties due to continued strong home prices, effective loss mitigation activities, and the expanded use of credit enhancements on new purchases in recent years.

The weakened U.S. economy in 2001 caused delinquency rates on single-family mortgages owned or securitized by Fannie Mae and Freddie Mac (based on the number of loans on which an Enterprise bears the primary risk of loss that are delinquent 90 days or more or in foreclosure) to increase modestly (Figure 23). The proportion of delinquent single-family loans at Fannie Mae rose for the first time since 1997, increasing from 0.45 percent at year-end 2000 to 0.49 percent at the end of 2001. After falling for five consecutive years, Freddie Mac's single-family delinquency rate also rose, from 0.37 percent at year-end 2000 to 0.41 percent at the end of 2001. Despite those changes, the credit quality of mortgages purchased or securitized by the Enterprises remain good relative to the broader market, which includes subprime, jumbo, and government-insured and -guaranteed loans (see Box B on page 28).

Figure 23



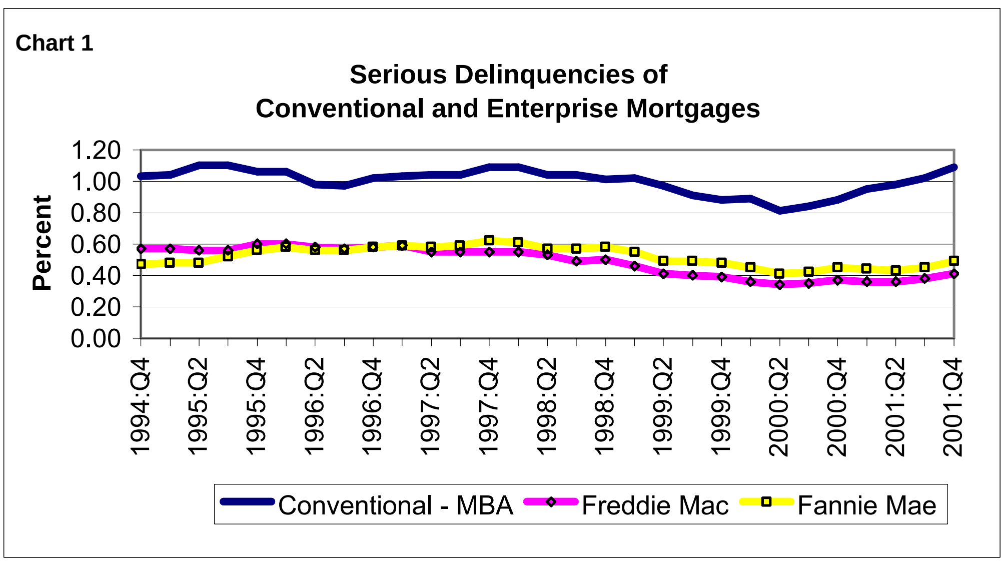
Sources: Fannie Mae and Freddie Mac

Box B

The Credit Quality of Enterprise Single-Family Mortgages Remains Strong

Fannie Mae and Freddie Mac each publish quarterly the rate at which the single-family mortgages it owns or has securitized are seriously delinquent, where serious delinquency is defined as 90 days delinquent or in foreclosure processing. In 2001, as in previous years, those delinquency rates were below the serious delinquency rates for conventional, single-family loans reported by the Mortgage Bankers Association of America (MBA). The MBA data includes subprime and jumbo, non-conforming loans as well as conforming conventional mortgages eligible for purchase by the Enterprises. However, prior to 1999 the MBA survey's coverage of subprime servicers was not comprehensive.

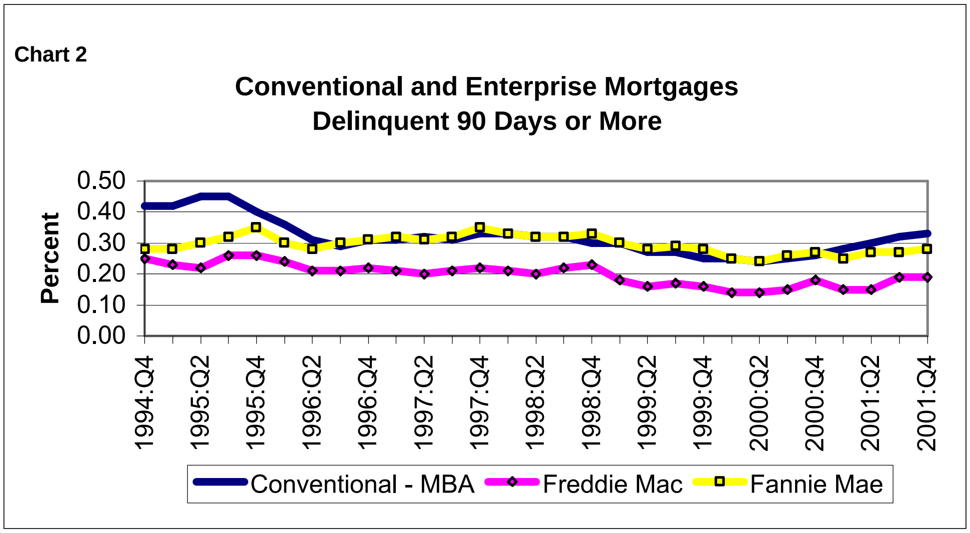
Chart 1, which restates the MBA data to match the Enterprises' definition of serious delinquency, indicates that the serious delinquency rate of conventional mortgages has risen significantly in the MBA data since the beginning of the second quarter of 2000, reaching 1.09 percent at the end of December 2001, but is still well below its peak of 1.41 percent in the first quarter of 1987. In contrast, the serious delinquency measures of Freddie Mac and Fannie Mae increased marginally during 2001. Freddie Mac's serious delinquency rate was 0.41 percent at the end of the fourth quarter, whereas Fannie Mae's was 0.49 percent.



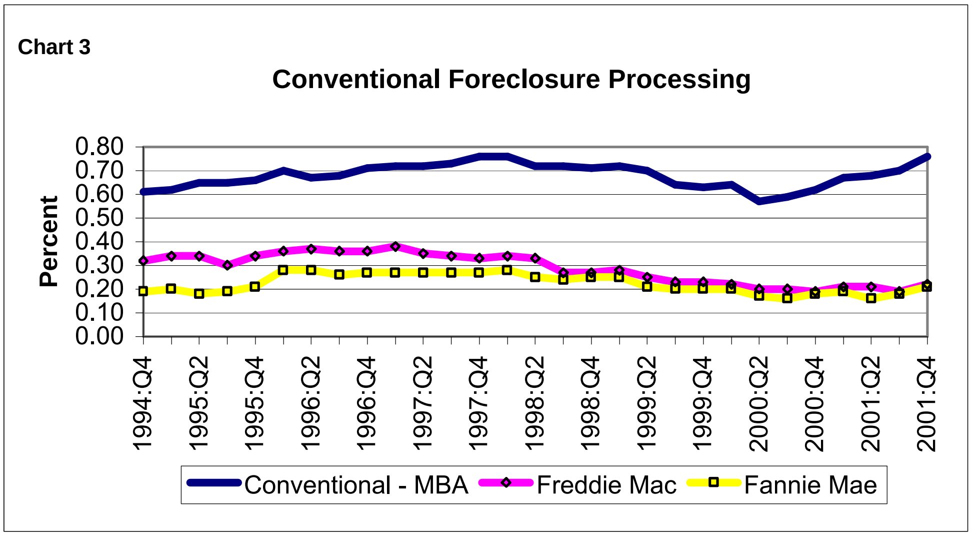
Sources: MBA, Freddie Mac, and Fannie Mae

Box B (continued)
The Credit Quality of Enterprise Single-Family Mortgages Remains Strong

Fannie Mae continued to experience a 90-day delinquency rate for single-family mortgages significantly above that of Freddie Mac, and comparable to the MBA's rate for all conventional loans, in 2001. Nonetheless, through the Enterprise's loss mitigation programs, Fannie Mae has a smaller proportion of loans going into foreclosure than Freddie Mac, and foreclosure rates for both Enterprises are less than the rate for all conventional mortgages, as measured by the MBA (see Charts 2 and 3).



Sources: MBA, Freddie Mac, and Fannie Mae



Sources: MBA, Freddie Mac, and Fannie Mae

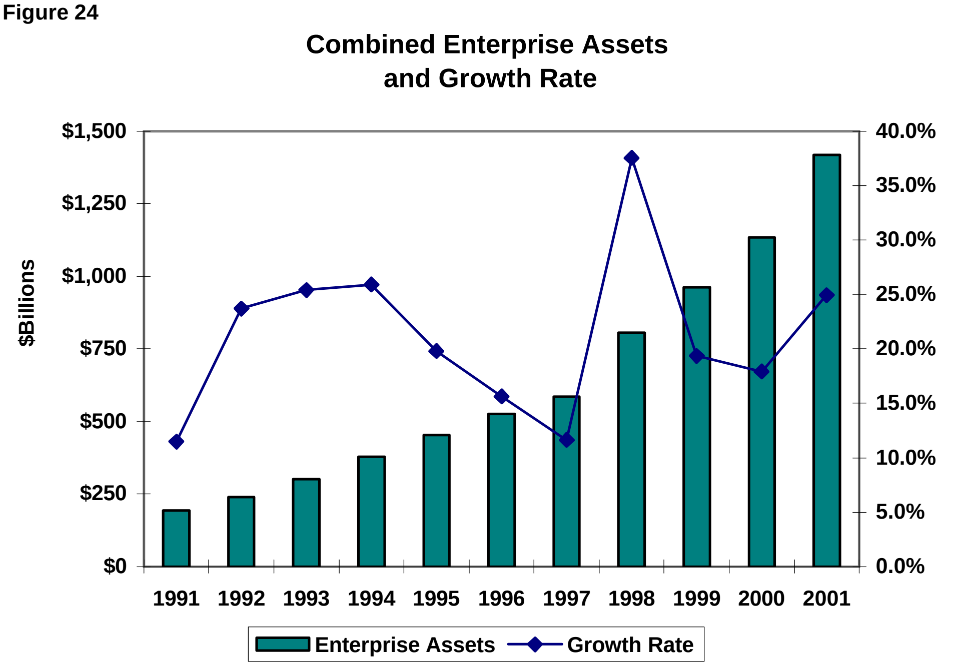
Administrative Expenses Rise but Remain Stable Relative to Assets

Each Enterprise's administrative expenses increased in 2001. Fannie Mae's administrative costs rose more than 12 percent to $1.0 billion, reflecting the increase in its size of operations and the beginning of a multi-year modernization of its core technology infrastructure. Freddie Mac's administrative expenses increased 18 percent, from $713 million in 2000 to $844 million in 2001, also reflecting increased technology-related spending. Despite those increases, the ratio of administrative costs to total revenues remained stable at both Enterprises, and each Enterprise's administrative expenses grew less rapidly than its assets.

Asset Growth up Sharply

The combined assets of Fannie Mae and Freddie Mac rose to $1.4 trillion in 2001, an increase of nearly 25 percent over the 2000 level of $1.1 trillion (Figure 24). Most of the Enterprises' balance sheet growth was due to increases in their mortgage asset portfolios. The growth rates of the two portfolios were quite different, however. Fannie Mae expanded its portfolio by just over 16 percent, similar to the growth rate in 2000, to $707 billion. Freddie Mac, on the other hand, grew its portfolio by a more aggressive 28 percent in 2001, up from a 19 percent annual growth rate in 2000, to $494 billion. While growth in the Enterprises' outstanding MBS is mainly determined by the marketplace, the growth in the asset portfolios of Fannie Mae and Freddie Mac is more discretionary. Asset purchase decisions are driven largely by the size of the spreads between the yields on their MBS and debt and hedging costs, as those factors determine the profitability of purchases. Generally, the larger the volume of fixed-rate mortgages originated, the higher the volume of loans available for sale and the higher the volume the Enterprises can acquire, as was the case in 2001, without forcing spreads to unacceptable levels.

Figure 24

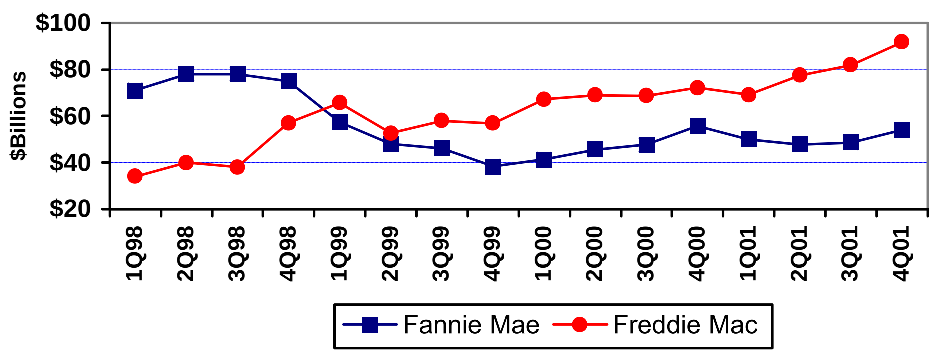


Source: Fannie Mae, Freddie Mac, and OFHEO

The combined non-mortgage investments of Fannie Mae and Freddie Mac rose 14 percent from the fourth quarter of 2000 to the fourth quarter of 2001 (Figure 25). Again, the two Enterprises behaved in very different ways. Fannie Mae's non-mortgage investments were down 3 percent, to $54 billion in the fourth quarter 2001. At the end of the fourth quarter, non-mortgage investments accounted for about 7 percent of Fannie Mae's average investment assets, down from about 9 percent in the fourth quarter of 2000. Freddie Mac's non-mortgage investments increased to $92 billion in the fourth quarter 2001, an increase of 27 percent over the comparable 2000 period. Non-mortgage investments' relative share of the Enterprise's average earning assets was 16 percent in the fourth quarter 2001, a level similar to the comparable year-ago period. Non-mortgage investments typically include U.S. Treasury and agency securities, federal funds, reverse repurchase agreements, commercial paper, municipal bonds, corporate debt, and asset-backed securities.

Figure 25

Enterprise Average
Non-Mortgage Investments



Sources: Fannie Mae and Freddie Mac

Enterprises Lower Borrowing Costs and Manage Interest Rate Risk in Volatile Interest Rate Environment

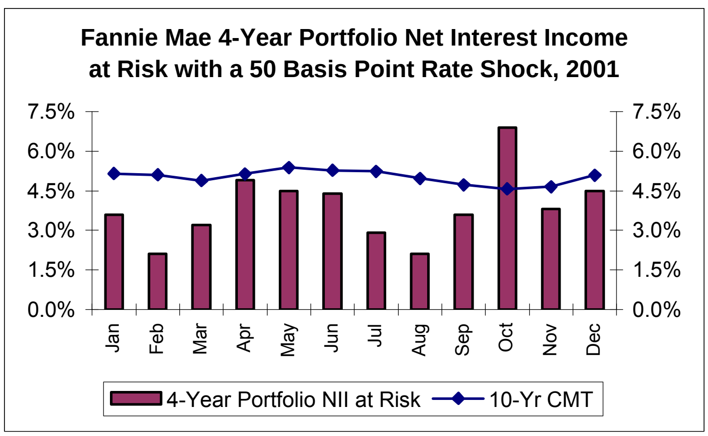
Fannie Mae and Freddie Mac increased their combined debt outstanding by 24 percent to $1.3 trillion in 2001, using the funds to finance the rapid growth in their retained mortgage portfolios. In an environment of generally low interest rates and a steepening yield curve, the Enterprises adjusted the structure of their liabilities and use of derivatives in order to minimize their funding costs while managing their interest rate risk exposures. In early 2001 each Enterprise also began to report monthly measures of its exposure to interest rate risk (see Box C).

BOX C
Enterprises Actively Measure and Manage Interest Rate Risk

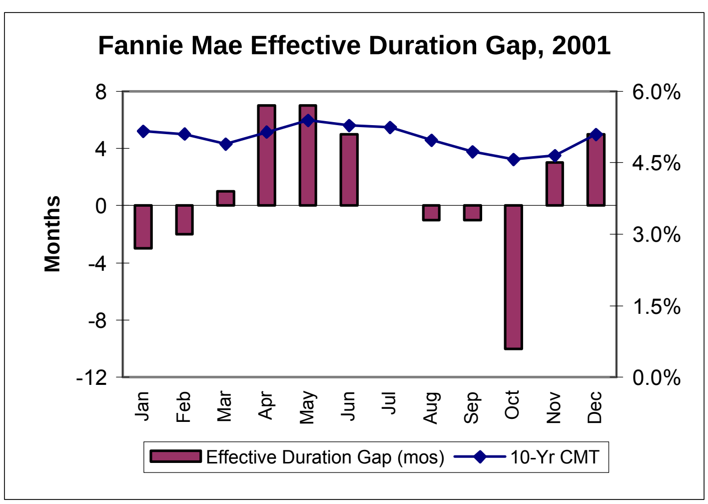
Fannie Mae and Freddie Mac make monthly disclosures on their interest rate risk exposures, which are concentrated primarily in their mortgage asset portfolios. Fluctuations in interest rates can have a profound impact on each Enterprise's net interest income. Rising interest rates can raise an Enterprise's borrowing costs without an accompanying increase in the yields on its mortgage assets, whereas falling interest rates can accelerate mortgage prepayments without the Enterprise being able to reduce the yields on its liabilities to the same degree.

Fannie Mae and Freddie Mac use different measures to measure and manage their interest rate risk exposures. Accordingly, each Enterprise's monthly disclosures are somewhat different. Fannie Mae estimates its exposure using two measures. The Enterprise provides estimates of the expected changes in its projected portfolio net interest income (NII) after an instantaneous 50 basis point increase or decrease in interest rates (whichever is financially more adverse), and for the more adverse of a 25 basis point decrease and increase in the slope of the yield curve. Both measures are reported for NII over one- and four-year periods. Fannie Mae seeks to limit those estimated changes in NII to between 1 and 5 percent. As shown in the first chart below, the Enterprise's 4-year NII at risk with a 50 basis point shock was within its target range in every month of 2001 except October.

Fannie Mae also reports its portfolio duration gap, which measures the extent to which the effective duration of the portfolio's assets and liabilities are matched. The duration gap was within the performance target range of plus or minus six months in 2001 for every month except April, May, and October.



Source: Fannie Mae

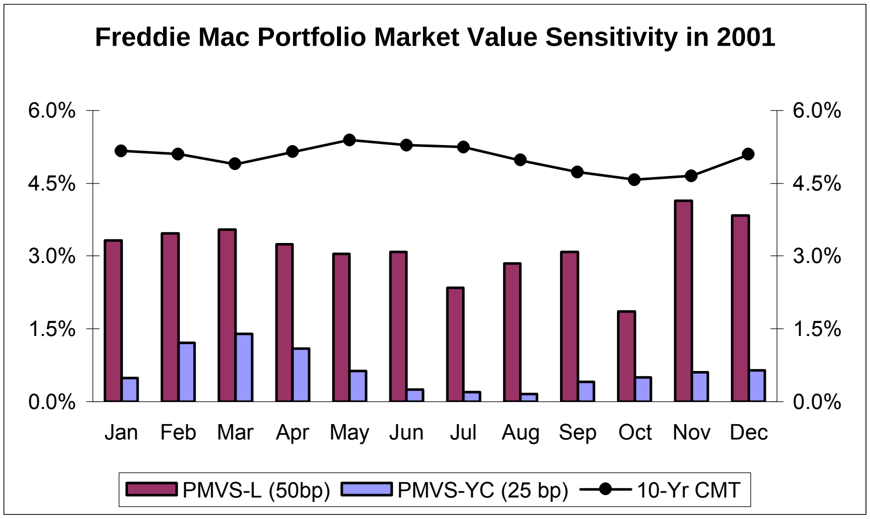


Source: Fannie Mae

BOX C (continued)

Enterprises Actively Measure and Manage Interest Rate Risk

Freddie Mac provides monthly estimates of its Portfolio Market Value Sensitivity (PMVS), which is a measure of the percentage decline in the Enterprise's market value of equity for a given adverse rate change. Two estimates of market value sensitivity are provided. The Enterprise reports estimates of the loss in portfolio market value of equity that would result from an immediate adverse 50 basis point parallel shift (up or down) of the yield curve (PMVS-L) and an immediate non-parallel 25 basis point shift in the shape of the yield curve (PMVS-YC). The values provided represent monthly averages. Those measures, which are tracked daily, have consistently fallen below the Enterprise's 5 percent performance target.



Source: Freddie Mac

In addition, Fannie Mae and Freddie Mac both report annually on the potential effect of a 100 basis point change in the level of interest rates, using the measures described above. At year-end 2001, Fannie Mae reported that such an event would have reduced projected 4-year net interest income by 10 percent, compared with 5 percent at year-end 2000. Freddie reported that its PMVS-L for such an event was 8.8 percent, up from 8.5 percent a year earlier.

The reported measures show that, despite sizable changes in interest rates in 2001, Fannie Mae and Freddie Mac effectively managed their exposure to interest rate changes of these magnitudes. They did so by hedging asset acquisitions and rebalancing their hedges as interest rates changed.

Most residential mortgages have stated maturities of 15 to 30 years, but few loans remain outstanding that long, as most borrowers prepay their loans before their stated maturity. To control their exposures to interest rate risk, Fannie Mae and Freddie Mac need to have outstanding debt securities whose principal repayments match the expected repayments of their mortgage asset portfolios, as well as the ability to accelerate or decelerate their debt principal repayments as mortgage prepayment expectations change. To achieve those objectives, the Enterprises issue a mix of short-term debt and long-term callable and noncallable debt and enter into financial derivative contracts, primarily interest rate swaps and swaptions.

Because interest rates were generally lower in 2001 than in the previous year, Fannie Mae and Freddie Mac increased substantially the rate at which they exercised options to redeem debt securities before their stated maturities. For the year, Fannie Mae called $173 billion in debt, compared with $9 billion in 2000. Freddie Mac called nearly $127 billion, also up from $9 billion in 2000. When mortgage rates fall, as they did in 2001, mortgage investments roll off the balance sheet more rapidly than usual and are replaced by newly purchased assets that have lower yields. The Enterprises offset their losses by retiring callable debt and issuing new, lower-cost debt (or by exercising options to reduce the rates on outstanding debt), thereby matching the decline in their interest income with a reduction in interest expense.

To replace the called debt and fund the large increase in their asset portfolios, both Enterprises more than doubled their long-term debt issue volumes. Fannie Mae's long-term issuances increased to $249 billion in 2001 from $110 billion in 2000. Freddie Mac issued $208 billion in long-term debt in 2001, compared with $93 billion of such debt the year before.

Despite their higher volume of long-term issues, Fannie Mae and Freddie Mac increased only slightly the share of their outstanding debt that matures within one year. The proportion of Fannie Mae's debt that is short-term rose from 44 percent at the end of 2000 to 45 percent at the end of 2001, whereas the short-term share of Freddie Mac's debt increased from 43 percent to 45 percent. At the same time though, the Enterprises significantly increased their use of pay fixed/receive variable interest rate swaps, which synthetically lengthen the maturities of short-term debt instruments. Fannie Mae increased the notional amount of pay fixed/receive variable swaps by $60 billion to $214 billion, while Freddie Mac increased the notional amount of those derivatives by $107 billion to $249 billion. Issuing short-term debt and entering into pay fixed/receive variable swaps to create synthetic long-term debt is frequently less costly than issuing debt with the same maturity as the swaps.

To hedge the risk that homeowners may exercise their option to prepay mortgage at faster or slower rates than expected, the Enterprises acquire options that offset that risk. Callable debt, which provides an option to redeem the debt before maturity, is a major source of such options. Fannie Mae issued $118 of callable debt last year, while Freddie Mae issued $114 billion. The other principal source of optionality for the Enterprises is derivatives, mainly swaptions. Swaptions can be used to convert short-term debt into long-term debt, or vice versa. Fannie Mae increased the notional amounts of its option-based derivatives last year by 167 percent to $220 billion, while Freddie Mac's increase was 225 percent to $408 billion. The large increases reflect, in part, the need to replace options exercised during the year and the substantial growth in their asset portfolios.

In October 2000 Fannie Mae and Freddie Mac committed to issue subordinated debt periodically and maintain certain amounts of subordinated debt outstanding.[6] To fulfill that commitment, each Enterprise initiated a subordinated debt program in early 2001. For the year, Fannie Mae issued $5 billion, and Freddie Mac $3 billion in subordinated obligations. Each Enterprise's subordinated debt received a AA- rating from Standard and Poor's and Aa2 rating from Moody's Investors Services. Freddie Mac's issues sold at spreads of between 113 and 135 basis points of comparable Treasury issues, while Fannie Mae's issues sold at spreads of between 71 and 99 basis points of comparable Treasury issues. Freddie Mac's issues included callable debt, which was issued at a higher spread to compensate investors for the cost of the call premium.

Enterprises' Capital Positions Improve; Market Capitalizations Slide

After paying dividends at record levels, the Enterprises' increased their combined core capital (the sum of the par value of outstanding common stock, the par value of outstanding non-cumulative preferred stock, paid-in capital and retained earnings) by a hefty $9.3 billion to $44.5 billion in 2001. Core capital excludes accumulated other comprehensive income (AOCI). AOCI comprises unrealized gains (losses) on derivatives and certain investment securities, which are included in stockholders' equity. Because AOCI includes changes in the value of some instruments, but not others, core capital provides a better picture of the Enterprises' capital resources than does shareholders' equity. Fannie Mae's core capital increased from $20.8 billion at the end of 2000 to $25.2 billion at the end of 2001, an increase of 21 percent. Higher retained earnings accounted for the growth in Fannie Mae's equity. Freddie Mac's core capital increased as well, rising more than 34 percent in the year to $19.3 billion, aided by the issuance of $1.4 billion of preferred stock. Fannie Mae's ratio of core capital to total assets improved slightly, rising from 3.09 percent at year-end 2000 to 3.15 percent at the end of 2001. Freddie Mac's ratio of core capital to total assets was 3.13 percent at the end of each year. The ratios of core capital to total assets plus outstanding MBS rose from 1.39 to 1.53 at Freddie Mac, and from 1.51 to 1.52 at Fannie Mae.

Fannie Mae and Freddie Mac each experienced a modest decline in its market capitalization in 2001. Fannie Mae's market capitalization decreased 8.5 percent at year-end 2001 to $79 billion. Even with the decline, market capitalization was more than three times the Enterprise's core capital at year-end 2001. Freddie Mac's market capitalization fell by about 5 percent, to $45 billion, but was still more than twice the level of its core capital at the end of the year. The decline in the overall market was the most important explanation of the drop in the Enterprises' market capitalization in 2001. Nonetheless, the Enterprises' strong fundamentals enabled their share values to continue to outperform most major stock indexes in 2001. For instance, the Standard & Poor's 500 stock index fell 13 percent and the Russell 3000 Index was off 11.5 percent, while the Dow Jones Industrial Average fell 7 percent.

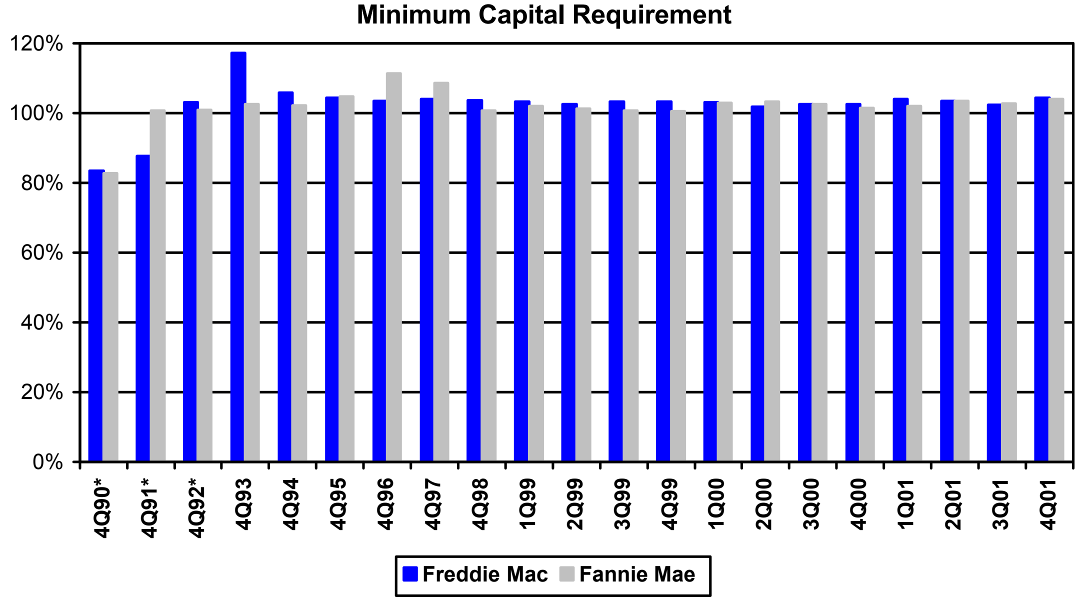
[6]Specifically, each Enterprise committed to issue sufficient subordinated debt so that, after a three-year phase-in period, its core capital plus subordinated debt plus unallocated loss reserves will equal 4 percent of on-balance-sheet assets plus 0.45 percent of MBS guaranteed but not owned by the Enterprise. The terms of each Enterprise's subordinated debt specify that it will defer interest payments on all such obligations if core capital becomes too low or, when requested by the Enterprise, the Secretary of the Treasury buys its debt. If interest payments are deferred, dividend payments on all outstanding common and preferred stock are suspended. Interest deferral for an issue would occur for a maximum of five years, but would not extend beyond the stated maturity of the issue.

Enterprises Continue to Meet Minimum Regulatory Capital Requirements

OFHEO determined that the Enterprises met their regulatory minimum capital requirements throughout 2001.[7] Fannie Mae's minimum capital requirement was $24.2 billion, and Freddie Mac's was $18.5 billion, at year-end 2001. The Enterprises combined were required to hold $8.2 billion more in core capital at year-end 2001 than the year before, largely due to growth in their assets. Core capital excludes net unrealized gains or losses, net of taxes, on certain investments reported at fair value, which are included in stockholders' equity. Given the Enterprises' hedging practices for interest rate risk, such unrealized gains and losses generally are offset by comparable changes in the value of outstanding debt. Excluding the gains or losses from core capital is required by statute and more accurately assesses an Enterprise's capacity to absorb potential future losses.

Surplus capital, the margin by which Enterprise core capital exceeds minimum capital, changed at both Enterprises in 2001. Fannie Mae's capital surplus increased from $533 million at the end of 2000 to $1.0 billion at year-end 2001 (Figure 26). Freddie Mac's capital surplus increased from $202 million at the end of 2000 to $821 million at year-end 2001, the highest level ever. As a percentage of required minimum capital, Fannie Mae's surplus improved from 2.6 percent to 4.1 percent, and Freddie Mac's surplus capital improved from 1.4 percent to 4.4 percent.

Figure 26
Core Capital as a Percentage of Minimum Capital Requirement



*Estimated (4Q90 – 4Q92)
Source: OFHEO

[7] The minimum capital requirement is the sum of 2.5 percent of on-balance-sheet assets, 0.45 percent of outstanding MBS, and 0.45 percent (with some adjustments) of other off-balance-sheet obligations.

APPENDIX – HISTORICAL DATA TABLES

Table 1. Fannie Mae Mortgage Purchases

Business Activity ($ in Millions)				
	Purchases			
Period	Single-Family ($)	Multifamily ($)	Total [1] ($)	Mortgage Securities[2] ($)
4Q01	177,446	4,366	181,812	59,668
3Q01	150,044	4,846	154,890	47,411
2Q01	151,873	5,484	157,357	49,179
1Q01	88,310	4,435	92,745	48,242
Annual Data				
2001	567,673	19,131	586,804	209,124
2000	227,069	10,377	237,446	129,716
1999	316,136	10,012	326,148	169,905
1998	354,920	11,428	366,348	147,260
1997	159,921	6,534	166,455	50,317
1996	164,456	6,451	170,907	46,743
1995	126,003	4,966	130,969	36,258
1994	158,229	3,839	162,068	25,905
1993	289,826	4,135	293,961	6,606
1992	248,603	2,956	251,559	5,428
1991	133,551	3,204	136,755	3,080
1990	111,007	3,180	114,187	1,471
1989	80,510	4,325	84,835	Not Applicable Before 1990
1988	64,613	4,170	68,783	
1987	73,942	1,733	75,675	
1986	77,223	1,877	79,100	
1985	42,543	1,200	43,743	
1984	27,713	1,106	28,819	
1983	26,339	140	26,479	
1982	25,929	10	25,939	
1981	6,827	2	6,829	
1980	8,074	27	8,101	
1979	10,798	9	10,807	
1978	12,302	3	12,305	
1977	4,650	134	4,784	
1976	3,337	295	3,632	
1975	3,646	674	4,320	
1974	4,746	2,273	7,019	
1973	4,170	2,082	6,252	
1972	2,596	1,268	3,864	
1971	2,742	1,298	4,040	

Source: Fannie Mae

[1] Cash purchases plus securitizations; excludes non-Fannie Mae securities and repurchased Fannie Mae MBS.

[2] Not included in total purchases.

Table 1a. Fannie Mae Mortgage Purchases Detail, by Type of Loan

Purchases[1] ($ in Millions)												
	Single-Family Mortgages								Multifamily Mortgages			
	Conventional				FHA/VA							
Period	Fixed-Rate ($)	Adjustable - Rate ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Total Single-Family Mortgages ($)	Conventional ($)	FHA/RHS ($)	Total Multifamily Mortgages ($)	Total Mortgage Purchases ($)
4Q01	166,709	8,971	9	175,689	1,438	319	1,757	177,446	3,893	473	4,366	181,812
3Q01	140,226	7,909	3	148,138	1,633	273	1,906	150,044	4,468	378	4,846	154,890
2Q01	143,969	5,610	535	150,114	1,467	292	1,759	151,873	5,209	275	5,484	157,357
1Q01	83,211	3,158	590	86,959	1,133	218	1,351	88,310	4,279	156	4,435	92,745
Annual Data												
2001	534,115	25,648	1,137	560,900	5,671	1,102	6,773	567,673	17,849	1,282	19,131	586,804
2000	187,236	33,809	726	221,771	4,378	920	5,298	227,069	9,127	1,250	10,377	237,446
1999	293,188	12,138	1,198	306,524	8,529	1,084	9,613	316,137	8,858	1,153	10,011	326,148
1998	334,367	14,273	1	348,641	5,768	511	6,279	354,920	10,844	584	11,428	366,348
1997	136,329	21,095	3	157,427	2,062	432	2,494	159,921	5,936	598	6,534	166,455
1996	146,154	15,550	3	161,707	2,415	334	2,749	164,456	6,199	252	6,451	170,907
1995	104,901	17,978	9	122,888	3,009	106	3,115	126,003	4,677	289	4,966	130,969
1994	139,815	16,340	8	156,163	1,953	113	2,066	158,229	3,620	219	3,839	162,068
1993	274,402	14,420	29	288,851	855	120	975	289,826	3,919	216	4,135	293,961
1992	226,332	21,001	136	247,469	1,055	79	1,134	248,603	2,845	111	2,956	251,559
1991	114,321	17,187	705	132,213	1,300	38	1,338	133,551	31,83	21	3,204	136,755
1990	95,011	14,528	654	110,193	799	15	814	111,007	3,165	15	3,180	114,187
1989	60,794	17,692	521	79,007	1,489	14	1,503	80,510	4,309	16	4,325	84,835
1988	35,767	27,492	433	63,692	823	98	921	64,316	4,149	21	4,170	68,783
1987	60,434	10,675	139	71,248	2,649	45	2,694	73,942	1,463	270	1,733	75,675
1986	58,251	7,305	498	66,054	11,155	14	11,169	77,223	1,877	0	1,877	79,100
1985	29,993	10,736	871	41,600	927	16	943	42,543	1,200	0	1,200	43,743
1984	17,998	8,049	937	26,984	729	0	729	27,713	1,106	0	1,106	28,819
1983	18,136	4,853	1,408	24,397	1,942	0	7,942	26,339	128	12	140	36,479
1982	19,311	3,210	1,552	24,073	1,856	0	1,856	25,929	0	10	10	25,939
1981	4,260	107	176	4,543	2,284	0	2,284	6,827	0	2	2	6,829
1980	2,802	0	0	2,802	5,272	0	5,272	8,074	0	27	27	8,101
1979	5,410	0	0	5,410	5,388	0	5,388	10,798	0	9	9	10,807
1978	5,682	0	0	5,682	6,620	0	6,620	12,302	0	3	3	12,305
1977	2,366	0	0	2,366	2,284	0	2,284	4,650	0	134	134	4,784
1976	2,513	0	0	2,513	824	0	824	3,337	0	295	295	3,632
1975	547	0	0	547	3,099	0	3,099	3,646	0	674	674	4,320
1974	1,128	0	0	1,128	3,618	0	3,618	4,746	0	2,273	2,273	7,019
1973	939	0	0	939	3231	0	3231	4,170	0	2,082	2,082	6,252
1972	55	0	0	55	2541	0	2541	2,596	0	1,268	1,268	3,864
1971	0	0	0	0	2742	0	2742	2,742	0	1,298	1,298	4,040

Source: Fannie Mae

[1] Cash purchases plus securitizations: excludes non-Fannie Mae securities and repurchased Fannie Mae MBS.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities

Purchases ($ in Millions)								
		Others' Securities						
				Private-Label				
Year	Enterprise Securities ($)	Freddie Mac ($)	Ginnie Mae ($)	Home Equity [1] ($)	Other ($)	Total Private ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)
4Q01	58,318	551	0	458	340	798	1,370	61,037
3Q01	44,215	2,810	0	0	386	386	1,261	48,672
2Q01	41,841	6,393	153	791	0	791	1,110	50,288
1Q01	36,208	10,318	180	217	1,321	1,538	883	49,127
Annual Data								
2001	180,582	20,072	333	1,466	2,047	3,513	4,624	209,124
2000	104,904	10,171	2,493	Data Not Available Before 2001	8,466	8,466	3,682	129,716
1999	125,498	6,861	17,561		16,511	16,511	3,474	169,905
1998	104,728	21,274	2,738		15,721	15,721	2,799	147,260
1997	39,033	2,119	3,508		4,188	4,188	1,469	50,317
1996	41,263	779	2,197		777	777	1,727	46,743
1995	30,432	2,832	20		752	752	2,222	36,258
1994	21,660	571	2,321		0	0	1,353	25,905
1993	6,275	0	0		0	0	331	6,606
1992	4,930	0	0		0	0	498	5,428
1991	2,384	0	0		0	0	696	3,080
1990	977	0	0		0	0	474	1,451

Source: Fannie Mae

[1] Purchases incorporate securities specifically identified as home equity or seconds. Other securities purchases may include some underlying loans which are home equity or seconds.

Table 2. Fannie Mae MBS Issuances

Business Activity ($ in Millions)				
	MBS Issuances			
Period	Single-Family MBS ($)	Multifamily MBS ($)	Total MBS ($)	Multiclass MBS[1] ($)
4Q01	159,387	2,955	162,342	81,551
3Q01	135,964	3,452	139,416	26,349
2Q01	138,983	4,376	143,359	18,191
1Q01	80,287	3,018	83,305	13,312
Annual Data				
2001	514,621	13,801	528,422	139,403
2000	204,066	7,596	211,662	39,544
1999	292,192	8,497	300,689	55,160
1998	315,120	11,028	326,148	84,147
1997	143,615	5,814	149,429	85,415
1996	144,201	5,668	149,869	30,780
1995	106,269	4,187	110,456	9,681
1994	128,385	2,237	130,622	73,365
1993	220,485	959	221,444	210,630
1992	193,187	850	194,037	170,205
1991	111,488	1,415	112,903	112,808
1990	96,006	689	96,695	68,291
1989	66,489	3,275	69,764	41,715
1988	51,120	3,758	54,878	17,005
1987	62,067	1,162	63,229	9,917
1986	60,017	549	60,566	2,400
1985	23,142	507	23,649	Not Issued Before 1986
1984	13,087	459	13,546	
1983	13,214	126	13,340	
1982	13,970	Not Issued Before 1983	13,970	
1981	717		717	
	Not Issued Before 1981		Not Issued Before 1981	

Source: Fannie Mae

[1] The majority qualify as Real Estate Mortgage Investment Conduits (REMICs) and are also known as structured securitizations.

Table 3. Fannie Mae Earnings

Earnings ($ in Millions)						
Period	Operating Net Interest Income[1] ($)	Guarantee Fee Income ($)	Average Guarantee Fee Rate (BasisPoints)	Administrative Expenses ($)	Credit-related Expenses[2] ($)	Operating Net Income[3] ($)
4Q01	2,165	398	18.9	251	16	1,438
3Q01	1,892	384	19.2	273	15	1,377
2Q01	1,800	357	18.9	254	18	1,314
1Q01	1,643	343	19.1	239	29	1,238
Annual Data						
2001	7,500	1,482	19.0	1,017	78	5,367
2000	5,674	1,351	19.5	905	94	4,448
1999	4,894	1,282	19.3	800	127	3,912
1998	4,110	1,229	20.2	708	261	3,418
1997	3,949	1,274	22.7	636	375	3,056
1996	3,592	1,196	22.4	560	409	2,725
1995	3,047	1,086	22.0	546	335	2,144
1994	2,823	1,083	22.5	525	378	2,132
1993	2,533	961	21.3	443	305	1,873
1992	2,058	834	21.2	381	320	1,623
1991	1,778	675	21.0	319	370	1,363
1990	1,593	536	21.1	286	310	1,173
1989	1,191	408	21.3	254	310	807
1988	837	328	21.6	218	365	507
1987	890	263	22.1	197	360	376
1986	384	175	23.8	175	306	105
1985	139	112	25.6	142	206	(7)
1984	(90)	78	26.2	112	86	(71)
1983	(9)	54	26.3	81	48	49
1982	(464)	16	27.2	60	36	(192)
1981	(429)	0	25.0	49	(28)	(206)
1980	21	Not Applicable Before 1981	Not Applicable Before 1981	44	19	14
1979	322			46	35	162
1978	294			39	36	209
1977	251			32	28	165
1976	203			30	25	127
1975	174			27	16	115
1974	142			23	17	107
1973	180			18	12	126
1972	138			13	5	96
1971	49			15	4	61

Source: Fannie Mae

[1] Interest income net of interest expense, nominal basis, adjusted to remove FAS 133 effects starting in 2001.

[2] Credit-related expenses are mortgage loan loss provision plus real estate owned expenses.

[3] Net income adjusted to remove FAS 133 starting in 2001.

Table 3a. Fannie Mae Earnings

Earnings ($ in Millions)							
Period	Net Income ($)	Purchased Option (Income) Expense ($)	Purchased Option Amortization Expense ($)	Cumulative Gain on Adoption of FAS 133 ($)	Tax Effects of Adjustments ($)	Operating Net Income[1] ($)	Return on Adjusted Common Equity[2] (%)
4Q01	1,969	(578)	(239)	0	286	1,438	25.4
3Q01	1,229	413	(186)	0	(79)	1,377	25.5
2Q01	1,403	(36)	(100)	0	47	1,314	25.5
1Q01	1,293	238	(65)	(258)	30	1,238	25.3
Annual Data							
2001	5,894	37	(590)	(258)	284	5,367	25.4
2000	4,448	Not	Not	Not	Not	4,448	25.2
1999	3,912	Applicable	Applicable	Applicable	Applicable	3,912	25.0
1998	3,418	Before	Before	Before	Before	3,418	25.2
1997	3,056	2001	2001	2001	2001	3,056	24.6
1996	2,725					2,725	24.1
1995	2,144					2,144	20.9
1994	2,132					2,132	24.3
1993	1,873					1,873	25.3
1992	1,623					1,623	26.5
1991	1,363					1,363	27.7
1990	1,173					1,173	33.7
1989	807					807	31.1
1988	507					507	25.2
1987	376					376	23.5
1986	105					105	9.5
1985	(7)					(7)	(0.7)
1984	(71)					(71)	(7.4)
1983	49					49	5.1
1982	(192)					(192)	(18.9)
1981	(206)					(206)	(17.2)
1980	14					14	0.9
1979	162					162	11.3
1978	209					209	16.5
1977	165					165	15.3
1976	127					127	13.8
1975	115					115	14.1
1974	107					107	14.7
1973	126					126	20.3
1972	96					96	18.8
1971	61					61	14.4

Source: Fannie Mae

[1] Reported net income adjusted for net effect of the reconciliation.

[2] Operating net income divided by average adjusted common equity (common stock, retained earnings additional paid-in capital, and common stock in treasury) -- non-GAAP basis.

Table 4. Fannie Mae Balance Sheet

	Balance Sheet ($ in Millions)						Mortgage Backed Securities Outstanding ($ in Millions)	
End of Period	Total Assets ($)	Retained Mortgage Portfolio[1] ($)	Non-Mortgage Investments[2] ($)	Debt Outstanding ($)	Shareholders' Equity[3] ($)	Core Capital [4] ($)	Total MBS Outstanding[5] ($)	Multiclass MBS Outstanding[6] ($)
4Q01	799,791	705,372	74,554	763,467	18,118	25,182	858,867	392,457
3Q01	766,650	687,002	57,875	726,992	13,778	23,778	816,724	349,727
2Q01	737,151	663,199	58,259	702,334	19,431	22,978	773,836	333,468
1Q01	700,977	640,934	44,102	666,592	16,086	21,482	725,685	335,918
Annual Data								
2001	799,791	705,372	74,554	763,467	18,118	25,182	858,867	392,457
2000	675,072	607,602	54,982	642,682	20,838	20,827	706,684	334,508
1999	575,167	522,977	39,751	547,619	17,629	17,876	679,169	335,514
1998	485,014	415,434	58,515	460,291	15,453	15,465	637,143	361,613
1997	391,673	316,592	64,596	369,774	13,793	13,793	579,138	388,360
1996	351,041	286,527	56,606	331,270	12,773	12,773	548,173	339,798
1995	316,550	252,868	57,273	299,174	10,959	10,959	513,230	353,528
1994	272,508	220,815	46,335	257,230	9,541	9,541	486,345	378,733
1993	216,979	190,169	21,396	201,112	8,052	8,052	471,306	381,865
1992	180,978	156,260	19,574	166,300	6,774	Not Applicable Before 1993	424,444	312,369
1991	147,072	126,679	9,836	133,937	5,547		355,284	224,806
1990	133,113	114,066	9,868	123,403	3,941		288,075	127,278
1989	124,315	107,981	8,338	116,064	2,991		216,512	64,826
1988	112,258	100,099	5,289	105,459	2,260		170,097	26,660
1987	103,459	93,665	3,468	97,057	1,811		135,734	11,359
1986	99,621	94,123	1,775	93,563	1,182		95,568	Not Issued Before 1987
1985	99,076	94,609	1,466	93,985	1,009		54,552	
1984	87,798	84,135	1,840	83,719	918		35,738	
1983	78,383	75,247	1,689	74,594	1,000		25,121	
1982	72,981	69,356	2,430	69,614	953		14,450	
1981	61,578	59,629	1,047	58,551	1,080		717	
1980	57,879	55,589	1,556	54,880	1,457		Not Issued Before 1981	
1979	51,300	49,777	843	48,424	1,501			
1978	43,506	42,103	834	40,985	1,362			
1977	33,980	33,252	318	31,890	1,173			
1976	32,393	31,775	245	30,565	983			
1975	31,596	30,820	239	29,963	861			
1974	29,671	28,666	466	28,168	772			
1973	24,318	23,589	227	23,003	680			
1972	20,346	19,652	268	19,239	559			
1971	18,591	17,886	349	17,672	460			

Source: Fannie Mae

1 Gross retained portfolio net of unamortized purchase premium, discounts and deferred price adjustments.
2 Prior to 1982 balances primarily composed of U.S. government and agency securities.
3 GAAP basis.
4 The sum of common stock, noncumulative preferred stock, paid-in capital and retained earnings.
5 Total MBS outstanding net of MBS in portfolio.
6 The majority qualify as REMICs and are also known as structured securitizations.

Table 4a. Fannie Mae Total MBS Outstanding Detail

Period	Single-Family Mortgages ($ in Millions) Conventional Fixed-Rate ($)	Conventional Adjustable-Rate ($)	Conventional Seconds ($)	Conventional Total ($)	FHA/VA Fixed-Rate ($)	FHA/VA Adjustable-Rate ($)	FHA/VA Total ($)	Multifamily Mortgages ($ in Millions) Conventional ($)	FHA/RHS ($)	Total Multifamily ($)	Total MBS Outstanding[1] ($)
4Q01	737,023	62,617	772	800,412	12,246	1,300	13,546	43,728	1,181	44,909	858,867
3Q01	701,969	60,690	935	763,594	8,927	1,241	10,168	41,735	1,227	42,962	816,724
2Q01	663,332	59,283	1,133	723,748	8,119	1,259	9,378	39,465	1,245	40,710	773,836
1Q01	618,404	60,787	1,069	680,260	6,765	1,285	8,050	36,113	1,262	37,375	725,685
Annual Data											
2001	737,023	62,617	772	800,412	12,246	1,300	13,546	43,728	1,181	44,909	858,867
2000	599,961	61,495	1,165	662,621	6,778	1,298	8,076	35,207	780	35,987	706,684
1999	586,093	51,474	1,212	638,779	7,159	1,010	8,169	31,518	703	32,221	679,169
1998	545,680	56,903	96	602,681	5,340	587	5,927	28,378	157	28,535	637,143
1997	483,982	70,106	7	554,095	3,872	213	4,085	20,824	134	20,958	579,138
1996	460,866	65,682	9	526,557	4,402	191	4,593	16,912	111	17,023	548,173
1995	431,755	63,436	13	495,204	5,043	91	5,134	12,579	313	12,892	513,230
1994	415,692	55,780	18	471,490	5,628	0	5,628	8,908	319	9,227	486,345
1993	405,383	49,987	28	455,398	7,549	0	7,549	8,034	325	8,359	471,306
1992	360,619	45,718	43	406,380	9,438	0	9,438	8,295	331	8,626	424,444
1991	290,038	45,110	89	335,237	11,112	0	11,112	8,599	336	8,935	355,284
1990	225,981	42,443	121	268,545	11,380	0	11,380	7,807	343	8,150	288,075
1989											216,512
1988											170,097
1987											165,734
1986											95,568
1985											54,552
1984											35,738
1983											25,121
1982											14,450
1981											717
1980											Not Issued Before 1981

Source: Fannie Mae

[1] Total MBS outstanding net of MBS in portfolio.

Table 5. Fannie Mae Retained Mortgage Portfolio Detail

($ in Millions)[1]				
End of Period	Whole Loans ($)	Fannie Mae Securities ($)	Other Mortgage-Related Securities ($)	Total Retained Mortgage Portfolio ($)
4Q01	165,957	431,484	110,035	707,476
3Q01	161,858	411,407	116,283	689,548
2Q01	157,362	390,142	118,231	665,735
1Q01	154,241	373,364	115,775	643,380
Annual Data				
2001	165,957	431,484	110,035	707,476
2000	152,505	351,066	106,551	610,122
1999	149,105	281,714	93,122	523,941
1998	155,779	197,375	61,361	414,515
1997	160,102	130,444	26,132	316,678
1996	167,891	102,607	16,554	287,052
1995	171,481	69,729	12,301	253,511
1994	170,909	43,998	7,150	225,057
1993	163,149	24,219	3,493	190,861
1992	134,597	20,535	2,987	158,119
1991	109,251	16,700	3,032	128,983
1990	101,797	11,758	3,073	116,628
1989	95,729	11,720	3,272	110,721
1988	92,220	8,153	2,640	103,013
1987	89,618	4,226	2,902	96,746
1986	94,167	1,606	2,060	97,833
1985	97,421	435	793	98,649
1984	87,205	477	427	88,109
1983	77,983		273	78,256
1982	71,777		37	71,814
1981	61,411		1	61,412
1980	57,326		1	57,327
1979	51,096		1	51,097
1978	43,315			43,315
1977	34,377			34,377
1976	32,937			32,937
1975	31,916			31,916
1974	29,708			29,708
1973	24,459			24,459
1972	20,326			20,326
1971	18,515			18,515

Source: Fannie Mae

[1] Gross retained portfolio (total unpaid principal balance).

Table 5a. Fannie Mae Retained Mortgage Portfolio Detail - Part 1 - Whole Loans

Whole Loans ($ in Millions)									
	Single-Family					Multifamily			
	Conventional				FHA/ VA				
End of Period	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Total ($)	Conventional ($)	FHA/RHS ($)	Total ($)	Total Whole Loans ($)
4Q01	139,023	10,410	917	150,350	5,069	8,987	1,551	10,538	165,957
3Q01	134,699	11,099	1,012	146,810	5,010	8,416	1,622	10,038	161,858
2Q01	130,117	11,606	1,108	142,831	4,944	7,910	1,677	9,587	157,362
1Q01	126,604	12,562	1,043	140,209	4,813	7,488	1,731	9,219	154,241
Annual Data									
2001	139,023	10,410	917	150,350	5,069	8,987	1,551	10,538	165,957
2000	125,657	13,244	480	139,381	4,763	6,547	1,814	8,361	152,505
1999	130,488	6,058	176	136,722	4,472	5,564	2,347	7,911	149,105
1998	135,351	7,633	206	143,190	4,404	5,590	2,595	8,185	155,779
1997	134,543	10,389	268	145,200	4,631	7,388	2,883	10,271	160,102
1996	137,507	12,415	323	150,245	4,739	9,756	3,151	12,907	167,891
1995	137,032	14,756	423	152,211	4,780	11,175	3,315	14,490	171,481
1994	133,882	16,475	537	150,894	4,965	11,681	3,369	15,050	170,909
1993	123,308	19,175	772	143,255	5,305	11,143	3,446	14,589	163,149
1992	91,500	22,637	1,355	115,492	6,097	9,407	3,601	13,008	134,597
1991	69,130	19,763	2,046	90,939	6,962	7,641	3,709	11,350	109,251
1990	61,873	19,558	1,851	83,282	8,524	6,142	3,849	9,991	101,797
1989	55,638	20,751	1,614	78,003	9,450	3,926	4,350	8,276	95,729
1988	53,090	20,004	1,561	74,655	10,480	2,699	4,386	7,085	92,220
1987	55,913	13,702	1,421	71,036	11,652	2,448	4,482	6,930	89,618
1986	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	94,167
1985									97,421
1984									87,205
1983									77,983
1982									71,777
1981									61,411
1980									57,326
1979									51,096
1978									43,315
1977									34,377
1976									32,937
1975									31,916
1974									29,708
1973									24,459
1972									20,326
1971									18,515

Source: Fannie Mae

Table 5a. Fannie Mae Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities

Mortgage-Related Securities ($ in millions)										
		Others' Securities								
				Private-Label						
End of Period[1]	Total Enterprises Securities ($)	Freddie Mac ($)	Ginnie Mae ($)	Home Equity[1] ($)	Other ($)	Total Private Label ($)	Total Others' Securities ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)	Total Retained Mortgage Portfolio[2] ($)
4Q01	431,484	42,921	19,138	7,571	22,008	29,579	91,638	18,397	541,519	707,476
3Q01	411,407	46,722	20,945	7,825	23,247	31,072	98,739	17,544	527,690	689,548
2Q01	390,142	46,479	22,105	8,562	24,370	32,932	101,516	16,715	508,373	665,735
1Q01	373,364	41,742	23,311	9,510	25,295	34,805	99,858	15,917	489,139	643,380
Annual Data										
2001	431,484	42,921	19,138	7,571	22,008	29,579	91,638	18,397	541,519	707,476
2000	351,066	33,290	23,768	9,472	24,794	34,266	91,324	15,227	457,617	610,122
1999	281,714	25,577	23,701	Not Available Before 2000	31,673	31,673	80,951	12,171	374,836	523,941
1998	197,375	23,453	8,638		19,585	19,585	51,676	9,685	258,736	414,515
1997	130,444	5,262	7,696		5,554	5,554	18,512	7,620	156,576	316,678
1996	102,607	3,623	4,780		1,486	1,486	9,889	6,665	119,161	287,052
1995	69,729	3,233	2,978		747	747	6,958	5,343	82,030	253,511
1994	43,998	564	3,182		1	1	3,747	3,403	51,148	222,057
1993	24,219	Not Available Before 1994	972		2	2	974	2,519	27,712	190,861
1992	20,535		168		3	3	171	2,816	23,522	158,119
1991	16,700		180		93	93	273	2,759	19,732	128,983
1990	11,758		191		352	352	543	2,530	14,831	116,628
1989	11,720		202		831	831	1,033	2,239	14,992	110,721
1988	8,153		26		810	810	836	1,804	10,793	103,013
1987	4,226		Not Available Before 1988		1,036	1,036	1,036	1,866	7,128	96,746
1986	1,606				1,591	1,591	1,591	469	3,666	97,833
1985	435				Not Available Before 1986	Not Available Before 1986	Not Available Before 1986	Not Available Before 1986	435	97,856
1984	477								477	87,682
1983									Not Available Before 1984	77,983
1982										71,777
1981										61,411
1980										57,326
1979										51,096
1978										43,315
1977										34,377
1976										32,937
1975										31,916
1974										29,708
1973										24,459
1972										20,326
1971										18,515

Source: Fannie Mae

1 Balances incorporate securities specifically identified as home equity or seconds. Other securities balance may include some underlying loans which are home equity or seconds.

2 Gross retained portfolio (total unpaid principal balance).

Table 6. Fannie Mae Financial Derivatives

Financial Derivatives - Notional Amount Outstanding ($ in Millions)							
End of Period	Interest Rate Swaps ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency ($)	OTC Futures, Options and Forward Rate Agreements ($)	Exchange-Traded Futures, Options, and Other Derivatives ($)	Other ($)	Total ($)
4Q01	299,953	75,893	8,493	148,800	0	0	533,139
3Q01	295,990	66,193	8,470	116,165	0	0	486,818
2Q01	285,103	59,443	8,477	101,765	262	600	455,650
1Q01	246,822	53,413	8,526	60,215	2,000	3,335	374,311
Annual Data							
2001	299,953	75,893	8,493	148,800	0	0	533,139
2000	227,651	33,663	9,511	48,865	0	0	319,690
1999	192,032	28,950	11,507	41,081	0	1,400	274,970
1998	142,846	14,500	12,995	13,481	0	3,735	187,557
1997	149,673	100	9,968	0	0	1,660	161,401
1996	158,140	300	2,429	0	0	350	161,219
1995	125,679	300	1,224	29	0	975	128,207
1994	87,470	360	1,023	0	0	1,465	90,317
1993	49,458	360	1,023	0	0	1,425	52,265
1992	24,130	0	1,177	0	0	1,350	26,658
1991	9,100	0	Not Available Before 1992	50	0	1,050	10,200
1990	4,800	0		25	0	1,700	6,525

Source: Fannie Mae

Table 7. Fannie Mae Non-Mortgage Investments

Non-Mortgage Investments ($ in Millions)						
End of Period	Federal Funds and Eurodollars ($)	Asset Backed Securities ($)	Repurchase Agreements ($)	Commercial Paper and Corporate Debt ($)	Other ($)	Total[1] ($)
4Q01	16,089	20,941	9,380	23,837	4,343	74,590
3Q01	6,359	20,484	5,436	15,550	10,043	57,872
2Q01	5,271	19,387	7,435	15,458	10,705	58,256
1Q01	1,172	17,703	7,677	8	17,540	44,100
Annual Data						
2001	16,089	20,941	9,380	23,837	4,343	74,590
2000	7,539	17,512	2,722	8,893	18,316	54,982
1999	4,837	19,207	2,574	1,723	11,410	39,751
1998	7,926	20,993	7,556	5,155	16,885	58,515
1997	19,212	16,639	6,715	11,745	10,285	64,596
1996	21,734	14,635	4,667	6,191	9,379	56,606
1995	19,775	9,905	10,175	8,629	8,789	57,273
1994	17,593	3,796	9,006	7,719	8,221	46,335
1993	4,496	3,557	4,684	0	8,659	21,396
1992	6,587	4,124	3,189	0	5,674	19,574
1991	2,954	2,416	2,195	0	2,271	9,836
1990	5,329	1,780	951	0	1,808	9,868
1989	5,158	1,107	0	0	2,073	8,338
1988	4,125	481	0	0	683	5,289
1987	2,559	25	0	0	884	3,468
1986	1,530	0	0	0	245	1,775
1985	1,391	0	0	0	75	1,466
1984	1,575	0	0	0	265	1,840
1983	1,462	0	0	0	227	1,689
1982	1,799	0	0	0	631	2,430
1981	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	1,047
1980						1,556
1979						843
1978						834
1977						318
1976						245
1975						239
1974						466
1973						227
1972						268
1971						349

Source: Fannie Mae

[1] Prior to 1982, the majority of non-mortgage investments was comprised of U.S. government securities and agency securities.

Table 8. Fannie Mae Asset - Liability Mix

Asset - Liability Ratios				
	Asset Mix		Liability Mix	
End of Period	Retained Portfolio / Total Assets (%)	Non-Mortgage Investments / Total Assets (%)	Callable Debt / Total Effective Long-Term Debt[1] (%)	Total Effective Long-Term Debt / Total Debt[2] (%)
4Q01	88.2	9.3	37.1	82.2
3Q01	89.6	7.5	36.1	80.3
2Q01	89.9	7.9	36.1	80.2
1Q01	91.4	6.3	35.3	77.4
Annual Data				
2001	88.2	9.3	37.1	82.2
2000	90.0	8.1	42.9	84.6
1999	90.9	6.9	43.4	87.1
1998	85.7	12.1	42.9	76.4
1997	80.8	16.5	46.4	79.4
1996	81.6	16.1	47.5	80.5
1995	79.9	18.1	48.0	73.9
1994	81.0	17.0	54.6	72.6
1993	87.6	9.9	58.1	80.0
1992	86.3	10.8	48.8	77.9
1991	86.1	6.7	36.0	85.5
1990	85.7	7.4	21.9	82.6
1989	86.9	6.7	10.1	80.1
1988	89.2	4.7	3.6	78.7
1987	90.5	3.4	Not Available Before 1988	Not Available Before 1988
1986	94.5	1.8		
1985	95.5	1.5		
1984	95.8	2.1		
1983	96.0	2.2		
1982	95.0	3.3		
1981	96.8	1.7		
1980	96.0	2.7		
1979	97.0	1.6		
1978	96.8	1.9		
1977	97.9	0.9		
1976	98.1	0.8		
1975	97.5	0.8		
1974	96.6	1.6		
1973	97.0	1.0		
1972	96.6	1.3		
1971	96.2	1.8		

Source: Fannie Mae

1 Callable debt includes derivative financial instruments that provide interest-rate protection similar to callable debt.

2 Total effective long-term debt represents debt with an effective repricing date greater than one year.

Table 9. Fannie Mae Mortgage Asset Quality

Mortgage Asset Quality					
End of Period	Single-Family Delinquency Rate[1] (%)	Multifamily Delinquency Rate[2] (%)	Credit Losses /Total MBS Outstanding plus Retained Portfolio[3] (%)	REO / Total MBS Outstanding plus Retained Portfolio[4] (%)	Credit-Enhanced Outstanding / Total MBS Outstanding plus Retained Portfolio[5] (%)
4Q01	0.49	0.32	0.01	0.04	15.5
3Q01	0.45	0.10	0.01	0.04	17.0
2Q01	0.43	0.07	0.01	0.04	17.8
1Q01	0.44	0.05	0.01	0.05	19.3
Annual Data					
2001	0.49	0.32	0.01	0.04	15.5
2000	0.45	0.05	0.01	0.05	20.3
1999	0.48	0.12	0.01	0.06	20.9
1998	0.58	0.29	0.03	0.08	17.5
1997	0.62	0.37	0.04	0.10	12.8
1996	0.58	0.68	0.05	0.11	10.5
1995	0.56	0.81	0.05	0.08	10.6
1994	0.47	1.21	0.06	0.10	10.2
1993	0.48	2.34	0.04	0.10	10.6
1992	0.53	2.65	0.04	0.09	15.6
1991	0.64	3.62	0.04	0.07	22.0
1990	0.58	1.70	0.06	0.09	25.9
1989	0.69	3.20	0.07	0.14	Not Available Before 1990
1988	0.88	6.60	0.11	0.15	
1987	1.12	Not Available Before 1988	0.11	0.18	
1986	1.38		0.12	0.22	
1985	1.48		0.13	0.32	
1984	1.65		0.09	0.33	
1983	1.49		0.05	0.35	
1982	1.41		0.01	0.20	
1981	0.96		0.01	0.13	
1980	0.90		0.01	0.09	
1979	0.56		0.02	0.11	
1978	0.55		0.02	0.18	
1977	0.46		0.02	0.26	
1976	1.58		0.03	0.27	
1975	0.56		0.03	0.51	
1974	0.51		0.02	0.52	
1973	Not Available Before 1974		0.00	0.61	
1972			0.02	0.98	
1971			0.01	0.59	

Source: Fannie Mae

1 Includes conventional loans for which Fannie Mae has primary risk of loss that are 90 or more days delinquent or are in the process of foreclosure. Data prior to 1992 includes loans in relief or bankruptcy, even if they are less than 90 days delinquent.

2 Includes loans that are two or more months delinquent based on the dollar amount of such loans in the portfolio and underlying MBS.

3 Credit losses are charge-offs plus real estate owned expense; average balances used to calculate ratios subsequent to 1994; quarterly data are annualized.

4 Real Estate Owned balances reflect end-of-period amounts. Beginning with 1995, data reflect adoption of SFAS 114.

5 The proportion of loans that has additional recourse from a third party to accept some or all of the expected losses on defaulted mortgages.

Table 10. Fannie Mae Capital

Capital ($ in Millions)							
End of Period	Core Capital ($)	Regulatory Minimum Capital Requirement[1] ($)	Regulatory Capital Surplus (Deficit)[2] ($)	Market Capitalization[3] ($)	Core Capital / Total Assets (%)	Core Capital / Outstanding MBS plus Total Assets (%)	Common Share Dividend Payout Rate[4] (%)
4Q01	25,182	24,182	1,000	79,281	3.15	1.52	21.4
3Q01	23,778	23,130	648	80,055	3.10	1.50	22.4
2Q01	22,978	22,177	801	85,239	3.12	1.52	23.5
1Q01	21,482	21,033	448	79,628	3.06	1.51	24.9
Annual Data							
2001	25,182	24,182	1,000	79,281	3.15	1.52	23.0
2000	20,827	20,294	533	86,643	3.09	1.51	26.0
1999	17,876	17,770	106	63,651	3.11	1.43	28.8
1998	15,465	15,334	131	75,881	3.19	1.38	29.5
1997	13,793	12,703	1,090	59,167	3.52	1.42	29.4
1996	12,773	11,466	1,307	39,932	3.64	1.42	30.4
1995	10,959	10,451	508	33,812	3.46	1.32	34.6
1994	9,541	9,416	126	19,882	3.50	1.26	30.8
1993	8,052	7,876	176	21,387	3.70	1.17	26.8
1992	Not Applicable Before 1993	Not Applicable Before 1993	Not Applicable Before 1993	20,874	Not Applicable Before 1993	Not Applicable Before 1993	23.2
1991				18,836			21.3
1990				8,490			14.7
1989				8,092			12.8
1988				3,992			11.2
1987				2,401			11.7
1986				3,006			8.0
1985				1,904			30.1
1984				1,012			Not Applicable
1983				1,514			13.9
1982				1,603			Not Applicable
1981				502			Not Applicable
1980				702			464.2
1979				Not Available Before 1980			45.7
1978							30.3
1977							31.8
1976							33.6
1975							31.8
1974							29.6
1973							18.1
1972							15.2
1971							18.7

Source: Fannie Mae and OFHEO

1 Minimum capital requirement in accordance with the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.
2 The difference between Core Capital and Minimum Regulatory Capital Requirement.
3 Stock price multiplied by number of outstanding common shares.
4 Common dividends paid as a percentage of net income available to common shareholders.

Table 11. Freddie Mac Mortgage Purchases

Business Activity ($ Millions)				
	Purchases			
Period	Single-Family ($)	Multifamily ($)	Total Mortgages[1] ($)	Mortgage Securities[2] ($)
4Q01	123,151	4,068	127,219	63,791
3Q01	109,665	2,048	111,713	56,853
2Q01	104,935	1,955	106,890	54,985
1Q01	55,404	1,438	56,842	55,285
Annual Data				
2001	393,155	9,509	402,664	230,914
2000	168,013	6,030	174,043	91,896
1999	232,612	7,181	239,793	101,898
1998	263,490	3,910	267,400	128,446
1997	115,160	2,241	117,401	35,385
1996	122,850	2,229	125,079	36,824
1995	89,971	1,565	91,536	39,292
1994	122,563	847	123,410	19,817
1993	229,051	191	229,242	Not Available Before 1994
1992	191,099	27	191,126	
1991	99,729	236	99,965	
1990	74,180	1,338	75,518	
1989	76,765	1,824	78,589	
1988	42,884	1,191	44,075	
1987	74,824	2,016	76,840	
1986	99,936	3,538	103,474	
1985	42,110	1,902	44,012	
1984	Not Available Before 1985	Not Available Before 1985	21,885	
1983			22,952	
1982			23,671	
1981			3,744	
1980			3,690	
1979			5,716	
1978			6,524	
1977			4,124	
1976			1,129	
1975			1,716	
1974			2,185	
1973			1,334	
1972			1,265	
1971			778	

Source: Freddie Mac

1 Loans purchased from lenders; excluding non-Freddie Mac mortgage securities and repurchased Freddie Mac MBS.

2 Not included in total purchases.

Table 11a. Freddie Mac Mortgage Purchases Detail, By Type of Loan

Purchases[1] ($in Millions)												
	Single-Family Mortgages[2]								Multifamily Mortgages			
	Conventional				FHA/VA							
End of Period	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Total Single-Family Mortgages ($)	Conventional ($)	FHA/RHS ($)	Total Multifamily Mortgages ($)	Total Mortgage Purchases ($)
4Q01	116,106	6,884	0	122,990	161	0	161	123,151	4,068	0	4,068	127,219
3Q01	100,760	8,900	0	109,660	5	0	5	109,665	2,048	0	2,048	111,713
2Q01	101,638	3,263	0	104,901	34	0	34	104,935	1,955	0	1,955	106,890
1Q01	52,157	3,159	0	55,316	88	0	88	55,404	1,438	0	1,438	56,842
Annual Data												
2001	370,661	22,206	0	392,867	288	0	288	393,155	9,509	0	9,509	402,664
2000	145,744	21,201	0	166,945	1,068	0	1,068	168,013	6,030	0	6,030	174,043
1999	224,040	7,443	0	231,483	1,129	0	1,129	232,612	7,181	0	7,181	239,793
1998	256,008	7,384	0	263,392	98	0	98	263,490	3,910	0	3,910	267,400
1997	106,174	8,950	0	115,124	36	0	36	115,160	2,241	0	2,241	117,401
1996	116,316	6,475	0	122,791	59	0	59	122,850	2,229	0	2,229	125,079
1995	75,867	14,099	0	89,966	5	0	5	89,971	1,565	0	1,565	91,536
1994	105,902	16,646	0	122,548	15	0	15	122,563	847	0	847	123,410
1993	208,322	20,708	1	229,031	20	0	20	229,051	191	0	191	229,242
1992	175,515	15,512	7	191,034	65	0	65	191,099	27	0	27	191,126
1991	91,586	7,793	206	99,585	144	0	144	99,729	236	0	236	99,965
1990	56,806	16,286	686	73,778	402	0	402	74,180	1,338	0	1,338	75,518
1989	57,100	17,835	1,206	76,141	624	0	624	76,765	1,824	0	1,824	78,589
1988	34,737	7,253	59	42,049	835	0	835	42,884	1,191	0	1,191	44,075
1987	69,148	4,779	69	73,996	828	0	828	74,824	2,016	0	2,016	76,840
1986	96,105	2,262	90	98,457	1,479	0	1,479	99,936	3,538	0	3,538	103,474
1985	40,226	605	34	40,865	1,245	0	1,245	42,110	1,902	0	1,902	44,012

Source: Freddie Mac and OFHEO

1 Loans purchased from lenders; excluding non-Freddie Mac mortgage securities and repurchased Freddie Mac MBS.

2 Data are partially estimated.

Corrected version as of 9/10/02 - data corrected

Table 11b. Freddie Mac Purchases of Mortgage-Related Securities

Purchases ($ in Millions)									
		Others' Securities							
				Private-Label[1]					
End of Period	Enterprise Securities ($)	Fannie Mae ($)	Ginnie Mae ($)	Home Equity ($)	Manufactured Housing ($)	Other ($)	Total Private ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)
4Q01	48,527	10,223	1,429	1,645	0	1,678	3,323	289	63,791
3Q01	42,534	11,874	255	968	0	1,111	2,079	111	56,853
2Q01	35,839	17,411	43	251	0	1,223	1,474	218	54,985
1Q01	31,587	18,043	468	3,179	0	1,917	5,096	90	55,284
Annual Data									
2001	158,487	57,551	2,195	6,043	0	5,930	11,973	708	230,914
2000	58,516	18,249	3,339	4,865	15	5,439	10,304	1,488	91,896
1999	69,219	12,392	3,422	7,931	3,293	7,332	15,263	1,602	101,898
1998	107,508	3,126	319	5,872	1,630	9,839	15,711	1,782	128,446
1997	31,296	897	326	374	36	1,120	1,494	1,372	35,385
1996	33,338	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	36,824
1995	32,534								39,292
1994	19,817								19,817

Source: Freddie Mac

[1] Data for 1997 through 1999 are estimated.

Table 12. Freddie Mac MBS Issuances

Business Activity ($ in Millions)				
MBS Issuances				
Period	Single-Family MBS ($)	Multifamily MBS ($)	Total MBS ($)	Multiclass MBS[1] ($)
4Q01	119,306	1,830	121,136	70,074
3Q01	110,920	253	111,173	50,521
2Q01	102,964	58	103,022	48,250
1Q01	54,065	215	54,280	23,592
Annual Data				
2001	387,255	2,356	389,611	192,437
2000	165,115	1,786	166,901	48,202
1999	230,986	2,045	233,031	119,565
1998	249,627	937	250,564	135,162
1997	113,758	500	114,258	84,366
1996	118,932	770	119,702	34,145
1995	85,522	355	85,877	15,372
1994	116,901	209	117,110	73,131
1993	208,724	0	208,724	143,336
1992	179,202	5	179,207	131,284
1991	92,479	0	92,479	72,032
1990	71,998	1,817	73,815	40,479
1989	72,931	587	73,518	39,754
1988	39,490	287	39,777	12,985
1987	72,866	2,152	75,018	0
1986	96,798	3,400	100,198	2,233
1985	37,583	1,245	38,828	2,625
1984	Not Available Before 1985	Not Available Before 1985	18,684	1,805
1983			19,691	1,685
1982			24,169	Not Issued Before 1983
1981			3,526	
1980			2,526	
1979			4,546	
1978			6,412	
1977			4,657	
1976			1,360	
1975			950	
1974			46	
1973			323	
1972			494	
1971			65	

Source: Freddie Mac

1 The majority qualify as Real Estate Mortgage Investment Conduits (REMICs), and are also known as structured securitizations. In years 1983 - 1986, data consist of collateralized mortgage obligations (CMOs) and mortgage cash flow obligations (MCFs).

Table 13. Freddie Mac Earnings

Period	Operating Net Interest Income[1, 2, 3] ($)	Guarantee Fee Income [2,3] ($)	Average Guarantee Fee[3] (basis points)	Administrative Expenses ($)	Credit-related Expenses[4] ($)	Operating Net Income [5] ($)
	Earnings ($ in Millions)					
4Q01	1,330	297	19	259	24	853
3Q01	1,144	287	19	201	18	813
2Q01	1,028	274	19	194	18	769
1Q01	939	272	19	190	24	719
Annual Data						
2001	4,441	1,130	18.7	844	84	3,154
2000	3,270	1,057	19.3	713	106	2,547
1999	2,926	1,019	19.8	655	159	2,223
1998	2,215	1,019	21.4	578	342	1,700
1997	1,847	1,082	22.9	495	529	1,395
1996	1,705	1,086	23.4	440	608	1,243
1995	1,396	1,087	23.8	395	541	1,091
1994	1,112	1,108	24.4	379	425	983
1993	772	1,009	23.8	361	524	786
1992	695	936	24.7	329	457	622
1991	683	792	23.7	287	419	555
1990	619	654	22.4	243	474	414
1989	517	572	23.4	217	278	437
1988	492	465	21.5	194	219	381
1987	319	472	24.2	150	175	301
1986	299	301	22.4	110	120	247
1985	312	188	22.1	81	79	208
1984	213	158	24.7	71	54	144
1983	125	132	26.2	53	46	86
1982	30	77	24.5	37	26	60
1981	34	36	19.5	30	16	31
1980	54	23	14.3	26	23	34
1979	55	18	13.2	19	20	36
1978	37	14	14.9	14	13	25
1977	31	9	18.9	12	8	21
1976	18	3	13.6	10	(1)	14
1975	31	3	24.8	10	11	16
1974	42	2	25.5	8	33	5
1973	31	2	32.4	7	15	12
1972	10	1	39.4	5	4	4
1971	10	1	Not Available Before 1972	Not Available Before 1972	Not Available Before 1972	6

Source: Freddie Mac

1 Interest income net of interest expense, nominal basis, adjusted to remove FAS 133 effects starting in 2001.

2 Effective 1/1/96, Freddie Mac reports guarantee fees on retained MBS as guarantee fee income. However, in these data, fees on retained MBS have been estimated and reclassified as interest income for comparability with Fannie Mae.

3 In 1993, Freddie Mac adopted a change in reporting of uncollectible interest on single-family mortgages. Pre-1993 amounts do not reflect this change.

4 Credit-related expenses are mortgage loan loss provision plus real estate owned expense. From 1988 to 1990, data include real estate owned disposition loss provisions instead of expense, and before 1988, only mortgage loan loss provision.

5 Net income adjusted to remove FAS 133 effects starting in 2001.

Table 13a. Freddie Mac Earnings

Earnings ($ in Millions)								
Period	Net Income ($)	Remove Certain FAS 133 Hedged Item Amortization ($)	Include Straight-line Option Premium Amortization ($)	Remove FAS 133 "Fair Value Gains (Losses)" ($)	Tax Effects of Preceeding Adjustments ($)	Cumulative Gain on Adoption of FAS 133 ($)	Operating Net Income[1] ($)	Return on Adjusted Common Equity[2] (%)
4Q01	1,364	(316)	(366)	(105)	276	0	853	22.5
3Q01	1,032	(118)	(305)	85	119	0	813	23.2
2Q01	914	(68)	(218)	64	77	0	769	23.5
1Q01	837	(17)	(140)	(17)	61	(5)	719	23.4
Annual Data								
2001	4,147	(519)	(1,029)	27	533	(5)	3,154	23.1
2000	2,547	Not Applicable Before 2001	Not Applicable Before 2001	Not Applicable Before 2001	Not Applicable Before 2001	Not Applicable Before 2001	2,547	23.7
1999	2,223						2,223	25.5
1998	1,700						1,700	22.6
1997	1,395						1,395	23.1
1996	1,243						1,243	22.6
1995	1,091						1,091	22.1
1994	983						983	23.3
1993	786						786	22.3
1992	622						622	21.2
1991	555						555	23.6
1990	414						414	20.4
1989	437						437	25.0
1988	381						381	27.5
1987	301						301	28.2
1986	247						247	28.5
1985	208						208	30.0
1984	144						144	52.0
1983	86						86	44.5
1982	60						60	21.9
1981	31						31	13.1
1980	34						34	14.7
1979	36						36	16.2
1978	25						25	13.4
1977	21						21	12.4
1976	14						14	9.5
1975	16						16	11.6
1974	5						5	4.0
1973	12						12	9.9
1972	4						4	3.5
1971	6						6	5.5

Source: Freddie Mac

1 Reported net income adjusted for net effect of the reconciliation.

2 Annual computation reflects the simple average of quarterly returns. Calculated as annualized operating earnings available for common shareholders divided by average realized common stockholders' equity (common stockholders' equity excluding "Accumulated other comprehensive income, net of taxes").

Table 14. Freddie Mac Balance Sheet

Balance Sheet ($ in Millions)							Mortgage-Backed Securities Outstanding ($ in Millions)	
End of Period	Total Assets ($)	Retained Mortgage Portfolio[1] ($)	Non-Mortgage Investments[2] ($)	Debt Outstanding ($)	Shareholders' Equity[3] ($)	Core Capital[4] ($)	Total MBS Outstanding[5] ($)	Multiclass MBS Outstanding[6] ($)
4Q01	617,340	494,585	77,444	565,071	15,373	19,336	646,448	373,552
3Q01	571,907	475,214	61,344	534,434	14,506	17,743	635,844	350,932
2Q01	537,590	442,878	58,953	496,712	13,980	16,870	604,057	329,866
1Q01	497,839	422,085	45,745	461,338	12,821	15,770	572,328	312,246
Annual Data								
2001	617,340	494,585	77,444	565,071	15,373	19,336	646,448	373,552
2000	459,297	385,451	43,521	426,899	14,837	14,380	576,101	309,185
1999	386,684	322,914	34,152	360,711	11,525	12,692	537,883	316,168
1998	321,421	255,670	42,160	287,396	10,835	10,715	478,351	260,504
1997	194,597	164,543	16,430	172,842	7,521	7,376	475,985	233,829
1996	173,866	137,826	22,248	156,981	6,731	6,743	473,065	237,939
1995	137,181	107,706	12,711	119,961	5,863	5,829	459,045	246,366
1994	106,199	73,171	17,808	93,279	5,162	5,169	460,656	264,152
1993	83,880	55,938	18,225	49,993	4,437	4,437	439,029	265,178
1992	59,502	33,629	12,542	29,631	3,570	Not Applicable Before 1993	407,514	218,747
1991	46,860	26,667	9,956	30,262	2,566		359,163	146,978
1990	40,579	21,520	12,124	30,941	2,136		316,359	88,124
1989	35,462	21,448	11,050	26,147	1,916		272,870	52,865
1988	34,352	16,918	14,607	26,882	1,584		226,406	15,621
1987	25,674	12,354	10,467	19,547	1,182		212,635	3,652
1986	23,229	13,093	Not Available Before 1987	15,375	953		169,186	5,333
1985	16,587	13,547		12,747	779		99,909	5,047
1984	13,778	10,018		10,999	606		70,026	3,214
1983	8,995	7,485		7,273	421		57,720	1,669
1982	5,999	4,679		4,991	296		42,952	Not Issued Before 1983
1981	6,326	5,178		5,680	250		19,897	
1980	5,478	5,006		4,886	221		16,962	
1979	4,648	4,003		4,131	238		15,316	
1978	3,697	3,038		3,216	202		12,017	
1977	3,501	3,204		3,110	177		6,765	
1976	4,832	4,175		4,523	156		2,765	
1975	5,899	4,878		5,609	142		1,643	
1974	4,901	4,469		4,684	126		780	
1973	2,873	2,521		2,696	121		791	
1972	1,772	1,726		1,639	110		444	
1971	1,038	935		915	107		64	

Source: Freddie Mac

1. Gross retained portfolio net of unamortized purchase premium, discounts and deferred fees.
2. Excludes mortgage-related securities held for trading purposes.
3. GAAP basis.
4. The sum of common stock, noncumulative preferred stock, paid-in capital and retained earnings.
5. Total MBS outstanding net of repurchased MBS in retained portfolio.
6. The majority qualify as REMICs and are also known as structured securitizations. In years 1983 - 1999, data also include original issue CMOs and MCFs, and structured securitizations and PCs with mandatory purchase obligations.

Table 14a. Freddie Mac Total MBS Outstanding Detail

Period	Single-Family Mortgages ($ in Millions) Conventional Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Total FHA ($)	Multifamily Mortgages ($ in Millions) Multifamily Mortgages ($)	Total MBS Outstanding[1] ($)
4Q01	602,376	35,852	10	638,238	734	7,476	646,448
3Q01	594,164	35,199	12	629,375	688	5,781	635,844
2Q01	564,914	32,556	14	597,484	747	5,826	604,057
1Q01	531,980	33,704	16	565,700	781	5,847	572,328
Annual Data							
2001	602,376	35,852	10	638,238	734	7,476	646,448
2000	533,331	36,266	18	569,615	778	5,708	576,101
1999	499,671	33,094	29	532,794	627	4,462	537,883
1998							478,351
1997							475,985
1996							473,065
1995							459,045
1994							460,656
1993							439,029
1992							407,514
1991							359,163
1990							316,359
1989							272,870
1988							226,406
1987							212,635
1986							169,186
1985							99,909
1984							70,026
1983							57,720
1982							42,952
1981							19,897
1980							16,962
1979							15,316
1978							12,017
1977							6,765
1976							2,765
1975							1,643
1974							780
1973							791
1972							444
1971							64

Source: Freddie Mac

[1] Total MBS outstanding net of MBS held in the retained portfolio.

Table 15. Freddie Mac Retained Mortgage Portfolio Detail

($ in Millions)				
End of Period	Whole Loans ($)	Freddie Mac Securities ($)	Other Mortgage-Related Securities ($)	Total Retained Mortgage Portfolio ($)
4Q01	62,792	301,961	129,832	494,585
3Q01	59,639	291,646	123,929	475,214
2Q01	61,542	269,693	111,643	442,878
1Q01	60,111	261,288	100,686	422,085
Annual Data				
2001	62,792	301,961	129,832	494,585
2000	59,240	246,209	80,002	385,451
1999	56,676	211,198	55,040	322,914
1998	57,084	168,108	30,478	255,670
1997	48,454	103,400	12,689	164,543
1996	46,504	81,195	11,127	137,826
1995	43,753	56,006	7,947	107,706
1994	Not Available Before 1995	30,670	Not Available Before 1995	73,171
1993		15,877		55,938
1992		6,394		33,629
1991		Not Available Before 1992		26,667
1990				21,520
1989				21,448
1988				16,918
1987				12,354
1986				13,093
1985				13,547
1984				10,018
1983				7,485
1982				4,679
1981				5,178
1980				5,006
1979				4,003
1978				3,038
1977				3,204
1976				4,175
1975				4,878
1974				4,469
1973				2,521
1972				1,726
1971				935

Source: Freddie Mac

Table 15a. Freddie Mac Retained Mortgage Portfolio Detail - Part 1, Whole Loans

Whole Loans ($ in Millions)									
	Single-Family								
	Conventional				FHA/VA				
Period	Fixed-Rate	Adjustable-Rate	Seconds	Total	Fixed-Rate	Adjustable-Rate	Total	Multifamily Mortgages	Total Whole Loans
4Q01	37,552	1,787	6	39,345	964	0	964	22,483	62,792
3Q01	36,382	1,801	7	38,190	1,028	0	1,028	20,421	59,639
2Q01	39,339	2,110	7	41,456	1,081	0	1,081	19,005	61,542
1Q01	39,470	2,153	8	41,631	1,141	0	1,141	17,339	60,111
Annual Data									
2001	37,552	1,787	6	39,345	964	0	964	22,483	62,792
2000	39,537	2,125	9	41,671	1,200	0	1,200	16,369	59,240
1999	43,210	1,020	14	44,244	77	0	77	12,355	56,676
1998	47,754	1,220	23	48,997	109	0	109	7,978	57,084
1997	40,967	1,478	36	42,481	148	0	148	5,825	48,454
1996	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	4,746	46,504
1995								3,852	43,752
1994								Not Available Before 1995	Not Available Before 1995
1993									
1992									
1991									
1990									
1989									
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1979									
1978									
1977									
1976									
1975									
1974									
1973									
1972									
1971									

Source: Freddie Mac

Table 15a. Freddie Mac Retained Mortgage Portfolio Detail - Part 2a, Mortgage-Related Securities

Mortgage-Related Securities ($ in Millions)											
	Enterprise Securities			Others' Securities							
						Private-Label					
Period	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Fannie Mae ($)	Ginnie Mae ($)	Home Equity ($)	Commercial ($)	Manufactured Housing ($)	Other ($)	Total Private Label ($)	Total Others' Securities ($)
4Q01	289,647	12,314	301,961	69,972	7,330	18,352	16,924	2,489	4,600	42,365	119,667
3Q01	278,827	12,819	291,646	64,614	6,254	16,767	14,188	2,576	8,058	41,589	112,457
2Q01	257,875	11,818	269,693	57,421	6,649	17,029	13,296	2,695	8,370	41,390	105,460
1Q01	248,339	12,949	261,288	44,834	6,999	17,511	11,764	2,803	9,347	41,425	93,258
Annual Data											
2001	289,647	12,314	301,961	69,972	7,330	18,352	16,924	2,489	4,600	42,365	119,667
2000	235,575	10,634	246,209	28,303	8,991	15,393	10,716	2,896	6,992	35,997	73,291
1999	Not Available Before 2000	Not Available Before 2000	211,198	13,245	6,615	13,808	7,822	4,693	4,696	31,019	50,879
1998			168,108	3,749	4,458	5,923	6,592	1,711	2,744	16,970	25,177
1997			103,400	Not Available Before 1982	6,393	Not Available Before 1998	Not Available Before 1998	Not Available Before 1998	Not Available Before 1998	Not Available Before 1998	Not Available Before 1998
1996			81,195		7,434						
1995			56,006		Not Available Before 1996						
1994			30,670								
1993			15,877								
1992			6,394								
1991			Not Available Before 1992								
1990											
1989											
1988											
1987											
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1980											
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1976											
1975											
1974											
1973											
1972											
1971											

Source: Freddie Mac

Table 15a. Freddie Mac Retained Mortgage Portfolio Detail - Part 2b, Mortgage-Related Securities

	Mortgage-Related Securities ($ in Millions)			
Period	Premiums, Discounts and Fees Plus Unrealized G/L on AFS ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)	Total Retained Mortgage Portfolio ($)
4Q01	2,866	7,299	129,832	494,585
3Q01	4,364	7,108	123,929	475,214
2Q01	(932)	7,115	111,643	442,878
1Q01	429	6,999	100,686	422,085
Annual Data				
2001	2,866	7,299	431,793	494,585
2000	(242)	6,953	326,211	385,451
1999	(1,529)	5,690	266,238	322,914
1998	661	4,640	198,586	255,670
1997	122	3,031	Not Available Before 1998	164,543
1996	71	1,787		137,826
1995	282	Not Available Before 1996		107,706
1994	Not Available Before 1995			73,171
1993				55,938
1992				33,629
1991				26,667
1990				21,520
1989				21,448
1988				16,918
1987				12,354
1986				13,093
1985				13,547
1984				10,018
1983				7,485
1982				4,679
1981				5,178
1980				5,006
1979				4,003
1978				3,038
1977				3,204
1976				4,175
1975				4,878
1974				4,469
1973				2,521
1973				1,729
1971				935

Source: Freddie Mac

Table 16. Freddie Mac Financial Derivatives

Financial Derivatives - Notional Amount Outstanding ($ in Millions)								
End of Period	Interest Rate Swaps ($)	Interest Rate Caps, Floors, and Corridors ($)	Treasury-Based Contracts ($)	Foreign Currency ($)	OTC Futures, Options, Forward Rate Agreements ($)	Exchange-Traded Futures, Options, and Other Derivatives ($)	Other ($)	Total ($)
4Q01	442,769	12,178	13,468	23,995	187,487	369,695	2,802	1,052,394
3Q01	507,976	12,454	8,087	19,606	172,862	369,295	535	1,090,815
2Q01	373,516	12,517	5,986	19,293	151,675	124,471	5,239	692,697
1Q01	355,147	12,610	4,040	14,859	122,332	65,590	1,608	576,186
Annual Data								
2001	442,769	12,178	13,468	23,995	187,487	369,695	2,802	1,052,394
2000	277,888	12,819	2,200	10,208	113,064	22,517	35,839	474,535
1999	126,580	19,936	8,894	1,097	172,750	94,987	0	424,244
1998	57,555	21,845	11,542	1,464	63,000	157,832	0	313,238
1997	54,172	21,995	12,228	1,152	6,000	0	0	95,547
1996	46,646	14,095	651	544	0	0	0	61,936
1995	45,384	13,055	24	0	0	0	0	58,463
1994	21,834	9,003	0	0	0	0	0	30,837
1993	17,888	1,500	0	0	0	0	0	19,388

Source: Freddie Mac

Table 17. Freddie Mac Non-Mortgage Investments

Non-Mortgage Investments[1] ($ in Millions)						
End of Period	Federal Funds and Eurodollars ($)	Asset Backed Securities ($)	Repurchase Agreements ($)	Commercial Paper and Corporate Debt ($)	Other ($)	Total ($)
4Q01	15,846	26,253	5,531	21,424	8,390	77,444
3Q01	12,930	25,966	4,918	13,840	3,690	61,344
2Q01	6,421	24,107	6,173	14,365	7,887	58,953
1Q01	6,150	21,373	6,204	9,545	2,473	45,745
Annual Data						
2001	15,846	26,253	5,531	21,424	8,390	77,444
2000	2,267	19,063	7,488	7,302	7,401	43,521
1999	10,545	10,305	4,961	3,916	4,425	34,152
1998	20,524	7,124	1,756	7,795	4,961	42,160
1997	2,750	2,200	6,982	3,203	1,295	16,430
1996	9,968	2,086	6,440	1,058	2,696	22,248
1995	110	499	9,217	1,201	1,684	12,711
1994	7,260	0	5,913	1,234	3,401	17,808
1993	9,267	0	4,198	1,438	3,322	18,225
1992	5,632	0	4,060	53	2,797	12,542
1991	2,949	0	4,437	0	2,570	9,956
1990	1,112	0	9,063	0	1,949	12,124
1989	3,527	0	5,765	0	1,758	11,050
1988	4,469	0	9,107	0	1,031	14,607
1987	3,177	0	5,859	0	1,431	10,467

Source: Freddie Mac

[1] Excludes mortgage-related securities held for trading purposes.

Table 18. Freddie Mac Asset Mix

Asset Ratios		
End of Period	Total Retained Mortgage Portfolio / Total Assets (%)	Non-Mortgage Investments / Total Assets (%)
4Q01	80.1	12.5
3Q01	83.1	10.7
2Q01	82.4	11.0
1Q01	84.8	9.2
Annual Data		
2001	80.1	12.5
2000	83.9	9.5
1999	83.5	8.8
1998	79.5	13.1
1997	84.6	8.4
1996	79.3	12.8
1995	78.5	9.3
1994	68.9	16.8
1993	66.7	21.7
1992	56.5	21.1
1991	56.9	21.2
1990	53.0	29.9
1989	60.5	31.2
1988	49.2	42.5
1987	48.1	40.8
1986	56.4	Not Available Before 1987
1985	81.7	
1984	72.7	
1983	83.2	
1982	78.0	
1981	81.9	
1980	91.4	
1979	86.1	
1978	82.2	
1977	91.4	
1976	86.1	
1975	82.2	
1974	91.5	
1973	87.7	
1972	97.4	
1971	90.1	

Source: Freddie Mac

Table 19. Freddie Mac Mortgage Asset Quality

Mortgage Asset Quality					
End of Period	Single-Family Delinquency Rate[1] (%)	Multifamily Delinquency Rate[2,3] (%)	Credit Losses / Total MBS Outstanding plus Retained Portfolio[4] (%)	REO / Total MBS Outstanding plus Retained Portfolio[5] (%)	Credit-Enhanced Outstanding / Total MBS Outstanding plus Retained Portfolio[6] (%)
4Q01	0.41	0.15	0.01	0.04	29.3
3Q01	0.38	0.03	0.01	0.03	30.4
2Q01	0.36	0.02	0.01	0.03	32.3
1Q01	0.36	0.05	0.01	0.04	32.6
Annual Data					
2001	0.41	0.15	0.01	0.04	29.3
2000	0.37	0.04	0.01	0.04	31.8
1999	0.39	0.14	0.02	0.05	29.9
1998	0.50	0.37	0.04	0.08	27.3
1997	0.55	0.96	0.08	0.11	15.9
1996	0.58	1.96	0.10	0.13	10.0
1995	0.60	2.88	0.11	0.14	9.7
1994	0.55	3.79	0.08	0.18	7.2
1993	0.61	5.92	0.11	0.16	5.3
1992	0.64	6.81	0.09	0.12	Not Available Before 1993
1991	0.61	5.42	0.08	0.14	
1990	0.45	2.63	0.08	0.12	
1989	0.38	2.53	0.08	0.09	
1988	0.36	2.24	0.07	0.09	
1987	0.36	1.49	0.07	0.08	
1986	0.42	1.07	Not Available Before 1987	0.07	
1985	0.42	0.63		0.10	
1984	0.46	0.42		0.15	
1983	0.47	0.58		0.15	
1982	0.54	1.04		0.12	
1981	0.61	Not Available Before 1982		0.07	
1980	0.44			0.04	
1979	0.31			0.02	
1978	0.21			0.02	
1977	Not Available Before 1978			0.03	
1976				0.04	
1975				0.03	
1974				0.02	

Source: Freddie Mac

1 Based on number of mortgages 90 days or more delinquent. 1994 - 2001 data include only loans for which Freddie Mac has assumed primary default risk ("at-risk"); includes foreclosures and in process. Excludes loans for which the lender or a third party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default and securities guaranteed by agencies or subject to subordination agreements. Pre-1994 calculations include both at-risk and non-at-risk loans.

2 1982 - 1987 data based on the number of loans delinquent 60 days or more; calculations subsequent to 1987 based on unpaid principal balance of loans 60 days or more.

3 Pre-1991 amounts do not reflect change in reporting of multifamily in-substance foreclosures pursuant to adoption of SFAS 114.

4 Credit losses equal to charge-offs plus REO operations expense. Average balances used to calculate ratios subsequent to 1994; quarterly data are annualized.

5 Beginning with 1992, data reflect adoption of SFAS 114.

6 Includes loans for which the lender or third-party has retained primary default risk by pledging collateral or agreeing to accept losses on loans that default. Also includes securities guaranteed by agencies or subject to subordination agreements. In some cases, the lender's or third party's risk is limited to a specific level of losses at the time the credit enhancement becomes effective.

Table 20. Freddie Mac Capital

Capital ($ in Millions)							
End of Period	Core Capital ($)	Regulatory Minimum Capital Requirement[1] ($)	Regulatory Capital Surplus (Deficit)[2] ($)	Market Capitalization[3] ($)	Core Capital / Total Assets (%)	Core Capital / Total MBS Outstanding plus Total Assets (%)	Common Share Dividend Payout Rate[4] (%)
4Q01	19,336	18,515	821	45,462	3.13	1.53	17.5
3Q01	17,743	17,335	408	45,179	3.10	1.47	18.4
2Q01	16,870	16,303	567	47,221	3.10	1.48	19.4
1Q01	15,770	15,164	606	44,963	3.17	1.47	20.6
Annual Data							
2001	19,336	18,515	821	45,462	3.13	1.53	19.0
2000	14,380	14,178	202	47,702	3.13	1.39	20.0
1999	12,692	12,287	405	32,713	3.28	1.37	20.1
1998	10,715	10,333	382	44,797	3.33	1.34	20.7
1997	7,376	7,082	294	28,461	3.79	1.10	21.0
1996	6,743	6,517	226	19,161	3.88	1.04	21.3
1995	5,829	5,584	245	14,932	4.25	0.98	21.1
1994	5,169	4,884	285	9,132	4.87	0.91	20.5
1993	4,437	3,782	655	9,005	5.29	0.85	21.6
1992	Not Applicable Before 1993	Not Applicable Before 1993	Not Applicable Before 1993	8,721	Not Applicable Before 1993	Not Applicable Before 1993	23.1
1991				8,247			21.6
1990				2,925			23.2
1989				4,024			24.3
				Not Applicable Before 1989			Not Available Before 1989

Source: Freddie Mac and OFHEO

1 Minimum capital requirement in accordance with the Federal Housing Enterprises Financial Safety and Soundness Act of 1992.

2 The difference between Core Capital and Minimum Regulatory Capital Requirement.

3 Stock price multiplied by number of outstanding common shares.

4 Common dividends paid as a percentage of operating net income available to common shareholders.
Annual computations reflect the simple average of quarterly ratios. Quarterly ratios are computed as dividends paid by operating net income available to common stockholders.

Table 21. Aggregate Purchases

Business Activity ($ in Millions)				
Purchases				
Period	Single-Family ($)	Multifamily ($)	Total ($)	Mortgage Securities[1] ($)
4Q01	300,597	8,434	309,031	123,459
3Q01	259,709	6,894	266,603	104,264
2Q01	256,808	7,439	264,247	104,164
1Q01	143,714	5,873	149,587	103,527
Annual Data				
2001	960,828	28,640	989,468	440,038
2000	395,082	16,407	411,489	221,612
1999	548,748	17,193	565,941	271,803
1998	618,410	15,338	633,748	275,706
1997	275,081	8,775	283,856	85,702
1996	287,306	8,680	295,986	83,567
1995	215,974	6,531	222,505	75,550
1994	280,792	4,686	285,478	45,722
1993	518,877	4,326	523,203	Not Available Before 1994
1992	439,702	2,983	442,685	
1991	233,280	3,440	236,720	
1990	185,187	4,518	189,705	
1989	157,275	6,149	163,424	
1988	107,497	5,361	112,858	
1987	148,766	3,749	152,515	
1986	177,159	5,415	182,574	
1985	84,653	3,102	87,755	
1984	Not Available Before 1985	Not Available Before 1985	50,704	
1983			49,431	
1982			49,610	
1981			10,573	
1980			11,791	
1979			16,523	
1978			18,829	
1977			8,908	
1976			4,761	
1975			6,036	
1974			9,204	
1973			7,586	
1972			5,129	
1971			4,818	

Sources: Fannie Mae and Freddie Mac

[1] Not included in total purchases.

Table 21a. Aggregate Mortgage Purchases Detail, by Type of Loan

Purchases ($ in Millions)												
	Single-Family Mortgages								Multifamily Mortgages			
	Conventional				FHA/VA							
Period	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Total Single-Family Mortgages ($)	Conventional ($)	FHA/RHS ($)	Total Multifamily Mortgages ($)	Total Mortgage Purchases ($)
4Q01	282,815	15,855	9	298,679	1,599	319	1,918	300,597	7,961	473	8,434	309,031
3Q01	240,986	16,809	3	257,798	1,638	273	1,911	259,709	6,516	378	6,894	266,603
2Q01	245,607	8,873	535	255,015	1,501	292	1,793	256,808	7,164	275	7,439	264,247
1Q01	135,368	6,317	590	142,275	1,221	218	1,439	143,714	5,717	156	5,873	149,587
Annual Data												
2001	904,776	47,854	1,137	953,767	5,959	1,102	7,061	960,828	27,358	1,282	28,640	989,468
2000	332,980	55,010	726	388,716	5,446	920	6,366	395,082	15,157	1,250	16,407	411,489
1999	517,228	19,581	1,198	538,007	9,658	1,084	10,742	548,749	16,039	1,153	17,192	565,941
1998	590,375	21,657	1	612,033	5,866	511	6,377	618,410	14,754	584	15,338	633,748
1997	242,503	30,045	3	272,551	2,098	432	2,530	275,081	8,177	598	8,775	283,856
1996	262,470	22,025	3	284,498	2,474	334	2,808	287,306	8,428	252	8,680	295,986
1995	180,768	32,077	9	212,854	3,014	106	3,120	215,974	6,242	289	6,531	222,505
1994	245,717	32,986	8	278,711	1,968	113	2,081	280,792	4,467	219	4,686	285,478
1993	482,724	35,128	30	517,882	875	120	995	518,877	4,110	216	4,326	523,203
1992	401,847	36,513	143	438,503	1,120	79	1,199	439,702	2,872	111	2,983	442,685
1991	205,907	24,980	911	231,798	1,444	38	1,482	233,280	3,419	21	3,440	236,720
1990	151,817	30,814	1,340	183,971	1,201	15	1,216	185,187	4,503	15	4,518	189,705
1989	117,894	35,527	1,727	155,148	2,113	14	2,127	157,285	6,133	16	6,149	163,424
1988	70,504	34,745	492	105,741	1,658	98	1,756	107,497	5,340	21	5,361	112,858
1987	129,582	15,454	208	145,244	3,477	45	3,522	148,766	3,479	270	3,749	152,515
1986	154,356	9,567	588	164,511	12,634	14	14,648	177,159	5,415	Not Available Before 1987	5,415	182,574
1985	70,219	11,341	905	82,465	2,172	16	2,188	84,653	3,102		3,102	87,755
1984	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985	Not Available Before 1985		Not Available Before 1985	Not Available Before 1985

Source: Fannie Mae and Freddie Mac

Table 21b. Aggregate Purchases of Mortgage-Related Securities

Purchases ($ in Millions)							
		Others' Securities					
			Private-Label[1]				
Period	Enterprise Securities ($)	Ginnie Mae ($)	Home Equity ($)	Other ($)	Total Private ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)
4Q01	117,619	1,429	2,103	2,018	4,121	1,659	124,828
3Q01	101,433	255	968	1,497	2,465	1,372	105,525
2Q01	101,484	196	1,042	1,223	2,265	1,328	105,273
1Q01	96,156	648	3,396	3,238	6,634	973	104,411
Annual Data							
2001	416,692	2,528	7,509	7,977	15,486	5,332	440,038
2000	191,840	5,832	4,865	14,396	18,770	5,170	221,612
1999	213,970	20,983	7,931	23,843	31,774	5,076	271,803
1998	236,636	3,057	5,872	25,560	31,432	4,581	275,706
1997	73,345	3,834	374	5,308	5,682	2,841	85,702
	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987

Source: Fannie Mae and Freddie Mac

[1] Data for 1997 through 1999 are estimated.

Table 22. Aggregate MBS Issuances

Business Activity ($ in Millions)				
MBS Issuances				
Period	Single-Family MBS ($)	Multifamily MBS ($)	Total MBS ($)	Multiclass MBS ($)
4Q01	278,693	4,785	283,478	151,625
3Q01	246,884	3,705	250,589	76,870
2Q01	241,947	4,434	246,381	66,441
1Q01	134,352	3,233	137,585	36,904
Annual Data				
2001	901,876	16,157	918,033	331,840
2000	369,181	9,382	378,563	87,746
1999	523,178	10,542	533,720	174,725
1998	564,747	11,965	576,712	219,309
1997	257,373	6,314	263,687	169,781
1996	263,133	6,438	269,571	64,925
1995	191,791	4,542	196,333	25,053
1994	245,286	2,446	247,732	146,496
1993	429,209	959	430,168	353,966
1992	372,389	855	373,244	301,489
1991	203,967	1,415	205,382	184,840
1990	168,004	2,506	170,510	108,770
1989	139,420	3,862	143,282	81,469
1988	90,610	4,045	94,655	29,990
1987	134,933	3,314	138,247	9,917
1986	156,815	3,949	160,764	4,633
1985	60,725	1,752	62,477	2,625
1984	Not Available Before 1985	Not Available Before 1985	32,230	1,805
1983			33,031	1,685
1982			38,139	Not Issued Before 1983
1981			4,243	
1980			2,526	
1979			4,546	
1978			6,412	
1977			4,657	
1976			1,360	
1975			950	
1974			46	
1973			323	
1972			494	
1971			65	

Sources: Fannie Mae and Freddie Mac

Table 23. Aggregate Earnings[1]

Period	Operating Net Interest Income ($)	Guarantee Fee Income ($)	Administrative Expenses ($)	Credit-Related Expenses ($)	Operating Net Income ($)	Net Income ($)
	Earnings ($ in Millions)					
4Q01	3,495	695	510	40	2,291	3,333
3Q01	3,036	671	474	33	2,190	2,261
2Q01	2,828	631	448	36	2,083	2,317
1Q01	2,582	615	429	53	1,957	2,130
Annual Data						
2001	11,941	2,612	1,861	162	8,521	10,041
2000	8,944	2,408	1,618	200	6,995	6,995
1999	7,820	2,301	1,455	286	6,135	6,135
1998	6,325	2,248	1,286	603	5,118	5,118
1997	5,796	2,356	1,131	904	4,451	4,451
1996	5,297	2,282	1,000	1,017	3,968	3,968
1995	4,443	2,173	941	876	3,235	3,235
1994	3,935	2,191	904	803	3,115	3,115
1993	3,305	1,970	804	829	2,659	2,659
1992	2,753	1,770	710	777	2,245	2,245
1991	2,461	1,467	606	789	1,918	1,918
1990	2,212	1,190	529	784	1,587	1,587
1989	1,708	980	471	588	1,244	1,244
1988	1,329	793	412	584	888	888
1987	1,209	735	347	535	677	677
1986	683	476	285	426	352	352
1985	451	300	223	285	201	201
1984	123	236	183	140	73	73
1983	116	186	134	94	135	135
1982	(434)	93	97	62	(132)	(132)
1981	(395)	36	79	(12)	(175)	(175)
1980	75	23	70	42	48	48
1979	377	18	65	55	198	198
1978	331	14	53	49	234	234
1977	282	9	44	36	186	186
1976	221	3	40	24	141	141
1975	205	3	37	27	131	131
1974	184	2	31	50	112	112
1973	211	2	25	27	138	138
1972	148	1	18	9	100	100
1971	59	1	Not Available Before 1972	Not Available Before 1972	67	67

Sources: Fannie Mae and Freddie Mac

[1] See notes to Tables 3 and 13.

Table 24. Aggregate Balance Sheet[1]

	Balance Sheet ($ in Millions)							Mortgage-Backed Securities Outstanding ($ in Millions)	
End of Period	Total Assets ($)	Total Retained Mortgage Portfolio ($)	Non-Mortgage Investments ($)	Debt Outstanding ($)	Stockholders' Equity ($)	Core Capital ($)	Total MBS Outstanding ($)	Multiclass MBS Outstanding ($)
4Q01	1,417,131	1,199,957	151,998	1,328,538	33,491	44,518	1,505,315	766,009
3Q01	1,338,557	1,162,216	119,219	1,261,426	28,284	41,521	1,452,568	700,659
2Q01	1,274,741	1,106,077	117,212	1,199,046	33,411	39,848	1,377,893	663,334
1Q01	1,198,816	1,063,019	89,847	1,127,930	28,907	37,252	1,298,013	648,164
Annual Data								
2001	1,417,131	1,199,957	151,998	1,328,538	33,491	44,518	1,505,315	766,009
2000	1,134,369	993,053	98,489	1,069,581	35,675	35,207	1,282,785	643,693
1999	961,851	845,891	73,903	908,330	29,154	30,568	1,217,052	651,682
1998	806,435	671,104	100,675	747,687	26,288	26,180	1,115,494	622,117
1997	586,270	481,135	81,026	542,616	21,314	21,169	1,055,123	622,189
1996	524,907	424,353	78,854	488,251	19,504	19,516	1,021,238	577,737
1995	453,731	360,574	69,984	419,135	16,822	16,788	972,275	599,894
1994	378,707	293,986	64,143	350,509	14,703	14,710	947,001	642,885
1993	300,859	246,107	39,621	251,105	12,489	12,489	910,335	647,043
1992	240,480	189,889	32,116	195,931	10,344	Not Available Before 1993	831,958	531,116
1991	193,932	153,346	19,792	164,199	8,113		714,447	371,784
1990	173,692	135,586	21,992	154,344	6,077		604,434	215,402
1989	159,777	129,429	19,388	142,211	4,907		489,382	117,691
1988	146,610	117,017	19,896	132,341	3,844		396,503	42,281
1987	129,133	106,019	13,935	116,604	2,993		348,369	15,011
1986	122,850	107,216	Not Available Before 1987	108,938	2,135		264,754	5,333
1985	115,663	108,156		106,732	1,788		154,461	5,047
1984	101,576	94,153		94,718	1,524		105,764	3,214
1983	87,378	82,732		81,867	1,421		82,841	1,669
1982	78,980	74,035		74,605	1,249		57,402	Not Available Issued
1981	67,904	64,807		64,231	1,330		19,897	
1980	63,357	60,595		59,766	1,678		16,962	
1979	55,948	53,780		52,555	1,739		15,316	
1978	47,203	45,141		44,201	1,564		12,017	
1977	37,481	36,456		35,000	1,350		6,765	
1976	37,225	35,950		35,088	1,139		2,765	
1975	37,495	35,698		35,572	1,003		1,643	
1974	34,572	33,135		32,852	898		780	
1973	27,191	26,110		25,699	801		791	
1972	22,118	21,378		20,878	669		444	
1971	19,629	18,821		18,587	567		64	

Sources: Fannie Mae and Freddie Mac

1 See notes to Tables 4 and 14.

Table 24a. Aggregate Total MBS Outstanding Detail

MBS Outstanding ($ in Millions)							
	Single-Family Mortgages						
	Conventional				FHA/VA		
Period	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	($)	Multifamily Mortgages ($)	Total MBS Outstanding ($)
4Q01	1,339,399	98,469	782	1,438,650	14,280	52,385	1,505,315
3Q01	1,296,133	95,889	947	1,392,969	10,856	48,743	1,452,568
2Q01	1,228,246	91,839	1,147	1,321,232	10,125	46,536	1,377,893
1Q01	1,150,384	94,491	1,085	1,245,960	8,831	43,222	1,298,013
Annual Data							
2001	1,339,399	98,469	782	1,438,650	14,280	52,385	1,505,315
2000	1,133,292	97,761	1,183	1,232,236	8,854	41,695	1,282,785
1999	1,085,764	84,568	1,241	1,171,573	8,796	36,683	1,217,052
1998	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	1,115,494
1997							1,055,123
1996							1,021,238
1995							972,275
1994							947,001
1993							910,335
1992							831,958
1991							714,447
1990							604,434
1989							489,382
1988							396,503
1987							348,369
1986							264,754
1985							154,461
1984							105,764
1983							82,841
1982							57,402
1981							20,614
1980							Not Available Before 1981

Source: Fannie Mae and Freddie Mac

Table 25. Aggregate Retained Mortgage Portfolio Detail

($ in Millions)				
End of Period	Aggregate Whole Loans ($)	Aggregate Repurchased Enterprise Securities ($)	Aggregate Other Mortgage-Related Securities ($)	Aggregate Total Retained Mortgage Portfolio ($)
4Q01	228,749	733,445	239,867	1,202,061
3Q01	221,497	703,053	240,212	1,164,762
2Q01	218,904	659,835	229,874	1,108,613
1Q01	214,352	634,652	216,461	1,065,465
Annual Data				
2001	228,749	733,445	239,867	1,202,061
2000	211,745	597,275	186,553	995,573
1999	205,781	492,912	148,162	846,855
1998	212,863	365,483	91,839	670,185
1997	208,556	233,844	38,821	481,221
1996	214,395	183,802	27,681	424,878
1995	215,234	125,735	20,248	361,217
1994	Not Available Before 1995	74,668	Not Available Before 1995	295,228
1993		40,096		246,799
1992		26,929		191,748
1991		Not Available Before 1992		155,650
1990				138,148
1989				132,169
1988				119,931
1987				109,100
1986				110,926
1985				112,196
1984				98,127
1983				85,741
1982				76,493
1981				66,590
1980				62,333
1979				55,100
1978				46,353
1977				37,581
1976				37,112
1975				36,794
1974				34,177
1973				26,980
1972				22,052
1971				19,450

Sources: Fannie Mae and Freddie Mac

Table 25a. Aggregate Retained Mortgage Portfolio Detail, Part 1, Whole Loans

Whole Loans ($ in Millions)							
	Single-Family						
	Conventional						
End of Period	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	FHA/VA ($)	Multifamily ($)	Total Whole Loans ($)
4Q01	176,575	12,197	923	189,695	6,033	33,021	228,749
3Q01	171,081	12,900	1,019	185,000	6,038	30,459	221,497
2Q01	169,456	13,716	1,115	184,287	6,025	28,592	218,904
1Q01	166,074	14,715	1,051	181,840	5,954	26,558	214,352
Annual Data							
2001	176,575	12,197	923	189,695	6,033	33,021	228,749
2000	165,194	15,369	489	181,052	5,963	24,730	211,745
1999	173,698	7,078	190	180,966	4,549	20,266	205,781
1998	183,105	8,853	229	192,187	4,513	16,163	212,863
1997	175,510	11,867	304	187,681	4,779	16,096	208,556
1996	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	17,653	214,395
1995						18,352	215,234
						Not Available Before 1995	Not Available Before 1995

Source: Fannie Mae and Freddie Mac

Table 25a. Aggregate Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities

Mortgage-Related Securities ($ in millions)											
		Others' Securities									
				Private-Label							
End of Period	Total Enterprise Securities ($)	Other Enterprise ($)	Ginnie Mae ($)	Home Equity ($)	Other ($)	Total Private Label ($)	Total Others' Securities ($)	Mortgage Revenue Bonds ($)	Premiums, Discounts and Fees Plus Unrealized G/L on AFS[1] ($)	Total Mortgage-Related Securities ($)	Total Retained Mortgage Portfolio ($)
4Q01	733,445	112,893	26,468	25,923	26,608	71,944	211,305	21,263	2,866	966,013	1,202,061
3Q01	703,053	111,336	27,199	24,592	31,305	72,661	211,196	21,908	43,64	936,157	1,002,904
2Q01	659,835	103,900	28,754	25,591	32,740	74,322	206,976	15,783	(932)	882,594	951,251
1Q01	634,652	86,576	30,310	27,021	34,642	76,230	193,116	16,346	429	844,114	911,224
Annual Data											
2001	733,445	112,893	26,468	25,923	26,608	71,944	211,305	25,696	2,866	973,312	1,202,061
2000	597,275	61,593	32,759	24,865	31,786	70,263	164,615	22,180	(242)	783,828	995,573
1999	492,912	38,822	30,316	Not Available Before 2000	36,369	62,692	131,830	17,861	(1,529)	641,074	846,855
1998	365,483	27,202	13,096		22,329	36,555	76,853	14,325	661	457,322	670,185
1997	233,844	Not Available Before 1998	14,089		Not Available Before 1998	Not Available Before 1998	Not Available Before 1998	10,651	122	Not Available Before 1998	481,221
1996	183,802		12,214					8,452	71		424,878
1995	125,735		Not Available Before 1996					Not Available Before 1996	282		361,217
1994	74,668								Not Available Before 1995		295,228
1993	40,096										246,799
1992	26,929										191,748
1991	Not Available Before 1992										155,650
1990											138,148
1989											132,169
1988											119,931
1987											109,100
1986											110,926
1985											111,403
1984											97,700
1983											85,468
1982											76,456
1981											66,589
1980											62,332
1979											55,099
1978											46,353
1977											37,581
1976											37,112
1975											36,794
1974											34,177
1973											26,980
1972											22,052
1971											19,450

Source: Fannie Mae and Freddie Mac

1 Freddie Mac only.

Table 26. Aggregate Financial Derivatives

Financial Derivatives ($ in Millions)								
End of Period	Interest Rate Swaps ($)	Interest Rate Caps, Floors, and Corridors ($)	Treasury-Based Contracts ($)	Foreign Currency ($)	OTC Futures, Options, and Forward Rate Agreements ($)	Exchange-Traded Futures, Options, and Other Derivatives ($)	Other ($)	Total ($)
4Q01	742,722	88,071	13,468	32,488	336,287	369,695	2,802	1,585,533
3Q01	803,966	78,647	8,087	28,076	289,027	369,295	535	1,577,633
2Q01	658,619	71,960	5,986	27,770	253,440	124,733	5,839	1,148,347
1Q01	601,969	66,023	4,040	23,385	182,547	67,590	4,943	950,497
Annual Data								
2001	742,722	88,071	13,468	32,488	336,287	369,695	2,802	1,585,533
2000	505,539	46,482	2,200	19,719	161,929	22,517	35,839	794,225
1999	318,612	48,886	8,894	12,604	213,831	94,987	1,400	699,214
1998	200,401	36,345	11,542	14,459	76,481	157,832	3,735	500,795
1997	203,845	22,095	12,228	11,120	6,000	0	1,660	256,948
1996	204,786	14,395	651	2,973	0	0	350	223,155
1995	171,063	13,355	24	1,224	29	0	975	186,670
1994	109,304	9,363	0	1,023	0	0	1,465	121,154
1993	67,346	1,860	0	1,023	0	0	1,425	71,653

Sources: Fannie Mae and Freddie Mac

Table 27. Aggregate Non-Mortgage Investments

Non-Mortgage Investments ($ in Millions)						
End of Period	Federal Funds and Eurodollars ($)	Asset Backed Securities ($)	Repurchase Agreements ($)	Commercial Paper and Corporate Debt ($)	Other ($)	Total ($)
4Q01	31,935	47,194	14,911	45,261	12,733	152,034
3Q01	19,289	46,450	10,354	29,390	13,733	119,216
2Q01	11,692	43,494	13,608	29,823	18,592	117,209
1Q01	7,322	39,076	13,881	9,553	20,013	89,845
Annual Data						
2001	31,935	47,194	14,911	45,261	12,733	152,034
2000	9,806	36,575	10,210	16,195	25,717	98,503
1999	15,382	29,512	7,535	5,639	15,835	73,903
1998	28,450	28,117	9,312	12,950	21,846	100,675
1997	21,962	18,839	13,697	14,948	11,580	81,026
1996	31,702	16,721	11,107	7,249	12,075	78,854
1995	19,885	10,404	19,392	9,830	10,473	69,984
1994	24,853	3,796	14,919	8,953	11,622	64,143
1993	13,763	3,557	8,882	1,438	11,981	39,621
1992	12,219	4,124	7,249	53	8,471	32,116
1991	5,903	2,416	6,632	0	4,841	19,792
1990	6,441	1,780	10,014	0	3,757	21,992
1989	8,685	1,107	5,765	0	3,831	19,388
1988	8,594	481	9,107	0	1,714	19,896
1987	5,736	25	5,859	0	2,315	13,935

Sources: Fannie Mae and Freddie Mac

Table 28. Aggregate Capital

Capital ($ in Millions)				
End of Period	Core Capital ($)	Minimum Regulatory Capital Requirements ($)	Regulatory Capital Surplus (Deficit) ($)	Market Capitalization ($)
4Q01	44,518	42,697	18,21	124,743
3Q01	41,521	40,465	1,056	125,234
2Q01	39,848	38,480	1,368	132,460
1Q01	37,252	36,197	1,054	124,591
Annual Data				
2001	44,518	42,697	1,821	124,743
2000	35,207	34,472	735	134,345
1999	30,568	30,057	511	96,364
1998	26,180	25,667	513	120,678
1997	21,169	19,785	1,384	87,628
1996	19,516	17,983	1,533	59,093
1995	16,788	16,035	753	48,744
1994	14,710	14,300	411	29,014
1993	12,489	11,658	831	30,392
1992	Not Applicable Before 1993	Not Applicable Before 1993	Not Applicable Before 1993	29,595
1991				27,083
1990				11,415
1989				12,116
1988				3,992
1987				2,401
1986				3,006
1985				1,904
1984				1,012
1983				1,514
1982				1,603
1981				502
1980				702

Sources: Fannie Mae, Freddie Mac, and OFHEO

Table 29. Loan Limits

Single-Family Conforming Loan Limits[1] ($)				
Year	1-unit	2-units	3-units	4-units
1970 - 1976	33,000	Not Applicable	Not Applicable	Not Applicable
1977 - 1978	60,000	Not Applicable	Not Applicable	Not Applicable
1979	67,500	Not Applicable	Not Applicable	Not Applicable
1980	93,750	120,000	145,000	180,000
1981	98,500	126,000	152,000	189,000
1982	107,000	136,800	165,100	205,300
1983	108,300	138,500	167,200	207,900
1984	114,000	145,800	176,100	218,900
1985	115,300	147,500	178,200	221,500
1986	133,250	170,450	205,950	256,000
1987	153,100	195,850	236,650	294,150
1988	168,700	215,800	260,800	324,150
1989	187,600	239,950	290,000	360,450
1990	187,450	239,750	289,750	360,150
1991	191,250	244,650	295,650	367,500
1992	202,300	258,800	312,800	388,800
1993	203,150	259,850	314,100	390,400
1994	203,150	259,850	314,100	390,400
1995	203,150	259,850	314,100	390,400
1996	207,000	264,750	320,050	397,800
1997	214,600	274,550	331,850	412,450
1998	227,150	290,650	351,300	436,000
1999	240,000	307,100	371,200	461,350
2000	252,700	323,400	390,900	485,800
2001	275,000	351,950	425,400	528,700
2002	300,700	384,900	465,200	578,150

Sources: Department of Housing and Urban Development (HUD), Federal Housing Finance Board, Freddie Mac

[1] Conforming Loan Limits are 50% higher in Alaska, Hawaii, Guam, and the U.S. Virgin Islands.

FHA Single-Family Insurable Limits ($)								
	1-unit		2-units		3-units		4-units	
Year	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max	Low Cost Area Max	High Cost Area Max
1997	81,546	170,362	104,310	205,875	126,103	248,888	156,731	309,338
1998	109,032	197,621	139,512	252,866	168,624	305,631	209,568	379,842
1999	115,200	208,800	147,408	267,177	178,176	322,944	221,448	401,375
2000	121,296	219,849	155,232	281,358	187,632	340,083	233,184	422,646
2001	132,000	239,250	168,936	306,196	204,192	370,098	253,766	459,969
2002	144,336	261,609	184,752	334,863	223,296	404,724	277,512	502,990

Table 30. Mortgage Interest Rates

	Average Commitment Rates on Loans[1]		Effective Rates on Closed Loans[2]	
	Conventional		Conventional	
Period	30-Year Fixed Rate (%)	One-Year ARMs (%)	Fixed Rate (%)	Adjustable Rate (%)
4Q01	6.8	5.2	6.8	6.1
3Q01	7.0	5.7	7.2	6.4
2Q01	7.1	5.9	7.2	6.5
1Q01	7.0	6.5	7.3	6.6
Annual Data				
2001	7.0	5.8	7.1	6.4
2000	8.1	7.0	8.3	7.0
1999	7.4	6.0	7.5	6.5
1998	6.9	5.6	7.2	6.5
1997	7.6	5.6	7.9	7.0
1996	7.8	5.7	8.0	7.2
1995	7.9	6.1	8.2	7.4
1994	8.4	5.3	8.1	6.6
1993	7.3	4.6	7.5	5.9
1992	8.4	5.6	8.5	6.9
1991	9.2	7.1	9.7	8.4
1990	10.1	8.4	10.4	9.2
1989	10.3	8.8	10.5	9.3
1988	10.3	7.9	10.4	8.5
1987	10.2	7.8	9.9	8.5
1986	10.2	8.4	10.5	9.4
1985	12.4	10.0	12.4	10.8
1984	13.9	11.5	13.2	12.1
1983	13.2	Not Available Before 1984	13.0	12.3
1982	16.1		15.2	15.4
1981	16.6		Not Available Before 1982	Not Available Before 1982
1980	13.8			
1979	11.2			
1978	9.6			
1977	8.8			
1976	8.9			
1975	9.0			
1974	9.2			
1973	8.0			
1972	7.4			

Average Commitment Rates Source: Freddie Mac
Effective Rates Source: Federal Housing Finance Board

[1] Commitment rates do not reflect points.

[2] Effective rates reflect points.

Table 31. Housing Market Activity

Period	Housing Starts units in thousands			Home Sales units in thousands	
	Single-Family Housing Starts	Multifamily Housing Starts	Total Housing Starts	New Single-Family Home Sales	Existing Single-Family Home Sales
4Q01*	1,285	286	1,571	928	5,240
3Q01*	1,313	288	1,601	867	5,267
2Q01*	1,330	294	1,624	890	5,330
1Q01*	1,312	313	1,660	950	5,327
Annual Data					
2001	1,309	292	1,602	908	5,296
2000	1,298	295	1,593	898	5,031
1999	1,367	300	1,667	907	5,197
1998	1,314	303	1,617	886	4,970
1997	1,179	296	1,474	804	4,382
1996	1,206	271	1,477	757	4,196
1995	1,110	244	1,354	667	3,888
1994	1,233	224	1,457	670	3,916
1993	1,155	133	1,288	666	3,786
1992	1,061	139	1,200	510	3,479
1991	876	138	1,014	509	3,186
1990	932	260	1,193	534	3,219
1989	1,059	318	1,376	650	3,325
1988	1,140	348	1,488	676	3,513
1987	1,212	409	1,621	671	3,436
1986	1,263	542	1,805	750	3,474
1985	1,166	576	1,742	688	3,134
1984	1,206	544	1,750	639	2,829
1983	1,181	522	1,703	623	2,697
1982	743	320	1,062	412	1,991
1981	796	288	1,084	436	2,419
1980	962	331	1,292	545	2,973
1979	1,316	429	1,745	709	3,827
1978	1,558	462	2,020	817	3,986
1977	1,573	414	1,987	819	3,650
1976	1,248	289	1,538	646	3,064
1975	956	204	1,160	549	2,476
1974	956	382	1,338	519	2,272
1973	1,250	795	2,045	634	2,334
1972	1,451	906	2,357	718	2,252
1971	1,271	781	2,052	656	2,019

Components may not add to totals due to rounding.
*Adjusted Annual Rates
Housing Starts Source and New Single-Family Home Sales Source: Bureau of the Census
Existing Single-Family Home Sales Source: National Association of Realtors

Table 32. Weighted Repeat Sales House Price Index

Weighted Repeat Sales House Price Index (Annual Data)[1]										
	USA	New England	Mid-Atlantic	South Atlantic	East North Central	West North Central	East South Central	West South Central	Mountain	Pacific
1Q02	6.05	9.57	7.88	6.26	4.76	6.53	3.58	3.21	4.28	6.64
4Q01	7.41	10.60	8.68	8.17	4.98	7.16	5.22	5.90	6.43	8.73
3Q01	8.89	12.04	9.91	9.18	6.22	8.46	6.10	6.90	8.26	11.63
2Q01	9.01	12.10	9.51	8.90	6.45	8.17	6.25	7.38	8.47	12.57
1Q01	9.33	12.92	9.84	8.81	6.81	8.41	6.29	7.75	8.82	13.24
Annual Data										
2001	7.41	10.60	8.68	8.17	4.98	7.16	5.22	5.90	6.43	8.73
2000	8.61	13.42	9.10	7.58	6.86	8.28	4.77	5.84	7.95	12.43
1999	5.93	10.41	5.71	4.84	5.81	7.74	3.12	5.04	5.17	6.47
1998	5.19	6.70	4.38	4.77	4.15	4.69	5.03	5.21	4.28	7.62
1997	4.62	4.70	3.31	4.52	5.23	5.01	4.84	3.87	4.95	5.23
1996	2.57	1.70	0.26	2.22	5.03	4.12	4.05	2.29	4.31	0.92
1995	4.45	4.09	3.13	4.27	6.01	5.23	5.47	4.07	7.42	2.77
1994	0.89	-2.89	-3.19	0.11	5.14	5.48	4.91	1.61	9.30	-3.40
1993	2.01	0.36	1.33	1.90	3.55	3.80	3.99	3.98	7.85	-1.95
1992	1.86	-1.07	1.70	2.11	3.88	3.02	3.30	3.42	5.35	-1.39
1991	2.56	-2.25	1.50	3.04	4.58	3.81	4.08	3.69	4.73	1.36
1990	0.15	-7.64	-2.88	0.12	3.73	0.54	0.69	0.42	1.81	2.86
1989	6.06	0.73	2.33	5.08	6.04	3.20	3.07	2.84	2.78	19.48
1988	6.22	3.68	6.08	6.86	6.74	2.42	2.64	-2.15	0.28	17.47
1987	6.79	13.23	16.03	6.81	8.00	2.42	3.94	-8.67	-2.83	9.57
1986	8.23	20.93	17.87	6.05	7.26	4.19	5.81	-0.57	3.23	7.25
1985	6.69	24.95	14.34	5.56	4.89	4.38	4.59	-1.23	2.33	4.89
1984	5.46	17.64	13.50	4.26	2.75	4.63	4.40	-0.06	1.88	5.19
1983	4.14	16.28	9.91	3.39	4.35	4.61	4.55	0.72	-2.62	1.14
1982	2.29	4.14	4.74	4.69	-5.04	0.04	4.03	5.91	7.36	0.79
1981	4.39	5.49	0.18	5.60	2.48	0.33	-0.43	12.00	6.37	5.96
1980	6.77	5.82	9.14	8.40	1.50	3.60	7.17	7.53	6.76	11.32
1979	11.93	10.91	15.49	11.11	9.31	9.34	5.31	13.48	15.92	16.34
1978	13.07	17.76	6.51	10.71	13.77	12.74	11.41	16.82	17.67	15.62
1977	13.13	8.81	11.41	7.41	13.28	14.72	11.28	11.20	17.74	25.66
1976	7.66	3.31	2.34	5.02	8.06	6.31	5.39	9.75	9.80	20.21

Regional Divisions:
New England: CT, MA, ME, NH, RI, VT
Mid-Atlantic: NJ, NY, PA
South Atlantic: DC, DE, FL, GA, MD, NC, SC, VA, WV
East North Central: IL, IN, MI, OH, WI, ND, SD, NE
East South Central: AL, KY, MS, TN
West South Central: AR, LA, OK, TX
Mountain: AZ, CO, ID, MT, NM, NV, UT, WY
Pacific: AK, CA, HI, OR, WA

[1] All data are measured based on percentage change over the previous four quarters. Data from 1976 - 2001 are measured based on fourth quarter to fourth quarter percentage change.