

MORTGAGE MARKETS
AND
THE ENTERPRISES
IN 2005

September 2006

Preface

This Office of Federal Housing Enterprise Oversight (OFHEO) research paper reviews developments in the housing sector, activity in the primary and secondary mortgage markets, and the financial performance of Fannie Mae and Freddie Mac in 2005. An appendix provides tables with historical data on the activities and performance of the Enterprises, 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 the paper. The paper is part of OFHEO's ongoing effort to enhance public understanding of the nation's housing finance system.

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MORTGAGE MARKETS AND THE ENTERPRISES IN 2005

SUMMARY

Home sales, house prices, and homeownership rates all set new records in 2005. On the whole, the housing sector remained strong and continued to propel the U.S. economy. Increasing mortgage rates caused some slowing in housing activity in the second half of the year and a moderate drop in refinancing activity, but single-family mortgage originations, driven by an increase in non-traditional mortgages, rose to the second highest level ever. High levels of non-traditional loans also fueled a record year for private-label issuance of mortgage-backed securities (MBS).

The increase in private-label MBS issuance and internal problems at Fannie Mae and Freddie Mac led to a decline in the Enterprises' share of secondary mortgage market activity in 2005. While Freddie Mac increased its retained portfolio purchases and MBS issuances in 2005, those increases did not offset a decline in Fannie Mae's business volume.

Both Fannie Mae and Freddie Mac continued to suffer from accounting, systems, internal control, and related issues. Fannie Mae continued to work on its financial restatements for 2002 and 2003, which it plans to release along with 2004 results. The Enterprise also worked on its accounting and internal control problems, and constrained its retained portfolio activities in order to comply with its capital restoration plan. Freddie Mac continued to struggle with similar issues, though it did manage to release 2005 earnings information in the late spring of 2006. The need to focus on those problems limited the ability of the Enterprises to respond to the changing mortgage markets and innovations.

In addition to internal difficulties at the Enterprises, changes in the mortgage markets diminished investment opportunities for Fannie Mae and Freddie Mac. Freddie Mac's reported net income declined for the third consecutive year in 2005, falling 27 percent to \$2.1 billion, although that decline was mostly set off by a reduction in losses on derivative instruments that did not qualify for hedge accounting. Fannie Mae's estimated earnings declined in 2005 due to a significantly smaller retained mortgage portfolio. Both Enterprises were classified as adequately capitalized throughout 2005.

HOUSING AND PRIMARY MORTGAGE MARKET DEVELOPMENTS

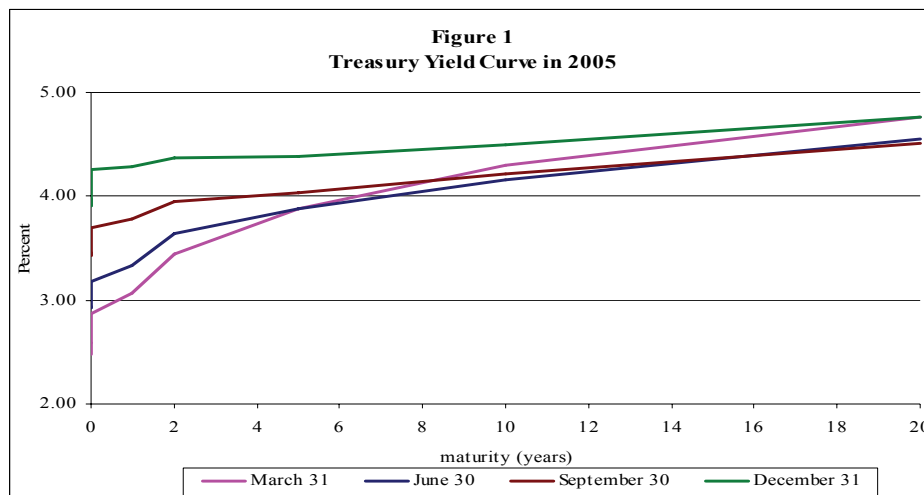
Economy Continues to be Strong

The economy continued to expand in 2005, albeit at a more moderate pace than in 2004, making solid gains in output, employment, and income. Real gross domestic product (GDP) grew a solid 3.2 percent, despite rising energy prices and declining net exports. Labor market conditions strengthened, with employers adding nearly 2 million jobs during the year. The unemployment rate, which stood at 5.4 percent in February 2005, was 4.9 percent at the end of the year, the lowest level since July 2001. Inflation accelerated noticeably in 2005 because of a continuing surge in energy prices, but core

inflation (inflation excluding the direct effects of food and energy prices) remained generally low.

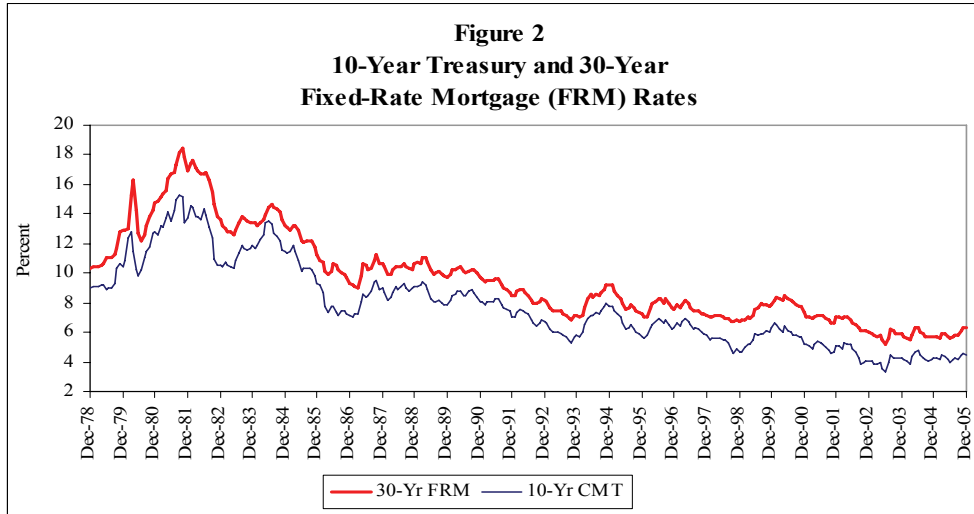
Federal Reserve Adopts More Aggressive Stance; Mortgage Rates Rise Moderately

The Federal Reserve, which had begun raising its target for the Federal Funds rate in mid-2004 at a very measured pace, became more aggressive in 2005 and increased that rate eight times. By year's end 2005, the Federal Funds target rate was 4.25 percent, 200 basis points higher than the start of the year and the highest level since May 2001. That shift toward a more restrictive stance was aimed at forestalling impending inflation. Short-term interest rates rose throughout 2005, generally matching the Federal Reserve's tightening. By the end of 2005, the yield on the 1-year Constant Maturity Treasury (CMT) was 4.35 percent, 168 basis points higher than at year-end 2004. The yield on the 10-year CMT was 4.47 percent at the end of 2005, up only marginally from 4.23 percent at the end of 2004. The different magnitudes of the movements in short- and long-term interest rates caused the Treasury yield curve to flatten further during the year (Figure 1).

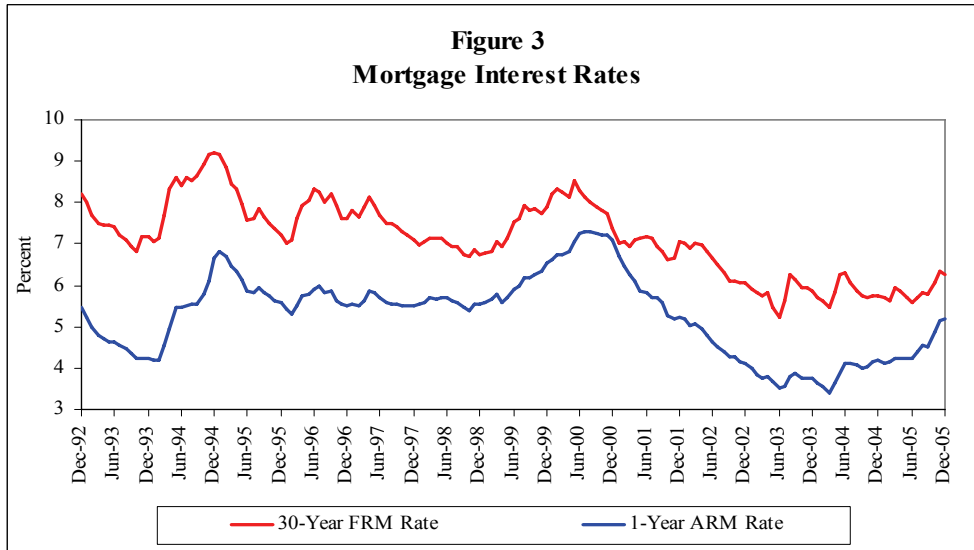


Source: Federal Reserve Board

Commitment rates on long-term fixed-rate mortgages (FRMs), which typically follow the trend of long-term Treasury issues, fell to a low of 5.6 percent in June before reversing course in the third quarter, rising to 5.82 percent in August. Thereafter, mortgage interest rates rose strongly in the fourth quarter, ending the year at 6.27 percent. For the year, commitment rates on 30-year FRMs averaged 5.87 percent, basically unchanged from 5.84 percent in 2004 (Figure 2). Commitment rates on adjustable-rate mortgages (ARMs) indexed to the 1-year Treasury rose from 4.12 percent in January to 5.17 percent in December. Those rates averaged 4.49 percent for the year, up significantly from 3.9 percent in 2004 (Figure 3).



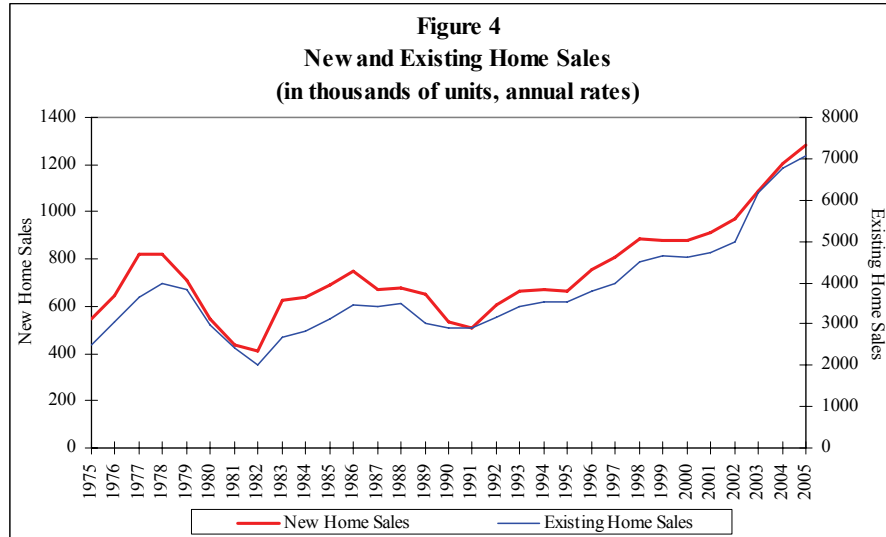
Sources: Federal Reserve System and Freddie Mac Primary Mortgage Market Survey



Source: Freddie Mac Primary Mortgage Market Survey

Housing Starts and Sales Were Strong in 2005 but Markets Weakened by Year-End

The strong economy and continued historically low mortgage rates led to record levels of housing activity in 2005. In spite of slower economic growth and higher interest rates than in 2004, the housing market remained strong. Single-family housing starts averaged 1.716 million units in 2005, up 7 percent from 2004, the previous record year. Both new and existing home sales also set record volumes, with existing home sales of 7.08 million units and new home sales rising to 1.28 million units (Figure 4).



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

The housing market peaked in sales volume in the summer of 2005. Existing home sales, on a seasonally-adjusted annual basis, reached 7.27 million in June, while new home sales reached a high water mark of 1.367 million in July. Both existing and new home sales volumes declined significantly from these levels by the end of the year.

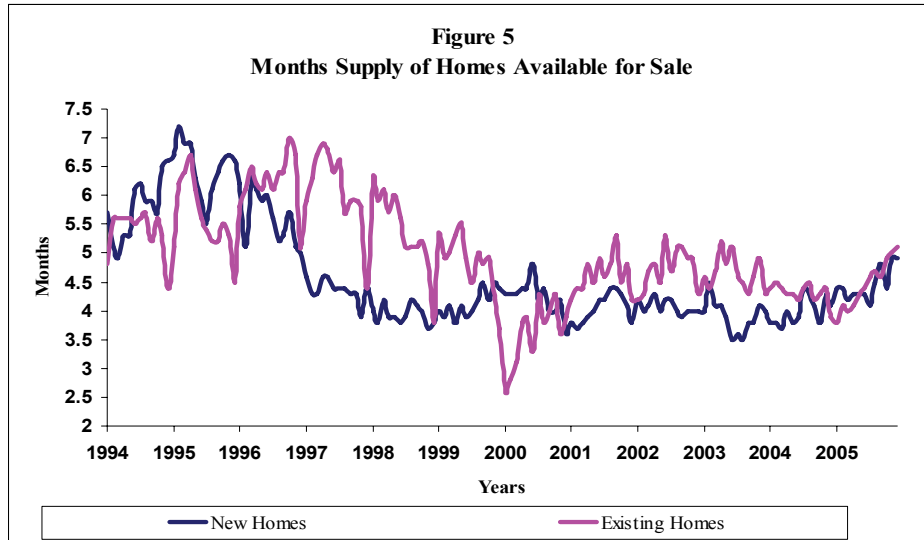
Median home prices peaked at the end of the third quarter of 2005. The median sales price of existing homes peaked at \$229,600 in August, whereas the median sales price of new homes peaked at \$243,900 in October. The mix of housing that transacted changed significantly in the later half of 2005. Single-family homes continued to sell well through 2005, while condominium properties declined sharply in the fourth quarter. The median sales price of condominium units peaked at \$231,800 in June and declined significantly through year's end.

During much of the last five years, inventories of new and existing homes available for sale (expressed in months supply at current sales levels) were at historically low levels—demand was strong and supply was insufficient to meet that demand. Housing analysts view a 6-month supply of housing available for sale as historically normal. As housing markets began to cool in the third and fourth quarters of 2005, the supply of homes available for sale began to trend back towards the traditional norm (Figure 5).

A substantial increase in sales of investment properties and vacation homes helped boost home sales in 2005. Second home purchases have increased dramatically over the last several years, with an increasing proportion of those purchases for vacation properties (Figure 6).

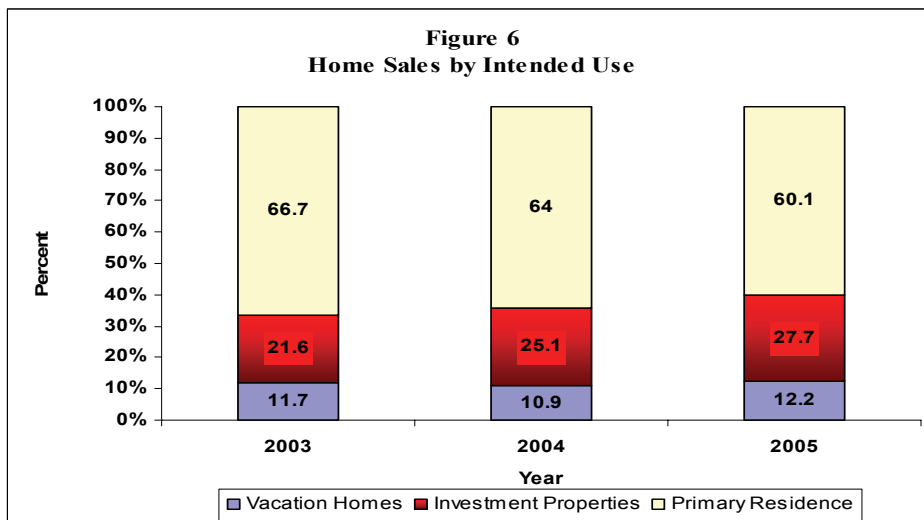
The market for multifamily (5+) units was slightly better in 2005 than in 2004, with 311,400 multifamily units started, nearly 3 percent more than in 2004. The manufactured home market was significantly better in 2005 than in recent years, with 146,800 new manufactured homes shipped, up 12.3 percent from 2004, according to data compiled by

the Bureau of the Census. The 2004 level of new manufactured homes shipped were the lowest since 1962.



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

The homeownership rate fell to 69.1 percent in the first quarter of 2005, down from the record-setting 69.2 percent reached in the fourth quarter of 2004, but remained near that historically high level throughout 2005. Census Bureau data indicates that 750,000 more units were owner-occupied in the fourth quarter 2005 than in the fourth quarter of 2004. Contributing to that gain was the proliferation of adjustable-rate and no-money-down mortgages in 2005, as well as the increasing popularity of subordinate financing via 15-5s and 10-10s, which enabled more borrowers to buy homes. The rental vacancy rate declined from 10.0 percent in the fourth quarter of 2004 to 9.6 percent in the fourth quarter of 2005.

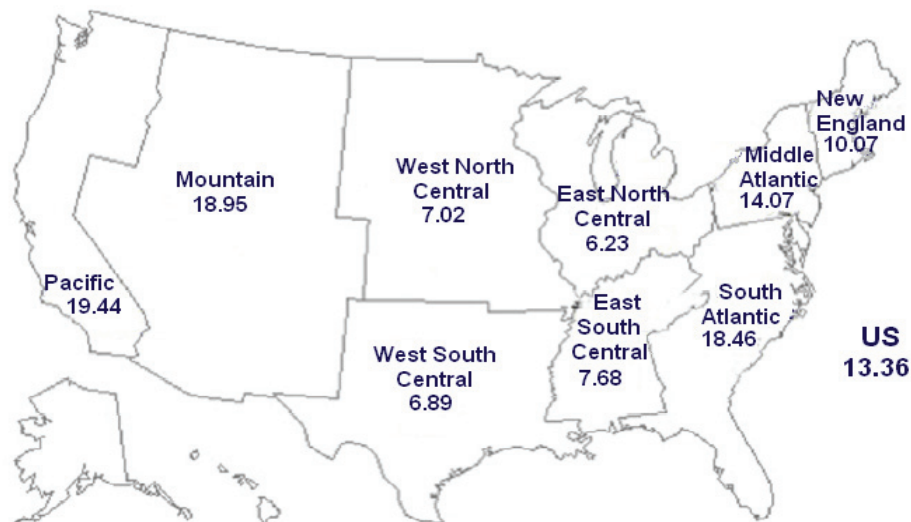


Source: National Association of Realtors

Strong Housing Demand and Continued Low Mortgage Rates Boost House Price Increases

Home values continued to rise in 2005. The average rate of increase in house prices, as measured by OFHEO's House Price Index,¹ remained in the double digits. The average U.S. home price increased 13.4 percent from the fourth quarter of 2004 to the fourth quarter of 2005, compared with 11.9 percent the year before. Regional differences in appreciation rates were pronounced (Figure 7).

Figure 7
One-Year Change in House Prices by Census Division
Fourth Quarter 2004 to Fourth Quarter 2005



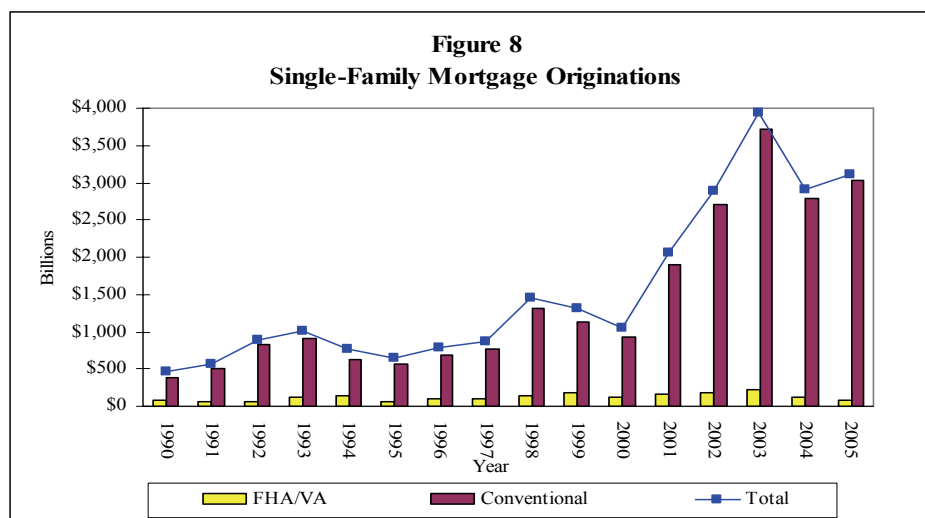
Five of the nine Census Divisions experienced double-digit appreciation rates in 2005. The Pacific division led the nation with annual appreciation of 19.4 percent—more than six percent above the national average—followed by the Mountain division (18.9 percent), the South Atlantic division (18.5 percent), the Middle Atlantic division (14.1 percent), and the New England division (10.1 percent). The Mountain division showed the strongest rise in appreciation, with an increase in its appreciation rate of nearly seven percentage points. The census divisions at the low end of the appreciation spectrum all showed gains in excess of 5 percent, well above the rate of general price inflation in 2005. Over the past five years (2001 - 2005), U.S. home prices increased 58.0 percent. Box A discusses the drivers of recent differences in regional appreciation rates.

¹ The OFHEO house price index is based on analysis of data obtained from Fannie Mae and Freddie Mac from more than 31 million repeat transactions over the past 31 years. The house price index reflects price movements on a quarterly basis of sales or refinancings of single-family homes whose mortgages have been purchased or securitized by Fannie Mae or Freddie Mac. OFHEO analyzes the combined mortgage record of these two government-sponsored enterprises, which form the nation's largest database of mortgage transactions.

Housing affordability, as measured by the National Association of Realtors' (NAR) index,² decreased significantly in 2005 as the increase in home prices outpaced the increase in median family income. The NAR composite affordability index was 114.6 in 2005 compared with 123.9 the year before. The index implies that one-half of the nation's households had at least 114.6 percent of the income needed to purchase a dwelling with the national median existing-home price of \$219,600 in 2005.

Single-Family Mortgage Originations Rise to Second-Highest Level Ever

Whereas housing starts and sales set new records in 2005, single-family mortgage originations rose to \$3.1 trillion, up from \$2.9 trillion in 2004. That was 26 percent below the record level of 2003, but still the second highest volume ever (Figure 8). Single-family originations remained strong in 2005 because of continued generally low mortgage rates and a record volume of Alternative-A (Alt-A or reduced documentation) and subprime lending. Originations surged in the third quarter and fell moderately in the fourth quarter, following the steady rise in mortgage rates in the last half of the year.



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

Originations of conventional single-family mortgages rose 9 percent to \$3.0 trillion in 2005. Originations of loans insured by the Federal Housing Administration (FHA) and guaranteed by the Department of Veterans Affairs (VA) fell sharply to their lowest levels in years. FHA originations fell 39 percent in 2005 to \$58 billion, the lowest level since 1995. VA certifications decreased 30 percent to \$25 billion, the lowest level since 2000. The combined share of mortgages with FHA and VA backing, which has been declining since 2000, fell to less than 2.7 percent of all single-family originations in 2005, the lowest level in decades. New insurance of conventional loans written by private mortgage insurers rose moderately in 2005, increasing 2.7 percent to \$225 billion.

² That index measures affordability factors for all homebuyers making a 20 percent down payment, with an index of 100 defined as the point where a median-income family has the exact amount of income needed to purchase a median-priced existing home.

**Box A:
Explaining Regional Differences in House Price Appreciation**

Housing markets are generally localized. Changing trends in local demand and supply conditions can cause appreciation rates to differ significantly, even for cities in relative proximity. Consequently, when comparing appreciation rates for large geographic areas, such as Census Divisions, it should be recognized that the appreciation patterns actually reflect *average* relative demand and supply conditions in thousands of component markets. Because market conditions are correlated within large geographic regions, however, regional statistics are a useful, though imperfect, means for understanding the causes of appreciation rate differences across Census Divisions.

Two key determinants of house price appreciation are population growth and household incomes. The table below reports the growth in those demand-side factors for each Census Division in 2005. As is evident from the table, all areas of the country saw population and income growth during the year. Demand conditions were particularly robust in the Mountain and South Atlantic Census Divisions, however. Those areas, which experienced the second and third greatest house price appreciation, saw estimated population growth rates exceed 1.5 percent. Their growth rates for per-capita income were also relatively strong, with income increasing between 5.2 and 5.5 percent over the previous year.

| Census Division | Appreciation 4Q2004 – 4Q2005 | Estimated Population Growth July 1, 2004 – June 30, 2005 | Growth in Per- Capita Income CY2004 – CY 2005 |
|--------------------|---------------------------------|---|---|
| Pacific | 19.44% | 0.92% | 4.6% |
| Mountain | 18.95% | 2.35% | 5.5% |
| South Atlantic | 18.46% | 1.62% | 5.2% |
| Mid-Atlantic | 14.07% | 0.10% | 5.4% |
| New England | 10.07% | 0.13% | 5.1% |
| East South Central | 7.68% | 0.88% | 4.4% |
| West North Central | 7.02% | 0.60% | 4.3% |
| West South Central | 6.89% | 1.38% | 3.7% |
| East North Central | 6.23% | 0.35% | 3.9% |

Source: Appreciation rates from the OFHEO HPI. Other data from the Census Bureau and the Bureau of Economic Analysis.

In addition to differences in income and population growth rates, differences in second home demand and investor speculation may also explain the differences in appreciation rates among Census Divisions. Market evidence suggests that low mortgages rates spurred strong demand for vacation and retirement homes in 2005. Demand likely increased more in some Census Divisions—particularly those along the coasts—than in others, causing prices to rise more rapidly in those areas. Similarly, the intensity of speculative activity also likely varied across regions.

Box A
(Continued)

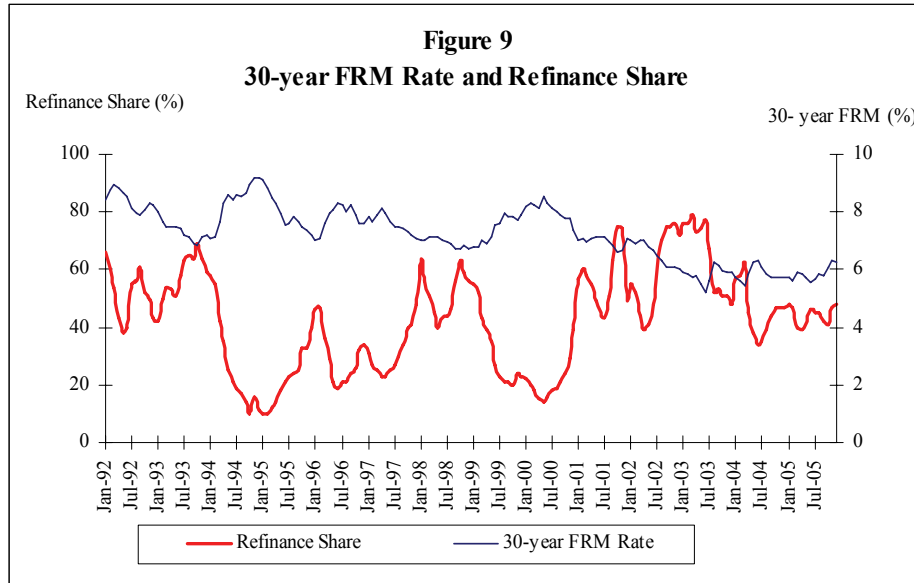
Another important factor in the determination of appreciation rates is the responsiveness of housing supply. In many areas of the country, supply constraints such as land-use restrictions and natural boundaries (e.g., lakes and oceans) make it difficult for builders to rapidly expand the housing stock in response to strong demand. A given demand shock, such as a decrease in mortgage rates or a population influx, will lead to greater appreciation in areas where new home construction faces significant constraints. The natural geographic boundaries on the coasts, coupled with the greater pre-existing density of homes, were likely responsible for some of the relatively more robust appreciation in the Pacific, South Atlantic, and Middle-Atlantic Census Divisions.

Growth in the subprime market exceeded that in the conforming conventional mortgage market by a wide margin in 2005 and was a key driver behind one of the best years ever for originations. According to *Inside Mortgage Finance*, subprime originations increased 16 percent in 2005 to \$625 billion. Subprime loans accounted for 20 percent of total single-family mortgages originated that year, compared with 18.5 percent the year before. The expansion of subprime lending provides access to credit to many borrowers who cannot obtain credit in the prime market. Originations of Alt-A mortgages also rose significantly in 2005, increasing 95 percent from 2004 levels, and represented 12.5 percent of total single-family mortgage originations. Jumbo mortgages (mortgages above the conforming loan limit—\$359,650 in 2005, up 7.8 percent from 2004) represented 18.3 percent of total single-family mortgage originations, up from 17.6 percent in 2004.

Residential mortgage debt outstanding grew at a double-digit rate in 2005 for the fifth consecutive year, jumping nearly 14 percent to \$9.9 trillion, the highest annual rate of growth since 1986. Since the beginning of 2000, mortgage debt owed by households has grown almost 82 percent to \$8.9 trillion. The increase in household mortgage debt is due to generally low mortgage rates and the willingness of consumers to tap the home equity generated by the rapid house price appreciation of recent years.

**Rising Mortgage Rates Produce Modest Decline
in Refinancing Activity**

The upward trend in mortgage rates in 2005 led to only a small drop in refinancing activity, which had surged in 2001 through 2003 as rates steadily declined. According to Freddie Mac's Primary Mortgage Market Survey (PMMS), refinance loans accounted for about 44 percent of originations in 2005, down from 46 percent the year before (Figure 9). During the second half of the year, consumers used an increasing proportion of refinances to take equity out of their homes; cash-out refinances are less sensitive to interest rate movements than rate-reduction ones.

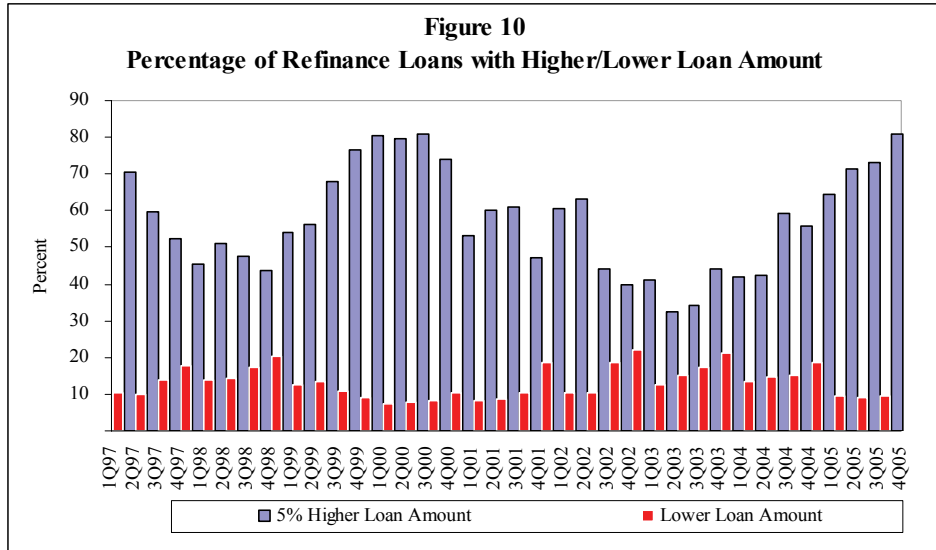


Sources: Freddie Mac Primary Mortgage Market Survey

According to Freddie Mac’s PMMS, more than 72 percent of refinance mortgages in 2005 had loan amounts at least 5 percent higher than the original loans, up from 50 percent in 2004 (Figure 10). The amount of equity cashed-out through the refinancing of prime, first-lien conventional mortgages totaled \$244 billion in 2005, up from \$142 billion in 2004. Homeowners who refinanced in 2005 reduced their mortgage rates by only 8 percent on average, down from 19 percent in 2004 and 26 percent in 2003. The median age of loans refinanced increased from 2.1 years in 2004 to 2.6 years in 2005. The median price appreciation of the property from the time the original loan was made to the time it was refinanced increased from 9 percent in 2004 to 23 percent in 2005.

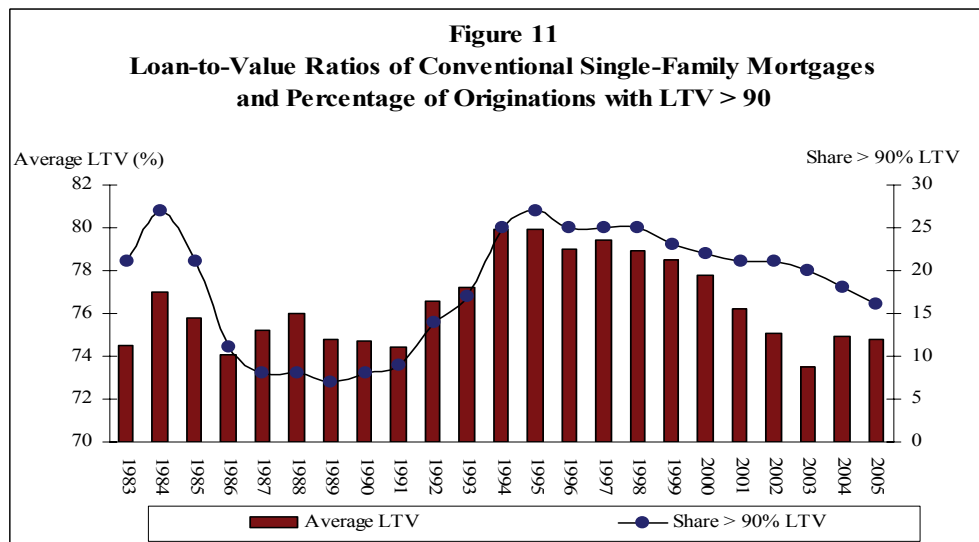
Mix of Purchase-Money Originations Changes

The Monthly Interest Rate Survey (MIRS) of the Federal Housing Finance Board, which tracks the terms of single-family, conventional, purchase-money originations, provides further information on the terms 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 (non-jumbo mortgages) and loans that have balances too large to make them eligible for purchase by the Enterprises (jumbo loans). According to MIRS, the non-jumbo share of total purchase-money originations, based on the total dollar volume of loans, was 73 percent in 2005, down from 76 percent in 2004.



Source: Freddie Mac

According to MIRS, the average loan-to-value (LTV) ratio of single-family, conventional, purchase-money mortgages, which has declined steadily since reaching about 80 percent in 1994 and 1995, was 75 percent in 2005, unchanged from 2004 (Figure 11). The proportion of such loans with LTV ratios greater than 90 percent, which had peaked at 27 percent in 1984 and 1995, fell further in 2005 to 16 percent, the lowest level since 1992. Jumbo and non-jumbo loans had average LTV ratios of 76 and 75 percent, respectively, in 2005 compared to 77 and 75 percent, respectively, in 2004.

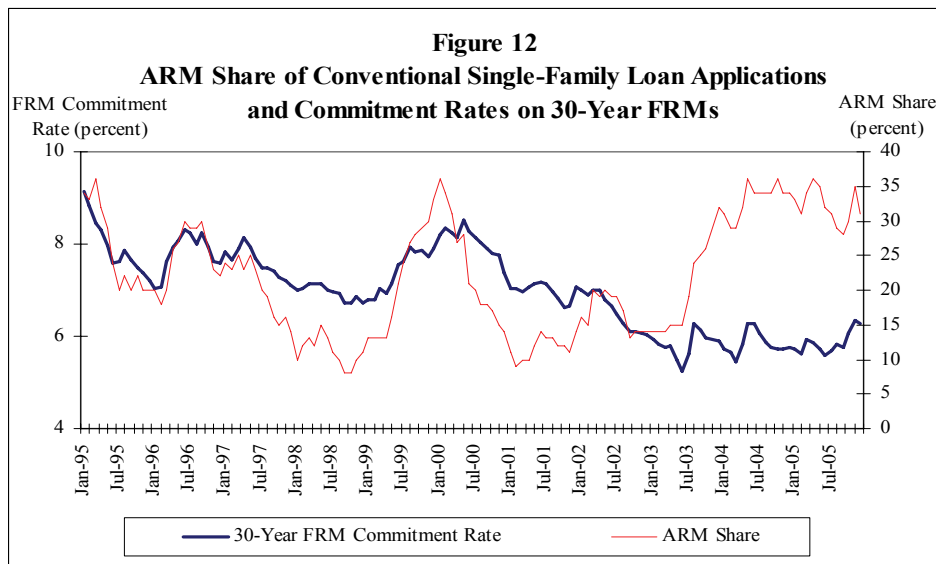


Source: Federal Housing Finance Board Mortgage Interest Rate Survey

Originations of Adjustable-Rate Loans Rise

Adjustable-rate mortgage production reached record levels in 2005, although the composition of the ARM market changed greatly from 2004 and the market share of ARMs fell slightly. Despite the continued availability of long-term FRMs at rates

generally below 6 percent, borrowers took out a record volume of lower-cost ARMs in 2005. According to *Inside Mortgage Finance*, an estimated \$1.49 trillion of ARMs were originated in 2005, up from the \$1.46 trillion originated in 2004. However, ARMs represented 48 percent of total mortgage originations in 2005, down from 50 percent in 2004. According to Freddie Mac's PMMS, the ARM share of conventional single-family loan applications was 32 percent in 2005, up from 20 percent in 2003 and 17 percent in 2002 but down from 33 percent in 2004 (Figure 12). The increase in ARM originations was driven by the continued popularity of hybrid ARMs and the increased demand for relatively new types of mortgages such as interest-only ARMs. Interest-only ARMs have gained popularity over the last few years and dominated the ARM market in 2005. Box B discusses originations of non-traditional mortgages in 2005.



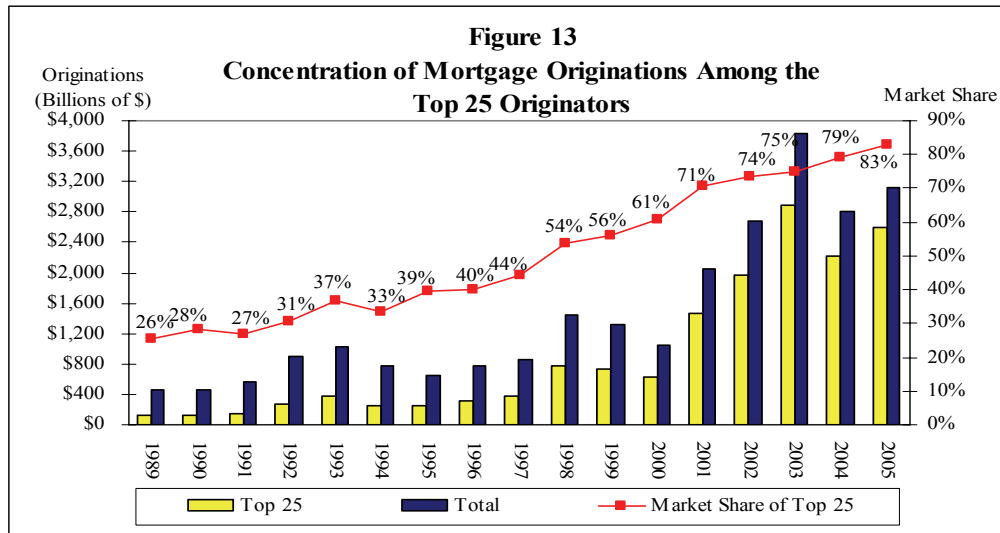
Source: Freddie Mac Primary Mortgage Market Survey

Industry Consolidation and Use of Multiple Origination Channels Persist

Consolidation in the mortgage industry continued in 2005. According to *Inside Mortgage Finance*, big lenders continued to expand their domination of the origination market in 2005. The top 25 lenders were responsible for 83 percent of single-family mortgages originated, up from 79 percent in 2004. In 1994, the top 25 lenders accounted for only one-third of mortgage originations (Figure 13). Those numbers might suggest that only a handful of lenders were involved in originating most loans, but that impression would be incorrect. The top lenders use three channels to produce loans—retail, broker and correspondent—and two of those channels involve other lenders.³ For example, the top single-family lender in 2005, Countrywide Home Loans, originated

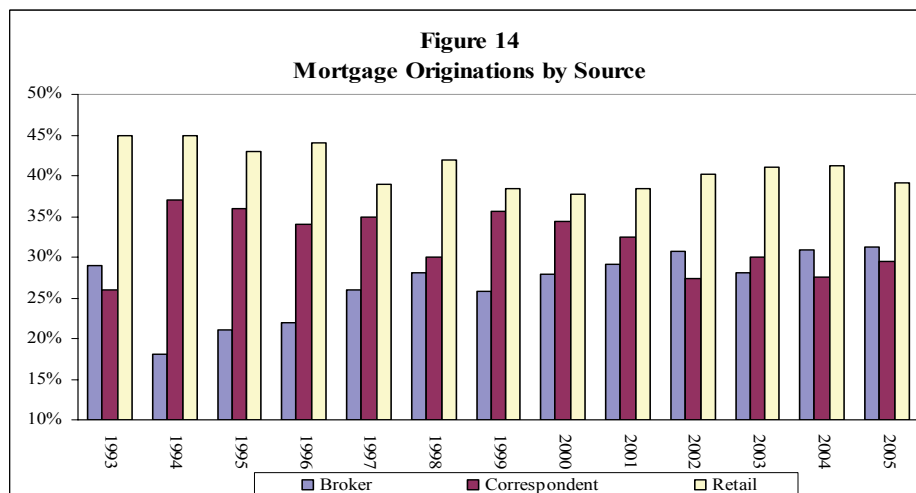
³ In the **Retail** channel, lenders make loans directly to consumers, whether through a branch office, a call center, the Internet, or some other direct means. In the **Broker** channel, a mortgage broker finds the consumer, facilitates the loan closing in the lender's name, and uses the lender's money to fund the loan. In the **Correspondent** channel, the lender buys a loan after it has been closed and funded by another, correspondent lender.

\$491 billion in loans, of which \$154 billion was generated by its retail channel and \$337 billion was purchased from mortgage brokers or correspondent lenders. Stated another way, nearly 59 percent of Countrywide's production in 2005 was sourced to it by other originators. Wells Fargo, the nation's second largest lender in 2005, originated \$209 billion in its retail channel, and purchased \$184 billion, or 47 percent, of its total mortgage production.



Source: *Inside Mortgage Finance*

Lenders continued to rely on multiple channels of production to originate loans. Whereas the retail channel continued to dominate the market in 2005, accounting for 39.2 percent of total single-family originations, its share was down from around 41 percent the prior three years. Within the wholesale market, brokers increased their share from 31 percent in 2004 to slightly more than 31 percent in 2005. The share of correspondent lenders rose to 29.5 percent from 27.5 percent the year before, when it was at the lowest level since 1993 (Figure 14).



Source: *Inside Mortgage Finance*

Box B:
The Proliferation of Non-Traditional Single-Family Mortgages

Rapidly rising home prices from 2001 through 2005 placed an increasing financial burden on potential home buyers, despite historically low interest rates. Many non-traditional single-family mortgages, such as piggy-back and limited-documentation loans, addressed the affordability constraints for many home purchasers, changing the mix of mortgage originations. Product innovation was also driven by greater access to mortgage finance for many formerly credit-impaired renters, significant financial innovation in credit markets, and sluggish investment alternatives in equity and capital markets relative to real estate.

For at least the last fifteen years, the single-family mortgages considered to be traditional have been 15- and 30-year fixed-rate mortgages (FRMs); 1-year adjustable-rate mortgages (ARMs); hybrid ARMs, which have a fixed rate for a period of 3, 5, 7, or 10 years and an adjustable rate for the remaining years of the mortgage; closed-end second mortgage loans with 5, 7, 10, and 15-year terms to maturity; and home equity lines of credit with variable rate features.

Beginning in 2003, the mortgage market began to see a significant increase in alternative financing arrangements and lender-specific mortgages that differed significantly in terms and conditions from traditional loans. Much of the innovation first took place in the ARM market and later surfaced in the FRM market. Among the non-traditional mortgages are Alternative-A (low documentation, known as Alt-A) and subprime hybrid ARMs, interest-only ARMs, option ARMs, and, most recently, interest-only FRMs. Of the recent origination years and based on volume of activity, 2004 was the year of the hybrid and interest-only ARM, 2005 the year of the option ARM, and 2006 is shaping up to be the year of the interest-only FRM. The primary non-traditional loans in 2005 were:

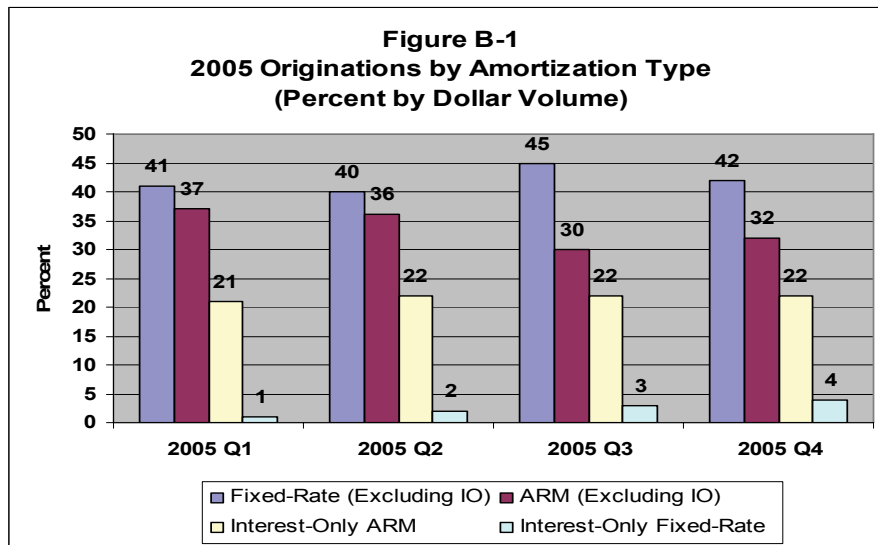
Option ARMs – Historically a product that allowed sophisticated consumers to manage their cash flows, option ARMs have entered the mainstream mortgage market. Option ARMs offer payment flexibility so consumers can afford larger loans. Each month there typically are four payment options: a minimum monthly payment, an interest-only payment, and payments based on 15- and 30-year amortization schedules. If an option ARM borrower chooses to make the 15-year, 30-year, or interest-only payments, the principal declines or stays constant. Making only the minimum monthly payment, however, results in negative amortization. Negative amortization is capped at 110 to 125 percent, and the loan is recast if the principal balance grows above a specific ratio. Otherwise, after the first 5 years the loan is reset to amortize over the remaining 25 years.

Subprime and Alt-A Hybrid ARMs – A hybrid ARM starts with a fixed rate for a number of years and then turns into an adjustable-rate loan for the remaining term to maturity. Originally a conforming conventional mortgage (5- or 7-year fixed rate) with a 30-year term, the hybrid ARM has increasingly been originated in the subprime and Alt-A markets with much shorter fixed-rate periods (2 or 3 years, referred to as 2/28s and 3/27s) and with a greater than 30-year term to maturity, e.g., 2/38 or 3/37.

Box B
(Continued)

Interest-Only (IO) Mortgages – An IO mortgage is a loan on which the monthly payment consists only of interest for some fixed period. During that period, the loan balance remains unchanged. After the interest-only period ends, the payment is reset to amortize the unpaid principal balance over the remaining term to maturity. The interest rate may adjust based on a particular index if the loan is an ARM. In the prime and Alt-A markets, most of the fixed-rate IOs have 10-year IO terms, whereas the predominant IO ARM term is five years. In the subprime market, the vast majority of fixed-rate IOs has 5-year IO terms, while IOs ARMs have 2-year IO terms. Interest-only mortgages are also called deferred-amortization loans.

The Mortgage Bankers Association (MBA) Mortgage Originations Survey provides insight into the changing product mix of single-family mortgage originations. Consistent with data from *Inside Mortgage Finance*, the results of the MBA survey show a movement of home borrowers from ARMs to fixed-rate mortgages during 2005. In addition, increasing shares of interest-only originations were fixed-rate loans (Figure B-1). Option ARMs, which can be either interest-only or fully amortizing depending on borrower choice and are not included in the breakout below, were 7 percent of originations in the first half of 2005 and 8 percent in the second half. Hybrid ARMs averaged slightly more than 40 percent of non-IO ARMs during all quarters of 2005.

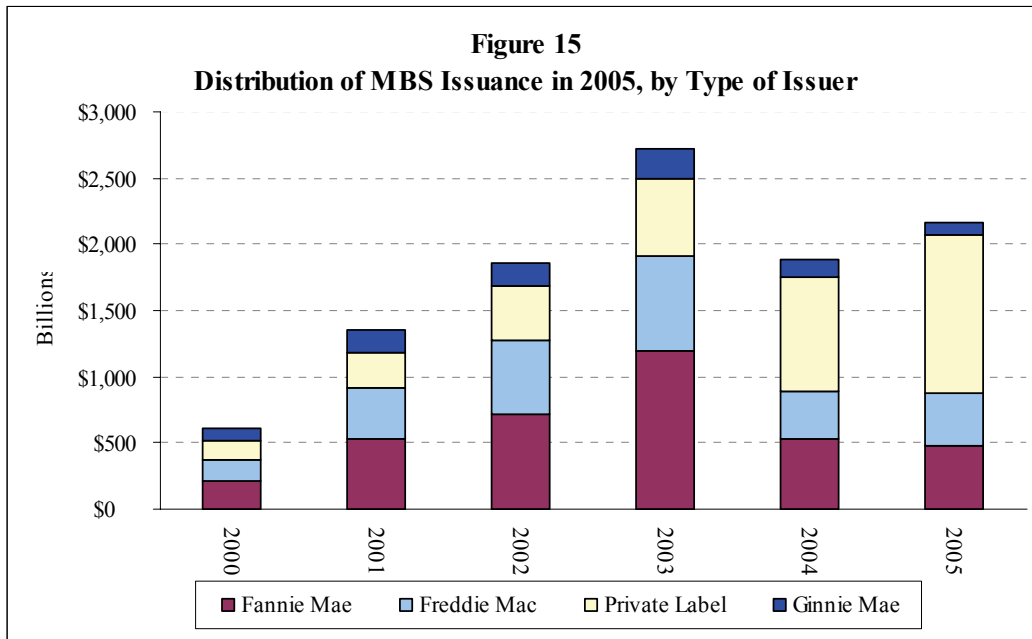


Source: MBA Mortgage Originations Survey

SECONDARY MORTGAGE MARKET DEVELOPMENTS

Changes in the Primary Mortgage Market Lead to a Drop in the Enterprise Share of MBS Issuance

Shifts in the primary mortgage market in 2005 led to a decline in the role of Fannie Mae and Freddie Mac in the secondary mortgage market. As discussed above, the overall increase in mortgage originations in 2005 was fueled by higher consumer demand for non-traditional mortgages and an increase in the non-prime share of single-family originations. Those trends drove an increase in private-label MBS issuance during 2005 (Figure 15). Private-label MBS backed by Alt-A and subprime collateral increased to 15 percent and 22 percent of total issuance volume, respectively. There was also a sharp increase in issuance of MBS backed by ARMs in 2005. Issuance of ARM-backed securities rose 36 percent to \$982.0 billion, representing 46 percent of total MBS issuance in 2005. Box C examines private-label securitization in 2005 in more detail.



Source: *Inside Mortgage Finance*

While total private-label issuance rose 38 percent to \$1.2 trillion in 2005, combined Enterprise issuances of single-class MBS fell 1 percent to \$908 billion, the lowest level in five years (Figure 16). MBS issuance by Ginnie Mae fell to its lowest level since 1995.

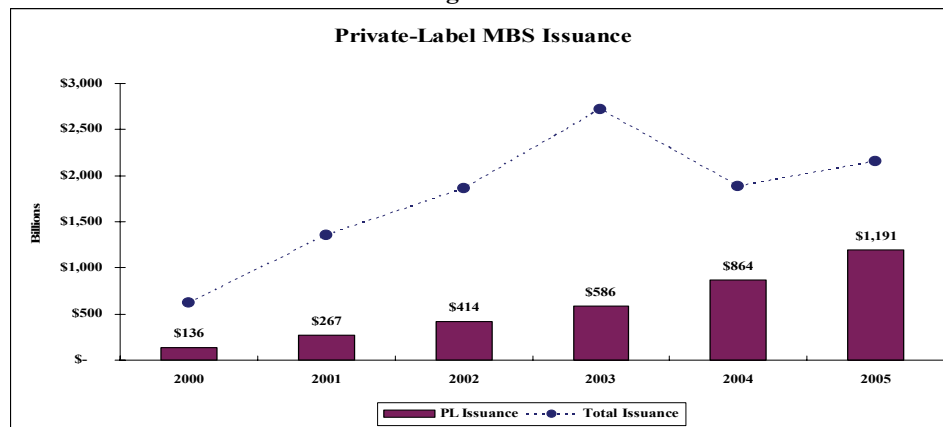
Box C: Trends in Private-Label Securitization

A noticeable and relatively new development in the residential mortgage market is the surge in private-label or non-agency issuance of residential mortgage-backed securities (MBS). Private-label MBS are typically collateralized by non-conforming loans or loans that do not meet standards prescribed by the Fannie Mae and Freddie Mac, including loan size. Non-conforming loans include home equity, jumbo, and subprime loans.

Depository institutions, Wall Street firms, insurance companies, mortgage banks, and homebuilders issue private-label MBS. Issuers generally create MBS using whole loans that they originate or acquire in the secondary market or MBS, including Enterprise MBS. Private-label MBS do not carry Enterprise or Ginnie Mae guarantees but, in most cases, carry credit ratings. High ratings require credit enhancements, which typically include senior/subordinated structures or mortgage pool insurance, to protect investors from delinquencies or losses on the underlying loans.

The growth in the volume of private-label issuance has been unprecedented in recent years. And, unlike the volatility in issuance volume exhibited by the residential MBS market as a whole, the volume of private-label MBS issuance has increased consistently (Figure C-1). Private-label issuance doubled between 2001 and 2003, and again between 2003 and 2005, rising to \$1,191 billion last year, the highest volume ever. That was the first time issuance volume in the private-label market exceeded that in the agency market.

Figure C-1



Source: *Inside MBS & ABS*

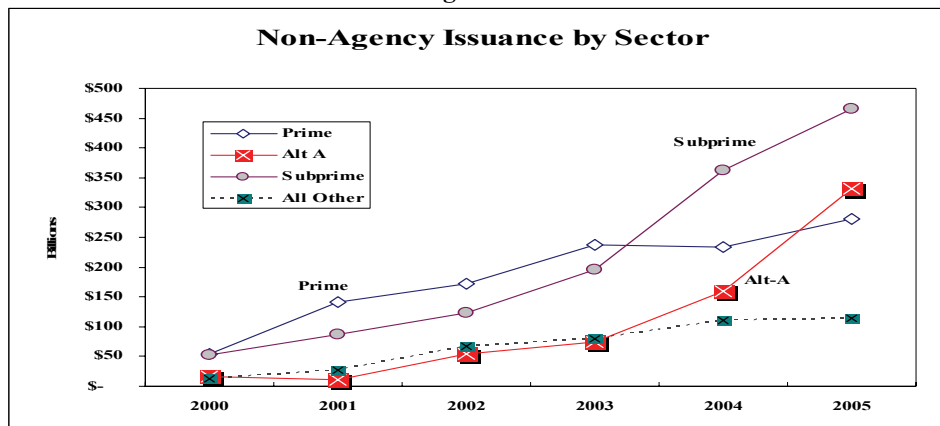
The growth in the private-label sector in recent years has reflected the rising share of single-family originations comprised of nonconforming loans. More specifically, the increase in private-label issuance has coincided with the recent increases in lending to households not classified as prime and in originations of non-traditional loans. Private-label issuers not only purchase jumbo mortgages but also focus on the more credit-sensitive mortgages, including adjustable-rate, subprime, and Alternative-A (Alt-A or reduced documentation) loans.

**Box C
(Continued)**

Growth in private-label issuance has also been driven by the cost of credit enhancement via senior/subordinated structures, which has been low relative to the cost of the guarantee fee and private mortgage insurance required to securitize through the Enterprises, and by investor demand for high-yield securities that pose relatively low risk.

As illustrated in Figure C-2, the record \$1,191 billion of private-label MBS issued in 2005 was led by the subprime sector, which exceeded \$460 billion in issuance. That issue volume was driven by an increase in the number of borrowers with blemished credit seeking housing financing and lenders willing to extend credit to those borrowers. The highest growth within the non-agency market was the Alt-A sector. The demand for securities backed by Alt-A loans has soared. Issuance volume in that sector increased almost 10-fold from 2000 to 2004 and doubled from 2004 to 2005 to more than \$330 billion.

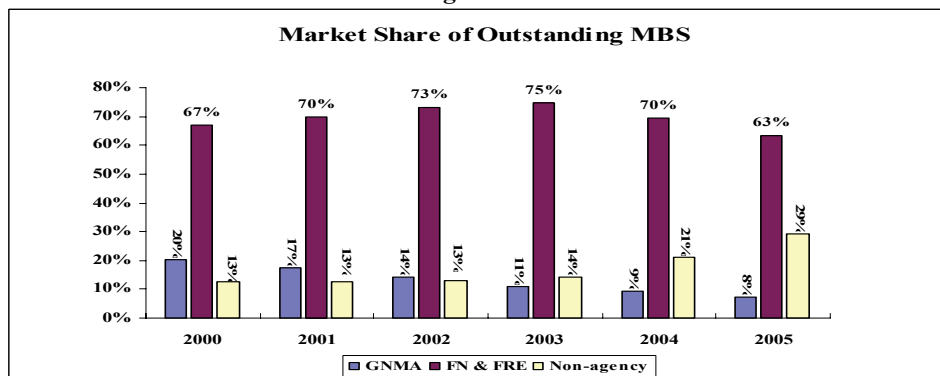
Figure C-2



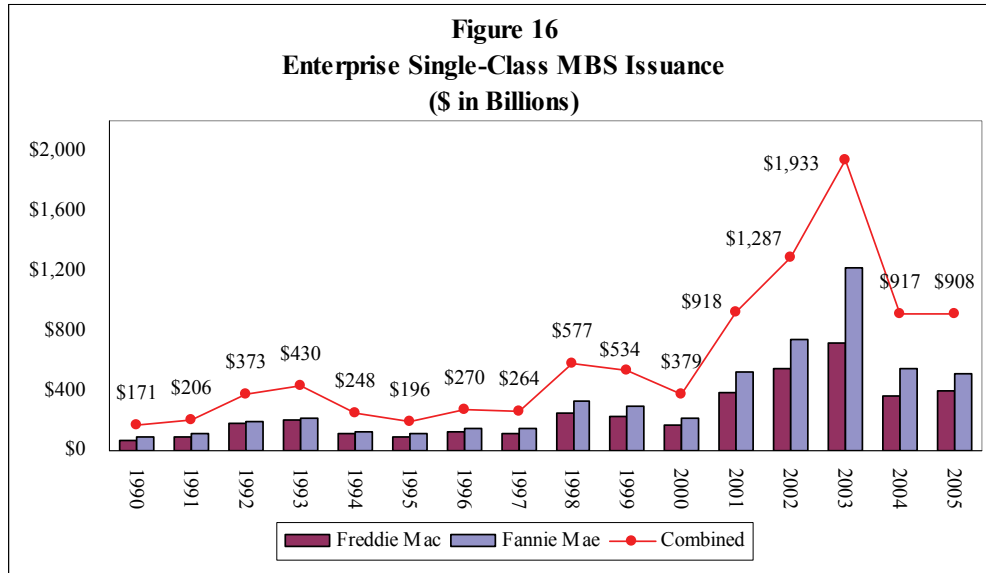
Source: *Inside MBS & ABS*

Because of the surge in private-label issuance in 2005, the Enterprises' share of MBS outstanding MBS fell 7 percentage points in 2005 to 63 percent (Figure C-3).

Figure C-3



Source: *Inside MBS & ABS*



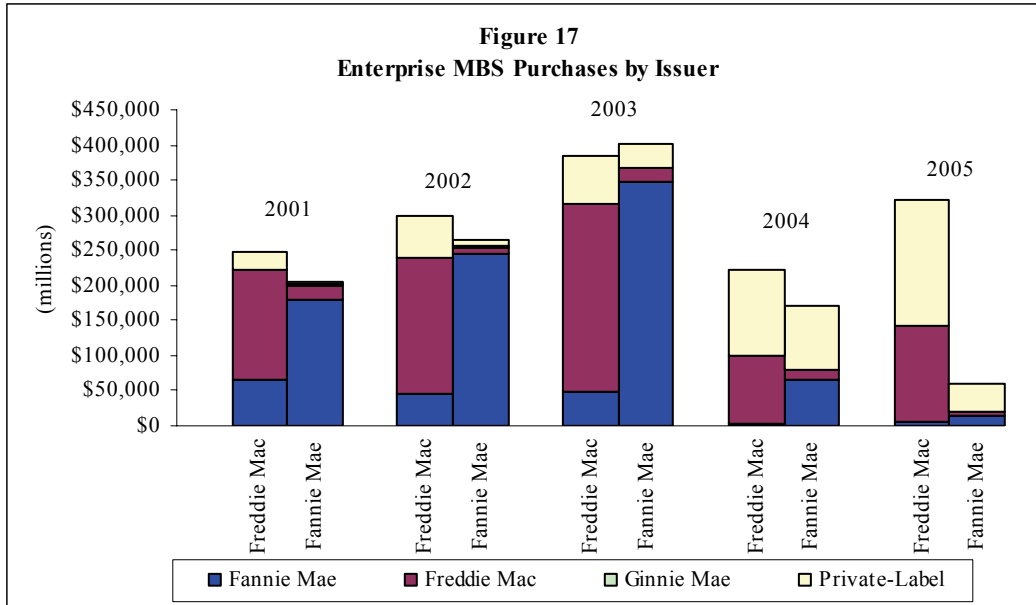
Sources: Fannie Mae and Freddie Mac

Retained Portfolio Purchases Fall Sharply at Fannie Mae but Increase Markedly at Freddie Mac

Retained mortgage portfolio purchases fell sharply at Fannie Mae in 2005, but rose almost as steeply at Freddie Mac. Fannie Mae, which needed to shrink its assets in order to raise its capital ratios, reduced its retained portfolio purchases to \$147 billion in 2005, down 44 percent from 2004. Freddie Mac's retained portfolio purchases increased 42 percent to \$320.6 billion in 2005. The differences between the two Enterprises involved both purchases of their own respective MBS and purchases of private-label securities.

Fannie Mae significantly decreased the volume of purchases of its own MBS in 2005 compared to recent years, while Freddie Mac increased those purchases compared to 2004 (Figure 17). Fannie Mae purchased \$16 billion of its MBS, compared to \$65 billion in 2004 and \$348 billion in 2003. Freddie Mac purchased \$136 billion of its MBS, compared to \$96 billion and \$267 billion in 2004 and 2003, respectively.

Fannie Mae decreased its purchases of private-label securities in 2005, but Freddie Mac increased its purchases of those securities. Private-label MBS purchases by Fannie Mae fell 54 percent to \$41.4 billion, while purchases by Freddie Mac jumped 49 percent to \$180.0 billion. Combined Enterprise private-label MBS purchases increased 4 percent to \$221.3 billion in 2005.

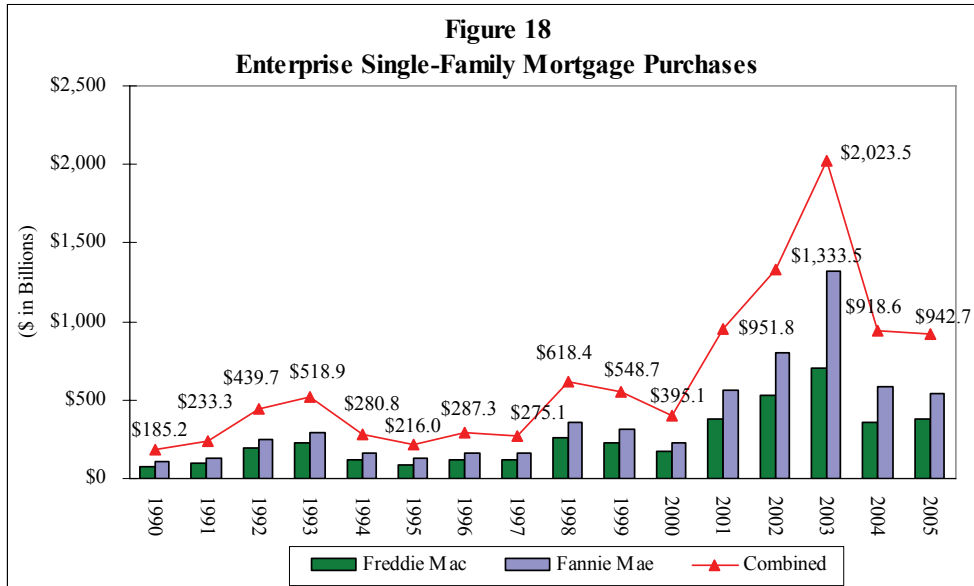


Sources: Fannie Mae and Freddie Mac

Total Purchase Volume Declines at Fannie Mae but Rises at Freddie Mac

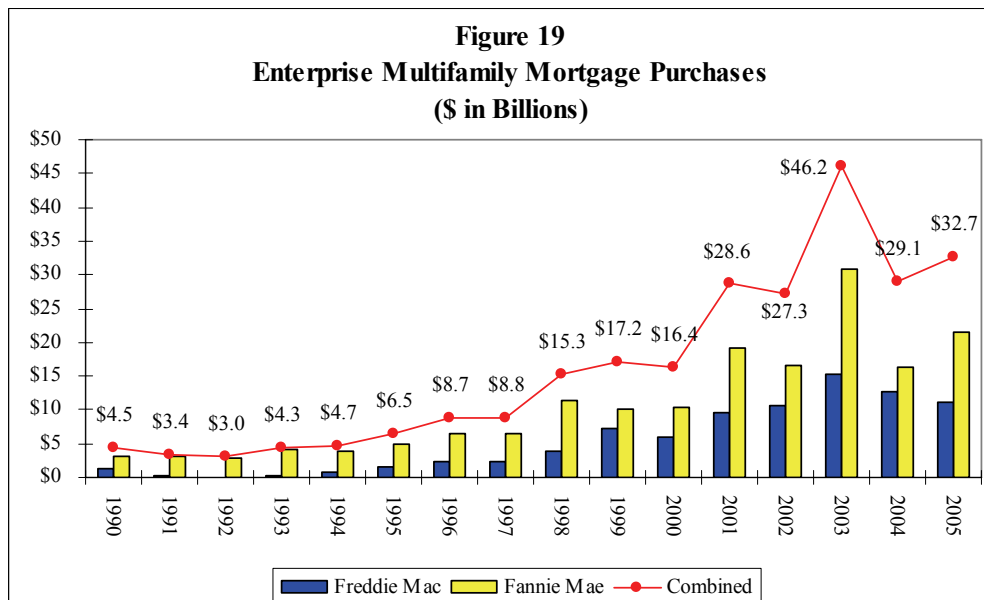
Differences between the two Enterprises in total secondary mortgage market purchases were smaller because most secondary market purchases are securitized and sold, and Fannie Mae faced no new constraints in that activity. Fannie Mae's and Freddie Mac's combined mortgage purchases (defined to include cash purchases from lenders and swaps of whole loans for MBS) in 2005 totaled \$951 billion, down 2 percent from 2004 and 54 percent from 2003. Fannie Mae's purchase volume declined 8 percent to \$558 billion in 2005, while Freddie Mac's total mortgage purchases increased 7 percent to \$393 billion.

Purchases by the Enterprises of single-family mortgages fell to \$919 billion in 2005, a decrease of 3 percent from their combined purchases in 2004 (Figure 18). Freddie Mac's purchases of single-family mortgages in 2005 were \$382 billion, up 8 percent from 2004, while Fannie Mae's purchases were \$537 billion, down 9 percent. That total represented the lowest purchase volume by Fannie Mae since 2000.



Sources: Fannie Mae and Freddie Mac

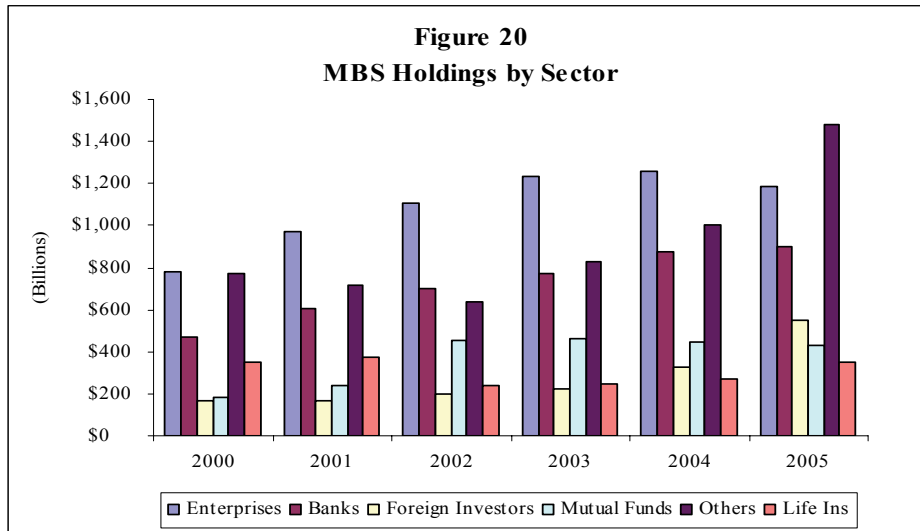
Multifamily market activity rose for Fannie Mae but declined for Freddie Mac in 2005. Fannie Mae purchased \$21 billion in multifamily mortgages, up 31 percent from \$16 billion in 2004. Freddie Mac purchased \$11 billion in multifamily loans, a decline from \$13 billion in purchases the previous year (Figure 19). Most of the units financed with multifamily loans purchased by Fannie Mae and Freddie Mac count toward the affordable housing goals established by the Secretary of Housing and Urban Development (HUD).



Sources: Fannie Mae and Freddie Mac

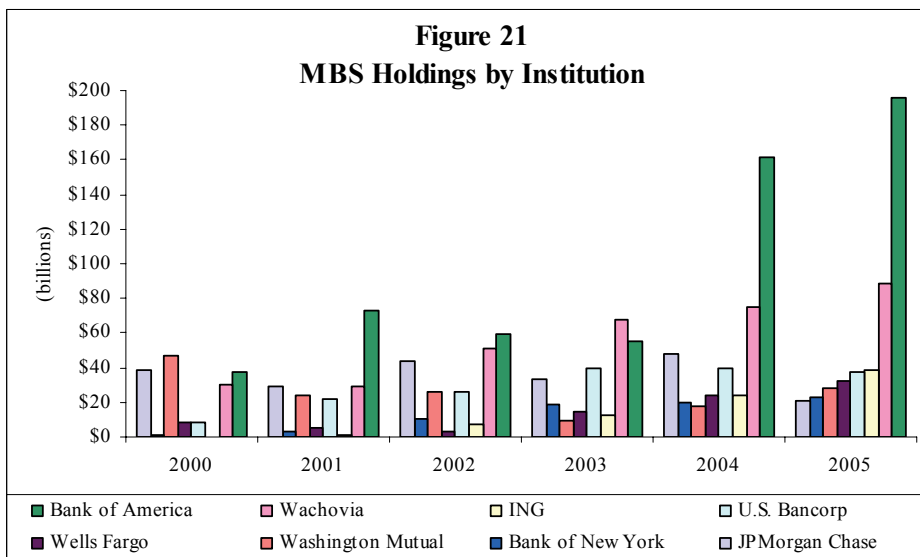
Foreign Investors Increase Share of MBS Outstanding

Foreign investors held 7.4 percent of all Enterprise and Ginnie Mae MBS outstanding in June 2005, up from 5.0 percent in June 2004. Since 2000, the share of all MBS issued by U.S. firms and held by foreign investors has increased from 5.6 percent to 10.7 percent (Figure 20).



Source: *Inside Mortgage Finance*

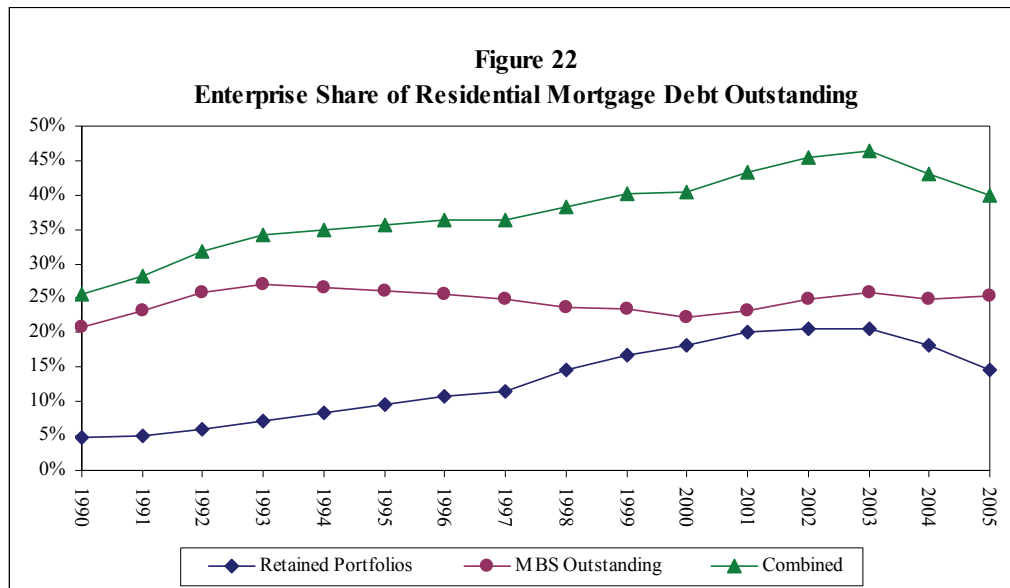
The concentration of MBS holdings in the largest U.S. banks' portfolios also continued to increase in 2005. The MBS portfolios of the top two bank MBS investors rose to 5.5 percent of all MBS outstanding, up from 5.3 percent in 2004 and 3.1 percent in 2003 (Figure 21).



Source: OFHEO based on data from the FDIC

Enterprise Share of Mortgage Debt Outstanding Declines

At the end of 2005, the Enterprises' combined book of business (MBS held by other investors plus mortgages and MBS held by each Enterprise other than MBS guaranteed by the other Enterprise) represented 40.0 percent of the total residential mortgage debt outstanding (\$9.9 trillion), down from 43.1 percent at the end of 2004 (Figure 22).



Sources: Fannie Mae, Freddie Mac, Federal Reserve

Enterprises Remain Active in Subprime and Alternative-A Markets

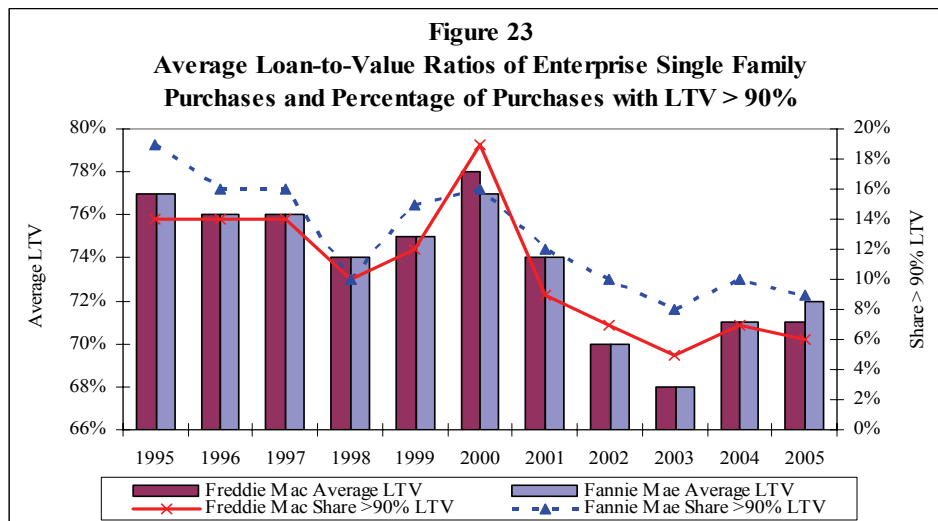
Fannie Mae and Freddie Mac continued to be active in the markets for subprime and Alternative-A mortgages and MBS backed by those loans in 2005, but the Enterprise presence in the market was lower than in 2004. According to *Inside Mortgage Finance*, the Enterprises purchased \$169 billion in subprime MBS in 2005, representing 33 percent of those securities issued, down from \$176 billion in purchases in 2004, which accounted for 44 percent of 2004 issuances. Freddie Mac reported purchasing approximately \$49.7 billion of A- loans in 2005, up from \$36 billion in 2004. Fannie Mae reported purchasing \$23 billion of Expanded Approval/Timely Payment Reward Mortgages in 2005, up from \$18 billion in 2004. Under the Timely Payment Reward program, the interest rate on an A- loan is initially higher but is reduced if the borrower makes payments on time for 24 consecutive months.

Fannie Mae also purchased approximately \$56 billion of low-documentation loans—mortgages to borrowers with good credit who chose to avoid the normal paperwork associated with getting a mortgage—in 2005, up from \$49 billion in 2004. Freddie Mac purchased approximately \$21 billion of low-documentation loans in 2005, up from \$15 billion in 2004.

Enterprise Single-Family Credit Risk Remains Low

Trends in the primary market in 2005 changed the characteristics of single-family originations in ways that altered the credit risk of mortgages purchased by the Enterprises. In particular:

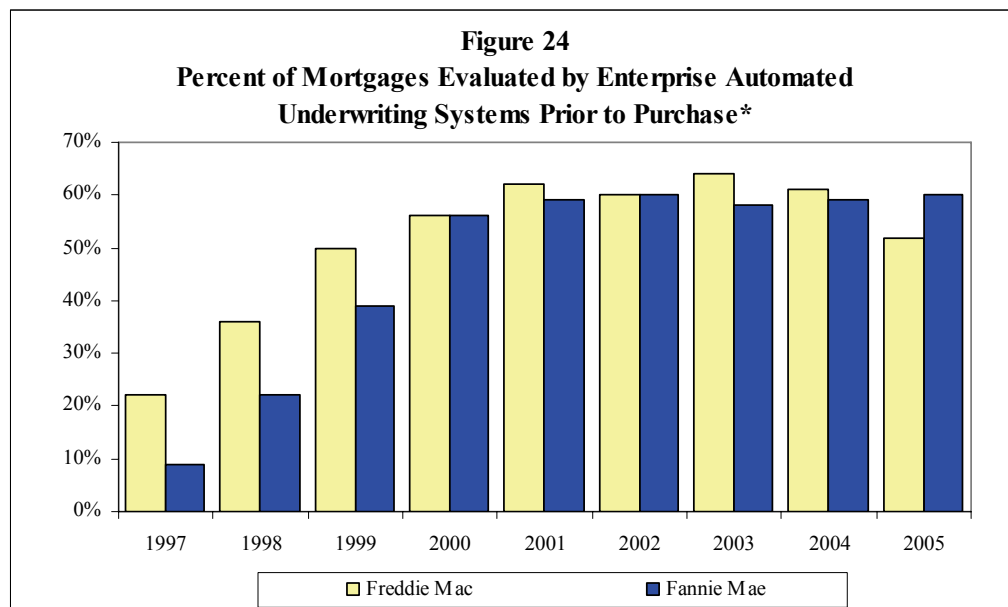
1. The refinance share of single-family mortgages purchased by the Enterprises fell in 2005. Fannie Mae's refinance share of purchases fell to 53 percent in 2005, down from 57 percent in 2004, whereas Freddie Mac's share fell to 56 percent from 60 percent the previous year. Refinance mortgages tend to be of higher credit quality than purchase loans.
2. The weighted average LTV ratio of single-family mortgages purchased by the Enterprises stayed fairly steady in 2005 (Figure 23), remaining at 71 percent at Freddie Mac and rising slightly to 72 percent at Fannie Mae. The proportion of loans with LTV ratios greater than 90 percent fell slightly to 9 percent of Fannie Mae's single-family purchases and 6 percent of Freddie Mac's single-family purchases, down from 10 percent and 7 percent, respectively, in 2004.



Sources: Fannie Mae and Freddie Mac

3. Adjustable-rate loans comprised a slightly larger share of each Enterprise's single-family purchases in 2005. ARMs represented 22.0 percent of Fannie Mae's purchases, up from 21.3 percent in 2004, and 17.8 percent of Freddie Mac's purchases, up from 17.1 percent in 2004. ARMs generally have a higher default rate than fixed-rate loans partly because the rates on ARMs, while originally low, may change over time, and because ARMs are often used to qualify marginal buyers who could not qualify for a FRM of the same loan amount. If payments rise, the risk of default also increases.

The Enterprises use automated underwriting systems (AUS) to assess the credit risk of single-family mortgages. Such systems combine LTV ratios, credit scores, and other loan and borrower characteristics to classify loans in terms of their relative risk of default. The percentage of loans processed through Freddie Mac's Loan Prospector (LP) decreased to 52 percent in 2005, down from 61 percent in 2004. Sixty percent of Fannie Mae's 2005 single-family purchases were evaluated prior to purchase through its Desktop Underwriter (DU), up from 59 percent in 2004 (Figure 24).



Sources: Fannie Mae and Freddie Mac

*Based on recently originated mortgages not included in structured transactions.

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. Additionally, each Enterprise allows some large lenders to use their own AUS to evaluate mortgages prior to purchase. As a result, the data in Figure 24 understate the proportion of loans purchased by the Enterprises that were evaluated using automated underwriting prior to origination.

Fannie Mae and Freddie Mac also reduce their credit risk exposure by obtaining credit enhancements on higher-risk single-family mortgages. 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 counterparty risk by establishing eligibility requirements for and monitoring the condition of counterparties.

The percentage of Freddie Mac's conventional single-family credit book of business—mortgages held in portfolio and backing guaranteed MBS—with credit enhancements was 17 percent at year-end 2005. That was down from 19 percent at year-end 2004 and 21 percent at year-end 2003. The percentage of new Fannie Mae MBS issuances with lender-only and shared-risk credit enhancements was 11 percent in 2005, up from 6 percent in 2004.

The credit losses each Enterprise incurs on its single-family credit book of business is sensitive to the prices of single-family homes. Freddie Mac estimated that, as of the end of 2005, an immediate 5 percent decline in home values would increase credit losses over the life of its loans by \$564 million, net of the beneficial effect of credit enhancements, compared with \$463 million at the end of 2004. Without credit enhancements, the lifetime loss sensitivity was \$873 million in 2005, up from \$794 million at the end of 2004. The net credit loss sensitivity at the end of 2005, \$564 million, represented about 1.6 percent of Freddie Mac's core capital as of year's end and about 0.04 percent of the Enterprise's conventional single-family mortgage credit book of business.

Fannie Mae estimated that, as of the end of 2005, an immediate 5 percent decline in home values would increase credit losses over the life of its loans by \$955 million, net of the beneficial effect of credit enhancements, compared with \$1.0 billion at the end of 2004. Without credit enhancements, the lifetime loss sensitivity was \$2.1 billion, down slightly from \$2.4 billion at the end of 2004. The net credit loss sensitivity at the end of 2005, \$955 million, represented about 2.5 percent of Fannie Mae's core capital as of year's end and about 0.05 percent of the Enterprise's conventional single-family mortgage credit book of business.

FINANCIAL PERFORMANCE AND CONDITION OF THE ENTERPRISES

Earnings Decline but Enterprises Remain Profitable

Fannie Mae and Freddie Mac both continued to suffer from accounting, systems, internal control, and related problems in 2005. Work on Fannie Mae's financial restatements for 2002 and 2003, which the Enterprise plans to release along with 2004 results, continued in 2005, as did work on internal controls for accounting and other areas. Freddie Mac continued to experience accounting errors and delayed financial reports. The need to focus on those problems limited the ability of the Enterprises to respond to continually changing mortgage markets. Fannie Mae's retained portfolio activity was constrained by the need to comply with its capital restoration plan. In addition, continued strong demand for mortgages and mortgage securities by other investors kept mortgage-to-debt option-adjusted spreads (OAS) tight during most of 2005, which in turn diminished investment opportunities for the Enterprises. However, both Enterprises operated profitably in 2005.

Table A. Freddie Mac Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS ¹
(Dollars in Billions)

| EARNINGS PERFORMANCE: | 2005 | 2004 | 2003 | 2002 | 2001 |
|--|-------------|-------------|-------------|-------------|-------------|
| Net Income (\$) | 2.1 | 2.9 | 4.8 | 10.1 | 3.2 |
| Net Interest Income (\$) | 5.4 | 9.1 | 9.5 | 9.5 | 7.4 |
| Guarantee Fees (\$) | 1.4 | 1.4 | 1.7 | 1.5 | 1.4 |
| Net Interest Margin (%) ² | 0.8 | 1.2 | 1.3 | 1.5 | 1.3 |
| Average Guarantee Fee (bps) ³ | 15.9 | 17.5 | 23.3 | 22.0 | 23.6 |
| Return on Common Equity (%) ⁴ | 7.7 | 10.2 | 17.2 | 47.2 | 20.2 |
| Dividend Payout Ratio (%) ⁵ | 56.4 | 30.7 | 15.6 | 6.2 | 18.9 |
| BALANCE SHEET POSITION: | | | | | |
| Total Assets (\$) | 806.2 | 795.3 | 803.4 | 752.2 | 641.1 |
| Outstanding Debt (\$) | 748.8 | 731.7 | 739.6 | 665.7 | 578.4 |
| Mortgages: | | | | | |
| Mortgage Assets (\$) | 708.5 | 664.6 | 660.5 | 589.9 | 503.8 |
| MBS (\$) (excluding Freddie Mac MBS held in Portfolio) | 974.2 | 852.3 | 752.2 | 729.8 | 653.1 |
| Mortgage Assets as % of Total Mortgage Portfolio | 42.1 | 43.8 | 46.8 | 44.7 | 43.6 |
| Capital: | | | | | |
| Core Capital ⁶ /MBS plus Total Assets (%) | 2.02 | 2.12 | 2.12 | 1.96 | 1.56 |
| Core Capital/Total Assets (%) | 4.46 | 4.40 | 4.11 | 3.85 | 3.15 |

Source: Freddie Mac

¹ For years 2001 through 2003, data are based on restated and revised financial results.

² Taxable equivalent net interest income divided by average earning assets.

³ Guarantee fees divided by average MBS outstanding net of MBS held in portfolio.

⁴ Ratio computed as annualized net income available to common stockholders divided by the simple average of beginning and ending stockholders' equity, net of preferred stock (at redemption value).

⁵ Paid common dividends as a percentage of net income available to common stockholders.

⁶ The sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock

Table B. Fannie Mae Financial Highlights

SELECTED FINANCIAL HIGHLIGHTS¹
(Dollars in Billions)

| EARNINGS PERFORMANCE: | 2005 | 2004 | 2003 | 2002 | 2001 |
|---|-------------|-------------|-------------|-------------|-------------|
| Net Income (\$) | N/A | N/A | 7.9 | 4.6 | 5.9 |
| Net Interest Income (\$) | N/A | N/A | 13.6 | 10.6 | 8.1 |
| Guarantee Fees (\$) | N/A | N/A | 2.4 | 1.8 | 1.5 |
| Net Interest Margin (%) ² | N/A | N/A | 1.2 | 1.2 | 1.1 |
| Average Guarantee Fee (bps) ³ | N/A | N/A | 20.2 | 19.1 | 19.0 |
| Return on Common Equity (%) ⁴ | N/A | N/A | 26.0 | 26.0 | 25.4 |
| Dividend Payout Ratio (%) ⁵ | N/A | N/A | 23.0 | 20.9 | 23.0 |
| BALANCE SHEET POSITION: | | | | | |
| Total Assets (\$) | N/A | N/A | 1009.6 | 887.5 | 799.9 |
| Outstanding Debt (\$) | N/A | N/A | 961.7 | 851.0 | 763.5 |
| Mortgages: | | | | | |
| Mortgage Assets (\$) | N/A | N/A | 901.9 | 801.1 | 706.8 |
| MBS (\$) (excluding Fannie Mae MBS held in Portfolio) | 1598.1 | 1402.8 | 1300.2 | 1029.5 | 859.0 |
| Mortgage Assets as % of Total Mortgage Portfolio | N/A | N/A | 41.0 | 43.8 | 45.1 |
| Capital: | | | | | |
| Core Capital ⁶ /MBS plus Total Assets (%) | N/A | N/A | 1.49 | 1.46 | 1.52 |
| Core Capital/Total Assets (%) | N/A | N/A | 3.41 | 3.16 | 3.15 |

Source: Fannie Mae

N/A = Not Available

¹This information is subject to change as a result of a pending re-audit and restatement of Fannie Mae's financial statements.²Taxable equivalent net interest income divided by average earning assets.³Guarantee fees divided by average MBS outstanding net of MBS held in portfolio.⁴Calculated as annualized net income available to common stockholders divided by average common stockholders' equity.⁵Paid common dividends as a percentage of net income available to common stockholders.⁶The sum of (a) the stated value of common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings less treasury stock.

Freddie Mac's reported net income, measured in accordance with generally accepted accounting principles (GAAP), declined for the third consecutive year in 2005, by some 27 percent, to \$2.1 billion (Table A). The decline was driven primarily by a decrease (\$3.8 billion) in net interest income, which, in turn, was driven by a lower net interest yield. The decline in net interest income was mostly offset by a reduction in losses (\$3.1 billion) on derivative instruments that did not qualify for hedge accounting. Freddie Mac's earnings were also negatively impacted by higher credit losses and accounting changes. The Enterprise's guarantee fee income increased 5 percent in 2005.

Freddie Mac's fair value balance sheet showed virtually no change in net asset value in 2005 after an increase of \$3.6 billion the year before. Adjusted for capital transactions (primarily dividend payments), net assets increased by \$1.0 billion in 2005 compared to \$4.7 billion the year before. Core spread income from the retained mortgage portfolio and guarantee fees from the sold portfolio were chiefly responsible for the gain in fair value net assets achieved in 2005. A net widening in OAS of 9 basis points caused a \$1.3 billion (after-tax) decrease in net asset value over the year. The fair value of net assets can be significantly affected from period-to-period changes in OAS, as shown for 2005. However, because Freddie Mac generally holds a substantial portion of its mortgage assets until maturity, the periodic fluctuation in OAS is not likely to significantly affect the long-term return on the Enterprise's mortgage portfolio.

Freddie Mac's return on average fair value of common equity was 3.7 percent in 2005. That was less than the Enterprise's long-term guidance of low-to-mid teens and the Enterprise's 7.7 percent return on equity under GAAP.

Fannie Mae's estimated earnings declined in 2005 due to a significantly smaller retained portfolio. The Enterprise intentionally shrunk its portfolio in order to restore capital ratios to required regulatory levels. In addition, estimated earnings suffered due to spread compression and higher administrative expenses associated with the restatement effort, upgrades to systems, and attendant staffing requirements related to risk and control remediation.

Revenues and Net Interest Income Continue Their Downward Spiral at Freddie Mac

Total revenues (net interest income plus non-interest income) fell at Freddie Mac in 2005, by about 9 percent, to \$5.6 billion. Net interest income, while still providing the bulk of the Enterprise's revenues, was down sharply in 2005, by 41 percent, to \$5.4 billion. The decline in net interest income was driven by a decline in the net interest yield, which fell 47 basis points to .76 percent (on a fully taxable-equivalent basis). That yield fell during the year due to the liquidation of older, higher-coupon mortgages and the replacement of those loans with variable-rate assets. The decline in net interest yield and net interest income also reflect the impact of the continual flattening of the yield curve throughout 2005, which were driven by short-term interest rates. Because the repricing of variable-rate assets, which represented a greater percentage of the retained portfolio in 2005, lagged the increase in the cost of short-term debt, the impact of rising short-term rates on

the Enterprise's short-term debt was only partially offset by the impact of rising rates on variable-rate assets and the 3 percent growth in the average portfolio balance.

Freddie Mac's non-interest income increased in 2005 from a negative \$3.0 billion in 2004 to \$0.2 billion in 2005. Non-interest income includes guarantee fees associated with the securitization of mortgages, derivative gains/losses, gains/losses on debt retirement, and gains/losses on guarantee assets and obligations. The decline in losses on derivative instruments not in hedge positions of \$3.1 billion contributed significantly to higher non-interest income in 2005. Because most non-derivative assets and liabilities are not marked-to-market through earnings, changes in the value of derivatives used as economic hedges can affect reported profits significantly.

Guarantee fee income, a large contributor to Enterprise revenues and earnings, increased by 5 percent at Freddie Mac in 2005, to \$1.5 billion. The increase was driven primarily by a 15 percent increase in the average outstanding balance, partially offset by lower amortization of deferred fees. Freddie Mac's average guarantee fee rate continued to decline, falling 1.6 basis points in 2005 to 15.9 basis points—15.7 basis points owing to the contractual guarantee fee amount and 0.2 basis points attributable to amortization of deferred fees. The decline in the contractual guarantee fee amount was driven by new issuances with loan guarantee fees that were lower than the fees on liquidated in the period.

Credit Losses Increase but Remain Low

Credit losses for Freddie Mac, which include charge-offs and foreclosed property expenses, totaled \$149 million in 2005, up slightly from \$137 million the year before. The credit loss rate for Freddie Mac (credit losses as a percentage of the average total mortgage portfolio, excluding non-Freddie Mac securities) remained constant at a low 1.1 basis points in 2005. Freddie Mac increased its loan loss reserve from \$264 to \$414 million, primarily to reflect estimates of losses incurred as a result of hurricane Katrina. Fannie Mae made an adjustment to its loan loss allowance for hurricanes Katrina and Rita.

Single-Family Delinquency Rates Rise Following Gulf Coast Hurricanes But Remain Relatively Low

Delinquency rates fell during most of 2005 at both Fannie Mae and Freddie Mac, but drifted higher in the fourth quarter following hurricanes Katrina and Rita. Freddie Mac's total single-family delinquency rate declined to 59 basis points in September, but rose to 69 basis points by year's end. The single-family delinquency rate at Fannie Mae showed a similar trend, falling during the first nine months of the year, to a low of 57 basis points in June, but ended the year 12 basis points higher than it started, at a still low 77 basis points. While the Enterprises' delinquency rates remain relatively low, their increased investment in ARMs and untested non-traditional mortgages may expose them to higher levels of credit losses in the future. For instance, as interest rates rise, all else equal, the

cash needs of ARM borrowers will increase as will the likelihood that those borrowers will not be able to make the higher payments.

Administrative Expenses Rise Sharply at Fannie Mae and Stabilize at Freddie Mac

Fannie Mae estimated its administrative expenses at \$2.2 billion in 2005. That represented an increase of 44 percent or \$671 million from the previous year. The Enterprise attributed the higher amount to costs associated with the restatement process and related regulatory examinations. Freddie Mac's administrative expenses—defined to include salaries and employee benefits, professional services, occupancy, and other administrative costs—remained stable at about \$1.5 billion in 2005. Higher other administrative expenses, which include OFHEO regulatory assessments and charitable contributions (including those related to hurricane Katrina), were more than offset by lower professional services expenses.

Enterprises' Retained Mortgage Portfolios Move in Different Directions

Activities on the investment business side of Fannie Mae and Freddie Mac differed significantly in 2005. Fannie Mae's mortgage portfolio activities were conducted within the context of its capital restoration plan.⁴ Because of its need to build capital, the Enterprise shrunk its portfolio during most of 2005—the retained portfolio declined during each of the first eleven months of the year—through portfolio sales, liquidations, and reduced portfolio purchases. As noted above, purchases for the retained portfolio were down by 44 percent from the year before. The reduced purchase volume, coupled with portfolio liquidations of \$211 billion and portfolio sales of \$113 billion, caused the Enterprise's retained portfolio to shrink by 20 percent to \$728 billion at year's end, the lowest level since 2001 (Figure 25).

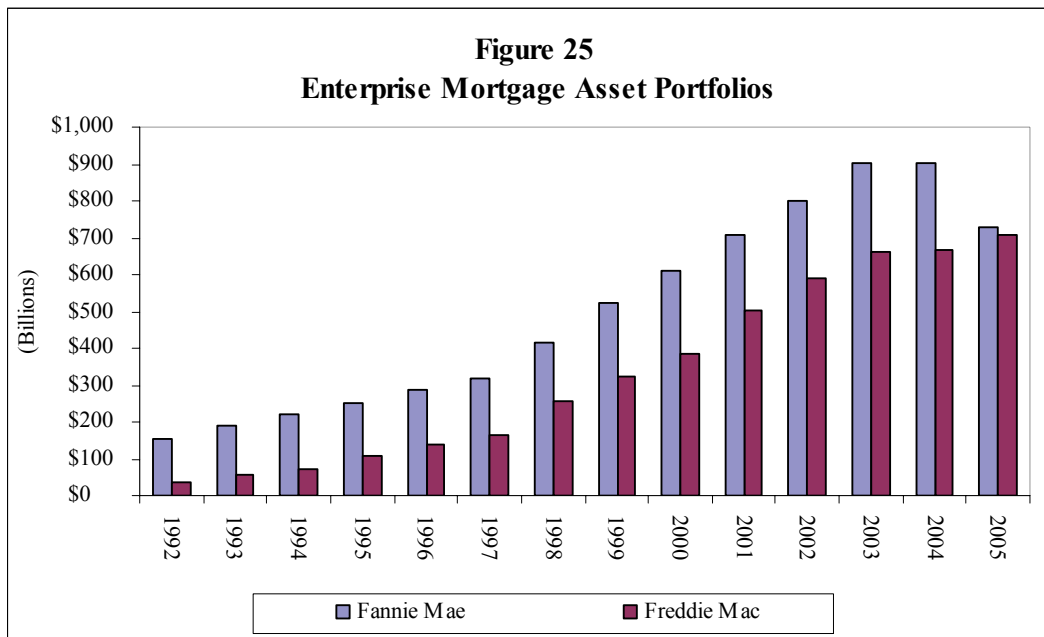
The composition of Fannie Mae's retained mortgage portfolio has undergone a significant transformation in recent years, partly due to the shrinkage of the portfolio. In 2005, the Enterprise's whole loan portfolio increased both in terms of unpaid principal balance (UPB) and as a percentage of the retained portfolio. The UPB of those loans increased a modest 2 percent in 2005, but represented 35 percent of the retained portfolio UPB as of the end of the year, compared to about 27 percent at the end of 2004 and 26 percent the year before. Holdings of Fannie Mae's own MBS declined for the second consecutive year, by 31 percent to \$342 billion, the lowest level since 1999. Those assets' share of the retained mortgage portfolio, which was 62 percent at the end of 2003 and 55 percent at year-end 2004, dropped to 47 percent at the end of 2005. Finally,

⁴ That capital restoration plan, as approved by OFHEO, required Fannie Mae to achieve a 30 percent capital surplus over its minimum capital requirement by September 30, 2005. Fannie Mae set out to and achieved that goal by managing its balance sheet—by reducing the portfolio and increasing core capital through retained earnings, which were increased in part through cost-cutting efforts. Fannie Mae had also issued \$5 billion in preferred stock in 2004, which assisted the Enterprise in meeting its capital plan.

holdings of private-label and agency securities declined 19 percent, to \$133 billion. Their share of the portfolio’s total UPB remained constant at about 18 percent.

Freddie Mac grew its mortgage portfolio at a more aggressive pace in 2005 than in the previous year but much less aggressively than in the 1990s when the Enterprise grew its portfolio at an annual average rate of over 30 percent. Growth in the mortgage portfolio in 2005 was uneven and was influenced by changes in mortgage-to-debt OAS—as spreads widened, portfolio growth increased, generally. Spreads were narrow during most of 2005 due to competition for mortgages and mortgage securities from various investor groups, including foreign central banks. Freddie Mac grew its mortgage portfolio slowly in the first half of the year and aggressively in the final two months. For the year, the retained portfolio grew about 9 percent to an all-time high of \$710 billion.

The composition of Freddie Mac’s retained portfolio continued to change. In particular, non-Freddie Mac agency securities fell by 25 percent to \$45 billion. However, holdings of non-agency securities grew both in terms of UPB and as a percentage of the retained portfolio. The unpaid principal balance of non-agency securities rose 38 percent to \$243 billion. Within the non-agency group, variable-rate securities increased 57 percent to \$189 billion. Variable-rate assets held in portfolio increased by \$78 billion and accounted for 38 percent of the retained portfolio at year’s end.



Sources: Fannie Mae and Freddie Mac

Enterprise Total Funding Volume Increases while Total Outstanding Debt Declines

The amount and types of funding that Fannie Mae and Freddie Mac use depend on, among other things, the amount and types of assets they acquire for their respective mortgage portfolios. Changes in the amount and type of debt issued by the Enterprises in

2005 reflect changes in their portfolio purchase activities and portfolio management strategies.

Total new debt issuance volume increased at both Enterprises in 2005, but mostly at Fannie Mae. Combined, Fannie Mae and Freddie Mac issued \$3.95 trillion of new debt in 2005, up 20 percent from the previous year. Issuance of short-term debt totaled \$3.62 trillion in 2005, up 27 percent from the \$2.85 trillion issued in 2004. The Enterprises' issuance of long-term debt declined sharply in 2005, by 28 percent to \$325 billion. The combined outstanding debt of Fannie Mae and Freddie Mac decreased 10 percent in 2005 to \$1.52 trillion.

Fannie Mae's total debt issuance volume was up 28 percent to \$2.95 trillion in 2005. That increase was driven by a rise in short-term issuance (primarily discount notes) of \$740 billion, which was partially offset by a 38 percent or \$96 billion decrease in long-term financing. The majority of the Enterprise's issuance of discount notes and benchmark bills carried short maturities. The issue volume and maturity of the Enterprise's short-term debt reflect investor demand and preference for shorter duration investments. During 2005, investors with cash to put to work rolled over their short maturity positions as the Federal Reserve increased the Federal funds target rate, which occurred 8 times that year.

While Fannie Mae's short-term debt issuance increased dramatically in 2005, short-term debt outstanding decreased 46 percent in 2005, from \$320 to \$173 billion. At year's end, Fannie Mae's outstanding debt totaled \$766, down 20 percent from the year before. The proportion of short-term debt outstanding as a percent of total debt outstanding declined from 34 percent in 2004 to 23 percent at the end of 2005. Much of that decrease is attributed to the Enterprise's reduced funding needs, due in turn to reduced purchase volume for the mortgage portfolio, and to the 20 percent shrinkage in that portfolio in 2005.

Freddie Mac's total issuance volume increased only marginally in 2005, by less than \$4 billion, to \$997 billion. The Enterprise increased its use of short-term debt by \$35 billion to \$828 billion. Issuance of long-term debt fell by 15 percent to \$169 billion in the year. Freddie Mac's outstanding debt totaled \$749 billion at year's end, up 2 percent from the end of 2004. Of that total, 39 percent was due within one year, similar to the year earlier period.

Callable debt continued to factor significantly into the Enterprises' funding strategies, but issuance volume was down sharply. Combined, Fannie Mae and Freddie Mac issued about \$200 billion of callable debt in 2005, compared to over \$300 billion of such debt the year before. The decline in callable issuance reflects the shift to adjustable-rate assets, the recent rise in interest rates, lower mortgage prepayment activity, and a decline in investors' demand for callable structures.

Neither Fannie Mae nor Freddie Mac issued subordinated debt in 2005. Under formal agreement with OFHEO in September 2005, both Enterprises committed to issue

subordinated debt in sufficient quantity to maintain, at four percent or more, the ratio of its qualifying subordinated debt plus core capital to the sum of its assets and .45 percent of its outstanding net mortgage-backed securities. Both Enterprises were in compliance with that commitment as of the end of 2005.

Enterprises Continue to Manage Interest Rate Risk

Fannie Mae and Freddie Mac rely on a mixture of callable debt and derivatives to mitigate their exposure to interest rate risk. Those cash market and financial derivative instruments allow the Enterprises to reduce the effects of movements in the level of interest rates, changes in the shape of the yield curve, and changes in interest rate volatility. Derivative instruments used by the Enterprises for those purposes include primarily interest rate swap, option-based (e.g., swaptions, caps and floors), and futures contracts. Both Fannie Mae and Freddie Mac adjusted their hedging strategies in 2005 to reflect changes in their retained portfolios and to reflect the tamer interest rate environment.

The total notional amount of outstanding derivative instruments used to hedge interest rate risk associated with the Enterprises' retained portfolios either declined in 2005. Fannie Mae reduced the notional amount of its derivative contracts by 6.4 percent, or \$45 billion, to \$644 billion. Much of that change reflects the reduction in interest rate cap contracts, which declined by \$71 billion to \$33 billion. Fannie Mae generally uses interest rate caps in conjunction with the issuance of short-term debt to reduce its exposure to rising interest rates. However, because the Enterprise reduced its outstanding short-term debt in 2005, the need for the protection provided by interest rate caps decreased.

Freddie Mac reduced the notional amount of its total derivatives portfolio by 10 percent to \$683 billion in 2005. The \$73.4 billion decline in notional amount reflects the termination of a \$113.7 billion prepayment management agreement⁵ at December 31, 2005, and a change in the composition of the Enterprise's derivative portfolio. Those changes reflect an increase in the notional amount of interest-rate swaps and reduced notional balances of call swaptions, futures, and foreign-currency swaps.

Several factors contributed to the change in composition of the Enterprise's derivative portfolio. In particular, the asset mix of Freddie Mac's retained portfolio continued to reflect a greater proportion of variable-rate mortgages, which generally require less interest-rate protection than fixed-rate loans. In addition, the gradual increase in market interest rates and the flattening yield curve in 2005 reduced the prepayment risk of the Enterprise's existing fixed-rate investments, thereby reducing the need for call swaptions to hedge that risk. In recent years, Freddie Mac has increased its reliance on callable debt to counterbalance the prepayment risk in its retained portfolio.

⁵ Beginning in 2002, Freddie Mac required that certain mortgage pools delivered between 2001 and 2003, with elevated risk of prepayment, be covered by a prepayment management agreement to partially compensate it for the adverse financial impacts caused by disproportionately higher mortgage prepayments.

The notional amount of Freddie Mac's pay- and receive-fixed swaps increased by similar amounts in 2005. The Enterprise entered into short maturity pay-fixed swap contracts to offset its yield curve exposure. The notional balance of receive-fixed swaps increased primarily as a result of economic hedging activities related to the Enterprise's callable debt outstanding. Those new swap contracts were used to protect against a decline in interest rates until and between specified call dates on the callable debt.

Finally, Freddie Mac reduced the notional amount of currency futures contracts by one-third as it reduced its position in Eurodollar contracts held for risk-management purposes in response to movements in short-term rates.

Both Enterprises make monthly disclosures of their exposure to interest rate risk using various risk measurement tools. Fannie Mae discloses information on its effective duration gap, which measures the difference between the duration of portfolio assets and liabilities. A positive duration gap indicates a greater exposure to declining interest rates, whereas a negative duration signals a greater exposure to rising rates. Freddie Mac's monthly risk disclosures are the duration gap and portfolio market value sensitivity (PMVS). PMVS measures the sensitivity of the Enterprise's portfolio market value to potential changes in interest rates. The lower the level of PMVS, the better protected the Enterprise is against changes in interest rate levels or the shape of the yield curve.

Relatively stable long-term interest rates during most of 2005 and continued hedging activities helped keep interest rate risk at both Fannie Mae and Freddie Mac generally low during most of the year. The duration gap at Fannie Mae averaged zero months, whereas the duration gap and PMVS at Freddie Mac averaged zero months and one percent, respectively. Those results fell well within the Enterprises' operating guidelines.

Enterprises Found to be Adequately Capitalized Throughout 2005; 30 Percent Capital Surplus Requirements Remains in Effect

Fannie Mae and Freddie Mac are subject to capital adequacy standards established by the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (the Act). The regulatory framework incorporates two quantitative assessments of capital: a minimum and risk-based capital standard. The Act requires the OFHEO Director to determine the capital level and classification of the Enterprises not less than quarterly, and to report the results to Congress. OFHEO classifies the Enterprises as adequately capitalized, undercapitalized, significantly undercapitalized, or critically undercapitalized. Federal statute requires the Enterprises to meet both the minimum- and risk-based capital standards to be classified as adequately capitalized.

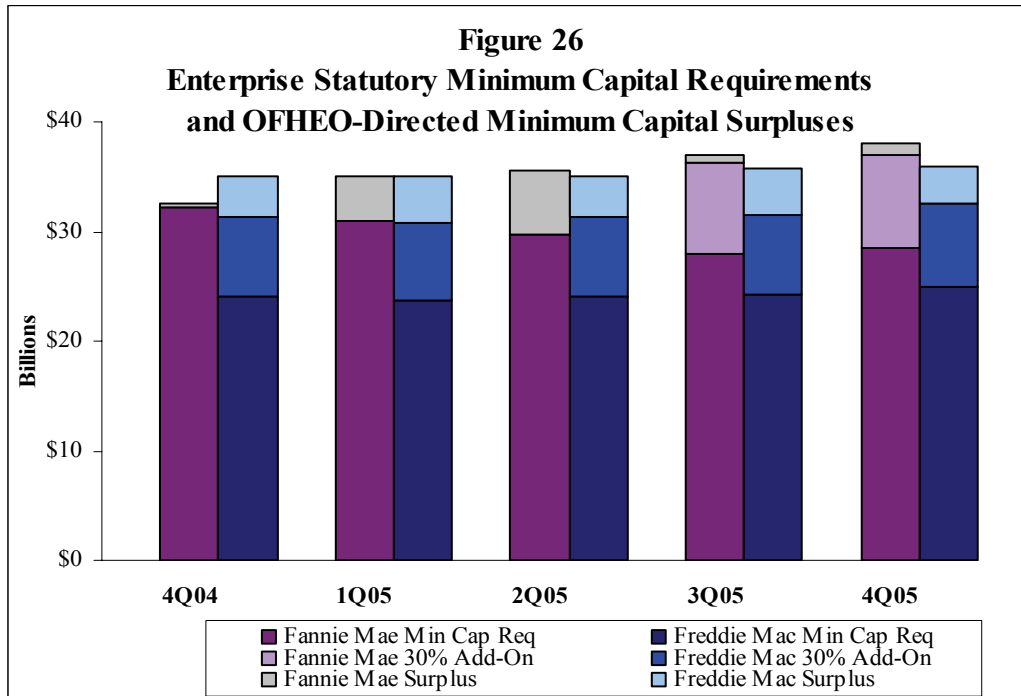
Minimum capital represents an essential amount of capital needed to protect an Enterprise against broad categories of business risk. For purposes of minimum capital, an Enterprise is considered adequately capitalized if core capital equals or exceeds its

minimum capital requirement. That requirement equals 2.5 percent of assets plus 0.45 percent of adjusted off-balance sheet obligations.

Each Enterprise's risk-based capital requirement is the amount of total capital—core capital plus a general allowance for loan losses less specific reserves—that the Enterprise must hold to absorb projected losses resulting from adverse interest rate and credit risk conditions specified by statute, plus 30 percent mandated by statute to cover management and operations risk. The risk-based capital standard is based on stress test results calculated for the two statutorily prescribed interest rate scenarios, one in which 10-year Treasury yields rise 75 percent (up-rate scenario) and another in which they fall 50 percent (down-rate scenario). The interest rate movements in both scenarios are generally capped at 600 basis points. Each Enterprise's risk-based capital requirement is the amount of total capital that would enable it to survive the stress test in whichever scenario is more adverse for that Enterprise, plus 30 percent of that amount to cover management and operations risk.

Combined, Fannie Mae and Freddie Mac were required to hold \$6.0 billion more core capital at year-end 2005 than at the end of the previous year. That increase, which occurred despite Fannie Mae's huge portfolio shrinkage, was due primarily to OFHEO requiring Fannie Mae to maintain a 30 percent minimum capital surplus because of heightened operational risk. That requirement, equivalent to one imposed on Freddie Mac in 2004, became effective at the end of the third quarter of the year. At year-end, Fannie Mae's estimated core capital of \$38.1 billion exceeded its OFHEO-directed minimum requirement by \$1.1 billion.⁶ Freddie Mac's core capital of \$36.0 billion exceeded its OFHEO-directed minimum requirement by \$3.5 billion as of the end of the year (Figure 26).

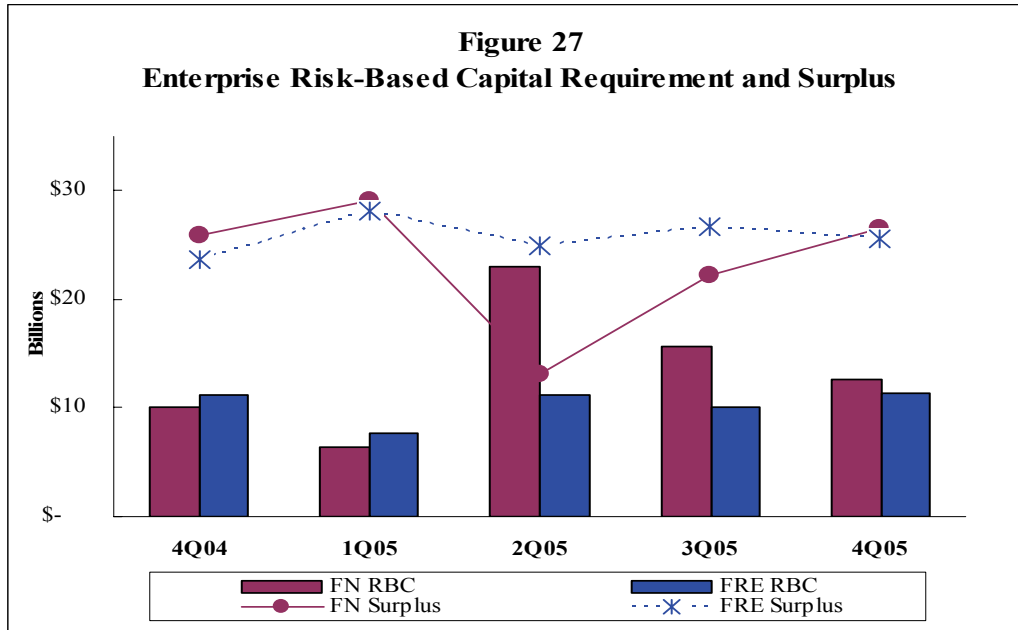
⁶ Fannie Mae's minimum, core, and risk-based capital are adjusted for accounting errors identified to date. Those values are subject to revision based upon results of ongoing financial restatement and audit processes.



Sources: Fannie Mae and Freddie Mac

Fannie Mae’s risk-based capital requirement varied widely in 2005. That requirement ranged from a low of \$6.4 billion in the first quarter to a high of \$23.1 in the second quarter. As of December 31, 2005, Fannie Mae’s risk-based capital requirement was \$12.6 billion. The Enterprise had estimated total capital of \$39.2 billion at the end of 2005, exceeding the risk-based capital requirement by \$26.6 billion, or more than 2 times. The comparable values for the fourth quarter of 2004 were \$10.0 billion, \$35.9 billion, \$25.8 billion, and 2.5 times, respectively (Figure 27). Fannie Mae’s risk-based requirement was due to the up-rate stress test throughout 2005.

As of December 31, 2005, Freddie Mac’s risk-based capital requirement was \$11.3 billion, similar to the requirement one year earlier. However, Freddie Mac’s total capital of \$36.8 billion at the end of 2005 far exceeded its risk-based capital requirement, by \$25.5 billion. The comparable values for the fourth quarter of 2004 were \$11.1 billion, \$34.7 billion, and \$23.6 billion, respectively (Figure 27). Freddie Mac’s risk-based requirement was due to the up-rate stress test in the first three quarters and the down-rate stress test in the final quarter of 2005.



Sources: Fannie Mae and Freddie Mac

Both Fannie Mae and Freddie Mac were determined to be adequately capitalized throughout 2005.

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Table 1. Fannie Mae Mortgage Purchases¹

| Period | Business Activity (\$ in Millions) | | | |
|--------------------------|------------------------------------|----------------------|--------------------------------------|---|
| | Purchases | | | |
| | Single-Family (\$) | Multi-Family (\$) | Total Mortgages ² (\$) | Mortgage-Related Securities ³ (\$) |
| 4Q05 | 133,821 | 6,216 | 140,037 | 32,224 |
| 3Q05 | 169,318 | 4,866 | 174,184 | 5,907 |
| 2Q05 | 124,990 | 4,104 | 129,095 | 9,627 |
| 1Q05 | 108,783 | 6,299 | 115,083 | 14,474 |
| Annual Data ⁴ | | | | |
| 2005 | 536,913 | 21,485 | 558,398 | 62,232 |
| 2004 | 587,926 | 16,394 | 604,320 | 176,385 |
| 2003 | 1,322,024 | 30,878 | 1,352,902 | 408,606 |
| 2002 | 800,316 | 16,611 | 816,927 | 268,574 |
| 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 | 1,451 |
| 1989 | 80,510 | 4,325 | 84,835 | Not Applicable |
| 1988 | 64,613 | 4,170 | 68,783 | Before 1990 |
| 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 Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Lender-originated MBS issuances and cash purchases.

³ Not included in total mortgage purchases. Includes purchases of Fannie Mae MBS for the retained mortgage portfolio.

⁴ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 1a. Fannie Mae Mortgage Purchases Detail, By Type of Loan¹

| Period | Purchases (\$ in Millions) ² | | | | | | | | | |
|--------|---|-------------------------|-----------------|---------------|--|------------------------|-----------------|-----------------------------|---|-------------------------------------|
| | Single-Family Mortgages | | | | | Multi-Family Mortgages | | | | |
| | Fixed-Rate ³ (\$) | Adjustable-Rate (\$) | Seconds (\$) | Total (\$) | Total Single-Family Mortgages (\$) | Conventional (\$) | FHA/RHS (\$) | Family Mortgages (\$) | Total Multi- Family Mortgages (\$) | Total Mortgage Purchases (\$) |
| 2005 | 418,369 | 111,935 | 116 | 530,421 | 536,913 | 18,872 | 2,614 | 21,485 | 556,398 | |
| 2004 | 461,757 | 121,171 | 51 | 582,979 | 587,926 | 15,643 | 751 | 16,394 | 604,320 | |
| 2003 | 1,190,829 | 126,760 | 93 | 1,317,682 | 1,322,024 | 18,648 | 12,230 | 30,876 | 1,352,902 | |
| 2002 | 730,659 | 66,772 | 41 | 797,472 | 800,316 | 13,990 | 2,661 | 16,651 | 816,927 | |
| 2001 | 534,115 | 25,648 | 1,137 | 560,900 | 567,673 | 17,849 | 1,282 | 19,131 | 586,804 | |
| 2000 | 187,236 | 33,808 | 726 | 221,771 | 227,089 | 9,127 | 1,250 | 10,377 | 237,446 | |
| 1999 | 293,188 | 12,138 | 1,198 | 306,524 | 316,137 | 8,858 | 1,153 | 10,011 | 326,148 | |
| 1998 | 334,367 | 14,273 | 3 | 348,641 | 354,920 | 10,844 | 584 | 11,428 | 366,348 | |
| 1997 | 136,329 | 21,095 | 3 | 157,427 | 159,921 | 5,936 | 252 | 6,534 | 166,455 | |
| 1996 | 146,154 | 15,550 | 3 | 161,707 | 164,456 | 6,199 | 289 | 6,451 | 170,907 | |
| 1995 | 104,901 | 17,978 | 9 | 122,888 | 126,003 | 4,677 | 289 | 4,966 | 130,969 | |
| 1994 | 139,815 | 16,340 | 8 | 156,163 | 158,229 | 3,620 | 3,919 | 7,539 | 162,068 | |
| 1993 | 274,402 | 14,420 | 29 | 288,851 | 288,826 | 3,919 | 219 | 4,135 | 293,961 | |
| 1992 | 226,332 | 21,001 | 136 | 247,469 | 248,603 | 2,845 | 111 | 2,956 | 251,559 | |
| 1991 | 114,321 | 17,187 | 705 | 132,213 | 133,551 | 3,185 | 21 | 3,204 | 136,755 | |
| 1990 | 95,011 | 14,528 | 654 | 110,193 | 111,007 | 3,185 | 15 | 3,180 | 114,187 | |
| 1989 | 60,794 | 17,692 | 521 | 79,007 | 80,510 | 4,309 | 16 | 4,325 | 84,835 | |
| 1988 | 35,767 | 27,492 | 433 | 63,692 | 64,613 | 4,149 | 21 | 4,170 | 68,783 | |
| 1987 | 60,434 | 10,675 | 139 | 71,248 | 73,942 | 1,463 | 270 | 1,733 | 75,675 | |
| 1986 | 58,251 | 7,305 | 498 | 66,054 | 77,223 | 1,877 | 0 | 1,877 | 79,100 | |
| 1985 | 29,993 | 10,736 | 871 | 41,500 | 42,543 | 1,200 | 0 | 1,200 | 43,743 | |
| 1984 | 17,998 | 8,049 | 937 | 26,984 | 27,713 | 1,106 | 0 | 1,106 | 28,819 | |
| 1983 | 18,136 | 4,853 | 1,408 | 24,397 | 26,339 | 128 | 12 | 140 | 26,479 | |
| 1982 | 19,311 | 3,210 | 1,552 | 24,073 | 25,929 | 10 | 10 | 10 | 26,939 | |
| 1981 | 4,280 | 107 | 176 | 4,543 | 6,827 | 0 | 2 | 2 | 6,829 | |
| 1980 | 2,802 | 0 | 0 | 2,802 | 8,074 | 0 | 27 | 27 | 8,101 | |
| 1979 | 5,410 | 0 | 0 | 5,410 | 10,798 | 0 | 9 | 9 | 10,807 | |
| 1978 | 5,682 | 0 | 0 | 5,682 | 12,302 | 0 | 3 | 3 | 12,305 | |
| 1977 | 2,366 | 0 | 0 | 2,366 | 4,650 | 0 | 134 | 134 | 4,784 | |
| 1976 | 2,513 | 0 | 0 | 2,513 | 3,337 | 0 | 295 | 295 | 3,632 | |
| 1975 | 547 | 0 | 0 | 547 | 3,646 | 0 | 674 | 674 | 4,320 | |
| 1974 | 1,128 | 0 | 0 | 1,128 | 4,746 | 0 | 2,273 | 2,273 | 7,019 | |
| 1973 | 939 | 0 | 0 | 939 | 4,170 | 0 | 2,082 | 2,082 | 6,252 | |
| 1972 | 55 | 0 | 0 | 55 | 2,596 | 0 | 1,268 | 1,268 | 3,864 | |
| 1971 | 0 | 0 | 0 | 0 | 2,742 | 0 | 1,298 | 1,298 | 4,040 | |

Source: Fannie Mae

¹ Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Lender-originated MBS issuances and cash purchases.

³ Includes balloons/resets.

⁴ Includes loans guaranteed by the Rural Housing Service.

⁵ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 1¹

| Period | Fannie Mae Securities | | | | | | Others' Securities | | | | | | Total Mortgage Revenue Bonds (\$) | Total Mortgage-Related Securities (\$) |
|--------------------------|-----------------------|----------------------|-------------------|--------------|-----------------------|---------------|----------------------|-------------------|------------------------|---------------|----------------------|--------------------------|-----------------------------------|--|
| | Single-Family | | | Multi-Family | Total Fannie Mae (\$) | Freddie Mac | | | Ginnie Mae | | | Total Private-Label (\$) | | |
| | Fixed-Rate (\$) | Adjustable-Rate (\$) | Multi-Family (\$) | | | Single-Family | Adjustable-Rate (\$) | Multi-Family (\$) | Total Freddie Mac (\$) | Single-Family | Adjustable-Rate (\$) | | | |
| 4Q05 | 7,508 | 4,435 | 663 | 12,606 | 121 | 3,162 | 0 | 3,283 | 0 | 0 | 0 | 16,187 | 148 | 32,224 |
| 3Q05 | 262 | 489 | 90 | 841 | 0 | 25 | 0 | 25 | 0 | 0 | 0 | 4,543 | 498 | 5,907 |
| 2Q05 | 142 | 676 | 41 | 859 | 0 | 42 | 0 | 42 | 0 | 0 | 0 | 8,197 | 529 | 9,627 |
| 1Q05 | 361 | 744 | 94 | 1,199 | 0 | 220 | 0 | 220 | 0 | 0 | 0 | 12,442 | 613 | 14,474 |
| Annual Data ³ | | | | | | | | | | | | | | |
| 2005 | 8,273 | 6,344 | 888 | 15,505 | 121 | 3,449 | 0 | 3,570 | 0 | 0 | 0 | 41,369 | 1,788 | 62,232 |
| 2004 | 42,300 | 21,281 | 1,159 | 64,740 | 6,546 | 8,228 | 0 | 14,774 | 0 | 0 | 0 | 90,747 | 6,124 | 176,385 |
| 2003 | 341,461 | 5,842 | 1,225 | 348,528 | 19,340 | 502 | 0 | 19,942 | 36 | 0 | 36 | 34,032 | 6,168 | 408,606 |
| 2002 | 238,711 | 4,219 | 1,572 | 244,502 | 7,856 | 101 | 0 | 7,957 | 4,425 | 0 | 4,425 | 7,416 | 4,273 | 268,574 |
| 2001 | Not Available | Not Available | Not Available | 180,582 | Not Available | Not Available | 0 | 20,072 | Not Available | Not Available | Not Available | 3,513 | 4,624 | 209,124 |
| 2000 | Before 2002 | Before 2002 | Before 2002 | 104,904 | Before 2002 | Before 2002 | 0 | 10,171 | Before 2002 | Before 2002 | Before 2002 | 2,493 | 3,692 | 129,716 |
| 1999 | Before 2002 | Before 2002 | Before 2002 | 125,498 | Before 2002 | Before 2002 | 0 | 6,861 | Before 2002 | Before 2002 | Before 2002 | 8,466 | 3,474 | 169,905 |
| 1998 | Before 2002 | Before 2002 | Before 2002 | 104,728 | Before 2002 | Before 2002 | 0 | 2,119 | Before 2002 | Before 2002 | Before 2002 | 16,511 | 3,474 | 147,260 |
| 1997 | Before 2002 | Before 2002 | Before 2002 | 39,033 | Before 2002 | Before 2002 | 0 | 2,119 | Before 2002 | Before 2002 | Before 2002 | 15,721 | 2,799 | 147,260 |
| 1996 | Before 2002 | Before 2002 | Before 2002 | 41,263 | Before 2002 | Before 2002 | 0 | 2,779 | Before 2002 | Before 2002 | Before 2002 | 4,188 | 1,469 | 46,743 |
| 1995 | Before 2002 | Before 2002 | Before 2002 | 30,432 | Before 2002 | Before 2002 | 0 | 2,832 | Before 2002 | Before 2002 | Before 2002 | 777 | 1,727 | 46,743 |
| 1994 | Before 2002 | Before 2002 | Before 2002 | 21,660 | Before 2002 | Before 2002 | 0 | 571 | Before 2002 | Before 2002 | Before 2002 | 752 | 2,222 | 36,258 |
| 1993 | Before 2002 | Before 2002 | Before 2002 | 6,275 | Before 2002 | Before 2002 | 0 | 0 | Before 2002 | Before 2002 | Before 2002 | 0 | 331 | 6,606 |
| 1992 | Before 2002 | Before 2002 | Before 2002 | 4,930 | Before 2002 | Before 2002 | 0 | 0 | Before 2002 | Before 2002 | Before 2002 | 0 | 498 | 5,428 |
| 1991 | Before 2002 | Before 2002 | Before 2002 | 2,384 | Before 2002 | Before 2002 | 0 | 0 | Before 2002 | Before 2002 | Before 2002 | 0 | 696 | 3,080 |
| 1990 | Before 2002 | Before 2002 | Before 2002 | 977 | Before 2002 | Before 2002 | 0 | 0 | Before 2002 | Before 2002 | Before 2002 | 0 | 474 | 1,451 |

Source: Fannie Mae

¹ Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Not included in total mortgage purchases. Includes purchases of Fannie Mae MBS for the retained mortgage portfolio.

³ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 1b. Fannie Mae Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail¹

| Period | Purchases (\$ in millions) ² | | | | | |
|--------------------------|---|----------------------|------------------|--------|-------------------|--------------------------|
| | Private-Label | | | | | |
| | Single-Family | | | | Multi-Family (\$) | Total Private-Label (\$) |
| | Manufactured Housing (\$) | Other ³ | | | | |
| Fixed-Rate (\$) | | Adjustable-Rate (\$) | Total Other (\$) | | | |
| 4Q05 | 0 | 2,850 | 13,328 | 16,178 | 9 | 16,187 |
| 3Q05 | 0 | 0 | 4,543 | 4,543 | 0 | 4,543 |
| 2Q05 | 0 | 346 | 7,774 | 8,120 | 77 | 8,197 |
| 1Q05 | 0 | 446 | 11,980 | 12,426 | 16 | 12,442 |
| Annual Data ⁴ | | | | | | |
| 2005 | 0 | 3,642 | 37,625 | 41,267 | 102 | 41,369 |
| 2004 | 0 | 7,154 | 83,492 | 90,646 | 101 | 90,747 |
| 2003 | 0 | 7,832 | 26,139 | 33,971 | 61 | 34,032 |
| 2002 | 56 | 1,980 | 5,344 | 7,324 | 36 | 7,416 |
| 2001 | Not Available | Not Available | Not Available | 3,513 | Not Available | 3,513 |
| 2000 | Before 2002 | Before 2002 | Before 2002 | 8,466 | Before 2002 | 8,466 |
| 1999 | | | | 16,511 | | 16,511 |
| 1998 | | | | 15,721 | | 15,721 |
| 1997 | | | | 4,188 | | 4,188 |
| 1996 | | | | 777 | | 777 |
| 1995 | | | | 752 | | 752 |
| 1994 | | | | 0 | | 0 |
| 1993 | | | | 0 | | 0 |
| 1992 | | | | 0 | | 0 |
| 1991 | | | | 0 | | 0 |
| 1990 | | | | 0 | | 0 |

Source: Fannie Mae

¹ Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Not included in total mortgage purchases.

³ Includes mortgage-related securities collateralized by first lien loans to credit-impaired borrowers and may include some underlying loans which are home equity or second lien.

⁴ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 2. Fannie Mae MBS Issuances¹

| Period | Business Activity (\$ in Millions) | | | |
|-------------|------------------------------------|--------------------------|-------------------|--------------------------------------|
| | MBS Issuances ² | | | |
| | Single-Family MBS (\$) | Multi-Family MBS (\$) | Total MBS (\$) | Multi-class MBS ³ (\$) |
| 4Q05 | 122,584 | 2,854 | 125,438 | 29,195 |
| 3Q05 | 157,609 | 967 | 158,576 | 38,928 |
| 2Q05 | 119,738 | 1,701 | 121,439 | 28,274 |
| 1Q05 | 100,737 | 3,856 | 104,594 | 27,416 |
| Annual Data | | | | |
| 2005 | 500,668 | 9,379 | 510,047 | 123,813 |
| 2004 | 545,443 | 6,854 | 552,297 | 94,686 |
| 2003 | 1,196,561 | 23,018 | 1,219,579 | 260,919 |
| 2002 | 727,257 | 12,338 | 739,595 | 170,795 |
| 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 |
| 1984 | 13,087 | 459 | 13,546 | Before 1986 |
| 1983 | 13,214 | 126 | 13,340 | |
| 1982 | 13,970 | Not Issued | 13,970 | |
| 1981 | 717 | Before 1983 | 717 | |

Source: Fannie Mae

¹ Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Lender-originated MBS plus issuances from Fannie Mae's portfolio.

³ Includes Real Estate Mortgage Investment Conduits (REMICs) and stripped MBS.

Table 3. Fannie Mae Earnings¹

| Period | Earnings (\$ in Millions) | | | | | | |
|-------------|----------------------------------|----------------------|-----------------------|-------------------------|--------------------------------------|------------|-------------------------------|
| | Net Interest Income ² | Guarantee Fee Income | Average Guarantee Fee | Administrative Expenses | Credit-Related Expenses ³ | Net Income | Return on Equity ⁴ |
| | (\$) | (\$) | (basis points) | (\$) | (\$) | (\$) | (\$) |
| 4Q05 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 3Q05 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2Q05 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 1Q05 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual Data | | | | | | | |
| 2005 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2004 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2003 | 13,569 | 2,411 | 20.2 | 1,463 | 112 | 7,905 | 49.9 |
| 2002 | 10,566 | 1,816 | 19.1 | 1,219 | 92 | 4,619 | 30.1 |
| 2001 | 8,090 | 1,482 | 19.0 | 1,017 | 78 | 5,894 | 39.8 |
| 2000 | 5,674 | 1,351 | 19.5 | 905 | 94 | 4,448 | 25.6 |
| 1999 | 4,894 | 1,282 | 19.3 | 800 | 127 | 3,912 | 25.2 |
| 1998 | 4,110 | 1,229 | 20.2 | 708 | 261 | 3,418 | 25.2 |
| 1997 | 3,949 | 1,274 | 22.7 | 636 | 375 | 3,056 | 24.6 |
| 1996 | 3,592 | 1,196 | 22.4 | 560 | 409 | 2,725 | 24.1 |
| 1995 | 3,047 | 1,086 | 22.0 | 546 | 335 | 2,144 | 20.9 |
| 1994 | 2,823 | 1,083 | 22.5 | 525 | 378 | 2,132 | 24.3 |
| 1993 | 2,533 | 961 | 21.3 | 443 | 305 | 1,873 | 25.3 |
| 1992 | 2,058 | 834 | 21.2 | 381 | 320 | 1,623 | 26.5 |
| 1991 | 1,778 | 675 | 21.0 | 319 | 370 | 1,363 | 27.7 |
| 1990 | 1,593 | 536 | 21.1 | 286 | 310 | 1,173 | 33.7 |
| 1989 | 1,191 | 408 | 21.3 | 254 | 310 | 807 | 31.1 |
| 1988 | 837 | 328 | 21.6 | 218 | 365 | 507 | 25.2 |
| 1987 | 890 | 263 | 22.1 | 197 | 360 | 376 | 24 |
| 1986 | 384 | 175 | 23.8 | 175 | 306 | 105 | 10 |
| 1985 | 139 | 112 | 25.6 | 142 | 206 | (7) | (1) |
| 1984 | (90) | 78 | 26.2 | 112 | 86 | (71) | (7) |
| 1983 | (9) | 54 | 26.3 | 81 | 48 | 49 | 5 |
| 1982 | (464) | 16 | 27.2 | 60 | 36 | (192) | (19) |
| 1981 | (429) | 0 | 25.0 | 49 | (28) | (206) | (17) |
| 1980 | 21 | Not Available | Not Available | 44 | 19 | 14 | 0.9 |
| 1979 | 322 | Before 1981 | Before 1981 | 46 | 35 | 162 | 11.3 |
| 1978 | 294 | | | 39 | 36 | 209 | 16.5 |
| 1977 | 251 | | | 32 | 28 | 165 | 15.3 |
| 1976 | 203 | | | 30 | 25 | 127 | 13.8 |
| 1975 | 174 | | | 27 | 16 | 115 | 14.1 |
| 1974 | 142 | | | 23 | 17 | 107 | 14.7 |
| 1973 | 180 | | | 18 | 12 | 126 | 20.3 |
| 1972 | 138 | | | 13 | 5 | 96 | 18.8 |
| 1971 | 49 | | | 15 | 4 | 61 | 14.4 |

Source: Fannie Mae

N/A = not available

¹ Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Interest income net of interest expense.

³ Credit-related expenses include the provision for loan losses and foreclosed property expenses.

⁴ Calculated as annualized net income available to common stockholders divided by average common stockholders' equity.

Table 4. Fannie Mae Balance Sheet¹

| End of Period | Balance Sheet (\$ in Millions) | | | | | | | Mortgage-Backed Securities Outstanding (\$ in Millions) | |
|--------------------------|-----------------------------------|--|---|---------------------------------------|---|-----------------------------------|---|--|--|
| | Total Assets ² (\$) | Total Retained Mortgage Portfolio ³ (\$) | Non-Mortgage Investments ⁴ (\$) | Outstanding Debt ⁵ (\$) | Shareholders' Equity ⁶ (\$) | Core Capital ⁵ (\$) | Fair Value of Net Assets ⁶ (\$) | Total MBS Outstanding ⁶ (\$) | Multi-class MBS Outstanding ⁷ (\$) |
| 4Q05 | N/A | N/A | N/A | N/A | N/A | 38,135 | N/A | 1,598,079 | 388,905 |
| 3Q05 | N/A | N/A | N/A | N/A | N/A | 36,993 | N/A | 1,573,843 | 386,794 |
| 2Q05 | N/A | N/A | N/A | N/A | N/A | 35,641 | N/A | 1,485,213 | 376,486 |
| 1Q05 | N/A | N/A | N/A | N/A | N/A | 34,998 | N/A | 1,441,077 | 373,407 |
| Annual Data ⁸ | | | | | | | | | |
| 2005 | N/A | N/A | N/A | N/A | N/A | 38,135 | N/A | 1,598,079 | 388,905 |
| 2004 | N/A | N/A | N/A | N/A | N/A | 32,641 | N/A | 1,402,775 | 368,567 |
| 2003 | 1,009,569 | 901,985 | 59,493 | 961,732 | 22,373 | 34,405 | 31,582 | 1,300,341 | 398,516 |
| 2002 | 887,515 | 801,140 | 39,293 | 850,982 | 16,288 | 28,079 | 22,130 | 1,029,571 | 401,486 |
| 2001 | 799,948 | 706,347 | 65,982 | 763,467 | 18,118 | 25,182 | 22,675 | 863,445 | 392,457 |
| 2000 | 675,224 | 607,731 | 52,347 | 642,682 | 20,838 | 20,827 | 20,677 | 706,722 | 334,508 |
| 1999 | 575,308 | 523,103 | 37,299 | 547,619 | 17,629 | 17,876 | 20,525 | 679,145 | 335,514 |
| 1998 | 485,146 | 415,434 | 58,515 | 460,291 | 15,453 | 15,465 | 14,885 | 637,143 | 361,613 |
| 1997 | 391,673 | 316,592 | 64,596 | 369,774 | 13,793 | 13,793 | 15,982 | 579,138 | 388,360 |
| 1996 | 351,041 | 286,528 | 56,606 | 331,270 | 12,773 | 12,773 | 14,566 | 548,173 | 339,798 |
| 1995 | 316,550 | 252,888 | 57,273 | 299,174 | 10,959 | 10,959 | 11,037 | 513,230 | 353,528 |
| 1994 | 272,508 | 220,815 | 46,335 | 257,230 | 9,541 | 9,541 | 10,924 | 486,345 | 378,733 |
| 1993 | 216,979 | 190,169 | 21,396 | 201,112 | 8,052 | 8,052 | 9,126 | 471,865 | 381,865 |
| 1992 | 180,978 | 156,260 | 19,574 | 166,300 | 6,774 | Not Applicable | 9,096 | 424,444 | 312,369 |
| 1991 | 147,072 | 126,679 | 9,836 | 133,937 | 5,547 | Not Available | 9,096 | 355,284 | 224,806 |
| 1990 | 133,113 | 114,066 | 9,868 | 123,403 | 3,941 | Not Available | 127,278 | 288,075 | 127,278 |
| 1989 | 124,315 | 107,981 | 100,099 | 105,459 | 2,260 | Not Available | 216,512 | 216,512 | 64,826 |
| 1988 | 112,258 | 103,459 | 103,459 | 97,057 | 1,811 | Not Available | 170,097 | 170,097 | 26,660 |
| 1987 | 103,459 | 99,621 | 93,468 | 93,563 | 1,811 | Not Available | 135,734 | 135,734 | 11,359 |
| 1986 | 99,076 | 94,123 | 1,775 | 93,985 | 1,009 | Not Available | 54,552 | 54,552 | 95,668 |
| 1985 | 84,135 | 87,798 | 1,466 | 83,719 | 918 | Not Available | 35,738 | 35,738 | 54,552 |
| 1984 | 78,383 | 75,247 | 1,689 | 74,594 | 1,000 | Not Available | 25,121 | 25,121 | 14,450 |
| 1983 | 72,981 | 69,356 | 2,430 | 69,614 | 953 | Not Available | 14,450 | 14,450 | 14,450 |
| 1982 | 61,578 | 59,629 | 1,047 | 58,551 | 1,080 | Not Available | 717 | 717 | 717 |
| 1980 | 55,589 | 49,777 | 1,558 | 54,880 | 1,457 | Not Available | 14,450 | 14,450 | 14,450 |
| 1979 | 51,300 | 42,103 | 834 | 48,424 | 1,501 | Not Available | 14,450 | 14,450 | 14,450 |
| 1978 | 43,506 | 33,252 | 318 | 31,890 | 1,173 | Not Available | 14,450 | 14,450 | 14,450 |
| 1977 | 33,980 | 31,775 | 245 | 30,565 | 983 | Not Available | 14,450 | 14,450 | 14,450 |
| 1976 | 32,393 | 30,820 | 239 | 29,963 | 861 | Not Available | 14,450 | 14,450 | 14,450 |
| 1975 | 31,596 | 28,666 | 466 | 28,168 | 772 | Not Available | 14,450 | 14,450 | 14,450 |
| 1974 | 29,671 | 23,589 | 227 | 23,003 | 680 | Not Available | 14,450 | 14,450 | 14,450 |
| 1973 | 24,318 | 19,652 | 268 | 19,239 | 559 | Not Available | 14,450 | 14,450 | 14,450 |
| 1972 | 20,346 | 17,886 | 349 | 17,672 | 460 | Not Available | 14,450 | 14,450 | 14,450 |
| 1971 | 18,591 | | | | | Not Available | 14,450 | 14,450 | 14,450 |

Source: Fannie Mae and FHED

N/A = not available

¹ Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Beginning in 1998, the guaranty liability for Fannie Mae MBS held in the portfolio is classified as a liability.

³ Gross retained portfolio net of unamortized purchase premium, discounts and deferred price adjustments, and beginning in 2002, unrealized gains/losses on available-for-sale securities. The amounts for 1999 through 2002 include certain loans held for investment that were previously classified as non-mortgage investments.

⁴ Values for years 1999 through 2003 exclude securities included in the line item, "Loans held for securitization and sale" included in the 2003 balance sheet, and in the retained mortgage portfolio. Data reflect unpaid principal balance adjusted to include mark-to-market gains and losses on available-for-sale securities, as well as unamortized premiums, discounts, and other deferred price adjustments. Prior to 1982, the majority of non-mortgage investments consisted of U.S. government securities and agency securities.

⁵ The sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings, less treasury stock.

⁶ Total Fannie Mae MBS net of Fannie Mae MBS in the retained mortgage portfolio.

⁷ Includes REMICs as well as stripped MBS backed by Fannie Mae certificates.

⁸ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 4a. Fannie Mae Total MBS Outstanding Detail¹

| End of Period | Single-Family Mortgages ² (\$ in Millions) | | | | Multi-Family Mortgages ² (\$ in Millions) | | | | Total MBS Outstanding ³ (\$) | | |
|--------------------------|--|----------------------|---------------|---------------|---|----------------------|---------------|-------------------|--|---------------|---------------------------|
| | Conventional | | | | FHAVA | | | | | | |
| | Fixed-Rate (\$) | Adjustable-Rate (\$) | Seconds (\$) | Total (\$) | Fixed-Rate (\$) | Adjustable-Rate (\$) | Total (\$) | Conventional (\$) | | FHA/RHS (\$) | Total Multi-Family (\$) |
| 4Q05 | 1,314,853 | 222,928 | 34 | 1,537,816 | 1,262 | 645 | 1,907 | 58,077 | 279 | 58,356 | 1,598,079 |
| 3Q05 | 1,288,033 | 223,231 | 39 | 1,511,303 | 1,447 | 721 | 2,168 | 60,078 | 294 | 60,372 | 1,573,843 |
| 2Q05 | 1,214,384 | 205,197 | 45 | 1,419,626 | 1,656 | 807 | 2,463 | 62,821 | 304 | 63,124 | 1,485,213 |
| 1Q05 | 1,179,197 | 194,381 | 51 | 1,373,629 | 1,766 | 874 | 2,640 | 64,494 | 315 | 64,808 | 1,441,077 |
| Annual Data ⁴ | | | | | | | | | | | |
| 2005 | 1,314,853 | 222,928 | 34 | 1,537,816 | 1,262 | 645 | 1,907 | 58,077 | 279 | 58,356 | 1,598,079 |
| 2004 | 1,152,941 | 183,580 | 58 | 1,336,579 | 1,982 | 949 | 2,931 | 62,942 | 323 | 63,265 | 1,402,775 |
| 2003 | 1,076,193 | 153,785 | 109 | 1,230,087 | 2,695 | 1,268 | 3,963 | 65,917 | 374 | 66,291 | 1,300,341 |
| 2002 | 881,618 | 92,287 | 338 | 974,243 | 3,868 | 1,247 | 5,115 | 49,227 | 986 | 50,213 | 1,029,571 |
| 2001 | 752,211 | 60,842 | 772 | 813,825 | 4,519 | 1,207 | 5,726 | 42,713 | 1,181 | 43,894 | 863,445 |
| 2000 | 599,999 | 61,495 | 1,165 | 662,659 | 6,778 | 1,298 | 8,076 | 35,207 | 780 | 35,987 | 706,722 |
| 1999 | 586,069 | 51,474 | 1,212 | 638,755 | 7,159 | 1,010 | 8,169 | 31,518 | 703 | 32,221 | 679,145 |
| 1998 | 545,680 | 56,903 | 98 | 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 | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | 216,512 |
| 1988 | Before 1990 | Before 1990 | Before 1990 | Before 1990 | Before 1990 | Before 1990 | Before 1990 | Before 1990 | Before 1990 | Before 1990 | 170,097 |
| 1987 | | | | | | | | | | | 135,734 |
| 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 Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Unpaid principal balance.

³ Total Fannie Mae MBS net of Fannie Mae MBS in the retained mortgage portfolio. Includes guaranteed whole loan REMICs and Private-label wraps that are not included in Grantor Trusts.

⁴ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5. Fannie Mae Retained Mortgage Portfolio Detail¹

| (\$ in Millions) | | | | | | |
|--------------------------|------------------------------------|--|--|--|---|--|
| End of Period | Whole Loans ^{2,3} (\$) | Fannie Mae Securities ² (\$) | Other Mortgage-Related Securities ² (\$) | Unamortized Premiums, Discounts, Deferred Adjustments, and Unrealized Gains/Losses on Available-for-Sale Securities ⁴ (\$) | Total Retained Mortgage Portfolio (\$) | |
| 4Q05 | 252,853 | 341,712 | 132,980 | N/A | N/A | |
| 3Q05 | 249,471 | 351,334 | 127,382 | N/A | N/A | |
| 2Q05 | 247,292 | 414,901 | 146,386 | N/A | N/A | |
| 1Q05 | 246,915 | 454,710 | 163,299 | N/A | N/A | |
| Annual Data ⁵ | | | | | | |
| 2005 | 252,853 | 341,712 | 132,980 | N/A | N/A | |
| 2004 | 246,872 | 493,025 | 164,908 | N/A | N/A | |
| 2003 | 234,726 | 556,930 | 106,887 | 3,442 | 901,985 | |
| 2002 | 189,174 | 509,217 | 95,773 | 6,972 | 801,136 | |
| 2001 | 167,405 | 431,776 | 109,270 | (2,104) | 706,347 | |
| 2000 | 152,634 | 351,066 | 106,551 | (2,520) | 607,731 | |
| 1999 | 149,231 | 281,714 | 93,122 | (964) | 523,103 | |
| 1998 | 155,779 | 197,375 | 61,361 | 919 | 415,434 | |
| 1997 | 160,102 | 130,444 | 26,132 | (86) | 316,592 | |
| 1996 | 167,891 | 102,607 | 16,554 | (525) | 286,528 | |
| 1995 | 171,481 | 69,729 | 12,301 | (643) | 252,868 | |
| 1994 | 170,909 | 43,998 | 7,150 | (1,242) | 220,815 | |
| 1993 | 163,149 | 24,219 | 3,493 | (692) | 190,169 | |
| 1992 | 134,597 | 20,535 | 2,987 | (1,859) | 156,260 | |
| 1991 | 109,251 | 16,700 | 3,032 | (2,304) | 126,679 | |
| 1990 | 101,797 | 11,758 | 3,073 | (2,562) | 114,066 | |
| 1989 | 95,729 | 11,720 | 3,272 | (2,740) | 107,981 | |
| 1988 | 92,220 | 8,153 | 2,640 | (2,914) | 100,099 | |
| 1987 | 89,618 | 4,226 | 2,902 | (3,081) | 93,665 | |
| 1986 | 94,167 | 1,606 | 2,060 | (3,710) | 94,123 | |
| 1985 | 97,421 | 435 | 793 | (4,040) | 94,609 | |
| 1984 | 87,205 | 477 | 427 | (3,974) | 84,135 | |
| 1983 | 77,983 | Not Available | 273 | (3,009) | 75,247 | |
| 1982 | 71,777 | Before 1984 | 37 | (2,458) | 69,356 | |
| 1981 | 61,411 | | 1 | (1,783) | 59,629 | |
| 1980 | 57,326 | | 1 | (1,738) | 55,589 | |
| 1979 | 51,096 | | 1 | (1,320) | 49,777 | |
| 1978 | 43,315 | | Not Available | (1,212) | 42,103 | |
| 1977 | 34,377 | | Before 1979 | (1,125) | 33,252 | |
| 1976 | 32,937 | | | (1,162) | 31,775 | |
| 1975 | 31,916 | | | (1,096) | 30,820 | |
| 1974 | 29,708 | | | (1,042) | 28,666 | |
| 1973 | 24,459 | | | (870) | 23,589 | |
| 1972 | 20,326 | | | (674) | 19,652 | |
| 1971 | 18,515 | | | (629) | 17,886 | |

Source: Fannie Mae

N/A = not available

¹Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

²Unpaid principal balance.

³The unpaid principal balance of whole loans at December 31, 1999 through December 31, 2002 includes certain loans held for investment that were classified as nonmortgage investments and excludes loans held for securitization or sale.

⁴For 2002 and 2003, amounts include unrealized gains/losses on securities classified as available-for-sale securities.

⁵Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5a. Fannie Mae Retained Mortgage Portfolio Detail - Whole Loans¹

| End of Period | Whole Loans (\$ in Millions) ^{2,3} | | | | | | | | | Total Whole Loans (\$) |
|--------------------------|---|-----------------|---------------|---------------|---------------|---------------------------|---------------|---------------|---------|------------------------|
| | Single-Family | | | | | Multi-Family | | | | |
| | Conventional | | | | | Total FHA/VA ⁵ | Conventional | FHA/RHS | Total | |
| | Fixed-Rate ^{3,4} | Adjustable-Rate | Seconds | Total | Total | | | | | |
| (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | |
| 4Q05 | 185,086 | 16,892 | 218 | 202,196 | 14,930 | 34,991 | 736 | 35,727 | 252,853 | |
| 3Q05 | 185,858 | 16,833 | 203 | 202,894 | 13,297 | 32,508 | 772 | 33,280 | 249,471 | |
| 2Q05 | 187,361 | 17,382 | 189 | 204,932 | 12,014 | 29,536 | 810 | 30,346 | 247,292 | |
| 1Q05 | 189,514 | 17,650 | 177 | 207,341 | 10,920 | 27,803 | 851 | 28,654 | 246,915 | |
| Annual Data ⁶ | | | | | | | | | | |
| 2005 | 185,086 | 16,892 | 218 | 202,196 | 14,930 | 34,991 | 736 | 35,727 | 252,853 | |
| 2004 | 192,418 | 17,335 | 175 | 209,928 | 9,964 | 26,083 | 897 | 26,980 | 246,872 | |
| 2003 | 194,653 | 13,213 | 231 | 208,097 | 7,063 | 18,475 | 1,091 | 19,566 | 234,726 | |
| 2002 | 160,553 | 9,068 | 524 | 170,145 | 5,458 | 12,217 | 1,354 | 13,571 | 189,174 | |
| 2001 | 140,454 | 10,427 | 917 | 151,798 | 5,069 | 8,987 | 1,551 | 10,538 | 167,405 | |
| 2000 | 125,786 | 13,244 | 480 | 139,510 | 4,763 | 6,547 | 1,814 | 8,361 | 152,634 | |
| 1999 | 130,614 | 6,058 | 176 | 136,848 | 4,472 | 5,564 | 2,347 | 7,911 | 149,231 | |
| 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 | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | 94,167 | |
| 1985 | Before 1987 | Before 1987 | Before 1987 | Before 1987 | Before 1987 | Before 1987 | Before 1987 | Before 1987 | 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

¹Information included in the table and footnotes for periods beginning 2002 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Unpaid principal balance.

³ The unpaid principal balance of whole loans at December 31, 1999 through December 31, 2002 includes certain loans held for investment that were classified as nonmortgage investments and excludes loans held for securitization or sale.

⁴ Includes balloon/reset loans.

⁵ Includes loans guaranteed by the Rural Housing Service.

⁶ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 1, Mortgage-Related Securities¹

| End of Period | Mortgage-Related Securities (\$ in Millions) ² | | | | | | | | | | | | | |
|--------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------|-----------------|----------------------|--------------|------------------|---------------------|--------------------------|---------|
| | Fannie Mae Securities | | | | | Others' Securities | | | | | | | | |
| | Single-Family | | Multi-Family | Total Fannie Mae | Freddie Mac | | Total Freddie Mac | Single-Family | | Multi-Family | Total Ginnie Mae | Total Private Label | Total Others' Securities | |
| | Fixed-Rate (\$) | Adjustable-Rate (\$) | | | Fixed-Rate (\$) | Adjustable-Rate (\$) | | Fixed-Rate (\$) | Adjustable-Rate (\$) | | | | | |
| 2005 | 303,025 | 29,571 | 9,116 | 341,712 | 18,850 | 9,861 | 0 | 28,711 | 2,272 | 0 | 57 | 2,329 | 83,137 | 114,177 |
| 2004 | 449,517 | 33,675 | 9,833 | 493,025 | 29,566 | 8,234 | 0 | 37,800 | 3,953 | 0 | 68 | 4,021 | 100,831 | 142,652 |
| 2003 | 538,187 | 8,873 | 9,870 | 556,930 | 30,586 | 558 | 9 | 31,153 | 6,858 | 0 | 68 | 6,926 | 48,298 | 86,377 |
| 2002 | 492,783 | 6,970 | 9,464 | 509,217 | 32,595 | 216 | 20 | 32,831 | 15,433 | 1 | 85 | 15,519 | 27,785 | 76,135 |
| 2001 | 417,796 | 5,648 | 8,332 | 431,776 | 42,516 | 287 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 2000 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 351,066 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1999 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 281,714 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1998 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 281,714 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1997 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 197,375 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1996 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 130,444 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1995 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 102,607 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1994 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 69,729 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1993 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 43,998 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1992 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 24,219 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1991 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 20,535 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1990 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 16,700 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1989 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 11,758 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1988 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 8,153 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1987 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 4,226 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1986 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 1,606 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1985 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 435 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1984 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 477 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1983 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 1984 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| Annual Data ³ | | | | | | | | | | | | | | |
| 2005 | 303,025 | 29,571 | 9,116 | 341,712 | 18,850 | 9,861 | 0 | 28,711 | 2,272 | 0 | 57 | 2,329 | 83,137 | 114,177 |
| 2004 | 449,517 | 33,675 | 9,833 | 493,025 | 29,566 | 8,234 | 0 | 37,800 | 3,953 | 0 | 68 | 4,021 | 100,831 | 142,652 |
| 2003 | 538,187 | 8,873 | 9,870 | 556,930 | 30,586 | 558 | 9 | 31,153 | 6,858 | 0 | 68 | 6,926 | 48,298 | 86,377 |
| 2002 | 492,783 | 6,970 | 9,464 | 509,217 | 32,595 | 216 | 20 | 32,831 | 15,433 | 1 | 85 | 15,519 | 27,785 | 76,135 |
| 2001 | 417,796 | 5,648 | 8,332 | 431,776 | 42,516 | 287 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 2000 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 351,066 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1999 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 281,714 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1998 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 281,714 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1997 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 197,375 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1996 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 130,444 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1995 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 102,607 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1994 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 69,729 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1993 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 43,998 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1992 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 24,219 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1991 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 20,535 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1990 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 16,700 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1989 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 11,758 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1988 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 8,153 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1987 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 4,226 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1986 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 1,606 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1985 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 435 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1984 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | 477 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |
| 1983 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 2001 | Not Available Before 1984 | Not Available Before 2001 | Not Available Before 2001 | 26 | 42,829 | 18,779 | 1 | 109 | 18,889 | 29,175 | 90,893 |

Source: Fannie Mae

¹ Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Unpaid principal balance.

³ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities, Private-Label Detail ¹

| End of Period | Mortgage-Related Securities (\$ in Millions) ² | | | | | |
|--------------------------|---|----------------------|------------------|---------------|---------------|---------------------|
| | Private-Label | | | | | |
| | Single-Family | | | | Multi-Family | Total Private Label |
| | Manufactured Housing (\$) | Other ³ | | | | |
| Fixed-Rate (\$) | | Adjustable-Rate (\$) | Total Other (\$) | | | |
| 4Q05 | 5,407 | 13,602 | 63,713 | 77,315 | 415 | 83,137 |
| 3Q05 | 5,637 | 11,656 | 60,499 | 72,155 | 407 | 78,199 |
| 2Q05 | 5,894 | 12,706 | 69,576 | 82,282 | 414 | 88,590 |
| 1Q05 | 6,146 | 13,500 | 82,084 | 95,584 | 342 | 102,072 |
| Annual Data ⁴ | | | | | | |
| 2005 | 5,407 | 13,602 | 63,713 | 77,315 | 415 | 83,137 |
| 2004 | 6,382 | 14,166 | 79,951 | 94,117 | 332 | 100,831 |
| 2003 | 7,604 | 11,844 | 28,577 | 40,421 | 273 | 48,298 |
| 2002 | 9,582 | 10,062 | 7,879 | 17,941 | 261 | 27,785 |
| 2001 | 10,708 | 13,432 | 4,736 | 18,168 | 299 | 29,175 |
| 2000 | Not Available | Not Available | Not Available | 24,794 | Not Available | 34,266 |
| 1999 | Before 2001 | Before 2001 | Before 2001 | 31,673 | Before 2001 | 31,673 |
| 1998 | | | | 19,585 | | 19,585 |
| 1997 | | | | 5,554 | | 5,554 |
| 1996 | | | | 1,486 | | 1,486 |
| 1995 | | | | 747 | | 747 |
| 1994 | | | | 1 | | 1 |
| 1993 | | | | 2 | | 2 |
| 1992 | | | | 3 | | 3 |
| 1991 | | | | 93 | | 93 |
| 1990 | | | | 352 | | 352 |
| 1989 | | | | 831 | | 831 |
| 1988 | | | | 810 | | 810 |
| 1987 | | | | 1,036 | | 1,036 |
| 1986 | | | | 1,591 | | 1,591 |
| 1985 | | | | Not Available | | Not Available |
| 1984 | | | | Before 1986 | | Before 1996 |
| 1983 | | | | | | |

Source: Fannie Mae

¹ Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Unpaid principal balance.

³ Include mortgage-related securities collateralized by first lien loans to credit-impaired borrowers and may include some underlying loans which are home equity or second lien.

⁴ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 5b. Fannie Mae Retained Mortgage Portfolio Detail - Part 3, Mortgage-Related Securities ¹

| End of Period | Mortgage-Related Securities (\$ in Millions) | | (\$ in Millions) | |
|--------------------------------|--|--|--|---|
| | Mortgage Revenue Bonds ² (\$) | Total Mortgage-Related Securities ² (\$) | Unamortized Premiums, Discounts, Deferred Adjustments, and Unrealized Gains/Losses on Available-for-Sale Securities ³ (\$) | Total Retained Mortgage Portfolio (\$) |
| 4Q05 | 18,803 | 474,692 | N/A | N/A |
| 3Q05 | 19,621 | 478,716 | N/A | N/A |
| 2Q05 | 20,572 | 561,287 | N/A | N/A |
| 1Q05 | 21,918 | 618,009 | N/A | N/A |
| Annual Data⁴ | | | | |
| 2005 | 18,803 | 474,692 | N/A | N/A |
| 2004 | 22,256 | 657,933 | N/A | N/A |
| 2003 | 20,510 | 663,817 | 3,442 | 901,985 |
| 2002 | 19,638 | 604,990 | 6,972 | 801,136 |
| 2001 | 18,377 | 541,046 | (2,104) | 706,347 |
| 2000 | 15,227 | 457,617 | (2,520) | 607,731 |
| 1999 | 12,171 | 374,836 | (964) | 523,103 |
| 1998 | 9,685 | 258,736 | 919 | 415,434 |
| 1997 | 7,620 | 156,576 | (86) | 316,592 |
| 1996 | 6,665 | 119,161 | (525) | 286,527 |
| 1995 | 5,343 | 82,030 | (643) | 252,868 |
| 1994 | 3,403 | 51,148 | (1,242) | 220,815 |
| 1993 | 2,519 | 27,712 | (692) | 190,169 |
| 1992 | 2,816 | 23,522 | (1,859) | 156,260 |
| 1991 | 2,759 | 19,732 | (2,304) | 126,679 |
| 1990 | 2,530 | 14,831 | (2,562) | 114,066 |
| 1989 | 2,239 | 14,992 | (2,740) | 107,981 |
| 1988 | 1,804 | 10,793 | (2,914) | 100,099 |
| 1987 | 1,866 | 7,128 | (3,081) | 93,665 |
| 1986 | 469 | Not Available Before 1986 | (3,710) | 94,123 |
| 1985 | Not Available Before 1985 | | (4,040) | 95,250 |
| 1984 | | | (3,974) | 84,695 |
| 1983 | | | (3,009) | 75,782 |
| 1982 | | | (2,458) | 69,842 |
| 1981 | | | (1,783) | 59,949 |
| 1980 | | | (1,738) | 55,878 |
| 1979 | | | (1,320) | 49,777 |
| 1978 | | | (1,212) | 42,103 |
| 1977 | | | (1,125) | 33,252 |
| 1976 | | (1,162) | 31,775 | |
| 1975 | (1,096) | 30,821 | | |
| 1974 | (1,042) | 28,665 | | |
| 1973 | (870) | 23,579 | | |
| 1972 | (674) | 19,650 | | |
| 1971 | (629) | 17,886 | | |

Source: Fannie Mae

N/A = not available

¹Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Unpaid principal balance.

³ For 2002 and 2003, amount includes unrealized gains/losses on available-for-sale securities.

⁴ Shaded data have been revised to reflect data reclassifications and/or other adjustments.

Table 6. Fannie Mae Financial Derivatives¹

| End of Period | Financial Derivatives - Notional Amount Outstanding (\$ in Millions) | | | | | | |
|---------------|--|--|---------------------------------|--|---|------------|------------|
| | Interest Rate Swaps (\$) | Interest Rate Caps, Floors, and Corridors (\$) | Foreign Currency Contracts (\$) | OTC Futures, Options, and Forward Rate Agreements (\$) | Mandatory Mortgage Purchase & Sell Commitments (\$) | Other (\$) | Total (\$) |
| 4Q05 | 306,984 | 33,000 | 5,485 | 298,685 | N/A | 0 | N/A |
| 3Q05 | 267,840 | 46,700 | 5,310 | 308,085 | N/A | 0 | N/A |
| 2Q05 | 256,724 | 56,550 | 8,784 | 333,685 | N/A | 0 | N/A |
| 1Q05 | 244,902 | 87,500 | 10,706 | 355,935 | N/A | 0 | N/A |
| Annual Data | | | | | | | |
| 2005 | 306,984 | 33,000 | 5,485 | 298,685 | N/A | 0 | N/A |
| 2004 | 242,459 | 104,150 | 10,743 | 331,400 | 34,131 | 0 | 722,883 |
| 2003 | 569,884 | 130,350 | 4,712 | 335,650 | 38,492 | 0 | 1,079,088 |
| 2002 | 246,508 | 122,393 | 4,019 | 283,675 | Not Available | 0 | 656,595 |
| 2001 | 299,953 | 75,893 | 8,493 | 148,800 | Before 2003 | 0 | 533,139 |
| 2000 | 227,651 | 33,663 | 9,511 | 53,915 | | 0 | 324,740 |
| 1999 | 192,032 | 28,950 | 11,507 | 41,081 | | 1,400 | 274,970 |
| 1998 | 142,846 | 14,500 | 12,995 | 13,481 | | 3,735 | 187,557 |
| 1997 | 149,673 | 100 | 9,968 | 0 | | 1,660 | 161,401 |
| 1996 | 158,140 | 300 | 2,429 | 0 | | 350 | 161,219 |
| 1995 | 125,679 | 300 | 1,224 | 29 | | 975 | 128,207 |
| 1994 | 87,470 | 360 | 1,023 | 0 | | 1,465 | 90,317 |
| 1993 | 49,458 | 360 | 1,023 | 0 | | 1,425 | 52,265 |
| 1992 | 24,130 | 0 | 1,177 | 0 | | 1,350 | 26,658 |
| 1991 | 9,100 | 0 | Not Available | 50 | | 1,050 | 10,200 |
| 1990 | 4,800 | 0 | Before 1992 | 25 | | 1,700 | 6,525 |

Source: Fannie Mae

N/A = not available

¹ Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

Table 7. Fannie Mae Non-Mortgage Investments¹

| End of Period | Non-Mortgage Investments (\$ in Millions) ² | | | | | | Total (\$) |
|---------------|--|-------------------------|------------------------------------|--|---------------|--------|------------|
| | Federal Funds and Eurodollars (\$) | Asset-Backed Securities | Repurchase Agreements ³ | Commercial Paper and Corporate Debt (\$) | Other (\$) | | |
| 4Q05 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 3Q05 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2Q05 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 1Q05 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual Data | | | | | | | |
| 2005 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2004 | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| 2003 | 12,575 | 26,900 | 111 | 16,743 | 3,164 | 59,493 | |
| 2002 | 1,548 | 22,311 | 181 | 14,075 | 1,178 | 39,293 | |
| 2001 | 16,089 | 20,937 | 808 | 23,805 | 4,343 | 65,982 | |
| 2000 | 7,539 | 17,512 | 87 | 8,893 | 18,316 | 52,347 | |
| 1999 | 4,837 | 19,207 | 122 | 1,723 | 11,410 | 37,299 | |
| 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 | Not Available | Not Available | Not Available | Not Available | 1,047 | |
| 1980 | Before 1982 | Before 1982 | Before 1982 | Before 1982 | Before 1982 | 1,556 | |
| 1979 | | | | | | 843 | |
| 1978 | | | | | | 834 | |
| 1977 | | | | | | 318 | |
| 1976 | | | | | | 245 | |
| 1975 | | | | | | 239 | |
| 1974 | | | | | | 466 | |
| 1973 | | | | | | 227 | |
| 1972 | | | | | | 268 | |
| 1971 | | | | | | 349 | |

Source: Fannie Mae

N/A = not available

¹ Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Unpaid principal balance adjusted to include mark-to-market gains and losses on available-for-sale securities and unamortized premiums, discounts, and other deferred price adjustments. Prior to 1982, the majority of non-mortgage investments were comprised of U.S. government securities and agency securities.

³ As of 1999, Repurchase Agreements consist primarily of overnight investments that mature daily. Values for 1999 through 2003 exclude securities included in "Loans held for securitization and sale" and the retained mortgage portfolio.

Table 8. Fannie Mae Asset Mix¹

| End of Period | Asset Ratios | |
|---------------|--|--|
| | Total Retained Mortgage Portfolio / Total Assets (%) | Non-Mortgage Investments/ Total Assets (%) |
| 4Q05 | N/A | N/A |
| 3Q05 | N/A | N/A |
| 2Q05 | N/A | N/A |
| 1Q05 | N/A | N/A |
| Annual Data | | |
| 2005 | N/A | N/A |
| 2004 | N/A | N/A |
| 2003 | 89.3 | 5.9 |
| 2002 | 90.3 | 4.4 |
| 2001 | 88.4 | 8.2 |
| 2000 | 90.0 | 7.8 |
| 1999 | 90.9 | 6.5 |
| 1998 | 85.6 | 12.1 |
| 1997 | 80.8 | 16.5 |
| 1996 | 81.6 | 16.1 |
| 1995 | 79.9 | 18.1 |
| 1994 | 81.0 | 17.0 |
| 1993 | 87.6 | 9.9 |
| 1992 | 86.3 | 10.8 |
| 1991 | 86.1 | 6.7 |
| 1990 | 85.7 | 7.4 |
| 1989 | 86.9 | 6.7 |
| 1988 | 89.2 | 4.7 |
| 1987 | 90.5 | 3.4 |
| 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

N/A = not available

¹ Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

Table 9. Fannie Mae Mortgage Asset Quality¹

| End of Period | Mortgage Asset Quality | | | | | |
|---------------|--|---|--|--|--|--|
| | Single-Family Delinquency Rate ² (%) | Multi-Family Delinquency Rate ³ (%) | Credit Losses / Total MBS Outstanding plus Retained Mortgage Portfolio ⁴ (%) | REO / Total MBS Outstanding plus Retained Mortgage Portfolio ⁵ (%) | Credit-Enhanced Outstanding / Total MBS Outstanding plus Retained Mortgage Portfolio ⁶ (%) | |
| 4Q05 | 0.79 | 0.27 | N/A | N/A | N/A | |
| 3Q05 | 0.61 | 0.09 | N/A | N/A | N/A | |
| 2Q05 | 0.57 | 0.10 | N/A | N/A | N/A | |
| 1Q05 | 0.59 | 0.09 | N/A | N/A | N/A | |
| Annual Data | | | | | | |
| 2005 | 0.79 | 0.27 | N/A | N/A | N/A | |
| 2004 | 0.63 | 0.10 | N/A | N/A | N/A | |
| 2003 | 0.60 | 0.27 | 0.01 | 0.07 | 24.3 | |
| 2002 | 0.57 | 0.05 | 0.01 | 0.06 | 29.6 | |
| 2001 | 0.55 | 0.27 | 0.01 | 0.04 | 34.2 | |
| 2000 | 0.45 | 0.07 | 0.01 | 0.05 | 40.4 | |
| 1999 | 0.47 | 0.11 | 0.01 | 0.06 | 20.9 | |
| 1998 | 0.56 | 0.23 | 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

N/A = not available

¹ Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² Beginning with 1998, data include all seriously delinquent conventional loans with and without primary mortgage insurance and/or credit enhancement. Prior to 1988, data include all seriously delinquent loans for which Fannie Mae has primary risk of loss. Data prior to 1992 include loans in relief or bankruptcy, even if the loans are less than 90 days delinquent.

³ Beginning in 1998, data include all loans and securities 60 days or more past due and is calculated based on mortgage credit book of business. Data prior to 1998 include loans for which Fannie Mae has primary risk of loss.

⁴ Credit losses are charge-offs plus foreclosed property expense; average balances used to calculate ratios subsequent to 1994; quarterly data are annualized.

⁵ Real estate owned balances reflect end-of-period amounts. Beginning with 1995, data reflect adoption of SFAS 114.

⁶ Beginning in 2000, "credit-enhanced" is expanded to include primary mortgage insurance. Prior to 2000, reflect proportion of the retained mortgage portfolio with additional recourse from a third party to accept some or all of the expected losses on defaulted mortgages.

Table 10. Fannie Mae Capital¹

| End of Period | Minimum Capital Requirement | | | Risk-Based Capital Requirement | | | | | Market Capitalization ⁶ (\$) | Core Capital/Total Assets (%) | Core Capital / Total MBS Outstanding plus Total Assets (%) | Common Share Dividend Payout Ratio ⁷ (%) |
|---------------|-----------------------------|----------------------------------|---|---------------------------------|--|--|----------------------------|----------------------------|---|-------------------------------|--|---|
| | Core Capital (\$) | Minimum Capital Requirement (\$) | Minimum Capital Surplus (Deficit) ² (\$) | Total Capital ³ (\$) | Risk-Based Capital Requirement ⁴ (\$) | Risk-Based Capital Surplus (Deficit) ⁵ (\$) | Not Applicable Before 2002 | Not Applicable Before 2002 | | | | |
| 4005 | 38,135 | 28,463 | 9,673 | 39,204 | 12,636 | 26,568 | 47,373 | N/A | N/A | N/A | N/A | |
| 3005 | 36,993 | 27,878 | 9,115 | 37,860 | 15,695 | 22,161 | 43,473 | N/A | N/A | N/A | N/A | |
| 2005 | 35,641 | 29,727 | 5,914 | 36,144 | 23,061 | 13,083 | 56,637 | N/A | N/A | N/A | N/A | |
| 1005 | 34,998 | 30,959 | 4,039 | 35,495 | 6,355 | 29,140 | 52,799 | N/A | N/A | N/A | N/A | |
| Annual Data | | | | | | | | | | | | |
| 2005 | 38,135 | 28,463 | 9,673 | 39,204 | 12,636 | 26,568 | 47,373 | N/A | N/A | N/A | N/A | |
| 2004 | 32,641 | 32,166 | 475 | 35,878 | 10,039 | 25,839 | 69,010 | N/A | N/A | N/A | N/A | |
| 2003 | 34,405 | 31,520 | 2,885 | 35,182 | 27,221 | 7,960 | 72,838 | 3.41 | 1.49 | 23.0 | N/A | |
| 2002 | 28,079 | 27,203 | 877 | 28,871 | 17,434 | 11,437 | 63,612 | 3.16 | 1.46 | 20.9 | N/A | |
| 2001 | 25,182 | 24,182 | 1,000 | 25,976 | Not Applicable Before 2002 | Not Applicable Before 2002 | 79,281 | 3.15 | 1.52 | 23.0 | N/A | |
| 2000 | 20,827 | 20,294 | 533 | 21,634 | Not Applicable Before 2002 | Not Applicable Before 2002 | 86,643 | 3.08 | 1.51 | 26.0 | N/A | |
| 1999 | 17,876 | 17,770 | 106 | 18,677 | Not Applicable Before 2002 | Not Applicable Before 2002 | 63,651 | 3.11 | 1.42 | 28.8 | N/A | |
| 1998 | 15,465 | 15,334 | 131 | 16,257 | Not Applicable Before 2002 | Not Applicable Before 2002 | 75,881 | 3.19 | 1.38 | 29.5 | N/A | |
| 1997 | 13,793 | 12,703 | 1,090 | 14,575 | Not Applicable Before 2002 | Not Applicable Before 2002 | 59,167 | 3.52 | 1.42 | 29.4 | N/A | |
| 1996 | 12,773 | 11,466 | 1,307 | 13,520 | Not Applicable Before 2002 | Not Applicable Before 2002 | 39,932 | 3.64 | 1.42 | 30.4 | N/A | |
| 1995 | 10,959 | 10,451 | 508 | 11,703 | Not Applicable Before 2002 | Not Applicable Before 2002 | 33,812 | 3.46 | 1.32 | 34.6 | N/A | |
| 1994 | 9,541 | 9,416 | 126 | 10,368 | Not Applicable Before 2002 | Not Applicable Before 2002 | 19,882 | 3.50 | 1.26 | 30.8 | N/A | |
| 1993 | 8,052 | 7,876 | 176 | 8,893 | Not Applicable Before 1993 | Not Applicable Before 1993 | 21,387 | 3.71 | 1.17 | 26.8 | N/A | |
| 1992 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 20,874 | Not Applicable Before 1993 | Not Applicable Before 1993 | 23.2 | N/A | |
| 1991 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 18,836 | Not Applicable Before 1993 | Not Applicable Before 1993 | 21.3 | N/A | |
| 1990 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 8,490 | Not Applicable Before 1993 | Not Applicable Before 1993 | 14.7 | N/A | |
| 1989 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 8,092 | Not Applicable Before 1993 | Not Applicable Before 1993 | 12.8 | N/A | |
| 1988 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 3,992 | Not Applicable Before 1993 | Not Applicable Before 1993 | 11.2 | N/A | |
| 1987 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 2,401 | Not Applicable Before 1993 | Not Applicable Before 1993 | 11.7 | N/A | |
| 1986 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 3,006 | Not Applicable Before 1993 | Not Applicable Before 1993 | 8.0 | N/A | |
| 1985 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 1,904 | Not Applicable Before 1993 | Not Applicable Before 1993 | 30.1 | N/A | |
| 1984 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 1,012 | Not Applicable Before 1993 | Not Applicable Before 1993 | 13.9 | N/A | |
| 1983 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 1,514 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable | N/A | |
| 1982 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 1,603 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable | N/A | |
| 1981 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 502 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable | N/A | |
| 1980 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | 702 | Not Applicable Before 1993 | Not Applicable Before 1993 | 464.2 | N/A | |
| 1979 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 45.7 | N/A | |
| 1978 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 30.3 | N/A | |
| 1977 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 31.8 | N/A | |
| 1976 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 33.6 | N/A | |
| 1975 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 31.8 | N/A | |
| 1974 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 29.6 | N/A | |
| 1973 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 18.1 | N/A | |
| 1972 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 15.2 | N/A | |
| 1971 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Applicable Before 1993 | Not Available Before 1980 | Not Available Before 1980 | Not Available Before 1980 | 18.7 | N/A | |

Source: Fannie Mae and OFHEO
N/A = not available

¹ Information included in the table and footnotes for periods beginning 2001 is subject to change as a result of the ongoing re-audit and restatement of Fannie Mae's financial statements for 2002, 2003 and 2004 and the preparation and completion of Fannie Mae's 2005 financial statements and required audits.

² The difference between Core Capital and Minimum Capital Requirement.

³ Total Capital is Core Capital plus the total allowance for loan losses and guaranty liability for MBS, less any specific loss allowances.

⁴ The Risk-Based Capital Requirement is the amount of Total Capital that an Enterprise must hold to absorb projected losses flowing from future adverse interest rate and credit risk conditions and is specified by the Federal Housing Enterprise Financial Safety and Soundness Act of 1992.

⁵ The difference between Total Capital and the Risk-Based Capital Requirement.

⁶ Stock price at the end of the period multiplied by the number of outstanding common shares.

⁷ Common dividends paid as a percentage of net income available to common stockholders.

Table 11. Freddie Mac Mortgage Purchases¹

| Business Activity (\$ in Millions) | | | | | |
|---|-------------------------------|------------------------------|---|---|--|
| Purchases² | | | | | |
| Period | Single-Family (\$) | Multi-Family (\$) | Total Mortgages³ (\$) | Mortgage-Related Securities⁴ (\$) | |
| 4Q05 | 106,408 | 3,701 | 110,109 | 91,561 | |
| 3Q05 | 111,896 | 3,460 | 115,356 | 95,141 | |
| 2Q05 | 91,560 | 1,580 | 93,140 | 78,302 | |
| 1Q05 | 71,809 | 2,431 | 74,240 | 60,571 | |
| Annual Data | | | | | |
| 2005 | 381,673 | 11,172 | 392,845 | 325,575 | |
| 2004 | 354,812 | 12,712 | 367,524 | 223,299 | |
| 2003 | 701,483 | 15,292 | 716,775 | 385,078 | |
| 2002 | 533,194 | 10,654 | 543,848 | 299,674 | |
| 2001 | 384,124 | 9,510 | 393,634 | 248,466 | |
| 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 | |
| 1992 | 191,099 | 27 | 191,126 | Before 1994 | |
| 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 | Not Available | 21,885 | | |
| 1983 | Before 1985 | Before 1985 | 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 For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Loans purchased from lenders. Excludes repurchased Freddie Mac MBS and structured securities.

⁴ Not included in total mortgages. For the period 2002 through 2005, amounts include non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative collateral deals and structured securities backed by Ginnie Mae MBS). For 2001, amounts include alternative collateral deals and excludes structured securities backed by Ginnie Mae MBS.

Table 11a. Freddie Mac Mortgage Purchases Detail, By Type of Loan¹

| Purchases (\$ in millions) ^{2,3} | | | | | | | | | | | | |
|---|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------------|---------------------------|---------------------------|-----------------------------------|-------------------------------|
| Period | Single-Family Mortgages | | | | | | | Multi-Family Mortgages | | | | Total Mortgage Purchases (\$) |
| | Conventional | | | | FHA/VA | | | Total Single-Family Mortgages (\$) | Conventional (\$) | FHA/ RHS (\$) | Total Multi-Family Mortgages (\$) | |
| Fixed-Rate ⁴ (\$) | Adjustable-Rate ⁵ (\$) | Seconds (\$) | Total (\$) | Fixed-Rate (\$) | Adjustable-Rate (\$) | Total (\$) | Conventional (\$) | | | | | FHA/ RHS (\$) |
| 4Q05 | 88,346 | 18,062 | 0 | 106,408 | 0 | 0 | 0 | 106,408 | 3,701 | 0 | 3,701 | 110,109 |
| 3Q05 | 91,164 | 20,732 | 0 | 111,896 | 0 | 0 | 0 | 111,896 | 3,460 | 0 | 3,460 | 115,356 |
| 2Q05 | 76,112 | 15,448 | 0 | 91,560 | 0 | 0 | 0 | 91,560 | 1,580 | 0 | 1,580 | 93,140 |
| 1Q05 | 58,220 | 13,589 | 0 | 71,809 | 0 | 0 | 0 | 71,809 | 2,431 | 0 | 2,431 | 74,240 |
| Annual Data ⁶ | | | | | | | | | | | | |
| 2005 | 313,842 | 67,831 | 0 | 381,673 | 0 | 0 | 0 | 381,673 | 11,172 | 0 | 11,172 | 392,845 |
| 2004 | 293,830 | 60,663 | 0 | 354,493 | 319 | 0 | 319 | 354,812 | 12,712 | 0 | 12,712 | 367,524 |
| 2003 | 617,796 | 82,270 | 0 | 700,066 | 1,417 | 0 | 1,417 | 701,483 | 15,292 | 0 | 15,292 | 716,775 |
| 2002 | 468,901 | 63,448 | 0 | 532,349 | 845 | 0 | 845 | 533,194 | 10,654 | 0 | 10,654 | 543,848 |
| 2001 | 353,056 | 30,780 | 0 | 383,836 | 288 | 0 | 288 | 384,124 | 9,507 | 3 | 9,510 | 393,634 |
| 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 |
| 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 | Not Available Before 1985 |
| 1983 | 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 | Not Available Before 1985 |
| 1982 | 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 | Not Available Before 1985 |
| 1981 | 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 | Not Available Before 1985 |
| 1980 | 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 | Not Available Before 1985 |
| 1979 | 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 | Not Available Before 1985 |
| 1978 | 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 | Not Available Before 1985 |
| 1977 | 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 | Not Available Before 1985 |
| 1976 | 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 | Not Available Before 1985 |
| 1975 | 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 | Not Available Before 1985 |
| 1974 | 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 | Not Available Before 1985 |
| 1973 | 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 | Not Available Before 1985 |
| 1972 | 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 | Not Available Before 1985 |
| 1971 | 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 | Not Available Before 1985 |

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Loans purchased from lenders. Excludes repurchased Freddie Mac MBS and structured securities.

⁴ For the period 2002 through 2005, includes loans guaranteed by the Rural Housing Service.

⁵ For the period 2001 through 2005, includes balloons/resets.

⁶ Shaded amounts have been revised.

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

| Period | Purchases (\$ in Millions) ² | | | | | | | | | | Mortgage Revenue Bonds (\$) | Total Mortgage-Related Securities ³ (\$) | | | |
|--------------------|---|---------------------------|-----------------|---------------------------|---------------------------|---------------------------|--------------------|---------------------------|---------------------------|---------------------------|-----------------------------|---|---------------------------|---------------------------|---------------------------|
| | Freddie Mac Securities | | | Fannie Mae | | | Others' Securities | | | Total Private-Label (\$) | | | | | |
| | Single-Family | Adjustable-Rate | Multi-Family | Single-Family | Adjustable-Rate | Multi-Family | Single-Family | Adjustable-Rate | Multi-Family | | | | Total Fannie Mae | Total Freddie Mac | Total Others' |
| Fixed-Rate (\$) | Rate (\$) | Family (\$) | Fixed-Rate (\$) | Rate (\$) | Family (\$) | Fixed-Rate (\$) | Rate (\$) | Family (\$) | Mae (\$) | Mac (\$) | Mae (\$) | | | | |
| 4Q05 | 36,340 | 8,194 | 0 | 44,534 | 791 | 1,237 | 0 | 2,028 | 0 | 0 | 0 | 0 | 44,478 | 521 | 91,561 |
| 3Q05 | 34,518 | 9,267 | 0 | 43,785 | 257 | 1,304 | 0 | 1,561 | 0 | 0 | 0 | 0 | 48,997 | 798 | 95,141 |
| 2Q05 | 19,723 | 5,199 | 0 | 24,922 | 1,770 | 227 | 64 | 1,997 | 64 | 0 | 0 | 64 | 50,126 | 1,193 | 78,302 |
| 1Q05 | 16,101 | 7,145 | 0 | 23,246 | 36 | 600 | 0 | 636 | 0 | 0 | 0 | 0 | 36,361 | 328 | 60,571 |
| Annual Data | | | | | | | | | | | | | | | |
| 2005 | 106,682 | 29,805 | 0 | 136,487 | 2,854 | 3,368 | 0 | 6,222 | 64 | 0 | 0 | 64 | 179,962 | 2,840 | 325,575 |
| 2004 | 72,147 | 24,088 | 0 | 96,235 | 756 | 3,282 | 0 | 4,038 | 0 | 0 | 0 | 0 | 121,082 | 1,944 | 223,299 |
| 2003 | Not Available Before 2004 | Not Available Before 2004 | 0 | 266,989 | Not Available Before 2004 | Not Available Before 2004 | 0 | 47,806 | Not Available Before 2004 | Not Available Before 2004 | 0 | 166 | 69,154 | 963 | 385,078 |
| 2002 | Not Available Before 2004 | Not Available Before 2004 | 0 | 192,817 | Not Available Before 2004 | Not Available Before 2004 | 0 | 45,798 | Not Available Before 2004 | Not Available Before 2004 | 0 | 820 | 59,376 | 863 | 299,674 |
| 2001 | Not Available Before 1994 | Not Available Before 1994 | 0 | 157,339 | Not Available Before 1994 | Not Available Before 1994 | 0 | 64,508 | Not Available Before 1994 | Not Available Before 1994 | 0 | 1,444 | 24,468 | 707 | 248,466 |
| 2000 | Not Available Before 1994 | Not Available Before 1994 | 0 | 58,516 | Not Available Before 1994 | Not Available Before 1994 | 0 | 18,249 | Not Available Before 1994 | Not Available Before 1994 | 0 | 3,339 | 10,304 | 1,488 | 91,896 |
| 1999 | Not Available Before 1994 | Not Available Before 1994 | 0 | 69,219 | Not Available Before 1994 | Not Available Before 1994 | 0 | 12,392 | Not Available Before 1994 | Not Available Before 1994 | 0 | 3,422 | 15,263 | 1,602 | 101,898 |
| 1998 | Not Available Before 1994 | Not Available Before 1994 | 0 | 107,508 | Not Available Before 1994 | Not Available Before 1994 | 0 | 3,126 | Not Available Before 1994 | Not Available Before 1994 | 0 | 319 | 15,711 | 1,782 | 128,446 |
| 1997 | Not Available Before 1994 | Not Available Before 1994 | 0 | 31,296 | Not Available Before 1994 | Not Available Before 1994 | 0 | 897 | Not Available Before 1994 | Not Available Before 1994 | 0 | 326 | 1,494 | 1,372 | 35,385 |
| 1996 | Not Available Before 1994 | Not Available Before 1994 | 0 | 33,338 | Not Available Before 1994 | Not Available Before 1994 | 0 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1997 | 0 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1997 | 36,824 |
| 1995 | Not Available Before 1994 | Not Available Before 1994 | 0 | 32,534 | Not Available Before 1994 | Not Available Before 1994 | 0 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1997 | 0 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1997 | 39,292 |
| 1994 | Not Available Before 1994 | Not Available Before 1994 | 0 | 19,817 | Not Available Before 1994 | Not Available Before 1994 | 0 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1997 | 0 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1997 | 19,817 |
| 1993 | Not Available Before 1994 | Not Available Before 1994 | 0 | Not Available Before 1994 | Not Available Before 1994 | Not Available Before 1994 | 0 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1997 | 0 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1997 | Not Available Before 1994 |

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Not included in total mortgages. For years 2002 through 2005, amounts include non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative collateral deals and structured securities backed by Ginnie Mae MBS).

For 2001, amounts include alternative collateral deals and excludes structured securities backed by Ginnie Mae MBS.

Table 11b. Freddie Mac Purchases of Mortgage-Related Securities - Part 2, Private-Label Detail¹

| Period | Purchases (\$ in Millions) ² | | | | | |
|--------------------|---|---------------------------|---------------------------|---------------------------|---------------------------|-----------------------------|
| | Private-Label | | | | | |
| | Single-Family | | | | Multi-Family (\$) | Total Private-Label (\$) |
| | Manufactured Housing (\$) | Other ³ | | | | |
| Fixed-Rate (\$) | | Adjustable-Rate (\$) | Total Other (\$) | | | |
| 4Q05 | 0 | 3,105 | 41,373 | 44,478 | 0 | 44,478 |
| 3Q05 | 0 | 4,452 | 44,545 | 48,997 | 0 | 48,997 |
| 2Q05 | 0 | 3,675 | 46,451 | 50,126 | 0 | 50,126 |
| 1Q05 | 0 | 2,574 | 33,787 | 36,361 | 0 | 36,361 |
| Annual Data | | | | | | |
| 2005 | 0 | 13,806 | 166,156 | 179,962 | 0 | 179,962 |
| 2004 | 0 | 11,682 | 109,400 | 121,082 | 0 | 121,082 |
| 2003 | 0 | Not Available Before 2004 | Not Available Before 2004 | Not Available Before 2004 | Not Available Before 2004 | 69,154 |
| 2002 | 318 | | | | | 59,376 |
| 2001 | 0 | | | | | 24,468 |
| 2000 | 15 | | | | | 10,304 |
| 1999 | 3,293 | | | | | 15,263 |
| 1998 | 1,630 | | | | | 15,711 |
| 1997 | 36 | | | | | 1,494 |
| 1996 | Not Available Before 1997 | | | | | Not Available Before 1997 |
| 1995 | | | | | | |
| 1994 | | | | | | |
| 1993 | | | | | | |

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Includes home equity securities and non-Freddie Mac mortgage-related securities purchased for structured securities (e.g. alternative collateral deals and structured securities backed by Ginnie Mae MBS).

Table 12. Freddie Mac MBS Issuances¹

| Business Activity (\$ in Millions) | | | | | |
|---|--------------------------------------|-------------------------|------------------------------|------------------------------------|--|
| MBS Issuances² | | | | | |
| Period | Single Family MBS³ | Multi-Family MBS | Total MBS³ | Multi-class MBS⁴ | |
| | (\$) | (\$) | (\$) | (\$) | |
| 4Q05 | 112,021 | 586 | 112,607 | 49,549 | |
| 3Q05 | 111,869 | 649 | 112,518 | 59,383 | |
| 2Q05 | 95,321 | 293 | 95,614 | 43,528 | |
| 1Q05 | 77,002 | 126 | 77,128 | 55,980 | |
| Annual Data⁵ | | | | | |
| 2005 | 396,213 | 1,654 | 397,867 | 208,440 | |
| 2004 | 360,933 | 4,175 | 365,108 | 215,367 | |
| 2003 | 705,450 | 8,337 | 713,787 | 298,118 | |
| 2002 | 543,716 | 3,596 | 547,312 | 331,672 | |
| 2001 | 387,234 | 2,357 | 389,591 | 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 | Not Available | 18,684 | 1,805 | |
| 1983 | Before 1985 | Before 1985 | 19,691 | 1,685 | |
| 1982 | | | 24,169 | Not Issued | |
| 1981 | | | 3,526 | Before 1983 | |
| 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 For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Includes MBS and structured securities backed by non-Freddie Mac mortgage-related securities. For the period 2002 through 2004, includes structured securities backed by Ginnie Mae MBS. For years prior to 2002, excludes structured securities backed by Ginnie Mae MBS.

⁴ Includes activity related to multi-class structured securities, primarily Real Estate Mortgage Investment Conduits (REMICs) as well as principal-only strips and other structured securities. These amounts exclude resecuritizations of MBS into single-class securities, but include resecuritization of MBS, into multi-class securities.

⁵ Shaded amounts have been revised.

Table 13. Freddie Mac Earnings¹

| Earnings (\$ in Millions) | | | | | | | |
|---------------------------|--------------------------|---------------------------|--------------------------------------|---|---|-----------------|-----------------------------------|
| Period | Net Interest Income (\$) | Guarantee Fee Income (\$) | Average Guarantee Fee (basis points) | Administrative Expenses ² (\$) | Credit-Related Expenses ³ (\$) | Net Income (\$) | Return on Equity ⁴ (%) |
| 4Q05 | 1,237 | 367 | 15.3 | 586 | 72 | 684 | 11.0 |
| 3Q05 | 1,363 | 373 | 16.2 | 472 | 153 | 880 | 13.3 |
| 2Q05 | 1,269 | 389 | 17.5 | 455 | 21 | 340 | 4.6 |
| 1Q05 | 1,501 | 321 | 14.9 | 793 | 45 | 226 | 2.8 |
| Annual Data | | | | | | | |
| 2005 | 5,370 | 1,450 | 15.9 | 2,306 | 291 | 2,130 | 7.7 |
| 2004 | 9,137 | 1,382 | 17.5 | 1,821 | 140 | 2,937 | 10.2 |
| 2003 | 9,498 | 1,653 | 23.3 | 1,877 | 2 | 4,816 | 17.2 |
| 2002 | 9,525 | 1,527 | 22.2 | 1,406 | 126 | 10,090 | 47.2 |
| 2001 | 7,448 | 1,381 | 23.8 | 1,024 | 39 | 3,158 | 20.2 |
| 2000 | 3,758 | 1,243 | 23.7 | 825 | 75 | 3,666 | 39.0 |
| 1999 | 2,926 | 1,019 | 19.8 | 655 | 159 | 2,223 | 25.5 |
| 1998 | 2,215 | 1,019 | 21.4 | 578 | 342 | 1,700 | 22.6 |
| 1997 | 1,847 | 1,082 | 22.9 | 495 | 529 | 1,395 | 23.1 |
| 1996 | 1,705 | 1,086 | 23.4 | 440 | 608 | 1,243 | 22.6 |
| 1995 | 1,396 | 1,087 | 23.8 | 395 | 541 | 1,091 | 22.1 |
| 1994 | 1,112 | 1,108 | 24.4 | 379 | 425 | 983 | 23.3 |
| 1993 | 772 | 1,009 | 23.8 | 361 | 524 | 786 | 22.3 |
| 1992 | 695 | 936 | 24.7 | 329 | 457 | 622 | 21.2 |
| 1991 | 683 | 792 | 23.7 | 287 | 419 | 555 | 23.6 |
| 1990 | 619 | 654 | 22.4 | 243 | 474 | 414 | 20.4 |
| 1989 | 517 | 572 | 23.4 | 217 | 278 | 437 | 25.0 |
| 1988 | 492 | 465 | 21.5 | 194 | 219 | 381 | 27.5 |
| 1987 | 319 | 472 | 24.2 | 150 | 175 | 301 | 28.2 |
| 1986 | 299 | 301 | 22.4 | 110 | 120 | 247 | 28.5 |
| 1985 | 312 | 188 | 22.1 | 81 | 79 | 208 | 30.0 |
| 1984 | 213 | 158 | 24.7 | 71 | 54 | 144 | 52.0 |
| 1983 | 125 | 132 | 26.2 | 53 | 46 | 86 | 44.5 |
| 1982 | 30 | 77 | 24.5 | 37 | 26 | 60 | 21.9 |
| 1981 | 34 | 36 | 19.5 | 30 | 16 | 31 | 13.1 |
| 1980 | 54 | 23 | 14.3 | 26 | 23 | 34 | 14.7 |
| 1979 | 55 | 18 | 13.2 | 19 | 20 | 36 | 16.2 |
| 1978 | 37 | 14 | 14.9 | 14 | 13 | 25 | 13.4 |
| 1977 | 31 | 9 | 18.9 | 12 | 8 | 21 | 12.4 |
| 1976 | 18 | 3 | 13.6 | 10 | (1) | 14 | 9.5 |
| 1975 | 31 | 3 | 24.8 | 10 | 11 | 16 | 11.6 |
| 1974 | 42 | 2 | 25.5 | 8 | 33 | 5 | 4.0 |
| 1973 | 31 | 2 | 32.4 | 7 | 15 | 12 | 9.9 |
| 1972 | 10 | 1 | 39.4 | 5 | 4 | 4 | 3.5 |
| 1971 | 10 | 1 | Not Available Before 1972 | Not Available Before 1972 | Not Available Before 1972 | 6 | 5.5 |

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² For years 2002 through 2005, include total administrative expenses and other expenses. For years 2001 and 2000, includes salaries and employee benefits, occupancy expenses and other expenses.

³ For years 2002 through 2005, defined as provision for credit losses and real estate-owned operations income/expense. For years 2000 and 2001, include only the provision for credit losses.

⁴ Ratio computed as annualized net income available to common stockholders divided by the simple average of beginning and ending stockholders' equity, net of preferred stock (at redemption value).

Table 14. Freddie Mac Balance Sheet¹

| Balance Sheet (\$ in Millions) | | | | | | | | Mortgage-Backed Securities Outstanding (\$ in Millions) ² | |
|--------------------------------|-------------------|---|--|-----------------------|---------------------------|--------------------------------|-------------------------------|--|--|
| End of Period | Total Assets (\$) | Total Retained Mortgage Portfolio ³ (\$) | Non-Mortgage Investments ⁴ (\$) | Debt Outstanding (\$) | Stockholders' Equity (\$) | Core Capital ⁵ (\$) | Fair Value of Net Assets (\$) | Total MBS Outstanding ⁶ (\$) | Multi-class MBS Issued ⁷ (\$) |
| 4Q05 | 806,222 | 709,503 | 57,324 | 748,792 | 27,191 | 35,964 | 30,800 | 974,200 | 596,022 |
| 3Q05 | 782,229 | 686,644 | 56,889 | 723,032 | 27,722 | 35,665 | 30,000 | 942,888 | 578,938 |
| 2Q05 | 779,234 | 673,861 | 69,988 | 715,845 | 30,868 | 35,062 | 30,200 | 914,426 | 559,636 |
| 1Q05 | 775,178 | 661,364 | 63,283 | 717,595 | 27,381 | 34,965 | 30,100 | 873,317 | 551,598 |
| Annual Data ⁸ | | | | | | | | | |
| 2005 | 806,222 | 709,503 | 57,324 | 748,792 | 27,191 | 35,964 | 30,800 | 974,200 | 596,022 |
| 2004 | 795,284 | 664,582 | 62,027 | 731,697 | 31,416 | 35,009 | 30,900 | 852,270 | 528,060 |
| 2003 | 803,449 | 660,531 | 53,124 | 739,613 | 31,487 | 32,985 | 27,300 | 752,164 | 472,325 |
| 2002 | 752,249 | 589,899 | 91,871 | 665,696 | 31,330 | 28,990 | 22,900 | 729,809 | 531,929 |
| 2001 | 641,100 | 503,769 | 89,849 | 578,368 | 19,624 | 20,181 | 18,300 | 653,084 | 433,775 |
| 2000 | 459,297 | 385,451 | 43,521 | 426,899 | 14,837 | 14,380 | Not Available Before 2001 | 576,101 | 290,211 |
| 1999 | 386,684 | 322,914 | 34,152 | 360,711 | 11,525 | 12,692 | | 537,883 | 288,396 |
| 1998 | 321,421 | 255,670 | 42,160 | 287,396 | 10,835 | 10,715 | | 478,351 | 256,399 |
| 1997 | 194,597 | 164,543 | 16,430 | 172,842 | 7,521 | 7,376 | | 475,985 | 239,894 |
| 1996 | 173,866 | 137,826 | 22,248 | 156,981 | 6,731 | 6,743 | Not Applicable Before 1993 | 473,065 | 230,720 |
| 1995 | 137,181 | 107,706 | 12,711 | 119,961 | 5,863 | 5,829 | | 459,045 | 243,600 |
| 1994 | 106,199 | 73,171 | 17,808 | 93,279 | 5,162 | 5,169 | | 460,656 | 264,815 |
| 1993 | 83,880 | 55,938 | 18,225 | 49,993 | 4,437 | 4,437 | | 439,029 | 249,086 |
| 1992 | 59,502 | 33,629 | 12,542 | 29,631 | 3,570 | 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 For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Excludes "Reserve for losses on mortgage loans held for investment."

⁴ Based on fair value. Consists of Freddie Mac's cash and investments mortgage portfolio, excluding cash and cash equivalents and mortgage-related securities within that portfolio.

⁵ The sum of (a) the stated value of outstanding common stock, (b) the stated value of outstanding noncumulative perpetual preferred stock, (c) paid-in capital, and (d) retained earnings, less Treasury stock.

⁶ Represents MBS and structured securities that are held by third parties. For years prior to 2002, includes MBS and structured securities in Freddie Mac's cash and investments portfolio.

⁷ Represents total multiclass MBS held by third parties.

⁸ Shaded amounts have been revised.

Table 14a. Freddie Mac Total MBS Outstanding Detail¹

| End of Period | Single-Family Mortgages (\$ in Millions) ² | | | | | Multi-Family Mortgages (\$ in Millions) ² | | | | Total MBS Outstanding ⁷ (\$) |
|---------------|---|-----------------------------------|---------------------------|---------------|--------------------------------|--|---------------|-----------------------------|---------|---|
| | Conventional | | | | Total FHA/VA ⁶ (\$) | Conventional (\$) | FHA/RHS (\$) | Multi-Family Mortgages (\$) | | |
| | Fixed-Rate ³ (\$) | Adjustable-Rate ⁴ (\$) | Seconds ⁵ (\$) | Total (\$) | | | | | | |
| 4Q05 | 836,023 | 117,613 | 19 | 953,655 | 6,289 | 14,256 | 0 | 14,256 | 974,200 | |
| 3Q05 | 811,378 | 110,599 | 17 | 921,994 | 6,724 | 14,170 | 0 | 14,170 | 942,888 | |
| 2Q05 | 787,511 | 104,698 | 39 | 892,248 | 7,773 | 14,405 | 0 | 14,405 | 914,426 | |
| 1Q05 | 752,160 | 97,976 | 44 | 850,180 | 8,472 | 14,665 | 0 | 14,665 | 873,317 | |
| Annual Data | | | | | | | | | | |
| 2005 | 836,023 | 117,613 | 19 | 953,655 | 6,289 | 14,256 | 0 | 14,256 | 974,200 | |
| 2004 | 736,332 | 91,329 | 70 | 827,731 | 9,254 | 15,285 | 0 | 15,285 | 852,270 | |
| 2003 | 649,699 | 74,409 | 140 | 724,248 | 12,157 | 15,759 | 0 | 15,759 | 752,164 | |
| 2002 | 647,603 | 61,110 | 5 | 708,718 | 12,361 | 8,730 | 0 | 8,730 | 729,809 | |
| 2001 | 609,290 | 22,525 | 10 | 631,825 | 14,127 | 7,132 | 0 | 7,132 | 653,084 | |
| 2000 | 533,331 | 36,266 | 18 | 569,615 | 778 | 5,708 | 0 | 5,708 | 576,101 | |
| 1999 | 499,671 | 33,094 | 29 | 532,794 | 627 | 4,462 | 0 | 4,462 | 537,883 | |
| 1998 | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | 478,351 | |
| 1997 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | 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 For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances.

³ Includes Rural Housing Service and other federally guaranteed loans, and certain alternative collateral deals for the period 2002 through 2005.

⁴ For the period 2002 through 2005, includes balloons/resets and certain alternative collateral deals.

⁵ For the period 2002 through 2005, includes certain alternative collateral deals.

⁶ For the period 2002 through 2005, includes structured securities backed by Ginnie Mae MBS and certain alternative collateral deals.

⁷ Represents MBS and structured securities that are held by third parties. For the period 2002 through 2005, amounts include structured securities backed by all non-Freddie Mac securities (including Ginnie Mae MBS). For years prior to 2002, also includes MBS and structured securities in Freddie Mac's cash and investments portfolio.

Table 15. Freddie Mac Retained Mortgage Portfolio Detail ¹

| (\$ in Millions) | | | | | | |
|------------------|----------------------------------|---|--|--|--|--|
| End of Period | Whole Loans ² (\$) | Freddie Mac Securities ² (\$) | Other Mortgage-Related Securities ² (\$) | Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities ³ (\$) | Total Retained Mortgage Portfolio ⁴ (\$) | |
| 4Q05 | 61,481 | 361,324 | 287,212 | (514) | 709,503 | |
| 3Q05 | 61,207 | 341,505 | 281,818 | 2,114 | 686,644 | |
| 2Q05 | 60,986 | 336,233 | 267,784 | 8,858 | 673,861 | |
| 1Q05 | 61,736 | 350,390 | 244,594 | 4,644 | 661,364 | |
| Annual Data | | | | | | |
| 2005 | 61,481 | 361,324 | 287,212 | (514) | 709,503 | |
| 2004 | 61,360 | 356,698 | 234,878 | 11,646 | 664,582 | |
| 2003 | 60,270 | 393,135 | 192,061 | 15,065 | 660,531 | |
| 2002 | 63,886 | 341,287 | 162,099 | 22,627 | 589,899 | |
| 2001 | 62,792 | 308,427 | 126,420 | 6,130 | 503,769 | |
| 2000 | 59,240 | 246,209 | 80,244 | (242) | 385,451 | |
| 1999 | 56,676 | 211,198 | 56,569 | (1,529) | 322,914 | |
| 1998 | 57,084 | 168,108 | 29,817 | 661 | 255,670 | |
| 1997 | 48,454 | 103,400 | Not Available | 122 | 164,543 | |
| 1996 | 46,504 | 81,195 | Before 1998 | 71 | 137,826 | |
| 1995 | 43,753 | 56,006 | | 282 | 107,706 | |
| 1994 | Not Available | 30,670 | | Not Available | 73,171 | |
| 1993 | Before 1995 | 15,877 | | Before 1995 | 55,938 | |
| 1992 | | 6,394 | | | 33,629 | |
| 1991 | | Not Available | | | 26,667 | |
| 1990 | | Before 1992 | | | 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

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances and excludes mortgage loans and mortgage-related securities traded, but not yet settled.

³ Includes premiums, discounts, deferred fees and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on mortgage-related securities and MBS residuals, at fair value.

⁴ Excludes "Reserve for losses on mortgage loans held for investment."

Table 15a. Freddie Mac Retained Mortgage Portfolio Detail - Whole Loans¹

| End of Period | Whole Loans (\$ in Millions) ² | | | | | | | | |
|---------------|---|----------------------|---------------|---------------|-------------------|-------------------|---------------|---------------|------------------------|
| | Single-Family | | | | | Multi-Family | | | Total Whole Loans (\$) |
| | Conventional | | | | Total FHA/VA (\$) | Conventional (\$) | FHA/RHS (\$) | Total (\$) | |
| | Fixed-Rate ³ (\$) | Adjustable-Rate (\$) | Seconds (\$) | Total (\$) | | | | | |
| 4Q05 | 19,385 | 756 | 0 | 20,141 | 255 | 41,082 | 3 | 41,085 | 61,481 |
| 3Q05 | 19,917 | 713 | 0 | 20,630 | 273 | 40,301 | 3 | 40,304 | 61,207 |
| 2Q05 | 20,734 | 707 | 0 | 21,441 | 295 | 39,247 | 3 | 39,250 | 60,986 |
| 1Q05 | 21,544 | 740 | 0 | 22,284 | 321 | 39,128 | 3 | 39,131 | 61,736 |
| Annual Data | | | | | | | | | |
| 2005 | 19,385 | 756 | 0 | 20,141 | 255 | 41,082 | 3 | 41,085 | 61,481 |
| 2004 | 22,055 | 990 | 0 | 23,045 | 344 | 37,968 | 3 | 37,971 | 61,360 |
| 2003 | 25,889 | 871 | 1 | 26,761 | 513 | 32,993 | 3 | 32,996 | 60,270 |
| 2002 | 33,821 | 1,321 | 3 | 35,145 | 705 | 28,033 | 3 | 28,036 | 63,886 |
| 2001 | 38,267 | 1,073 | 5 | 39,345 | 964 | 22,480 | 3 | 22,483 | 62,792 |
| 2000 | 39,537 | 2,125 | 9 | 41,671 | 1,200 | 16,369 | Not Available | 16,369 | 59,240 |
| 1999 | 43,210 | 1,020 | 14 | 44,244 | 77 | 12,355 | Before 2001 | 12,355 | 56,676 |
| 1998 | 47,754 | 1,220 | 23 | 48,997 | 109 | 7,978 | | 7,978 | 57,084 |
| 1997 | 40,967 | 1,478 | 36 | 42,481 | 148 | 5,825 | | 5,825 | 48,454 |
| 1996 | Not Available | Not Available | Not Available | Not Available | Not Available | 4,746 | | 4,746 | 46,504 |
| 1995 | Before 1997 | Before 1997 | Before 1997 | Before 1997 | Before 1997 | 3,852 | | 3,852 | 43,753 |
| 1994 | | | | | | Not Available | | Not Available | Not Available |
| | | | | | | Before 1995 | | Before 1995 | Before 1995 |

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances.

³ For the period 2001 through 2005, includes loans guaranteed by the Rural Housing Service.

Table 15b. Freddie Mac Retained Mortgage Portfolio Detail - Part 1, Mortgage-Related Securities¹

| End of Period | Freddie Mac Securities ^{2,3} | | | | Mortgage-Related Securities (\$ in Millions) | | | | Others' Securities ² | | | | Total Private-Label (\$) | Total Others' Securities (\$) |
|--------------------|---------------------------------------|----------------------|---------------|-------------------|--|----------------------|---------------|------------------|---------------------------------|----------------------|---------------|------------------|--------------------------|-------------------------------|
| | Single-Family | | Multi-Family | Total Freddie Mac | Fannie Mae | | Multi-Family | Total Fannie Mae | Ginnie Mae | | Ginnie Mae | Total Ginnie Mae | | |
| | Fixed-Rate (\$) | Adjustable-Rate (\$) | | | Single-Family | Adjustable-Rate (\$) | | | Single-Family | Adjustable-Rate (\$) | | | | |
| 4Q05 | 299,188 | 61,889 | 247 | 361,324 | 28,818 | 13,180 | 43,333 | 1,045 | 218 | 30 | 1,293 | 231,265 | 275,891 | |
| 3Q05 | 284,167 | 57,080 | 258 | 341,505 | 30,215 | 12,896 | 44,571 | 1,234 | 188 | 30 | 1,452 | 224,851 | 270,874 | |
| 2Q05 | 279,904 | 56,071 | 258 | 336,233 | 38,519 | 12,826 | 52,918 | 1,376 | 139 | 31 | 1,546 | 203,029 | 257,493 | |
| 1Q05 | 295,113 | 55,018 | 259 | 350,390 | 39,349 | 13,831 | 54,808 | 1,443 | 99 | 31 | 1,573 | 178,987 | 235,368 | |
| Annual Data | | | | | | | | | | | | | | |
| 2005 | 299,188 | 61,889 | 247 | 361,324 | 28,818 | 13,180 | 43,333 | 1,045 | 218 | 30 | 1,293 | 231,265 | 275,891 | |
| 2004 | 304,555 | 51,882 | 261 | 356,698 | 41,828 | 14,504 | 58,004 | 1,599 | 81 | 31 | 1,711 | 166,086 | 225,801 | |
| 2003 | Not Available | Not Available | Not Available | 393,135 | Not Available | Not Available | 74,529 | Not Available | Not Available | Not Available | 2,760 | 107,000 | 184,289 | |
| 2002 | Before 2004 | Before 2004 | Before 2004 | 341,287 | Before 2004 | Before 2004 | 78,829 | Before 2004 | Before 2004 | Before 2004 | 4,878 | 70,752 | 154,459 | |
| 2001 | | | | 308,427 | | | 71,128 | | | | 5,699 | 42,336 | 119,163 | |
| 2000 | | | | 246,209 | | | 28,303 | | | | 8,991 | 35,997 | 73,291 | |
| 1999 | | | | 211,198 | | | 13,245 | | | | 6,615 | 31,019 | 50,879 | |
| 1998 | | | | 168,108 | | | 3,749 | | | | 4,458 | 16,970 | 25,177 | |
| 1997 | | | | 103,400 | | | Not Available | | | | 6,393 | Not Available | Not Available | |
| 1996 | | | | 81,195 | | | Before 1998 | | | | 7,434 | Before 1998 | Before 1998 | |
| 1995 | | | | 56,006 | | | | | | | Not Available | | | |
| 1994 | | | | 30,670 | | | | | | | Before 1996 | | | |
| 1993 | | | | 15,877 | | | | | | | | | | |
| 1992 | | | | 6,394 | | | | | | | | | | |
| 1991 | | | | Not Available | | | | | | | | | | |
| | | | | Before 1992 | | | | | | | | | | |

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances.

³ For the period 2001 through 2005, includes structured securities backed by Ginnie Mae MBS which were previously classified as non-Freddie Mac mortgage-related securities.

Table 15b. Freddie Mac Retained Mortgage Portfolio Detail - Part 2, Mortgage-Related Securities, Private-Label Detail ¹

| End of Period | Mortgage-Related Securities (\$ in Millions) | | | | | | |
|-----------------|--|----------------------|------------------|---------------|---------------|---------------------|--|
| | Private-Label | | | | | | |
| | Single-Family | | | | Multi-Family | Total Private-Label | |
| | Manufactured Housing (\$) | Other ² | | | | | |
| Fixed-Rate (\$) | | Adjustable-Rate (\$) | Total Other (\$) | | | | |
| 4Q05 | 1,351 | 5,795 | 180,632 | 186,427 | 43,487 | 231,265 | |
| 3Q05 | 1,392 | 5,723 | 172,491 | 178,214 | 45,245 | 224,851 | |
| 2Q05 | 1,431 | 5,954 | 151,470 | 157,424 | 44,174 | 203,029 | |
| 1Q05 | 1,468 | 7,149 | 128,483 | 135,632 | 41,887 | 178,987 | |
| Annual Data | | | | | | | |
| 2005 | 1,351 | 5,795 | 180,632 | 186,427 | 43,487 | 231,265 | |
| 2004 | 1,491 | 8,243 | 115,168 | 123,411 | 41,184 | 166,086 | |
| 2003 | 1,784 | Not Available | Not Available | Not Available | Not Available | 107,000 | |
| 2002 | 2,394 | Before 2004 | Before 2004 | Before 2004 | Before 2004 | 70,752 | |
| 2001 | 2,462 | | | | | 42,336 | |
| 2000 | 2,896 | | | | | 35,997 | |
| 1999 | 4,693 | | | | | 31,019 | |
| 1998 | 1,711 | | | | | 16,970 | |
| 1997 | Not Available | | | | | Not Available | |
| 1996 | Before 1998 | | | | | Before 1998 | |
| 1995 | | | | | | | |
| 1994 | | | | | | | |
| 1993 | | | | | | | |
| 1992 | | | | | | | |
| 1991 | | | | | | | |

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Includes home equity securities.

Table 15b. Freddie Mac Retained Mortgage Portfolio Detail - Part 3, Mortgage-Related Securities¹

| End of Period | Mortgage-Related Securities (\$ in Millions) | | (\$ in Millions) | |
|--------------------------------|--|--|--|--|
| | Mortgage Revenue Bonds ² (\$) | Total Mortgage-Related Securities ² (\$) | Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities ³ (\$) | Total Retained Mortgage Portfolio ⁴ (\$) |
| 4Q05 | 11,321 | 648,536 | (514) | 709,503 |
| 3Q05 | 10,944 | 623,323 | 2,114 | 686,644 |
| 2Q05 | 10,291 | 604,017 | 8,858 | 673,861 |
| 1Q05 | 9,226 | 594,984 | 4,644 | 661,364 |
| Annual Data⁵ | | | | |
| 2005 | 11,321 | 648,536 | (514) | 709,503 |
| 2004 | 9,077 | 591,576 | 11,646 | 664,582 |
| 2003 | 7,772 | 585,196 | 15,065 | 660,531 |
| 2002 | 7,640 | 503,386 | 22,627 | 589,899 |
| 2001 | 7,257 | 434,847 | 6,130 | 503,769 |
| 2000 | 6,953 | 326,453 | (242) | 385,451 |
| 1999 | 5,690 | 267,767 | (1,529) | 322,914 |
| 1998 | 4,640 | 197,925 | 661 | 255,670 |
| 1997 | 3,031 | Not Available | 122 | 164,543 |
| 1996 | 1,787 | Before 1998 | 71 | 137,826 |
| 1995 | Not Available | | 282 | 107,706 |
| 1994 | Before 1996 | | Not Available | 73,171 |
| 1993 | | | Before 1995 | 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 |
| 1972 | | | | 1,726 |
| 1971 | | | | 935 |

Source: Freddie Mac

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Based on unpaid principal balances.

³ Includes premiums, discounts, deferred fees and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on mortgage-related securities and MBS residuals.

⁴ Excludes "Reserve for losses on mortgage loans held for investment."

⁵ Shaded amounts have been revised.

Table 16. Freddie Mac Financial Derivatives¹

| Financial Derivatives - Notional Amount Outstanding (\$ in millions) | | | | | | | | | | |
|--|--------------------------|--|---------------------------------|--|--|--|--------------------------------------|-------------------------------|-------------------------|------------|
| End of Period | Interest Rate Swaps (\$) | Interest Rate Caps, Floors, and Corridors (\$) | Foreign Currency Contracts (\$) | OTC Futures, Options, and Forward Rate Agreements (\$) | Treasury-Based Contracts ² (\$) | Exchange-Traded Futures, Options, and Other Derivatives (\$) | Credit Derivatives ³ (\$) | Commitments ⁴ (\$) | Other ⁵ (\$) | Total (\$) |
| 4Q05 | 341,008 | 45 | 37,850 | 193,104 | 0 | 86,252 | 2,414 | 21,961 | 738 | 683,372 |
| 3Q05 | 290,787 | 337 | 42,347 | 191,033 | 3,211 | 65,906 | 2,580 | 45,593 | 85,659 | 727,453 |
| 2Q05 | 245,386 | 9,739 | 43,743 | 192,616 | 12,446 | 46,766 | 2,784 | 56,586 | 94,464 | 704,530 |
| 1Q05 | 226,033 | 9,836 | 52,942 | 192,624 | 17,293 | 61,178 | 10,104 | 52,060 | 99,800 | 721,870 |
| Annual Data ⁶ | | | | | | | | | | |
| 2005 | 341,008 | 45 | 37,850 | 193,104 | 0 | 86,252 | 2,414 | 21,961 | 738 | 683,372 |
| 2004 | 178,739 | 9,897 | 56,850 | 224,204 | 2,001 | 127,109 | 10,926 | 32,952 | 114,100 | 756,778 |
| 2003 | 287,592 | 11,308 | 46,512 | 349,650 | 8,549 | 122,619 | 15,542 | 89,520 | 152,579 | 1,083,871 |
| 2002 | 290,096 | 11,663 | 43,687 | 277,869 | 17,900 | 210,646 | 17,301 | 191,563 | 117,219 | 1,177,944 |
| 2001 | 442,771 | 12,178 | 23,995 | 187,486 | 13,276 | 358,500 | 10,984 | 121,588 | 0 | 1,170,778 |
| 2000 | 277,888 | 12,819 | 10,208 | 113,064 | 2,200 | 22,517 | N/A | N/A | 35,839 | 474,535 |
| 1999 | 126,580 | 19,936 | 1,097 | 172,750 | 8,894 | 94,987 | Not Applicable | Not Applicable | 0 | 424,244 |
| 1998 | 57,555 | 21,845 | 1,464 | 63,000 | 11,542 | 157,832 | Before 2000 | Before 2000 | 0 | 313,238 |
| 1997 | 54,172 | 21,995 | 1,152 | 6,000 | 12,228 | 0 | | | 0 | 95,547 |
| 1996 | 46,646 | 14,095 | 544 | 0 | 651 | 0 | | | 0 | 61,936 |
| 1995 | 45,384 | 13,055 | 0 | 0 | 24 | 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

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

² Amounts for years 2002 through 2005 are exchange-traded.

³ Amounts included in "Other" in 2000, not applicable in prior periods.

⁴ Commitments to purchase and sell mortgage loans and mortgage-related securities. Periods prior to 2004 include commitments to purchase and sell various debt securities.

⁵ Includes prepayment management agreement and swap guarantee derivatives.

⁶ Shaded amounts have been revised.

Table 17. Freddie Mac Non-Mortgage Investments¹

| Non-Mortgage Investments (\$ in Millions) | | | | | | |
|---|------------------------------------|------------------------------|----------------------------|--|-------------------------|------------|
| End of Period | Federal Funds and Eurodollars (\$) | Asset-Backed Securities (\$) | Repurchase Agreements (\$) | Commercial Paper and Corporate Debt (\$) | Other ² (\$) | Total (\$) |
| 4Q05 | 9,909 | 30,578 | 5,250 | 5,764 | 5,823 | 57,324 |
| 3Q05 | 15,980 | 29,382 | 2,950 | 3,087 | 5,490 | 56,889 |
| 2Q05 | 22,345 | 28,444 | 6,750 | 7,565 | 4,884 | 69,988 |
| 1Q05 | 22,013 | 26,156 | 3,400 | 5,234 | 6,480 | 63,283 |
| Annual Data | | | | | | |
| 2005 | 9,909 | 30,578 | 5,250 | 5,764 | 5,823 | 57,324 |
| 2004 | 18,647 | 21,733 | 13,550 | 0 | 8,097 | 62,027 |
| 2003 | 7,567 | 16,648 | 13,015 | 5,852 | 10,042 | 53,124 |
| 2002 | 6,129 | 34,790 | 16,914 | 13,050 | 20,988 | 91,871 |
| 2001 | 15,868 | 26,297 | 17,632 | 21,712 | 8,340 | 89,849 |
| 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 For the period 2001 through 2003, data are based on restated and revised financial results.

² Includes non-mortgage related securities classified as trading, debt securities issued by the U.S. Treasury and other U.S. government agencies, obligations of states and municipalities, and preferred stock.

Table 18. Freddie Mac Asset Mix¹

| Asset Ratios | | |
|----------------------|--|---|
| End of Period | Total Retained Mortgage Portfolio/ Total Assets (%) | Non-Mortgage Investments/ Total Assets (%) |
| 4Q05 | 88.0 | 7.1 |
| 3Q05 | 87.8 | 7.3 |
| 2Q05 | 86.5 | 9.0 |
| 1Q05 | 85.3 | 8.2 |
| Annual Data | | |
| 2005 | 88.0 | 7.1 |
| 2004 | 83.6 | 7.8 |
| 2003 | 82.2 | 6.6 |
| 2002 | 78.4 | 12.2 |
| 2001 | 78.6 | 14.0 |
| 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 |
| 1985 | 81.7 | Before 1987 |
| 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

¹ For the period 2001 through 2003, data are based on restated and revised financial results.

Table 19. Freddie Mac Mortgage Asset Quality¹

| Mortgage Asset Quality | | | | | | |
|------------------------|--|---|--|--|---|-------------|
| | Single-Family Delinquency Rate ² | Multi-Family Delinquency Rate ³ | Credit Losses / Average Total Mortgage Portfolio ⁴ | REO / Total Mortgage Portfolio ⁵ | Credit-Enhanced ⁶ / Total Mortgage Portfolio ⁵ | |
| End of Period | (%) | (%) | (%) | (%) | (%) | (%) |
| 4Q05 | 0.69 | 0.00 | 0.01 | 0.04 | 17.0 | |
| 3Q05 | 0.59 | 0.00 | 0.01 | 0.04 | 18.0 | |
| 2Q05 | 0.61 | 0.01 | 0.01 | 0.04 | 18.0 | |
| 1Q05 | 0.67 | 0.05 | 0.01 | 0.04 | 18.0 | |
| Annual Data | | | | | | |
| 2005 | 0.69 | 0.00 | 0.01 | 0.04 | 17.0 | |
| 2004 | 0.73 | 0.06 | 0.01 | 0.05 | 19.0 | |
| 2003 | 0.86 | 0.05 | 0.01 | 0.06 | 21.0 | |
| 2002 | 0.77 | 0.13 | 0.01 | 0.05 | 27.4 | |
| 2001 | 0.62 | 0.15 | 0.01 | 0.04 | 34.7 | |
| 2000 | 0.49 | 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 | |
| 1991 | 0.61 | 5.42 | 0.08 | 0.14 | Not Available | Before 1993 |
| 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 | 0.07 | | |
| 1985 | 0.42 | 0.63 | Not Available | 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 | | 0.07 | | |
| 1980 | 0.44 | Before 1982 | | 0.04 | | |
| 1979 | 0.31 | | | 0.02 | | |
| 1978 | 0.21 | | | 0.02 | | |
| 1977 | Not Available | | | 0.03 | | |
| 1976 | Before 1978 | | | 0.04 | | |
| 1975 | | | | 0.03 | | |
| 1974 | | | | 0.02 | | |
| 1973 | | | | Not Available | | |
| | | | | Before 1974 | | |

Source: Freddie Mac

¹ For the period 2000 through 2003, data are based on restated and revised financial results, except for the credit-enhanced share of the total mortgage portfolio in 2000.

² Based on the number of mortgages 90 days or more delinquent or in foreclosure. Rates for years 2000 through 2005 are based on the total single-family portfolio. Includes delinquencies on mortgage loans where Freddie Mac has transferred primary or full default risk to various third parties as well as structured securities backed by alternative collateral deals.

³ Based on net carrying value of mortgages 60 days or more delinquent or in foreclosure.

⁴ Credit losses equal to REO operations expense (income) plus Charge-offs, net. Calculated as credit losses (gains) divided by the average total mortgage portfolio, excluding non-Freddie Mac mortgage-related securities and that portion of structured securities that is backed by Ginnie Mae MBS.

⁵ Based on the total mortgage portfolio excluding non-Freddie Mac mortgage-related securities and that portion of issued structured securities that is backed by Ginnie Mae MBS.

⁶ Includes 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. In many 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 Capital¹

| End of Period | Minimum Capital Requirement | | | Risk-Based Capital Requirement | | | | | | |
|--------------------|-----------------------------|----------------------------------|--|---------------------------------|--|--|---|---------------------------------|--|--|
| | Core Capital (\$) | Minimum Capital Requirement (\$) | Regulatory Capital Surplus (Deficit) ² (\$) | Total Capital ³ (\$) | Risk-Based Capital Requirement ⁴ (\$) | Risk-Based Capital Surplus (Deficit) ⁵ (\$) | Market Capitalization ⁶ (\$) | Core Capital / Total Assets (%) | Core Capital / Total MBS Outstanding plus Total Assets (%) | Common Share Dividend Payout Rate ⁷ (%) |
| 4005 | 35,964 | 25,010 | 10,954 | 36,781 | 11,282 | 25,499 | 45,269 | 4.46 | 2.02 | 56.4 |
| 3005 | 35,665 | 24,284 | 11,381 | 36,721 | 10,081 | 26,640 | 39,084 | 4.56 | 2.07 | 29.8 |
| 2005 | 35,062 | 24,065 | 10,997 | 36,099 | 11,144 | 24,955 | 45,138 | 4.50 | 2.07 | 86.6 |
| 1005 | 34,965 | 23,740 | 11,225 | 35,885 | 7,678 | 28,207 | 43,665 | 4.51 | 2.12 | 142.0 |
| Annual Data | | | | | | | | | | |
| 2005 | 35,964 | 25,010 | 10,954 | 36,781 | 11,282 | 25,499 | 45,269 | 4.46 | 2.02 | 56.4 |
| 2004 | 35,009 | 24,131 | 10,878 | 34,691 | 11,108 | 23,583 | 50,898 | 4.40 | 2.12 | 30.7 |
| 2003 | 32,985 | 23,774 | 9,211 | 33,436 | 5,426 | 28,010 | 40,158 | 4.11 | 2.12 | 15.6 |
| 2002 | 28,990 | 22,339 | 6,651 | 24,222 | 4,743 | 19,479 | 40,590 | 3.85 | 1.96 | 6.2 |
| 2001 | 20,181 | 19,014 | 1,167 | Not Available | Not Applicable | Not Applicable | 45,473 | 3.15 | 1.56 | 18.9 |
| 2000 | 14,380 | 14,178 | 202 | Before 2002 | Before 2002 | Before 2002 | 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 | 21.1 |
| 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 | 20.5 |
| 1994 | 5,169 | 4,884 | 285 | | | | 9,132 | 4.87 | 0.91 | 21.1 |
| 1993 | 4,437 | 3,782 | 655 | | | | 9,005 | 5.29 | 0.85 | 21.6 |
| 1992 | Not Applicable | Not Applicable | Not Applicable | | | | 8,721 | Not Applicable | Not Applicable | 23.1 |
| 1991 | Before 1993 | Before 1993 | Before 1993 | | | | 8,247 | Before 1993 | Before 1993 | 21.6 |
| 1990 | | | | | | | 2,925 | | | 23.2 |
| 1989 | | | | | | | 4,024 | | | 24.3 |
| 1988 | | | | | | | Not Applicable | | | Not Available |
| | | | | | | | Before 1989 | | | Before 1989 |

Source: Freddie Mac and OFHEO

¹ For the period 2001 through 2003, data are based on restated and revised financial results.
² The difference between Core Capital and Minimum Capital Requirement.
³ Total capital includes Core Capital and general reserves for mortgage and foreclosure losses.
⁴ The Risk-Based Capital Requirement is the amount of Total Capital that an Enterprise must hold to absorb projected losses flowing from future adverse interest rate and credit risk conditions and is specified by the Federal Housing Enterprise Financial Safety and Soundness Act of 1992.
⁵ The difference between Total Capital and Risk-Based Capital Requirement.
⁶ Stock price at the end of the period multiplied by the number of outstanding common shares.
⁷ Common dividends paid as a percentage of net income available to common stockholders.

Table 21. Combined Purchases¹

| Period | Business Activity (\$ in Millions) | | | |
|-------------|------------------------------------|-------------------|----------------------|----------------------------------|
| | Purchases | | | |
| | Single-Family (\$) | Multi-Family (\$) | Total Mortgages (\$) | Mortgage-Related Securities (\$) |
| 4Q05 | 240,229 | 9,917 | 250,146 | 123,785 |
| 3Q05 | 281,214 | 8,326 | 289,540 | 101,048 |
| 2Q05 | 216,550 | 5,684 | 222,235 | 87,929 |
| 1Q05 | 180,592 | 8,730 | 189,323 | 75,045 |
| Annual Data | | | | |
| 2005 | 918,586 | 32,657 | 951,243 | 387,807 |
| 2004 | 942,738 | 29,106 | 971,844 | 399,684 |
| 2003 | 2,023,507 | 46,170 | 2,069,677 | 793,684 |
| 2002 | 1,333,510 | 27,265 | 1,360,775 | 568,248 |
| 2001 | 951,797 | 28,641 | 980,438 | 457,590 |
| 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 |
| 1992 | 439,702 | 2,983 | 442,685 | Before 1994 |
| 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 | Not Available | 50,704 | |
| 1983 | Before 1985 | Before 1985 | 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 See notes to Tables 1 and 11.

Table 21a. Combined Mortgage Purchases Detail, By Type of Loan¹

| Period | Purchases (\$ in Millions) | | | | | | | | | | | |
|-----------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|
| | Single-Family Mortgages | | | | | | Multi-Family Mortgages | | | | | |
| | Conventional | | | FHAVA | | | Total Single-Family Mortgages | | Conventional | | FHA/RHS | Total Multi-Family Mortgages |
| Fixed-Rate (\$) | Adjustable-Rate (\$) | Seconds (\$) | Total (\$) | Fixed-Rate (\$) | Adjustable-Rate (\$) | Total (\$) | (\$) | (\$) | (\$) | (\$) | (\$) | (\$) |
| 4Q05 | 198,593 | 39,603 | 32 | 238,228 | 155 | 1,847 | 2,001 | 240,229 | 9,841 | 76 | 9,917 | 250,146 |
| 3Q05 | 220,771 | 58,752 | 34 | 279,557 | 82 | 1,576 | 1,658 | 281,214 | 8,326 | 0 | 8,326 | 289,540 |
| 2Q05 | 170,688 | 44,288 | 30 | 215,006 | 172 | 1,372 | 1,544 | 216,550 | 5,625 | 59 | 5,684 | 222,235 |
| 1Q05 | 142,160 | 37,123 | 20 | 179,304 | 136 | 1,153 | 1,289 | 180,592 | 6,252 | 2,478 | 8,730 | 189,323 |
| Annual Data | | | | | | | | | | | | |
| 2005 | 732,211 | 179,766 | 116 | 912,094 | 545 | 5,948 | 6,492 | 918,586 | 30,044 | 2,614 | 32,657 | 951,243 |
| 2004 | 755,587 | 181,834 | 51 | 937,472 | 1,393 | 3,873 | 5,266 | 942,738 | 28,355 | 751 | 29,106 | 971,844 |
| 2003 | 1,808,625 | 209,030 | 93 | 2,017,748 | 2,715 | 3,044 | 5,759 | 2,023,507 | 33,940 | 12,230 | 46,170 | 2,069,677 |
| 2002 | 1,199,560 | 130,220 | 41 | 1,329,821 | 2,141 | 1,548 | 3,689 | 1,333,510 | 24,604 | 2,661 | 27,265 | 1,360,775 |
| 2001 | 887,171 | 56,428 | 1,137 | 944,736 | 5,959 | 1,102 | 7,061 | 951,797 | 27,356 | 1,285 | 28,641 | 980,438 |
| 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 | 517,862 | 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 | 157,275 | 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 | 12,648 | 177,159 | 5,415 | 0 | 5,415 | 182,574 |
| 1985 | 70,219 | 11,341 | 905 | 82,465 | 2,172 | 16 | 2,188 | 84,653 | 3,102 | 0 | 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 | Not Available Before 1985 |

Sources: Fannie Mae and Freddie Mac

¹ See notes to Tables 1a and 11a.

Table 21b. Combined Purchases of Mortgage-Related Securities¹

| Period | Purchases (\$ in millions) | | | | | | |
|-------------|-------------------------------|--------------------|------------------------------|----------------------------|-----------------------------|--------------------------------|---|
| | Enterprise Securities (\$) | Others' Securities | | | | Mortgage Revenue Bonds (\$) | Total Mortgage-Related Securities (\$) |
| | | Ginnie Mae (\$) | Private Label | | | | |
| | | | Manufactured Housing (\$) | Other ² (\$) | Total Private-Label (\$) | | |
| 4Q05 | 62,451 | 0 | 0 | 60,665 | 60,665 | 669 | 123,785 |
| 3Q05 | 46,212 | 0 | 0 | 53,540 | 53,540 | 1,296 | 101,048 |
| 2Q05 | 27,820 | 64 | 0 | 58,323 | 58,323 | 1,722 | 87,929 |
| 1Q05 | 25,301 | 0 | 0 | 48,803 | 48,803 | 941 | 75,045 |
| Annual Data | | | | | | | |
| 2005 | 161,784 | 64 | 0 | 221,331 | 221,331 | 4,628 | 387,807 |
| 2004 | 179,787 | 0 | 0 | 211,829 | 211,829 | 8,068 | 399,684 |
| 2003 | 683,165 | 202 | 0 | 103,186 | 103,186 | 7,131 | 793,684 |
| 2002 | 491,074 | 5,245 | 374 | 66,418 | 66,792 | 5,136 | 568,248 |
| 2001 | 422,501 | 1,777 | Not Available | Not Available | 27,981 | 5,331 | 457,590 |
| 2000 | 191,840 | 5,832 | Before 2002 | Before 2002 | 18,770 | 5,170 | 221,612 |
| 1999 | 213,970 | 20,983 | | | 31,774 | 5,076 | 271,803 |
| 1998 | 236,636 | 3,057 | | | 31,432 | 4,581 | 275,706 |
| 1997 | 73,345 | 3,834 | | | 5,682 | 2,841 | 85,702 |
| 1996 | Not Available | Not Available | | | Not Available | Not Available | 83,567 |
| 1995 | Before 1997 | Before 1997 | | | Before 1997 | Before 1997 | 75,550 |
| 1994 | | | | | | | 45,722 |
| 1993 | | | | | | | Not Available Before 1994 |

Sources: Fannie Mae and Freddie Mac

¹ See notes to Tables 1b and 11b, Parts 1 and 2.

² The category 'Other' includes home equity and multi-family private label purchases by both Enterprises.

Table 22. Combined MBS Issuances¹

| Period | Business Activity (\$ in Millions) | | | |
|-------------|------------------------------------|-----------------------|----------------|----------------------|
| | MBS Issuances | | | |
| | Single-Family MBS (\$) | Multi-Family MBS (\$) | Total MBS (\$) | Multi-class MBS (\$) |
| 4Q05 | 234,605 | 3,440 | 238,045 | 78,744 |
| 3Q05 | 269,478 | 1,616 | 271,094 | 98,311 |
| 2Q05 | 215,059 | 1,994 | 217,053 | 71,802 |
| 1Q05 | 177,739 | 3,982 | 181,722 | 83,396 |
| Annual Data | | | | |
| 2005 | 896,881 | 11,033 | 907,914 | 332,253 |
| 2004 | 906,376 | 11,029 | 917,405 | 310,053 |
| 2003 | 1,902,011 | 31,355 | 1,933,366 | 559,037 |
| 2002 | 1,270,973 | 15,934 | 1,286,907 | 502,467 |
| 2001 | 901,855 | 16,158 | 918,013 | 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 | Not Available | 32,230 | 1,805 |
| 1983 | Before 1985 | Before 1985 | 33,031 | 1,685 |
| 1982 | | | 38,139 | Not Issued |
| 1981 | | | 4,243 | Before 1983 |

Sources: Fannie Mae and Freddie Mac

¹ See notes to Tables 2 and 12.

Table 23. Combined Earnings¹

| Period | Earnings (\$ in Millions) | | | | |
|-------------|---------------------------|----------------------|------------------------------|------------------------------|------------|
| | Net Interest Income | Guarantee Fee Income | Administrative Expenses | Credit-Related Expenses | Net Income |
| | (\$) | (\$) | (\$) | (\$) | (\$) |
| 4Q05 | N/A | N/A | N/A | N/A | N/A |
| 3Q05 | N/A | N/A | N/A | N/A | N/A |
| 2Q05 | N/A | N/A | N/A | N/A | N/A |
| 1Q05 | N/A | N/A | N/A | N/A | N/A |
| Annual Data | | | | | |
| 2005 | N/A | N/A | N/A | N/A | N/A |
| 2004 | N/A | N/A | N/A | N/A | N/A |
| 2003 | 23,067 | 4,064 | 3,340 | 114 | 12,721 |
| 2002 | 20,091 | 3,343 | 2,625 | 218 | 14,709 |
| 2001 | 15,538 | 2,863 | 2,041 | 117 | 9,052 |
| 2000 | 9,432 | 2,594 | 1,730 | 169 | 8,114 |
| 1999 | 7,820 | 2,301 | 1,455 | 286 | 6,135 |
| 1998 | 6,325 | 2,248 | 1,286 | 603 | 5,118 |
| 1997 | 5,796 | 2,356 | 1,131 | 904 | 4,451 |
| 1996 | 5,297 | 2,282 | 1,000 | 1,017 | 3,968 |
| 1995 | 4,443 | 2,173 | 941 | 876 | 3,235 |
| 1994 | 3,935 | 2,191 | 904 | 803 | 3,115 |
| 1993 | 3,305 | 1,970 | 804 | 829 | 2,659 |
| 1992 | 2,753 | 1,770 | 710 | 777 | 2,245 |
| 1991 | 2,461 | 1,467 | 606 | 789 | 1,918 |
| 1990 | 2,212 | 1,190 | 529 | 784 | 1,587 |
| 1989 | 1,708 | 980 | 471 | 588 | 1,244 |
| 1988 | 1,329 | 793 | 412 | 584 | 888 |
| 1987 | 1,209 | 735 | 347 | 535 | 677 |
| 1986 | 683 | 476 | 285 | 426 | 352 |
| 1985 | 451 | 300 | 223 | 285 | 201 |
| 1984 | 123 | 236 | 183 | 140 | 73 |
| 1983 | 116 | 186 | 134 | 94 | 135 |
| 1982 | (434) | 93 | 97 | 62 | (132) |
| 1981 | (395) | 36 | 79 | (12) | (175) |
| 1980 | 75 | Not Available | 70 | 42 | 48 |
| 1979 | 377 | Before 1981 | 65 | 55 | 198 |
| 1978 | 331 | | 53 | 49 | 234 |
| 1977 | 282 | | 44 | 36 | 186 |
| 1976 | 221 | | 40 | 24 | 141 |
| 1975 | 205 | | 37 | 27 | 131 |
| 1974 | 184 | | 31 | 50 | 112 |
| 1973 | 211 | | 25 | 27 | 138 |
| 1972 | 148 | | 18 | 9 | 100 |
| 1971 | 59 | | Not Available Before 1972 | Not Available Before 1972 | 67 |

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to Tables 3 and 13.

Table 24. Combined Balance Sheet¹

| End of Period | Balance Sheet (\$ in Millions) | | | | | | | Total Mortgage-Backed Securities Outstanding (\$ in Millions) |
|---------------|--------------------------------|--|-------------------------------|-----------------------|---------------------------|-------------------|-------------------------------|---|
| | Total Assets (\$) | Total Retained Mortgage Portfolio (\$) | Non-Mortgage Investments (\$) | Debt Outstanding (\$) | Shareholders' Equity (\$) | Core Capital (\$) | Fair Value of Net Assets (\$) | |
| 4Q05 | N/A | N/A | N/A | N/A | N/A | 74,099 | N/A | 2,572,279 |
| 3Q05 | N/A | N/A | N/A | N/A | N/A | 72,658 | N/A | 2,516,731 |
| 2Q05 | N/A | N/A | N/A | N/A | N/A | 70,703 | N/A | 2,399,639 |
| 1Q05 | N/A | N/A | N/A | N/A | N/A | 69,963 | N/A | 2,314,394 |
| Annual Data | | | | | | | | |
| 2005 | N/A | N/A | N/A | N/A | N/A | 74,099 | N/A | 2,572,279 |
| 2004 | N/A | N/A | N/A | N/A | N/A | 67,650 | N/A | 2,255,045 |
| 2003 | 1,813,018 | 1,562,516 | 112,617 | 1,701,345 | 53,860 | 67,390 | 58,882 | 2,052,505 |
| 2002 | 1,639,764 | 1,391,039 | 131,164 | 1,516,678 | 47,618 | 57,069 | 45,030 | 1,759,380 |
| 2001 | 1,441,048 | 1,210,116 | 155,831 | 1,341,835 | 37,742 | 45,363 | 40,975 | 1,516,529 |
| 2000 | 1,134,521 | 993,182 | 95,868 | 1,069,581 | 35,675 | 35,207 | Not Available | 1,282,823 |
| 1999 | 961,992 | 846,017 | 71,451 | 908,330 | 29,154 | 30,568 | Before 2001 | 1,217,028 |
| 1998 | 806,567 | 671,104 | 100,675 | 747,687 | 26,288 | 26,180 | | 1,115,494 |
| 1997 | 586,270 | 481,135 | 81,026 | 542,616 | 21,314 | 21,169 | | 1,055,123 |
| 1996 | 524,907 | 424,354 | 78,854 | 488,251 | 19,504 | 19,516 | | 1,021,238 |
| 1995 | 453,731 | 360,574 | 69,984 | 419,135 | 16,822 | 16,788 | | 972,275 |
| 1994 | 378,707 | 293,986 | 64,143 | 350,509 | 14,703 | 14,710 | | 947,001 |
| 1993 | 300,859 | 246,107 | 39,621 | 251,105 | 12,489 | 12,489 | | 910,335 |
| 1992 | 240,480 | 189,889 | 32,116 | 195,931 | 10,344 | Not Applicable | | 831,958 |
| 1991 | 193,932 | 153,346 | 19,792 | 164,199 | 8,113 | Before 1993 | | 714,447 |
| 1990 | 173,692 | 135,586 | 21,992 | 154,344 | 6,077 | | | 604,434 |
| 1989 | 159,777 | 129,429 | 19,388 | 142,211 | 4,907 | | | 489,382 |
| 1988 | 146,610 | 117,017 | 19,896 | 132,341 | 3,844 | | | 396,503 |
| 1987 | 129,133 | 106,019 | 13,935 | 116,604 | 2,993 | | | 348,369 |
| 1986 | 122,850 | 107,216 | Not Available | 108,938 | 2,135 | | | 264,754 |
| 1985 | 115,663 | 108,156 | Before 1987 | 106,732 | 1,788 | | | 154,461 |
| 1984 | 101,576 | 94,153 | | 94,718 | 1,524 | | | 105,764 |
| 1983 | 87,378 | 82,732 | | 81,867 | 1,421 | | | 82,841 |
| 1982 | 78,980 | 74,035 | | 74,605 | 1,249 | | | 57,402 |
| 1981 | 67,904 | 64,807 | | 64,231 | 1,330 | | | 20,614 |
| 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

N/A = not available

¹ See notes to Tables 4 and 14.

Table 24a. Combined MBS Outstanding Detail¹

| End of Period | Single-Family Mortgages (\$ in Millions) | | | | | Multi-Family Mortgages (\$ in Millions) | | | Total MBS Outstanding (\$) |
|---------------|--|----------------------|---------------|---------------|-------------------|---|---------------|-------------------------|----------------------------|
| | Conventional | | | | Total FHA/VA (\$) | Conventional (\$) | FHA/RHS (\$) | Total Multi-Family (\$) | |
| | Fixed-Rate (\$) | Adjustable-Rate (\$) | Seconds (\$) | Total (\$) | | | | | |
| 4Q05 | 2,150,876 | 340,541 | 53 | 2,491,471 | 8,196 | 72,333 | 279 | 72,612 | 2,572,279 |
| 3Q05 | 2,099,411 | 333,830 | 56 | 2,433,297 | 8,892 | 74,248 | 294 | 74,542 | 2,516,731 |
| 2Q05 | 2,001,895 | 309,895 | 84 | 2,311,874 | 10,236 | 77,226 | 304 | 77,529 | 2,399,639 |
| 1Q05 | 1,931,357 | 292,357 | 95 | 2,223,809 | 11,112 | 79,159 | 315 | 79,473 | 2,314,394 |
| Annual Data | | | | | | | | | |
| 2005 | 2,150,876 | 340,541 | 53 | 2,491,471 | 8,196 | 72,333 | 279 | 72,612 | 2,572,279 |
| 2004 | 1,889,273 | 274,909 | 128 | 2,164,310 | 12,185 | 78,227 | 323 | 78,550 | 2,255,045 |
| 2003 | 1,725,892 | 228,194 | 249 | 1,954,335 | 16,120 | 81,676 | 374 | 82,050 | 2,052,505 |
| 2002 | 1,529,221 | 153,397 | 343 | 1,682,961 | 17,476 | 57,957 | 986 | 58,943 | 1,759,380 |
| 2001 | 1,361,501 | 83,367 | 782 | 1,445,650 | 19,853 | 49,845 | 1,181 | 51,026 | 1,516,529 |
| 2000 | 1,133,330 | 97,761 | 1,183 | 1,232,274 | 8,854 | 40,915 | 780 | 41,695 | 1,282,823 |
| 1999 | 1,085,740 | 84,568 | 1,241 | 1,171,549 | 8,796 | 35,980 | 703 | 36,683 | 1,217,028 |
| 1998 | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | Not Available | 1,115,494 |
| 1997 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | Before 1999 | 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 | | | | | | | | | 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 |

Sources: Fannie Mae and Freddie Mac

¹ See notes to Tables 4a and 14a.

Table 25. Combined Financial Derivatives¹

| Financial Derivatives - Notional Amount Outstanding (\$ in millions) | | | | | | | | | | |
|--|--------------------------|--|---------------------------------|--|-------------------------------|--|-------------------------|------------------|------------|------------|
| End of Period | Interest Rate Swaps (\$) | Interest Rate Caps, Floors, and Corridors (\$) | Foreign Currency Contracts (\$) | OTC Futures, Options, and Forward Rate Agreements (\$) | Treasury-Based Contracts (\$) | Exchange-Traded Futures, Options, and Other Derivatives (\$) | Credit Derivatives (\$) | Commitments (\$) | Other (\$) | Total (\$) |
| 4Q05 | 647,992 | 33,045 | 43,335 | 491,789 | N/A | N/A | N/A | N/A | 738 | N/A |
| 3Q05 | 558,627 | 47,037 | 47,657 | 499,118 | N/A | N/A | N/A | N/A | 85,659 | N/A |
| 2Q05 | 502,110 | 66,289 | 52,527 | 526,301 | N/A | N/A | N/A | N/A | 94,464 | N/A |
| 1Q05 | 470,935 | 97,336 | 63,648 | 548,559 | N/A | N/A | N/A | N/A | 99,800 | N/A |
| Annual Data | | | | | | | | | | |
| 2005 | 647,992 | 33,045 | 43,335 | 491,789 | N/A | N/A | N/A | N/A | 738 | N/A |
| 2004 | 421,198 | 114,047 | 67,593 | 555,604 | N/A | N/A | N/A | 67,083 | 114,100 | 1,479,661 |
| 2003 | 857,476 | 141,658 | 51,224 | 685,300 | N/A | N/A | N/A | 128,012 | 152,579 | 2,162,959 |
| 2002 | 536,604 | 134,056 | 47,706 | 561,544 | N/A | N/A | N/A | Not Available | 117,219 | 1,834,539 |
| 2001 | 742,724 | 88,071 | 32,488 | 336,286 | N/A | N/A | N/A | Before 2003 | 0 | 1,703,917 |
| 2000 | 505,539 | 46,482 | 19,719 | 166,979 | N/A | N/A | N/A | | 35,839 | 799,275 |
| 1999 | 318,612 | 48,886 | 12,604 | 213,831 | N/A | N/A | N/A | | 1,400 | 699,214 |
| 1998 | 200,401 | 36,345 | 14,459 | 76,481 | N/A | N/A | N/A | | 3,735 | 500,795 |
| 1997 | 203,845 | 22,095 | 11,120 | 6,000 | N/A | N/A | N/A | | 1,660 | 256,948 |
| 1996 | 204,786 | 14,395 | 2,973 | 0 | N/A | N/A | N/A | | 350 | 223,155 |
| 1995 | 171,063 | 13,355 | 1,224 | 29 | N/A | N/A | N/A | | 975 | 186,670 |
| 1994 | 109,304 | 9,363 | 1,023 | 0 | N/A | N/A | N/A | | 1,465 | 121,154 |
| 1993 | 67,346 | 1,860 | 1,023 | 0 | N/A | N/A | N/A | | 1,425 | 71,653 |

Sources: Fannie Mae and Freddie Mac

N/A = not available

¹ See notes to tables 6 and 16.

Table 26. Combined Non-Mortgage Investments¹

| Non-Mortgage Investments (\$ in Millions) | | | | | | |
|---|------------------------------------|------------------------------|----------------------------|--|------------|------------|
| End of Period | Federal Funds and Eurodollars (\$) | Asset Backed Securities (\$) | Repurchase Agreements (\$) | Commercial Paper and Corporate Debt (\$) | Other (\$) | Total (\$) |
| 4Q05 | N/A | N/A | N/A | N/A | N/A | N/A |
| 3Q05 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2Q05 | N/A | N/A | N/A | N/A | N/A | N/A |
| 1Q05 | N/A | N/A | N/A | N/A | N/A | N/A |
| Annual Data | | | | | | |
| 2005 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2004 | N/A | N/A | N/A | N/A | N/A | N/A |
| 2003 | 20,142 | 43,548 | 13,126 | 22,595 | 13,206 | 112,617 |
| 2002 | 7,677 | 57,101 | 17,095 | 27,125 | 22,166 | 131,164 |
| 2001 | 31,957 | 47,234 | 18,440 | 45,517 | 12,683 | 155,831 |
| 2000 | 9,806 | 36,575 | 7,575 | 16,195 | 25,717 | 95,868 |
| 1999 | 15,382 | 29,512 | 5,083 | 5,639 | 15,835 | 71,451 |
| 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

N/A = not available

¹ See notes to Tables 7 and 17.

Table 27. Combined Capital¹

| End of Period | Capital (\$ in Millions) | | | | | | |
|---------------|-----------------------------|----------------------------------|---|--------------------------------|-------------------------------------|---|----------------------------|
| | Minimum Capital Requirement | | | Risk-Based Capital Requirement | | | Market Capitalization (\$) |
| | Core Capital (\$) | Minimum Capital Requirement (\$) | Regulatory Capital Surplus (Deficit) (\$) | Total Capital (\$) | Risk-Based Capital Requirement (\$) | Risk-Based Capital Surplus (Deficit) (\$) | |
| 4Q05 | 74,099 | 53,473 | 20,627 | 75,985 | 23,918 | 52,067 | 92,642 |
| 3Q05 | 72,658 | 52,162 | 20,496 | 74,581 | 25,780 | 48,801 | 82,557 |
| 2Q05 | 70,703 | 53,792 | 16,911 | 72,243 | 34,205 | 38,038 | 101,775 |
| 1Q05 | 69,963 | 54,699 | 15,264 | 71,380 | 14,033 | 57,347 | 96,464 |
| Annual Data | | | | | | | |
| 2005 | 74,099 | 53,473 | 20,627 | 75,985 | 23,918 | 52,067 | 92,642 |
| 2004 | 67,650 | 56,297 | 11,353 | 70,569 | 21,147 | 49,422 | 119,908 |
| 2003 | 67,390 | 55,294 | 12,096 | 68,618 | 32,647 | 35,970 | 112,996 |
| 2002 | 57,069 | 49,542 | 7,528 | 53,093 | 22,177 | 30,916 | 104,202 |
| 2001 | 45,363 | 43,196 | 2,167 | Not Applicable | Not Applicable | Not Applicable | 124,754 |
| 2000 | 35,207 | 34,472 | 735 | Before 2002 | Before 2002 | Before 2002 | 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 | Not Applicable | Not Applicable | | | | 29,595 |
| 1991 | Before 1993 | Before 1993 | Before 1993 | | | | 27,083 |
| 1990 | | | | | | | 11,415 |
| 1989 | | | | | | | 12,116 |
| | | | | | | | Not Applicable Before 1989 |

Sources: Fannie Mae, Freddie Mac, and OFHEO

¹ See notes to Tables 10 and 20.

Table 28. Loan Limits

| Year | Single-Family Conforming Loan Limits ¹ | | | |
|-------------|---|----------------|----------------|----------------|
| | 1-unit | 2-units | 3-units | 4-units |
| 2006 | 417,000 | 533,850 | 645,300 | 801,950 |
| 2005 | 359,650 | 460,400 | 556,500 | 691,600 |
| 2004 | 333,700 | 427,150 | 516,300 | 641,650 |
| 2003 | 322,700 | 413,100 | 499,300 | 620,500 |
| 2002 | 300,700 | 384,900 | 465,200 | 578,150 |
| 2001 | 275,000 | 351,950 | 425,400 | 528,700 |
| 2000 | 252,700 | 323,400 | 390,900 | 485,800 |
| 1999 | 240,000 | 307,100 | 371,200 | 461,350 |
| 1998 | 227,150 | 290,650 | 351,300 | 436,000 |
| 1997 | 214,600 | 274,550 | 331,850 | 412,450 |
| 1996 | 207,000 | 264,750 | 320,050 | 397,800 |
| 1995 | 203,150 | 259,850 | 314,100 | 390,400 |
| 1994 | 203,150 | 259,850 | 314,100 | 390,400 |
| 1993 | 203,150 | 259,850 | 314,100 | 390,400 |
| 1992 | 202,300 | 258,800 | 312,800 | 388,800 |
| 1991 | 191,250 | 244,650 | 295,650 | 367,500 |
| 1990 | 187,450 | 239,750 | 289,750 | 360,150 |
| 1989 | 187,600 | 239,950 | 290,000 | 360,450 |
| 1988 | 168,700 | 215,800 | 260,800 | 324,150 |
| 1987 | 153,100 | 195,850 | 236,650 | 294,150 |
| 1986 | 133,250 | 170,450 | 205,950 | 256,000 |
| 1985 | 115,300 | 147,500 | 178,200 | 221,500 |
| 1984 | 114,000 | 145,800 | 176,100 | 218,900 |
| 1983 | 108,300 | 138,500 | 167,200 | 207,900 |
| 1982 | 107,000 | 136,800 | 165,100 | 205,300 |
| 1981 | 98,500 | 126,000 | 152,000 | 189,000 |
| 1980 | 93,750 | 120,000 | 145,000 | 180,000 |
| 1979 | 67,500 | Not Applicable | Not Applicable | Not Applicable |
| 1977 - 1978 | 60,000 | Not Applicable | Not Applicable | Not Applicable |
| 1970 - 1976 | 33,000 | Not Applicable | Not Applicable | Not Applicable |

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

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

| Year | FHA Single-Family Insurable Limits | | | | | | | |
|------|------------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| | 1-unit | | 2-units | | 3-units | | 4-units | |
| | 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 |
| 2006 | 200,160 | 362,790 | 256,248 | 464,449 | 309,744 | 561,411 | 384,936 | 697,696 |
| 2005 | 172,632 | 312,895 | 220,992 | 400,548 | 267,120 | 484,155 | 331,968 | 601,692 |
| 2004 | 160,176 | 290,319 | 205,032 | 371,621 | 247,824 | 449,181 | 307,992 | 558,236 |
| 2003 | 154,896 | 280,749 | 198,288 | 359,397 | 239,664 | 434,391 | 297,840 | 539,835 |
| 2002 | 144,336 | 261,609 | 184,752 | 334,863 | 223,296 | 404,724 | 277,512 | 502,990 |
| 2001 | 132,000 | 239,250 | 168,936 | 306,196 | 204,192 | 370,098 | 253,776 | 459,969 |
| 2000 | 121,296 | 219,849 | 155,232 | 281,358 | 187,632 | 340,083 | 233,184 | 422,646 |
| 1999 | 115,200 | 208,800 | 147,408 | 267,177 | 178,176 | 322,944 | 221,448 | 401,375 |
| 1998 | 109,032 | 197,621 | 139,512 | 252,866 | 168,624 | 305,631 | 209,568 | 379,842 |
| 1997 | 81,546 | 170,362 | 104,310 | 205,875 | 126,103 | 248,888 | 156,731 | 309,338 |

Sources: Federal Housing Administration

Table 29. Mortgage Interest Rates

| Period | Average Commitment Rates on Loans | | Effective Rates on Closed Loans | |
|-------------|-----------------------------------|-------------------|---------------------------------|---------------------|
| | Conventional | | Conventional | |
| | 30-Year Fixed Rate (%) | One-Year ARMs (%) | Fixed-Rate (%) | Adjustable Rate (%) |
| 4Q05 | 6.2 | 5.1 | 6.4 | 5.8 |
| 3Q05 | 5.8 | 4.5 | 6.0 | 5.5 |
| 2Q05 | 5.7 | 4.3 | 6.0 | 5.4 |
| 1Q05 | 5.8 | 4.2 | 6.0 | 5.4 |
| Annual Data | | | | |
| 2005 | 5.9 | 4.5 | 6.1 | 5.5 |
| 2004 | 5.8 | 3.9 | 6.0 | 5.2 |
| 2003 | 5.8 | 3.8 | 5.9 | 5.0 |
| 2002 | 6.5 | 4.6 | 6.7 | 5.7 |
| 2001 | 7.0 | 5.8 | 7.1 | 6.4 |
| 2000 | 8.1 | 7.0 | 8.3 | 7.1 |
| 1999 | 7.4 | 6.0 | 7.4 | 6.5 |
| 1998 | 6.9 | 5.6 | 7.2 | 6.5 |
| 1997 | 7.6 | 5.6 | 7.9 | 6.9 |
| 1996 | 7.8 | 5.7 | 8.0 | 7.1 |
| 1995 | 7.9 | 6.1 | 8.2 | 7.1 |
| 1994 | 8.4 | 5.4 | 8.2 | 6.4 |
| 1993 | 7.3 | 4.6 | 7.5 | 5.7 |
| 1992 | 8.4 | 5.6 | 8.5 | 6.6 |
| 1991 | 9.3 | 7.1 | 9.7 | 8.3 |
| 1990 | 10.1 | 8.4 | 10.4 | 9.2 |
| 1989 | 10.3 | 8.8 | 10.5 | 9.4 |
| 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 | 10.1 | 12.4 | 10.9 |
| 1984 | 13.9 | 11.5 | 13.2 | 12.1 |
| 1983 | 13.2 | Not Available | 13.0 | 12.3 |
| 1982 | 16.0 | Before 1984 | 15.2 | 15.4 |
| 1981 | 16.6 | | Not Available | Not Available |
| 1980 | 13.8 | | Before 1982 | Before 1982 |
| 1979 | 11.2 | | | |
| 1978 | 9.6 | | | |
| 1977 | 8.9 | | | |
| 1976 | 8.9 | | | |
| 1975 | 9.1 | | | |
| 1974 | 9.2 | | | |
| 1973 | 8.0 | | | |
| 1972 | 7.4 | | | |
| 1971 | Not Available | | | |
| | Before 1972 | | | |

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

Table 30. Housing Market Activity¹

| Period | Housing Starts (units in thousands) | | | Home Sales (units in thousands) | |
|-------------------|--|--------------------------------|----------------------|------------------------------------|---------------------------------------|
| | Single-Family Housing Starts | Multi-Family Housing Starts | Total Housing Starts | New Single-Family Home Sales | Existing Single- Family Home Sales |
| 4Q05 ² | 1,750 | 308 | 2,058 | 1,283 | 6,943 |
| 3Q05 ² | 1,793 | 308 | 2,101 | 1,298 | 7,180 |
| 2Q05 ² | 1,733 | 311 | 2,044 | 1,287 | 7,193 |
| 1Q05 ² | 1,754 | 329 | 2,083 | 1,249 | 6,940 |
| Annual Data | | | | | |
| 2005 | 1,757 | 311 | 2,068 | 1,283 | 7,075 |
| 2004 | 1,653 | 304 | 1,957 | 1,203 | 6,784 |
| 2003 | 1,532 | 315 | 1,847 | 1,086 | 6,183 |
| 2002 | 1,397 | 308 | 1,705 | 973 | 5,631 |
| 2001 | 1,310 | 293 | 1,603 | 908 | 5,296 |
| 2000 | 1,270 | 299 | 1,569 | 877 | 5,152 |
| 1999 | 1,334 | 307 | 1,641 | 880 | 5,205 |
| 1998 | 1,314 | 303 | 1,617 | 886 | 4,970 |
| 1997 | 1,178 | 296 | 1,474 | 804 | 4,382 |
| 1996 | 1,206 | 271 | 1,477 | 757 | 4,196 |
| 1995 | 1,110 | 244 | 1,354 | 667 | 3,812 |
| 1994 | 1,233 | 224 | 1,457 | 670 | 3,946 |
| 1993 | 1,155 | 133 | 1,288 | 666 | 3,802 |
| 1992 | 1,061 | 139 | 1,200 | 610 | 3,520 |
| 1991 | 876 | 138 | 1,014 | 509 | 3,220 |
| 1990 | 932 | 260 | 1,193 | 534 | 3,211 |
| 1989 | 1,059 | 318 | 1,376 | 650 | 3,346 |
| 1988 | 1,140 | 348 | 1,488 | 676 | 3,594 |
| 1987 | 1,212 | 409 | 1,621 | 671 | 3,526 |
| 1986 | 1,263 | 542 | 1,805 | 750 | 3,565 |
| 1985 | 1,166 | 576 | 1,742 | 688 | 3,214 |
| 1984 | 1,206 | 544 | 1,750 | 639 | 2,868 |
| 1983 | 1,181 | 522 | 1,703 | 623 | 2,719 |
| 1982 | 743 | 320 | 1,062 | 412 | 1,990 |
| 1981 | 797 | 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 | 2,018 |

Housing Starts Source and New Single-Family Sales Source: Bureau of the Census.

Existing Single-Family Sales Source: National Association of Realtors.

¹ Components may not add to totals due to rounding.

² Seasonally adjusted annual rates.

Table 31. Weighted Repeat Sales House Price Index (Annual Data)¹

| Period | USA | New England | Mid-Atlantic | South Atlantic | East North Central | West North Central | East South Central | West South Central | Mountain | Pacific |
|-------------|-------|-------------|--------------|----------------|--------------------|--------------------|--------------------|--------------------|----------|---------|
| 4Q05 | 13.36 | 10.07 | 14.07 | 18.46 | 6.23 | 7.02 | 7.68 | 6.89 | 18.95 | 19.44 |
| 3Q05 | 12.73 | 9.92 | 13.24 | 17.90 | 6.28 | 6.95 | 7.34 | 6.38 | 16.77 | 18.52 |
| 2Q05 | 14.04 | 13.24 | 15.40 | 17.65 | 6.96 | 7.80 | 6.84 | 5.85 | 16.55 | 22.69 |
| 1Q05 | 13.05 | 12.86 | 14.42 | 15.79 | 6.64 | 7.41 | 5.57 | 5.03 | 13.91 | 22.42 |
| Annual Data | | | | | | | | | | |
| 2005 | 13.36 | 10.07 | 14.07 | 18.46 | 6.23 | 7.02 | 7.68 | 6.89 | 18.95 | 19.44 |
| 2004 | 11.92 | 12.14 | 13.08 | 14.06 | 6.02 | 6.90 | 5.29 | 4.88 | 11.88 | 20.99 |
| 2003 | 7.83 | 10.19 | 10.70 | 8.14 | 4.80 | 6.16 | 3.50 | 3.11 | 5.00 | 12.23 |
| 2002 | 7.43 | 11.78 | 10.47 | 7.30 | 4.35 | 6.21 | 3.31 | 4.05 | 4.34 | 10.95 |
| 2001 | 7.53 | 10.90 | 8.92 | 7.93 | 5.17 | 7.24 | 5.03 | 5.82 | 6.44 | 9.25 |
| 2000 | 7.55 | 12.40 | 7.90 | 6.51 | 6.01 | 7.22 | 3.84 | 5.10 | 6.91 | 11.20 |
| 1999 | 5.12 | 9.70 | 5.17 | 4.28 | 4.89 | 6.14 | 2.51 | 4.30 | 4.15 | 5.78 |
| 1998 | 4.98 | 6.48 | 4.05 | 4.57 | 4.15 | 4.83 | 4.88 | 4.94 | 3.99 | 7.17 |
| 1997 | 4.59 | 4.58 | 3.29 | 4.51 | 5.17 | 4.92 | 4.66 | 3.90 | 4.87 | 5.30 |
| 1996 | 2.58 | 1.65 | 0.33 | 2.23 | 4.98 | 4.09 | 4.01 | 2.32 | 4.22 | 0.99 |
| 1995 | 4.53 | 4.11 | 3.16 | 4.33 | 6.01 | 5.26 | 5.57 | 4.20 | 7.49 | 2.84 |
| 1994 | 0.83 | -3.16 | -3.30 | 0.09 | 4.95 | 5.24 | 4.69 | 1.54 | 8.97 | -3.36 |
| 1993 | 2.07 | 0.26 | 1.31 | 1.91 | 3.65 | 3.89 | 4.10 | 4.01 | 7.84 | -1.96 |
| 1992 | 1.88 | -1.10 | 1.70 | 2.16 | 3.90 | 2.98 | 3.25 | 3.38 | 5.30 | -1.38 |
| 1991 | 2.59 | -2.26 | 1.49 | 3.15 | 4.57 | 3.76 | 4.13 | 3.71 | 4.67 | 1.32 |
| 1990 | 0.26 | -7.74 | -2.90 | 0.38 | 3.79 | 0.53 | 0.69 | 0.41 | 1.90 | 3.04 |
| 1989 | 6.04 | 0.66 | 2.33 | 5.03 | 6.17 | 3.26 | 2.99 | 2.79 | 2.78 | 19.36 |
| 1988 | 6.19 | 3.71 | 5.99 | 6.98 | 6.75 | 2.33 | 2.59 | -2.15 | 0.28 | 17.51 |
| 1987 | 6.78 | 13.36 | 16.29 | 7.12 | 7.84 | 2.54 | 4.14 | -8.58 | -2.67 | 9.55 |
| 1986 | 8.14 | 21.06 | 18.08 | 6.23 | 7.14 | 4.13 | 5.65 | -0.43 | 3.12 | 7.19 |
| 1985 | 6.52 | 25.01 | 14.35 | 5.35 | 4.78 | 4.35 | 4.95 | -1.42 | 2.13 | 4.90 |
| 1984 | 5.35 | 17.77 | 13.35 | 4.39 | 2.75 | 4.53 | 3.15 | -0.01 | 2.45 | 5.27 |
| 1983 | 4.03 | 16.11 | 10.10 | 3.53 | 4.20 | 4.42 | 4.42 | 0.96 | -2.68 | 0.99 |
| 1982 | 2.19 | 4.22 | 3.98 | 3.41 | -4.45 | -0.31 | 5.12 | 5.63 | 7.07 | 0.93 |
| 1981 | 4.76 | 4.96 | 0.61 | 7.01 | 2.32 | 0.43 | 0.19 | 11.96 | 6.74 | 5.80 |
| 1980 | 6.88 | 5.78 | 10.28 | 7.87 | 1.54 | 4.19 | 6.96 | 7.79 | 6.46 | 11.23 |
| 1979 | 11.88 | 10.79 | 17.02 | 11.04 | 9.04 | 9.17 | 4.89 | 13.04 | 15.46 | 16.03 |
| 1978 | 13.44 | 16.98 | 7.14 | 11.33 | 14.18 | 13.01 | 12.17 | 17.14 | 16.92 | 15.69 |
| 1977 | 13.27 | 8.96 | 10.50 | 7.90 | 13.25 | 15.19 | 11.40 | 12.04 | 18.10 | 25.68 |
| 1976 | 7.63 | 2.86 | 1.40 | 6.41 | 8.13 | 5.40 | 5.36 | 8.41 | 10.60 | 19.95 |

¹ Data for 1977-2005 are measured based on fourth quarter to fourth quarter percentage change.

Regional Divisions:

New England: Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont

Mid-Atlantic: New Jersey, New York, Pennsylvania

South Atlantic: Washington, D.C., Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia

East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin

West North Central: Iowa, Kansas, Minnesota, Missouri, North Dakota, South Dakota, Nebraska

East South Central: Alabama, Kentucky, Mississippi, Tennessee

West South Central: Arkansas, Louisiana, Oklahoma, Texas

Mountain: Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, Utah, Wyoming

Pacific: Alaska, California, Hawaii, Oregon, Washington