

# 2016 Report to Congress



## List of Abbreviations

<b>AHP</b> .....	Affordable Housing Program	<b>HERA</b> .....	Housing and Economic Recovery Act of 2008
<b>AMA</b> .....	Acquired Member Assets	<b>HMDA</b> .....	Home Mortgage Disclosure Act
<b>Bank Act</b> .....	Federal Home Loan Bank Act	<b>MBS</b> .....	Mortgage-Backed Securities
<b>CDFI</b> .....	Community Development Financial Institution	<b>MPF</b> .....	Mortgage Partnership Finance
<b>CSP</b> .....	Common Securitization Platform	<b>OF</b> .....	Office of Finance
<b>CSS</b> .....	Common Securitization Solutions, LLC	<b>PRISM</b> .....	Procurement Request Information System Management
<b>Dodd-Frank Act</b> .....	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010	<b>PSPA</b> .....	Senior Preferred Stock Purchase Agreement
<b>Enterprises</b> .....	Fannie Mae and Freddie Mac	<b>Regulated Entities</b> .....	Fannie Mae, Freddie Mac, and the FHLBanks
<b>Fannie Mae</b> .....	Federal National Mortgage Association	<b>REO</b> .....	Real Estate Owned
<b>FHFA OIG</b> .....	Federal Housing Finance Agency Office of Inspector General	<b>Safety and Soundness Act</b> .....	Federal Housing Enterprises Financial Safety and Soundness Act of 1992
<b>FHA</b> .....	Federal Housing Administration	<b>SDQ</b> .....	Seriously Delinquent
<b>FHLBank</b> .....	Federal Home Loan Bank	<b>Treasury Department</b> .....	U.S. Department of the Treasury
<b>FISMA</b> .....	Federal Information Security Management Act	<b>UPB</b> .....	Unpaid Principal Balance
<b>Freddie Mac</b> .....	Federal Home Loan Mortgage Corporation	<b>VA</b> .....	Veterans Administration
<b>HAMP</b> .....	Home Affordable Modification Program		
<b>HARP</b> .....	Home Affordable Refinance Program		

### Correction Notice:

The following information was corrected in this document on 9/18/2017. The first four rows of the last column in Table 23 on page 116 were updated with data for four quarters of 2016. The figures previously included 2015 data (49,449; 47,412; 47,653; and 48,275) which was in error.



# Federal Housing Finance Agency

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June 15, 2017

Honorable Michael D. Crapo  
Chairman  
Committee on Banking, Housing,  
and Urban Affairs  
United States Senate  
Washington, D.C. 20510

Honorable Sherrod Brown  
Ranking Member  
Committee on Banking, Housing,  
and Urban Affairs  
United States Senate  
Washington, D.C. 20510

Honorable Jeb Hensarling  
Chairman  
Committee on Financial Services  
United States House of Representatives  
Washington, D.C. 20515

Honorable Maxine Waters  
Ranking Member  
Committee on Financial Services  
United States House of Representatives  
Washington, D.C. 20515

Dear Chairmen and Ranking Members:

I am pleased to enclose the Federal Housing Finance Agency's (FHFA's) 2016 Report to Congress. This Report meets the requirement of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008 (HERA), that FHFA submit a report to Congress describing the actions undertaken by FHFA to carry out its statutory responsibilities, including a description of the financial safety and soundness of the entities the Agency regulates. It also meets FHFA's obligation under Section 1305 of the Dodd-Frank Wall Street Reform and Consumer Protection Act to report to Congress on the Agency's plans to "continue to support and maintain the nation's vital housing industry, while at the same time guaranteeing that the American taxpayer will not suffer unnecessary losses."

During 2016, FHFA continued to serve as regulator of the 11 Federal Home Loan Banks (FHLBanks) and the FHLBanks' joint Office of Finance and as regulator and conservator of Fannie Mae and Freddie Mac. The enclosed Report summarizes the findings of the Agency's 2016 examinations of these entities as well as FHFA's actions as conservator of Fannie Mae and Freddie Mac during 2016. It also describes FHFA's regulatory guidance, research, and publications issued during the year.

As required by HERA, this Report also includes the Federal Housing Finance Oversight Board's assessment of the matters set out in Section 1103 of that Act.

Sincerely,

A handwritten signature in blue ink that reads "Melvin L. Watt". The signature is fluid and cursive.

Melvin L. Watt  
Director, Federal Housing Finance Agency



# 2016 Report to Congress

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# **Supervision and Oversight**

*Examination Authority  
for Regulated Entities*

*Report of Annual Examinations of  
Fannie Mae and Freddie Mac*

*Reports of Annual Examinations of  
the Federal Home Loan Banks*

*Results of Stress Tests under the  
Dodd-Frank Wall Street Reform and  
Consumer Protection Act*

*Enterprise Housing Goals and  
Duty to Serve*

*Federal Home Loan Bank Mission  
and Affordable Housing Programs*

*Regulatory Guidance*

# Examination Authority for Regulated Entities

**S**ection 1317(a) of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (Safety and Soundness Act), as amended, 12 USC § 4517(a), requires FHFA to conduct annual on-site examinations of the Enterprises and the FHLBanks. Examination of the FHLBanks is also performed pursuant to Section 20 of the Federal Home Loan Bank Act (Bank Act), as amended, 12 USC § 1440. The FHLBank System includes the 11 FHLBanks and the Office of Finance, a joint office of the FHLBanks.

For each regulated entity, FHFA prepares an annual report of examination, which identifies weaknesses and assigns examination ratings. FHFA communicates deficiencies and violations at regulated entities as adverse findings. 2016 reports of examination were delivered to the directors and management of the Enterprises in March and to the FHLBanks periodically throughout the year based on FHFA's examination schedule.

## Scope of Examination

FHFA conducts supervision using a risk-based approach to identify existing and emerging risks to the regulated entities, to evaluate the overall effectiveness of each regulated entity's risk management systems and controls, and to determine compliance with laws and regulations applicable to the regulated entity. In 2016<sup>1</sup>, FHFA's examination activities included targeted risk-based examinations and ongoing monitoring, including assessing the remediation of previously issued Matters Requiring Attention (MRAs). FHFA also assesses the responses of the regulated entities' boards of directors and management to certain deficiencies and weaknesses identified by the regulated entities' internal audit departments and external auditors.

The Federal Housing Finance Agency (FHFA) was established by the Housing and Economic Recovery Act of 2008 (HERA) and is responsible for the effective supervision, regulation, and housing mission oversight of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Federal Home Loan Bank System, which includes the 11 Federal Home Loan Banks (FHLBanks) and the Office of Finance (OF). The Agency's mission is to ensure that Fannie Mae and Freddie Mac (the Enterprises) and the FHLBanks (together, "the regulated entities") operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment. Since 2008, FHFA has also served as conservator of Fannie Mae and Freddie Mac.

## Rating System

The term CAMELSO refers to the seven components of the examination framework that FHFA uses to report its examination findings to its regulated entities. Those components are *Capital*; *Asset quality*; *Management*; *Earnings*; *Liquidity*; *Sensitivity to market risk*; and *Operational risk*.

## Supervision of Fannie Mae and Freddie Mac

FHFA's Division of Enterprise Regulation (DER) is responsible for carrying out on-site examinations and ongoing supervision of the Enterprises. In 2016, FHFA performed examination activities in the areas of credit, market, model, and operational risk, as well as governance, compliance, accounting, auditing, and financial disclosure. Enterprise examinations include assessment of the safety and soundness of each Enterprise, *e.g.*, financial performance, condition, and overall risk management practices, as well as compliance with regulations.

Examination activity at each Enterprise is led by an Examiner-in-Charge and is carried out by an on-site team with support from offsite subject matter experts. Following completion of examination activity, DER communicates any adverse findings in writing to the Enterprise

<sup>1</sup> Unless otherwise specified, all dates in this report refer to 2016.

and obtains a commitment that includes a corrective action plan from the Enterprise to remediate the findings. Following execution of the plan, the Enterprise's internal audit function or an independent third party validates the completion of remediation, and DER reviews corrective action through examination activities.

FHFA issues a report of examination that identifies supervisory concerns and contains examination ratings reflecting FHFA's view of the regulated entity's financial safety and soundness and risk management practices. The annual report of examination is signed by the Examiner-in-Charge and issued to the Enterprise's board of directors.

### ***Supervision of the Federal Home Loan Banks***

FHFA's Division of Bank Regulation (DBR) is responsible for carrying out on-site examinations and ongoing supervision of the FHLBanks. Oversight of the FHLBanks promotes both safe and sound operation and achievement of their housing finance and community investment mission. In 2016, FHFA examined all of the FHLBanks and the OF. An Examiner-in-Charge and a team of examiners conduct each annual examination with support from financial analysts, economists, accountants, and attorneys. In addition, FHFA examiners visit the FHLBanks between examinations to follow up on examination findings and to discuss emerging issues.

Examiners communicate all adverse findings to FHFA management and any MRAs to the FHLBank's board of directors and management. In addition, examiners obtain a commitment to correct significant deficiencies in a timely manner and then verify the effectiveness of those corrective actions.

DBR maintains an off-site monitoring program that reviews monthly and quarterly financial reports and other information, such as data on FHLBank investments and information related to member activity. DBR monitors debt issuances by the OF and tracks financial market trends. DBR and other FHFA groups also review FHLBank documents and analyze responses to a wide array of periodic and ad hoc information requests, including an annual survey of FHLBank collateral, unsecured credit data, liquidity, advances, and periodic data on certain FHLBank investment holdings.

# Reports of Annual Examinations of Fannie Mae and Freddie Mac

## Financial Overview of the Enterprises

The Enterprises were created by Congress to provide stability and liquidity in the secondary housing finance market. They purchase single-family mortgages that lenders have already made to borrowers, pool these mortgages into mortgage-backed securities (MBS), and sell them to investors. The Enterprises guarantee the payment of principal and interest on the underlying mortgages and charge lenders a guarantee fee for taking on the credit risk associated with the purchased mortgages. The Enterprises also purchase multifamily mortgages.

**Enterprise Income** – Fannie Mae reported annual net income of \$12.3 billion and annual comprehensive income of \$11.7 billion for 2016, compared to annual net income of \$11.0 billion and annual comprehensive income of \$10.6 billion for 2015.

Freddie Mac reported annual net income of \$7.8 billion and annual comprehensive income of \$7.1 billion for 2016, compared to annual net income of \$6.4 billion and annual comprehensive income of \$5.8 billion for 2015.

The Enterprises have two primary sources of revenue: 1) guarantee fees on mortgages held by consolidated trusts holding Enterprise MBS; and 2) the difference between the interest income earned on the assets in the Enterprises'

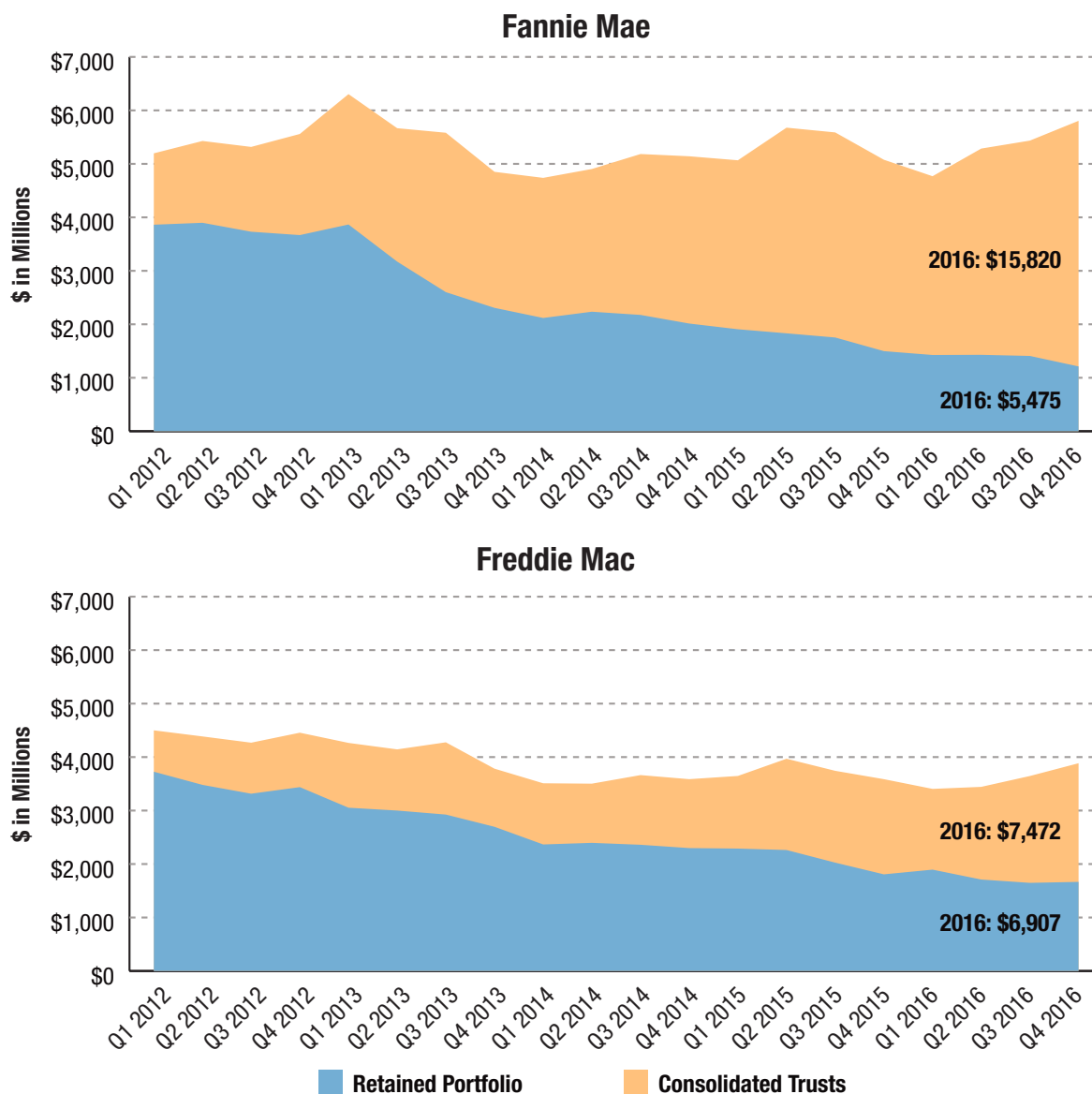


retained mortgage portfolios and the interest expense paid on the debt that funds those assets. In 2016, as in prior years, the Enterprises' earned a greater proportion of net income from guarantee fees than from interest income. This shift is primarily driven by the impact of guarantee fee increases and the reduction of the retained portfolios in accordance with the requirements of the Preferred Stock Purchase Agreements (PSPAs) between the U.S. Department of the Treasury (Treasury Department)

and the Enterprises. Figure 1 shows changes since 2012 in the level and composition of the Enterprises' net interest income.

**Enterprise Mortgage Portfolios** – Total book of business balances of MBS held by investors for each Enterprise have been relatively stable over the past few years. Decreases in retained portfolio balances have generally been offset by increases in guarantee portfolio balances.

Figure 1 • Enterprises' Net Interest Income 2012-2016



\*Amounts represent total for the year.

Source: Federal Housing Finance Agency

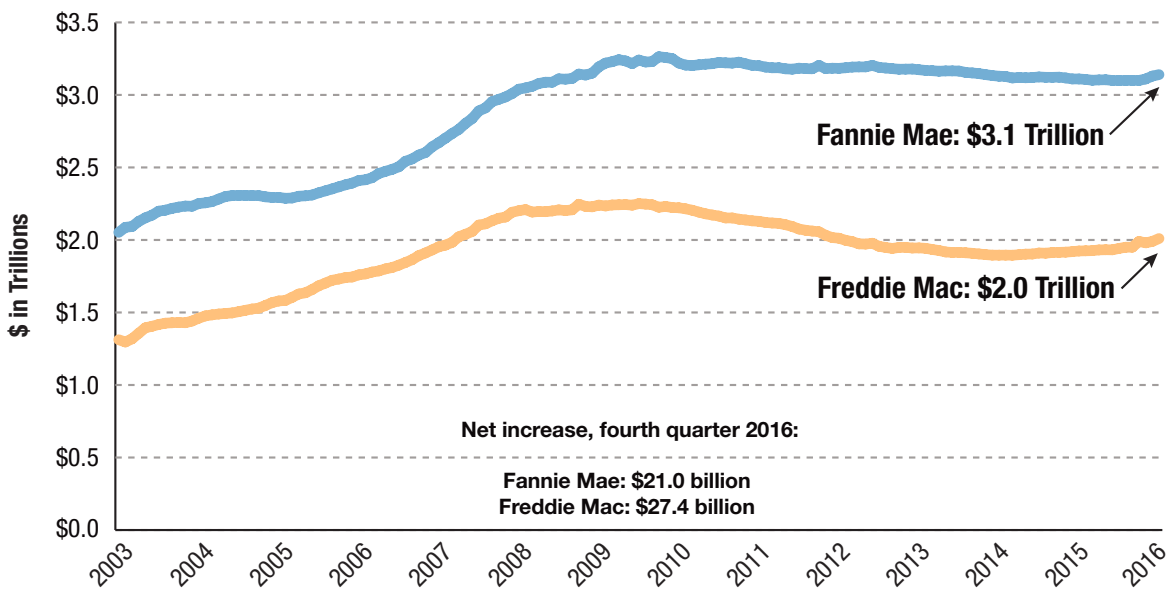
Fannie Mae purchased \$581 billion of single-family mortgages in 2016, an increase of approximately 23 percent from \$471 billion in 2015. Freddie Mac purchased \$393 billion of single-family mortgages in 2016, an increase of approximately 12 percent from \$351 billion in 2015. Multifamily purchase volumes increased year-over-year for both Enterprises, primarily driven by substantial growth in the overall multifamily market in 2016. Fannie Mae's multifamily purchase volume in 2016 was \$55.3 billion, an increase of \$13.0 billion from 2015. Freddie Mac's multifamily new purchase volume in 2016 was \$56.8 billion, an increase of \$9.6 billion from 2015. The Enterprises' total mortgages and guarantees are shown in Figure 2.

The Enterprises' investment portfolios continue to expose them to interest rate risk. Further, accounting differences for these financial assets and liabilities, including derivatives, render the Enterprises vulnerable to earnings vola-

tility when interest rates fluctuate. During 2016, interest rates declined at the beginning of the year but increased significantly at the end of the year. While this led to quarterly earnings volatility, the impact to full-year results was minimal.

**Conservatorships and the Senior Preferred Stock Purchase Agreements** – As part of HERA, Congress granted the Director of FHFA the discretionary authority to appoint FHFA as conservator or receiver of Fannie Mae, Freddie Mac, or any of the Federal Home Loan Banks, upon determining that specified criteria had been met. On September 6, 2008, FHFA exercised this authority and placed Fannie Mae and Freddie Mac into conservatorships. Since the Enterprises were placed into conservatorships, the Treasury Department has provided essential financial commitments of taxpayer funding under the PSPAs. Fannie Mae and Freddie Mac have drawn a combined total of \$187.5 billion in taxpayer support under the PSPAs to date. As of December 31, 2016, the Enterprises have

Figure 2 • Enterprises' Total Mortgages and Guarantees<sup>2</sup>



Source: Enterprise Monthly Volume Summaries

<sup>2</sup> Mortgage portfolio includes mortgages and mortgage-related securities held as investments and mortgages that are pooled into mortgage backed securities issued by the Enterprises for which the Enterprise guarantees payment of principal and interest.



## Fannie Mae (Federal National Mortgage Association)

**Financial Performance** – Net income of \$12.3 billion for 2016 increased \$1.3 billion from the \$11.0 billion reported in 2015. Net income would have declined for the third consecutive year absent a \$2.2 billion benefit for credit losses.

Fannie Mae’s financial performance is expected to continue to reflect the decline in net interest income from the retained portfolio as Fannie Mae complies with the PSPA requirement to reduce the volume of mortgage-related assets on its balance sheet. Further, given the large size of the Enterprise’s guaranty book of business, small changes in home prices and interest rates could have a significant impact on its financial performance.

Fannie Mae reported positive net worth of \$6.1 billion at the end of 2016, \$5.5 billion of which was paid to the Treasury Department as dividends on March 31, 2017 under the provisions of the PSPA. Fannie Mae did not request a Treasury Department draw during 2016, so the cumulative draws from the Treasury Department under the terms of the PSPA were unchanged from year-end 2015 at \$116.1 billion, as dividend payments do not reduce the outstanding amount. As of December 31, 2016, the amount of available funding remaining for Fannie Mae under the PSPA was \$117.6 billion. This amount would be reduced by any future draws.

**Corporate Governance** – Fannie Mae continues to make progress on improving its governance structure with the goal of establishing clear authority and accountability for all business and risk-related decisions. During 2016, the Enterprise operated under a new management-level committee structure for the entire year, refined committee charters, and developed and approved a significant enterprise governance policy. The Enterprise also updated its Strategic Plan to incorporate actions to address emerging risks and change management. These and other initiatives

paid the Treasury Department a total of \$255.8 billion in dividends on senior preferred stock. Under the terms of the PSPAs, the Enterprises’ dividend payments do not offset the amounts drawn from the Treasury Department. The terms of the PSPAs also require the Enterprises to reduce their retained portfolios, and the Enterprises are constrained by the PSPAs from building capital while they remain in conservatorships.

Pursuant to the third amendment to the PSPAs on August 17, 2012, the fixed 10 percent dividend on senior preferred stock was replaced, effective January 1, 2013, with a sweep of net worth that exceeded a “Capital Reserve Amount,” which was established at \$3.0 billion in 2013 with mandated declines of \$600 million each subsequent year. Accordingly, the capital reserve for 2017 is \$600 million and will decline to zero on January 1, 2018.

Reductions in income from the Enterprises’ shrinking mortgage investment portfolio and diminished income from non-recurring sources, combined with mark-to-market volatility from the Enterprises’ derivatives portfolio, increase the likelihood of negative net worth in future quarters. Moreover, initiatives such as credit risk transfer transactions confer risk management benefits but impose costs that will reduce Enterprise earnings.

currently underway could be affected by the ongoing level of change in Fannie Mae's organizational structure, policies, processes, and systems.

**Credit Risk** – Credit risk remains elevated. The single-family mortgage book totaled \$2.86 trillion at year end, which represents a slight increase from \$2.85 trillion in 2015. The Enterprise continues to reduce the volume of adversely classified assets and seriously delinquent loans (SDQs). Non-performing loan sales combined with management's loss mitigation efforts have contributed to the reduction of adversely classified assets by 26 percent to \$30.2 billion. Troubled debt restructurings and nonaccrual loans fell 9.5 percent to \$171.4 billion, and the unpaid principal balance (UPB) of real estate owned (REO) properties dropped 34 percent to \$4.4 billion.

While these trends are positive, Fannie Mae still has a large volume of distressed assets with substantial credit risk. The quantity of distressed assets and REO properties on the books remain well above pre-crisis levels. As of year-end 2016, Fannie Mae had 121,864 single-family mortgage loans that were 180 days or more past due and 38,093 single-family REO properties in inventory, 40 percent of which are projected to be unmarketable.

Single-family loans originated between 2005 and 2008 have weaker credit characteristics and an average delinquency rate that is five times greater than the overall single-family book. Although loans originated during 2005-2008 made up only 8 percent of the single-family mortgage book as of year-end 2016, they accounted for 51 percent of single-family SDQ loans and 65 percent of single-family credit losses in 2016. In contrast, loans originated after 2008 represented 87 percent of the single-family mortgage book and a negligible amount of credit losses.

The overall SDQ rate continues to improve, but is still high compared to pre-crisis levels. The rate was 1.20 percent at year-end 2016 compared to 1.55 percent at year-end 2015.

Fannie Mae's multifamily conventional guaranty book of business grew 10.9 percent from 2015 to \$242.9 billion, consisting of \$223.0 billion in MBS and \$19.9 billion in retained multifamily whole loans. Retained multifamily loans decreased by 35.5 percent from 2015. Loans that

are 60 days or more past due increased from \$123 million, or 0.07 percent of multifamily loans, to \$129 million, or 0.05 percent of multifamily loans. Nonaccrual multifamily loans decreased during the year from \$591 million to \$403 million. The number of foreclosed multifamily properties increased to 13 properties with a carrying value of \$85 million, up from 12 properties with a carrying value of \$91 million at year-end 2015.

Mortgage servicers are among the Enterprise's primary counterparties. At year-end 2016, the five largest mortgage servicers serviced 39 percent of the single-family guaranty book compared to 44 percent at year-end 2015, and the Enterprise's largest mortgage servicer serviced about 17 percent of the single-family book of business.

In recent years, the Enterprise has seen a shift in servicing to non-depository institutions. The Enterprise's five largest non-depository mortgage servicers servicing 16 percent of the total single-family guaranty book and 51 percent of the delinquent single-family book at year-end 2016. Non-depository servicers often have a greater reliance on third-party sources of liquidity than depository servicers. In the event delinquent loan volumes increase, non-depository counterparties may have less financial capacity to satisfy repurchase requests.

Fannie Mae instituted updated financial requirements for single-family seller/servicers to create consistent and transparent business eligibility standards. The new standards include requirements for minimum net worth, capital ratios, and liquidity.

Mortgage insurers are Fannie Mae's largest counterparty exposure. To manage the risk arising from these counterparties, Fannie Mae has implemented private mortgage insurer eligibility requirements and requirements for mortgage insurance policies associated with insured loans that are sold to Fannie Mae. Additionally, Fannie Mae conducts oversight of approved mortgage insurers including oversight of their financial position.

**Operational Risk** – The level of operational risk remains a supervisory concern. Initiatives to retire legacy systems and applications and improve the Enterprise's data management and infrastructure create potential for increased operational risk. The number, complexity, and breadth



## Freddie Mac (Federal Home Loan Mortgage Corporation)

**Financial Performance** – Freddie Mac reported annual net income of \$7.8 billion and annual comprehensive income of \$7.1 billion for 2016, compared to annual net income of \$6.4 billion and annual comprehensive income of \$5.8 billion for 2015. Freddie Mac’s earnings improvement was driven in part by lower derivative fair value losses due to an increase in longer-term interest rates during the second half of 2016. Although the full-year aggregate effect of both interest rate and spread volatility were relatively small in 2016, quarterly sensitivity and volatility were high. Quarterly comprehensive income in 2016 varied from a high of \$3.9 billion in the fourth quarter to a loss of \$200 million in the first quarter.

Freddie Mac reported positive net worth of \$5.1 billion at the end of 2016, \$4.5 billion of which was paid to the Treasury Department as dividends on March 31, 2017. At year-end 2016, Freddie Mac’s cumulative draws from the Treasury Department under the terms of the PSPA was unchanged from year-end 2015 at \$71.3 billion, as dividend payments do not reduce the outstanding amount. As of December 31, 2016, the amount of funding remaining for Freddie Mac under the PSPA was \$140.5 billion. This amount would be reduced by any future draws.

**Corporate Governance** – Management has largely completed planned organizational changes and transition of risk functions for implementation of an enhanced risk management framework. Additional work remains to be done, including the revision of risk appetite and the completion of the risk taxonomy initiative. Enterprise Risk Management continues to remediate model governance concerns and implement its risk management framework. Further work remains to establish a strong information security risk management framework.

of these initiatives present challenges, and strong project management is necessary to address the risk of migrating to the new information technology platform and integrating with the Common Securitization Platform (CSP).

Fannie Mae is still working to develop and test its business resiliency to ensure critical business systems are sustained in the event of a major disruption. These initiatives will help ensure comprehensive disaster recovery and business continuity capabilities.

**Credit Risk** – As of year-end 2016, the book of single-family mortgage loans originated after 2008 represents more than two-thirds of the portfolio (excluding mortgages refinanced under HARP and other relief programs). At year-end 2016, the book's SDQ rate was only 0.20 percent. Freddie Mac actively pursued transactions to reduce credit risk, including credit risk transfers and nonperforming loan sales.

Performance of the book of single-family mortgages originated before 2009 showed further improvement in 2016, but it continues to weigh down overall credit quality. At year-end 2016, this book accounted for 78 percent of credit losses despite being only 12 percent of the total single-family portfolio. Many loans have been modified and are performing well, due in part to lower modified interest rates and monthly payment amounts. Nevertheless, although the pre-2009 book's SDQ rate improved to 3.59 percent in 2016 from 4.12 percent in 2015, it is significantly worse than the overall SDQ rate for single-family mortgages.

The overall SDQ rate continues to improve. The rate was 1.00 percent at year-end 2016 compared to 1.32 percent at year-end 2015. However, the SDQ rate is still high compared to pre-crisis levels. Between January 1999 to December 2007, the SDQ rate ranged from 0.40 percent to 0.87 percent.

Freddie Mac's multifamily portfolio grew by 13.4 percent from 2015 to \$212.9 billion, consisting of \$158 billion in the guarantee portfolio, \$42.4 billion in unsecuritized loans, and \$12.5 billion in MBS. Multifamily business continued to experience rapid growth in funding and securitization volumes in 2016, with total purchase volumes reaching \$56.8 billion, up from \$47.3 billion in 2015. Nearly 90 percent of this volume was designated as held-for-sale and intended for securitization. The multifamily SDQ rate ended the year at 0.03 percent.

Mortgage servicers are among the Enterprise's primary counterparties. At year-end 2016, the five largest mortgage servicers serviced 46 percent of the single-family guarantee book compared to 49 percent at year-end 2015, and the Enterprise's largest mortgage servicer serviced about 19 percent of the single-family book of business.

In recent years, the Enterprise has seen a shift in servicing to non-depository institutions, with the Enterprise's three largest non-depository mortgage servicers servicing approximately 10 percent of the total single-family guaranty book. Non-depository servicers often have a greater reliance on third-party sources of liquidity than depository servicers. In the event delinquent loan volumes increase, non-depository counterparties may have less financial capacity to satisfy repurchase requests.

Freddie Mac instituted updated financial requirements for single-family seller/servicers to create consistent and transparent business eligibility standards. The new standards include requirements for minimum net worth, capital ratios, and liquidity.

Mortgage insurers are Freddie Mac's largest counterparty exposure. To manage the risk arising from these counterparties Freddie Mac has implemented private mortgage insurer eligibility requirements and requirements for mortgage insurance policies associated with insured loans that are sold to Freddie Mac. Additionally, Freddie Mac conducts oversight of approved mortgage insurers including oversight of their financial position.

**Operational Risk** – Freddie Mac managed several significant projects underway during 2016, some of which are multi-year efforts. Freddie Mac continued to refine its oversight and reporting functions, providing improved status reporting of strategic projects. In 2016, Freddie Mac worked to develop its information management framework, including a data classification policy and information handling procedures. Despite improvements, Freddie Mac continues to face challenges and operational risk associated with project communication and coordination for large interdependent projects.

Throughout 2016, Freddie Mac continued to mature its business continuity and disaster recovery program, improving recovery time, reducing dependencies on in-region resources, and increasing business validation test coverage. Freddie Mac's business units continued work to validate the functionality of the majority of business applications.

# Report of Annual Examinations of Federal Home Loan Banks

**C**ongress passed the Federal Home Loan Bank Act in 1932 to establish the Federal Home Loan Bank System and reinvigorate a housing market devastated by the Great Depression. The current System includes 11 district FHLBanks, each serving a designated geographic area of the United States, and the OF, which issues consolidated obligations to fund the FHLBanks. The FHLBanks are member-owned cooperatives that

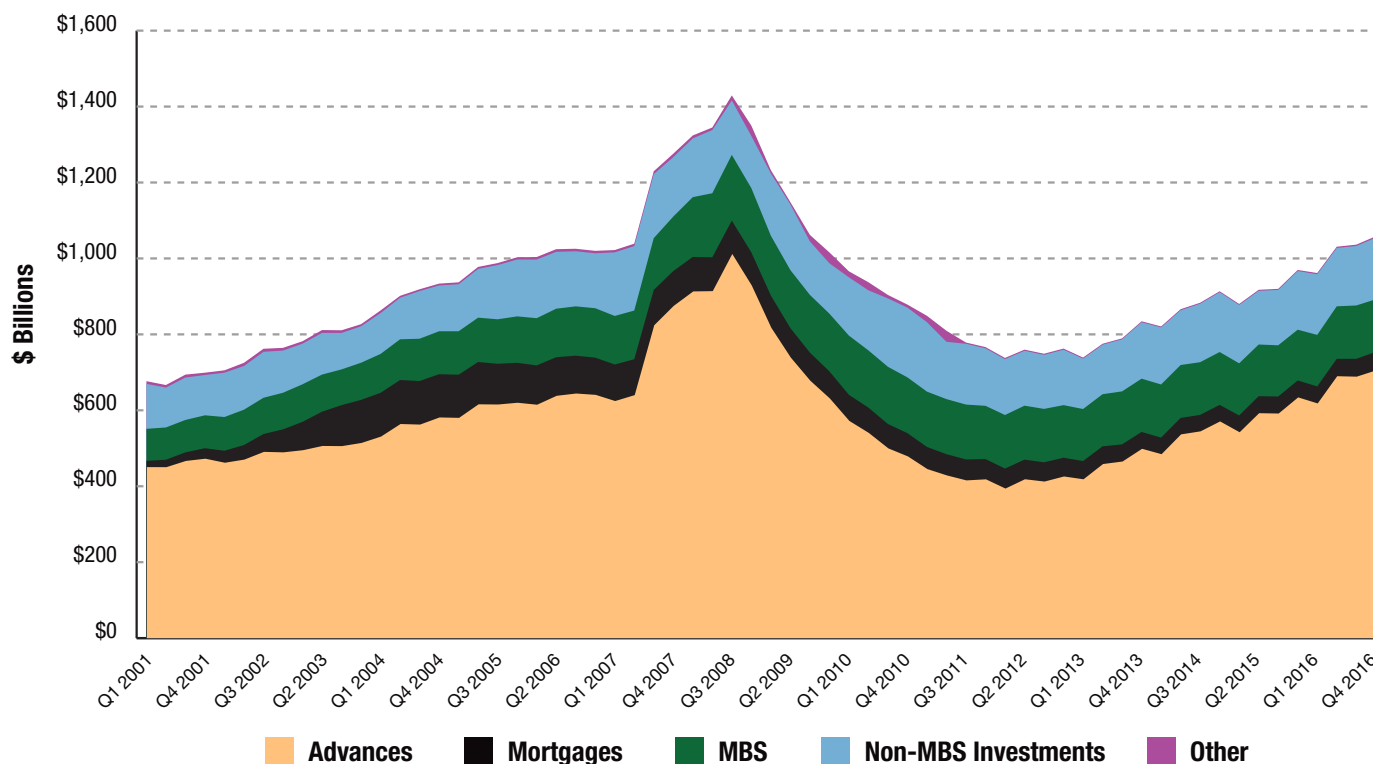
provide a reliable source of liquidity to member financial institutions by making loans, known as advances, to member institutions. These advances increase the available funding for residential mortgages.

## Financial Overview

The FHLBanks saw substantial asset growth in 2016 driven by increases in advances to members. Net income was strong at \$3.4 billion.

Total assets increased by \$88.8 billion, or 9.2 percent, in 2016 to \$1.06 trillion. At the end of 2016, aggregate assets reached their highest quarter-end level since September 30, 2009 (Figure 3). Advances increased by 11.2 percent, cash and investments increased by 4.4 percent, and mortgages increased by 8.8 percent. At year-end 2016, the FHLBanks held 66.6 percent of total assets in advances, 28.4 percent in cash and investments, and 4.6 percent in mortgages.

Figure 3 • Historical Portfolio of the FHLBank System



Source: Federal Housing Finance Agency

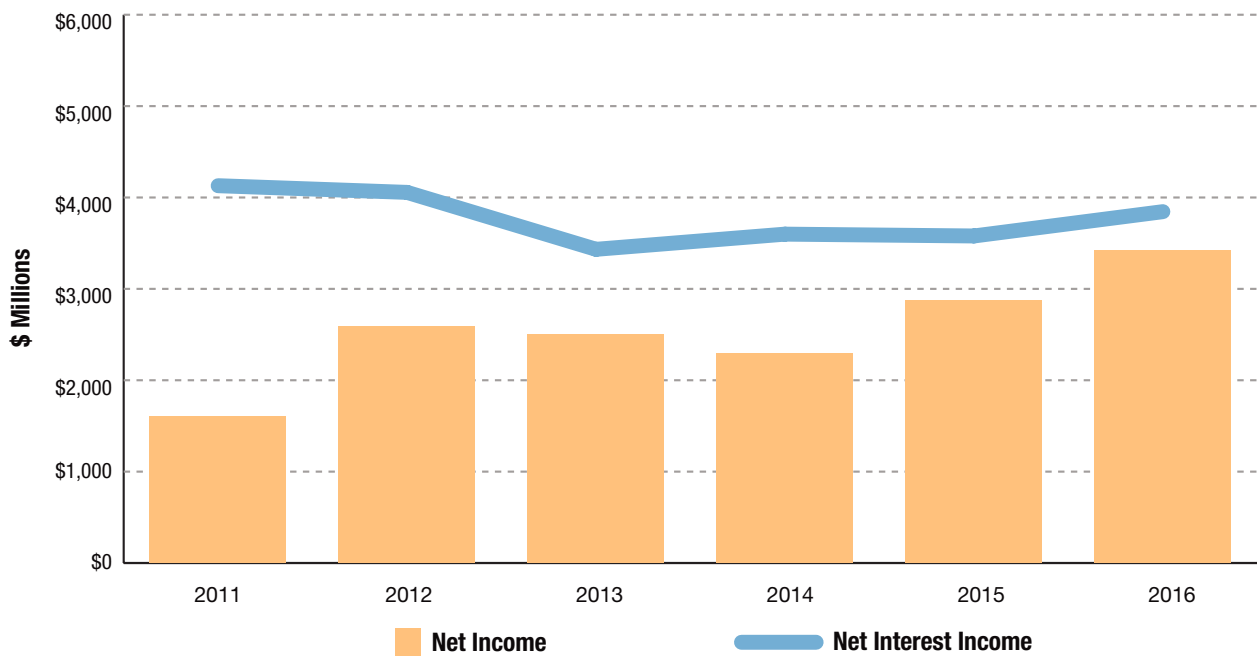
FHLBank holdings of private-label MBS continued to run off, while their holdings of MBS issued by Fannie Mae and Freddie Mac and liquidity investments increased marginally. The aggregate investment portfolio of the FHLBanks consists of 38.6 percent cash and liquidity, 37.5 percent MBS issued by the Enterprises, 4.9 percent Federal MBS,<sup>3</sup> 3.7 percent private-label MBS, and 20.2 percent other investments (principally agency debt securities and, for the FHLBank of Chicago, federally-backed student loan asset-backed securities). Mortgages held in portfolio grew 8.8 percent during 2016 to \$48.5 billion at year-end.

The FHLBanks reported aggregate net income of \$3.4 billion in 2016, up from \$2.9 billion in 2015, with 2016 replacing 2015 as the most profitable year in the history of the Federal Home Loan Bank System. All FHLBanks were profitable over the year. A \$266 million year-over-year increase in net interest income and a \$9 million decrease

in operating expenses supported higher earnings. The FHLBanks realized \$952 million in non-recurring gains from litigation settlements primarily related to private-label MBS and \$47 million in gains on derivatives in 2016.<sup>4</sup> Higher net interest income and large litigation gains were primarily responsible for the elevated 2016 earnings (Figure 4).

Poor performance of private-label MBS had a much smaller effect on the FHLBanks in 2016 than from 2009-2012. In 2016, the FHLBanks recorded impairment charges on these securities of only \$23 million, lower than the \$79 million reported in 2015 and substantially lower than the high of \$2.4 billion in 2009. In fact, in 2016 the FHLBanks accreted back \$259 million of income that they had previously recorded as losses. Though subject to risks, legacy private-label MBS assets have generally produced premium yields in recent years.

Figure 4 • FHLBanks Aggregate Net Interest Income and Net Income



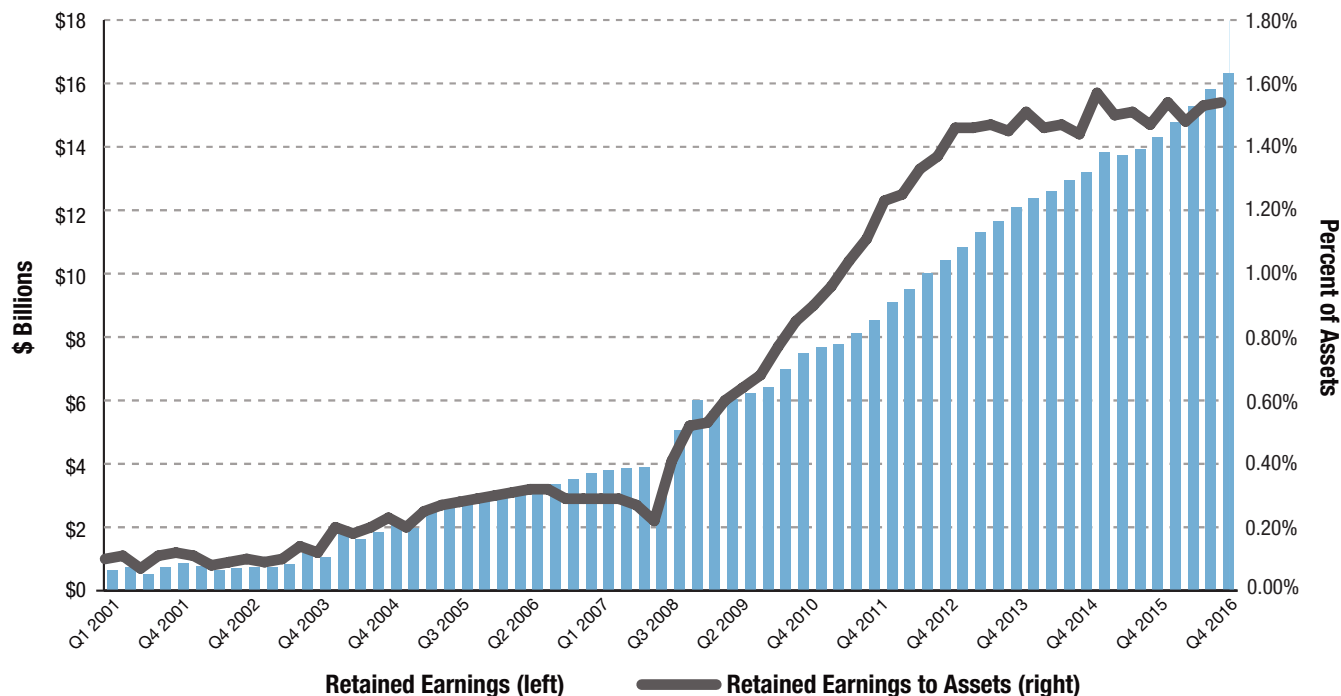
Source: Federal Housing Finance Agency

<sup>3</sup> Federal MBS are guaranteed by Ginnie Mae or the National Credit Union Administration.

<sup>4</sup> Most notably, the FHLBank of San Francisco received \$510 million and the FHLBank of Des Moines received \$376 million in settlements.



Figure 5 • Retained Earnings of the FHLBanks



Source: Federal Housing Finance Agency

Strong profitability allowed the FHLBanks to continue to build retained earnings in 2016. Aggregate retained earnings totaled \$16.3 billion, or 1.5 percent of assets, at the end of 2016. The total includes \$2.9 billion in restricted retained earnings associated with the Joint Capital Enhancement Agreement.<sup>5</sup> At year-end 2008, in the immediate aftermath of the financial crisis, the FHLBanks held only \$3.0 billion of aggregate retained earnings, representing 0.2 percent of assets (Figure 5).

**FHLBank Membership** – At the end of 2016, the FHLBanks had a total of 7,131 members. The membership consisted of 4,517 commercial banks, 1,388 credit unions, 782 thrifts, 399 insurance companies, and 45

non-depository community development financial institutions. Approximately 58 percent of FHLBank members were active borrowers. FHFA's final rule on FHLBank membership, published in January 2016, established a transition period of up to one year after the effective date of the rule for captive insurance companies that had joined a Federal Home Loan Bank after the Notice of Proposed Rulemaking on September 12, 2014. The rule required FHLBanks to terminate membership for captive in this group by February 19, 2017. The final rule allowed for a five-year transition period for captives that had joined prior to the Notice of Proposed Rulemaking, which means the FHLBank must terminate membership for captives in this group by February 2021.

<sup>5</sup> Until the third quarter of 2011, the FHLBanks were required to pay 20 percent of pre-assessment income to pay the interest on bonds issued by the Resolution Funding Corporation (REFCORP), the proceeds from which were used to resolve the savings and loan crisis of the late 1980s. After satisfying the total obligation with the July 2011 payment, the FHLBanks entered into the Joint Capital Enhancement Agreement, which requires each FHLBank to direct the funds previously paid to REFCORP into a restricted retained earnings account. The FHLBanks cannot pay dividends from this restricted retained earnings account and each FHLBank must continue to build it until it equals one percent of its average consolidated obligations.

**FHLBank Advances** – The FHLBanks provide long- and short-term advances (loans) to their members. Advances are primarily collateralized by residential mortgage loans, commercial real estate loans, and government and agency securities. Community financial institutions may pledge small business,<sup>6</sup> small farm, and small agri-business loans as collateral for advances.

In 2016, FHLBank advances increased by \$71.2 billion, to \$705.2 billion. The increase marked the fifth consecutive year of advance growth, following three consecutive years of declines. Although FHLBank advances have increased in recent years, demand for advances is below the levels experienced during the height of the global financial crisis. At year-end 2016, advances reached their highest quarter-end level since September 30, 2009. During 2016, eight FHLBanks reported increases in advances and three reported decreases. Typically, FHLBank members use advances to fund mortgage portfolios, meet operational liquidity needs or meet other funding requirements. In recent years, some larger members may have increased their use of advances to meet higher regulatory liquidity requirements.

Concentration of advances to subsidiaries of large bank holding companies remains high. The top four borrowers as of the end of 2016 – J.P. Morgan Chase, Wells Fargo, Citigroup, and PNC – accounted for 29.5 percent of aggregate advances (Figure 6). Combined, total year-end advances to subsidiaries of these four holding companies increased in 2016.<sup>7</sup> The largest increase came from Wells Fargo, which added \$40.0 billion in 2016, bringing its balance to \$77.1 billion. Citigroup and J.P. Morgan Chase also increased their borrowings by \$15.8 billion and \$7.9 billion, respectively.

**FHLBank Mortgage Programs** – The FHLBanks also operate both on-balance-sheet and off-balance-sheet programs through which members can sell mortgage loans. Under Acquired Member Assets (AMA) programs, the FHLBanks acquire and hold (on their balance sheet) conforming and government guaranteed or insured loans.

The AMA programs are structured such that the FHLBanks manage the interest-rate risk and the participating member manages a substantial portion of the risks associated with originating the mortgage, including much of the credit risk. Through the two existing AMA programs, Mortgage Partnership Finance™ (MPF) and Mortgage Purchase Program (MPP), FHLBanks offer various products to members with differing credit risk-sharing structures. In 2016, the FHLBanks purchased a total of \$12.5 billion of mortgages from their members to hold as AMA.

FHFA issued a final rule reorganizing the regulation governing AMA programs on December 19, 2016. Among other changes, the final rule removed or replaced references to Nationally Recognized Statistical Ratings Organizations (NRSRO), provided the FHLBanks greater flexibility in choosing the model they use to estimate the required credit enhancements, authorized the transfer of mortgage servicing rights on AMA loans to any institution, and allowed FHLBanks to acquire mortgage loans that exceed the conforming loan limit if they are guaranteed or insured by a department or agency of the U.S. government.

FHFA has also authorized off-balance-sheet mortgage programs, separate from AMA programs. Under the off-balance-sheet programs in operation as of the end of 2016, members of FHLBanks participating in off-balance-sheet mortgage programs sell mortgages to the FHLBank of Chicago, which either concurrently sells the loan to either Fannie Mae (MPF Xtra) or an investor (MPF Direct), or pools the loans into securities guaranteed by the Government National Mortgage Association (MPF Government MBS). In 2016, members delivered \$3.7 billion of mortgages under MPF Xtra and \$158 million of jumbo mortgages under MPF Direct. The members delivered \$438 million of mortgages to the FHLBank of Chicago to securitize through the MPF Government MBS program.

**Capital** – The FHLBanks' regulatory capital primarily consists of \$37.9 billion paid by member institutions for FHLBank capital stock and \$16.3 billion in retained earn-

<sup>6</sup> As defined in the Bank Act, the term community financial institution (CFI) means a member, the deposits of which are insured under the Federal Deposit Insurance Act, that has average total assets over the last three years at or below an established threshold. For calendar year 2016, the CFI asset threshold is \$1.128 billion. FHLBank members that are CFIs may pledge small business loans, small farm loans, small agri-business loans, and, for 2013 and thereafter, community development loans, all of which may be fully secured by collateral other than real estate, and securities representing a whole interest in such loans.

<sup>7</sup> All advance metrics for the four largest borrowers are expressed as par values and may not match previous advance data expressed as book values.

Figure 6 • Total Year-End FHLBank Advance Holdings (\$ Billions)<sup>8</sup>

Holding Company	2011	2012	2013	2014	2015	2016
JP Morgan Chase & Co.	17.8	42.0	61.8	65.0	71.5	79.5
Wells Fargo & Company	2.6	2.2	19.1	34.1	37.1	77.1
Citigroup Inc.	15.8	20.4	25.2	31.0	17.8	33.6
PNC Financial Services Group, Inc.	7.0	9.4	12.9	20.0	20.1	17.5
<b> Top 4 Borrowers<sup>9</sup> </b>	<b> 77.7 </b>	<b> 98.6 </b>	<b> 135.1 </b>	<b> 154.3 </b>	<b> 148.8 </b>	<b> 207.7 </b>
Other Members	325.5	315.1	357.4	411.9	482.4	496.5
<b> Aggregate Advances </b>	<b> 403.2 </b>	<b> 413.7 </b>	<b> 492.5 </b>	<b> 566.2 </b>	<b> 631.2 </b>	<b> 704.3 </b>
<b> Top 4 Share </b>	19.3%	23.8%	27.4%	27.3%	23.6%	29.5%

ings as of December 31, 2016. Aggregate retained earnings increased from 2015 but continued to be 1.5 percent of assets at the end of 2016. The ratio of retained earnings to assets ranged from 0.8 percent to 3.8 percent at the individual FHLBanks. At year-end 2016, all FHLBanks met both the minimum regulatory capital ratio of 4 percent of assets and their individual risk-based capital requirements.

Capital stock includes \$1.7 billion in mandatorily redeemable capital stock, which arises from stock redemption requests by members or capital stock held by former members. The rise in mandatorily redeemable capital stock from \$745 million in 2015 corresponded with the reclassification of captive insurance companies, which were deemed ineligible for membership in FHFA's final rule on FHLBank membership.

**Asset Quality** – Asset quality at the FHLBanks was generally adequate in 2016, though examiners identified areas where the FHLBanks could improve their practices, or where the FHLBanks were exposed to specific risks. The credit risk of the advance portfolios continues to be low. The FHLBanks require members to fully secure advances with eligible collateral before borrowing from the FHLBank, and no FHLBank has ever had a credit loss from advances to a member. The quality and value of collateral are fundamental in protecting the FHLBanks from credit

losses on advances. The FHLBanks apply a discount to the market value or book value<sup>10</sup> of the collateral, known as a “haircut,” based on the FHLBank's assessment of the risk of the asset. Examiner concerns included the documentation of assumptions and rationale for choices made on haircut and membership credit rating models.

While the overall risk of advances is low, some FHLBanks exhibit business concentrations to a few large borrowers, some FHLBanks have small or declining advance portfolios, and some have large exposures to insurance company members. Business concentration to a few large borrowers may lead to large declines in a FHLBank's advances if one of the large borrowers terminates its membership or otherwise decides not to renew its advances. Small or declining advance portfolios may lead to reduced operational efficiency or relative increases in other, riskier assets. Lending to insurance companies presents different risks relative to insured depository institutions, as each state has its own laws and regulatory framework for insurance companies.

Private-label MBS portfolios continued to be a source of credit risk to the FHLBanks in 2016. However, portfolios continue to wane and the risks are generally decreasing and are concentrated at a few FHLBanks. In many cases, FHLBanks have reclaimed previously recognized losses from these portfolios as the performance of the securities improved.

<sup>8</sup> Metrics in this table are expressed in par value and may not match financial statements expressed in book value.

<sup>9</sup> The member listing presents the top four borrowers in the latest period and their borrowing history going back five years. The top four summation and share presents the total borrowing of the top four in the given time period. As the top-four may have changed over time, the summation for previous quarters may include borrowing from members not listed above.

<sup>10</sup> For instance, book value is used for blanket lien listed collateral.

The serious delinquency rates on the FHLBanks' AMA have been low relative to the market at 0.69 percent in 2016, down from 0.94 percent at year-end 2015.

**Management** – Effective management of an FHLBank involves engaged, capable, and experienced directors and senior management, a coherent strategy and business plan, clear lines of responsibility and accountability, and appropriate risk limits and controls. Governance of the FHLBanks was adequate in 2016, though examiners identified several areas for improvement, including aspects of the internal audit and enterprise risk management functions. A few FHLBanks had violations for extending long-term advances to a member in excess of its residential housing finance assets.

**Earnings** – Aggregate net income at the FHLBanks was \$3.4 billion, marking the most profitable year in the history of the FHLBank System. Income was elevated in 2016 in part because of extraordinary items, including \$952 million in legal settlements in favor of some FHLBanks. The settlements related to private-label MBS securities purchased before the financial crisis.

Profitability metrics have increased with earnings. Return on assets averaged 34 basis points, up from 31 basis points in 2015, while return on equity averaged 6.9 percent, up from 6.1 percent.

While earnings continue to be strong, some FHLBanks rely on non-mission assets to support their earnings. At year-end 2016, 28 percent of FHLBank assets were investments, with concentrations at individual FHLBanks as high as 44 percent.

**Liquidity** – At year-end 2016, the FHLBanks held \$116.1 billion of cash and liquidity investments. The aggregate liquidity portfolio of the FHLBanks consisted of 6 percent cash, 42 percent federal funds sold, 45 percent reverse repurchase agreements, and the rest in certificates of deposit, loans to other FHLBanks, and interest bearing deposits.

The FHLBanks often issue discount notes, which are short term debt instruments with a maturity of one year or less and which are issued at a discount to their face value at maturity. After receiving guidance from FHFA and as a result of a coordinated effort by the FHLBanks, discount

notes decreased to 41.5 percent of aggregate FHLBank debt outstanding at year-end 2016 compared to 54.6 percent at year-end 2015. The FHLBanks have primarily turned to floating-rate bonds in replacing the discount notes. The total short-term debt outstanding (discount notes and bonds with maturities of one year or less), however, decreased less than a percentage point from 2015, to 75.4 percent. Short-term funding requires more frequent debt rollover than does longer-term funding. All FHLBanks met their liquidity requirements in 2016.

**Sensitivity to Market Risk** – Mortgage assets continue to be the greatest source of market risk. They are typically longer-dated instruments than most other FHLBank assets, have less predictable cash flows, and have experienced the greatest swings in market value. Mortgage assets, comprised of mortgage loans purchased from member institutions and MBS, were \$187 billion or 17.7 percent of total assets at the end of 2016, compared to \$178 billion or 18.4 percent at the end of 2015.

Some FHLBanks with significant mortgage holdings hedge the market risk by extensive use of callable bonds to fund those assets. Other FHLBanks use more complicated hedging strategies that involve interest-rate swaps, “swaptions” (options to enter into interest-rate swaps), and options. The FHLBanks are also exposed to “basis risk,” which arises when the index for a floating-rate asset does not move identically with the index for the supporting floating-rate liability.

The FHLBanks' market value of equity, which is the estimated market value of the FHLBank System's assets less the market value of its liabilities, is an important indicator of their ability to redeem or repurchase stock at par. Because all stock transactions occur at the par value of \$100 per share, the market value of an FHLBank's equity per share of capital stock should equal or exceed \$100.

The market value-to-capital stock ratios of the FHLBanks were again strong in 2016 averaging 145 percent of the par value of capital stock, highlighting their generally sound financial condition. All FHLBanks had market values greater than the par value of their capital stock, indicating their ability to exchange capital stock at par without adversely affecting other members.

Figure 7 • Market Value of Equity-to-Par Value of Capital Stock by Various Interest-Rate Changes

Parallel Interest Rate Change in Basis Points	-200	-100	-50	0	50	100	200
<b>Boston</b>	143	148	148	148	146	143	138
<b>New York</b>	126	123	123	123	122	122	121
<b>Pittsburgh</b>	136	130	129	129	129	128	128
<b>Atlanta</b>	150	139	138	138	137	136	132
<b>Cincinnati</b>	111	115	115	114	113	111	108
<b>Indianapolis</b>	153	158	158	157	155	153	148
<b>Chicago</b>	277	273	269	268	266	264	259
<b>Des Moines</b>	120	120	120	120	119	118	115
<b>Dallas</b>	154	152	151	152	152	152	152
<b>Topeka</b>	179	178	180	181	182	181	177
<b>San Francisco</b>	232	223	220	218	216	214	209

To measure the sensitivity of the market value of equity in a changing interest rate environment, Figure 7 shows the ratio at each FHLBank at year-end 2016 and the estimated change to the ratio in certain interest rate change scenarios. The estimated change in the ratio for each scenario is based on model results provided by the FHLBanks and restrict interest rates to non-negative values. Most FHLBanks show only modest changes in the ratio for these interest rate scenarios. The largest increase is 14 percentage points in a down 200-basis point scenario at the FHLBank of San Francisco, and the largest decrease is a 10 percentage point decline in an up 200-basis point scenario at the FHLBank of Boston. All FHLBanks report ratios above 100 percent in all 6 rate change scenarios.

**Operational Risk** – The FHLBanks engage in financial transactions that require financial models, technological resource systems, ledger accounting systems, and other processes that inherently expose them to operational risks.

While operational risk management was generally adequate, FHFA had supervisory concerns at some FHLBanks. Examiners identified areas that exhibited or could exhibit unacceptable operational risks in areas such as information security, vendor management, and business continuity. The internal control of user-developed applications,

such as spreadsheets, is also a concern at some FHLBanks.

#### **FHLBank Directors' Compensation and Expenses** –

The FHLBanks are governed by boards of directors ranging in size from 14 to 29. The majority of directors for the FHLBanks are officers or directors of member institutions with the remaining (at least 40 percent) being independent directors. Independent directors must reside in the FHLBank district for which they serve. They cannot be officers of a FHLBank or directors, officers, or employees of a member of the FHLBank on which they serve as directors.

The OF has a different structure, with five independent directors plus the FHLBank Presidents serving on its Board. The FHLBank Presidents do not receive compensation for their service on the OF board.

Before HERA, FHLBank directors' compensation had statutory caps. In 2009, with the implementation of HERA, the caps were lifted, and the FHLBanks were allowed to pay reasonable compensation for the time required of their board of directors and necessary expenses, subject to FHFA review.

Each of the 11 FHLBanks and the OF provide FHFA with its Directors Compensation Policy (the Policy), which establishes the maximum compensation for each director, the criteria each director needs to meet in order to

Figure 8 • 2016 Annual Maximum Compensation for FHLBank Directors

	Chair	Vice Chair	Audit Committee Chair	Other Committee Chairs	Directors
Atlanta	\$ 100,000	\$ 95,000	\$ 95,000	\$ 90,000	\$ 80,000
Boston	\$ 105,000	\$ 88,750	\$ 88,750	\$ 88,750	\$ 80,000
Chicago	\$ 105,000	\$ 95,000	\$ 95,000	\$ 90,000	\$ 85,000
Cincinnati	\$ 135,000	\$ 120,000	\$ 117,000	\$ 114,000	\$ 100,000
Dallas <sup>a</sup>	\$ 97,500	\$ 92,500	\$ 87,500	\$ 80,500	\$ 72,500
Des Moines	\$ 125,000	\$ 115,000	\$ 110,000	\$ 105,000	\$ 95,000
Indianapolis	\$ 125,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 95,000
New York	\$ 120,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 95,000
Office of Finance <sup>b</sup>	\$ 130,000	–	\$ 110,000	–	\$ 95,000
Pittsburgh	\$ 125,000	\$ 103,750	\$ 103,750	\$ 103,750	\$ 91,250
San Francisco <sup>c</sup>	\$ 115,000	\$ 100,000	\$ 100,000	\$ 95,000	\$ 80,000
Topeka <sup>d</sup>	\$ 125,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ 95,000
<b>Average</b>	\$ 117,292	\$ 103,182	\$ 101,833	\$ 98,364	\$ 88,646
<b>Median</b>	\$ 122,500	\$ 105,000	\$ 104,375	\$ 103,750	\$ 93,125

<sup>a</sup> The Chair of the Risk Committee and Chair of Strategic Planning, Operations and Technology Committee each receive \$87,500.

<sup>b</sup> The Vice Chair and “Other Committee” Chairs at the OF, when filled by one of the FHLBank Presidents, do not receive compensation for these responsibilities.

<sup>c</sup> Members of the audit committee receive an additional \$5,000.

<sup>d</sup> The Vice Chair for Topeka may receive maximum compensation of \$110,000 if he or she also served as chair of a committee.

receive that compensation, and the timing of payments for the upcoming year. FHFA assesses the maximum compensation utilizing third party market comparables. FHFA reviews each Policy to ensure that it contains provisions specifying that the FHLBank reduces compensation if the director does not participate in a sufficient number of meetings, or is found not to be a contributing member of the board. All of the FHLBanks and the OF have provisions for withholding compensation if a director’s attendance falls below a certain level. Based on the attendance reports and compensation paid reports submitted by each of the regulated entities for 2016, FHFA found that all of the FHLBanks and the OF complied with their policies and reduced director compensation when required. Reductions based on attendance occurred at two FHLBanks for two individual directors.

Figure 8 shows the maximum compensation available to the directors at each FHLBank and the OF for 2016. The figures in the table represent the approved maximum

compensation amounts for the listed board positions. However, an individual director who serves in multiple capacities for the board, such as chairing multiple committees, may receive higher compensation based upon specific provisions of the individual Bank’s approved Directors Compensation Policy.

FHFA includes certain spousal and guest payments as compensation. Spouse/guest payments include travel expenses reimbursed to the director and the cost of group events offered to directors and their guests in conjunction with a meeting such as banquets, meals, and entertainment, allocated based on attendance. Where spouse/guest expenses are treated as perquisites, the director is required to pay taxes on these expenses. The FHLBanks reported perquisites consistent with FHFA’s treatment in 2016.

Figure 9 reflects director compensation paid (and deferred) in 2016, in addition to amounts paid for spouse/guest travel in 2016.

Figure 9 • FHLBank Compensation for 2016

Federal Home Loan Bank	Director Compensation Paid in Cash		Director Deferred Compensation		Spouse/Guest Expenses		Total Director Compensation Paid (Cash + Deferred + Guest/Spouse Expenses)	
	Average	Total	Average	Total	Average	Total	Average	Total
Atlanta	\$ 63,185	\$ 884,593	\$ 20,692	\$ 289,693	\$ 2,146	\$ 30,044	\$ 86,024	\$ 1,204,330
Boston	\$ 49,877	\$ 798,025	\$ 36,061	\$ 576,975	\$ 0	\$ 0	\$ 85,938	\$ 1,375,000
Chicago	\$ 83,217	\$ 1,414,688	\$ 5,018	\$ 85,312	\$ 527	\$ 8,962	\$ 88,762	\$ 1,508,962
Cincinnati	\$ 107,529	\$ 1,828,000	\$ 0	\$ 0	\$ 1,093	\$ 18,576	\$ 108,622	\$ 1,846,576
Dallas	\$ 58,613	\$ 937,800	\$ 21,013	\$ 336,200	\$ 654	\$ 10,470	\$ 80,279	\$ 1,284,470
Des Moines*	\$ 87,267	\$ 2,530,750	\$ 12,388	\$ 359,250	\$ 231	\$ 6,712	\$ 99,887	\$ 2,896,712
Indianapolis	\$ 81,328	\$ 1,301,250	\$ 19,922	\$ 318,750	\$ 1,727	\$ 27,629	\$ 102,977	\$ 1,647,629
New York	\$ 94,836	\$ 1,801,875	\$ 0	\$ 0	\$ 818	\$ 15,533	\$ 95,653	\$ 1,817,408
Office of Finance	\$ 105,000	\$ 525,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 105,000	\$ 525,000
Pittsburgh	\$ 71,810	\$ 1,364,386	\$ 13,807	\$ 262,338	\$ 299	\$ 5,689	\$ 85,916	\$ 1,632,413
San Francisco	\$ 56,304	\$ 788,250	\$ 40,098	\$ 561,375	\$ 393	\$ 5,501	\$ 96,795	\$ 1,355,126
Topeka	\$ 100,248	\$ 1,603,962	\$ 0	\$ 0	\$ 2,686	\$ 42,981	\$ 102,934	\$ 1,646,943
<b>Total (all directors)</b>	<b>\$ 959,212</b>	<b>\$ 15,778,578</b>	<b>\$ 168,999</b>	<b>\$ 2,789,893</b>	<b>\$ 10,575</b>	<b>\$ 172,097</b>	<b>\$ 1,138,787</b>	<b>\$ 18,740,569</b>
<b>Average</b>	<b>\$ 79,934</b>	<b>\$ 1,314,882</b>	<b>\$ 14,083</b>	<b>\$ 232,491</b>	<b>\$ 881</b>	<b>\$ 14,341</b>	<b>\$ 94,899</b>	<b>\$ 1,561,714</b>
<b>Median</b>	<b>\$ 82,273</b>	<b>\$ 1,332,818</b>	<b>\$ 13,098</b>	<b>\$ 276,015</b>	<b>\$ 591</b>	<b>\$ 9,716</b>	<b>\$ 96,224</b>	<b>\$ 1,570,687</b>

\*FHLB Des Moines had 29 Directors in 2016 as they are still in transition from the merger with FHLB Seattle in 2015.

Figure 10 • FHLBank Director Expenses for 2016

Federal Home Loan Bank	Board Expenses Attributable to Directors		Director Training Expenses		Other Director Expenses (if any)		Group Expenses	
	Average	Total	Average	Total	Average	Total	Average	Total
Atlanta	\$ 11,924	\$ 166,937	\$ 3,813	\$ 53,381	\$ 794	\$ 11,120	\$ 5,180	\$ 72,517
Boston	\$ 3,907	\$ 62,509	\$ 724	\$ 11,583	\$ 1,187	\$ 18,992	\$ 2,107	\$ 33,719
Chicago	\$ 7,995	\$ 135,907	\$ 1,425	\$ 24,220	\$ 618	\$ 10,499	\$ 2,662	\$ 45,259
Cincinnati	\$ 10,922	\$ 185,666	\$ 1,585	\$ 26,942	\$ 0	\$ 0	\$ 2,010	\$ 34,176
Dallas	\$ 6,094	\$ 97,505	\$ 1,848	\$ 29,572	\$ 494	\$ 7,909	\$ 3,503	\$ 56,053
Des Moines	\$ 7,652	\$ 221,905	\$ 4,077	\$ 118,234	\$ 1,191	\$ 34,552	\$ 5,679	\$ 164,698
Indianapolis	\$ 9,350	\$ 149,608	\$ 2,540	\$ 40,633	\$ 664	\$ 10,618	\$ 5,664	\$ 90,629
New York	\$ 6,622	\$ 125,824	\$ 845	\$ 16,062	\$ 536	\$ 10,193	\$ 2,237	\$ 42,510
Office of Finance*	\$ 7,211	\$ 36,056	\$ 2,478	\$ 12,390	\$ 1,626	\$ 8,128	\$ 12,471	\$ 62,353
Pittsburgh	\$ 7,481	\$ 142,148	\$ 3,349	\$ 63,630	\$ 1,063	\$ 20,205	\$ 2,720	\$ 51,686
San Francisco	\$ 10,541	\$ 147,576	\$ 3,935	\$ 55,083	\$ 3,053	\$ 42,740	\$ 3,003	\$ 42,045
Topeka	\$ 9,448	\$ 151,161	\$ 936	\$ 14,983	\$ 886	\$ 14,181	\$ 2,256	\$ 36,098
<b>Total (all directors)</b>	<b>\$ 99,147</b>	<b>\$ 1,622,802</b>	<b>\$ 27,554</b>	<b>\$ 466,712</b>	<b>\$ 12,113</b>	<b>\$ 189,137</b>	<b>\$ 49,494</b>	<b>\$ 731,743</b>
<b>Average</b>	<b>\$ 8,262</b>	<b>\$ 120,133</b>	<b>\$ 2,489</b>	<b>\$ 35,730</b>	<b>\$ 1,119</b>	<b>\$ 17,238</b>	<b>\$ 3,948</b>	<b>\$ 59,243</b>
<b>Median</b>	<b>\$ 7,823</b>	<b>\$ 144,862</b>	<b>\$ 2,163</b>	<b>\$ 28,257</b>	<b>\$ 840</b>	<b>\$ 10,869</b>	<b>\$ 2,862</b>	<b>\$ 48,473</b>

\* Group expenses for the Office of Finance cover the full board including the 11 FHLBank Presidents.

Figure 11 • FHLBank Director Compensation and Expenses for 2016

Federal Home Loan Bank	Total Director Compensation Paid (Cash + Deferred + Spouse/Guest Expenses)		Total Director Expenses (All expenses including board expenses, training, group and other expenses)		Total Director Cost (Total Compensation + Total Expenses)	
	Average	Total	Average	Total	Average	Total
Atlanta	\$ 86,024	\$ 1,204,330	\$ 21,711	\$ 303,955	\$ 107,735	\$ 1,508,285
Boston	\$ 85,938	\$ 1,375,000	\$ 7,925	\$ 126,803	\$ 93,863	\$ 1,501,803
Chicago	\$ 88,762	\$ 1,508,962	\$ 12,699	\$ 215,885	\$ 101,462	\$ 1,724,847
Cincinnati	\$ 108,622	\$ 1,846,576	\$ 14,517	\$ 246,784	\$ 123,139	\$ 2,093,360
Dallas	\$ 80,279	\$ 1,284,470	\$ 11,940	\$ 191,038	\$ 92,219	\$ 1,475,509
Des Moines	\$ 99,887	\$ 2,896,712	\$ 18,600	\$ 539,389	\$ 118,486	\$ 3,436,101
Indianapolis	\$ 102,977	\$ 1,647,629	\$ 18,218	\$ 291,489	\$ 121,195	\$ 1,939,118
New York *	\$ 95,653	\$ 1,817,408	\$ 10,242	\$ 194,589	\$ 105,895	\$ 2,011,997
Office of Finance	\$ 105,000	\$ 525,000	\$ 23,785	\$ 118,927	\$ 128,785	\$ 643,927
Pittsburgh	\$ 85,916	\$ 1,632,413	\$ 14,614	\$ 277,669	\$ 100,531	\$ 1,910,082
San Francisco	\$ 96,795	\$ 1,355,126	\$ 20,532	\$ 287,444	\$ 117,326	\$ 1,642,570
Topeka	\$ 102,934	\$ 1,646,943	\$ 13,526	\$ 216,424	\$ 116,460	\$ 1,863,366
<b>Total (all directors)</b>	<b>\$ 1,138,787</b>	<b>\$ 18,740,569</b>	<b>\$ 188,309</b>	<b>\$ 3,010,395</b>	<b>\$ 1,327,096</b>	<b>\$ 21,750,964</b>
<b>Average</b>	<b>\$ 94,899</b>	<b>\$ 1,561,714</b>	<b>\$ 15,692</b>	<b>\$ 250,866</b>	<b>\$ 110,591</b>	<b>\$ 1,812,580</b>
<b>Median</b>	<b>\$ 96,224</b>	<b>\$ 1,570,687</b>	<b>\$ 14,565</b>	<b>\$ 231,604</b>	<b>\$ 112,098</b>	<b>\$ 1,794,107</b>

\* The FHLBank of New York had 19 directors in 2016; one director declined compensation. His expenses were approximately one-half of the average shown.

In addition to information about director compensation, the FHLBanks and the OF are required to submit to FHFA for review the expenses they pay for their boards of directors each year. In 2016, FHFA continued to request that the FHLBanks submit directors' expenses in detail. Figure 10 shows the expense per director and the total expense for the FHLBank for each category requested.

Board expenses attributable to directors include all items reimbursed to the director for his or her travel, including transportation and lodging, rental car, mileage, and meals while traveling. Board training expenses include expenses to pay for external speakers to address boards of directors meetings, board members to attend training conferences, and educational materials. The other director expense category includes expenses, whether reimbursed to the

director or paid directly by the FHLBank, for attendance at FHLBank-related events such as, but not limited to, annual member meetings, Chair/Vice Chair meetings, and Council of FHLBanks meetings. Group expenses include those expenses that are not directly attributable to individuals such as food and beverage service while meetings are in progress, audio-visual services, and meeting space.

Figure 11 is a summary table of the compensation and total expenses shown as an average per director and a total expenditure for each FHLBank.



## District 1 • The Federal Home Loan Bank of Boston<sup>11</sup>

**A**t year-end, the FHLBank of Boston was the eighth largest FHLBank, with assets of \$61.5 billion. Its balance sheet consisted of 63.5 percent advances, 6.0 percent mortgages, and 30.1 percent cash and investments. MBS investments totaled \$7.9 billion, of which \$820 million were private-label MBS. The FHLBank's MBS-to-regulatory capital ratio was 2.24, below the regulatory limit of 3.00 times capital. Funding through consolidated obligations totaled \$57.2 billion and comprised 52.5 percent discount notes and 47.5 percent bonds. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$38.8 billion.

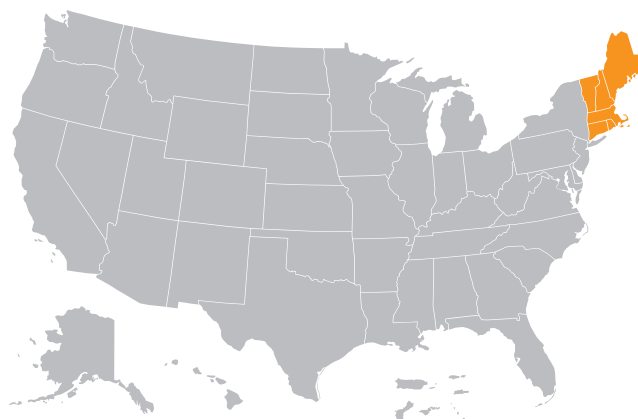
The FHLBank reported net income of \$173 million for the year, the eighth highest among the FHLBanks. Its return on assets of 0.29 percent was the sixth highest in the FHLBank System. Litigation settlements and improving private-label MBS cash flows bolstered the Bank's profitability significantly, with the FHLBank reporting net interest income of \$252 million and income resulting from settlements of \$39 million. The FHLBank's net interest spread of 0.38 percent was the fifth highest in the FHLBank System. While its yield on advances of 0.95 percent was the second highest of the FHLBanks, its cost of funds on consolidated obligations of 0.83 percent was the fourth highest. Operating expenses to assets of 0.12 percent were fifth highest of any FHLBank.

The FHLBank's regulatory capital ratio was 5.95 percent, which was the third highest in the FHLBank System. Its retained earnings of \$1.2 billion were the sixth highest in

the FHLBank System. Additionally, the FHLBank's market value of equity was 147.5 percent of the par value of its member capital stock.

The FHLBank had 447 members at year-end 2016: 174 thrifts, 159 credit unions, 64 commercial banks, 46 insurance companies, and 4 community development financial institutions. The FHLBank's 10 largest borrowers held 49.0 percent of total advances, the second lowest concentration in the FHLBank System.

At the time of its July 2016 examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory, with strong capital and liquidity positions. Further, the examination observed the credit risk exposure to the private-label MBS portfolio continued to decrease, and that the FHLBank had sufficient earnings to cover operations. However, the examination identified that management, with board oversight, needed to provide appropriate attention to model risk management and information security improvements. The examination also identified that the FHLBank's mortgage asset pricing framework, with associated profitability metrics, did not ensure adequate rates of return to compensate the FHLBank for the costs and risks assumed in holding long-term mortgage assets.



<sup>11</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Boston supplemented by year-end financial information.

## District 2 • The Federal Home Loan Bank of New York<sup>12</sup>

**A**t year-end, the FHLBank of New York was the second largest FHLBank with assets of \$143.6 billion. Its balance sheet consisted of 76.1 percent advances, 1.9 percent mortgages, and 21.7 percent cash and investments. Advances of \$109.3 billion represented 76.1 percent of total assets, which was the highest in the FHLBank System. The FHLBank held a small portfolio of private-label MBS, totaling \$233 million, or 0.2 percent of assets. Funding through consolidated obligations totaled \$134.1 billion and comprised 36.8 percent discount notes and 63.2 percent bonds. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled 104.6 billion.

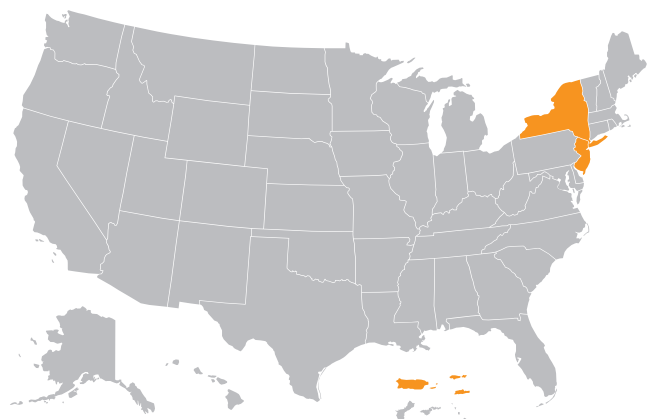
The FHLBank reported net income of \$401 million for the year, the third highest among the FHLBanks. Net interest income totaled \$554 million. Advances provided 67.6 percent of interest income, while investments and mortgages provided 26.0 percent and 6.4 percent, respectively. The FHLBank's net interest spread was 0.40 percent (fourth highest in the System), return on assets was 0.31 percent (fifth highest), and return on equity was 5.86 percent (sixth highest). At 0.96 percent, the FHLBank's yield on advances was the highest in the System. The FHLBank's cost of funds on consolidated obligations, at 0.67 percent, was the fourth lowest. Operating expenses of \$103 million were the third highest of any FHLBank in nominal terms, but at 0.08 percent, ranked third lowest (tied with two other FHLBanks) when measured as a percentage of total assets.

The FHLBank's regulatory capital ratio was 5.40 percent, which was the fourth highest in the FHLBank System, and its \$7.8 billion of regulatory capital comprised \$6.3 billion capital stock, \$1.4 billion retained earnings, and \$31 million mandatorily redeemable capital stock. The FHLBank's permanent capital to risk-based capital ratio, at 11.02 times, was the highest in the FHLBank System.

Total retained earnings of \$1.4 billion were equivalent to 201 percent of the FHLBank's risk-based capital requirement. The FHLBank's market value of equity was 122.6 percent of the par value of member capital.

The FHLBank had 328 members at year-end 2016: 137 commercial banks, 90 credit unions, 84 thrifts, 14 insurance companies, and 3 community development financial institutions. The FHLBank's 10 largest borrowers held 73.8 percent of total advances.

At the time of its April 2016 examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory with strong capital, earnings, and liquidity positions. The examination found that the FHLBank's core mission asset ratio was among the highest in the System, exposure to private-label MBS was very low, the FHLBank's retained earnings level was adequate relative to risk, and its risk profile was among the strongest in the System. Nevertheless, the examination identified weaknesses related to market risk model management, Internal Audit's assessment of enterprise risk management, and ongoing issues in the administration and oversight of the Affordable Housing Program (AHP). In addition, the examination identified that the FHLBank's failure to comply with the reporting requirements of the FHFA data reporting manual resulted in statutory and regulatory violations.



<sup>12</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of New York supplemented by year-end financial information.

## District 3 • The Federal Home Loan Bank of Pittsburgh<sup>13</sup>

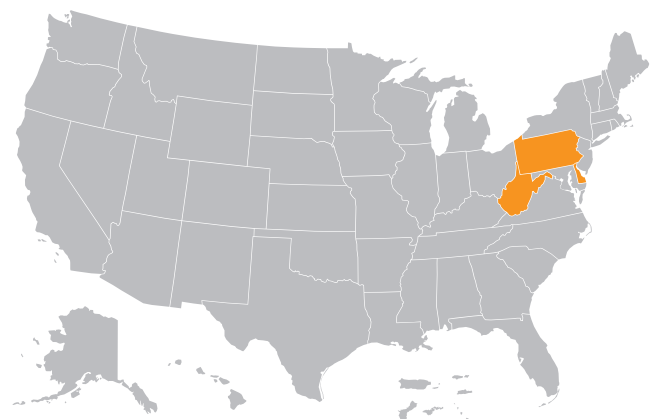
**A**t year-end, the FHLBank of Pittsburgh was the fifth largest FHLBank, with assets of \$101.3 billion. Its balance sheet consisted of 75.9 percent advances, 3.4 percent mortgages, and 20.6 percent cash and investments. MBS investments totaled \$7.7 billion, of which \$1.1 billion were private-label MBS. Although 81.6 percent of private-label MBS were below investment-grade, they represented less than 1 percent of total assets. Advances grew 3.1 percent to reach \$76.8 billion at year-end. Advances with a remaining maturity of one year or less totaled \$38.6 billion. Funding through consolidated obligations totaled \$95.7 billion and comprised 70.2 percent bonds and 29.8 percent discount notes. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$74.2 billion.

The FHLBank reported net income of \$260 million for the year and return on assets of 0.28 percent, both seventh highest among the FHLBanks. Net interest income totaled \$349 million. Interest income on advances totaled \$589 million, representing 59.7 percent of total interest income. The FHLBank's net interest spread of 0.35 percent was the sixth highest in the FHLBank System, nominally rising from 0.34 percent in 2015. Yield on advances of 0.90 percent was the third highest, and the cost of funds on consolidated obligations of 0.73 percent was fifth highest in the FHLBank System. Operating expenses of \$74 million were the seventh highest in nominal terms and tied for seventh highest (with two other FHLBanks) when compared to total assets at 0.08 percent.

The FHLBank's regulatory capital ratio was 4.69 percent, which was the third lowest in the FHLBank System. Its retained earnings of \$986 million were the fifth lowest in nominal terms and third lowest when compared to total assets at 0.97 percent. The FHLBank's market value of equity was 128.9 percent of the par value of its member capital stock.

The FHLBank had 304 members at year-end 2016: 162 commercial banks, 64 thrifts, 53 credit unions, 23 insurance companies, and two community development financial institutions. The FHLBank's 10 largest borrowers held 85.9 percent of total advances, the highest concentration in the FHLBank System.

At the time of its April 2016 examination, FHFA concluded the FHLBank's overall condition and operations were strong. The examination found that the FHLBank remained in sound overall condition, adhered to its core mission focus, and continued its strong financial performance. The most significant concerns identified by the examination pertained to strengthening business continuity plan testing and establishing a more satisfactory disaster recovery site location. In addition, the examination recommended a more formal framework for pricing Mortgage Partnership Finance (MPF) loans and a continued refinement of the FHLBank's analytical support for collateral haircuts.



<sup>13</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Pittsburgh supplemented by year-end financial information.

## District 4 • The Federal Home Loan Bank of Atlanta<sup>14</sup>

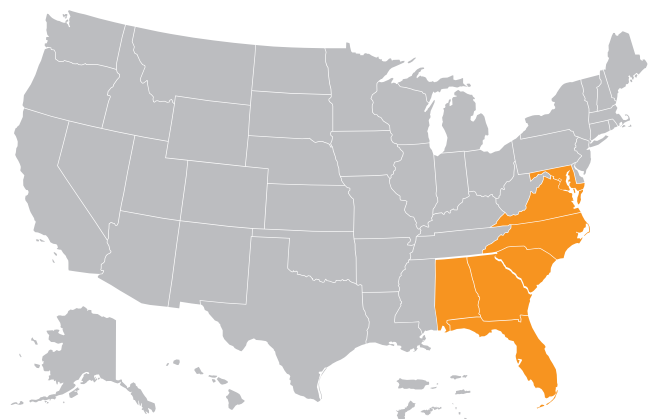
**A**t year-end, the FHLBank of Atlanta was the third largest FHLBank, with assets of \$138.7 billion. Its balance sheet consisted of 71.5 percent advances, 0.4 percent mortgages, and 27.6 percent cash and investments. MBS investments totaled \$19.9 billion, of which \$2.1 billion were private-label MBS. Although 87.0 percent of private-label MBS were below investment-grade, they represented 1.3 percent of assets. Advances totaled \$99.1 billion at year-end, down 4.9 percent from 2015. Advances of \$47.3 billion had a remaining maturity of less than one year. Funding through consolidated obligations totaled \$129.9 billion and comprised 31.8 percent discount notes and 68.2 percent bonds. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$106.7 billion.

The FHLBank reported net income of \$278 million for the year, the fifth highest among the FHLBanks. However, its profitability metrics, including net interest spread of 0.21 percent (lowest among the FHLBanks), return on assets of 0.20 percent, and return on equity of 4.08 percent (both second lowest), trailed FHLBank System averages due to its higher relative volume of advances and accounting adjustments related to certain swapped advances. Advances provided 52.7 percent of interest income, while investments and mortgages provided 44.2 percent and 2.8 percent, respectively. Operating expenses of \$117 million were the third highest of any FHLBank in nominal terms, but ranked seventh highest (tied with two other FHLBanks) when compared to total assets at 0.08 percent.

The FHLBank's regulatory capital ratio was 4.94 percent, which was the fifth highest in the FHLBank System. Retained earnings were the third highest of any FHLBank in nominal terms at \$1.9 billion, which equated to 111.2 percent of required risk-based capital. The FHLBank's market value of equity was 138.0 percent of the par value of its member capital stock. Excess stock, which is the balance of an entity's FHLBank stock that is greater than its membership and activity requirements, was negligible because the FHLBank frequently redeems such stock.

The FHLBank had 900 members at year-end 2016: 576 commercial banks, 210 credit unions, 83 thrifts, 24 insurance companies, and seven community development financial institutions. The FHLBank's 10 largest borrowers held 68.7 percent of total advances.

At the time of its January 2016 examination, FHFA concluded the FHLBank's overall condition and operations were strong, particularly in the areas of management, asset quality, earnings, capital, and liquidity. The examination found that the FHLBank had an advance-oriented mission focus and a low-risk profile. However, the examination identified weaknesses pertaining to methodologies used to establish discounts to and market values for residential loan collateral and related model validations.



<sup>14</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Atlanta supplemented by year-end financial information.

## District 5 • The Federal Home Loan Bank of Cincinnati<sup>15</sup>

**A**t year-end, the FHLBank of Cincinnati was the fourth largest FHLBank, with assets of \$104.6 billion. Its balance sheet consisted of 66.8 percent advances, 8.7 percent mortgages, and 24.2 percent cash and investments, including \$10.8 billion of liquid assets. MBS investments totaled \$14.5 billion with no private-label MBS. Advances decreased by \$3.4 billion from the prior year-end to \$69.9 billion. Advances of \$23.1 billion had a remaining maturity of less than one year and \$45.2 billion of total advances reprice monthly or quarterly. Funding through consolidated obligations totaled \$97.9 billion and comprised 45.7 percent discount notes and 54.3 percent bonds. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$65.7 billion.

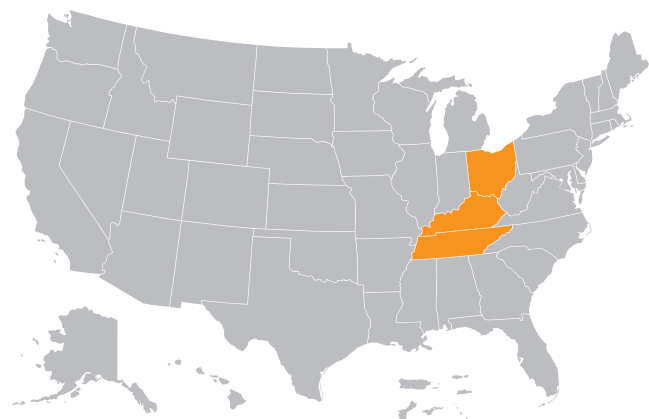
The FHLBank reported net income of \$268 million for the year, the sixth highest among the FHLBanks. Return on assets of 0.25 percent was the eighth highest. Net interest income totaled \$363 million. Interest income on mortgages totaled \$261 million and represented 21.3 percent of total interest income. The FHLBank's net interest spread of 0.30 percent was the fourth lowest in the System, but increased from 0.27 percent in 2015. Its yield on advances of 0.85 percent was tied for the fourth highest in the FHLBank System, and its cost of funds on consolidated obligations of 0.87 percent was the third highest in the System. Operating expenses of \$68 million were the second lowest of any FHLBank in nominal terms, and tied for lowest when compared to total assets at 0.06 percent.

The FHLBank's regulatory capital ratio was 4.80 percent, which was the sixth highest in the System. Its retained earnings were the third lowest of any FHLBank in nominal

terms at \$834 million and fifth highest when compared to required risk-based capital at 143.8 percent. The FHLBank had the highest excess stock to total stock ratio in the FHLBank System at 20.9 percent. The FHLBank's market value of equity was 113.8 percent of the par value of its member capital stock, lowest in the System.

The FHLBank had 687 members at year-end 2016: 398 commercial banks, 130 credit unions, 100 thrifts, 55 insurance companies, and four community development financial institutions. The FHLBank's 10 largest borrowers held 80.7 percent of total advances, the second highest concentration in the System.

At the time of its April 2016 examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory. The examination found that the FHLBank had an experienced and stable senior management team; a strong mission orientation; adequate capital and liquidity positions; sufficient earnings to fund operations, build retained earnings, and pay dividends; and moderate sensitivity to market risk. The primary concerns identified by the examination related to the FHLBank's capital position and reliance on excess capital, member collateral modeling, MPP governance and quality control, vendor management, option adjusted spread requirements for mortgage asset purchases, and letter of credit controls.



<sup>15</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Cincinnati supplemented by year-end financial information.

## District 6 • The Federal Home Loan Bank of Indianapolis<sup>16</sup>

**A**t year-end, the FHLBank of Indianapolis was the second smallest FHLBank with assets of \$53.9 billion. Its balance sheet consisted of 52.1 percent advances, 17.6 percent mortgages, and 29.7 percent cash and investments. The FHLBank's proportion of mortgage loans to assets was the highest among the FHLBanks at 17.6 percent, and its proportion of advances to assets was the lowest at 52.1 percent. MBS investments totaled \$7.2 billion, of which \$328 million were private-label MBS. Although 92.1 percent of private-label MBS were below investment-grade, they represented less than 1 percent of assets. Approximately 44.8 percent of the FHLBank's \$28.1 billion in advances outstanding had a remaining maturity of one year or less. Funding through consolidated obligations totaled \$50.3 billion and comprised 33.4 percent discount notes and 66.6 percent bonds. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$33.1 billion.

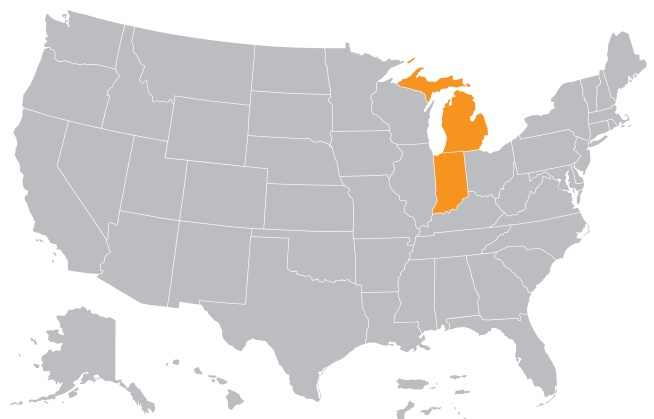
The FHLBank reported net income of \$113 million for the year, the second lowest among the FHLBanks. Total interest income of \$695 million comprised \$220 million advance income, \$201 million investment income, and \$274 million acquired mortgage loan income. Income from acquired mortgage loans represented 39.5 percent of total interest income. The proportion of income from advances to total interest income was 31.6 percent, the second lowest in the System. The FHLBank's net interest spread of 0.34 percent ranked seventh highest, and its return on assets of 0.22 percent ranked third lowest. Its yield on advances of 0.85 percent ranked fourth highest, and its cost of funds on consolidated obligations of 1.02 percent was the second highest. Operating expenses of \$71 million were the fourth lowest of any FHLBank in nominal terms, and tied for third highest when compared to total assets at 0.14 percent.

The FHLBank's regulatory capital ratio was 4.73 percent, the fourth lowest in the System. Its retained earnings of

\$887 million were the fourth lowest in nominal terms, and the third lowest when compared to its risk-based capital requirement of 116.6 percent. The FHLBank's market value of equity was 156.6 percent of the par value of its member capital stock.

The FHLBank had 394 members at year-end 2016: 175 commercial banks, 121 credit unions, 60 insurance companies, 35 thrifts, and three community development financial institutions. Insurance company advances represented 53.1 percent of the FHLBank's advances outstanding, the highest of any FHLBank. The FHLBank's 10 largest borrowers held 62.7 percent of total advances.

At the time of its July 2016 examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory. The examination identified that operational risk remained elevated because of repeat deficiencies related to the FHLBank's business continuity planning and disaster recovery readiness, along with ongoing organizational changes and information technology projects. Further, the examination identified that the FHLBank needed to improve system access administration practices and enhance internal controls and due diligence related to member credit activities. Additionally, the examination identified necessary improvements to the FHLBank's risk limit framework to enhance market risk management of the large mortgage portfolio.



<sup>16</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Indianapolis supplemented by year-end financial information.

## District 7 • The Federal Home Loan Bank of Chicago<sup>17</sup>

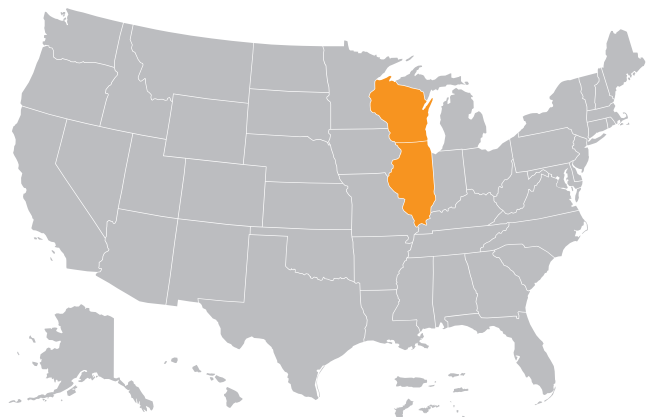
**A**t year-end 2016, the FHLBank of Chicago was the seventh largest FHLBank, with assets of \$78.7 billion. Its balance sheet consisted of 57.3 percent advances, 6.3 percent mortgages, and 36.1 percent cash and investments. MBS investments totaled \$13.6 billion, of which \$735 million were private-label MBS. Credit risk declined as the private-label MBS portfolio decreased and constituted only 0.90 percent of total assets at year-end. Advances increased 22.5 percent in 2016 as the Bank continued its core mission orientation improvement. Funding from consolidated obligations rose to \$72.8 billion, and comprised 50.7 percent bonds and 49.3 percent discount notes. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$50.2 billion.

While net income of \$327 million in 2016 declined from \$349 million in 2015, the FHLBank still achieved the fourth highest in the FHLBank System. The FHLBank's net interest spread of 0.51 percent and net interest margin of 0.59 percent were the highest in the FHLBank System. Its return on assets of 0.42 percent and return on equity of 7.18 percent are the second and fourth highest in the System, respectively. The FHLBank's earnings were largely generated by its large investment portfolio. The yield on investments of 2.50 percent continued to be the highest in the FHLBank System. Operating expenses of \$155 million were the highest of any FHLBank in nominal terms, and also highest when compared to total assets at 0.20 percent. The FHLBank functions as the MPF provider, essentially the "back office," for the MPP participated in by most of the other FHLBanks. The provider function contributed significantly to the FHLBank's operating expenses.

The FHLBank's regulatory capital ratio was 6.40 percent, which was tied with another FHLBank for the largest in the System. Its retained earnings of \$3.0 billion were the second highest in nominal terms and the highest when compared to total assets at 3.84 percent. The FHLBank's market value of equity was 267.5 percent of the par value of its member capital, the largest in the System.

The FHLBank had 729 members at year-end 2016: 524 commercial banks, 82 thrifts, 79 credit unions, 40 insurance companies, and four community development financial institutions. The FHLBank's 10 largest borrowers held 75.8 percent of total advances.

At the time of its October 2016 examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory with a strong capital position, satisfactory earnings, conservative dividend practices and generally sound risk management practices. Management has been generally effective in addressing supervisory concerns. However, the examination identified weaknesses in the FHLBank's collateral management practices, IT security, data protection, MPF loan servicing, and model risk management.



<sup>17</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Chicago supplemented by year-end financial information.

## District 8 • The Federal Home Loan Bank of Des Moines<sup>18</sup>

**A**t year-end, the FHLBank of Des Moines was the largest FHLBank, with assets of \$180.6 billion. Its balance sheet consisted of 72.9 percent advances, 3.8 percent mortgages, and 23.0 percent cash and investments. MBS investments totaled \$20.8 billion, with negligible investments in private-label MBS. Advances increased substantially during 2016 and totaled \$131.6 billion, an increase of 47.6 percent. Funding through consolidated obligations totaled \$170.8 billion and comprised 47.4 percent discount notes and 52.6 percent bonds. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$128.8 billion.

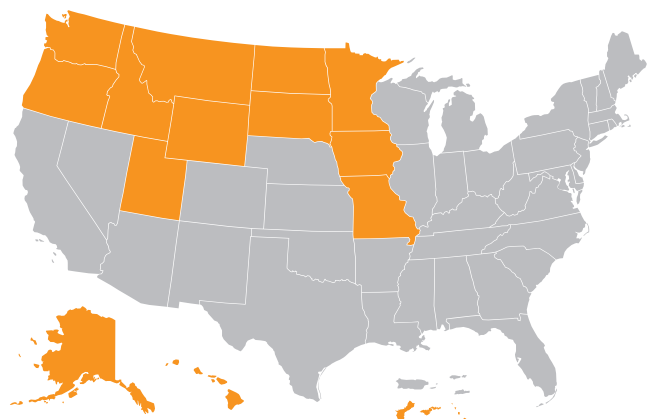
The FHLBank reported net income of \$649 million for the year, which was the second highest among the FHLBanks. Net income was supplemented by the receipt of \$376 million in settlements on private label MBS litigation. Return on assets was 0.40 percent, which was the third highest among the FHLBanks. Net interest income totaled \$446 million. Interest income on investments totaled \$372 million, representing 24.4 percent of total interest income. The FHLBank's net interest spread of 0.24 percent was the second lowest in the FHLBank System. The FHLBank's yield on advances of 0.77 percent was the fourth lowest, and its cost of funds on consolidated obligations of 0.68 percent was the fifth lowest. Operating expenses of \$94 million were the fifth highest in nominal terms, but tied for the lowest with another FHLBank when compared to total assets at 0.06 percent.

The FHLBank's regulatory capital ratio of 4.48 percent was the second lowest in the FHLBank System. While the regulatory capital ratio was comparatively low, the FHLBank met all capital requirements and held little excess stock.

The FHLBank had retained earnings totaling \$1.5 billion and continued to build retained earnings through contributions from current income. The FHLBank also reported \$52 million in "additional capital from merger," which reflected the fair value of net assets acquired in the 2015 merger with the former FHLBank of Seattle. Its market value of capital stock was 119.6 percent of par value, the second lowest in the FHLBank System.

The FHLBank had 1,422 members at year-end 2016: 1,061 commercial banks, 231 credit unions, 68 insurance companies, 57 thrifts, and five community development financial institutions. The FHLBank's 10 largest borrowers held 78.6 percent of total advances.

At the time of its September 2016 examination, FHFA had supervisory concern about the FHLBank. The examination found that operational risk was high and risk management practices needed improvement. The examination also noted that the FHLBank's independent auditors and management concluded that the FHLBank did not maintain, in all material respects, effective controls over financial reporting as of December 31, 2015. The examination also determined that close oversight by FHFA was warranted because of the level of operational risk, a significant credit concentration to one large commercial bank member, and identified deficiencies in the FHLBank's internal control environment.



<sup>18</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Des Moines supplemented by year-end financial information.



## District 9 • The Federal Home Loan Bank of Dallas<sup>28</sup>

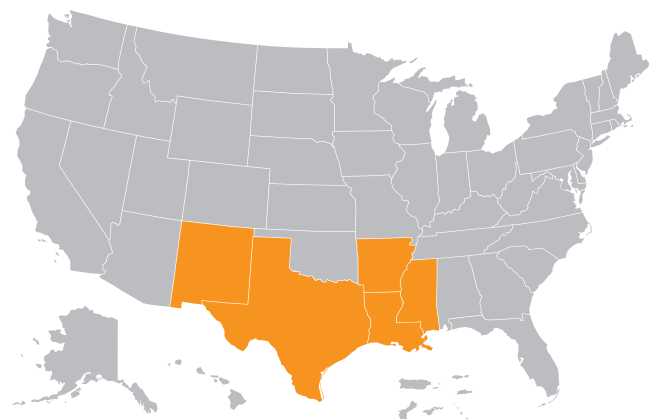
**A**t year-end, the FHLBank of Dallas was the third smallest FHLBank, with assets of \$58.2 billion. The FHLBank experienced strong asset growth of \$16.1 billion during 2016. Its balance sheet consisted of 55.8 percent advances, 0.21 percent mortgages, and 43.7 percent cash and investments. The FHLBank held \$32.5 billion in advances, \$25.4 billion in cash and investments, and \$124 million in mortgage loans. MBS investments totaled \$8.2 billion, of which \$98 million were private-label MBS. Advance balances, which declined from 2008 through early 2014, continued to increase in 2016 by approximately \$7.8 billion. Funding through consolidated obligations totaled \$53.9 billion and comprised 49.9 percent discount notes and 50.1 percent bonds. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$43.6 billion.

The FHLBank reported net income of \$79 million for the year, the lowest among the FHLBanks. The return on assets was 0.15 percent, which was also the lowest. Net interest income totaled \$165 million. The FHLBank's net interest spread was 0.28 percent, which was the third lowest of all FHLBanks. The FHLBank's yield on advances was 0.72 percent (third lowest) and its cost of funds on consolidated obligations was 0.52 percent (the lowest). Operating expenses of \$76 million were the sixth highest of any FHLBank in nominal terms, but tied for third highest when compared to total assets at 0.14 percent.

The FHLBank's regulatory capital ratio was 4.74 percent, which was the seventh highest in the System, and its capital comprised \$1.9 billion capital stock and \$824 million retained earnings. Its retained earnings were equivalent to 120 percent of its risk-based capital requirement. The FHLBank's market value of equity was 151.6 percent of the par value of its member capital stock.

The FHLBank had 831 members at year-end 2016: 621 commercial banks, 108 credit unions, 60 thrifts, 37 insurance companies, and five community development financial institutions. The FHLBank's 10 largest borrowers held 41.6 percent of total advances, the lowest concentration in the FHLBank system.

At the time of its January 2016 examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory with strong capital and liquidity positions. The examination found that the FHLBank was an institution in transition with management continuing to make operational improvements. The examination also found that the FHLBank continued to experience low net income and high operating expenses resulting in low core earnings. In addition, the examination identified that a mismatch existed between asset and liability maturities, the excessive use of short term debt for funding and liquidity sources, and the need to devote more time and resources to certain components of its cybersecurity program.



<sup>19</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Dallas supplemented by year-end financial information.

## District 10 • The Federal Home Loan Bank of Topeka<sup>20</sup>

**A**t year-end, the FHLBank of Topeka was the smallest FHLBank with total assets of \$45.2 billion. Its balance sheet consisted of 53.1 percent advances, 31.9 percent cash and investments, and 14.7 percent mortgage loans. Advances increased during 2016 by 1.7 percent to \$24.0 billion. Cash and investments grew 4.4 percent because of increases in liquid investments and Agency MBS. The mortgage loans portfolio increased by 3.9 percent, which was the third consecutive yearly increase. The mortgage loans to assets ratio increased slightly and remained the second highest in the FHLBank System. Funding from consolidated obligations rose to \$42.5 billion, and comprised 48.8 percent bonds and 51.2 percent discount notes. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$32.8 billion.

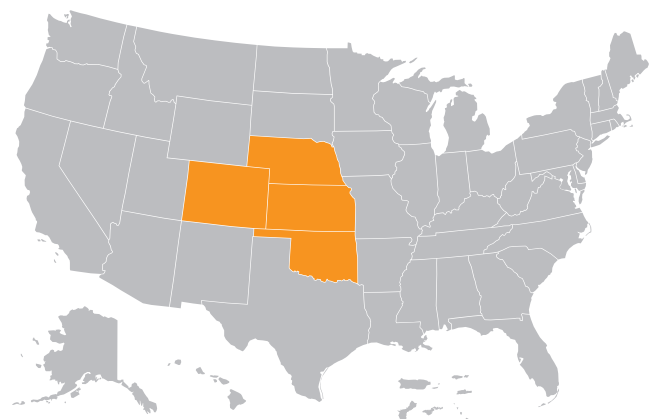
The FHLBank reported net income of \$162 million, the third lowest among the FHLBanks, although up from \$93 million in 2015 and \$106 million in 2014. Net income increased significantly due to higher net interest income (i.e. increased asset yields) coupled with less volatility in the other income categories, particularly unrealized gains and losses. The resulting return on assets of 0.33 percent was the fourth highest in the FHLBank System. Net interest income increased for the third consecutive year and totaled \$257 million. The net interest spread of 0.50 percent was the second highest in the FHLBank System. Operating expenses of \$53 million were the lowest of any FHLBank in nominal terms but ranked sixth highest when compared to total assets at 0.11 percent.

The FHLBank's regulatory capital ratio was 4.34 percent, the lowest in the FHLBank System. Its retained earnings were the lowest of any FHLBank in nominal terms at \$735 million, but remained fifth highest when compared to

total assets at 1.63 percent. The FHLBank's ratio of market value of equity to the par value of capital stock was the third highest at 181 percent.

The FHLBank had 756 members at year-end 2016: 624 commercial banks, 80 credit unions, 29 thrifts, 21 insurance companies, and two community development financial institutions. The FHLBank's membership was heavily concentrated in community financial institutions with assets less than \$1.1 billion, and the 10 largest borrowers held 61.1 percent of total advances.

At the time of its September 2016 examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory with strong capital, asset quality, and liquidity positions. However, the examination determined that the FHLBank lacked a satisfactory project plan to guide and expedite an effective and timely transition of its market risk measurement model, and that management had not demonstrated how its pricing for certain advances with prepayment options met regulatory requirements. The examination also identified that the FHLBank lacked important control mechanisms for both its end-user applications process and vendor management program. Finally, unforeseen events subsequent to the onsite portion of the examination raised questions regarding the depth of executive management and succession planning prospectively.



<sup>20</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of Topeka supplemented by year-end financial information.

## District 11 • The Federal Home Loan Bank of San Francisco<sup>21</sup>

**A**t year-end, the FHLBank of San Francisco was the sixth largest FHLBank, with assets of \$91.9 billion. Its balance sheet consisted of 54.2 percent advances, 0.9 percent mortgages, and 44.6 percent cash and investments. MBS investments totaled \$17.0 billion, of which \$5.6 billion were private-label MBS. Approximately 91.7 percent of private-label MBS were below investment-grade. Roughly \$22.9 billion of advances had a remaining maturity of less than one year. Advances have declined to \$49.8 billion from a peak of \$263.0 billion at September 30, 2008. Funding through consolidated obligations totaled \$83.7 billion and comprised 40.0 percent discount notes and 60.0 percent bonds. Consolidated obligations with a remaining maturity of one year or less, including discount notes, totaled \$67.4 billion.

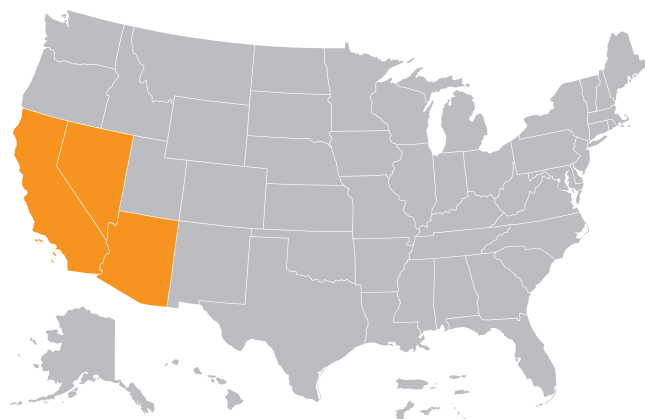
The FHLBank reported net income of \$712 million for the year, the highest among the FHLBanks. Income included \$510 million in private-label MBS litigation settlements over the year. Return on assets of 0.77 percent was the highest in the FHLBank System. Net interest income totaled \$471 million. The FHLBank's net interest spread of 0.47 percent was the third highest in the FHLBank System but was down from 0.54 percent in 2015. Operating expenses of \$147 million were the second highest of any FHLBank in nominal terms and also ranked second when compared to total assets at 0.16 percent. Dividends on mandatorily redeemable capital stock of \$60 million were included in interest expense and negatively affected profitability performance indicators.

The FHLBank's regulatory capital ratio was 6.40 percent, tied for highest in the FHLBank System. Its retained earn-

ings were the highest of any FHLBank in nominal terms at \$3.1 billion, and exceeded its required risk-based capital of \$2.2 billion. The FHLBank's market value of equity was 218.1 percent of the par value of its capital stock. Mandatorily redeemable capital stock totaled \$457 million, the second highest among all the FHLBanks.

The FHLBank had 332 members at year-end 2016: 178 commercial banks, 127 credit unions, 11 thrifts, 10 insurance companies, and six community development financial institutions. The FHLBank's 10 largest borrowers held 75.3 percent of total advances.

At the time of its January 2016 examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory with a strong liquidity position. Issues identified during the examination were generally of moderate regulatory concern and correctable with reasonable efforts. The examination determined that risks from the FHLBank's substantial legacy private-label MBS portfolio merited continued attention, though risks were declining with the size of the portfolio. In addition, the examination identified shortcomings in the FHLBank's methodologies supporting collateral margin requirements, concluded operating expenses need closer scrutiny and analysis, and observed that turnover in senior management carried potential risks.



<sup>21</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the FHLBank of San Francisco supplemented by year-end financial information.

## Office of Finance<sup>22</sup>

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Located in Reston, Virginia, the OF does not have significant assets, and its expenses are proportionally allocated to the 11 FHLBanks. The OF's primary function is to issue and service debt on behalf of the FHLBanks. All debt issued by the OF represents the joint and several liability of all FHLBanks in the FHLBank System. Additionally, the OF prepares and distributes the quarterly and annual combined financial reports for the FHLBanks and facilitates various FHLBank System-wide initiatives and working groups.

FHLBank System debt totaled \$989.3 billion as of year-end 2016, up 9.3 percent since year-end 2015. Discount notes, which have maturities of one year or less, totaled \$410.1 billion, down 17 percent since year-end 2015. Consolidated bonds totaled \$579.2 billion, up 41 percent since the prior year-end. While consolidated bonds may have maturities of up to 30 years, the bulk of growth in the past year consisted of floating rate bonds with maturities of 18 months or less, with interest rates that reset quarterly or more frequently based on a spread to an index, generally the London Interbank Offered Rate (LIBOR).

The OF's board consists of 16 individuals: five independent directors and each of the FHLBank presidents. The board has six committees. All board committees have at least one independent director member, while the audit committee consists entirely of independent directors.

At the time of its July 2016 examination, FHFA had supervisory concern about the OF. The examination determined that its overall condition and operations needed improvement. The examination identified a number of weaknesses, regulatory violations, and other concerns that warranted management and the board's attention. The examination also identified inadequacies in dealer selling group governance, settlement risk measurement and monitoring, legal risk oversight, record retention and internal audit reporting, end-user computing application review, and management committee reporting.

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<sup>22</sup> This summary reflects conclusions made at the time of FHFA's 2016 examination of the Office of Finance supplemented by year-end financial information.

# Results of Stress Tests Under the Dodd-Frank Wall Street Reform and Consumer Protection Act

## Summary

**S**ection 165(i)(2) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) requires certain financial companies with total consolidated assets of more than \$10 billion, and which are regulated by a primary federal financial regulatory agency, to conduct annual stress tests to determine whether the companies have sufficient capital to absorb losses and support operations during adverse economic conditions. Dodd-Frank Act stress testing is a forward-looking exercise that assesses the impact on capital levels that would result from immediate financial shocks and nine quarters of adverse economic conditions.

Beginning in 2014, FHFA required the Enterprises and the FHLBanks to conduct stress tests pursuant to the Dodd-Frank Act. The 2016 stress tests were based on the regulated entities' portfolios as of December 31, 2015. The assessment period for the Dodd-Frank Act annual stress tests covered nine quarters, beginning with the first calendar quarter of 2016 through the first calendar quarter of 2018. The regulated entities were required to submit the results of stress tests based on three scenarios: a Baseline scenario, an Adverse scenario, and a Severely Adverse scenario.



The Baseline scenario reflects moderate expansion in economic activity in the United States, with average nominal house price appreciation of 2.75 percent per year over the planning horizon, a modest decline in unemployment, and a moderate rise in mortgage interest rates. The Adverse scenario reflects a moderate recession in the U.S., with a 12 percent decline in house prices, a steady rise in unemployment, a mild deflationary period, and rising mortgage interest rates. The Severely Adverse scenario reflects a severe global recession, with a 25 percent decline in U.S. house prices, a significant rise in unemployment, and a declining interest rate environment including a path of negative short-term U.S. Treasury rates, although mortgage interest rates increase.

FHFA aligned the stress test scenario variables and assumptions with those used by the Board of Governors of the Federal Reserve System (Federal Reserve Board) in its annual Dodd-Frank Act stress tests. Similar to the stress testing assumptions used by the Federal Reserve Board for the Adverse and Severely Adverse scenarios, FHFA required the regulated entities to apply a global market shock to securities and other assets held at fair value. The assumed result of the global market shock was an instantaneous loss and reduction of capital in the first quarter of the planning horizon.



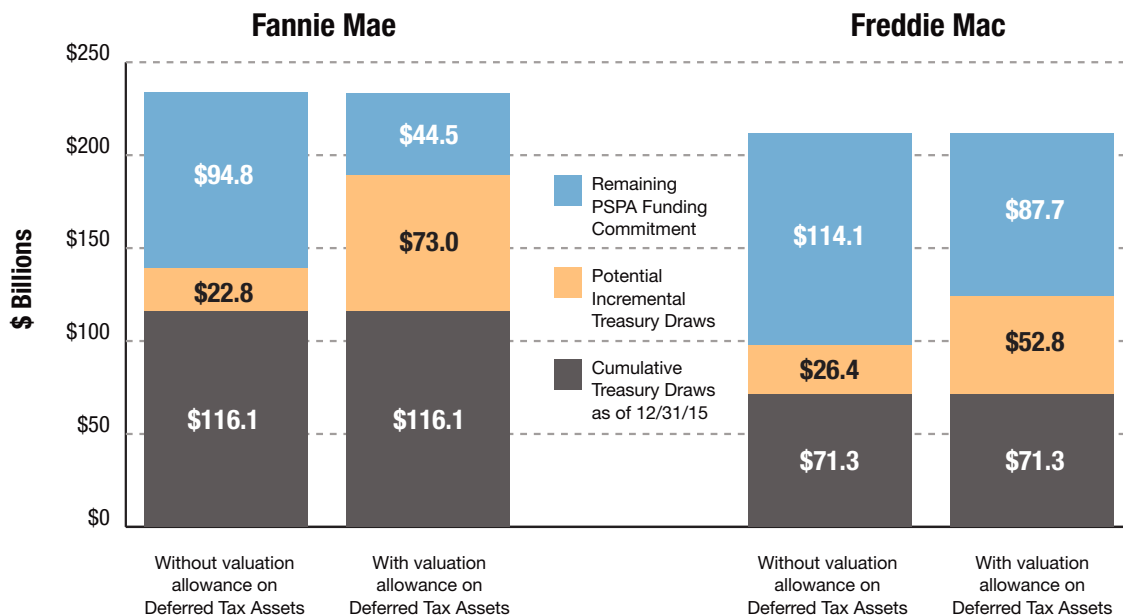
# 2016 Stress Test Results for the Severely Adverse Scenario

**F**HFA, acting in its capacity as conservator, published the results of the Severely Adverse stress tests of Fannie Mae and Freddie Mac on August 8. The FHLBanks published their results between November 15 and November 30.

The regulated entities were also required to incorporate a counterparty default scenario involving an instantaneous and unexpected default of their largest counterparty across securities lending, repurchase/reverse repurchase agreements, and derivative exposures, as well as, single-family mortgage insurance providers and providers of multifamily credit enhancements. The result of the counterparty default scenario was reflected in the stress test as an instantaneous loss and reduction of capital.

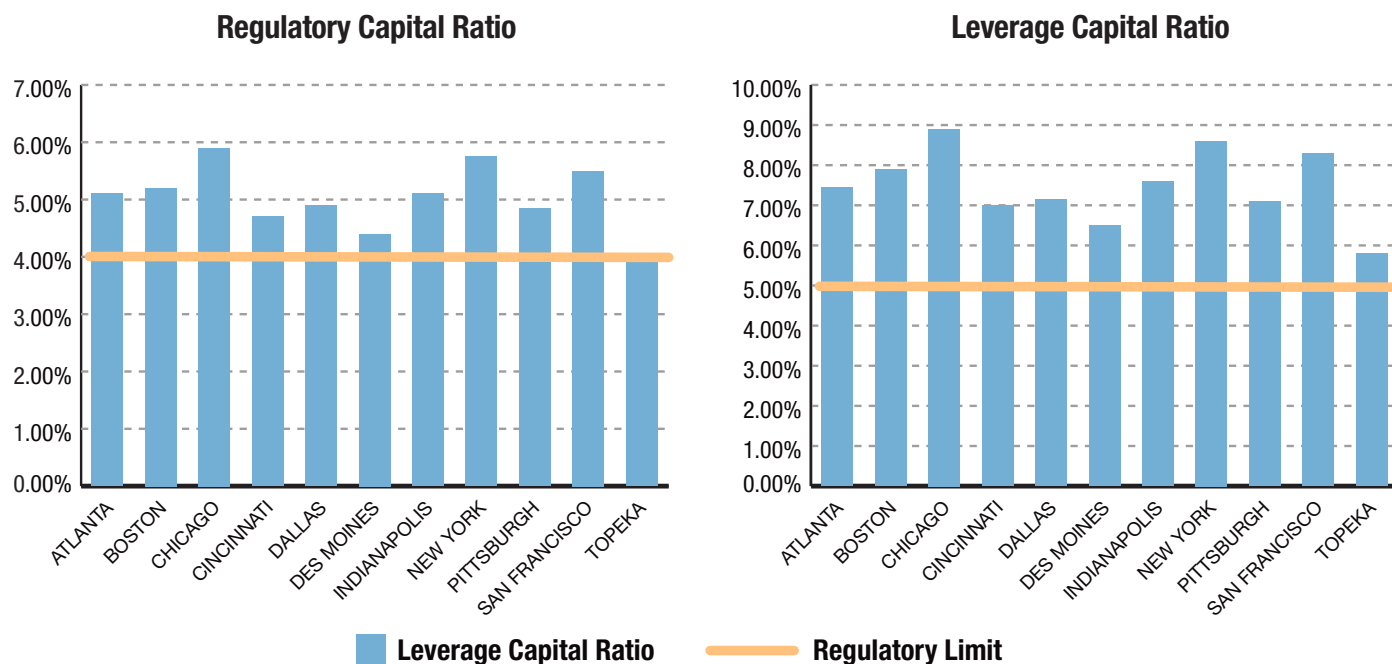
**Fannie Mae** – In the Severely Adverse scenario, Fannie Mae projected additional draws from the Treasury Department of between \$22.8 billion and \$73.0 billion depending on the treatment of deferred tax assets. As of December 31, 2015, Fannie Mae had drawn \$116.1 billion from the Treasury Department under the terms of the PSPA, with \$117.6 billion of remaining funding commitment. Fannie Mae projected that the remaining funding commitment under the PSPA at the end of the Severely Adverse scenario would range between \$44.5 billion and \$94.8 billion. (Figure 12)

Figure 12 • Fannie Mae and Freddie Mac Stress Test Results



Source: Federal Housing Finance Agency

Figure 13 • FHLBank Regulatory and Leverage Capital Ratios Under the Severely Adverse Scenario Projection



Source: Federal Housing Finance Agency

**Freddie Mac** – In the Severely Adverse scenario, Freddie Mac projected additional draws from the Treasury Department of between \$26.4 billion and \$52.8 billion depending on the treatment of deferred tax assets. As of December 31, 2015, Freddie Mac had drawn \$71.3 billion from the Treasury Department under the terms of the PSPA, with \$140.5 billion of remaining funding commitment. Freddie Mac projected that the remaining funding commitment under the PSPA at the end of the Severely Adverse scenario would range between \$87.7 billion and \$114.1 billion.

**Federal Home Loan Banks** – All of the FHLBanks maintained compliance with regulatory capital and leverage capital requirements over the nine quarters of the stress test. Though some variables caused negative net income or other reductions in capital under the severely adverse scenarios, these losses were lower than the cushion the FHLBanks held above their capital requirements at the start of the stress test (Figures 13).

All 11 FHLBanks projected negative net income in the first quarter under the Severely Adverse scenario, and four banks projected cumulative losses over the nine quarters. The losses occurred entirely in the first quarter of the projection period and were primarily due to Counterparty Default Exposure and Other Than Temporary Impairment charges on securities.

Several FHLBanks projected significant declines in Generally Accepted Accounting Principles (GAAP) capital in the Severely Adverse scenario. The declines were mainly a function of declines in the market value of Available-for-Sale (AFS) securities related to the global market shock assumptions. Declines in the value of AFS securities directly reduced GAAP capital but did not flow through net income. The level of decline in values was primarily a function of the size and rating of the FHLBank's private-label MBS portfolio held as AFS.

# Enterprise Housing Goals and Duty to Serve

The Safety and Soundness Act requires FHFA to establish annual housing goals for mortgages purchased by the Enterprises. FHFA established housing goals levels for the Enterprises for 2012 through 2014 in a final rule published on November 13, 2012 and for 2015 through 2017 in a final rule published on September 3, 2015 (12 CFR Part 1282).

Under HERA and FHFA regulations, the Enterprises were subject to the following housing goal categories for 2015 and 2016.

- 1) **Low-income home purchase goal**, for home purchase mortgages to families with incomes no greater than 80 percent of area median income.
- 2) **Very low-income home purchase goal**, for home purchase mortgages to families with incomes no greater than 50 percent of area median income.
- 3) **Low-income areas home purchase subgoal**, for home purchase mortgages to families living in census tracts with tract median incomes no greater than 80 percent of area median income, or families with incomes no greater than 100 percent of area median income who live in census tracts with a minority population of 30 percent or more and a tract median income less than 100 percent of area median income.
- 4) **Low-income areas home purchase goal**, which includes mortgages that meet the criteria under the low-income areas home purchase subgoal as well as home purchase mortgages to families with incomes no greater than 100 percent of area median income who live in federally declared disaster areas.

- 5) **Low-income refinance goal**, for refinance mortgages to families with incomes no greater than 80 percent of area median income.
- 6) **Low-income multifamily goal**, for rental units for families in multifamily properties with incomes no greater than 80 percent of area median income (or rental proxy).
- 7) **Very low-income multifamily subgoal**, for rental units for families in multifamily properties with incomes no greater than 50 percent of area median income (or rental proxy).
- 8) **Small multifamily low-income subgoal**, for rental units for families in multifamily properties with 5-50 units which are affordable to families with incomes no greater than 80 percent of area median income (or rental proxy.) This is a new goal category for 2015-17, established to encourage the Enterprises to finance units in this very important part of the affordable housing market.

Since 2010, FHFA determines whether an Enterprise meets a single-family goal if its performance meets or exceeds either the preset benchmark level or a retrospective market comparison figure using Home Mortgage Disclosure Act (HMDA) data.

The multifamily housing goals are based only on preset benchmark levels because of the lack of multifamily market data comparable to single-family HMDA data.

Figure 14 on the next page shows data concerning the Enterprises' housing goals for 2015 and 2016. FHFA's official figures on Enterprise goal performance in 2015 are based on FHFA's analysis of loan-level data the Enterprises provided to FHFA in 2016. In addition, FHFA completed its retrospective comparison of the market for 2015 using HMDA data made available in September. In December, FHFA sent final determination letters to the Enterprises regarding their 2015 goal performance and FHFA's calculation of market performance for 2015, and these determinations are reflected in Figure 14.<sup>23</sup>

<sup>23</sup> The letters with the 2015 official figures can be found [here](#) for Fannie Mae and [here](#) for Freddie Mac.



Figure 14 • Enterprise Housing Goals and Performance for 2015-16

Category	2015				2016	
	Benchmarks	Performance <sup>a</sup>	Market <sup>b</sup>	FHFA Goals Determination	Benchmarks	Performance <sup>c</sup>
<b>SINGLE-FAMILY GOALS<sup>d</sup></b>						
Low-income home purchase goal	24.0%	Fannie Mae: 23.5% Freddie Mac: 22.3%	23.6%	Fannie Mae: Did Not Meet Freddie Mac: Did Not Meet	24.0%	Fannie Mae: 22.9% Freddie Mac: 23.8%
Very low-income home purchase goal	6.0%	Fannie Mae: 5.6% Freddie Mac: 5.4%	5.8%	Fannie Mae: Did Not Meet Freddie Mac: Did Not Meet	6.0%	Fannie Mae: 5.2% Freddie Mac: 5.7%
Low-income areas home purchase subgoal	14.0%	Fannie Mae: 15.6% Freddie Mac: 14.5%	15.2%	Fannie Mae: Met Freddie Mac: Met	14.0%	Fannie Mae: 16.2% Freddie Mac: 15.6%
Low-income areas home purchase goal	19.0%	Fannie Mae: 20.4% Freddie Mac: 19.0%	19.8%	Fannie Mae: Met Freddie Mac: Met	17.0%	Fannie Mae: 20.2% Freddie Mac: 19.9%
Low-income refinance goal	21.0%	Fannie Mae: 22.1% Freddie Mac: 22.8%	22.5%	Fannie Mae: Met Freddie Mac: Met	21.0%	Fannie Mae: 19.5% Freddie Mac: 21.0%
<b>MULTIFAMILY GOALS (units)</b>						
Low-income multifamily goal	300,000	Fannie Mae: 307,510 Freddie Mac: 379,042	NA	Fannie Mae: Met Freddie Mac: Met	300,000	Fannie Mae: 352,368 Freddie Mac: 406,958
Very low-income multifamily subgoal	60,000	Fannie Mae: 69,078 Freddie Mac: 76,935	NA	Fannie Mae: Met Freddie Mac: Met	60,000	Fannie Mae: 65,910 Freddie Mac: 73,031
Small multifamily property low-income subgoal	6,000	Fannie Mae: 6,731 Freddie Mac: 12,801	NA	Fannie Mae: Met Freddie Mac: Met	8,000	Fannie Mae: 9,312 Freddie Mac: 22,101

Source: Federal Housing Finance Agency, Fannie Mae, Freddie Mac

<sup>a</sup> Official performance in 2015 as determined by FHFA, based on analysis of Enterprise loan-level data.

<sup>b</sup> Goal-qualifying shares of single-family home purchase or refinance conventional conforming mortgages originated in the primary mortgage market, based on FHFA analysis of 2015 HMDA data. Market performance for 2016 will be determined by FHFA later in 2017.

<sup>c</sup> Performance as reported by the Enterprises in their March 2017 Annual Housing Activities Reports. Official performance on all goals in 2016 will be determined by FHFA after analysis of Enterprise loan-level data. Low-income refinance goal for 2014-16 included credit for qualifying permanent HAMP loan modifications.

<sup>d</sup> Minimum percentages of all mortgages financed by Enterprise acquisitions of home purchase or refinance mortgages on owner-occupied properties.

Because Freddie Mac's performance on the low-income and very low-income home purchase goals fell short of both the benchmark level and market performance in 2014, FHFA required Freddie Mac to submit a housing plan outlining steps it would take to achieve these goals in 2016-17. Freddie Mac delivered a plan as required and FHFA approved of the plan on March 31, 2016.

Freddie Mac's performance on these two goals improved in 2015, both in absolute terms and relative to market performance. As indicated above, however, their performance again fell short of both the benchmark level and market performance. For that reason, FHFA required Freddie Mac to submit a revised housing plan, covering 2017 and 2018. Freddie Mac submitted the revised plan on February 2, 2017 and FHFA approved the revised plan in April 2017. FHFA continues to monitor Freddie Mac's performance on these goals on a regular basis.

Fannie Mae's performance also fell short of both the benchmark and market levels on the low-income and very low-income home purchase goals in 2015, the first year since 2013 that they missed any of the goals. The shortfalls from market performance were relatively small and FHFA did not require Fannie Mae to submit a housing plan. FHFA also continues to monitor Fannie Mae's performance on these goals on a regular basis.

FHFA expects Fannie Mae and Freddie Mac to serve these markets in line with both the housing goal requirements and FHFA's conservatorship expectations.

FHFA's process for assessing the Enterprises' housing goals performance in 2016 is still underway. Figure 14 shows the goal levels and preliminary figures on Enterprise housing goals performance in 2016, based on information the Enterprises submitted in their March 2017 *Annual Housing*

*Activities Reports for 2016.* When 2016 market data under HMDA becomes available later in 2017, FHFA will make its final determinations on whether the Enterprises' 2016 performance satisfied their housing goals requirements.

## Duty to Serve

The Safety and Soundness Act required FHFA to issue a regulation to implement the Duty to Serve requirements specified in the statute. The statute requires the Enterprises to serve three specified underserved markets – manufactured housing, affordable housing preservation, and rural housing – by improving the distribution and availability of mortgage financing in a safe and sound manner for residential properties that serve very low-, low-, and moderate-income families in these markets. The statute further requires that FHFA establish a process for annually evaluating and rating the Enterprises' compliance with their Duty to Serve obligations.

In December 2016, FHFA issued a final rule implementing the Duty to Serve statutory requirements. Under the final rule, each Enterprise is required to submit to FHFA an Underserved Markets Plan covering a three-year period describing the activities and objectives the Enterprise will undertake to meet its Duty to Serve each underserved market. The final rule sets forth specific activities that the Enterprises may consider undertaking to receive Duty to Serve credit and provides that the Enterprises may propose additional activities. The final rule does not mandate any particular activities, but requires the Enterprises to consider ways to better serve families in the three underserved markets.

**Underserved Markets** – For the manufactured housing market, the final rule provides eligibility for Duty to Serve credit for Enterprise activities supporting manufactured homes titled as real property, manufactured homes titled as personal property (also known as chattel), and blanket loans for certain categories of manufactured housing communities.

For the affordable housing preservation market, the final rule provides eligibility for Duty to Serve consideration for Enterprise activities supporting the preservation of affordable rental housing and affordable homeownership opportunities. These categories include Enterprise activi-

ties under the programs specified in the statute, as well as activities supporting small multifamily rental properties, energy or water efficiency improvements on multifamily rental and single-family first-lien properties, shared equity homeownership programs, purchase or rehabilitation of certain distressed properties, and activities under the U.S. Department of Housing and Urban Development's (HUD) Choice Neighborhoods Initiative and Rental Assistance Demonstration program.

For the rural housing market, the final rule provides eligibility for consideration for Duty to Serve credit for Enterprise activities supporting housing in high-needs rural regions and for high-needs rural populations, financing by small financial institutions of housing in rural areas, and small multifamily rental properties in rural areas.

The final rule establishes a framework for evaluating and rating the Enterprises' compliance with the Duty to Serve each underserved market through a three-part process: 1) a quantitative assessment; 2) a qualitative assessment; and 3) an assessment of extra credit-eligible activities (including those that promote residential economic diversity).

FHFA will evaluate the Enterprises' compliance with their Underserved Markets Plans under this three-part process, considering the following factors required by the statute for each underserved market:

- Development by the Enterprises of loan products, more flexible underwriting guidelines, and other innovative approaches.
- The extent of the Enterprises' outreach to qualified loan sellers and other market participants.
- The volume of loans purchased by the Enterprises relative to available market opportunities
- The amount of investments by the Enterprises in eligible projects.

In 2017, FHFA will monitor the preparation by the Enterprises of their Underserved Markets Plans, and the Plans are expected to become effective January 1, 2018. FHFA will additionally finalize the process it will use to evaluate and rate the Enterprises' performance under their Underserved Markets Plans.



## Affordable Housing Allocations

The Safety and Soundness Act requires each Enterprise to set aside in each fiscal year an amount equal to 4.2 basis points (0.042 percent) for each dollar of the unpaid principal balance of its total new business purchases,<sup>24</sup> and to allocate or otherwise transfer 65 percent of the amount set aside to the Secretary of HUD to fund the Housing Trust Fund, and 35 percent to the Secretary of the Treasury Department to fund the Capital Magnet Fund. The Housing Trust Fund is designed to assist states in meeting the housing needs of the lowest income families, and the Capital Magnet Fund is a special account within the Community Development Financial Institutions (CDFI) Fund designed to increase investment in affordable housing, economic development and community development facilities in low-income or underserved rural areas.<sup>25</sup> Of the aggregate amount allocated based on 2016 business volume, 25 percent was required to be deposited into a reserve

fund for the benefit of the HOPE for Homeowners Program Reserve Account administered by the Treasury Department.<sup>26</sup>

Prior to 2015, the Enterprises did not set aside funds for the Housing Trust Fund because of a November 2008 directive from FHFA to suspend the allocations until further notice. On December 11, 2014, FHFA directed each Enterprise, commencing with the Enterprise's fiscal (calendar) year 2015, to set aside amounts for allocation to HUD's Housing Trust Fund, Treasury Departments' Capital Magnet Fund, and Treasury Department's HOPE Reserve Account and to transfer allocated amounts to HUD or the Treasury Department, as appropriate, within 60 days after the end of the Enterprise's fiscal year, unless during that fiscal year the Enterprise has made, or the transfer would cause the Enterprise to make, a draw on the Treasury Department under the terms of the PSPA.<sup>27</sup>

Fannie Mae's total business volume in 2016 was \$637.4 billion and, as a result, the total affordable housing allocation transferred was \$268 million.<sup>28</sup> Freddie Mac's total business volume in 2016 was \$445.7 billion and, as a result, the total affordable housing allocation transferred was \$187.1 million.<sup>29</sup>

<sup>24</sup> See 12 U.S.C. § 4567(a).

<sup>25</sup> Id.; see also 12 U.S.C. §§ 4568 and 4569.

<sup>26</sup> Id., § 4567(e); see also id., §1715z-23. The HOPE for Homeowners Program sunset on September 30, 2011. Id., § 1715z-23(f). Thus of the aggregate amount, 49 percent (i.e. 65 percent of 75 percent) is allocated to the Housing Trust Fund and 26 percent (i.e., 35 percent of 75 percent) to the Capital Magnet Fund.

<sup>27</sup> See FHFA's December 11, 2014 [Statement on the Housing Trust Fund and Capital Magnet Fund](#).

<sup>28</sup> Fannie Mae's Form 10-K for 2016, 2/17/17, pp.24, 186, F-10.

<sup>29</sup> Freddie Mac's Form 10-K for 2016, 2/16/17, pp. 171-72.

# Federal Home Loan Bank Mission and Housing Goals

In 2016, FHFA continued its supervision and oversight to ensure that the FHLBanks are focused on their housing finance and community development mission.

## Core Mission of the Federal Home Loan Banks

FHFA's Core Mission Activities (CMA) regulation (12 CFR 1265.2) describes the mission of the FHLBanks as providing financial products and services to members and housing associates that assist and enhance those institutions' financing of housing and community lending. Long- and short-term advances (loans) to their members (primarily collateralized by residential mortgage loans and government and agency securities) have historically been the primary mission asset of the FHLBanks. The CMA regulation includes other types of assets, such as mortgage loans that qualify as AMA, in the definition of core mission activities. The CMA regulation does not establish core mission levels, but FHFA's regulation on strategic business plans requires each Bank's board of directors to adopt, maintain, and periodically review a strategic business plan that "describes how the business activities of the Bank will achieve the mission of the Bank consistent with" the core mission activities provisions.



FHFA provided further guidance on core mission activities in Advisory Bulletin AB 2015-05, "FHLBank Core Mission Achievement." As described in the AB, FHFA measures each FHLBank's core mission achievement by calculating the ratio of its Primary Mission Assets (advances plus AMA) relative to consolidated obligations (COs). The AB established two threshold ratios (55 percent and 70 percent), creating three general categories:

- 1) Ratios at or above 70 percent indicate that a FHLBank's activities are achieving core mission;
- 2) Ratios between the thresholds indicate that other mission activities need to be considered; and
- 3) Ratios below 55 percent indicate that more fundamental questions about the activities of the FHLBank need to be addressed.

FHFA calculates these ratios using annual average par values, as reported by the FHLBanks in FHFA's Call Report System (CRS). FHFA assesses each FHLBank's core mission achievement on an annual basis and expects that each FHLBank's strategic plan will address mission achievement, but will expect a more thorough plan for

increasing the core mission ratio for any FHLBank that is markedly below the 70 percent level.

At year-end 2016, the system core mission ratio overall exceeded 70 percent. Nine of the FHLBanks had ratios of 70 percent or higher, and the remaining two FHLBanks had core mission ratios between 60 and 70 percent.

## FHLBank Affordable Housing Program

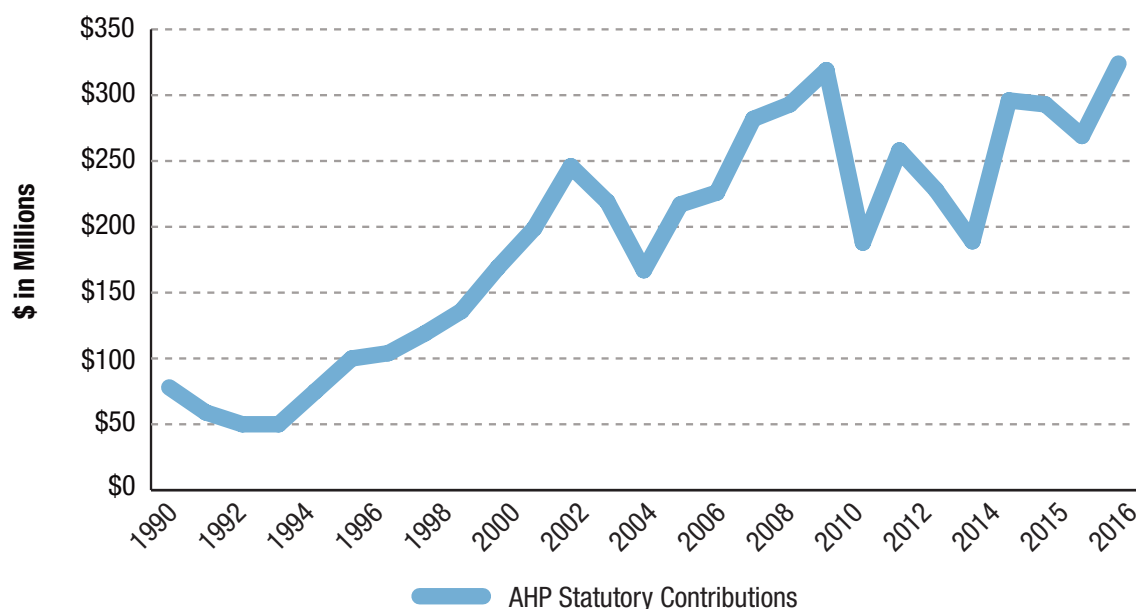
The Bank Act requires each of the 11 FHLBanks to establish an Affordable Housing Program (AHP) to provide financing for the construction, purchase, or rehabilitation of affordable housing for very low- and low- or moderate-income households. AHP applicants are FHLBank member financial institutions that support an eligible beneficiary by providing subsidized advances or grants. Each FHLBank annually funds its AHP with 10 percent of its preceding year's net earnings, subject to a minimum \$100 million contribution by the FHLBank System as a whole.

In 2016, the FHLBanks made more than \$324 million in AHP subsidies available nationwide (Figure 15). From 1990, when AHP funds were first awarded, through 2016, the FHLBanks awarded approximately \$5.4 billion in AHP subsidies and assisted over 827,000 households.

AHP subsidies must be used either to finance homeownership by households with incomes at or below 80 percent of the area median income or to finance the purchase, construction, or rehabilitation of rental housing in which at least 20 percent of the units will be occupied by, and affordable to, households with incomes at or below 50 percent of the area median income.

The FHLBanks under the AHP regulation (12 CFR Part 1291) offer AHP subsidies through two FHLBank programs. The first program is the mandatory competitive application program, under which the FHLBanks provide subsidized advances or grants to members on behalf of project sponsors for eligible projects. The second program is an optional homeownership set-aside program under which the FHLBanks disburse grants to members to provide assistance to homebuyers or homeowners.

Figure 15 • FHLBank AHP Statutory Contributions



Source: Federal Housing Finance Agency. Data are current as of December 31, 2016

Figure 16 • 2016 AHP Competitive Application Overview

	Rental Housing Projects	Owner-Occupied Housing Projects	Total Housing Projects
Total Number of Awarded Projects	411	101	512
Subsidy Awarded (\$ in Millions)	\$260.5	\$22.8	\$283.3
Number of Housing Units	23,923	1,607	25,530
Average Subsidy per Unit	\$10,891	\$14,193	\$11,099
Number of Very Low-Income Housing Units <sup>a</sup>	17,706	888	18,594

Source: Federal Housing Finance Agency

Data are current as of December 31, 2016 excluding AHP competitive application withdrawn projects. Dollars have been rounded.

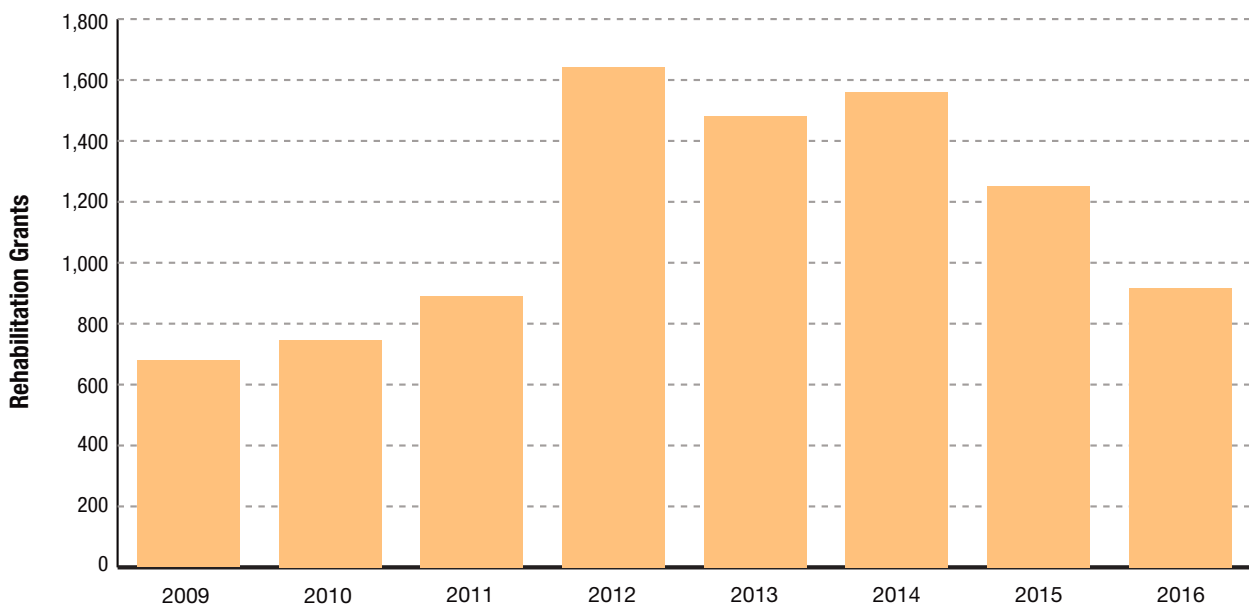
<sup>a</sup> Very low-income is defined as households with incomes at or below 50 percent of the area median income.

### AHP Competitive Application Program

For the AHP competitive application program, the FHLBanks accept applications from members on behalf of project sponsors, typically nonprofit organizations or housing finance agencies. In 2016, approximately 94 percent of all units funded under the competitive application program were rental housing units, an increase from 88 percent in 2015 (Figure 16).

### AHP Homeownership Set-Aside Program

In addition to the competitive application program, a FHLBank may annually set aside up to the greater of \$4.5 million or 35 percent of its statutorily-required AHP annual contribution to fund homeownership programs. All 11 FHLBanks offered homeownership set-aside programs for their members in 2016, with total funding of approximately \$86 million.



Source: Federal Housing Finance Agency. Data are current as of December 31, 2016

At least one-third of a FHLBank's annual aggregate set-aside allocation must be to assist low- or moderate-income first-time homebuyers. FHLBank members may also use set-aside funds to assist other low- or moderate-income households to purchase or rehabilitate a home.

The maximum permissible amount of set-aside subsidy per household is \$15,000. In 2016, the average subsidy for all households participating in the set-aside program was \$6,311. The most common use of set-aside assistance has been for down payment and closing cost assistance to borrowers. The number of set-aside grants used for owner-occupied home rehabilitation (such as lead-based paint removal, weather proofing, and accessibility retrofits) has consistently increased since 2007 from 215 to a high of 1,642 in 2012. However, the number of grants used for rehabilitation decreased to 916 in 2016 from 1,253 in 2015. See Figure 17.

### **AHP Used in Conjunction With Other Sources of Financing**

The AHP is designed to work with a variety of other funding sources. As a result, the AHP is frequently used in conjunction with other sources of funding from federal, state, or local housing programs and charitable organizations. Unlike other housing programs, in which the developer is typically the applicant for the subsidy, under the AHP a financial institution (a FHLBank member) is the applicant for funding. Depending on the proposed use of the subsidy, the member might provide a construction or permanent loan to a project or a mortgage to a homebuyer, or the member might pass through the FHLBank subsidy to a homeowner as a home repair grant. In all cases, the Bank Act requires that the AHP subsidy be passed on to the lower income beneficiary.

In 2016, approximately 64 percent of AHP projects received additional funding from federal programs (Figure 18). The most frequently used source of funding was low-income housing tax credits, which supported about 63 percent of all approved rental housing applications. The HOME Investment Partnerships Program and the Community Development Block Grant Program were among the other programs used in conjunction with AHP funds.

**Figure 18 • Number of AHP Projects Approved in 2016 Receiving Federal Funds**

Community Development Block Grant Program	39
HOME Investment Partnerships Program	131
Low-Income Housing Tax Credit Program	260
Federal Housing Administration Programs	6
Other Federal Housing Programs	60
Projects Not Receiving Funding from Federal Sources	186

*Source:* Federal Housing Finance Agency

*Data are current as of December 31, 2016 excluding AHP competitive application withdrawn projects. The numbers add up to more than the total number of projects (512 because some projects receive federal funding from more than one source.*

## **FHLBank Community Investment and Community Investment Cash Advance Programs**

The FHLBanks' Community Investment Programs (CIP) offer advances to FHLBank members at the cost of the FHLBanks' consolidated obligations of comparable maturities, taking into account reasonable administrative costs. CIP funds may assist the financing of housing for households with incomes at or below 115 percent of area median income. CIP funds also may be used for economic development projects in low- and moderate-income neighborhoods or for other projects that benefit low- and moderate-income households. In 2016, the FHLBanks issued approximately \$3.2 billion in CIP advances for housing projects and approximately \$115.4 million for economic development projects.

The FHLBanks' Community Investment Cash Advance Program (CICA) offers low-cost, long-term advances or grants for members and housing associates, such as state and local housing finance agencies and economic development finance authorities, to finance targeted economic development projects. In 2016, the FHLBanks issued approximately \$2.9 billion in CICA advances for commu-

nity development projects such as commercial, industrial and manufacturing projects, social services, and public facilities.

## Community Development Financial Institutions

Two types of Community Development Financial Institutions (CDFIs) are eligible for membership in a FHLBank: federally insured depositories and non-depository CDFIs. Federally insured depositories, such as CDFI banks, have long been eligible for membership. More recently, HERA opened FHLBank membership to non-depository CDFIs, such as community development loan funds, certified by the Treasury Departments' CDFI Fund.

At the end of 2016, 45 non-depository CDFIs were members of the FHLBank System (Figure 19).

## FHLBank Housing Goals

Under FHFA's regulation (12 CFR Part 1281), the FHLBanks are subject to housing goals requirements for single-family loans purchased by the FHLBanks from their members through their Acquired Member Assets (AMA) programs. The housing goals measure the extent to which FHLBanks' AMA programs serve low- and very low-income families and families residing in low-income areas. The housing goals are generally consistent with the single-family housing goals for Fannie Mae and Freddie Mac, but they take into account the unique mission and ownership structure of the FHLBanks.

Under FHFA's regulation, in order for a FHLBank to be subject to these housing goals, the total unpaid principal balance of loans purchased through the AMA programs by the FHLBank must exceed \$2.5 billion in a given year. For any FHLBank that is subject to the housing goals in a given year, FHFA undergoes an evaluation to determine that FHLBank's housing goals performance on four housing goal categories: low-income home purchase, very low-income home purchase, low-income areas home purchase, and low-income refinance. For each housing goal category, FHFA evaluates whether the percentage share of the FHLBank's applicable AMA mortgage purchases meets or exceeds a retrospective market comparison level using HMDA data available the next year.



The Indianapolis FHLBank exceeded the \$2.5 billion threshold in 2015. This was the first time one of the FHLBanks had exceeded this threshold since the regulation went into effect in 2011. FHFA has since determined that the Indianapolis Bank's AMA mortgage purchases fell below the housing goal level for all four goal categories in 2015. Because FHFA is in the process of evaluating alternatives to the current FHLBank housing goals requirements that would provide FHLBanks greater certainty about each year's housing goals expectations, FHFA did not require the Indianapolis Bank to submit a housing plan based on its housing goals performance in 2015.

In 2016, the FHLBank of Indianapolis and the FHLBank of Cincinnati exceeded the \$2.5 billion threshold. Once 2016 market data under HMDA becomes available later in 2017, FHFA will make its determinations of whether these FHLBanks' 2016 AMA mortgage purchases satisfied their housing goals requirements. FHFA has informed these FHLBanks that FHFA will not require the submission of a housing plan based on housing goals performance in 2016, even if FHFA determines that a FHLBank did not meet one or more of the housing goals, in light of FHFA's ongoing evaluation discussed above.



Figure 19 • 2016 Non-Depository CDFI Members of the FHLBank System

FHLBank	CDFI Name	City	State
Atlanta	Self-Help Ventures Fund	Durham	NC
Atlanta	Community Housing Capital, Inc.	Decatur	GA
Atlanta	Capital Impact Partners	Arlington	VA
Atlanta	Enterprise Community Loan Fund, Inc.	Columbia	MD
Atlanta	Florida Community Loan Fund Inc.	Orlando	FL
Atlanta	Access to Capital for Entrepreneurs, Inc.	Cleveland	GA
Atlanta	Neighborhood Lending Partners of Florida, Inc.	Tampa	FL
Boston	Coastal Enterprises, Inc.	Wiscasset	ME
Boston	Massachusetts Housing Investment Corporation	Boston	MA
Boston	Massachusetts Housing Investment Corporation, LLC	Boston	MA
Boston	Community Concepts Finance Corporation	Lewiston	ME
Chicago	IFF	Chicago	IL
Chicago	Cinnaire Lending Corporation	Chicago	IL
Chicago	Impact Seven, Inc.	Almena	WI
Chicago	Community Investment Corporation	Chicago	IL
Cincinnati	Community Ventures Corporation	Lexington	KY
Cincinnati	Cincinnati Development Fund	Cincinnati	OH
Cincinnati	Federation of Appalachian Housing Enterprises, Inc.	Berea	KY
Cincinnati	Ohio Capital Finance Corporation	Columbus	OH
Dallas	Rio Grande Valley Multibank Corporation	Brownsville	TX
Dallas	Gulf Coast Renaissance Corporation	Gulfport	MS
Dallas	Brazos Valley CDC, Inc.	Bryan	TX
Dallas	The Louisiana Community Development Capital Fund	Baton Rouge	LA
Dallas	Southern Bancorp Capital Partners	Little Rock	AR
Des Moines	Neighborhood Finance Corporation	Des Moines	IA
Des Moines	Idaho-Nevada Community Financial Development Institution, Inc.	Filer	ID
Des Moines	Cook Inlet Lending Center, Inc.	Anchorage	AK
Des Moines	Greater Minnesota Housing Fund	Saint Paul	MN
Des Moines	HomeSight	Seattle	WA
Indianapolis	Metro Community Development, Inc.	Flint	MI
Indianapolis	Indianapolis Neighborhood Housing Partnership, Inc.	Indianapolis	IN
Indianapolis	Neighborhoods Inc. of Battle Creek	Battle Creek	MI
New York	AAFE Community Development Fund, Inc.	New York	NY
New York	The Community Development Trust, Inc.	New York	NY
New York	National Federation of Community Development Credit Unions, Inc.	New York	NY
Pittsburgh	The Reinvestment Fund, Inc.	Philadelphia	PA
Pittsburgh	Community First Fund	Lancaster	PA
San Francisco	Clearinghouse Community Development Financial Inst	Lake Forest	CA
San Francisco	Century Housing Corporation	Culver City	CA
San Francisco	Low Income Investment Fund	San Francisco	CA
San Francisco	Raza Development Fund, Inc.	Phoenix	AZ
San Francisco	Northern California Community Loan Fund	San Francisco	CA
San Francisco	Genesis LA Economic Growth Corporation	Los Angeles	CA
Topeka	MetaFund Corporation	Oklahoma City	OK
Topeka	Mercy Loan Fund	Denver	CO

Source: Federal Housing Finance Agency. Data are current as of December 31, 2016

# Regulatory Guidance

In 2016, FHFA issued 25 proposed rules, final rules, policy guidance documents, and regulatory orders. This regulatory guidance supports FHFA’s mission as regulator of the FHLBanks and as regulator and conservator of Fannie Mae and Freddie Mac.

The following tables summarize the proposed rules, final rules, regulatory guidance, and regulatory orders. The tables also indicate if a proposed rule or policy guidance has been adopted in final form since the proposal was published.

More extensive information about each of these items can be found on the Agency’s website, [www.FHFA.gov](http://www.FHFA.gov). FHFA has also published the listed regulations in the *Federal Register*.

## Proposed Regulations • Regulated Entities (Enterprises and/or Federal Home Loan Banks)

Rule/Regulation Title	Reference	Date (2016)	Description/Explanation/Comments
Minority and Women Inclusion Amendments	81 FR 74730; 12 CFR Part 1207	October 27	Would amend FHFA's regulations requiring the regulated entities and the FHLBank System's Office of Finance (OF) to develop and implement strategic plans to promote diversity and ensure the inclusion of minorities, women, and individuals with disabilities in all activities and at every level of their respective organizations. Would also clarify the scope of the statutory and regulatory requirements for promoting diversity and inclusion and improve the usefulness and comparability of the annual reports the regulated entities and the OF submit to FHFA describing actions they have taken to address these requirements.
Federal Home Loan Bank Membership for Non-Federally-Insured Credit Unions	81 FR 66545; 12 CFR Part 1263	September 28	Would implement section 82001 of the Fixing America's Surface Transportation Act, which authorized certain credit unions without Federal share insurance to become FHLBank members, by making appropriate conforming changes to the existing membership regulations. The final rule was published and went into effect on June 5, 2017 (82 FR 25716).
Indemnification Payments	81 FR 64357; 12 CFR Part 1231	September 20	Would implement the Safety and Soundness Act's provision on indemnification payments by the regulated entities or the OF to entity-affiliated parties in connection with administrative proceedings or civil actions instituted by FHFA, by establishing standards for identifying whether such a payment is permissible. This proposed rule would not apply to a regulated entity operating in conservatorship or receivership, or to a limited-life regulated entity.
Federal Home Loan Bank New Business Activities	81 FR 57499; 12 CFR Part 1272	August 23	See Final Regulations table; adopted in final form on December 19.

## Proposed Regulations • Regulated Entities (Enterprises and/or Federal Home Loan Banks) CONTINUED

Rule/Regulation Title	Reference	Date (2016)	Description/Explanation/Comments
Incentive-Based Compensation Arrangements	81 FR 37669; 12 CFR Part 1232	June 10	Jointly issued by FHFA, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, National Credit Union Administration, and the Securities Exchange Commission (the Agencies) this would revise the proposed rule the Agencies published on April 14, 2011, to implement section 956 of the Dodd-Frank Act. Section 956 generally requires that the Agencies jointly issue regulations or guidelines: (1) prohibiting incentive-based payment arrangements that the Agencies determine encourage inappropriate risks by certain financial institutions by providing excessive compensation or that could lead to material financial loss; and (2) requiring those financial institutions to disclose information concerning incentive-based compensation arrangements to the appropriate Federal regulator.
Technical and Conforming Changes and Corrections to FHFA Regulations	81 FR 33424; 12 CFR Parts 1200, 1201, 1229, 1238, 1239, 1261, 1264, 1266, 1267, 1269, 1270, 1273, 1274, 1278, 1281, 1282, 1290, and 1291	May 26	See Final Regulations table; adopted in final form on November 2.

## Final Regulations • Federal Housing Finance Agency

Rule/Regulation Title	Reference	Date (2016)	Description/Explanation/Comments
Program Fraud Civil Remedies Act	81 FR 43031; 12 CFR Part 1217	July 1	This regulation, an interim final rule, was adopted to implement the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.), by establishing administrative procedures for imposing civil penalties and assessments against persons who make false, fictitious, or fraudulent claims or written statements to FHFA in the context of its contracting or employment activities, where the amount of money or the value of property or services involved or requested from FHFA is \$150,000 or less.  The regulation went into effect on August 1.

## Final Regulations • Regulated Entities (Enterprises and/or Federal Home Loan Banks)

Rule/Regulation Title	Reference	Date (2016)	Description/Explanation/Comments
Enterprise Duty to Serve Underserved Markets	81 FR 96242; 12 CFR Part 1282	December 29	<p>Implements the requirement of the Safety and Soundness Act that FHFA establish a method for evaluating Enterprise compliance with their duty to serve the three underserved markets specified in the statute: manufactured housing, affordable housing preservation, and rural housing. The regulation specifies the scope of Enterprise activities that are eligible to receive Duty to Serve credit. These activities generally are those that facilitate a secondary market for mortgages for very low-, low-, and moderate-income families in the three specified underserved markets. As further detailed in the regulation, Enterprise support for the following activities is eligible for Duty to Serve credit: manufactured homes titled as real property or personal property; blanket loans for certain categories of manufactured housing communities; preserving the affordability of housing for renters and homebuyers; and housing in rural markets. This regulation provides a framework for FHFA's annual evaluation and rating of the Enterprises' compliance with the Duty to Serve each underserved market.</p> <p>The regulation went into effect on January 30, 2017.</p>
Federal Home Loan Bank New Business Activities	81 FR 91690; 12 CFR Part 1272	December 19	<p>Streamlines the process for reviewing new business activities (NBAs) by establishing new timelines for agency review, and limiting the types of activities that must be reviewed.</p> <p>The regulation went into effect on January 18, 2017.</p>
Acquired Member Assets	81 FR 91674; 12 CFR Parts 1201, 1267, 1268, and 1281	December 19	<p>FHFA amended the regulations governing the programs through which the FHLBanks purchase home mortgage loans from their members. As required by the Dodd-Frank Act, FHFA removed all provisions in the regulation relating to ratings issued by a Nationally Recognized Statistical Ratings Organization. The amendments also allow the FHLBanks greater flexibility in choosing the model for estimating the credit enhancement required for AMA loans, authorize the transfer of mortgage servicing rights to any institution, and allow the FHLBanks to acquire mortgage loans that exceed the conforming loan limits if they are federally guaranteed or insured. The amendments also require the FHLBanks to establish financial and operational standards that mortgage insurers must meet to be qualified to insure AMA loans.</p> <p>The regulation went into effect on January 18, 2017.</p>
Technical and Conforming Changes and Corrections to FHFA Regulations	81 FR 76291; 12 CFR Parts 1200, 1201, 1229, 1238, 1239, 1261, 1264, 1266, 1267, 1269, 1270, 1273, 1274, 1278, 1281, 1282, 1290, and 1291	November 2	<p>Makes a number of conforming changes and corrections intended to update citations, provide for consistent use of terminology, and remove duplicative definitions. FHFA also removed provisions that are no longer applicable, incorporated language that codified existing FHFA regulatory guidance, and clarified that FHLBank directors may conduct outreach and recruiting activities when soliciting nominations for FHLBank board directorships, as part of their efforts to consider diversity when making such decisions.</p> <p>The regulation went into effect on December 2.</p>

## Final Regulations • Regulated Entities (Enterprises and/or Federal Home Loan Banks) CONTINUED

Rule/Regulation Title	Reference	Date (2016)	Description/Explanation/Comments
Margin and Capital Requirements for Covered Swap Entities	81 FR 50605; 12 CFR Part 1221	August 2	Adopted jointly by FHFA, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Farm Credit Administration (collectively, the Agencies), this regulation sets forth exemptions from the initial and variation margin requirements published by the Agencies in November 2015 pursuant to sections 731 and 764 of the Dodd-Frank Act. Pursuant to Title III of the Terrorism Risk Insurance Program Reauthorization Act of 2015, this regulation exempts from those requirements certain non-cleared swaps and non-cleared security-based swaps with certain financial and non-financial end users that are exempt from clearing. The regulation went into effect on October 1.
Rules of Practice and Procedure; Civil Money Penalty Inflation Adjustment	81 FR 43028; 12 CFR Parts 1209 and 1250	July 1	This regulation, an interim final rule, adopted amendments to FHFA's enforcement rules and, as to the Enterprises, Flood Insurance responsibilities, to again adjust each civil money penalty within its jurisdiction to account for inflation, pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. The regulation went into effect on August 1.
Rules of Practice and Procedure; Civil Money Penalty Inflation Adjustment	81 FR 8639; 12 CFR Parts 1209 and 1250	February 22	Adopts amendments to FHFA's regulations on enforcement procedures and Flood Insurance, the latter of which governs flood insurance responsibilities as they pertain to the Enterprises, to adjust each civil money penalty within FHFA's jurisdiction to account for inflation, pursuant to the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996. The regulation went into effect on February 22.
Members of the Federal Home Loan Banks	81 FR 3245; 12 CFR Part 1263	January 20	Defines "insurance company" for purposes of FHFA's membership regulations to exclude captive insurers, which are conduits for ineligible entities to obtain the benefits of FHLBank membership. The regulation includes transition periods within which the FHLBanks are to wind down their affairs with captive insurers. The regulation also requires FHLBanks to review an insurance company's audited financial statements when considering it for membership and clarifies the standards for determining a member's "principal place of business." The regulation went into effect on February 19.

## Policy Guidance • Regulated Entities (Enterprises and/or Federal Home Loan Banks) and the Office of Finance

Policy Subject	Reference	Date (2016)	Description/Explanation/Comments
Advisory Bulletin on Internal Audit Governance and Function	AB 2016-05	October 7	<p>Communicates FHFA's supervisory expectations for the regulated entities and the OF to establish independent Internal Audit functions and that those functions provide timely feedback to management and assurance to audit committees on the effectiveness of regulated entities' internal controls, risk management, and governance. Timely and reliable information about elevated risks and internal control systems are important so that management can make prompt corrections.</p> <p>This Bulletin rescinds and replaces three Finance Board guidance documents issued between 1996 and 2002 relating to risk assessment: internal auditor independence; internal audit department external reviews; and examination reviews of audit independence, audit committee oversight of selection, compensation and performance evaluation of the audit director.</p>
Advisory Bulletin on Data Management and Usage	AB 2016-04	September 29	Communicates FHFA's supervisory expectations for Enterprise management of data, including expectations for data governance, architecture, quality, and security.
Advisory Bulletin on Affordable Housing Program: Monitoring Of Income Eligibility and Rents For Shelters for the Homeless and Victims of Domestic Violence	AB 2016-03	August 29	Communicates FHFA's guidance under the AHP on how the FHLBanks may verify AHP household income eligibility and rents in the case of shelters for the homeless and shelters for victims of domestic violence.
Advisory Bulletin on FHLBank Changes to Internal Market Risk Models	AB 2016-02	April 21	<p>Updates previous guidance on how an FHLBank may obtain approval to implement significant changes to a previously approved internal market risk model after proper notification to FHFA. The Bulletin describes the procedures and documentation for the notification process.</p> <p>The Bulletin rescinds and replaces the 2005 Finance Board guidance on changes to internal market risk models.</p>
Advisory Bulletin on Classification of Investment Securities at FHLBanks	AB 2016-01	January 21	Communicates FHFA's guidance on the classification of investment securities at the FHLBanks. The Bulletin incorporates the guidance provided by the Uniform Agreement on the Classification and Appraisal of Securities Held by Depository Institutions issued by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation in October 2013.

## Policy Guidance • Federal Housing Finance Agency

Policy Subject	Reference	Date (2016)	Description/Explanation/Comments
FHFA Examination Manual	N/A	<p><i>Fraud Overview and Fraud Risk Management</i> examination module issued on December 8 for field testing</p> <p><i>Diversity and Inclusion Examination Module</i> issued on December 12</p>	<p>The FHFA Examination Manual, first published in 2013, comprises an overview of the examination process and 26 modules that provide examination instructions and work programs organized by risk category or line of business or activity. The examination manual serves as a reference tool and describes standards and expectations for the examinations of the regulated entities.</p> <p>On December 12, FHFA issued the Diversity and Inclusion (D&amp;I) Examination Module and on December 8 issued the Fraud Overview and Fraud Risk Management supplemental examination module for field testing. Supplemental examination modules complement the modules in the FHFA Examination Manual.</p>

## Regulatory Orders

Rule/Regulation Title	Reference	Date (2016)	Description/Explanation/Comments
Reporting by Regulated Entities of Stress Testing Results	2016-OR-FNMA-1; 2016-OR-FHLMC-1; and 2016-OR-B-1	March 2	<p>Stress tests, required by the Dodd-Frank Act, are designed to determine whether the regulated entities have the capital necessary to absorb losses under adverse economic conditions.</p> <p>FHFA's stress testing regulation (12 CFR part 1238) requires annual stress testing and reporting of results for the Enterprises and FHLBanks. The Orders directed the regulated entities to report their stress testing results as of December 31, 2015, in the form and content required by the regulation and superseded the summary instructions and guidance issued on November 14, 2014.</p> <p>The Orders were effective immediately.</p>

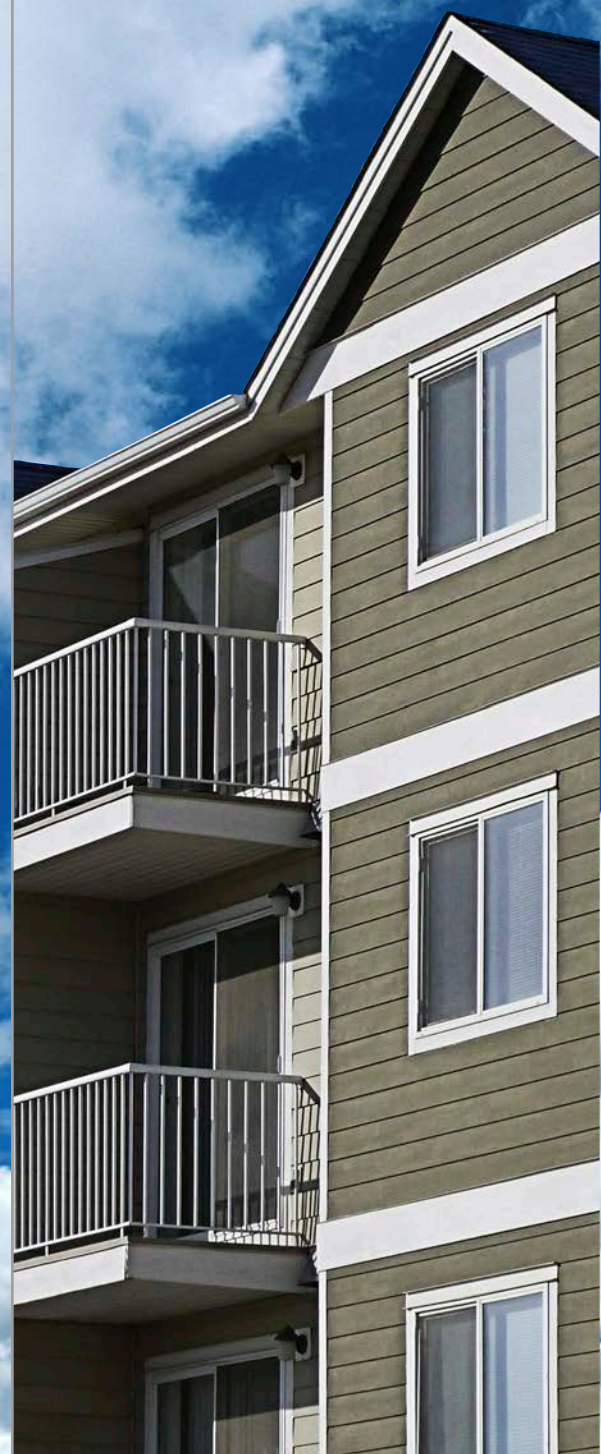
# Conservatorships of the Enterprises

*Managing the Conservatorships*

**MAINTAIN**

**REDUCE**

**BUILD**





**A**s part of HERA Congress granted the Director of FHFA the discretionary authority to appoint FHFA as conservator or receiver of Fannie Mae, Freddie Mac (together, the Enterprises), or any of the Federal Home Loan Banks, upon determining that specified criteria had been met. On September 6, 2008, FHFA exercised this authority and placed Fannie Mae and Freddie Mac into conservatorship. Since the Enterprises were placed into conservatorships, the Treasury Department has provided essential financial commitments of taxpayer funding under PSPAs. Fannie Mae and Freddie Mac have drawn a combined total of \$187.5 billion in taxpayer support under the PSPAs to date. Through December 2016 the Enterprises have paid the Treasury Department a total of \$255.8 billion in dividends on senior preferred stock. Under the provisions of the PSPAs, the Enterprises' dividend payments do not offset the amounts drawn from the Treasury Department.

## Managing the Conservatorships

FHFA uses four key approaches to manage the conservatorships of Fannie Mae and Freddie Mac: 1) FHFA establishes the overall strategic direction for the Enterprises in the Agency's *2014 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac* (2014 Conservatorship Strategic Plan) and in annual scorecard; 2) FHFA authorizes the Enterprises' boards of directors and senior management to oversee and carry out the day-to-day operations of the companies; 3) FHFA has carved out actions of the Enterprises that require advance approval by FHFA; and 4) FHFA oversees and monitors Enterprise activities.

The following section provides an overview of Fannie Mae, Freddie Mac, and FHFA activities to fulfill the three strategic goals in the 2014 Conservatorship Strategic Plan



and the *2016 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions* (2016 Scorecard):

- 1) **MAINTAIN**, in a safe and sound manner, foreclosure prevention activities and credit availability for new and refinanced mortgages to foster liquid, efficient, competitive, and resilient national housing finance markets;
- 2) **REDUCE** taxpayer risk through increasing the role of private capital in the mortgage market; and
- 3) **BUILD** a new single-family securitization infrastructure for use by the Enterprises and adaptable for use by other participants in the secondary market in the future

For additional information about the Enterprises' 2016 Scorecard performance, please see the *2016 Scorecard Progress Report*, published on March 29, 2017.

# MAINTAIN

## Maintain, in a safe and sound manner, credit availability and foreclosure prevention activities for new and refinanced mortgages to foster liquid, efficient, competitive, and resilient national housing finance markets.

FHFA established specific objectives in the 2016 Scorecard to increase access to mortgage credit, to prepare for the impending expiration of crisis-era loss mitigation programs, to responsibly reduce severely aged delinquent loan and real estate owned (REO) properties, and to support affordable rental housing and the liquidity of the multifamily finance market. This section describes those objectives and the activities undertaken by the Enterprises in 2016 to support them.

### **Access to Credit for Creditworthy Borrowers**

The 2016 Scorecard calls for the Enterprises to increase access to mortgage credit for creditworthy borrowers, consistent with the full extent of applicable credit requirements and risk-management practices. Consistent with that mandate, the 2016 Scorecard instructed the Enterprises to work on the following activities:

**Impediments to Access to Credit** – The Enterprises revisited credit policies implemented in response to the housing crisis and eliminated those that have proven unnecessary, such as the prohibitions on the delivery of refinanced loans previously restructured because of borrower distress. The Enterprises embarked on enhancements to their automated underwriting systems (AUS) to encourage lenders to use AUS for loans that are currently manually underwritten, focusing on loans with borrowers who do not have a history of traditional credit. In September 2016, Fannie Mae released Desktop Underwriter (DU) 10.0, an AUS that incorporates the ability to underwrite borrowers without a credit score. Freddie Mac announced a similar release for its AUS, Loan Product Advisor (LPA), on March 16, 2017, for acquisitions on or after June 26, 2017.

The Enterprises continued their efforts to increase access to credit for underserved borrowers and minority communities through a series of targeted outreach initiatives designed to identify and address challenges faced by institutions that focus on serving minority borrowers and communities. Additionally, the Enterprises reassessed their policies related to financing investments in energy efficiency and updated their guidance accordingly.

### **Enhancements to the Representations and Warranties Framework**

– The Enterprises conducted industry outreach on how to further improve loan quality and facilitate a more efficient loan origination process. Using insights gained from their outreach efforts, each Enterprise conducted training events related to quality control (QC) and improved communications with lenders.

The Collateral Representations and Warranties Framework project began in January 2015 to provide greater certainty to lenders on repurchase risk related to property appraisals, which historically has been one of the top reasons the Enterprises demand repurchase of a loan. In 2016, FHFA asked Enterprises to pilot and assess the feasibility of offering collateral representations and warranties relief using their collateral tools, which are designed to assess the overall quality of an appraisal.

On October 24, 2016, Fannie Mae announced its Day 1 Certainty initiative, which provides representation and warranty relief on the appraised value when the

appraised value is within limits set by its collateral tool. Approximately 60 percent of appraisals submitted to Fannie Mae are expected to be eligible. Freddie Mac continues to test and refine its tools and anticipates launching a similar initiative in 2017.

### **Principles for Rescission Relief for Mortgage**

**Insurers** – After consulting with lenders and mortgage insurers, the Enterprises proposed changes to the current rescission relief principles to align them more closely with the Representation and Warranty Framework and to create greater lender certainty. The Enterprises have published and solicited feedback on the proposed changes and anticipate finalizing updates to the mortgage insurers rescission relief principles in 2017.

**Housing Counseling** – In 2015, the Enterprises began exploring the feasibility of improving the effectiveness of pre-purchase and early delinquency counseling through existing or new partnerships with housing counseling networks. Since that time, the Enterprises have been evaluating their respective programs, conducting outreach to housing counselors, and working to better track and assess the results of housing counseling and homeownership education efforts through technology improvements. To date, the Enterprises have developed plans to better engage housing counseling organizations and intermediaries, partnered with online homeownership education providers, and revised their criteria for eligible providers of homeownership education.

The Enterprises also made changes to their post-purchase early delinquency counseling requirements in their respective Seller/Service Guides. Fannie Mae updated its Guide to require that servicers make delinquent borrowers aware of counseling resources. Freddie Mac updated its Guide to inform servicers that when they provide Freddie Mac information on borrowers who are using Freddie Mac's affordable mortgage products and are delinquent Freddie Mac will refer those borrowers to its Borrower Help Centers. In addition, both Enterprises continued to work on technology solutions to improve their reporting on housing counseling. This work will continue in 2017.

**Alternate Credit Score Models** – FHFA continued to work with the Enterprises to study the costs and benefits of migrating to or implementing additional or alternative

*“FHFA and the Enterprises announced a new refinance offering aimed at borrowers with high Loan-to-Value loans... [giving] borrowers who are current on their mortgage, but are unable to refinance through traditional programs, an opportunity to refinance.”*

credit score models within the Enterprises' businesses. FHFA and the Enterprises also sought to understand the costs, operational implications, and potential impact on access to credit from the point of view of lenders, investors, trade associations, consumer groups and other industry stakeholders. FHFA will work to conclude its assessment in 2017.

In addition, the Enterprises have considered other credit-score-related issues that can independently improve access to credit. This includes the Enterprises work described above to enhance their automated underwriting systems to process loans for borrowers who do not have traditional credit histories and, therefore, lack credit scores.

### **Loss Mitigation and Foreclosure Prevention Activities**

The 2016 Scorecard calls for the Enterprises to develop post-crisis loss mitigation activities and prepare for the expiration of crisis-era loss mitigation programs. The 2016 Scorecard directed the Enterprises to work on the following activities to achieve that expectation.

**High Loan-to-Value Loan Refinance Program** – In August 2016, FHFA and the Enterprises announced a new refinance offering aimed at borrowers with high Loan-to-Value (LTV) loans. The new offering will give borrowers who are current on their mortgage, but are unable to



refinance through traditional programs due to a high LTV ratio, an opportunity to refinance.

Because the high LTV refinance offering will not be available to borrowers until October 2017, FHFA extended the Home Affordable Refinance Program (HARP) through September 30, 2017. HARP began in 2009 and continues to be one of the most successful crisis-era programs. Between 2009 and 2016, more than 3.4 million homeowners used HARP to refinance their mortgage.

**Promote HARP Prior to Expiration** – HARP has been a key component of the Enterprises’ support for the strategic goal of ensuring credit availability for refinanced mortgages. FHFA launched a social media campaign in February targeting the top 10 states with the most HARP-eligible borrowers. FHFA also encouraged various third parties, such as housing counselors, personal finance columnists, members of Congress and other housing stakeholders, to reach out to borrowers about the benefits of HARP.

**Post-Crisis Loss Mitigation Options** – The 2016 Scorecard called for the Enterprises to develop aligned

post-crisis loss mitigation options for borrowers, including a loan modification program. In December 2016, the Enterprises announced the new Flex Modification program (Flex Mod), which will be the successor to the Home Affordable Modification Program (HAMP) and to the Enterprises’ existing loan modification programs, Standard Modification and Streamlined Modification. Flex Mod was designed after significant consultation with industry, consumer and governmental stakeholders by refining and enhancing aspects of the Enterprises’ existing modification products to increase borrower eligibility and payment relief. When implemented, Flex Mod will include updated borrower documentation requirements to improve the experience for distressed borrowers seeking mortgage payment assistance. Flex Mod was designed for more stable housing and financial markets, but includes flexibilities to accommodate regional downturns.

The Enterprises will implement Flex Mod by October 1, 2017. Standard Modification and Streamlined Modification programs will be available until Flex Mod is implemented.

**Uniform Borrower Assistance Form** – The 2016 Scorecard called for the Enterprises to enhance the Uniform Borrower Assistance Form (UBAF), which will be used as the application for Flex Mod. Fannie Mae tested a streamlined UBAF in 2015 and results from that test provided feedback for its redesign. FHFA and the Enterprises examined the existing form and potential improvements and solicited feedback from external stakeholders and advocates. In the fourth quarter, the Enterprises began borrower testing of a proposed UBAF with the assistance of several external stakeholders. An enhanced UBAF will complement the launch of Flex Mod by simplifying the documentation required of borrowers.

**Servicer Scorecard Methodology** – The 2016 Scorecard called for the Enterprises to update and enhance their respective servicer scorecards that measure servicer performance. In particular, the Enterprises enhanced their key measurements of servicer performance for non-performing loans (NPLs) in a post-crisis environment. Freddie Mac announced its changes in the third quarter of 2016, and Fannie Mae announced its changes in the fourth quarter of 2016.

## Reduce Severely Aged Delinquent Loans and REO Properties

The 2016 Scorecard called for the Enterprises to continue to responsibly reduce the number of severely aged delinquent loans and REO properties. Responsible reduction includes enhancing and designing programs that provide effective loss mitigation alternatives and REO disposition focused on community stabilization. To address those expectations, the Enterprises worked on a number of activities described below.

**Sales of Non-Performing Loans (NPL)** – The 2016 Scorecard called for the Enterprises to provide plans for continuing NPL sales. In their plans, the Enterprises were required to address:

- 1) Broad NPL sales strategy.
- 2) Potential expansion to multi-servicer pools.
- 3) Efforts to continue offering small pools and strengthening nonprofit access and purchase opportunities.
- 4) Consideration for improving borrower outcomes and, where appropriate, impacts on neighborhood stabilization.
- 5) Public reporting of loan performance post-sale.

In April 2016 FHFA published further *Enhanced Non-Performing Loan Sales Requirements* designed to minimize foreclosures, help mitigate the potential for neighborhood blight and decay, and help improve loan modification success rates. In order to provide transparency into the Enterprises’ sales of NPLs and borrower outcomes post-sale, FHFA published three *Enterprise Non-Performing Loan Sales Reports*. The most recent report includes data on NPL sales and borrower outcomes through December 31, 2016. Figure 20 summarizes the Enterprises NPL sales from August 2014 to date<sup>30</sup>

**Reduction of Severely Aged Delinquent Loans** – The Enterprises continue to reduce substantially the number of severely aged delinquent loans, defined as loans that are two or more years past due. While these reductions are mainly driven by NPL sales, reductions are also attributable to the utilization of special servicers; streamlined modifications; FHFA’s one-time principal reduction modification program provided in 2016; and targeted modification strategies. On a national basis, both Enterprises have seen a dramatic decline in seriously delinquent loans in the past several years, with delinquency rates approaching pre-crisis levels. The Enterprises reduced their combined inventories of severely aged loans by 45.2 percent in 2016, with a total decline of 51,663 such loans from 114,185 to 62,522.

Figure 20 • Non-Performing Loan Sales by the Enterprises

		Number of Pools Sold	Number of Loans Sold	Unpaid Principal Balance of Loans Sold \$ millions	Number of Small Pools <sup>a</sup>	Number of Small Pools Purchased by Non-Profits <sup>b</sup>
2014	Freddie Mac	2	2,721	\$596	0	0
2015	Fannie Mae	8	10,442	\$2,129	1	1
	Freddie Mac	18	15,170	\$2,940	1	1
2016	Fannie Mae	28	29,612	\$5,415	4	4
	Freddie Mac	25	14,557	\$3,079	5	5
<b>All</b>	<b>Total</b>	<b>81</b>	<b>72,502</b>	<b>\$14,160</b>	<b>11</b>	<b>11</b>

Source: Federal Housing Finance Agency.

<sup>a</sup> Small pools are targeted at nonprofits and minority- and women-owned businesses and include those offered as Fannie Mae Community Impact Pools and Freddie Mac Extended Timeline Pools.

<sup>b</sup> A non-profit organization, Community Loan Fund of New Jersey (CLFNJ), along with its affiliate, New Jersey Community Capital, was the winning bidder on 9 of 11 CIP or EXPO pools that settled by December 31, 2016 and CLFNJ is a service provider for the 10th and 11th pools.

<sup>30</sup> Freddie Mac conducted its first pilot NPL sale in August 2014. Fannie Mae conducted its pilot NPL sale in June 2015.

**Reduction of REO Properties** – The Enterprises continued to responsibly reduce their inventory of REO properties by focusing their efforts on supporting owner-occupants and nonprofit purchasers. The Enterprises reduced their REO property inventories by 33 percent in 2016 with a total decline of 24,746 properties to 49,511 properties.

The Enterprises further supported the responsible disposition of REO properties in the most distressed communities through the Neighborhood Stabilization Initiative<sup>31</sup> (NSI) in 18 markets characterized by high levels of low-value REO properties. The NSI program encourages nonprofits to acquire properties in these markets, which reduces the Enterprises' costs for property preservation and maintenance, enables the Enterprises to reduce their REO inventory in the most challenging markets, and simultaneously stabilizes neighborhoods. To achieve those goals, the Enterprises partnered with the National Community Stabilization Trust to identify mission-oriented organizations to purchase REO properties. In addition, NSI has facilitated Enterprise donations of distressed properties, sometimes with demolition funding, to local Land Banks<sup>32</sup> willing to pursue stabilization strategies in distressed markets.

**Efforts to Advance Diversity and Inclusion with Respect to Loss Mitigation** – The Enterprises continued their efforts to strengthen existing relationships with minority-, women- and disabled-owned (MWD-owned) broker-dealers and implemented programmatic features to increase the participation of those firms when conducting NPL sales. For example, the Enterprises engaged in training and support activities with MWD-owned broker-dealers to encourage their participation in capital market transactions. Fannie Mae selected minority-owned broker-dealers to participate as selling group members and engaged minority-owned firms as co-advisors for non-performing loan sales. Freddie Mac engaged minority-owned firms that served as advisors on a variety of capital market transactions in an effort to attract potential nonprofit, neighborhood stabilization funds, MWD-owned businesses, and small investors interested in non-performing loan transactions. Freddie Mac also initiated, or continued, a number of programs during 2016 to address the

needs and challenges faced by MWD-owned firms that do business with the Enterprise. For example, Freddie Mac implemented a flexible reimbursement schedule for large expenses and implemented automated clearinghouse capabilities to expedite payment processing – changes that are important for smaller MWD-owned businesses which are more likely to be cash-constrained.

### **Multifamily Credit Guarantee Business**

The 2016 Scorecard reflects FHFA's goal of maintaining the presence of Fannie Mae and Freddie Mac as a backstop for the multifamily finance market while not impeding the participation of private capital. The 2016 Scorecard set a cap for each Enterprise initially at \$31 billion with exclusions from the cap for a range of mission-related finance activities. FHFA subsequently increased the cap to \$35 billion in May and again to \$36.5 billion in August, consistent with FHFA's commitment to review estimates of the size of the multifamily finance market each quarter and increase the cap, if warranted, based on estimates of the overall size of the 2016 multifamily finance market.

The exclusions from the cap are designed to provide support for affordable and underserved multifamily segments. They include financing for subsidized affordable housing, manufactured housing communities, and small multifamily properties (between 5 and 50 units). In addition, the cap exclusions apply to loans for affordable properties in rural areas, energy efficiency improvements in Enterprise-financed properties, and market-rate units that are affordable to tenants at various income levels and situated in standard, high-cost, and very-high cost rental markets.

In 2016, the Enterprises actively managed their loan production so as not to exceed the published cap. Fannie Mae's total multifamily finance activity for the year was \$55 billion, of which approximately \$36 billion contributed to the cap and \$19 billion was excluded. Freddie Mac's total multifamily finance activity for the year was \$57 billion, of which approximately \$36 billion contributed to the cap and \$20 billion was excluded.

<sup>31</sup> For more information about the Neighborhood Stabilization Initiative please refer to this [link](#).

<sup>32</sup> Land banks are governmental entities or nonprofit corporations experienced at acquiring real estate owned, tax delinquent and abandoned properties, and returning them to productive use.

# REDUCE

## Reduce taxpayer risk through increasing the role of private capital in the mortgage market.

The 2014 Conservatorship Strategic Plan focused on reducing taxpayer risk by increasing the role of private capital in the secondary mortgage market. To further that objective, the 2016 Scorecard called for the Enterprises to work on the following initiatives.

### Credit Risk Transfers for Single-Family Credit Guarantee Business

The Enterprises' credit risk transfer (CRT) programs have become a core part of the Enterprises' single-family credit guarantee business. In 2016 the Enterprises were required to transfer risk on at least 90 percent of the UPB of their acquisitions of single-family mortgage loans targeted for credit risk transfer.<sup>33</sup> Targeted loans include fixed-rate, non-HARP loans with terms over 20 years and LTV ratios above 60 percent. Both Enterprises achieved this objective. The Enterprises have transferred risk on loans with \$1.44 trillion in UPB since the beginning of the program in 2013, with total risk in force (RIF) of \$49 billion.

In 2016, the Enterprises transferred credit risk on single-family mortgage loans with a total UPB of approximately \$548 billion and total RIF of about \$18.1 billion as summarized in Figure 21. The Enterprises' programs involve credit risk transfers via debt issuances, insurance/reinsurance transactions, senior-subordinate securitizations, front-end collateralized lender recourse transactions, and other pilot transactions.

In 2016, both Enterprises engaged in pilot front-end CRT transactions involving deeper mortgage insurance. These

transactions transfer additional credit risk to mortgage insurers or their affiliates but with protections that are not available with traditional primary mortgage insurance. The protections are comparable to those provided by other CRT transactions such as collateralization to mitigate counterparty credit risk and certainty of coverage provisions to mitigate claim payment risk. Fannie Mae's pilot transaction transferred credit risk on loans with \$3.7 billion of UPB, with RIF of about \$98 million. Freddie Mac's pilot transaction transferred credit risk on loans with \$3.1 billion in UPB, with RIF of \$81 million.

### Credit Risk Transfers for Multifamily Credit Guarantee Business

Credit risk sharing with the private sector is an integral part of the multifamily business model for both Enterprises. Over 90 percent of the \$112 billion in multifamily volume that the Enterprises originated in 2016 involved a transfer of credit risk to private capital.

Figure 21 • Enterprise Single-Family Mortgage Credit Risk Transfer Activity 2013 – 2016

		Risk in Force <sup>a</sup> (\$ billions)	Reference Pool OPB <sup>b</sup> (\$ billions)
2013	Fannie Mae	\$ 0.8	\$ 31.9
	Freddie Mac	\$ 1.5	\$ 57.9
	<b>TOTAL</b>	<b>\$ 2.2</b>	<b>\$ 89.8</b>
2014	Fannie Mae	\$ 6.1	\$ 230.9
	Freddie Mac	\$ 6.1	\$ 147.5
	<b>TOTAL</b>	<b>\$ 12.2</b>	<b>\$ 378.4</b>
2015	Fannie Mae	\$ 7.3	\$ 239.1
	Freddie Mac	\$ 8.8	\$ 181.3
	<b>TOTAL</b>	<b>\$ 16.1</b>	<b>\$ 420.4</b>
2016 <sup>c</sup>	Fannie Mae	\$ 9.8	\$ 332.9
	Freddie Mac	\$ 8.4	\$ 215.0
	<b>TOTAL</b>	<b>\$ 18.1</b>	<b>\$ 548.0</b>
<b>TOTAL</b>	<b>Fannie Mae</b>	<b>\$ 23.9</b>	<b>\$ 834.5</b>
	<b>Freddie Mac</b>	<b>\$ 24.7</b>	<b>\$ 601.7</b>
	<b>TOTAL</b>	<b>\$ 48.7</b>	<b>\$ 1,436.6</b>

Source: Federal Housing Finance Agency

<sup>a</sup> Volume of notes issued in debt transactions or risk-in-force in insurance/reinsurance transactions. Together those amounts equal the maximum credit loss exposure of private investors.

<sup>b</sup> Unpaid principal balance of pools of mortgage loans on which credit risk is transferred.

<sup>c</sup> Totals for 2016 include the total contracted UPB and RIF for front-end MI pilot transactions.

<sup>33</sup> For more information on the CRT program, refer to *Single-Family Credit Risk Transfer Progress Report* and the *Single-Family Credit Risk Transfer Request for Input*



In 2016 Fannie Mae transferred credit risk on over \$55 billion of its production through its multifamily delegated underwriting and servicing program (known as DUS®), Fannie Mae also completed its first non-DUS multifamily CRT transaction during 2016. For that transaction, Fannie Mae transferred a portion of the credit risk on approximately \$9.4 billion of loans to the reinsurance industry.

Since 2010, Freddie Mac has been issuing senior-subordinate notes through their K-Deals to finance between 85 and 90 percent of its multifamily originations. In 2016, Freddie Mac issued its first two Structured Credit Risk (SCR) notes. SCR Notes are unsecured and unguaranteed Freddie Mac corporate debt. They are subject to the credit risk of an identified pool of multifamily mortgage loans for which Freddie Mac provides credit enhancement for the related multifamily bonds issued by state and local housing finance agencies. The notes issued in 2016 transferred to investors a portion of the credit risk on multifamily loans with \$2 billion in UPB.

### **Retained Mortgage Portfolios**

The Enterprises made significant progress on reducing their retained portfolios during 2016. At year-end, each Enterprise's retained portfolio was significantly below the year-end 2016 PSPA cap of \$339 billion. As of December 31, Freddie Mac's portfolio stood at \$298 billion, and Fannie Mae's was \$272 billion, a reduction in their combined portfolios of \$122 billion in 2016.

A number of activities contributed to the reduction in each Enterprise's retained portfolio in 2016. Most of the reduction at each Enterprise resulted from voluntary and involuntary prepayments. Liquidations, which include both

prepayments and normal amortization of mortgage assets, totaled \$55.7 billion at Freddie Mac and \$51.8 billion at Fannie Mae. In addition, each Enterprise transferred risk to private investors through the sale of less-liquid assets — about \$12.6 billion by Freddie Mac and about \$14.2 billion by Fannie Mae. For both Enterprises, the less-liquid assets were predominantly private-label securities and NPLs sold through auctions. Both Enterprises also securitized a significant amount of re-performing loans and sold those securities into the market.

**Diversity and Inclusion Efforts** – The Enterprises implemented several initiatives to increase the participation of MWD-owned broker-dealers in single-family and multifamily credit risk transfer transactions during 2016. For example, Freddie Mac partnered with several minority- and women-owned firms to help develop a market for its credit risk transfers and expanded the number of firms co-managing its capital market transactions. Additionally, Freddie Mac included MWD-owned broker-dealers as selling group participants on every deal involving STACR securities and MWD-owned broker-dealers served as co-managers on each of Freddie Mac's multifamily K-Deal securitization transactions. Fannie Mae expanded its use of MWD-owned firms on all single-family credit risk transactions and selected two MWD-owned broker-dealers to participate as selling group members in each of its CAS deals during 2016. Fannie Mae also selected a minority-owned firm to participate in each of its Guaranteed Multifamily Structures (GeMS) deals conducted during 2016. GeMS deals involve the securitization of multifamily loans originated through Fannie Mae's Delegated Underwriting and Servicing program.

### **Risk Measurement Framework**

The Risk Measurement Framework provides FHFA with methodologies for assessing the risks and returns of Enterprise asset acquisitions and sale transactions. When completed, the framework will provide FHFA with an aligned basis for evaluating the economics of business decisions made by the Enterprises.

During 2016, both Enterprises provided FHFA with information to assist in FHFA's development of the aligned framework. FHFA expects to complete and implement the Risk Management Framework in 2017.



# BUILD

## Build a new single-family securitization infrastructure for use by the Enterprises and adaptable for use by other participants in the secondary market in the future.

The third and final strategic goal of the 2014 Conservatorship Strategic Plan calls for building a new infrastructure for the securitization functions of the Enterprises, and the 2016 Scorecard continued to make that effort a priority. That effort includes ongoing work to develop the CSP as well as a new initiative to develop a common, single Enterprise mortgage-backed security (Single Security Initiative). The 2016 Scorecard also required continued work to build more consistent and uniform mortgage data standards for use by the Enterprises and other market participants. This section reviews progress during 2016 on those initiatives.

### **Common Securitization Platform and Common Securitization Solutions**

In September 2015, FHFA issued *An Update on the Common Securitization Platform* which announced a two-part release process for the CSP and Single Security Initiative. Release 1 implements the CSP for Freddie Mac's existing single-class securities. Release 2 will implement the CSP and make possible the issuance of a common single mortgage-backed security by both Enterprises. That security will be known as the Uniform Mortgage-Backed Security (UMBS). The 2016 Scorecard called for the Enterprises and

Common Securitization Solutions (CSS), the joint venture owned by Fannie Mae and Freddie Mac, to implement Release 1 in 2016 and publish a timeline for implementation of Release 2 and the Single Security Initiative. It also called for the Enterprises to work with FHFA to assess new or revised Enterprise programs, policies, and practices for their effects on the cash flows, such as prepayments and loan buyouts, of mortgage-backed securities eligible for financing through the to-be-announced (TBA) market.

**Implementation of Release 1** – CSS and Freddie Mac successfully implemented Release 1 on November 21, 2016. This implementation involved moving certain back-office operations of Freddie Mac to CSS and the CSP. With the implementation of Release 1, Freddie Mac is now using the CSS modules for Data Acceptance, Issuance Support, and Bond Administration activities related to Freddie Mac's current single-class, fixed-rate securities — PCs and Giants — and for certain activities related to the underlying mortgage loans such as tracking unpaid principal balances. The successful implementation of Release 1 was the culmination of a series of rigorous tests by CSS and Freddie Mac that included system-to-system testing, end-to-end testing, and parallel testing as well as operation and production readiness activities.

**Timeline for Implementing Release 2** – The 2016 Scorecard called for the Enterprises and CSS to publish a timeline for implementing Release 2 in 2016. The Enterprises and CSS did not meet that objective by the end of 2016, but FHFA announced in December that the timeline would be released in the first quarter of 2017. The additional time allowed the Enterprises and CSS to complete an extensive review of lessons learned from the Release 1 implementation process and progress to date on Release 2. Release 2 is a more complex undertaking than Release 1 because it involves both Enterprises rather than only Freddie Mac, because it will add issuance of the UMBS, and because it will add to the functionality of Release 1 by including commingling of Enterprise UMBS, multi-class securities, and UMBS disclosures.

On March 23, 2017, FHFA released *An Update on the Implementation of the Single Security and the Common Securitization Platform*, which announced that Release 2 would be implemented in the second quarter of 2019. That announcement provides stakeholders with more than

24 months' advance notice and is intended to facilitate further engagement on the part of market participants in the transition to UMBS.

**Alignment Activities** – Maintaining similarity in the prepayment speeds of the Enterprises' mortgage-backed securities is important to the success of the Single Security Initiative. Accordingly, the 2016 Scorecard FHFA called for the Enterprises to assess new or revised Enterprise programs, policies, and practices for their effect on the cash flows of mortgage-backed securities eligible for financing through TBA market.

In July 2016, FHFA published *An Update on Implementation of the Single Security and the Common Securitization Platform* (July 2016 Update) which included a description of specific steps FHFA would take and steps it would require the Enterprises to take to ensure the continued convergence of prepayments across the Enterprises' mortgage-backed securities. The July 2016 Update indicated that each Enterprise would be required to submit for FHFA review any proposed changes that the Enterprise believed could have a measureable effect on the prepayment rates and performance of TBA-eligible securities, including its analysis of any effects on prepayment speeds and/or removals of delinquent mortgage loans from securities under a range of scenarios. In addition, FHFA monitors Enterprise programs, policies, and practices that are initially determined to have no significant effect on prepayment rates or security performance and work with the Enterprises to address any unexpected effects as they arise.

FHFA continues to review and assess relevant changes and will work with the Enterprises to appropriately address any significant items that arise.

**Industry Outreach and Other Readiness Activities** – Successful implementation of the CSP and the Single Security Initiative is dependent on effective involvement by market participants and third-party vendors as well as the Enterprises and CSS. Therefore, the 2016 Scorecard emphasized the need for the Enterprises and CSS to obtain and use industry input. Two meetings were held in 2016 with the CSP/Single Security Industry Advisory Group, which was established in 2015. The Enterprises and CSS also participated in numerous conferences, con-

ference calls, and meetings with individual firms during 2016. Input from those activities was incorporated into the Release 2 timeline and alignment activities discussed above as well as into the UMBS features and disclosures for Release 2, which Fannie Mae and Freddie Mac published in July and updated in November.<sup>34</sup>

## **Mortgage Data Standardization**

The Uniform Mortgage Data Program (UMDP) is a multifaceted technology strategy first announced in May 2010 with the goal of standardizing data throughout the mortgage industry to improve lender efficiency, loan quality, and mortgage credit risk management. The 2016 Scorecard called for Fannie Mae and Freddie Mac to continue to collaborate with the industry through the UMDP to develop and implement uniform data standards for single-family mortgage loans.

**Uniform Closing Disclosure Dataset (UCD)** – During 2016, each Enterprise worked to develop its own software solutions to collect, analyze, and store UCD data from lenders and vendors and to provide lenders and vendors the opportunity to test transmitting data files to the Enterprises. The Enterprises also worked closely with the industry, actively engaging the UCD advisory group in decisions on publishing data specification updates, on requirements for the format and structure of electronically submitted documents, and on acquiring closing data from settlement companies. In addition, the Enterprises published Frequently Asked Questions to address UCD-related questions and provide updates and held industry UCD awareness and technical implementation webinars. Finally, the Enterprises jointly published and updated technical information to aid lenders and vendors with their implementation of the UCD.

**Uniform Loan Application Dataset (ULAD)** – During 2016, the Enterprises continued development and implementation of the ULAD. This effort comprised a newly redesigned Uniform Residential Loan Application (URLA) Form to collect the ULAD. The data (ULAD) collected on the URLA comprises most of the dataset used by the Enterprises' automated underwriting systems to determine if the loan conforms to Enterprise requirements.

<sup>34</sup> The final features and disclosures may be found on Fannie Mae's website [here](#) and on Freddie Mac's website [here](#).

During 2016, the Enterprises conducted multiple rounds of usability testing on the redesigned URLA form with borrowers and lenders. In addition, they collaborated with lenders, software vendors, mortgage insurers, trade associations, housing advocates, borrower groups, the Consumer Finance Protection Bureau (CFPB), and federal housing agencies within HUD, Veterans Affairs, and Agriculture, to address outstanding issues. The Enterprises released the redesigned URLA form on August 23 and the technical specifications for their automated underwriting systems on September 20. On September 23, CFPB issued an official approval providing an Equal Credit Opportunity Act (ECOA) “safe harbor” for the updated URLA form. The Enterprises are working to update their automated underwriting systems to accept the updated ULAD. They are also consulting with the industry to determine a date after which data provided by lenders will be required to conform to the updated URLA.

**eMortgages** – The 2016 Scorecard called for the Enterprises to assess and implement strategies to improve the mortgage industry’s ability to originate and deliver electronic mortgages (eMortgages). An eMortgage is a mortgage loan where the critical loan documentation, specifically the promissory note (eNote), is created, executed, transferred, and stored electronically. In the first half of 2016, the Enterprises surveyed lenders, technology solution providers, warehouse banks, servicers, and title and settlement providers to understand the obstacles to industry adoption of eMortgages. The Enterprises analyzed and published the survey results<sup>35</sup> and identified joint opportunities to address some obstacles to eMortgage adoption.

## Other 2016 Conservatorship Activities

**Boards of Directors** – As conservator, FHFA approves the appointment of new directors serving on the boards of directors of each Enterprise. In 2016, FHFA approved the elections of Hugh R. Frater, Renee L. Glover, Michael J. Heid, Ryan Zanin, and George W. Haywood to serve on the Fannie Mae board of directors. Three Fannie Mae board members resigned or rotated off the board in 2016

(William Thomas Forrester, Benda J. Gaines and David H. Sidwell). The number and composition of the Freddie Mac board of directors remained the same throughout 2016.

**Enterprise Compensation** – No changes were made to the Enterprises’ Executive Compensation Plan in 2016. Overall compensation levels generally continue to fall between the 25th and 50th percentile of the market, which FHFA considers the recommended range for Enterprise executive officers. FHFA continues to closely examine all compensation requests by the Enterprises and maintains an active dialogue with each Enterprise about current and future compensation actions.

**Private-Label Mortgage-Backed Securities** – In 2015, FHFA continued its work on the remaining private-label MBS lawsuits filed in 2011 against financial institutions and certain of their officers and directors.<sup>36</sup> Each suit alleged violations of federal securities laws and state laws in the sale of private-label MBS investments to the Enterprises between 2005 and 2007. The complaints were filed under statutory authority granted to FHFA, as conservator, by HERA, and reflected FHFA’s determination that the institutions and individuals named in the suits violated securities laws and common law, causing each Enterprise to incur significant losses in these private-label MBS investments.

Two of FHFA’s private-label MBS lawsuits remained pending: 1) FHFA v. Nomura Holding America, Inc. in the U.S. District Court for the Southern District of New York, and 2) FHFA v. The Royal Bank of Scotland Group, PLC (RBS) in the U.S. District Court for the District of Connecticut. The district court decided in favor of FHFA and the Enterprises in the Nomura case in May and awarded rescissory damages of over \$806 million and required return of the bonds, worth approximately \$400 million, to the defendants. The defendants in the Nomura case have appealed the trial court decision to the U.S. Court of Appeals for the Second Circuit, where it was argued on November 18, 2016. No decision has yet been issued. The RBS case is still pending and a trial date has not yet been set by the court.

<sup>35</sup> See Joint GSE Outreach Survey Findings on State of Industry Adoption which may be found on Fannie Mae’s website [here](#) and on Freddie Mac’s website [here](#).

<sup>36</sup> FHFA filed 18 lawsuits in 2011. In 2013, FHFA reached settlements with six financial institutions resulting in resolution of five of the original 18 lawsuits and a combined recovery of nearly \$8 billion. In 2014, settlements were reached in 11 of the remaining private-label MBS lawsuits, resulting in the recovery of more than \$10.3 billion on behalf of taxpayers.

# Legislative Recommendations



### **Housing Finance Reform**

The Enterprises have been in conservatorships since September 2008. These conservatorships are unprecedented in duration and scope. While a number of important reforms have been made to the Enterprises during conservatorship, FHFA continues to believe that conservatorship is not sustainable and that Congress needs to undertake the important work of housing finance reform.

### **Barriers to Investor Participation in Credit Risk Transfer Transactions**

Under FHFA's annual conservatorship scorecards, the Enterprises are working to transfer to the private sector a substantial amount of the credit risk they assume in targeted loan acquisitions. This credit risk transfer market is relatively new and evolving and relies on ongoing investor interest and ability to purchase the credit risk. FHFA has previously identified several statutory impediments which, if addressed, could avoid unintended consequences for some types of investors and thus help to expand investor participation in Enterprise credit risk transfer transactions. FHFA continues to believe that these statutory impediments should be removed.

### **Examination of Regulated Entity Counterparties**

FHFA's regulated entities contract with third parties to provide critical services supporting the secondary mortgage market, including nonbank mortgage servicers for the Enterprises. While oversight of these counterparties is important to safety and soundness of FHFA's regulated entities, it is currently exercised only through contractual provisions where possible. In contrast, other federal safety and soundness regulators have statutory authority to examine companies that provide services to depository institutions through the Bank Service Company Act. The Government Accountability Office has recommended granting FHFA the authority to examine third parties that do business with the Enterprises.<sup>37</sup> The Financial Stability Oversight Council also made a similar recommendation in its *2016 Annual Report*. FHFA concurs with these recommendations.

<sup>37</sup> See GAO Report 16-278, *Nonbank Mortgage Servicers: Existing Regulatory Oversight Could Be Strengthened*, public released April 11, 2016.

# Research and Publications

*Reports to Congress*

*House Price Index*

*Public Use Database*

*Historical Database (MIRS)*

*National Mortgage Database Project*

*Research Publications*

**D**uring 2016, FHFA published all reports required by statute, as well as research papers related to housing and market conditions. Reports and publications are posted on FHFA's website at [www.FHFA.gov](http://www.FHFA.gov).

## Reports to Congress

Pursuant to requirements under federal law, including HERA and the Dodd-Frank Act, FHFA submitted annual reports to Congress in 2016. Additionally, FHFA submitted monthly reports relating to the number of loan modifications and other foreclosure prevention activities of the Enterprises.

### Guarantee Fee Study

HERA requires FHFA to conduct an ongoing study of the guarantee fees charged by Fannie Mae and Freddie Mac. In August 2016, FHFA released its eighth annual guarantee-fee study report. The report covers 2015 and examines the fees charged by the Enterprises guaranteeing conventional single-family mortgages, including the amount of these fees and the criteria used to determine them. The report utilized aggregated data collected from the Enterprises.

### Annual Housing Report

FHFA submitted its eighth Annual Housing Report to Congress in October, which detailed Enterprise housing goals performance in 2015 as well as information on other aspects of the Enterprises' purchase activities.

### FHLBank Advance Collateral Study

HERA requires FHFA to submit to Congress an annual report on the collateral pledged to the Federal Home Loan Banks by collateral type and by each individual FHLBank.

In August 2016, FHFA released its eighth [Report on Collateral Pledged to the Federal Home Loan Banks](#) based on the results of its annual FHLBank Collateral Data Survey.

### No FEAR Act Report

The Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act) requires that federal agencies be publicly accountable for violations of antidiscrimination and whistleblower protection laws. Federal agencies must post both quarterly and annual statistical data relating to federal sector Equal Employment Opportunity complaints on their public websites, reimburse the Treasury Department Judgment Fund for any payments made, and notify employees and applicants for employment about their rights under the federal antidiscrimination and whistleblower laws. In January 2017, FHFA published the [No Fear Act Annual Report to Congress](#), covering fiscal years 2012 – 2016.

### OMWI Annual Report

The Dodd-Frank Act requires most federal financial regulators to establish an Office of Minority and Women Inclusion (OMWI). FHFA's OMWI is responsible for leading the Agency's efforts to advance diversity and inclusion and developing standards for: 1) Equal Employment Opportunity and the racial, ethnic, and gender diversity of the Agency's workforce and senior management of the Agency; 2) increased participation of minority- and women-owned businesses in Agency programs and contracts; and 3) assessing the diversity policies and practices of entities regulated by the Agency.

FHFA must also comply with Section 1116(f) of HERA, which requires the Agency to seek diversity in its workforce, at all levels, consistent with the demographic diversity of the United States. In March 2016, FHFA submitted an annual Report to Congress detailing the activities of FHFA's OMWI during the calendar year.

### Federal Property Manager's Report/Foreclosure Prevention Report

The Emergency Economic Stabilization Act of 2008 directs Federal Property Managers (FPM) to develop and implement plans to maximize assistance for homeowners



and encourage servicers of underlying mortgages to take advantage of programs to minimize foreclosures. Each FPM is also required to report to Congress the number and types of loan modifications and the number of foreclosures during the reporting period. FHFA is a designated FPM in its role as conservator for Fannie Mae and Freddie Mac. FHFA delivered monthly and quarterly FPM reports to Congress throughout 2016.

## House Price Index

FHFA further enhanced its suite of publicly available house price indexes in 2016. In May, it released a new series of experimental house price indexes for five-digit ZIP codes constructed on an annual frequency. In November, a similar suite of indexes were released for counties. These lower levels of geographic coverage offer new opportunities to improve understanding of price changes and mortgage risks at a more granular level.

FHFA's publication of its other types of home price indexes — for instance, its "all-transactions," "purchase-only," and "expanded-data" measures — continued in 2016. Such measures are estimated using different underlying datasets, but all provide measures of price movements for various geographic areas.

## Public Use Database

The Safety and Soundness Act requires FHFA to make available to the public loan-level data submitted by the Enterprises in the reports required under section 309(m) of Fannie Mae's Charter Act and section 307(e) of Freddie Mac's Charter Act, except for certain proprietary information and personally identifiable information. FHFA is required to make publicly available Enterprise data elements analogous to those required to be reported by mortgage originators under HMDA at the census tract level. The Safety and Soundness Act also requires FHFA to make public certain high-cost securitized loan data it collects to compare the characteristics of high-cost loans the Enterprises purchase and securitize. FHFA is required to release the data by September 30 of the year following the year the mortgages were acquired by the Enterprises. For 2016 FHFA released this 2015 data to the public through its Public Use Database.

## Historical Database (MIRS)

Every month FHFA conducts the Monthly Interest Rate Survey (MIRS) by asking a sample of mortgage lenders to report the terms and conditions on all single-family, fully-amortized, purchase-money, non-farm loans that they closed during the last five business days of the month. MIRS excludes FHA-insured and VA-guaranteed loans, multifamily loans, mobile home loans, and loans created by refinancing another mortgage. FHFA collects and consolidates this data and then makes available to the public monthly information on interest rates, loans terms, and house prices by property type (all, new, previously occupied), and by loan type (fixed- or adjustable-rate), as well as information on 15-year and 30-year fixed-rate loans. In addition, quarterly information on conventional loans by major metropolitan area and by FHLBank district is also published. FHFA also publishes annual and monthly data from 1973 to 2015 on its website.



## National Mortgage Database Project

The National Mortgage Database project is a multi-year project being jointly undertaken by FHFA and the Consumer Financial Protection Bureau (CFPB). The project is designed to provide a rich source of information about the U.S. mortgage market based on a five percent sample of residential mortgages. The project has three primary components:

- 1) The National Mortgage Database (NMDDB)
- 2) The quarterly National Survey of Mortgage Originations (NSMO)
- 3) The annual American Survey of Mortgage Borrowers (ASMB)

The NMDDB will enable FHFA to meet the statutory requirements of HERA to conduct a monthly mortgage market survey. Specifically, FHFA must, through a survey of the mortgage market, collect data on the characteristics of individual mortgages, including those eligible for purchase by Fannie Mae and Freddie Mac and those that are not, and including subprime and nontraditional mortgages. In addition, FHFA must collect information on the creditworthiness of borrowers, including a determination of whether subprime and nontraditional borrowers would have qualified for prime lending.

*National Mortgage Database Technical Report 1.1* (updated December 22, 2016) is designed to provide users of the NMDDB data with background on the development of the database, as well as an assessment of the quality of its data.

*National Mortgage Database Technical Report 2.1* (updated December 22, 2016) provides background details on how the NSMO was developed.

## Research Publications

In 2016, FHFA published four staff working papers. The original research in these working papers represents contributions to the academic, practitioner, and policy communities in the areas of housing finance, regional, and urban economics. While FHFA provides approval for the research projects consistent with FHFA objectives, the papers reflect the views of the authors, not FHFA.

***Working Paper 16.01: Local House Price Dynamics: New Indices and Stylized Facts*** – This paper introduces the first publicly available suite of house price indices within cities. Previously, the only publicly available house price measures were at the city level. These indices are now used by researchers and policymakers.

***Working Paper 16-02: Local House Price Growth Accelerations*** – This paper documents cases where house prices underwent a period of steep acceleration, and then measures the extent of reversion in the following years. The paper finds that house price increases are most sustainable in highly regulated cities, the centers of large cities, and cities with a prior history of price stagnation.

***Working Paper 16-03: Oil Prices and Urban Housing Demand*** – This research measures the extent of house price fluctuations in response to oil price changes. The paper finds that there is an export price effect, where house prices rise with the price of oil in oil-rich regions, and a transportation cost effect, where house prices fall when commutes are long when the price of oil rises.

***Working Paper 16-04: Missing the Mark: House Price Index Accuracy and Mortgage Credit Modeling*** – This research investigates the implications of using an inaccurate house price index. When a more accurate index is used, the paper finds that the estimated relationship between house price changes and mortgage defaults strengthens. The implication is that house price changes are a greater contributor to mortgage defaults than previously estimated.

# FHFA Operations and Performance

*Performance and Program Assessment*

*Financial Operations*

## Performance and Program Assessment

During fiscal year (FY) 2016,<sup>38</sup> FHFA operated under its *Strategic Plan: Fiscal Years 2015-2019* (Strategic Plan) released November 21, 2014. The plan set three strategic goals:

- Ensure safe and sound regulated entities;
- Ensure liquidity, stability and access in housing finance; and
- Manage the Enterprises ongoing conservatorships.

FHFA's Strategic Plan reflects the Agency's priorities as regulator of the Federal Home Loan Bank System and as regulator and conservator of the Enterprises. The plan also reflects the priorities outlined for the Enterprises in the 2014 Conservatorship Strategic Plan, which the Agency released in May 2014.

On November 15 2016, FHFA published its annual *Performance and Accountability Report* (PAR), detailing the Agency's performance and achievements for FY 2016. The PAR reports on FHFA's performance on 24 performance measures established for FY 2016 to help evaluate FHFA's progress toward its strategic goals. Of the Agency's 24 performance measures, FHFA met 20 measures (83 percent) and did not meet four measures (17 percent).



Upon reviewing the Agency's PAR, the Association of Government Accountants awarded FHFA the Certificate for Excellence in Accountability Reporting (CEAR) for the ninth consecutive year. The CEAR award is presented to agencies that have demonstrated excellence in integrating performance and accountability reporting. Only agencies with unmodified opinions on their financial reports from an independent auditor are eligible for the award.

<sup>38</sup> FHFA's fiscal year 2016 extended from October 1, 2015 through September 30, 2016.

# Financial Operations

## Financial Highlights

HERA authorizes FHFA to collect annual assessments from its regulated entities to pay its expenses and maintain a working capital fund. In FY 2016, FHFA had \$339.2 million in total budgetary resources: \$242.9<sup>39</sup> million in assessments, \$40.5 million in unobligated balance brought forward from FY 2015, and \$10.4 million in recoveries of prior year unpaid obligations and \$55.9 million in spending authority from offsetting collections. Obligations incurred increased \$15.8 million to \$317.0 million in FY 2016. Gross outlays increased \$4.3 million to \$296.8 million in FY 2016.

## Federal Management System and Strategy

HERA requires FHFA to implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the U.S. Government General Ledger at the transaction level.

FHFA, including FHFA OIG, uses the Treasury Department's Bureau of the Fiscal Service for its accounting services and financial management system (FMS). FHFA is responsible for overseeing the Bureau of the Fiscal Service's performance of accounting services for the Agency. Additionally, during FY 2016 FHFA used the National Finance Center (a service provider within the Department of Agriculture) and the Interior Business Center (a service provider within the Department of Interior) for its payroll and personnel processing. The Agency has streamlined accounting processes by electronically interfacing data from charge cards, investment activities, the Concur travel system, the PRISM procurement system, the Invoice Processing Platform payments system, the National Finance Center payroll system, and the Interior Business Center payroll system to FMS.

## Unmodified Audit Opinions in FY 2015

FHFA has received an unmodified audit opinion on its financial statements from the U.S. Government Accountability Office (GAO) for every year since FHFA was created in 2008. GAO found:

- The FHFA financial statement as of and for the fiscal years ending September 30, 2016, and 2015, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.
- FHFA maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016.
- No reportable noncompliance for fiscal year 2016 with provisions of applicable laws, regulations, contracts, and grant agreements they tested.

FHFA OIG contracted with an independent audit firm to conduct the FY 2016 FISMA audit of the FHFA information security program. The audit concluded that FHFA's Information Security Program was compliant with the FISMA legislation and applicable OMB guidance and that sampled security controls from NIST SP 800-53 demonstrated operating effectiveness. The auditors did not issue any audit findings and found that FHFA had sound controls for its Information Security Program.

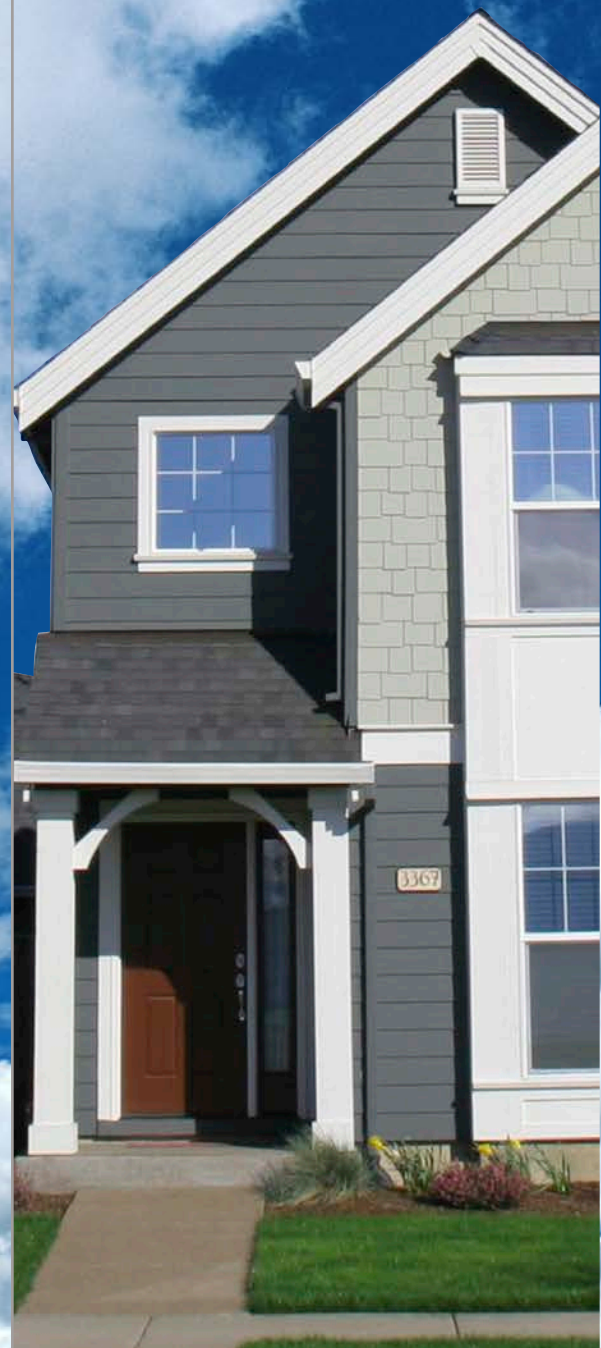
<sup>39</sup> FHFA assessments are made to fund the current budget of the Agency and the Office of Inspector General (OIG). For FY 2016, this amount is the sum of FHFA's budget of \$199.1 million and FHFA OIG's budget of \$49.9 million, less unobligated funds of \$6.3 million from the end of the prior year (Numbers may not add to the \$242.9 due to rounding).



# Federal Housing Finance Oversight Board Assessment

*Enterprises*

*FHLBanks*



June 2017

**S**ection 1103 of the Housing and Economic Recovery Act (HERA) of 2008 requires that the Federal Housing Finance Agency (FHFA) Director's Annual Report to Congress (Annual Report) include an assessment of the Federal Housing Finance Oversight Board or any of its members with respect to:

- The safety and soundness of the regulated entities;
- Any material deficiencies in the conduct of the operations of the regulated entities;
- The overall operational status of the regulated entities; and
- An evaluation of the performance of the regulated entities in carrying out their respective missions.

FHFA's Annual Report provides a detailed review of the issues for Fannie Mae and Freddie Mac (the Enterprises) and the Federal Home Loan Bank (FHLBank) System as a basis for this assessment

## Enterprises

The Enterprises continue to operate in conservatorship as they have since 2008. The U.S. Department of the Treasury (Treasury Department) continues to provide the Enterprises with financial support through the Senior Preferred Stock Purchase Agreements (PSPAs). Through year-end 2016, the Enterprises' cumulative draws under the PSPAs totaled \$187.5 billion, and the Enterprises had paid \$255.8 billion in cumulative cash dividends to the Treasury Department. Under the terms of the PSPAs, the payment of dividends does not offset or pay down prior draws from the Treasury Department by the Enterprises. The Enterprises continue to operate with a \$258 billion commitment of capital support from the Treasury Department under the PSPAs.

In 2016, the Enterprises generated net income of \$20.1 billion, up from \$17.4 billion in 2015. Each

Enterprise continues to have a significant but declining exposure to credit losses from mortgages originated in the several years prior to conservatorship. Revenue from guarantee fees has made up an increasing portion of each Enterprise's net interest income in recent years as net interest income from the retained mortgage portfolios continues to decline. Both Enterprises are subject to quarterly volatility in their financial results primarily as a result of accounting-driven gains and losses on the derivatives they use to manage their interest-rate risk. Additionally, both Enterprises' balance sheets continue to include large deferred tax assets (DTAs), which mainly reflect differences between GAAP and tax accounting. Changes to tax policy that affect the corporate tax rate would affect the value of these DTAs and impact the Enterprises' financial results.

Initiatives undertaken during the conservatorships of the Enterprises, combined with the Treasury Department's commitment of financial support under the PSPAs, have stabilized the Enterprises. Certain higher-risk mortgage products, such as no-income documentation or interest-only mortgages, have been eliminated from the Enterprises' new guarantees. The Enterprises have significantly reduced their retained portfolios since entering conservatorship as required by the PSPAs and have exceeded their reduction requirements under these agreements. Through year-end 2016, their combined retained portfolios had been reduced by approximately 65 percent compared to March 2009 levels, with Fannie Mae's ending the year at \$272 billion and Freddie Mac's at \$298 billion.

The Enterprises have also worked to develop credit risk transfer programs that transfer a meaningful amount of credit risk to private investors on 90 percent of the unpaid principal balance (UPB) of new acquisitions in targeted loan categories. Through 2016, the Enterprises have transferred a portion of credit risk on mortgages with a UPB of \$1.4 trillion, representing a risk in force of about \$49 billion. For 2016, the Enterprises transferred a portion of credit risk on \$548 billion of UPB, with about \$18 billion of risk in force.

The Enterprises have also worked toward developing a common securitization platform (CSP) and single mortgage-backed security. In November 2016, the Enterprises and Common Securitization Solutions, LLC completed Release 1 of this initiative, with Freddie Mac beginning to issue new single-family fixed-rate securities, and administer existing single-family fixed-rate securities, on the CSP. Earlier this year, FHFA announced a schedule for implementation of Release 2, at which point the Enterprises will issue a single security. The Enterprises have also completed work to develop improved and common data standards in consultation with industry stakeholders, including work in 2016 to release a new uniform loan application.

The Enterprises continue to manage their credit, counterparty, market (or interest rate), and operational risks. Credit risk management remains a priority for both Enterprises given remaining legacy distressed assets. Counterparty risk exposures remain an area requiring careful monitoring, as changes in the mortgage industry have affected the structure of the Enterprises' counterparties and added new types of seller/servicers. For example, there have been significant transfers of mortgage servicing for Enterprise portfolios from banking organizations to non-depository institutions, which are typically less capitalized than depository institutions that are subject to federal bank capital requirements. FHFA has published supervisory guidance for the Enterprises to implement contingency planning for high risk and high volume counterparties. Market risk, particularly sensitivity to changes in interest rates and mortgage spreads, has declined as the retained mortgage portfolios of both Enterprises continue to decrease. Operational risks associated with information security and cyber risks are significant for the Enterprises, as they are for all financial institutions.

Consistent with their statutory missions, the Enterprises have continued to provide liquidity, stability, and affordability in the secondary mortgage market during their conservatorships. In 2016, the

Enterprises purchased single-family mortgages with a combined UPB of \$974 billion, compared to \$822 billion UPB in 2015. The Enterprises purchased a combined volume of multifamily mortgages with a UPB of \$112.1 billion in 2016, compared to \$89.6 billion in 2015, with a continued focus on affordable multifamily mortgages.

The Enterprises continued to work with FHFA in 2016 to address certain housing finance liquidity challenges. These efforts included Fannie Mae's introduction of its *Day 1 Certainty* program to provide income, asset, and employment verification to lenders and targeted representation and warranty relief on select property appraisals. Efforts also included Freddie Mac's clarification of requirements for calculating and documenting borrower income and assets and for underwriting properties in rural areas. Combined with other initiatives undertaken since the Enterprises have been in conservatorship, these measures are intended to encourage lenders to reduce the credit overlays that restrict access to credit. FHFA's annual conservatorship scorecard for 2017 includes expectations for the Enterprises to "work to increase access to single-family mortgage credit for creditworthy borrowers."

The Enterprises also continue to have annual housing goal requirements as established by FHFA. In 2016, FHFA reached determinations that neither Enterprise met the low-income purchase and very low-income purchase goals for 2015. FHFA required Freddie Mac to update a housing plan as a result of not meeting these goals for the third year in a row. In support of the Enterprises' statutory duty to serve three underserved markets – manufactured housing, affordable housing preservation, and rural housing – FHFA published a final duty to serve rule in the Federal Register on December 29, 2016, and the Enterprises issued draft Duty to Serve plans for public input and FHFA review on May 8, 2017. Additionally, the Enterprises made required contributions to the National Housing Trust Fund (NHTF) and the Capital Magnet Fund (CMF) in 2016 to support affordable housing initiatives.



## FHLBanks

As of December 31, 2016, all 11 FHLBanks exceeded the minimum 4 percent regulatory capital ratio. The weighted-average regulatory capital-to-assets ratio for the FHLBank System was 5.1 percent at the end of 2016, roughly unchanged from the end of 2015. All FHLBanks were profitable for the year. The FHLBanks' business of making advances to members continues to operate with no credit losses.

The overall scale of the FHLBanks' advance operations increased during 2016, with \$705 billion of advances outstanding at year-end, an increase of \$71 billion from year-end 2015. FHLBank members that are subsidiaries of large bank holding companies continued to have a high level of advances across the FHLBank System as did a few other large borrowers. The 10 largest such borrowers (aggregated by company) accounted for 41.5 percent of aggregate advances outstanding at year-end 2016, up from 38.0 percent in 2015. The net increase was largely due to one member expanding its use of advances at one FHLBank. Several of the large borrowers are likely using advances to fund certain regulatory liquidity requirements. FHFA is reviewing the pricing of these advances through its supervisory examination functions. Generally, FHLBanks with large balances of advances have one or more very large borrowers in their districts. Despite recent increases, advances to members remain below their 2008 peak.

Melvin L. Watt  
*Chairman*  
 Federal Housing Finance Oversight Board

Benjamin S. Carson, Sr.  
*Secretary*  
 U.S. Department of Housing  
 and Urban Development

The FHLBanks continued to meet their primary mission of providing liquidity to their members. The FHLBanks also met their mission through the purchase of whole mortgage loans, off-balance-sheet programs, and support of the Affordable Housing Program. System balances of whole loans totaled \$48.5 billion in 2016, up from \$44.6 billion in 2015. Off-balance-sheet programs include letters of credit and mortgage delivery programs. Letters of credit had a total notional value of \$134.6 billion at year-end 2016 and allow members more diverse collateral options when securing public unit deposits. Mortgage delivery programs to third-party investors had a volume of \$4.3 billion in 2016 and provide members with alternative conduits to move mortgages off their balance sheets, thus allowing them to originate additional mortgages. The FHLBanks contributed \$324 million toward the Affordable Housing Program in 2016, which provided funds to support local affordable housing initiatives.

As reflected in the Annual Report, FHFA engaged in significant efforts to oversee the Enterprises and FHLBanks during 2016. While challenges remain for the regulated entities, including the ongoing conservatorships of Fannie Mae and Freddie Mac, FHFA continues to meet its statutory obligations.

Steven T. Mnuchin  
*Secretary*  
 U.S. Department of the Treasury

Jay Clayton  
*Chairman*  
 U.S. Securities and Exchange Commission

# Appendix: Historical Data Tables



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Table 1 • Fannie Mae Mortgage Purchases

Period	Business Activity (\$ in Millions)			
	Purchases			
	Single-Family <sup>a</sup> (\$)	Multifamily <sup>a</sup> (\$)	Total Mortgages <sup>a</sup> (\$)	Mortgage-Related Securities <sup>b</sup> (\$)
4Q16	178,797	14,402	193,199	22,543
3Q16	166,329	17,888	184,217	18,782
2Q16	135,672	10,183	145,855	15,669
1Q16	102,946	12,551	115,497	15,181
Annual Data				
2016	583,744	55,024	638,768	72,175
2015	475,031	42,032	517,063	49,554
2014	382,747	28,620	411,367	24,885
2013	733,242	28,558	761,800	36,848
2012	835,994	33,394	869,388	26,874
2011	558,249	24,226	582,475	20,760
2010	607,827	17,302	625,129	44,495
2009	700,253	19,912	720,165	161,562
2008	582,947	34,288	617,235	77,523
2007	659,366	45,302	704,668	69,236
2006	524,379	20,646	545,025	102,666
2005	537,004	21,485	558,489	62,232
2004	588,119	16,386	604,505	176,385
2003	1,322,193	31,196	1,353,389	408,606
2002	804,192	16,772	820,964	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 Before 1990
1988	64,613	4,170	68,783	
1987	73,942	1,733	75,675	
1986	77,223	1,877	79,100	
1985	42,543	1,200	43,743	
1984	27,713	1,106	28,819	
1983	26,339	140	26,479	
1982	25,929	10	25,939	
1981	6,827	2	6,829	
1980	8,074	27	8,101	
1979	10,798	9	10,807	
1978	12,302	3	12,305	
1977	4,650	134	4,784	
1976	3,337	295	3,632	
1975	3,646	674	4,320	
1974	4,746	2,273	7,019	
1973	4,170	2,082	6,252	
1972	2,596	1,268	3,864	
1971	2,742	1,298	4,040	

Source: Fannie Mae

<sup>a</sup> Includes lender-originated mortgage-backed securities (MBS) issuances, cash purchases, and capitalized interest. Based on unpaid principal balances. Excludes mortgage loans and mortgage-backed securities traded but not yet settled. Excludes delinquent loans purchased from MBS trusts.

<sup>b</sup> Not included in total mortgage purchases. Includes purchases of Fannie Mae MBS held for investment and mortgage-related securities traded but not yet settled. Based on unpaid principal balances. Includes activity from settlements of dollar rolls accounted for as purchases and sales of securities but does not include activity from settlements of dollar rolls accounted for as secured financings.

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

Period	Purchases (\$ in Millions) <sup>a</sup>											
	Single-Family Mortgages							Multifamily Mortgages				Total Mortgage Purchases (\$)
	Conventional				FHA/VA/RD <sup>c</sup>			Total Single-Family Mortgages (\$)	Conventional (\$)	FHA/RD <sup>c</sup> (\$)	Total Multifamily Mortgages (\$)	
	Fixed-Rate <sup>b</sup> (\$)	Adjustable-Rate (\$)	Seconds (\$)	Total (\$)	Fixed-Rate <sup>c</sup> (\$)	Adjustable-Rate (\$)	Total (\$)					
4Q16	176,476	1,964	1	178,441	28	328	356	178,797	14,402	0	14,402	193,199
3Q16	163,373	2,584	1	165,958	26	345	371	166,329	17,888	0	17,888	184,217
2Q16	133,317	1,975	0	135,292	23	357	380	135,672	10,183	0	10,183	145,855
1Q16	100,249	2,311	1	102,561	21	364	385	102,946	12,551	0	12,551	115,497
Annual Data												
2016	573,415	8,834	3	582,252	98	1,394	1,492	583,744	55,024	0	55,024	638,768
2015	459,201	14,245	4	473,450	73	1,508	1,581	475,031	42,032	0	42,032	517,063
2014	363,716	17,324	8	381,048	11	1,688	1,699	382,747	28,620	0	28,620	411,367
2013	713,326	17,785	13	731,124	210	1,908	2,118	733,242	28,558	0	28,558	761,800
2012	806,065	27,142	19	833,226	613	2,155	2,768	835,994	33,394	0	33,394	869,388
2011	517,469	36,837	27	554,333	524	3,392	3,916	558,249	24,226	0	24,226	582,475
2010	565,531	38,023	68	603,622	516	3,689	4,205	607,827	17,299	3	17,302	625,129
2009	663,763	23,108	0	686,871	1,136	12,246	13,382	700,253	19,517	395	19,912	720,165
2008	517,673	46,910	6	564,589	1,174	17,184	18,358	582,947	34,288	0	34,288	617,235
2007	583,253	64,133	34	647,420	1,237	10,709	11,946	659,366	45,302	0	45,302	704,668
2006	429,930	85,313	130	515,373	1,576	7,430	9,006	524,379	20,644	2	20,646	545,025
2005	416,720	111,935	116	528,771	2,285	5,948	8,233	537,004	21,343	142	21,485	558,489
2004	527,456	46,772	51	574,279	9,967	3,873	13,840	588,119	13,684	2,702	16,386	604,505
2003	1,236,045	64,980	93	1,301,118	18,032	3,043	21,075	1,322,193	28,071	3,125	31,196	1,353,389
2002	738,177	48,617	40	786,834	15,810	1,548	17,358	804,192	15,089	1,683	16,772	820,964
2001	534,115	25,648	1,137	560,900	5,671	1,102	6,773	567,673	17,849	1,282	19,131	586,804
2000	187,236	33,809	726	221,771	4,378	920	5,298	227,069	9,127	1,250	10,377	237,446
1999	293,188	12,138	1,198	306,524	8,529	1,084	9,613	316,137	8,858	1,153	10,011	326,148
1998	334,367	14,273	1	348,641	5,768	511	6,279	354,920	10,844	584	11,428	366,348
1997	136,329	21,095	3	157,427	2,062	432	2,494	159,921	5,936	598	6,534	166,455
1996	146,154	15,550	3	161,707	2,415	334	2,749	164,456	6,199	252	6,451	170,907
1995	104,901	17,978	9	122,888	3,009	106	3,115	126,003	4,677	289	4,966	130,969
1994	139,815	16,340	8	156,163	1,953	113	2,066	158,229	3,620	219	3,839	162,068
1993	274,402	14,420	29	288,851	855	120	975	289,826	3,919	216	4,135	293,961
1992	226,332	21,001	136	247,469	1,055	79	1,134	248,603	2,845	111	2,956	251,559
1991	114,321	17,187	705	132,213	1,300	38	1,338	133,551	3,183	21	3,204	136,755
1990	95,011	14,528	654	110,193	799	15	814	111,007	3,165	15	3,180	114,187
1989	60,794	17,692	521	79,007	1,489	14	1,503	80,510	4,309	16	4,325	84,835
1988	35,767	27,492	433	63,692	823	98	921	64,613	4,149	21	4,170	68,783
1987	60,434	10,675	139	71,248	2,649	45	2,694	73,942	1,463	270	1,733	75,675
1986	58,251	7,305	498	66,054	11,155	14	11,169	77,223	1,877	0	1,877	79,100
1985	29,993	10,736	871	41,600	927	16	943	42,543	1,200	0	1,200	43,743
1984	17,998	8,049	937	26,984	729	0	729	27,713	1,106	0	1,106	28,819
1983	18,136	4,853	1,408	24,397	1,942	0	1,942	26,339	128	12	140	26,479
1982	19,311	3,210	1,552	24,073	1,856	0	1,856	25,929	0	10	10	25,939
1981	4,260	107	176	4,543	2,284	0	2,284	6,827	0	2	2	6,829
1980	2,802	0	0	2,802	5,272	0	5,272	8,074	0	27	27	8,101
1979	5,410	0	0	5,410	5,388	0	5,388	10,798	0	9	9	10,807
1978	5,682	0	0	5,682	6,620	0	6,620	12,302	0	3	3	12,305
1977	2,366	0	0	2,366	2,284	0	2,284	4,650	0	134	134	4,784
1976	2,513	0	0	2,513	824	0	824	3,337	0	295	295	3,632
1975	547	0	0	547	3,099	0	3,099	3,646	0	674	674	4,320
1974	1,128	0	0	1,128	3,618	0	3,618	4,746	0	2,273	2,273	7,019
1973	939	0	0	939	3,231	0	3,231	4,170	0	2,082	2,082	6,252
1972	55	0	0	55	2,541	0	2,541	2,596	0	1,268	1,268	3,864
1971	0	0	0	0	2,742	0	2,742	2,742	0	1,298	1,298	4,040

Source: Fannie Mae

<sup>a</sup> Includes lender-originated mortgage-backed securities (MBS) issuances, cash purchases, and capitalized interest. Based on unpaid principal balances. Excludes mortgage loans and mortgage-backed securities traded but not yet settled. Excludes delinquent loans purchased from MBS trusts.<sup>b</sup> Includes balloon loans. Prior to 2012, includes energy loans.<sup>c</sup> RD refers to loans guaranteed by the U.S. Department of Agriculture Rural Development (RD) loan programs. FHA stands for Federal Housing Administration. VA stands for Department of Veterans Affairs.

Table 1b • Fannie Mae Purchases of Mortgage-Related Securities – Part 1

Period	Purchases (\$ in Millions) <sup>a</sup>														
	Fannie Mae Securities					Other Securities								Mortgage Revenue Bonds (\$)	Total Mortgage-Related Securities (\$)
	Single-Family		Multi-family (\$)	Total Fannie Mae <sup>b</sup> (\$)	Freddie Mac				Ginnie Mae			Total Private-Label <sup>b</sup> (\$)			
	Fixed-Rate <sup>b</sup> (\$)	Adjustable-Rate (\$)			Single-Family		Multi-family (\$)	Total Freddie Mac (\$)	Single-Family		Total Ginnie Mae (\$)				
			Fixed-Rate (\$)	Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)									
4Q16	12,612	248	3,655	16,515	1,170	-	-	1,170	4,705	153	-	4,858	-	-	22,543
3Q16	10,117	312	3,995	14,424	579	4	-	583	3,741	34	-	3,775	-	-	18,782
2Q16	8,405	213	3,269	11,887	1,282	16	-	1,298	2,418	66	-	2,484	-	-	15,669
1Q16	7,463	289	5,200	12,952	385	-	-	385	1,729	115	-	1,844	-	-	15,181
Annual Data															
2016	38,597	1,062	16,119	55,778	3,416	20	-	3,436	12,593	368	-	12,961	-	-	72,175
2015	26,384	1,214	10,710	38,308	3,417	21	0	3,438	7,519	289	0	7,808	0	0	49,554
2014	9,097	1,538	9,939	20,574	1,433	124	0	1,557	2,557	197	0	2,754	0	0	24,885
2013	21,506	1,017	7,422	29,945	3,832	217	0	4,049	2,792	62	0	2,854	0	0	36,848
2012	14,327	842	8,786	23,955	1,102	16	0	1,118	1,745	56	0	1,801	0	0	26,874
2011	6,052	1,025	11,020	18,097	1,908	207	0	2,115	447	93	8	548	0	0	20,760
2010	27,694	301	8,000	35,995	7,095	117	0	7,212	1,263	1	24	1,288	0	0	44,495
2009	92,189	326	5,531	98,046	61,861	158	0	62,019	1,495	0	0	1,495	0	2	161,562
2008	56,894	10,082	1,023	67,999	3,649	3,168	0	6,817	0	128	0	128	2,295	284	77,523
2007	16,126	8,277	506	24,909	2,017	4,055	0	6,072	0	35	0	35	37,435	785	69,236
2006	23,177	14,826	429	38,432	1,044	5,108	0	6,152	77	0	0	77	57,787	218	102,666
2005	8,273	6,344	888	15,505	121	3,449	0	3,570	0	0	0	0	41,369	1,788	62,232
2004	42,214	21,281	1,159	64,654	6,546	8,228	0	14,774	0	0	0	0	90,833	6,124	176,385
2003	341,461	5,842	1,225	348,528	19,340	502	0	19,842	36	0	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	0	4,425	7,416	4,273	268,574
2001	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	180,582	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	20,072	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	333	3,513	4,624	209,124
2000				104,904				10,171				2,493	8,466	3,682	129,716
1999				125,498				6,861				17,561	16,511	3,474	169,905
1998				104,728				21,274				2,738	15,721	2,799	147,260
1997				39,033				2,119				3,508	4,188	1,469	50,317
1996				41,263				779				2,197	777	1,727	46,743
1995				30,432				2,832				20	752	2,222	36,258
1994				21,660				571				2,321	0	1,353	25,905
1993				6,275				0				0	0	331	6,606
1992				4,930				0				0	0	498	5,428
1991				2,384				0				0	0	696	3,080
1990				977				0				0	0	474	1,451

Source: Fannie Mae

<sup>a</sup> Includes purchases of Fannie Mae mortgage-backed securities held for investment. Based on unpaid principal balances. Includes mortgage-related securities traded but not yet settled. Includes activity from settlements of dollar rolls accounted for as purchases and sales of securities but does not include activity from settlements of dollar rolls accounted for as secured financings.

<sup>b</sup> Certain amounts previously reported as Fannie Mae fixed-rate securities have been reclassified as private-label securities.

**Table 1b • Fannie Mae Purchases of Mortgage-Related Securities – Part 2, Private-Label Detail**

Period	Purchases (\$ in Millions) <sup>a</sup>								
	Private-Label								
	Single-Family							Multifamily (\$)	Total Private-Label (\$)
	Manufactured Housing (\$)	Subprime		Alt-A		Other			
Fixed-Rate (\$)		Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)			
4Q16	0	0	0	0	0	0	0	0	0
3Q16	0	0	0	0	0	0	0	0	0
2Q16	0	0	0	0	0	0	0	0	0
1Q16	0	0	0	0	0	0	0	0	0
Annual Data									
2016	0	0	0	0	0	0	0	0	0
2015	0	0	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0	0	0
2013	0	0	0	0	0	0	0	0	0
2012	0	0	0	0	0	0	0	0	0
2011	0	0	0	0	0	0	0	0	0
2010	0	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0	0
2008	0	0	637	175	0	0	987	496	2,295
2007	0	343	15,628	38	5,250	0	178	15,998	37,435
2006	0	0	35,606	1,504	10,469	0	518	9,690	57,787
2005	0	0	24,469	3,574	12,535	118	571	102	41,369
2004	0	176	66,827	7,064	14,935	221	1,509	101	90,833
2003	0	0	25,769	7,734	370	98	0	61	34,032
2002	56	181	4,963	1,756	0	43	381	36	7,416
2001	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	3,513
2000									8,466
1999									16,511
1998									15,721
1997									4,188
1996									777
1995									752

Source: Fannie Mae

<sup>a</sup> Based on unpaid principal balances. Includes mortgage loans and mortgage-related securities traded but not yet settled. Certain amounts previously reported for years before 2007 have changed as a result of reclassifying certain securities.

Table 2 • Fannie Mae MBS Issuances

Period	Business Activity (\$ in Millions)			
	MBS Issuances <sup>a</sup>			
	Single-Family MBS (\$)	Multifamily MBS (\$)	Total MBS (\$)	Multiclass MBS <sup>b</sup> (\$)
4Q16	182,911	14,402	197,313	15,465
3Q16	166,023	17,884	183,907	20,853
2Q16	132,086	10,183	142,269	19,733
1Q16	101,797	12,551	114,348	17,218
Annual Data				
2016	582,817	55,020	637,837	73,269
2015	472,471	43,923	516,394	63,433
2014	375,676	31,997	407,673	59,608
2013	733,111	31,403	764,514	121,237
2012	827,749	37,738	865,487	151,239
2011	564,606	34,066	598,672	139,819
2010	603,247	26,499	629,746	179,767
2009	791,418	16,435	807,853	100,846
2008	536,951	5,862	542,813	67,559
2007	622,458	7,149	629,607	112,563
2006	476,161	5,543	481,704	124,856
2005	500,759	9,379	510,138	123,813
2004	545,635	6,847	552,482	94,686
2003	1,196,730	23,336	1,220,066	260,919
2002	731,133	12,497	743,630	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 Before 1986
1984	13,087	459	13,546	
1983	13,214	126	13,340	
1982	13,970	Not Issued Before 1983	13,970	
1981	717		717	

Source: Fannie Mae

<sup>a</sup> Lender-originated mortgage-backed securities (MBS) plus issuances from Fannie Mae's investment portfolio. Based on unpaid principal balances. Excludes mortgage-related securities traded but not yet settled.

<sup>b</sup> Beginning in 2006, includes grantor trusts, real estate mortgage investment conduits, and stripped MBS backed by Fannie Mae certificates.



Table 3 • Fannie Mae Earnings

Period	Earnings (\$ in Millions)					
	Net Interest Income <sup>a,b</sup> (\$)	Guarantee Fee Income <sup>a</sup> (\$)	Administrative Expenses (\$)	Credit-Related Expense/ (Income) <sup>c</sup> (\$)	Net Income (Loss) (\$)	Return on Equity <sup>d</sup> (%)
4Q16	5,805	31	714	1,440	5,035	N/A
3Q16	5,435	23	661	-563	3,196	N/A
2Q16	5,286	30	678	-1,538	2,946	N/A
1Q16	4,769	25	688	-850	1,136	N/A
Annual Data						
2016	21,295	109	2,741	-1,511	12,313	N/A
2015	21,409	128	3,050	834	10,954	N/A
2014	19,968	175	2,777	-3,822	14,208	N/A
2013	22,404	205	2,545	-11,788	83,963	N/A
2012	21,501	212	2,367	-1,106	17,224	N/A
2011	19,281	227	2,370	27,498	-16,855	N/M
2010	16,409	202	2,597	26,614	-14,014	N/M
2009	14,510	7,211	2,207	73,536	-71,969	N/M
2008	8,782	7,621	1,979	29,809	-58,707	N/M
2007	4,581	5,071	2,669	5,012	-2,050	(8.3)
2006	6,752	4,250	3,076	783	4,059	11.3
2005	11,505	4,006	2,115	428	6,347	19.5
2004	18,081	3,784	1,656	363	4,967	16.6
2003	19,477	3,432	1,454	353	8,081	27.6
2002	18,426	2,516	1,156	273	3,914	15.2
2001	8,090	1,482	1,017	78	5,894	39.8
2000	5,674	1,351	905	94	4,448	25.6
1999	4,894	1,282	800	127	3,912	25.2
1998	4,110	1,229	708	261	3,418	25.2
1997	3,949	1,274	636	375	3,056	24.6
1996	3,592	1,196	560	409	2,725	24.1
1995	3,047	1,086	546	335	2,144	20.9
1994	2,823	1,083	525	378	2,132	24.3
1993	2,533	961	443	305	1,873	25.3
1992	2,058	834	381	320	1,623	26.5
1991	1,778	675	319	370	1,363	27.7
1990	1,593	536	286	310	1,173	33.7
1989	1,191	408	254	310	807	31.1
1988	837	328	218	365	507	25.2
1987	890	263	197	360	376	23.5
1986	384	175	175	306	105	9.5
1985	139	112	142	206	(7)	(0.7)
1984	(90)	78	112	86	(71)	(7.4)
1983	(9)	54	81	48	49	5.1
1982	(464)	16	60	36	(192)	(18.9)
1981	(429)	0	49	(28)	(206)	(17.2)
1980	21	Not Available Before 1981	44	19	14	0.9
1979	322		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 applicable N/M = not meaningful

<sup>a</sup> Adoption of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010, significantly changed presentation of these line items in the financial statements. Financial results for 2010 and later years are not directly comparable to previous years. Effective January 1, 2010, guaranty fee income associated with the securitization activities of consolidated trusts is reflected in net interest income.

<sup>b</sup> Interest income net of interest expense.

<sup>c</sup> Credit-related expense (income) includes provision (benefit) for loan losses and guarantee losses (collectively, credit losses) and foreclosed property expense (income).

<sup>d</sup> Net income (loss) available to common stockholders divided by average outstanding common equity.

Table 4 • Fannie Mae Balance Sheet

End of Period	Balance Sheet (\$ in Millions)								
	Total Assets <sup>a,b</sup> (\$)	Total Mortgage Assets <sup>a,c</sup> (\$)	Nonmortgage Investments <sup>d</sup> (\$)	Total Debt Outstanding <sup>a</sup> (\$)	Shareholders' Equity (Deficit) <sup>a</sup> (\$)	Senior Preferred Stock (\$)	Fair Value of Net Assets <sup>a</sup> (\$)	Mortgage Assets Held for Investment (Gross) <sup>e</sup> (\$)	Indebtedness <sup>f</sup> (\$)
4Q16	3,287,968	3,119,826	62,732	3,262,316	6,071	117,149	103	272,354	328,824
3Q16	3,255,942	3,090,802	49,627	3,233,113	4,176	117,149	(1,956)	306,537	353,619
2Q16	3,234,893	3,076,363	51,977	3,211,904	4,069	117,149	(9,772)	316,277	365,090
1Q16	3,221,701	3,077,003	48,296	3,199,770	2,119	117,149	(10,946)	332,644	373,848
Annual Data									
2016	3,287,968	3,119,826	62,732	3,262,316	6,071	117,149	103	272,354	328,824
2015	3,221,917	3,078,248	56,835	3,197,671	4,059	117,149	(4,177)	345,103	389,496
2014	3,248,176	3,097,727	50,416	3,222,155	3,720	117,149	-16,754	413,313	464,464
2013	3,270,108	3,122,719	55,281	3,234,523	9,591	117,149	-33,318	490,701	534,211
2012	3,222,422	3,094,127	50,450	3,189,517	7,224	117,149	-66,451	633,054	621,779
2011	3,211,484	3,072,709	95,848	3,189,872	-4,571	112,578	-127,795	708,414	742,293
2010	3,221,972	3,103,772	44,503	3,197,000	-2,517	88,600	-120,212	788,771	793,878
2009	869,141	745,271	57,782	774,554	-15,281	60,900	-98,701	769,252	785,775
2008	912,404	767,989	71,550	870,393	-15,314	1,000	-105,150	Not Applicable Before 2009	Not Applicable Before 2009
2007	882,547	723,620	86,875	796,299	44,011	Not Applicable Before 2008	35,799		
2006	843,936	726,434	56,983	767,046	41,506		43,699		
2005	834,168	736,803	46,016	764,010	39,302		42,199		
2004	1,020,934	925,194	47,839	953,111	38,902		40,094		
2003	1,022,275	919,589	59,518	961,280	32,268		28,393		
2002	904,739	820,627	39,376	841,293	31,899		22,130		
2001	799,948	706,347	65,982	763,467	18,118		22,675		
2000	675,224	607,731	52,347	642,682	20,838		20,677		
1999	575,308	523,103	37,299	547,619	17,629		20,525		
1998	485,146	415,434	58,515	460,291	15,453		14,885		
1997	391,673	316,592	64,596	369,774	13,793		15,982		
1996	351,041	286,528	56,606	331,270	12,773		14,556		
1995	316,550	252,868	57,273	299,174	10,959		11,037		
1994	272,508	220,815	46,335	257,230	9,541		10,924		
1993	216,979	190,169	21,396	201,112	8,052		9,126		
1992	180,978	156,260	19,574	166,300	6,774		9,096		
1991	147,072	126,679	9,836	133,937	5,547		Not Available Before 1992		
1990	133,113	114,066	9,868	123,403	3,941				
1989	124,315	107,981	8,338	116,064	2,991				
1988	112,258	100,099	5,289	105,459	2,260				
1987	103,459	93,665	3,468	97,057	1,811				
1986	99,621	94,123	1,775	93,563	1,182				
1985	99,076	94,609	1,466	93,985	1,009				
1984	87,798	84,135	1,840	83,719	918				
1983	78,383	75,247	1,689	74,594	1,000				
1982	72,981	69,356	2,430	69,614	953				
1981	61,578	59,629	1,047	58,551	1,080				
1980	57,879	55,589	1,556	54,880	1,457				
1979	51,300	49,777	843	48,424	1,501				
1978	43,506	42,103	834	40,985	1,362				
1977	33,980	33,252	318	31,890	1,173				
1976	32,393	31,775	245	30,565	983				
1975	31,596	30,820	239	29,963	861				
1974	29,671	28,666	466	28,168	772				
1973	24,318	23,589	227	23,003	680				
1972	20,346	19,652	268	19,239	559				
1971	18,591	17,886	349	17,672	460				

Source: Fannie Mae

<sup>a</sup> Adoption of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010, significantly changed presentation of these line items in the financial statements. Financial results for 2010 and later years are not directly comparable to previous years. Adoption of this guidance resulted in the consolidation of the substantial majority of mortgage-backed securities (MBS) trusts and recognition of the underlying assets and debt of the trusts in the consolidated balance sheet.

<sup>b</sup> Beginning in 1998, the guaranty liability for Fannie Mae MBS held for investment was classified as a liability.

<sup>c</sup> Gross mortgage assets net of unamortized purchase premiums, discounts, cost-basis adjustments, fair-value adjustments on securities and loans. Beginning in 2002, amounts include fair-value adjustments on available-for-sale and trading securities, as well as impairments on available-for-sale securities. Excludes allowance for loan losses on loans held for investment. Amounts for 1999 through 2001 include certain loans held for investment previously classified as nonmortgage investments.

<sup>d</sup> Data reflect unpaid principal balance net of unamortized purchase premiums, discounts, cost-basis adjustments, fair-value adjustments and impairments on available-for-sale and trading securities. Since 2005,

advances to lenders have not been included. Amounts for periods before 2005 may include or consist of advances to lenders.

<sup>e</sup> Amounts for 2010 and later meet the definition of mortgage assets in the Treasury Senior Preferred Stock Purchase Agreement for the purpose of determining the maximum amount of mortgage assets that may be held. The amount for 2009 includes consolidation of variable interest entities. The 2009 amount would have been \$772.5 billion excluding consolidation of variable interest entities.

<sup>f</sup> As defined in the Treasury Senior Preferred Stock Purchase Agreement for 2009 and later years.

Table 4a • Fannie Mae Total MBS Outstanding Detail

End of Period	Single-Family Mortgages (\$ in Millions) <sup>a,b</sup>							Multifamily Mortgages (\$ in Millions) <sup>a</sup>			(\$ in Millions)	
	Conventional				FHA/VA <sup>c</sup>			Conventional (\$)	FHA/ RD <sup>b</sup> (\$)	Total Multi- family (\$)	Total MBS Outstanding <sup>a</sup> (\$)	Multiclass MBS Outstanding <sup>c</sup> (\$)
	Fixed-Rate (\$)	Adjustable- Rate (\$)	Seconds (\$)	Total (\$)	Fixed-Rate (\$)	Adjustable- Rate (\$)	Total (\$)					
<b>4Q16</b>	2,546,156	87,681	200	2,634,037	4,372	2,795	7,167	214,199	1,145	215,344	2,856,548	421,442
<b>3Q16</b>	2,492,124	95,184	215	2,587,523	4,534	3,185	7,719	204,846	1,188	206,034	2,801,276	430,423
<b>2Q16</b>	2,469,411	100,586	231	2,570,228	4,717	3,538	8,255	192,122	1,194	193,316	2,771,799	433,518
<b>1Q16</b>	2,455,135	103,190	244	2,558,569	4,634	3,725	8,359	185,124	1,200	186,324	2,753,252	435,356
<b>Annual Data</b>												
<b>2016</b>	2,546,156	87,681	200	2,634,037	4,372	2,795	7,167	214,199	1,145	215,344	2,856,548	421,442
<b>2015</b>	2,445,482	106,130	258	2,551,870	4,787	3,842	8,629	176,071	1,204	177,275	2,737,774	436,544
<b>2014</b>	2,418,717	114,519	329	2,533,565	9,964	83	10,047	147,117	1,237	148,354	2,691,966	460,997
<b>2013</b>	2,386,128	119,084	402	2,505,614	11,383	97	11,480	125,045	1,276	126,321	2,643,415	480,200
<b>2012</b>	2,267,031	137,836	515	2,405,382	14,188	114	14,302	99,899	1,463	101,362	2,521,046	503,349
<b>2011</b>	2,192,594	149,825	643	2,343,062	16,243	130	16,373	72,634	1,639	74,273	2,433,708	516,471
<b>2010</b>	2,172,092	150,378	805	2,323,275	17,167	144	17,311	57,206	1,785	58,991	2,399,577	507,268
<b>2009</b>	2,190,357	179,655	25	2,370,037	15,026	171	15,197	46,628	927	47,555	2,432,789	480,057
<b>2008</b>	2,035,020	203,206	31	2,238,257	12,903	214	13,117	37,298	787	38,085	2,289,459	481,137
<b>2007</b>	1,850,150	214,245	0	2,064,395	14,982	275	15,257	38,218	1,039	39,257	2,118,909	490,692
<b>2006</b>	1,484,147	230,667	0	1,714,814	18,615	454	19,069	42,184	1,483	43,667	1,777,550	456,970
<b>2005</b>	1,290,354	232,689	0	1,523,043	23,065	668	23,733	50,346	1,796	52,142	1,598,918	412,060
<b>2004</b>	1,243,343	75,722	0	1,319,065	31,389	949	32,336	47,386	9,260	56,646	1,408,047	368,567
<b>2003</b>	1,112,849	87,373	0	1,200,222	36,139	1,268	37,407	53,720	9,171	62,891	1,300,520	398,516
<b>2002</b>	875,260	75,430	0	950,690	36,057	1,247	37,304	47,025	5,420	52,445	1,040,439	401,406
<b>2001</b>	752,211	60,842	772	813,825	4,519	1,207	5,726	42,713	1,181	43,894	863,445	392,457
<b>2000</b>	599,999	61,495	1,165	662,659	6,778	1,298	8,076	35,207	780	35,987	706,722	334,508
<b>1999</b>	586,069	51,474	1,212	638,755	7,159	1,010	8,169	31,518	703	32,221	679,145	335,514
<b>1998</b>	545,680	56,903	98	602,681	5,340	587	5,927	28,378	157	28,535	637,143	361,613
<b>1997</b>	483,982	70,106	7	554,095	3,872	213	4,085	20,824	134	20,958	579,138	388,360
<b>1996</b>	460,866	65,682	9	526,557	4,402	191	4,593	16,912	111	17,023	548,173	339,798
<b>1995</b>	431,755	63,436	13	495,204	5,043	91	5,134	12,579	313	12,892	513,230	353,528
<b>1994</b>	415,692	55,780	18	471,490	5,628	0	5,628	8,908	319	9,227	486,345	378,733
<b>1993</b>	405,383	49,987	28	455,398	7,549	0	7,549	8,034	325	8,359	471,306	381,865
<b>1992</b>	360,619	45,718	43	406,380	9,438	0	9,438	8,295	331	8,626	424,444	312,369
<b>1991</b>	290,038	45,110	89	335,237	11,112	0	11,112	8,599	336	8,935	355,284	224,806
<b>1990</b>	225,981	42,443	121	268,545	11,380	0	11,380	7,807	343	8,150	288,075	127,278
<b>1989</b>	Not Available Before 1990	Not Available Before 1990	Not Available Before 1990	Not Available Before 1990	Not Available Before 1990	Not Available Before 1990	Not Available Before 1990	Not Available Before 1990	Not Available Before 1990	Not Available Before 1990	216,512	64,826
<b>1988</b>											170,097	26,660
<b>1987</b>											135,734	11,359
<b>1986</b>											95,568	Not Issued Before 1987
<b>1985</b>											54,552	
<b>1984</b>											35,738	
<b>1983</b>											25,121	
<b>1982</b>											14,450	
<b>1981</b>											717	
<b>1980</b>											Not Issued before 1981	

Source : Fannie Mae

<sup>a</sup> Unpaid principal balance of Fannie Mae mortgage-backed securities (MBS) held by third-party investors. Includes guaranteed whole loan real estate mortgage investment conduits (REMICs) and private-label wraps not included in grantor trusts. The principal balance of resecuritized Fannie Mae MBS is included only once.

<sup>b</sup> Beginning in Q3 2015, we reclassified certain Fannie Mae Single-Family securities from fixed-rate to adjustable-rate.

<sup>c</sup> FHA stands for Federal Housing Administration. RD refers to loans guaranteed by the U.S. Department of Agriculture Rural Development (RD) loan programs. VA stands for Department of Veterans Affairs.

<sup>d</sup> Beginning in 2005, consists of securities guaranteed by Fannie Mae and backed by Ginnie Mae collateral, grantor trusts, and REMICs, as well as stripped MBS backed by Fannie Mae certificates.

Table 5 • Fannie Mae Mortgage Assets Held for Investment Detail<sup>a</sup>

End of Period	(\$ in Millions)			
	Whole Loans <sup>b,c</sup> (\$)	Fannie Mae Securities <sup>b,d</sup> (\$)	Other Mortgage-Related Securities <sup>b,d,e</sup> (\$)	Mortgage Assets Held for Investment (Gross) <sup>f</sup> (\$)
4Q16	220,069	42,054	10,231	272,354
3Q16	233,990	60,019	12,528	306,537
2Q16	242,661	58,463	15,153	316,277
1Q16	248,360	66,159	18,125	332,644
<b>Annual Data</b>				
2016	220,069	42,054	10,231	272,354
2015	253,592	68,697	22,814	345,103
2014	285,610	92,819	34,884	413,313
2013	314,664	129,841	46,196	490,701
2012	371,708	183,964	77,382	633,054
2011	398,271	220,061	90,082	708,414
2010	427,074	260,429	101,268	788,771
2009	416,543	220,245	132,464	769,252
2008	429,493	228,950	133,753	792,196
2007	403,577	180,163	144,163	727,903
2006	383,045	199,644	146,243	728,932
2005	366,680	234,451	136,758	737,889
2004	400,157	344,404	172,648	917,209
2003	397,633	405,922	105,313	908,868
2002	323,244	380,383	96,152	799,779
2001	167,405	431,776	109,270	708,452
2000	152,634	351,066	106,551	610,251
1999	149,231	281,714	93,122	524,067
1998	155,779	197,375	61,361	414,515
1997	160,102	130,444	26,132	316,678
1996	167,891	102,607	16,554	287,052
1995	171,481	69,729	12,301	253,511
1994	170,909	43,998	7,150	222,057
1993	163,149	24,219	3,493	190,861
1992	134,597	20,535	2,987	158,119
1991	109,251	16,700	3,032	128,983
1990	101,797	11,758	3,073	116,628
1989	95,729	11,720	3,272	110,721
1988	92,220	8,153	2,640	103,013
1987	89,618	4,226	2,902	96,746
1986	94,167	1,606	2,060	97,833
1985	97,421	435	793	98,649
1984	87,205	477	427	88,109
1983	77,983	Not Available Before 1984	273	78,256
1982	71,777		37	71,814
1981	61,411		1	61,412
1980	57,326		1	57,327
1979	51,096		1	51,097
1978	43,315		Not Available Before 1979	43,315
1977	34,377			34,377
1976	32,937			32,937
1975	31,916			31,916
1974	29,708			29,708
1973	24,459			24,459
1972	20,326			20,326
1971	18,515			18,515

Source: Fannie Mae

<sup>a</sup> Beginning in 2010, excludes effect of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010. Amounts for 2010 have been revised from amounts previously reported to reflect this exclusion.

<sup>b</sup> Unpaid principal balance.

<sup>c</sup> Amounts for 2002 to 2009 include mortgage-related securities consolidated as loans at period end. For 1999 through 2001, includes certain loans held for investment classified as nonmortgage investments.

<sup>d</sup> Amounts for 2002 to 2009 exclude mortgage-related securities consolidated as loans at period end.

<sup>e</sup> Includes mortgage revenue bonds.

<sup>f</sup> Amounts for 2010 and later meet the definition of mortgage assets in the Treasury Senior Preferred Stock Purchase Agreement for the purpose of determining the maximum amount of mortgage assets that may be held. Amounts prior to 2010 include consolidation of variable interest entities. Mortgage assets as defined under the Senior Preferred Stock Purchase Agreement for 2009 totaled \$772.5 billion excluding consolidation of variable interest entities.

**Table 5a • Fannie Mae Mortgage Assets Held for Investment  
Detail – Whole Loans**

End of Period	Whole Loans (\$ in Millions) <sup>a</sup>								
	Single-Family					Multifamily			Total Whole Loans (\$)
	Conventional				Total FHA/VA/RD <sup>c</sup> (\$)	Conventional (\$)	Total FHA/RD <sup>c</sup> (\$)	Total (\$)	
	Fixed-Rate <sup>b</sup> (\$)	Adjustable-Rate (\$)	Seconds (\$)	Total (\$)					
<b>4Q16</b>	107,307	73,317	115	180,739	29,923	9,198	209	9,407	220,069
<b>3Q16</b>	114,604	77,614	119	192,337	30,799	10,644	210	10,854	233,990
<b>2Q16</b>	117,389	81,589	123	199,101	31,721	11,621	218	11,839	242,661
<b>1Q16</b>	194,618	8,005	136	202,759	32,647	12,734	220	12,954	248,360
<b>Annual Data</b>									
<b>2016</b>	107,307	73,317	115	180,739	29,923	9,198	209	9,407	220,069
<b>2015</b>	198,255	8,453	143	206,851	33,376	13,141	224	13,365	253,592
<b>2014</b>	214,830	10,810	160	225,800	36,442	23,125	243	23,368	285,610
<b>2013</b>	224,174	13,171	156	237,501	39,399	37,497	267	37,764	314,664
<b>2012</b>	251,081	18,008	170	269,259	40,886	61,251	312	61,563	371,708
<b>2011</b>	255,914	23,490	185	279,589	41,555	76,765	362	77,127	398,271
<b>2010</b>	248,335	31,526	207	280,068	51,783	94,792	431	95,223	427,074
<b>2009</b>	208,915	34,602	213	243,730	52,399	119,829	585	120,414	416,543
<b>2008</b>	223,881	44,157	215	268,253	43,799	116,742	699	117,441	429,493
<b>2007</b>	240,090	43,278	261	283,629	28,202	90,931	815	91,746	403,577
<b>2006</b>	255,490	46,820	287	302,597	20,106	59,374	968	60,342	383,045
<b>2005</b>	261,214	38,331	220	299,765	15,036	50,731	1,148	51,879	366,680
<b>2004</b>	307,048	38,350	177	345,575	10,112	43,396	1,074	44,470	400,157
<b>2003</b>	335,812	19,155	233	355,200	7,284	33,945	1,204	35,149	397,633
<b>2002</b>	282,899	12,142	416	295,457	6,404	19,485	1,898	21,383	323,244
<b>2001</b>	140,454	10,427	917	151,798	5,069	8,987	1,551	10,538	167,405
<b>2000</b>	125,786	13,244	480	139,510	4,763	6,547	1,814	8,361	152,634
<b>1999</b>	130,614	6,058	176	136,848	4,472	5,564	2,347	7,911	149,231
<b>1998</b>	135,351	7,633	206	143,190	4,404	5,590	2,595	8,185	155,779
<b>1997</b>	134,543	10,389	268	145,200	4,631	7,388	2,883	10,271	160,102
<b>1996</b>	137,507	12,415	323	150,245	4,739	9,756	3,151	12,907	167,891
<b>1995</b>	137,032	14,756	423	152,211	4,780	11,175	3,315	14,490	171,481
<b>1994</b>	133,882	16,475	537	150,894	4,965	11,681	3,369	15,050	170,909
<b>1993</b>	123,308	19,175	772	143,255	5,305	11,143	3,446	14,589	163,149
<b>1992</b>	91,500	22,637	1,355	115,492	6,097	9,407	3,601	13,008	134,597
<b>1991</b>	69,130	19,763	2,046	90,939	6,962	7,641	3,709	11,350	109,251
<b>1990</b>	61,873	19,558	1,851	83,282	8,524	6,142	3,849	9,991	101,797
<b>1989</b>	55,638	20,751	1,614	78,003	9,450	3,926	4,350	8,276	95,729
<b>1988</b>	53,090	20,004	1,561	74,655	10,480	2,699	4,386	7,085	92,220
<b>1987</b>	55,913	13,702	1,421	71,036	11,652	2,448	4,482	6,930	89,618
<b>1986</b>	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	94,167
<b>1985</b>									97,421
<b>1984</b>									87,205
<b>1983</b>									77,983
<b>1982</b>									71,777
<b>1981</b>									61,411
<b>1980</b>									57,326
<b>1979</b>									51,096
<b>1978</b>									43,315
<b>1977</b>									34,377
<b>1976</b>									32,937
<b>1975</b>									31,916
<b>1974</b>									29,708
<b>1973</b>									24,459
<b>1972</b>									20,326
<b>1971</b>									18,515

Source: Fannie Mae

<sup>a</sup> Unpaid principal balance. Beginning in 2010, excludes the effect of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010. Amounts for 2010 have been revised from amounts previously reported to reflect this exclusion. Amounts for 2002 to 2009 include mortgage-related securities consolidated as loans at period end. For

1999 through 2001, includes certain loans held for investment classified as nonmortgage investments.

<sup>b</sup> Includes balloon loans. Prior to 2012, includes energy loans.

<sup>c</sup> RD refers to loans guaranteed by the U.S. Department of Agriculture Rural Development (RD) loan programs. FHA stands for Federal Housing Administration. VA stands for Department of Veterans Affairs.

**Table 5b • Fannie Mae Mortgage Assets Held for Investment Detail – Part 1, Mortgage-Related Securities**

End of Period	Mortgage-Related Securities (\$ in Millions) <sup>a</sup>													
	Fannie Mae Securities <sup>b</sup> (\$)				Other Securities									
	Single-Family		Multi-family (\$)	Total Fannie Mae (\$)	Freddie Mac				Ginnie Mae				Total Private-Label (\$)	Total Other Securities <sup>c</sup> (\$)
	Fixed-Rate (\$)	Adjustable-Rate (\$)			Single-Family		Multi-family (\$)	Total Freddie Mac (\$)	Single-Family		Multi-family (\$)	Total Ginnie Mae (\$)		
					Fixed-Rate (\$)	Adjustable-Rate (\$)			Fixed-Rate (\$)	Adjustable-Rate (\$)				
<b>4Q16</b>	21,886	12,475	7,693	42,054	1,292	92	0	1,384	950	165	0	1,115	6,455	8,954
<b>3Q16</b>	38,748	12,918	8,353	60,019	1,190	103	0	1,293	1,353	23	0	1,376	8,035	10,704
<b>2Q16</b>	36,002	14,097	8,364	58,463	1,928	1,220	0	3,148	531	27	8	566	9,327	13,041
<b>1Q16</b>	40,502	16,571	9,086	66,159	2,061	2,190	0	4,251	603	17	8	628	10,405	15,284
Annual Data														
<b>2016</b>	21,886	12,475	7,693	42,054	1,292	92	0	1,384	950	165	0	1,115	6,455	8,954
<b>2015</b>	40,739	17,022	10,936	68,697	2,856	2,376	0	5,232	734	6	8	748	13,729	19,709
<b>2014</b>	64,904	9,257	18,658	92,819	3,506	2,862	0	6,368	555	9	8	572	23,388	30,328
<b>2013</b>	94,722	12,710	22,409	129,841	4,758	3,366	0	8,124	859	8	32	899	30,854	39,877
<b>2012</b>	140,118	15,717	28,129	183,964	6,911	4,363	0	11,274	1,012	5	32	1,049	56,573	68,896
<b>2011</b>	172,502	19,189	28,370	220,061	8,888	5,621	0	14,509	1,003	7	33	1,043	63,631	79,183
<b>2010</b>	217,075	23,406	19,948	260,429	10,005	7,327	0	17,332	1,393	8	24	1,425	69,986	88,743
<b>2009</b>	203,577	16,272	396	220,245	29,783	11,607	0	41,390	1,119	137	21	1,277	75,344	118,011
<b>2008</b>	207,867	20,637	446	228,950	18,420	14,963	0	33,383	1,343	153	21	1,517	83,406	118,306
<b>2007</b>	158,863	20,741	559	180,163	16,954	14,425	0	31,379	1,575	34	50	1,659	94,810	127,848
<b>2006</b>	194,702	4,342	600	199,644	17,304	12,773	0	30,077	1,905	0	56	1,961	97,281	129,319
<b>2005</b>	230,546	3,030	875	234,451	18,850	9,861	0	28,711	2,273	0	57	2,330	86,915	117,956
<b>2004</b>	339,138	3,869	1,397	344,404	29,328	8,235	0	37,563	4,131	1	68	4,200	108,809	150,572
<b>2003</b>	400,863	3,149	1,910	405,922	30,356	558	0	30,914	6,993	0	68	7,061	46,979	84,954
<b>2002</b>	373,958	3,827	2,598	380,383	32,617	207	0	32,824	15,436	0	85	15,521	28,157	76,502
<b>2001</b>	417,796	5,648	8,332	431,776	42,516	287	26	42,829	18,779	1	109	18,889	29,175	90,893
<b>2000</b>	Not Available Before 2001	Not Available Before 2001	Not Available Before 2001	351,066	Not Available Before 2001	Not Available Before 2001	Not Available Before 2001	33,290	Not Available Before 2001	Not Available Before 2001	Not Available Before 2001	23,768	34,266	91,324
<b>1999</b>				281,714				25,577				23,701	31,673	80,951
<b>1998</b>				197,375				23,453				8,638	19,585	51,676
<b>1997</b>				130,444				5,262				7,696	5,554	18,512
<b>1996</b>				102,607				3,623				4,780	1,486	9,889
<b>1995</b>				69,729				3,233				2,978	747	6,958
<b>1994</b>				43,998				564				3,182	1	3,747
<b>1993</b>				24,219				Not Available Before 1994				972	2	974
<b>1992</b>				20,535								168	3	171
<b>1991</b>				16,700								180	93	273
<b>1990</b>				11,758								191	352	543
<b>1989</b>				11,720								202	831	1,033
<b>1988</b>				8,153								26	810	836
<b>1987</b>				4,226								Not Available Before 1988	1,036	1,036
<b>1986</b>				1,606									1,591	1,591
<b>1985</b>				435									Not Available Before 1986	Not Available Before 1986
<b>1984</b>				477										
<b>1983</b>				Not Available Before 1984										

Source: Fannie Mae

<sup>a</sup> Unpaid principal balance. Amounts for 2002 to 2009 exclude mortgage-related securities consolidated as loans at period end.

<sup>b</sup> Beginning in 2010, excludes effect of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010. Amounts for 2010 have been revised from amounts previously reported to reflect this exclusion.

<sup>c</sup> Excludes mortgage revenue bonds.

**Table 5b • Fannie Mae Mortgage Assets Held for Investment Detail – Part 2, Mortgage-Related Securities, Private-Label Detail**

End of Period	Mortgage-Related Securities (\$ in Millions) <sup>a</sup>									
	Private-Label								Multifamily (\$)	Total Private-Label (\$)
	Single-Family <sup>b</sup>									
	Manufactured Housing (\$)	Subprime		Alt-A		Other				
Fixed-Rate (\$)		Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)				
4Q16	72	4	2,487	4	1,881	33	407	1,567	6,455	
3Q16	76	4	3,213	39	2,018	35	418	2,232	8,035	
2Q16	82	4	3,889	277	2,240	37	433	2,365	9,327	
1Q16	98	5	4,132	291	2,348	85	910	2,536	10,405	
Annual Data										
2016	72	4	2,487	4	1,881	33	407	1,567	6,455	
2015	460	5	5,208	567	2,914	89	970	3,516	13,729	
2014	1,699	194	8,719	4,329	3,416	149	1,194	3,688	23,388	
2013	1,902	218	12,104	3,512	7,641	168	1,322	3,987	30,854	
2012	2,140	299	14,794	6,423	10,656	190	1,477	20,594	56,573	
2011	2,387	331	16,207	6,232	13,438	208	1,590	23,238	63,631	
2010	2,660	361	17,678	7,119	15,164	237	1,700	25,067	69,986	
2009	2,485	391	20,136	7,515	16,990	255	1,849	25,723	75,344	
2008	2,840	438	24,113	8,444	19,414	286	2,021	25,850	83,406	
2007	3,316	503	31,537	9,221	23,254	319	1,187	25,473	94,810	
2006	3,902	268	46,608	10,722	24,402	376	1,282	9,721	97,281	
2005	4,622	431	46,679	11,848	21,203	634	1,455	43	86,915	
2004	5,461	889	73,768	11,387	14,223	2,535	487	59	108,809	
2003	6,522	1,437	27,738	8,429	383	1,944	428	98	46,979	
2002	9,583	2,870	6,534	3,905	20	3,773	1,325	147	28,157	
2001	10,708	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	Not Available Before 2002	299	29,175	
2000	Not Available Before 2001							Not Available Before 2001	34,266	
1999									31,673	
1998									19,585	
1997									5,554	
1996									1,486	
1995									747	
1994									1	
1993									2	
1992									3	
1991									93	
1990									352	
1989									831	
1988									810	
1987									1,036	
1986									1,591	

Source: Fannie Mae

<sup>a</sup> Unpaid principal balance. Beginning in 2010, excludes effect of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010. Amounts for 2010 have been revised from amounts previously reported to reflect this exclusion.

<sup>b</sup> Beginning in Q3 2015, we reclassified certain Single-Family securities from fixed-rate to adjustable-rate.

Table 5b • Fannie Mae Mortgage Assets Held for Investment Detail – Part 3, Mortgage-Related Securities

End of Period	Mortgage-Related Securities (\$ in Millions)		(\$ in Millions)			
	Mortgage Revenue Bonds <sup>a</sup> (\$)	Total Mortgage-Related Securities <sup>a,b</sup> (\$)	Unamortized Premiums, Discounts, Deferred Adjustments, & Fair-Value Adjustments on Securities and Loans <sup>b,c</sup> (\$)	Mortgage Assets Held for Investment (Net) <sup>b</sup> (\$)	Mortgage Assets Held for Investment (Gross) <sup>b,d</sup> (\$)	Limit on Mortgage Assets Held for Investment (Gross) <sup>e</sup> (\$)
4Q16	1,278	52,285	-9,570	262,784	272,354	339,300
3Q16	1,824	72,547	-8,045	298,492	306,537	339,300
2Q16	2,112	73,616	-7,918	308,359	316,277	339,300
1Q16	2,841	84,284	-7,813	324,831	332,644	339,300
<b>Annual Data</b>						
2016	1,278	52,285	-9,570	262,784	272,354	339,300
2015	3,105	91,511	-8,446	336,657	345,103	399,200
2014	4,556	127,703	-6,861	406,452	413,313	422,700
2013	6,319	176,037	-10,302	480,399	490,701	552,500
2012	8,486	261,346	-6,267	626,787	633,054	650,000
2011	10,899	310,143	-9,784	698,630	708,414	729,000
2010	12,525	361,697	-12,284	776,487	788,771	810,000
2009	14,453	352,709	-23,981	745,271	769,252	900,000
2008	15,447	362,703	-24,207	767,989	Not Applicable Before 2009	Not Applicable Before 2009
2007	16,315	324,326	-4,283	723,620		
2006	16,924	345,887	-2,498	726,434		
2005	18,802	371,209	-1,086	736,803		
2004	22,076	517,052	7,985	925,194		
2003	20,359	511,235	10,721	919,589		
2002	19,650	476,535	20,848	820,627		
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 1987	-3,710	94,123		
1985	Not Available Before 1986		-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 applicable

<sup>a</sup> Unpaid principal balance.

<sup>b</sup> Beginning in 2010, excludes effect of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010. Amounts for 2010 have been revised from amounts previously reported to reflect this exclusion.

<sup>c</sup> Includes unamortized premiums, discounts, deferred adjustments, and fair-value adjustments on

securities and loans. Beginning in 2002, amounts include fair-value adjustments and impairments on mortgage-related securities and securities commitments classified as trading and available-for-sale. Excludes allowance for loan losses on loans held for investment.

<sup>d</sup> Amounts for 2010 and later meet the definition of mortgage assets in the Treasury Senior Preferred Stock Purchase Agreement for the purpose of determining the maximum amount of mortgage assets that may be held. The amount for 2009 includes consolidation of variable interest entities. The 2009 amount would have been \$772.5 billion excluding consolidation of variable interest entities.

<sup>e</sup> Maximum allowable mortgage assets under the Treasury Senior Preferred Stock Purchase Agreement.



Table 6 • Fannie Mae Financial Derivatives

End of Period	Financial Derivatives - Notional Amount Outstanding (\$ in Millions)						
	Interest Rate Swaps <sup>a</sup> (\$)	Interest Rate Caps, Floors, and Corridors (\$)	Foreign Currency Contracts (\$)	Over-the-Counter Futures, Options, and Forward Rate Agreements <sup>b</sup> (\$)	Mandatory Mortgage Purchase & Sell Commitments (\$)	Other <sup>c</sup> (\$)	Total (\$)
4Q16	307,034	0	430	25,205	148,472	15,078	496,219
3Q16	321,473	0	452	21,250	236,410	9,350	588,935
2Q16	357,559	0	455	12,796	212,187	9,727	592,724
1Q16	376,428	0	514	25,221	199,289	5,830	607,282
Annual Data							
2016	307,034	0	430	25,205	148,472	15,078	496,219
2015	384,184	0	553	41,191	125,443	0	551,371
2014	404,375	0	617	67,900	119,026	0	591,918
2013	413,738	500	1,042	137,450	72,937	0	625,667
2012	572,349	6,500	1,195	121,910	159,057	0	861,011
2011	426,688	7,000	1,032	178,470	101,435	0	714,625
2010	502,578	7,000	1,560	176,010	119,870	0	807,018
2009	661,990	7,000	1,537	174,680	121,947	0	967,154
2008	1,023,384	500	1,652	173,060	71,236	0	1,269,832
2007	671,274	2,250	2,559	210,381	55,366	0	941,830
2006	516,571	14,000	4,551	210,271	39,928	0	785,321
2005	317,470	33,000	5,645	288,000	39,194	0	683,309
2004	256,216	104,150	11,453	318,275	40,600	0	730,694
2003	598,288	130,350	5,195	305,175	43,560	0	1,082,568
2002	253,211	122,419	3,932	275,625	Not Available Before 2003	0	655,187
2001	299,953	75,893	8,493	148,800		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 Before 1992	50		1,050	10,200
1990	4,800	0		25		1,700	6,525

Source: Fannie Mae

<sup>a</sup> Beginning in 2002, includes mortgage-backed securities options, swap credit enhancements, and forward-starting debt. Forward-starting debt is a commitment to issue debt at some future time (generally to fund a purchase or commitment that starts at the agreed future time).

<sup>b</sup> Beginning in 2010, includes exchange-traded futures, if applicable.

<sup>c</sup> Beginning in 2016, includes credit risk transfer transactions that we account for as derivatives.

Table 7 • Fannie Mae Nonmortgage Investments

End of Period	Nonmortgage Investments (\$ in Millions) <sup>a</sup>					
	Federal Funds and Eurodollars (\$)	Asset-Backed Securities (\$)	Repurchase Agreements <sup>b</sup> (\$)	Commercial Paper and Corporate Debt <sup>c</sup> (\$)	Other <sup>d</sup> (\$)	Total (\$)
4Q16	0	0	30,415	0	32,317	62,732
3Q16	0	0	18,350	0	31,277	49,627
2Q16	0	0	22,325	0	29,652	51,977
1Q16	0	0	17,550	0	30,746	48,296
<b>Annual Data</b>						
2016	0	0	30,415	0	32,317	62,732
2015	0	0	27,350	0	29,485	56,835
2014	0	0	30,950	0	19,466	50,416
2013	0	0	38,975	0	16,306	55,281
2012	0	0	32,500	0	17,950	50,450
2011	0	2,111	46,000	0	47,737	95,848
2010	5,000	5,321	6,750	0	27,432	44,503
2009	44,900	8,515	4,000	364	3	57,782
2008	45,910	10,598	8,000	6,037	1,005	71,550
2007	43,510	15,511	5,250	13,515	9,089	86,875
2006	9,410	18,914	0	27,604	1,055	56,983
2005	8,900	19,190	0	16,979	947	46,016
2004	3,860	25,644	70	16,435	1,829	47,839
2003	12,575	26,862	111	17,700	2,270	59,518
2002	150	22,312	181	14,659	2,074	39,376
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	9	0	0	0	227	236
1982	1,799	0	0	0	631	2,430
1981	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	Not Available Before 1982	1,047
1980						1,556
1979						843
1978						834
1977						318
1976						245
1975						239
1974						466
1973						227
1972						268
1971						349

Source: Fannie Mae

<sup>a</sup> Data reflect unpaid principal balance net of unamortized purchase premiums, discounts and cost-basis adjustments, fair-value adjustments, and impairments on available-for-sale and trading securities.

<sup>b</sup> Since 2005, advances to lenders have not been included in the data. Amounts for years before 2005 may include or consist of advances to lenders. Includes tri-party repurchase agreements.

<sup>c</sup> Includes commercial paper, floating-rate notes, taxable auction notes, corporate bonds, and auction-rate preferred stock. Starting with 2006, medium-term notes previously reported in "Other" are included in commercial paper.

<sup>d</sup> Includes Treasury and agency securities, Yankee Bonds, and domestic certificates of deposit.

Table 8 • Fannie Mae Mortgage Asset Quality

End of Period	Mortgage Asset Quality				
	Single-Family Serious Delinquency Rate <sup>a</sup> (%)	Multifamily Serious Delinquency Rate <sup>b</sup> (%)	Credit Losses as a Proportion of the Guaranty Book of Business <sup>c, d</sup> (%)	Real Estate Owned as a Proportion of the Guaranty Book of Business <sup>d</sup> (%)	Credit-Enhanced Outstanding as a Proportion of the Guaranty Book of Business <sup>e</sup> (%)
4Q16	1.20	0.05	0.12	0.15	37.2
3Q16	1.24	0.07	0.08	0.16	23.9
2Q16	1.32	0.07	0.11	0.18	24.4
1Q16	1.44	0.06	0.21	0.20	23.9
Annual Data					
2016	1.20	0.05	0.12	0.15	37.2
2015	1.55	0.07	0.35	0.22	23.1
2014	1.89	0.05	0.20	0.35	20.9
2013	2.38	0.10	0.15	0.38	19.6
2012	3.29	0.24	0.48	0.35	18.8
2011	3.91	0.59	0.61	0.37	18.4
2010	4.48	0.71	0.77	0.53	19.1
2009	5.38	0.63	0.45	0.30	21.2
2008	2.42	0.30	0.23	0.23	23.9
2007	0.98	0.08	0.05	0.13	23.7
2006	0.65	0.08	0.02	0.09	22.3
2005	0.79	0.32	0.01	0.08	21.8
2004	0.63	0.11	0.01	0.07	20.5
2003	0.60	0.29	0.01	0.06	22.6
2002	0.57	0.08	0.01	0.05	26.8
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	Not Available Before 1990
1987	1.12	Not Available Before 1988	0.11	0.18	Not Available Before 1990
1986	1.38	Not Available Before 1988	0.12	0.22	Not Available Before 1990
1985	1.48	Not Available Before 1988	0.13	0.32	Not Available Before 1990
1984	1.65	Not Available Before 1988	0.09	0.33	Not Available Before 1990
1983	1.49	Not Available Before 1988	0.05	0.35	Not Available Before 1990
1982	1.41	Not Available Before 1988	0.01	0.20	Not Available Before 1990
1981	0.96	Not Available Before 1988	0.01	0.13	Not Available Before 1990
1980	0.90	Not Available Before 1988	0.01	0.09	Not Available Before 1990
1979	0.56	Not Available Before 1988	0.02	0.11	Not Available Before 1990
1978	0.55	Not Available Before 1988	0.02	0.18	Not Available Before 1990
1977	0.46	Not Available Before 1988	0.02	0.26	Not Available Before 1990
1976	1.58	Not Available Before 1988	0.03	0.27	Not Available Before 1990
1975	0.56	Not Available Before 1988	0.03	0.51	Not Available Before 1990
1974	0.51	Not Available Before 1988	0.02	0.52	Not Available Before 1990
1973	Not Available Before 1974	Not Available Before 1988	0.00	0.61	Not Available Before 1990
1972	Not Available Before 1974	Not Available Before 1988	0.02	0.98	Not Available Before 1990
1971	Not Available Before 1974	Not Available Before 1988	0.01	0.59	Not Available Before 1990

Source: Fannie Mae

- <sup>a</sup> Single-family loans are seriously delinquent when the loans are 90 days or more past due or in the foreclosure process. Rate is calculated using the number of conventional single-family loans owned and backing Fannie Mae mortgage-backed securities (MBS). Includes loans referred to foreclosure proceedings but not yet foreclosed. Prior to 1988, data included all seriously delinquent loans for which Fannie Mae had primary risk of loss. Beginning in 1998, data include all seriously delinquent conventional loans owned or backing Fannie Mae MBS with and without primary mortgage insurance or credit enhancement. Data prior to 1992 include loans and securities in relief or bankruptcy, even if the loans were less than 90 days delinquent, calculated based on number of loans.
- <sup>b</sup> Before 1998, data include multifamily loans for which Fannie Mae had primary risk of loss. Beginning in 1998, data include all multifamily loans and securities 60 days or more past due. Beginning in 2002, rate is calculated using the unpaid principal balance of multifamily loans owned by Fannie Mae or underlying Fannie Mae guaranteed securities as the denominator. For the period 1998 to 2001, the denominator also includes other credit enhancements Fannie Mae provides on multifamily mortgage assets and multifamily non-Fannie Mae mortgage-related securities held for investment.
- <sup>c</sup> Credit losses are charge-offs, net of recoveries and foreclosed property expense (income). Average balances used to calculate ratios subsequent to 1994. Quarterly data are annualized. Beginning in 2005, credit losses exclude the impact of fair-value losses of credit impaired loans acquired from MBS trusts. Beginning in 2008, credit losses also exclude the effect of HomeSaver Advance program fair-value losses.
- <sup>d</sup> Guaranty book of business refers to the sum of the unpaid principal balance of mortgage loans held as investments, Fannie Mae MBS held as investments, Fannie Mae MBS held by third parties, and other credit enhancements Fannie Mae provides on mortgage assets. It excludes non-Fannie Mae mortgage-related securities held for investment that Fannie Mae does not guarantee. Before 2005, the ratio was based on the mortgage credit book of business, which consists of the guaranty book of business plus non-Fannie Mae mortgage-related securities held as investments not guaranteed by Fannie Mae.
- <sup>e</sup> Beginning in 2000, the credit-enhanced category was expanded to include loans with primary mortgage insurance. Amounts for periods before 2000 reflect the proportion of assets held for investment with additional recourse from a third party to accept some or all of the expected losses on defaulted mortgages. Additionally, beginning in Q4 2016, the credit-enhanced category was expanded to include credit risk transfer transactions.

Table 9 • Fannie Mae Capital

End of Period	Capital (\$ in Millions) <sup>a</sup>									
	Minimum Capital Requirement			Risk-Based Capital Requirement			Market Capitalization <sup>h</sup>	Core Capital/ Total Assets <sup>i</sup>	Core Capital/ Total Assets Plus Unconsolidated MBS <sup>i,j</sup>	Common Share Dividend Payout Rate <sup>k</sup>
	Core Capital <sup>b</sup> (\$)	Minimum Capital Requirement <sup>c</sup> (\$)	Minimum Capital Surplus (Deficit) <sup>d</sup> (\$)	Total Capital <sup>e</sup> (\$)	Risk-Based Capital Requirement <sup>f</sup> (\$)	Risk-Based Capital Surplus (Deficit) <sup>g</sup> (\$)				
4Q16	-111,836	24,351	-136,187	N/A	N/A	N/A	4,517	(3.40)	-3.39	N/A
3Q16	-113,895	24,967	-138,862	N/A	N/A	N/A	1,957	(3.50)	-3.49	N/A
2Q16	-114,222	24,923	-139,145	N/A	N/A	N/A	2,316	(3.53)	-3.52	N/A
1Q16	-116,249	24,915	-141,164	N/A	N/A	N/A	1,621	(3.61)	-3.60	N/A
<b>Annual Data</b>										
2016	-111,836	24,351	-136,187	N/A	N/A	N/A	4,517	(3.40)	-3.39	N/A
2015	-114,526	25,144	-139,670	N/A	N/A	N/A	1,899	(3.55)	-3.54	N/A
2014	-115,202	27,044	-142,246	N/A	N/A	N/A	2,380	(3.55)	-3.53	N/A
2013	-108,811	28,472	-137,283	N/A	N/A	N/A	3,486	-3.33	-3.31	N/A
2012	-110,350	30,862	-141,212	N/A	N/A	N/A	295	(3.42)	(3.41)	N/A
2011	-115,967	32,463	-148,430	N/A	N/A	N/A	233	(3.61)	(3.59)	N/A
2010	-89,516	33,676	-123,192	N/A	N/A	N/A	336	(2.78)	(2.76)	N/A
2009	-74,540	33,057	-107,597	N/A	N/A	N/A	1,314	(8.58)	(2.26)	N/A
2008	-8,641	33,552	-42,193	N/A	N/A	N/A	825	(0.95)	(0.27)	N/M
2007	45,373	31,927	13,446	48,658	24,700	23,958	38,946	5.14	1.51	N/M
2006	41,950	29,359	12,591	42,703	26,870	15,833	57,735	4.97	1.60	32.4
2005	39,433	28,233	11,200	40,091	12,636	27,455	47,373	4.73	1.62	17.2
2004	34,514	32,121	2,393	35,196	10,039	25,157	69,010	3.38	1.42	42.1
2003	26,953	31,816	-4,863	27,487	27,221	266	72,838	2.64	1.16	20.8
2002	20,431	27,688	-7,257	20,831	17,434	3,397	63,612	2.26	1.05	34.5
2001	25,182	24,182	1,000	25,976	Not Applicable Before 2002	Not Applicable Before 2002	79,281	3.15	1.51	23.0
2000	20,827	20,293	533	21,634			86,643	3.08	1.51	26.0
1999	17,876	17,770	106	18,677			63,651	3.11	1.43	28.8
1998	15,465	15,334	131	16,257			75,881	3.19	1.38	29.5
1997	13,793	12,703	1,090	14,575			59,167	3.52	1.42	29.4
1996	12,773	11,466	1,307	13,520			39,932	3.64	1.42	30.4
1995	10,959	10,451	508	11,703			33,812	3.46	1.32	34.6
1994	9,541	9,415	126	10,368			19,882	3.50	1.26	30.8
1993	8,052	7,064	988	8,893			21,387	3.71	1.17	26.8
1992	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
1991							18,836			21.3
1990							8,490			14.7
1989							8,092			12.8
1988							3,992			11.2
1987							2,401			11.7
1986							3,006			8.0
1985							1,904			30.1
1984							1,012			N/A
1983							1,514			13.9
1982							1,603			N/A
1981							502			N/A
1980							702			464.2
1979							Not Available Before 1980			45.7
1978										30.3
1977										31.8
1976										33.6
1975										31.8
1974										29.6
1973										18.1
1972										15.2
1971										18.7

Sources: Fannie Mae and FHFA

N/A = not applicable N/M = not meaningful

<sup>a</sup> On October 9, 2008, the Federal Housing Finance Agency (FHFA) suspended capital classifications of Fannie Mae. As of the fourth quarter of 2008, neither the existing statutory nor the FHFA-directed regulatory capital requirements were binding and will not be binding during conservatorship.

<sup>b</sup> The sum of the stated value of outstanding common stock (common stock less treasury stock), the stated value of outstanding noncumulative perpetual preferred stock, paid-in capital, and retained earnings (accumulated deficit). Core capital excludes accumulated other comprehensive income (loss) and senior preferred stock.

<sup>c</sup> Beginning in the third quarter of 2005, FHFA required Fannie Mae to maintain an additional 30 percent capital in excess of the statutory minimum capital requirement. The regulator reduced the requirement to 20 percent as of the first quarter of 2008 and to 15 percent as of the second quarter of 2008. The minimum capital requirement and minimum capital surplus numbers stated in this table do not reflect these additional capital requirements.

<sup>d</sup> Minimum capital surplus is the difference between core capital and minimum capital requirement.

<sup>e</sup> Total capital is core capital plus the total allowance for loan losses and guaranty liability for mortgage-backed securities (MBS), less any specific loss allowances.

<sup>f</sup> Risk-based capital requirement is the amount of total capital 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 Enterprises Financial Safety and Soundness Act of 1992. For 2004 through 2006, the requirements were calculated based on originally reported, not restated or revised, financial results.

<sup>g</sup> The difference between total capital and the risk-based capital requirement. For 2004 through 2006, the difference reflects restated and revised total capital, rather than total capital originally reported by Fannie Mae and used by FHFA to set capital classifications. FHFA is not reporting on risk-based capital levels during conservatorship.

<sup>h</sup> Stock price at the end of the period multiplied by the number of outstanding common shares.

<sup>i</sup> Adoption of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010, significantly changed presentation of this item in the financial statements. Financial results for 2010 and beyond are not directly comparable to previous years.

<sup>j</sup> Unconsolidated MBS are those held by third parties.

<sup>k</sup> Common dividends declared during the period divided by net income available to common stockholders for the period. As a result of conservatorship status and the terms of the Senior Preferred Stock Purchase Agreement with Treasury, no amounts are available to distribute as dividends to common or preferred stockholders (other than to Treasury as holder of the Senior Preferred Stock).

Table 10 • Freddie Mac Mortgage Purchases

Period	Business Activity (\$ in Millions)			
	Purchases <sup>a</sup>			
	Single-Family (\$)	Multifamily (\$)	Total Mortgages <sup>b</sup> (\$)	Mortgage-Related Securities <sup>c</sup> (\$)
4Q16	115,880	17,680	133,560	35,855
3Q16	116,890	12,226	129,116	29,174
2Q16	90,889	9,409	100,298	34,594
1Q16	68,848	17,515	86,363	23,288
Annual Data				
2016	392,507	56,830	449,337	122,911
2015	350,560	47,264	397,824	90,824
2014	255,253	28,336	283,589	78,142
2013	422,742	25,872	448,614	73,079
2012	426,849	28,774	455,623	34,535
2011	320,793	20,325	341,118	120,001
2010	386,378	15,372	401,750	51,828
2009	475,350	16,571	491,921	238,835
2008	357,585	23,972	381,557	297,614
2007	466,066	21,645	487,711	231,039
2006	351,270	13,031	364,301	241,205
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 Before 1994
1992	191,099	27	191,126	
1991	99,729	236	99,965	
1990	74,180	1,338	75,518	
1989	76,765	1,824	78,589	
1988	42,884	1,191	44,075	
1987	74,824	2,016	76,840	
1986	99,936	3,538	103,474	
1985	42,110	1,902	44,012	
1984	Not Available Before 1985	Not Available Before 1985	21,885	
1983			22,952	
1982			23,671	
1981			3,744	
1980			3,690	
1979			5,716	
1978			6,524	
1977			4,124	
1976			1,129	
1975			1,716	
1974			2,185	
1973			1,334	
1972			1,265	
1971			778	

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances. Excludes mortgage loans and mortgage-related securities traded but not yet settled.

<sup>b</sup> Consists of loans purchased from lenders, as well as those loans covered under other mortgage-related guarantees.

<sup>c</sup> Not included in total mortgages. From 2002 through the current period, amounts include non-Freddie Mac mortgage-related securities as well as repurchased Freddie Mac mortgage-backed securities (MBS) held for investment. Before 2002, amounts exclude Freddie Mac real estate mortgage investment conduits and other structured securities backed by Ginnie Mae MBS. Amounts in 2010 through the current period, include purchases of Freddie Mac MBS, most accounted for as debt extinguishments under Generally Accepted Accounting Principles rather than as investment in securities.

Table 10a • Freddie Mac Mortgage Purchases Detail by Type of Loan

Period	Purchases (\$ in Millions) <sup>a</sup>											
	Single-Family Mortgages							Multifamily Mortgages				Total Mortgage Purchases (\$)
	Conventional				FHA/VA <sup>d</sup>			Total Single-Family Mortgages (\$)	Conventional (\$)	FHA/RD (\$)	Total Multi-family Mortgages (\$)	
	Fixed-Rate <sup>b</sup> (\$)	Adjustable-Rate <sup>c</sup> (\$)	Seconds (\$)	Total (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)	Total (\$)					
4Q16	114,348	1,494	0	115,842	38	0	38					
3Q16	115,018	1,831	0	116,849	41	0	41	116,890	12,226	0	12,226	129,116
2Q16	89,267	1,584	0	90,851	38	0	38	90,889	9,409	0	9,409	100,298
1Q16	67,173	1,646	0	68,819	29	0	29	68,848	17,515	0	17,515	86,363
Annual Data												
2016	385,806	6,555	0	392,361	146	0	146	392,507	56,830	0	56,830	449,337
2015	337,637	12,760	0	350,397	163	0	163	350,560	47,264	0	47,264	397,824
2014	239,469	15,711	0	255,180	73	0	73	255,253	28,336	0	28,336	283,589
2013	406,605	16,007	0	422,612	130	0	130	422,742	25,872	0	25,872	448,614
2012	408,576	18,075	0	426,651	198	0	198	426,849	28,774	0	28,774	455,623
2011	294,918	25,685	0	320,603	190	0	190	320,793	20,325	0	20,325	341,118
2010	368,352	17,435	0	385,787	591	0	591	386,378	15,372	0	15,372	401,750
2009	470,355	3,615	0	473,970	1,380	0	1,380	475,350	16,571	0	16,571	491,921
2008	327,006	30,014	0	357,020	565	0	565	357,585	23,972	0	23,972	381,557
2007	387,760	78,149	0	465,909	157	0	157	466,066	21,645	0	21,645	487,711
2006	272,875	77,449	0	350,324	946	0	946	351,270	13,031	0	13,031	364,301
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

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances. Excludes mortgage loans and mortgage-related securities traded but not yet settled. Activity includes issuances of other mortgage-related guarantees for loans held by third parties.

<sup>b</sup> From 2002 to through the current period, includes loans guaranteed by U.S. Department of Agriculture Rural Development (RD) loan programs.

<sup>c</sup> From 2001 to 2012, includes balloon/reset mortgages. Freddie Mac discontinued purchase of balloon/reset mortgages on January 1, 2013.

<sup>d</sup> FHA stands for Federal Housing Administration. VA stands for Department of Veterans Affairs.

Table 10b • Freddie Mac Purchases of Mortgage-Related Securities – Part 1

Period	Purchases (\$ in Millions) <sup>a</sup>															
	Freddie Mac Securities <sup>b</sup>				Other Securities										Mortgage Revenue Bonds (\$)	Total Mortgage-Related Securities <sup>c</sup> (\$)
	Single-Family		Multi-family (\$)	Total Freddie Mac (\$)	Fannie Mae				Ginnie Mae <sup>c</sup>				Total Private-Label (\$)			
	Fixed-Rate (\$)	Adjustable-Rate (\$)			Single-Family		Multi-family (\$)	Total Fannie Mae (\$)	Single-Family		Multi-family (\$)	Total Ginnie Mae (\$)				
					Fixed-Rate (\$)	Adjustable-Rate (\$)			Fixed-Rate (\$)	Adjustable-Rate (\$)						
4Q16	20,109	786	0	20,895	2,472	0	0	2,472	0	0	0	0	14,488	0		
3Q16	17,966	1,863	12	19,841	0	0	0	0	0	28	0	28	9,305	0	29,174	
2Q16	15,492	1,625	0	17,117	2,610	450	0	3,060	0	0	0	0	14,417	0	34,594	
1Q16	11,707	1,707	0	13,414	263	35	0	298	0	114	0	114	9,462	0	23,288	
Annual Data																
2016	65,274	5,981	12	71,267	5,345	485	0	5,830	0	142	0	142	45,672	0	122,911	
2015	48,764	5,532	97	54,393	1,624	2,239	0	3,863	0	324	0	324	32,244	0	90,824	
2014	43,922	7,568	392	51,882	2,695	5,005	0	7,700	0	73	0	73	18,487	0	78,142	
2013	44,760	296	0	45,056	4,251	50	0	4,301	0	0	0	0	23,722	0	73,079	
2012	13,272	3,045	119	16,436	0	170	0	170	0	0	0	0	17,929	0	34,535	
2011	94,543	5,057	472	100,072	5,835	2,297	0	8,132	0	0	0	0	11,797	0	120,001	
2010	40,462	923	382	41,767	0	373	0	373	0	0	0	0	9,688	0	51,828	
2009	176,974	5,414	0	182,388	43,298	2,697	0	45,995	0	0	27	27	10,245	180	238,835	
2008	192,701	26,344	111	219,156	49,534	18,519	0	68,053	0	0	8	8	10,316	81	297,614	
2007	111,976	26,800	2,283	141,059	2,170	9,863	0	12,033	0	0	0	0	76,134	1,813	231,039	
2006	76,378	27,146	0	103,524	4,259	8,014	0	12,273	0	0	0	0	122,230	3,178	241,205	
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	23,942	146	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	Not Available Before 2004	266,989	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	47,806	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	166	69,154	963	385,078	
2002				192,817				45,798				820	59,376	863	299,674	
2001				157,339				64,508				1,444	24,468	707	248,466	
2000				58,516				18,249				3,339	10,304	1,488	91,896	
1999				69,219				12,392				3,422	15,263	1,602	101,898	
1998				107,508				3,126				319	15,711	1,782	128,446	
1997				31,296				897				326	1,494	1,372	35,385	
1996				33,338				Not Available Before 1997				Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	36,824	
1995				32,534											39,292	
1994				19,817											19,817	

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances. Excludes mortgage loans and mortgage-related securities traded but not yet settled.<sup>b</sup> Amounts for 2010 and later include purchases of Freddie Mac mortgage-backed securities (MBS), many accounted for as debt extinguishments under Generally Accepted Accounting Principles rather than as investment in securities. Amounts for 2012 and later primarily consists of third party purchases.<sup>c</sup> Before 2002, amounts exclude real estate mortgage investment conduits and other structured securities backed by Ginnie Mae MBS.

Table 10b • Freddie Mac Purchases of Mortgage-Related Securities – Part 2, Private-Label Detail

Period	Purchases (\$ in Millions) <sup>a</sup>								
	Private-Label								
	Single-Family							Multifamily <sup>c</sup> (\$)	Total Private-Label (\$)
	Manufactured Housing (\$)	Subprime		Alt-A <sup>b</sup>		Other <sup>c</sup>			
Fixed-Rate (\$)		Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)			
4Q16	0	0	0	0	0	70	45	12,373	12,488
3Q16	0	0	0	0	0	0	0	9,305	9,305
2Q16	0	0	0	0	0	0	0	14,417	14,417
1Q16	0	0	0	0	0	0	0	9,462	9,462
Annual Data									
2016	0	0	0	0	0	70	45	45,557	45,672
2015	0	0	0	0	0	0	0	32,244	32,244
2014	0	0	0	0	0	0	0	18,487	18,487
2013	0	0	0	0	0	26	0	23,696	23,722
2012	0	0	0	0	0	21	0	17,908	17,929
2011	0	0	0	0	0	77	0	11,720	11,797
2010	0	0	0	0	0	3,172	0	6,516	9,688
2009	0	0	0	0	0	7,874	0	2,371	10,245
2008	0	60	46	0	618	8,175	0	1,417	10,316
2007	127	843	42,824	702	9,306	48	0	22,284	76,134
2006	0	116	74,645	718	29,828	48	0	16,875	122,230
2005	0	Not Available Before 2006	Not Available Before 2006	Not Available Before 2006	Not Available Before 2006	2,191	162,931	14,840	179,962
2004	0					1,379	108,825	10,878	121,082
2003	0					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

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances. Excludes mortgage loans and mortgage-related securities traded but not yet settled.

<sup>b</sup> Includes Alt-A and option ARM private-label mortgage-related securities purchased for other securitization products. ARM stands for adjustable-rate mortgage.

<sup>c</sup> Includes non-Freddie Mac mortgage-related securities purchased for K certificates, SB certificates, and other similar securitization products as well as non-agency securities held for investment. Purchases for 2009 and 2010 include amounts related to housing finance agency bonds acquired and res securitized under a bond initiative program.



Table 11 • Freddie Mac MBS Issuances

Period	Business Activity (\$ in Millions)			
	MBS Issuances <sup>a</sup>			
	Single-Family MBS <sup>b</sup> (\$)	Multifamily MBS (\$)	Total MBS <sup>b</sup> (\$)	Multiclass MBS <sup>c</sup> (\$)
4Q16	118,362	12,553	130,915	30,509
3Q16	118,597	9,864	128,461	27,774
2Q16	86,862	14,866	101,728	44,323
1Q16	71,638	10,461	82,099	20,829
Annual Data				
2016	395,459	47,744	443,203	123,435
2015	356,599	33,392	389,991	82,620
2014	259,763	19,770	279,533	105,174
2013	435,499	25,267	460,766	111,436
2012	446,162	20,317	466,479	124,376
2011	304,629	12,632	317,261	166,539
2010	384,719	8,318	393,037	136,366
2009	472,461	2,951	475,412	86,202
2008	352,776	5,085	357,861	64,305
2007	467,342	3,634	470,976	133,321
2006	358,184	1,839	360,023	169,396
2005	396,213	1,654	397,867	208,450
2004	360,933	4,175	365,108	215,506
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 Before 1985	Not Available Before 1985	18,684	1,805
1983			19,691	1,685
1982			24,169	Not Issued Before 1983
1981			3,526	
1980			2,526	
1979			4,546	
1978			6,412	
1977			4,657	
1976			1,360	
1975			950	
1974			46	
1973			323	
1972			494	
1971			65	

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances. Excludes mortgage loans, mortgage-related securities traded but not yet settled and unguaranteed subordinated whole loan securities. Includes issuance of other mortgage-related guarantees for mortgages not in the form of a security.

<sup>b</sup> Includes mortgage-backed securities (MBS), real estate mortgage investment conduits (REMICs), other structured securities, and other securitization products. From 2002 through the current

period, includes Freddie Mac REMICs and other structured securities backed by Ginnie Mae MBS. Before 2002, excludes Freddie Mac REMICs and other structured securities backed by Ginnie Mae MBS. Amounts are not included in total MBS issuances if the activity represents a securitization of Freddie Mac MBS.

<sup>c</sup> Includes activity related to multiclass securities, primarily REMICs, but excludes resecuritizations of MBS into single-class securities. Amounts are not included in total MBS issuances if the activity represents a resecuritization of Freddie Mac MBS.

Table 12 • Freddie Mac Earnings

Period	Earnings (\$ in Millions)					
	Net Interest Income <sup>a</sup> (\$)	Guarantee Fee Income <sup>a</sup> (\$)	Administrative Expenses (\$)	Credit-Related (Benefit) Expenses <sup>b</sup> (\$)	Net Income (Loss) (\$)	Return on Equity <sup>c</sup> (%)
4Q16	3,885	146	584	444	4,847	N/M
3Q16	3,646	133	498	169	2,329	N/M
2Q16	3,443	124	475	-746	993	N/M
1Q16	3,405	110	448	-383	-354	N/M
<b>Annual Data</b>						
2016	14,379	513	2,005	-516	7,815	N/M
2015	14,946	369	1,927	-2,327	6,376	N/M
2014	14,263	329	1,881	254	7,690	N/M
2013	16,468	271	1,805	-2,605	48,668	N/M
2012	17,611	201	1,561	1,949	10,982	N/M
2011	18,397	170	1,506	11,287	-5,266	N/M
2010	16,856	143	1,597	17,891	-14,025	N/M
2009	17,073	3,033	1,685	29,837	-21,553	N/M
2008	6,796	3,370	1,505	17,529	-50,119	N/M
2007	3,099	2,635	1,674	3,060	-3,094	(21.0)
2006	3,412	2,393	1,641	356	2,327	9.8
2005	4,627	2,076	1,535	347	2,113	8.1
2004	9,137	1,382	1,550	140	2,937	9.4
2003	9,498	1,653	1,181	2	4,816	17.7
2002	9,525	1,527	1,406	126	10,090	47.2
2001	7,448	1,381	1,024	39	3,158	20.2
2000	3,758	1,243	825	75	3,666	39.0
1999	2,926	1,019	655	159	2,223	25.5
1998	2,215	1,019	578	342	1,700	22.6
1997	1,847	1,082	495	529	1,395	23.1
1996	1,705	1,086	440	608	1,243	22.6
1995	1,396	1,087	395	541	1,091	22.1
1994	1,112	1,108	379	425	983	23.3
1993	772	1,009	361	524	786	22.3
1992	695	936	329	457	622	21.2
1991	683	792	287	419	555	23.6
1990	619	654	243	474	414	20.4
1989	517	572	217	278	437	25.0
1988	492	465	194	219	381	27.5
1987	319	472	150	175	301	28.2
1986	299	301	110	120	247	28.5
1985	312	188	81	79	208	30.0
1984	213	158	71	54	144	52.0
1983	125	132	53	46	86	44.5
1982	30	77	37	26	60	21.9
1981	34	36	30	16	31	13.1
1980	54	23	26	23	34	14.7
1979	55	18	19	20	36	16.2
1978	37	14	14	13	25	13.4
1977	31	9	12	8	21	12.4
1976	18	3	10	-1	14	9.5
1975	31	3	10	11	16	11.6
1974	42	2	8	33	5	4.0
1973	31	2	7	15	12	9.9
1972	10	1	5	4	4	3.5
1971	10	1	Not Available Before 1972	Not Available Before 1972	6	5.5

Source: Freddie Mac

N/M = not meaningful

<sup>a</sup> Adoption of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010, significantly changed presentation of these items in the financial statements. Consequently, financial results for 2010 and later are not directly comparable to previous years. Effective January 1, 2010, guarantee fee income associated with the securitization activities of consolidated trusts is reflected in net interest income.

<sup>b</sup> For years 2002 through the current period, defined as provision/benefit for credit losses and real-estate owned operations income/expense. For years 2000 and 2001, includes only provision for credit losses.

<sup>c</sup> Ratio computed as annualized net income (loss) available to common stockholders divided by the simple average of beginning and ending common stockholders' equity (deficit).

Table 13 • Freddie Mac Balance Sheet

End of Period	Balance Sheet (\$ in Millions) <sup>a</sup>								
	Total Assets (\$)	Total Mortgage Assets <sup>b</sup> (\$)	Nonmortgage Investments (\$)	Total Debt Outstanding (\$)	Stockholders' Equity (\$)	Senior Preferred Stock (\$)	Fair-Value of Net Assets (\$)	Mortgage Assets Held for Investment (Gross) <sup>c</sup> (\$)	Indebtedness <sup>d</sup> (\$)
4Q16	2,023,376	1,906,843	72,685	2,002,004	5,075	72,336	Not Available	298,426	356,743
3Q16	2,015,262	1,887,606	79,252	1,999,841	3,510	72,336	Not Available	308,114	381,536
2Q16	1,986,437	1,875,148	61,197	1,972,103	2,133	72,336	Not Available	320,673	381,548
1Q16	1,969,100	1,869,511	55,336	1,955,618	1,000	72,336	Not Available	339,859	391,322
Annual Data									
2016	2,023,376	1,906,843	72,685	2,002,004	5,075	72,336	Not Available	298,426	356,743
2015	1,985,892	1,866,588	80,795	1,970,269	2,940	72,336	Not Available	346,911	418,021
2014	1,945,360	1,852,646	58,585	1,929,363	2,651	72,336	(30,400)	408,414	454,029
2013	1,965,831	1,855,095	69,019	1,940,521	12,835	72,336	(41,200)	461,024	511,345
2012	1,989,557	1,912,929	58,076	1,966,743	8,827	72,336	(58,300)	557,544	552,472
2011	2,147,216	2,062,713	39,342	2,131,983	(146)	72,171	(78,400)	653,313	674,314
2010	2,261,780	2,149,586	74,420	2,242,588	(401)	64,200	(58,600)	696,874	728,217
2009	841,784	716,974	26,271	780,604	4,278	51,700	(62,500)	755,272	805,073
2008	850,963	748,747	18,944	843,021	(30,731)	14,800	(95,600)	804,762	Not Applicable Before 2009
2007	794,368	710,042	41,663	738,557	26,724	Not Applicable Before 2008	12,600	720,813	
2006	804,910	700,002	68,614	744,341	26,914		31,800	703,959	
2005	798,609	709,503	57,324	740,024	25,691		30,900	710,346	
2004	795,284	664,582	62,027	731,697	31,416		30,900	653,261	
2003	803,449	660,531	53,124	739,613	31,487		27,300	645,767	
2002	752,249	589,899	91,871	665,696	31,330		22,900	567,272	
2001	641,100	503,769	89,849	578,368	19,624		18,300	497,639	
2000	459,297	385,451	43,521	426,899	14,837		Not Available Before 2001	385,693	
1999	386,684	322,914	34,152	360,711	11,525			324,443	
1998	321,421	255,670	42,160	287,396	10,835			255,009	
1997	194,597	164,543	16,430	172,842	7,521			164,421	
1996	173,866	137,826	22,248	156,981	6,731			137,755	
1995	137,181	107,706	12,711	119,961	5,863			107,424	
1994	106,199	73,171	17,808	93,279	5,162			73,171	
1993	83,880	55,938	18,225	49,993	4,437			55,938	
1992	59,502	33,629	12,542	29,631	3,570			33,629	
1991	46,860	26,667	9,956	30,262	2,566			26,667	
1990	40,579	21,520	12,124	30,941	2,136			21,520	
1989	35,462	21,448	11,050	26,147	1,916			21,448	
1988	34,352	16,918	14,607	26,882	1,584			16,918	
1987	25,674	12,354	10,467	19,547	1,182			12,354	
1986	23,229	13,093	Not Available Before 1987	15,375	953			13,093	
1985	16,587	13,547		12,747	779			13,547	
1984	13,778	10,018		10,999	606			10,018	
1983	8,995	7,485		7,273	421			7,485	
1982	5,999	4,679		4,991	296			4,679	
1981	6,326	5,178		5,680	250			5,178	
1980	5,478	5,006		4,886	221			5,006	
1979	4,648	4,003		4,131	238			4,003	
1978	3,697	3,038		3,216	202			3,038	
1977	3,501	3,204		3,110	177			3,204	
1976	4,832	4,175		4,523	156			4,175	
1975	5,899	4,878		5,609	142			4,878	
1974	4,901	4,469		4,684	126			4,469	
1973	2,873	2,521		2,696	121			2,521	
1972	1,772	1,726		1,639	110			1,726	
1971	1,038	935		915	107			935	

Source: Freddie Mac

<sup>a</sup> Adoption of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010, significantly changed the presentation of these items in the financial statements. Consequently, financial results for 2010 and later are not directly comparable to previous years.

<sup>b</sup> Excludes allowance for loan losses.

<sup>c</sup> Amounts for 2009 and later meet the definition of mortgage assets in the Treasury Senior Preferred Stock Purchase Agreement for the purpose of determining the maximum amount of mortgage assets that may be held.

<sup>d</sup> As defined in the Treasury Senior Preferred Stock Purchase Agreement for 2009 and later years.

Table 13a • Freddie Mac Total MBS Outstanding Detail<sup>a</sup>

End of Period	Single-Family Mortgages (\$ in Millions)					Multifamily Mortgages (\$ in Millions)			(\$ in Millions)	
	Conventional				Total FHA/VA <sup>d</sup>	Conventional (\$)	FHA/RD (\$)	Multifamily Mortgages (\$)	Total MBS Outstanding <sup>e</sup> (\$)	Multiclass MBS Outstanding <sup>f</sup> (\$)
	Fixed-Rate <sup>b</sup> (\$)	Adjustable-Rate <sup>c</sup> (\$)	Seconds <sup>d</sup> (\$)	Total (\$)						
4Q16	1,510,170	48,467	0	1,558,637	2,110	152,236	0	152,236	1,712,983	422,528
3Q16	1,475,184	55,110	0	1,530,294	2,206	143,384	0	143,384	1,675,884	420,496
2Q16	1,444,054	58,104	0	1,502,158	2,190	135,781	0	135,781	1,640,129	421,108
1Q16	1,423,541	66,457	0	1,489,998	2,293	123,250	0	123,250	1,615,541	412,542
<b>Annual Data</b>										
2016	1,510,170	48,467	0	1,558,637	2,110	152,236	0	152,236	1,712,983	422,528
2015	1,409,898	68,234	0	1,478,132	2,413	114,130	0	114,130	1,594,675	411,016
2014	1,338,926	72,095	0	1,411,021	2,835	87,836	0	87,836	1,501,692	410,133
2013	1,306,504	72,187	1	1,378,692	3,152	71,793	0	71,793	1,453,637	402,309
2012	1,269,642	76,095	1	1,345,738	3,452	49,542	0	49,542	1,398,732	427,630
2011	1,303,916	81,977	2	1,385,895	4,106	32,080	0	32,080	1,422,081	451,716
2010	1,357,124	84,471	2	1,441,597	4,434	21,954	0	21,954	1,467,985	429,115
2009	1,364,796	111,550	3	1,476,349	3,544	15,374	0	15,374	1,495,267	448,329
2008	1,242,648	142,495	4	1,385,147	3,970	13,597	0	13,597	1,402,714	517,654
2007	1,206,495	161,963	7	1,368,465	4,499	8,899	0	8,899	1,381,863	526,604
2006	967,580	141,740	12	1,109,332	5,396	8,033	0	8,033	1,122,761	491,696
2005	836,023	117,757	19	953,799	6,289	14,112	0	14,112	974,200	437,668
2004	736,332	91,474	70	827,876	9,254	15,140	0	15,140	852,270	390,516
2003	649,699	74,409	140	724,248	12,157	15,759	0	15,759	752,164	347,833
2002	647,603	61,110	5	708,718	12,361	8,730	0	8,730	729,809	392,545
2001	609,290	22,525	10	631,825	14,127	7,132	0	7,132	653,084	299,652
2000	533,331	36,266	18	569,615	778	5,708	0	5,708	576,101	309,185
1999	499,671	33,094	29	532,794	627	4,462	0	4,462	537,883	316,168
1998	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	Not Available Before 1999	478,351	260,504
1997									475,985	233,829
1996									473,065	237,939
1995									459,045	246,336
1994									460,656	264,152
1993									439,029	265,178
1992									407,514	218,747
1991									359,163	146,978
1990									316,359	88,124
1989									272,870	52,865
1988									226,406	15,621
1987									212,635	3,652
1986									169,186	5,333
1985									99,909	5,047
1984									70,026	3,214
1983									57,720	1,669
1982									42,952	Not Issued Before 1983
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

<sup>a</sup> Based on unpaid principal balances of mortgage guarantees held by third parties. Excludes mortgage-backed securities (MBS) held for investment by Freddie Mac and unguaranteed subordinated whole loan securities.

<sup>b</sup> Includes U.S. Department of Agriculture Rural Development (RD) loan programs.

<sup>c</sup> From 2001 to the current period, includes MBS with underlying mortgages classified as balloon/reset loans. Freddie Mac discontinued purchase of balloon/reset mortgages on January 1, 2013.

<sup>d</sup> From 2002 to the current period, includes resecuritizations of non-Freddie Mac securities.

<sup>e</sup> Excludes mortgage loans and mortgage-related securities traded but not yet settled. From 2002 to the current period, amounts include real estate mortgage investment conduits and other structured securities, other guarantee transactions, and other guarantee commitments of mortgage loans and MBS held by third parties.

<sup>f</sup> Amounts are included in total MBS outstanding column.

Table 14 • Freddie Mac Mortgage Assets Held for Investment Detail

End of Period	(\$ in Millions)			
	Whole Loans <sup>a</sup> (\$)	Freddie Mac Securities <sup>a</sup> (\$)	Other Mortgage-Related Securities <sup>a</sup> (\$)	Mortgage Assets Held for Investment (Gross) <sup>b, c</sup> (\$)
4Q16	127,549	136,184	34,693	298,426
3Q16	130,174	141,971	35,969	308,114
2Q16	134,808	143,836	42,029	320,673
1Q16	143,252	147,909	48,698	339,859
<b>Annual Data</b>				
2016	127,549	136,184	34,693	298,426
2015	145,664	147,824	53,423	346,911
2014	164,472	161,541	82,401	408,414
2013	181,308	168,034	111,682	461,024
2012	221,313	186,763	149,468	557,544
2011	253,970	223,667	175,676	653,313
2010	234,746	263,603	198,525	696,874
2009	138,816	374,615	241,841	755,272
2008	111,476	424,524	268,762	804,762
2007	82,158	356,970	281,685	720,813
2006	65,847	354,262	283,850	703,959
2005	61,481	361,324	287,541	710,346
2004	61,360	356,698	235,203	653,261
2003	60,270	393,135	192,362	645,767
2002	63,886	341,287	162,099	567,272
2001	62,792	308,427	126,420	497,639
2000	59,240	246,209	80,244	385,693
1999	56,676	211,198	56,569	324,443
1998	57,084	168,108	29,817	255,009
1997	48,454	103,400	Not Available Before 1998	164,421
1996	46,504	81,195		137,755
1995	43,753	56,006		107,424
1994	Not Available Before 1995	30,670		73,171
1993		15,877		55,938
1992		6,394		33,629
1991		Not Available Before 1992		26,667
1990				21,520
1989				21,448
1988				16,918
1987				12,354
1986				13,093
1985				13,547
1984				10,018
1983				7,485
1982				4,679
1981				5,178
1980				5,006
1979				4,003
1978				3,038
1977				3,204
1976				4,175
1975				4,878
1974				4,469
1973				2,521
1972				1,726
1971				935

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances. Excludes mortgage loans and mortgage-related securities traded but not yet settled.

<sup>b</sup> Excludes allowance for loan losses.

<sup>c</sup> Amounts for 2009 and later meet the definition of mortgage assets in the Treasury Senior Preferred Stock Purchase Agreement for the purpose of determining the maximum amount of mortgage assets that may be held.

**Table 14a • Freddie Mac Mortgage Assets Held for Investment Detail – Whole Loans**

End of Period	Whole Loans (\$ in Millions) <sup>a</sup>								
	Single-Family					Multifamily			Total Whole Loans (\$)
	Conventional				Total FHA/VA <sup>c</sup> (\$)	Conventional (\$)	FHA/RD (\$)	Total (\$)	
	Fixed-Rate <sup>b</sup> (\$)	Adjustable-Rate (\$)	Seconds (\$)	Total (\$)					
<b>4Q16</b>	82,295	2,439	0	84,734	398	42,415	2	42,417	127,549
<b>3Q16</b>	86,614	2,525	0	89,139	426	40,607	2	40,609	130,174
<b>2Q16</b>	90,162	2,775	0	92,937	430	41,438	3	41,441	134,808
<b>1Q16</b>	88,403	3,038	0	91,441	429	51,379	3	51,382	143,252
Annual Data									
<b>2016</b>	82,295	2,439	0	84,734	398	42,415	2	42,417	127,549
<b>2015</b>	92,931	3,185	0	96,116	461	49,084	3	49,087	145,664
<b>2014</b>	106,499	4,544	0	111,043	473	52,953	3	52,956	164,472
<b>2013</b>	115,073	6,511	0	121,584	553	59,168	3	59,171	181,308
<b>2012</b>	133,506	9,953	0	143,459	1,285	76,566	3	76,569	221,313
<b>2011</b>	156,361	13,804	0	170,165	1,494	82,308	3	82,311	253,970
<b>2010</b>	130,722	16,643	0	147,365	1,498	85,880	3	85,883	234,746
<b>2009</b>	50,980	2,310	0	53,290	1,588	83,935	3	83,938	138,816
<b>2008</b>	36,071	2,136	0	38,207	548	72,718	3	72,721	111,476
<b>2007</b>	21,578	2,700	0	24,278	311	57,566	3	57,569	82,158
<b>2006</b>	19,211	1,233	0	20,444	196	45,204	3	45,207	65,847
<b>2005</b>	19,238	903	0	20,141	255	41,082	3	41,085	61,481
<b>2004</b>	22,055	990	0	23,045	344	37,968	3	37,971	61,360
<b>2003</b>	25,889	871	1	26,761	513	32,993	3	32,996	60,270
<b>2002</b>	33,821	1,321	3	35,145	705	28,033	3	28,036	63,886
<b>2001</b>	38,267	1,073	5	39,345	964	22,480	3	22,483	62,792
<b>2000</b>	39,537	2,125	9	41,671	1,200	16,369	Not Available Before 2001	16,369	59,240
<b>1999</b>	43,210	1,020	14	44,244	77	12,355		12,355	56,676
<b>1998</b>	47,754	1,220	23	48,997	109	7,978		7,978	57,084
<b>1997</b>	40,967	1,478	36	42,481	148	5,825		5,825	48,454
<b>1996</b>	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	4,746		4,746	46,504
<b>1995</b>						3,852		3,852	43,753

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances of mortgage loans. Excludes mortgage loans traded but not yet settled.

<sup>b</sup> From 2001 to the current period, includes U.S. Department of Agriculture Rural Development (RD) loan programs.

<sup>c</sup> FHA stands for Federal Housing Administration. VA stands for Department of Veterans Affairs.

**Table 14b • Freddie Mac Mortgage Assets Held for Investment  
Detail – Part 1, Mortgage-Related Securities**

End of Period	Mortgage-Related Securities (\$ in Millions) <sup>a</sup>													
	Freddie Mac Securities <sup>b</sup>				Other Securities									
	Single-Family		Multi-family (\$)	Total Freddie Mac (\$)	Fannie Mae				Ginnie Mae				Total Private-Label (\$)	Total Other Securities (\$)
	Fixed-Rate (\$)	Adjustable-Rate (\$)			Single-Family		Multi-family (\$)	Total Fannie Mae (\$)	Single-Family		Multi-family (\$)	Total Ginnie Mae (\$)		
					Fixed-Rate (\$)	Adjustable-Rate (\$)			Fixed-Rate (\$)	Adjustable-Rate (\$)				
<b>4Q16</b>	102,778	27,651	5,755	136,184	7,650	3,876	0	11,526	56	178	12	246	22,266	34,038
<b>3Q16</b>	111,436	25,249	5,286	141,971	5,429	4,314	0	9,743	68	193	12	273	25,173	35,189
<b>2Q16</b>	111,647	26,470	5,719	143,836	5,493	5,458	0	10,951	73	176	12	261	29,945	41,157
<b>1Q16</b>	120,725	21,933	5,251	147,909	5,779	6,385	0	12,164	84	186	12	282	35,257	47,703
Annual Data														
<b>2016</b>	102,778	27,651	5,755	136,184	7,650	3,876	0	11,526	56	178	12	246	22,266	34,038
<b>2015</b>	119,072	22,873	5,879	147,824	6,038	6,753	0	12,791	90	77	12	179	39,265	52,235
<b>2014</b>	131,683	26,532	3,326	161,541	6,852	9,303	0	16,155	119	67	12	198	63,879	80,232
<b>2013</b>	137,164	28,083	2,787	168,034	7,240	9,421	3	16,664	150	78	15	243	91,237	108,144
<b>2012</b>	147,751	36,630	2,382	186,763	10,864	12,518	84	23,466	202	91	15	308	120,038	143,812
<b>2011</b>	174,440	46,219	3,008	223,667	16,543	15,998	128	32,669	253	104	16	373	134,841	167,883
<b>2010</b>	206,974	54,534	2,095	263,603	21,238	18,139	316	39,693	296	117	27	440	148,515	188,648
<b>2009</b>	294,958	77,708	1,949	374,615	36,549	28,585	528	65,662	341	133	35	509	163,816	229,987
<b>2008</b>	328,965	93,498	2,061	424,524	35,142	34,460	674	70,276	398	152	26	576	185,041	255,893
<b>2007</b>	269,896	84,415	2,659	356,970	23,140	23,043	922	47,105	468	181	82	731	218,914	266,750
<b>2006</b>	282,052	71,828	382	354,262	25,779	17,441	1,214	44,434	707	231	13	951	224,631	270,016
<b>2005</b>	299,167	61,766	391	361,324	28,818	13,180	1,335	43,333	1,045	218	30	1,293	231,594	276,220
<b>2004</b>	304,555	51,737	406	356,698	41,828	14,504	1,672	58,004	1,599	81	31	1,711	166,411	226,126
<b>2003</b>	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	393,135	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	74,529	Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	2,760	107,301	184,590
<b>2002</b>				341,287				78,829				4,878	70,752	154,459
<b>2001</b>				308,427				71,128				5,699	42,336	119,163
<b>2000</b>				246,209				28,303				8,991	35,997	73,291
<b>1999</b>				211,198				13,245				6,615	31,019	50,879
<b>1998</b>				168,108				3,749				4,458	16,970	25,177
<b>1997</b>				103,400				Not Available Before 1998				6,393	Not Available Before 1998	Not Available Before 1998
<b>1996</b>				81,195								7,434		
<b>1995</b>				56,006								Not Available Before 1996		
<b>1994</b>				30,670										
<b>1993</b>				15,877										
<b>1992</b>				6,394										

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances.

<sup>b</sup> From 2001 to the current period, includes real estate mortgage investment conduits and other structured securities backed by Ginnie Mae mortgage-backed securities.

**Table 14b • Freddie Mac Mortgage Assets Held for Investment Detail – Part 2, Mortgage-Related Securities, Private-Label Detail**

End of Period	Mortgage-Related Securities (\$ in Millions) <sup>a</sup>									
	Private-Label								Multifamily (\$)	Total Private-Label (\$)
	Single-Family									
	Manufactured Housing (\$)	Subprime		Alt-A <sup>b</sup>		Other <sup>c</sup>				
Fixed-Rate (\$)		Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)				
4Q16	566	9	10,311	340	1,461	0	3,176	6,403	22,266	
3Q16	582	9	10,968	285	1,549	0	3,424	8,356	25,173	
2Q16	598	9	13,571	644	2,179	0	3,822	9,122	29,945	
1Q16	614	10	16,452	677	2,739	0	4,923	9,842	35,257	
Annual Data										
2016	566	9	10,311	340	1,461	0	3,176	6,403	22,266	
2015	630	10	17,285	753	3,045	0	5,309	12,233	39,265	
2014	704	11	27,675	955	5,035	0	8,287	21,212	63,879	
2013	778	116	39,583	1,417	9,594	0	10,426	29,323	91,237	
2012	862	311	44,086	1,774	13,036	0	12,012	47,957	120,038	
2011	960	336	48,696	2,128	14,662	0	13,949	54,110	134,841	
2010	1,080	363	53,855	2,405	16,438	0	15,646	58,728	148,515	
2009	1,201	395	61,179	2,845	18,594	0	17,687	61,915	163,816	
2008	1,326	438	74,413	3,266	21,801	0	19,606	64,191	185,041	
2007	1,472	498	100,827	3,720	26,343	0	21,250	64,804	218,914	
2006	1,510	408	121,691	3,626	31,743	0	20,893	44,760	224,631	
2005	1,680	Not Available Before 2006	Not Available Before 2006	Not Available Before 2006	Not Available Before 2006	4,749	181,678	43,487	231,594	
2004	1,816					8,243	115,168	41,184	166,411	
2003	2,085					Not Available Before 2004	Not Available Before 2004	Not Available Before 2004	107,301	
2002	2,394								70,752	
2001	2,462								42,336	
2000	2,896								35,997	
1999	4,693								31,019	
1998	1,711								16,970	

Source: Freddie Mac

<sup>a</sup> Based on unpaid principal balances.

<sup>b</sup> Includes nonagency mortgage-related securities backed by home equity lines of credit.

<sup>c</sup> Consists of nonagency mortgage-related securities backed by option ARM loans. Before 2006, includes securities principally backed by subprime and Alt-A mortgage loans. ARM stands for adjustable-rate mortgage.



**Table 14b • Freddie Mac Mortgage Assets Held for Investment  
Detail – Part 3, Mortgage-Related Securities**

End of Period	Mortgage-Related Securities (\$ in Millions)		(\$ in Millions)			
	Mortgage Revenue Bonds <sup>a</sup> (\$)	Total Mortgage-Related Securities <sup>a</sup> (\$)	Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/Losses on Available-for-Sale Securities <sup>b</sup> (\$)	Mortgage Assets Held for Investment (Net) <sup>c</sup> (\$)	Mortgage Assets Held for Investment (Gross) <sup>d</sup> (\$)	Limit on Mortgage Assets Held for Investment (Gross) <sup>e</sup> (\$)
4Q16	657	170,877	N/A	N/A	298,426	339,304
3Q16	782	177,940	N/A	N/A	308,114	399,181
2Q16	874	185,865	N/A	N/A	320,673	399,181
1Q16	996	196,607	N/A	N/A	339,859	399,181
<b>Annual Data</b>						
2016	657	170,877	N/A	N/A	298,426	339,304
2015	1,188	201,247	N/A	N/A	346,911	399,181
2014	2,169	243,942	N/A	N/A	408,414	469,625
2013	3,538	279,716	N/A	N/A	461,024	552,500
2012	5,656	336,231	N/A	N/A	557,544	650,000
2011	7,793	399,343	N/A	N/A	653,313	729,000
2010	9,877	462,128	N/A	N/A	696,874	810,000
2009	11,854	616,456	-38,298	716,974	755,272	900,000
2008	12,869	693,286	-56,015	748,747	804,762	Not Applicable Before 2009
2007	14,935	638,655	-10,771	710,042	720,813	
2006	13,834	638,112	-3,957	700,002	703,959	
2005	11,321	648,865	-843	709,503	710,346	
2004	9,077	591,901	11,321	664,582	653,261	
2003	7,772	585,497	14,764	660,531	645,767	
2002	7,640	503,386	22,627	589,899	567,272	
2001	7,257	434,847	6,130	503,769	497,639	
2000	6,953	326,453	-242	385,451	385,693	
1999	5,690	267,767	-1,529	322,914	324,443	
1998	4,640	197,925	661	255,670	255,009	
1997	3,031	Not Available Before 1998	122	164,543	164,421	
1996	1,787		71	137,826	137,755	
1995	Not Available Before 1996		282	107,706	107,424	
1994			Not Available Before 1995 and after 2009	73,171	73,171	
1993				55,938	55,938	
1992				33,629	33,629	
1991				26,667	26,667	
1990				21,520	21,520	
1989				21,448	21,448	
1988				16,918	16,918	
1987				12,354	12,354	
1986				13,093	13,093	
1985				13,547	13,547	
1984				10,018	10,018	
1983				7,485	7,485	
1982				4,679	4,679	
1981				5,178	5,178	
1980				5,006	5,006	
1979				4,003	4,003	
1978				3,038	3,038	
1977				3,204	3,204	
1976				4,175	4,175	
1975				4,878	4,878	
1974				4,469	4,469	
1973				2,521	2,521	
1972				1,726	1,726	
1971				935	935	

Source: Freddie Mac

N/A = not available

<sup>a</sup> Based on unpaid principal balances.

<sup>b</sup> Includes premiums, discounts, deferred fees, impairments of unpaid principal balances, and other basis adjustments on mortgage loans and mortgage-related securities plus unrealized gains or losses on available-for-sale mortgage-related securities. Amounts prior to 2006 include mortgage-backed securities residuals at fair value.

<sup>c</sup> Excludes allowance for loan losses.

<sup>d</sup> Amounts for 2009 and later meet the definition of mortgage assets in the Treasury Senior Preferred Stock Purchase Agreement for the purpose of determining the maximum amount of mortgage assets that may be held.

<sup>e</sup> Maximum allowable mortgage assets under the Treasury Senior Preferred Stock Purchase Agreement.

Table 15 • Freddie Mac Financial Derivatives

End of Period	Financial Derivatives – Notional Amount Outstanding (\$ in Millions)									
	Interest Rate Swaps <sup>a</sup> (\$)	Interest Rate Caps, Floors, and Corridors (\$)	Foreign Currency Contracts (\$)	Over-the-Counter Futures, Options, and Forward Rate Agreements (\$)	Treasury-Based Contracts <sup>b</sup> (\$)	Exchange-Traded Futures, Options and Other Derivatives (\$)	Credit Derivatives <sup>c</sup> (\$)	Commitments <sup>d</sup> (\$)	Other <sup>e</sup> (\$)	Total (\$)
4Q16	586,033	10,000	0	114,392	28,763	109,531	2,951	45,353	2,879	899,902
3Q16	528,473	10,000	0	112,001	26,663	96,500	3,254	72,259	3,019	852,169
2Q16	486,455	10,000	0	106,751	21,720	56,500	3,530	68,819	3,000	756,775
1Q16	484,789	10,000	0	107,806	21,739	48,000	3,743	58,008	3,013	737,098
Annual Data										
2016	586,033	10,000	0	114,392	28,763	109,531	2,951	45,353	2,879	899,902
2015	429,712	10,000	0	99,463	1,332	55,000	3,899	29,114	3,033	631,553
2014	418,844	10,000	0	95,260	7,471	40,000	5,207	27,054	3,204	607,040
2013	524,624	19,000	528	103,010	270	50,000	5,386	18,731	3,477	725,026
2012	547,491	28,000	1,167	90,585	1,185	39,938	8,307	25,530	3,628	745,831
2011	503,893	28,000	1,722	182,974	2,250	41,281	10,190	14,318	3,621	788,249
2010	721,259	28,000	2,021	207,694	4,193	211,590	12,833	14,292	3,614	1,205,496
2009	705,707	35,945	5,669	287,193	540	159,659	14,198	13,872	3,521	1,226,304
2008	766,158	36,314	12,924	251,426	28,403	106,610	13,631	108,273	3,281	1,327,020
2007	711,829	0	20,118	313,033	0	196,270	7,667	72,662	1,302	1,322,881
2006	440,879	0	29,234	252,022	2,000	20,400	2,605	10,012	957	758,109
2005	341,008	45	37,850	193,502	0	86,252	2,414	21,961	738	683,770
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 Before 2000	Not Applicable Before 2000	0	424,244
1998	57,555	21,845	1,464	63,000	11,542	157,832			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

N/A = not available

<sup>a</sup> Amounts for 2010 through the current period include exchange-settled interest rate swaps.

<sup>b</sup> Amounts for years 2002 through the current period include exchange-traded.

<sup>c</sup> Includes prepayment management agreement and swap guarantee derivatives.

<sup>d</sup> Commitments include commitments to purchase and sell investments in securities and mortgage loans and commitments to purchase and extinguish or issue debt securities of consolidated trusts. Years before 2004 include commitments to purchase and sell various debt securities.

<sup>e</sup> Amounts included in "Other" in 2000, not applicable in prior years.

Table 16 • Freddie Mac Nonmortgage Investments

End of Period	Nonmortgage Investments (\$ in Millions) <sup>a</sup>					
	Federal Funds and Eurodollars (\$)	Asset-Backed Securities (\$)	Repurchase Agreements (\$)	Commercial Paper and Corporate Debt (\$)	Other <sup>b</sup> (\$)	Total (\$)
4Q16	0	0	51,548	0	21,137	72,685
3Q16	0	0	55,673	0	23,579	79,252
2Q16	0	0	48,989	0	12,208	61,197
1Q16	0	0	40,098	0	15,238	55,336
Annual Data						
2016	0	0	51,548	0	21,137	72,685
2015	0	0	63,644	0	17,151	80,795
2014	0	0	51,903	0	6,682	58,585
2013	0	0	62,383	0	6,636	69,019
2012	0	292	37,563	0	20,221	58,076
2011	0	302	12,044	2,184	24,812	39,342
2010	3,750	44	42,774	441	27,411	74,420
2009	0	4,045	7,000	439	14,787	26,271
2008	0	8,794	10,150	0	0	18,944
2007	162	16,588	6,400	18,513	0	41,663
2006	19,778	32,122	3,250	11,191	2,273	68,614
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

<sup>a</sup> Adoption of accounting guidance related to transfers of financial assets and consolidation of variable interest entities, effective January 1, 2010, changed presentation of nonmortgage investments. Values for 2010 and later are not directly comparable to previous years.

<sup>b</sup> Beginning in 2009, amounts include Treasury bills and Treasury notes. For 2004 through 2006, amounts include obligations of states and municipalities classified as available-for-sale securities. For 2003 and previous years, amounts include nonmortgage-related securities classified as trading, debt securities issued by the U.S. Treasury and other federal agencies, obligations of states and municipalities, and preferred stock.

Table 17 • Freddie Mac Mortgage Asset Quality

End of Period	Mortgage Asset Quality				
	Single-Family Delinquency Rate <sup>a</sup> (%)	Multifamily Delinquency Rate <sup>b</sup> (%)	Credit Losses/Average Total Mortgage Portfolio <sup>c</sup> (%)	REO/Total Mortgage Portfolio <sup>d</sup> (%)	Credit-Enhanced <sup>e</sup> /Total Mortgage Portfolio <sup>d</sup> (%)
4Q16	1.00	0.03	0.09	0.06	40.0
3Q16	1.02	0.01	0.08	0.07	40.0
2Q16	1.08	0.02	0.08	0.07	39.0
1Q16	1.20	0.04	0.11	0.08	35.0
<b>Annual Data</b>					
2016	1.00	0.03	0.09	0.06	40.0
2015	1.32	0.02	0.26	0.09	33.0
2014	1.88	0.04	0.22	0.14	26.0
2013	2.39	0.09	0.27	0.25	16.0
2012	3.25	0.19	0.64	0.24	13.0
2011	3.58	0.22	0.68	0.30	14.0
2010	3.84	0.26	0.72	0.36	15.0
2009	3.98	0.20	0.41	0.23	16.0
2008	1.83	0.05	0.20	0.17	18.0
2007	0.65	0.02	0.03	0.08	17.0
2006	0.42	0.06	0.01	0.04	16.0
2005	0.53	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 Before 1993
1991	0.61	5.42	0.08	0.14	
1990	0.45	2.63	0.08	0.12	
1989	0.38	2.53	0.08	0.09	
1988	0.36	2.24	0.07	0.09	
1987	0.36	1.49	0.07	0.08	
1986	0.42	1.07	Not Available Before 1987	0.07	
1985	0.42	0.63		0.10	
1984	0.46	0.42		0.15	
1983	0.47	0.58		0.15	
1982	0.54	1.04		0.12	
1981	0.61	Not Available Before 1982		0.07	
1980	0.44			0.04	
1979	0.31			0.02	
1978	0.21			0.02	
1977	Not Available Before 1978			0.03	
1976				0.04	
1975				0.03	
1974				0.02	

Source: Freddie Mac

<sup>a</sup> Based on the number of mortgages 90 days or more delinquent or in foreclosure. Excludes modified loans if the borrower is less than 90 days past due under the modified terms. Rates are based on loans in the single-family credit guarantee portfolio, which excludes that portion of Freddie Mac real estate mortgage investment conduits (REMICS) and other structured securities backed by Ginnie Mae mortgage-backed securities (MBS). Rates for years 2005 and 2007 also exclude other guarantee transactions. Single-family delinquency rates for 2008 and thereafter include other guarantee transactions.

<sup>b</sup> Before 2008, rates were based on the net carrying value of mortgages 60 days or more delinquent or in foreclosure and exclude other guarantee transactions. Beginning in 2008, rates were based on the unpaid principal balance of loans 60 days or more delinquent or in foreclosure and include other guarantee transactions.

<sup>c</sup> Credit losses equal to real estate owned operations expense (income) plus net charge-offs and exclude other market-based valuation losses. Calculated as credit losses divided by the average balance of mortgage loans in the total mortgage portfolio, excluding non-Freddie Mac MBS and the portion of REMICS and other structured securities backed by Ginnie Mae MBS.

<sup>d</sup> Calculated based on the balance of mortgage loans in the total mortgage portfolio excluding non-Freddie Mac MBS and the portion of REMICS and other structured securities backed by Ginnie Mae certificates. Since 2004, the credit enhanced percentage of our total mortgage portfolio has been rounded to the nearest whole percent.

<sup>e</sup> Includes loans with a portion of the primary default risk retained by the lender or a third party who pledged collateral or agreed 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. Also includes credit enhancement coverage, such as through STACR debt notes or other risk transfer transactions that were completed by the end of each period.

Table 18 • Freddie Mac Capital<sup>b</sup>

End of Period	Capital (\$ in Millions)									
	Minimum Capital Requirement			Risk-Based Capital Requirement			Market Capitalization <sup>g</sup>	Core Capital/ Total Assets <sup>h</sup>	Core Capital/ Total Assets plus Unconsolidated MBS <sup>i</sup>	Common Share Dividend Payout Rate <sup>j</sup>
	Core Capital <sup>b</sup> (\$)	Minimum Capital Requirement <sup>c</sup> (\$)	Regulatory Capital Surplus (Deficit) <sup>c</sup> (\$)	Total Capital <sup>d</sup> (\$)	Risk-Based Capital Requirement <sup>e</sup> (\$)	Risk-Based Capital Surplus (Deficit) <sup>f</sup> (\$)				
4Q16	(67,717)	18,933	(86,650)	N/A	N/A	N/A	2,431	(3.35)	(3.18)	N/A
3Q16	(70,254)	19,262	(89,516)	N/A	N/A	N/A	1,021	(3.49)	(3.33)	N/A
2Q16	(71,650)	19,020	(90,670)	N/A	N/A	N/A	1,203	(3.61)	(3.46)	N/A
1Q16	(72,643)	19,057	(91,700)	N/A	N/A	N/A	871	(3.69)	(3.53)	N/A
Annual Data										
2016	(67,717)	18,933	(86,650)	N/A	N/A	N/A	2,431	(3.35)	(3.18)	N/A
2015	(70,549)	19,687	(90,236)	N/A	N/A	N/A	1,053	(3.55)	(3.42)	N/A
2014	(71,415)	20,090	(91,505)	N/A	N/A	N/A	1,339	(3.67)	(3.54)	N/A
2013	(59,495)	21,404	(80,899)	N/A	N/A	N/A	1,885	(3.03)	(2.94)	N/A
2012	(60,571)	22,063	(82,634)	N/A	N/A	N/A	169	-3.04	-3.02	N/A
2011	-64,322	24,405	-88,727	N/A	N/A	N/A	136	-3.00	-3.03	N/A
2010	-52,570	25,987	-78,557	N/A	N/A	N/A	195	-2.32	-2.37	N/A
2009	-23,774	28,352	-52,126	N/A	N/A	N/A	953	-2.82	-1.02	N/A
2008	-13,174	28,200	-41,374	N/A	N/A	N/A	473	-1.55	-0.58	N/M
2007	37,867	26,473	11,394	40,929	14,102	26,827	22,018	4.77	1.74	N/M
2006	35,365	25,607	9,758	36,742	15,320	21,422	44,896	4.39	1.83	63.9
2005	35,043	24,791	10,252	36,781	11,282	25,499	45,269	4.35	1.97	56.4
2004	34,106	23,715	10,391	34,691	11,108	23,583	50,898	4.29	2.07	30.7
2003	32,416	23,362	9,054	33,436	5,426	28,010	40,158	4.03	2.08	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 Applicable Before 2002	Not Applicable Before 2002	Not Applicable Before 2002	45,473	3.15	1.56	18.9
2000	14,380	14,178	202				47,702	3.13	1.39	20.0
1999	12,692	12,287	405				32,713	3.28	1.37	20.1
1998	10,715	10,333	382				44,797	3.33	1.34	20.7
1997	7,376	7,082	294				28,461	3.79	1.10	21.1
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	21.1
1994	5,169	4,884	285				9,132	4.87	0.91	20.5
1993	4,437	3,782	655				9,005	5.29	0.85	21.6
1992	Not Applicable Before 1993	Not Applicable Before 1993	Not Applicable Before 1993				8,721	Not Applicable Before 1993	Not Applicable Before 1993	23.1
1991							8,247			21.6
1990							2,925			23.2
1989							4,024			24.3

Sources: Freddie Mac and FHFA

N/A = not applicable N/M = not meaningful

<sup>a</sup> On October 9, 2008, the Federal Housing Finance Agency (FHFA) suspended capital classifications of Freddie Mac. As of the fourth quarter of 2008, neither the existing statutory nor the FHFA-directed regulatory capital requirements are binding and will not be binding during conservatorship.

<sup>b</sup> The sum of the stated value of outstanding common stock (common stock less treasury stock), the stated value of outstanding noncumulative perpetual preferred stock, paid-in capital, and retained earnings (accumulated deficit). Core capital excludes accumulated other comprehensive income (loss) and senior preferred stock.

<sup>c</sup> Beginning in the fourth quarter of 2003, FHFA directed Freddie Mac to maintain an additional 30 percent capital in excess of the statutory minimum capital requirement. On March 19, 2008, FHFA announced a reduction in the mandatory target capital surplus from 30 percent to 20 percent above the statutory minimum capital requirements. The minimum capital requirement and minimum capital surplus (deficit) numbers stated in this table do not reflect the additional capital requirement. Minimum capital surplus (deficit) is the difference between core capital and the minimum capital requirement.

<sup>d</sup> Total capital includes core capital and general reserves for mortgage and foreclosure losses.

<sup>e</sup> The risk-based capital requirement is the amount of total capital 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.

<sup>f</sup> The difference between total capital and risk-based capital requirement.

<sup>g</sup> Stock price at the end of the period multiplied by the number of outstanding common shares.

<sup>h</sup> Adoption of the changes in the accounting guidance related to transfers of financial assets and consolidation of variable interest entities changed presentation of total assets on the balance sheet. Financial results for 2010 and later are not directly comparable to years before 2010.

<sup>i</sup> Includes unconsolidated MBS held by third parties. Before 2010, Freddie Mac MBS held by third parties were not consolidated.

<sup>j</sup> Common dividends paid as a percentage of net income available to common stockholders.

Table 19 • Federal Home Loan Banks Combined Statement of Income

End of Period	(\$ in Millions)				
	Net Interest Income (\$)	Operating Expenses (\$)	Affordable Housing Program Assessment (\$)	REFCORP Assessment <sup>a, b</sup> (\$)	Net Income (\$)
4Q16	1,015	288	106	0	913
3Q16	978	257	100	0	865
2Q16	905	239	92	0	796
1Q16	937	241	94	0	834
<b>Annual Data</b>					
2016	3,835	1,025	392	0	3,408
2015	3,548	1,085	332	0	2,856
2014	3,522	932	269	0	2,245
2013	3,415	889	293	0	2,527
2012	4,052	839	296	0	2,606
2011	4,104	853	188	160	1,593
2010	5,234	860	229	498	2,081
2009	5,432	813	258	572	1,855
2008	5,243	732	188	412	1,206
2007	4,516	714	318	703	2,827
2006	4,293	671	295	647	2,612
2005	4,207	657	282	625	2,525
2004	4,171	547	225	505	1,994
2003	3,877	450	218	490	1,885
2002	3,722	393	168	375	1,507
2001	3,446	364	220	490	1,970
2000	3,313	333	246	553	2,211
1999	2,534	282	199	Not Applicable Before 2000	2,128
1998	2,116	258	169		1,778
1997	1,772	229	137		1,492
1996	1,584	219	119		1,330
1995	1,401	213	104		1,300
1994	1,230	207	100		1,023
1993	954	197	75		884
1992	736	207	50		850
1991	1,051	264	50		1,159
1990	1,510	279	60		1,468

Source : Federal Home Loan Bank System Office of Finance

<sup>a</sup> Before 2000, the Federal Home Loan Banks charged a \$300 million annual capital distribution to the Resolution Funding Corporation (REFCORP) directly to retained earnings.

<sup>b</sup> The Federal Home Loan Banks made their final payment satisfying the REFCORP obligation on July 15, 2011 based on income earned in the second quarter of 2011.

<sup>c</sup> The year-end data for 2013-2015 is sourced from the Federal Home Loan Banks Combined Financial Report for the Year Ended December 31, 2015.

Table 20 • Federal Home Loan Banks Combined Balance Sheet

End of Period	(\$ in Millions)								
	Total Assets (\$)	Advances to Members Outstanding (\$)	Mortgage Loans Held (\$)	Mortgage-Related Securities (\$)	Consolidated Obligations (\$)	Capital Stock (\$)	Retained Earnings (\$)	Regulatory Capital <sup>a</sup>	Regulatory Capital/Total Assets
4Q16	1,056,712	705,225	48,476	138,650	988,742	36,234	16,330	54,318	5.14
3Q16	1,036,119	688,597	47,055	140,486	968,597	35,270	15,849	53,102	5.13
2Q16	1,030,656	689,792	45,690	138,440	965,190	34,813	15,310	52,098	5.05
1Q16	961,453	618,136	44,786	135,749	898,094	32,574	14,839	49,488	5.15
Annual Data									
2016	1,056,712	705,225	48,476	138,650	988,742	36,234	16,330	54,318	5.14
2015	969,353	634,022	44,585	133,680	905,982	34,185	14,325	49,449	5.10
2014	913,343	570,726	43,563	139,180	848,334	33,705	13,244	49,577	5.43
2013	834,200	498,599	44,442	140,309	767,141	33,375	12,206	50,578	6.06
2012	762,454	425,750	49,425	138,522	692,138	33,535	10,524	50,989	6.69
2011	766,086	418,157	53,377	140,154	697,124	35,542	8,577	52,936	6.91
2010	878,109	478,589	61,191	146,881	800,998	41,735	7,552	57,356	6.53
2009	1,015,583	631,159	71,437	152,028	934,876	44,982	6,033	60,153	5.92
2008	1,349,053	928,638	87,361	169,170	1,258,267	49,551	2,936	59,625	4.42
2007	1,271,800	875,061	91,610	143,513	1,178,916	50,253	3,689	56,051	4.41
2006	1,016,469	640,681	97,974	130,228	934,214	42,001	3,143	47,247	4.65
2005	997,389	619,860	105,240	122,328	915,901	42,043	2,600	46,102	4.62
2004	924,751	581,216	113,922	124,417	845,738	40,092	1,744	42,990	4.65
2003	822,418	514,037	113,438	97,867	740,721	37,703	1,098	38,801	4.72
2002	763,052	489,338	60,455	96,386	673,383	35,186	716	35,904	4.71
2001	696,254	472,540	27,641	86,730	621,003	33,288	749	34,039	4.89
2000	653,687	437,861	16,149	77,385	591,606	30,537	728	31,266	4.78
1999	583,212	395,747	2,026	62,531	525,419	28,361	654	29,019	4.98
1998	434,002	288,189	966	52,232	376,715	22,287	465	22,756	5.24
1997	348,575	202,265	37	47,072	304,493	18,833	341	19,180	5.50
1996	292,035	161,372	0	42,960	251,316	16,540	336	16,883	5.78
1995	272,661	132,264	0	38,029	231,417	14,850	366	15,213	5.58
1994	239,076	125,893	0	29,967	200,196	13,095	271	13,373	5.59
1993	178,897	103,131	0	22,217	138,741	11,450	317	11,766	6.58
1992	162,134	79,884	0	20,123	114,652	10,102	429	10,531	6.50
1991	154,556	79,065	0	Not Available Before 1992	108,149	10,200	495	Not Available Before 1992	Not Available Before 1992
1990	165,742	117,103	0		118,437	11,104	521		

Source: Federal Home Loan Bank System Office of Finance

<sup>a</sup> The sum of regulatory capital amounts reported in call reports filed by each Federal Home Loan Bank plus the combining adjustment for Federal Home Loan Bank System retained earnings reported by the Office of Finance.

Table 21 • Federal Home Loan Banks Net Income

End of Period	(\$ in Millions)													
	Atlanta	Boston	Chicago	Cincinnati	Dallas	Des Moines	Indianapolis	New York	Pittsburgh	San Francisco	Seattle	Topeka	Combining Adjustment	System Total
4Q16	89	59	78	106	28	156	40	123	82	127	--	42	0	930
3Q16	79	37	76	57	22	74	24	103	54	291	--	48	(4)	861
2Q16	60	47	104	57	21	232	22	92	67	63	--	32	(5)	792
1Q16	50	30	69	48	8	187	27	83	57	231	--	40	(5)	825
Annual Data														
2016	278	173	327	268	79	649	113	401	260	712	--	162	(14)	3,408
2015	301	289	349	249	67	131	121	415	257	638	(32)	93	(22)	2,856
2014	271	150	392	244	49	121	117	315	256	205	60	106	(41)	2,245
2013	338	212	343	261	88	110	218	305	148	308	61	119	16	2,527
2012	270	207	375	235	81	111	143	361	130	491	71	110	21	2,606
2011	184	160	224	138	48	78	110	244	38	216	84	77	(8)	1,593
2010	278	107	366	164	105	133	111	276	8	399	21	34	79	2,081
2009	283	(187)	(65)	268	148	146	120	571	(37)	515	(162)	237	18	1,855
2008	254	(116)	(119)	236	79	127	184	259	19	461	(199)	28	(7)	1,206
2007	445	198	111	269	130	101	122	323	237	652	71	150	18	2,827
2006	414	196	188	253	122	89	118	285	216	542	26	136	27	2,612
2005	344	135	244	220	242	228	153	230	192	369	2	136	30	2,525
2004	294	90	365	227	65	100	131	161	119	293	83	93	(27)	1,994
2003	207	92	437	171	113	135	134	46	69	323	144	88	(74)	1,885
2002	267	76	205	178	(50)	46	81	234	(27)	292	147	58	0	1,507
2001	162	113	164	189	114	74	104	285	85	425	178	77	0	1,970
2000	298	146	129	193	129	124	127	277	173	377	139	99	0	2,211
1999	282	137	131	173	109	132	125	244	184	332	165	90	24	2,128
1998	221	116	111	176	99	116	111	186	143	294	154	81	(30)	1,778
1997	192	103	99	135	87	110	98	144	110	249	129	65	(29)	1,492
1996	165	96	92	116	95	111	80	131	97	219	118	58	(48)	1,330
1995	159	92	73	91	91	103	74	136	82	200	87	50	63	1,300
1994	120	69	57	68	78	76	71	126	58	196	75	45	(16)	1,024
1993	114	57	49	33	39	50	53	117	62	163	122	35	(12)	884
1992	124	52	51	41	26	47	59	141	58	131	93	33	(5)	850
1991	158	88	58	51	38	46	64	156	57	316	58	64	7	1,159

Source: Federal Home Loan Bank System Office of Finance<sup>a</sup>

<sup>a</sup> The year-end data for 2014-2015 is sourced from the Federal Home Loan Banks Combined Financial Report for the Year Ended December 31, 2015.



Table 22 • Federal Home Loan Banks Advances Outstanding

End of Period	(\$ in Millions)												
	Atlanta	Boston	Chicago	Cincinnati	Dallas	Des Moines	Indianapolis	New York	Pittsburgh	San Francisco	Seattle	Topeka	System Total
4Q16	99,077	39,099	45,067	69,882	32,506	131,601	28,096	109,257	76,809	49,845	--	23,986	705,225
3Q16	98,005	37,195	43,117	68,873	31,822	125,828	26,473	102,840	71,832	55,888	--	26,723	688,597
2Q16	106,926	38,242	46,424	74,563	31,123	116,294	26,465	95,273	66,336	61,963	--	26,183	689,792
1Q16	92,536	34,525	38,353	68,720	24,295	101,157	25,443	89,482	69,022	49,169	--	25,435	618,136
Annual Data													
2016	99,077	39,099	45,067	69,882	32,506	131,601	28,096	109,257	76,809	49,845	--	23,986	705,225
2015	104,168	36,076	36,778	73,292	24,747	89,173	26,909	93,874	74,505	50,919	--	23,580	634,022
2014	99,644	33,482	32,485	70,406	18,942	65,168	20,790	98,797	63,408	38,986	10,314	18,303	570,726
2013	89,588	27,517	23,489	65,270	15,979	45,650	17,337	90,765	50,247	44,395	10,935	17,425	498,599
2012	87,503	20,790	14,530	53,944	18,395	26,614	18,130	75,888	40,498	43,750	9,135	16,573	425,750
2011	86,971	25,195	15,291	28,424	18,798	26,591	18,568	70,864	30,605	68,164	11,292	17,394	418,157
2010	89,258	28,035	18,901	30,181	25,456	29,253	18,275	81,200	29,708	95,599	13,355	19,368	478,589
2009	114,580	37,591	24,148	35,818	47,263	35,720	22,443	94,349	41,177	133,559	22,257	22,254	631,159
2008	165,856	56,926	38,140	53,916	60,920	41,897	31,249	109,153	62,153	235,664	36,944	35,820	928,638
2007	142,867	55,680	30,221	53,310	46,298	40,412	26,770	82,090	68,798	251,034	45,524	32,057	875,061
2006	101,476	37,342	26,179	41,956	41,168	21,855	22,282	59,013	49,335	183,669	27,961	28,445	640,681
2005	101,265	38,068	24,921	40,262	46,457	22,283	25,814	61,902	47,493	162,873	21,435	27,087	619,860
2004	95,867	30,209	24,192	41,301	47,112	27,175	25,231	68,508	38,980	140,254	14,897	27,490	581,216
2003	88,149	26,074	26,443	43,129	40,595	23,272	28,925	63,923	34,662	92,330	19,653	26,882	514,037
2002	82,244	26,931	24,945	40,063	36,869	23,971	28,944	68,926	29,251	81,237	20,036	25,921	489,338
2001	71,818	24,361	21,902	35,223	32,490	20,745	26,399	60,962	29,311	102,255	24,252	22,822	472,540
2000	58,249	21,594	18,462	31,935	30,195	21,158	24,073	52,396	25,946	110,031	26,240	17,582	437,861
1999	45,216	22,488	17,167	28,134	27,034	22,949	19,433	44,409	36,527	90,514	26,284	15,592	395,747
1998	33,561	15,419	14,899	17,873	22,191	18,673	14,388	31,517	26,050	63,990	21,151	8,477	288,189
1997	23,128	12,052	10,369	14,722	13,043	10,559	11,435	19,601	16,979	49,310	15,223	5,844	202,265
1996	16,774	9,655	10,252	10,882	10,085	10,306	9,570	16,486	12,369	39,222	10,850	4,921	161,372
1995	13,920	8,124	8,282	8,287	9,505	11,226	7,926	15,454	9,657	25,664	9,035	5,185	132,264
1994	14,526	8,504	6,675	7,140	8,039	9,819	7,754	14,509	8,475	25,343	8,899	6,212	125,893
1993	11,340	7,208	4,380	4,274	10,470	6,362	6,078	12,162	6,713	23,847	5,889	4,407	103,131
1992	9,301	5,038	2,873	2,415	7,322	3,314	5,657	8,780	3,547	23,110	5,025	3,502	79,884
1991	8,861	5,297	1,773	2,285	4,634	2,380	5,426	11,804	2,770	24,178	5,647	4,011	79,065

Source: Federal Home Loan Bank System Office of Finance

<sup>a</sup> The year-end data for 2014-2015 is sourced from the Federal Home Loan Banks Combined Financial Report for the Year Ended December 31, 2015.

**Table 23 • Federal Home Loan Banks Regulatory Capital**

End of Period	(\$ in Millions)													
	Atlanta	Boston	Chicago	Cincinnati	Dallas	Des Moines	Indianapolis	New York	Pittsburgh	San Francisco	Seattle	Topeka	Combining Adjustment <sup>a</sup>	System Total
<b>4Q16</b>	6,848	3,661	5,032	5,026	2,757	8,083	2,550	7,751	4,746	5,883	--	1,965	16	54,318
<b>3Q16</b>	6,742	3,547	4,889	5,091	2,683	7,719	2,479	7,413	4,504	5,950	--	2,068	17	53,102
<b>2Q16</b>	7,088	3,554	4,960	5,106	2,598	7,287	2,432	7,019	4,163	5,834	--	2,037	20	52,098
<b>1Q16</b>	6,479	3,475	4,825	5,083	2,359	6,490	2,413	6,683	4,217	5,415	--	2,023	26	49,488
<b>Annual Data</b>														
<b>2016</b>	6,848	3,661	5,032	5,026	2,757	8,083	2,550	7,751	4,746	5,883	--	1,965	16	54,318
<b>2015</b>	6,956	3,507	4,688	5,232	2,311	5,812	2,377	6,875	4,427	5,369	--	1,863	32	49,449
<b>2014</b>	6,914	3,613	4,317	5,019	1,928	4,213	2,344	6,682	3,879	6,356	2,659	1,605	48	49,577
<b>2013</b>	6,563	4,297	3,703	5,435	1,782	3,379	2,379	6,594	3,648	7,925	2,958	1,824	90	50,578
<b>2012</b>	6,373	4,259	3,347	4,759	1,794	2,694	2,677	5,714	3,806	10,750	2,987	1,752	77	50,989
<b>2011</b>	7,258	4,251	4,527	3,845	1,765	2,684	2,515	5,292	3,871	12,176	2,958	1,738	56	52,936
<b>2010</b>	8,877	4,004	4,962	3,887	2,061	2,746	2,695	5,304	4,419	13,640	2,871	1,826	64	57,356
<b>2009</b>	9,185	3,876	4,502	4,151	2,897	2,953	2,830	5,874	4,415	14,657	2,848	1,980	-15	60,153
<b>2008</b>	8,942	3,658	4,327	4,399	3,530	3,174	2,701	6,112	4,157	13,539	2,687	2,432	-33	59,625
<b>2007</b>	8,080	3,421	4,343	3,877	2,688	3,125	2,368	5,025	4,295	13,859	2,660	2,336	-26	56,051
<b>2006</b>	6,394	2,542	4,208	4,050	2,598	2,315	2,111	4,025	3,655	10,865	2,303	2,225	-44	47,247
<b>2005</b>	6,225	2,675	4,507	4,130	2,796	2,346	2,349	3,900	3,289	9,698	2,268	1,990	-71	46,102
<b>2004</b>	5,681	2,240	4,793	4,002	2,846	2,453	2,132	4,005	2,791	7,959	2,166	2,023	-101	42,990
<b>2003</b>	5,030	2,490	4,542	3,737	2,666	2,226	1,961	3,765	2,344	5,858	2,456	1,800	-74	38,801
<b>2002</b>	4,577	2,323	3,296	3,613	2,421	1,889	1,935	4,296	1,824	5,687	2,382	1,661	0	35,904
<b>2001</b>	4,165	2,032	2,507	3,240	2,212	1,574	1,753	3,910	1,970	6,814	2,426	1,436	0	34,039
<b>2000</b>	3,649	1,905	1,701	2,841	2,166	1,773	1,581	3,747	2,175	6,292	2,168	1,267	0	31,266
<b>1999</b>	3,433	1,868	1,505	2,407	1,862	2,264	1,446	3,093	2,416	5,438	2,098	1,190	0	29,019
<b>1998</b>	2,427	1,530	1,299	1,952	1,570	1,526	1,179	2,326	1,827	4,435	1,813	894	-24	22,756
<b>1997</b>	2,077	1,344	1,159	1,694	1,338	1,320	1,090	1,881	1,440	3,545	1,495	791	6	19,180
<b>1996</b>	1,846	1,239	1,091	1,377	1,150	1,245	903	1,616	1,230	3,150	1,334	666	35	16,883
<b>1995</b>	1,615	1,201	941	1,128	1,168	1,217	799	1,531	1,030	2,719	1,148	632	83	15,213
<b>1994</b>	1,488	1,091	749	961	944	905	676	1,281	924	2,627	1,094	612	20	13,373
<b>1993</b>	1,423	927	648	692	914	652	584	1,251	740	2,440	934	526	36	11,766
<b>1992</b>	1,333	843	564	563	661	515	548	1,181	566	2,453	782	474	48	10,531
<b>1991</b>	1,367	807	525	517	645	450	515	1,234	492	2,924	652	514	53	10,695

Source: Federal Home Loan Bank System Office of Finance

<sup>a</sup> Combining adjustment for Federal Home Loan Bank System retained earnings reported by the Office of Finance.

Table 24 • Loan Limits

Period	Single-Family Conforming Loan Limits <sup>a</sup>			
	One Unit	Two Units	Three Units	Four Units
2017 <sup>b</sup>	424,100-636,150	543,000-814,500	656,350-984,525	815,650-1,223,475
2016 <sup>b</sup>	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2015 <sup>b</sup>	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2014 <sup>b</sup>	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2013 <sup>b</sup>	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2012 <sup>b</sup>	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2011 <sup>c</sup>	417,000-729,750	533,850-934,200	645,300-1,129,250	801,950-1,403,400
2010 <sup>d</sup>	417,000-729,750	533,850-934,200	645,300-1,129,250	801,950-1,403,400
2009 <sup>e</sup>	417,000-729,750	533,850-934,200	645,300-1,129,250	801,950-1,403,400
2008 <sup>f</sup>	417,000-729,750	533,850-934,200	645,300-1,129,250	801,950-1,403,400
2007	417,000	533,850	645,300	801,950
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	436,600
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
5/1/1990 – 12/31/1990	187,450	239,750	289,750	360,150
1989 – 4/30/1990	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	170,000
10/27/1977 – 1979	75,000	75,000	75,000	75,000
1975 – 10/26/1977	55,000	55,000	55,000	55,000

Sources: Department of Housing and Urban Development, Federal Housing Finance Agency, Freddie Mac

- a Conforming loan limits are 50 percent higher in Alaska, Hawaii, Guam, and the U.S. Virgin Islands.
- b The Housing and Economic Recovery Act of 2008 prescribed the formula used to set maximum loan limits for mortgages acquired in 2012, 2013, 2014, 2015 and 2016.
- c Public Law 111-242 set maximum loan limits for mortgages originated through September 30, 2011 at the higher of the limits established by the Economic Stimulus Act of 2008 or those determined under

- a formula prescribed by the Housing and Economic Recovery Act of 2008. Loans originated after September 30 were subject to the Housing and Economic Recovery Act limits, which had a ceiling of \$625,500 in the contiguous U.S.
- d Public Law 111-242 set maximum loan limits for mortgages originated in 2010 at the higher of the limits established by the Economic Stimulus Act of 2008 or those determined under a formula prescribed by the Housing and Economic Recovery Act of 2008. For all areas, the resulting 2010 limits were the same as those in effect for 2009.
- e Loan limits for mortgages originated in 2009 were initially set under provisions of the Housing and Economic Recovery Act of 2008, which

- allowed for high-cost area limits of up to \$625,500. In February 2009, however, the American Recovery and Reinvestment Act of 2009 restored the \$729,750 maximum loan limit for mortgages originated in 2009.
- f The Economic Stimulus Act of 2008 allowed Fannie Mae and Freddie Mac to raise the conforming loan limits in certain high-cost areas to a maximum of \$729,750 for one-unit homes in the continental United States. Higher limits applied to two-, three-, and four-unit homes. Alaska, Hawaii, Guam, and the Virgin Islands have higher maximum limits. The limits applied to loans originated between July 1, 2007, and December 31, 2008.

Period	FHA Single-Family Insurable Limits							
	One Unit		Two Units		Three Units		Four 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
2017 <sup>a</sup>	275,665	636,150	352,950	814,500	426,625	984,525	530,150	1,223,475
2016 <sup>a</sup>	271,050	625,500	347,000	800,775	419,425	967,950	521,250	1,202,925
2015 <sup>a</sup>	271,050	625,500	347,000	800,775	419,425	967,950	521,250	1,202,925
2014 <sup>a</sup>	271,050	625,500	347,000	800,775	419,425	967,950	521,250	1,202,925
2013 <sup>b</sup>	271,050	729,750	347,000	934,200	419,425	1,129,250	521,250	1,403,400
2012 <sup>b</sup>	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2011 <sup>b</sup>	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2010 <sup>c</sup>	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2009 <sup>d</sup>	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2008 <sup>e</sup>	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2007	200,160	362,790	256,248	464,449	309,744	561,411	384,936	697,696
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

- a HUD loan limit authority given by Congress in the Economic Stimulus Act of 2008 and extended by the Consolidated and Further Continuing Appropriations Act of 2012 (P.L. 112-55) expired at the end of December 2013. The Federal Housing Administration single-family loans limits for 2014 were established using the permanent authority under section 203(b)(2) of the National Housing Act, as amended by the Housing Economic Recovery Act of 2008. This shift in legal authority resulted in changes in loan limits for 2014 and beyond.
- b Public Law 111-242 set the maximum loan limits for mortgages with credit approvals issued in Fiscal Year 2011 (October 1, 2010 - September 30, 2011) at the higher of the limits established by the Economic Stimulus Act of 2008 and those determined under a formula prescribed by the Housing and Economic Recovery Act of 2008.

- The maximum limit for loans with case numbers assigned between November 18, 2011 and December 31, 2013 were set pursuant to Public Law 112-55 at the higher of the limits established by the Economic Stimulus Act of 2008 and those determined under a formula prescribed by the Housing and Economic Recovery Act of 2008.
- c Public Law 111-88 set maximum loan limits for mortgages with credit approvals issued in 2010 at the higher of the limits established by the Economic Stimulus Act of 2008 or those determined under a formula prescribed by the Housing and Economic Recovery Act of 2008. For all areas, the resulting 2010 limits were the same as those in effect for 2009.
- d Loan limits for mortgages with credit approvals issued in 2009 were

- initially set under provisions of the Housing and Economic Recovery Act of 2008, which allowed for high-cost area limits of up to \$625,500. In February 2009, however, the American Recovery and Reinvestment Act of 2009 restored the \$729,750 maximum loan limit for mortgages with credit approvals issued in 2009.
- e The Economic Stimulus Act of 2008 allowed the Federal Housing Administration to increase the single-family insurable limits to a maximum of \$729,750 for one-unit homes in the continental United States. Higher limits applied to two-, three-, and four-unit homes. Alaska, Hawaii, Guam, and the Virgin Islands have higher maximum limits. The limits applied to loans with credit approvals issued between July 1, 2007, and December 31, 2008.

Table 25 • Mortgage Interest Rates

Period	Average Commitment Rates on Loans		Effective Rates on Closed Loans	
	Conventional		Conventional	
	30-Year Fixed-Rate (\$)	One-Year Adjustable-Rate (\$)	Fixed-Rate (\$)	Adjustable-Rate (\$)
4Q16	4.3	2.8	4.0	N/A
3Q16	3.4	2.6	4.1	N/A
2Q16	3.5	2.5	4.0	N/A
1Q16	3.7	2.6	4.0	N/A
<b>Annual Data</b>				
2016	4.3	2.8	4.0	N/A
2015	4.0	2.7	4.1	N/A
2014	4.2	2.4	4.4	N/A
2013	4.0	2.6	4.1	N/A
2012	3.7	2.7	4.7	N/A
2011	4.5	3.0	4.8	N/A
2010	4.7	3.8	4.9	N/A
2009	5.0	4.7	5.2	N/A
2008	6.0	5.2	6.2	5.8
2007	6.3	5.6	6.5	6.3
2006	6.4	5.5	6.7	6.4
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	12.0
1983	13.2	Not Available Before 1984	13.0	12.3
1982	16.0		Not Available Before 1983	Not Available Before 1983
1981	16.6			
1980	13.7			
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			

Sources: Freddie Mac for average commitment rates; Federal Housing Finance Agency for effective rates

N/A = not available

Table 26 • Housing Market Activity<sup>a</sup>

Period	Housing Starts (units in thousands)			Home Sales (units in thousands)	
	One- to Four-Unit Housing Starts	Multifamily Housing Starts	Total Housing Starts	Sales of New One- to Four-Unit Homes	Sales of Existing One- to Four-Unit Homes
4Q16 <sup>b</sup>	N/A	405	1,248	568	5,546
3Q16 <sup>b</sup>	N/A	374	1,145	583	5,380
2Q16 <sup>b</sup>	N/A	393	1,159	565	5,476
1Q16 <sup>b</sup>	N/A	343	1,147	529	5,356
<b>Annual Data</b>					
2016	809	454	1,263	560	5,450
2015	726	386	1,112	501	5,250
2014	662	342	1,004	437	4,940
2013	632	294	926	429	5,090
2012	547	234	781	368	4,660
2011	442	167	609	306	3,787
2010	483	104	587	323	3,708
2009	457	97	554	375	3,870
2008	640	266	906	485	3,665
2007	1,078	277	1,355	776	4,398
2006	1,508	293	1,801	1,051	5,677
2005	1,757	311	2,068	1,283	6,180
2004	1,653	303	1,956	1,203	5,958
2003	1,533	315	1,848	1,086	5,446
2002	1,397	308	1,705	973	4,974
2001	1,310	293	1,603	908	4,735
2000	1,270	299	1,569	877	4,603
1999	1,334	307	1,641	880	4,649
1998	1,314	303	1,617	886	4,495
1997	1,178	296	1,474	804	3,964
1996	1,206	271	1,477	757	3,797
1995	1,110	244	1,354	667	3,519
1994	1,234	224	1,457	670	3,544
1993	1,155	133	1,288	666	3,427
1992	1,061	139	1,200	610	3,151
1991	876	138	1,014	509	2,886
1990	932	260	1,193	534	2,914
1989	1,059	318	1,376	650	3,010
1988	1,140	348	1,488	676	3,513
1987	1,212	409	1,621	671	3,436
1986	1,263	542	1,805	750	3,474
1985	1,166	576	1,742	688	3,134
1984	1,206	544	1,750	639	2,829
1983	1,181	522	1,703	623	2,697
1982	743	320	1,062	412	1,990
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	1,450	906	2,357	718	2,252
1971	1,272	781	2,052	656	2,018

Sources: U.S. Census Bureau for housing starts and sales of new one- to four-unit properties; National Association of Realtors® for sales of existing one- to four-unit properties

N/A = not available

<sup>a</sup> Components may not add to totals due to rounding.

<sup>b</sup> Seasonally adjusted annual rates.

Table 27 • Weighted Repeat Sales House Price Index (Annual Data)<sup>a</sup>

Period	USA	New England	Mid-Atlantic	South Atlantic	East North Central	West North Central	East South Central	West South Central	Mountain	Pacific
4Q16	1.50	1.65	0.88	1.67	1.48	1.19	1.30	1.32	2.10	1.77
3Q16	1.59	0.96	1.16	1.83	1.53	1.45	1.76	1.82	1.61	1.65
2Q16	1.33	1.04	0.85	1.34	1.11	1.14	1.02	1.54	1.98	1.77
1Q16	1.59	0.91	0.98	1.91	1.63	1.48	1.29	1.27	2.03	2.05
Annual Data										
2016	6.15	4.64	3.92	6.92	5.87	5.37	5.47	6.07	7.95	7.44
2015	5.85	3.58	2.50	6.85	4.30	5.10	4.90	6.68	8.49	8.31
2014	4.99	2.93	2.38	5.42	4.68	3.72	3.67	5.84	5.70	7.59
2013	7.47	3.82	3.28	8.06	6.04	4.72	4.09	5.85	11.29	15.55
2012	5.20	0.74	1.33	5.13	2.93	4.10	2.81	5.26	12.28	10.56
2011	(2.26)	(2.01)	(3.59)	(2.34)	(2.45)	(1.05)	(0.71)	0.82	(3.22)	(4.64)
2010	(4.05)	(2.30)	(1.51)	(5.60)	(3.03)	(3.56)	(4.51)	(2.30)	(7.56)	(5.25)
2009	(2.39)	(1.67)	(1.82)	(3.87)	(2.15)	(0.54)	(0.93)	0.94	(7.14)	(3.38)
2008	(10.04)	(6.68)	(4.96)	(14.18)	(7.67)	(4.39)	(4.01)	(2.04)	(14.34)	(21.76)
2007	(2.52)	(2.22)	0.12	(3.50)	(3.35)	(0.62)	1.79	3.44	(3.29)	(9.85)
2006	3.01	(1.83)	2.65	5.08	(0.07)	2.02	6.09	6.19	6.73	0.35
2005	10.23	6.28	9.99	14.73	3.48	4.92	7.47	6.82	17.95	18.11
2004	10.17	10.53	12.25	12.85	4.31	5.59	5.20	4.36	12.83	21.75
2003	7.86	10.74	10.96	8.49	4.72	5.54	4.01	3.19	6.89	15.65
2002	7.67	13.39	11.72	8.20	4.52	5.62	3.35	3.62	5.57	13.96
2001	6.73	12.02	9.41	7.28	4.78	6.12	3.28	3.99	5.37	9.69
2000	6.97	12.62	8.44	6.38	5.14	6.42	2.81	5.51	5.57	11.40
1999	6.21	10.12	6.81	5.82	5.17	5.50	3.82	5.54	5.62	8.72
1998	5.70	7.93	4.80	4.56	4.89	6.41	4.75	5.56	4.74	8.85
1997	3.33	4.30	2.12	3.37	3.38	3.74	2.81	3.04	3.18	4.20
1996	2.85	2.81	0.92	2.83	4.52	3.99	3.97	2.40	3.78	1.08
1995	2.72	0.86	0.09	2.52	4.99	4.77	4.76	3.18	4.93	(0.62)
1994	2.94	0.56	(0.62)	3.47	4.90	4.47	5.14	3.24	8.58	(0.99)
1993	2.76	(1.83)	0.06	2.38	4.67	6.16	4.70	4.66	9.61	(2.56)
1992	2.77	(0.46)	1.83	2.22	4.72	4.25	4.08	3.86	6.69	(1.09)
1991	3.12	(2.21)	1.53	3.05	4.70	3.79	4.05	3.97	5.62	1.87
1990	1.19	(7.18)	(2.49)	0.39	3.81	1.18	0.36	0.51	2.35	5.66
1989	5.59	0.85	2.53	4.47	5.93	3.09	2.80	2.41	2.59	18.34
1988	5.65	4.16	6.66	5.79	6.44	2.75	2.55	(1.94)	0.90	16.41
1987	5.39	15.01	15.95	5.74	7.63	2.31	3.14	(8.12)	(2.99)	8.59
1986	7.24	21.15	17.49	6.57	7.17	3.75	5.41	(0.17)	2.63	6.39
1985	5.69	22.40	13.57	5.05	4.81	3.69	5.47	(1.58)	2.17	4.63
1984	4.67	14.97	11.27	4.47	2.81	3.45	4.22	0.10	2.71	4.11
1983	4.27	13.79	10.76	3.69	4.68	4.32	3.33	1.44	(1.19)	0.73
1982	2.82	7.47	7.04	3.15	(4.35)	1.74	5.47	5.46	5.33	3.18
1981	4.23	6.51	2.03	5.09	2.19	0.79	0.60	10.51	7.69	4.49
1980	6.58	5.60	8.95	9.28	1.83	3.80	4.25	8.33	5.67	10.24
1979	12.34	14.25	15.36	11.94	8.08	10.38	8.46	14.38	14.51	16.41
1978	13.39	17.42	5.10	10.24	15.12	13.68	12.29	16.84	17.05	16.88
1977	14.47	8.51	12.20	9.24	14.50	15.40	10.74	14.08	17.82	25.66
1976	8.19	6.64	(0.97)	5.07	7.75	7.97	5.95	10.01	11.67	20.13

Source: Federal Housing Finance Agency

<sup>a</sup> Percentage changes based on FHFA's purchase-only index for 1992 through 2014 and all-transactions index for prior years. Annual data are measured based on fourth quarter to fourth quarter percentage change. Quarterly data for 2014 reflect changes over the previous four quarters.

Regional Divisions

New England: Connecticut, Maine, Massachusetts, 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, Nebraska, North Dakota, South Dakota

East South Central: Alabama, Kentucky, Mississippi, Tennessee

West South Central: Arkansas, Louisiana, Oklahoma, Texas

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

Pacific: Alaska, California, Hawaii, Oregon, Washington

# Federal Housing Finance Agency

## KEY MANAGEMENT OFFICIALS

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Melvin L. Watt  
*Director*

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Nina Nichols  
*Deputy Director*  
*Division of Enterprise Regulation*

Bob Ryan  
*Acting Deputy Director*  
*Division of Conservatorship*

Fred Graham  
*Deputy Director*  
*Division of Federal Home Loan Bank Regulation*

Sandra Thompson  
*Deputy Director*  
*Division of Housing Mission and Goals*

Lawrence Stauffer  
*Acting Chief Operating Officer*

Alfred Pollard  
*General Counsel*

Sharron Levine  
*Associate Director*  
*Office of Minority and Women Inclusion*

Janell Byrd-Chichester  
*Acting Ombudsman*

Laura S. Wertheimer  
*Inspector General*

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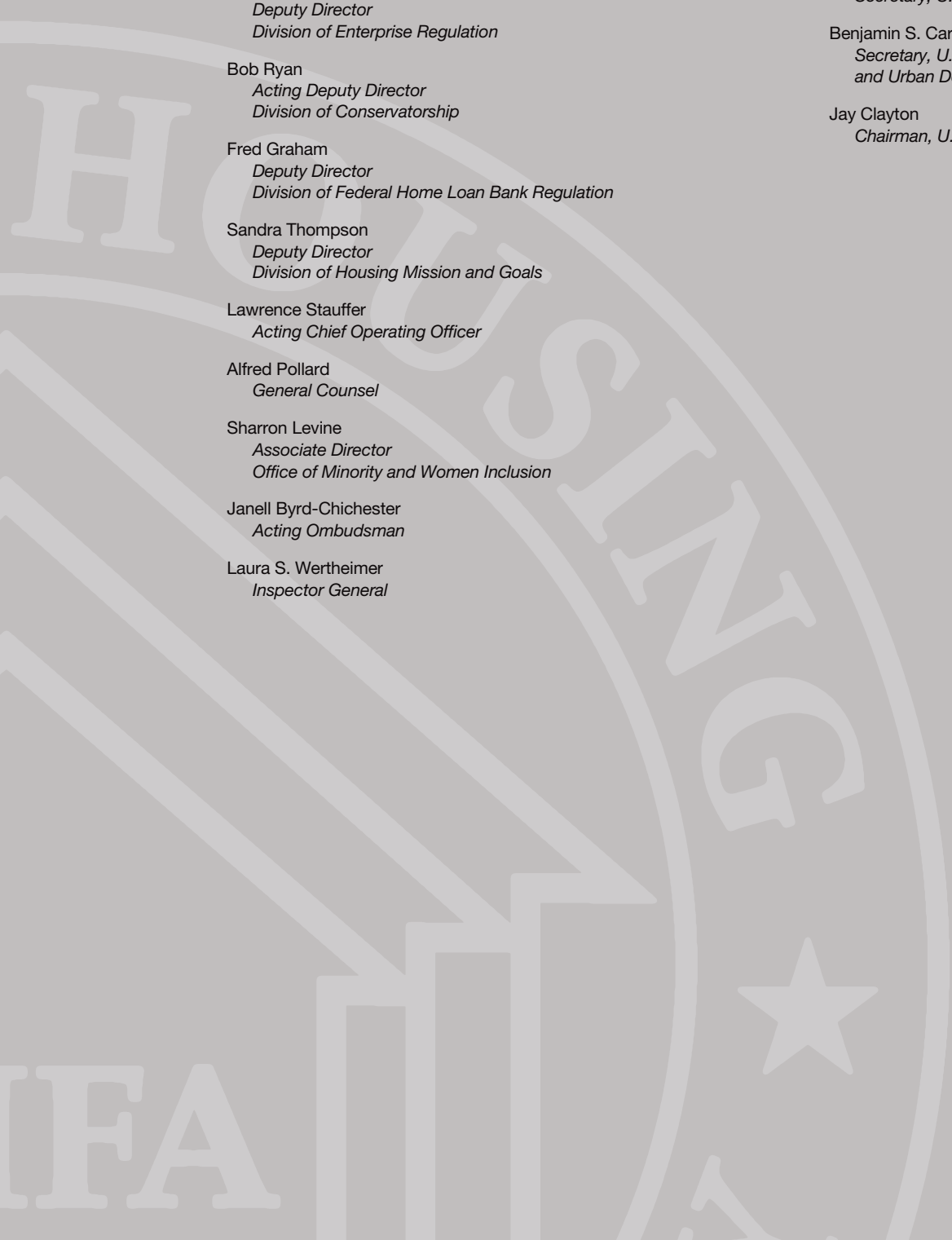
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Melvin L. Watt  
*Chairman*

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Benjamin S. Carson, Sr.  
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