FEDERAL HOUSING FINANCE AGENCY

FHFA

FEDERAL HOUSING FINANCE AGENCY

2014 Report to Congress

FHFA • 2014 REPORT TO CONGRESS

LIST OF ABBREVIATIONS

AHP	Affordable Housing Program
AMA	Acquired Member Assets
Bank Act	Federal Home Loan Bank Act
CDFI	Community Development Financial Institution
CFPB	Consumer Financial Protection Bureau
CSP	Common Securitization Platform
CSS	Common Securitization Solutions, LLC
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
Enterprises	Fannie Mae and Freddie Mac
ERM	Enterprise Risk Management
Fannie Mae	Federal National Mortgage Association
FHFA OIG	Federal Housing Finance Agency Office of Inspector General
FHA	Federal Housing Administration
FHLBank	Federal Home Loan Bank
FMS	Financial Management System
FISMA	Federal Information Security Management Act
Freddie Mac	Federal Home Loan Mortgage Corporation
Ginnie Mae	Government National Mortgage Association
HARP	Home Affordable Refinance Program
HERA	Housing and Economic Recovery Act of 2008
HMDA	Home Mortgage Disclosure Act
MBS	Mortgage-Backed Securities
MI	Mortgage Insurer
MPF	Mortgage Partnership Finance
OF	Office of Finance
PAR	Performance and Accountability Report
PLS	Private-Label Securities
PMIERs	Private Mortgage Insurer Eligibility Requirements
PRISM	Procurement Request Information System Management
PSPA	Senior Preferred Stock Purchase Agreement
REO	Real Estate Owned
Regulated Entities	Fannie Mae, Freddie Mac, the FHLBanks and the Office of Finance
Safety and Soundness Act	Federal Housing Enterprises Financial Safety and Soundness Act of 1992
SDQ	Seriously Delinquent
UPB	Unpaid Principal Balance
VA	Veterans Administration

Federal Housing Finance Agency

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June 15, 2015

Honorable Richard C. Shelby
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) 2014 Report to Congress. This Report meets the requirements of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008 (HERA). 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 2014, FHFA continued to serve as regulator and conservator of Fannie Mae and Freddie Mac (the Enterprises) and as regulator of the 12 Federal Home Loan Banks (FHLBanks) and the FHLBanks' Office of Finance. The enclosed Report summarizes the findings of the agency's 2014 examinations of the Enterprises, the 12 FHLBanks and the FHLBanks' Office of Finance. It also summarizes FHFA's actions as conservator of Fannie Mae and Freddie Mac during 2014 and describes the FHFA's regulatory guidance, research and publications.

Finally, as required by Section 1103 of HERA, this Report also includes the Federal Housing Finance Oversight Board's Assessment of the matters set out in Section 1103.

Sincerely,

Melvin L. Watt
Director, Federal Housing Finance Agency

FHFA 2014 Report to Congress

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Managing the Conservatorships

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 12 Federal Home Loan Banks (FHLBanks)[1] and the Office of Finance (together, the regulated entities). The agency's mission is to ensure that 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.

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 (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 conservatorships. A key component of the conservatorships is the commitment of the U.S. Department of the Treasury through the Senior Preferred Stock Purchase Agreements (PSPAs) entered into in 2008 to provide financial support to the Enterprises to enable them to continue to provide liquidity and stability to the mortgage market. Since the conservatorships began, Fannie Mae and Freddie Mac have drawn a combined total of $187.5 billion in taxpayer support under the PSPAs. Through December, the Enterprises have paid the U.S. Department of the Treasury a total of $225.4 billion in dividends on senior preferred stock, which pursuant to the PSPAs do not constitute a repayment of the $187.5 billion in draws. FHFA continues to oversee these conservatorships.

In May,[2] FHFA released the *2014 Strategic Plan for the Conservatorships of Fannie Mae and Freddie Mac* (2014 Conservatorship Strategic Plan), which provided a framework for FHFA's implementation of its obligations as conservator of the Enterprises and set forth the three strategic goals of Maintain, Reduce and Build. At the same time, FHFA published the *2014 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions* (2014 Conservatorship Scorecard), which established FHFA's expectations for Enterprise activities to further each strategic goal. The annual Conservatorship Scorecard is FHFA's mechanism for communicating its priorities and expectations for the Enterprises and providing transparency to the public about these expectations.

Throughout 2014, FHFA sought extensive public input on important strategic initiatives. Careful analysis of input helped shape proposed standards and final guidelines.

Requests for Public Input on FHFA Conservatorship Priorities:

- On June 5, FHFA announced it was requesting input on the guarantee fees that Fannie Mae and Freddie Mac charge lenders.
- On July 10, FHFA announced it was seeking public input on draft private mortgage insurer eligibility requirements (PMIERs) that the Enterprises would use to approve private mortgage insurers that provide mortgage insurance on loans owned or guaranteed by Fannie Mae and Freddie Mac.
- On August 12, FHFA announced it was requesting input on the proposed structure for a Single Security that would be issued and guaranteed by Fannie Mae or Freddie Mac.

[1] Throughout 2014 the System included 12 FHLBanks. On May 31, 2015 the FHLBank of Seattle merged with the FHLBank of Des Moines, reducing the total number of FHLBanks to 11.

[2] Unless otherwise specified all dates in this report refer to 2014.

2014 Strategic Initiatives

In 2014, FHFA worked to implement three goals set forth in the 2014 Conservatorship Strategic Plan and the 2014 Conservatorship 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.

MAINTAIN.

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.

The Maintain goal recognizes that a healthy housing finance market requires liquidity and access across different market segments of creditworthy borrowers, sensible and appropriate loss mitigation options when borrowers fall into economic distress, and affordable rental housing options. These objectives are at the core of FHFA's statutory mandates under HERA and the Emergency Economic Stabilization Act of 2008, as well as the Enterprises' charters.

Access to Credit for Creditworthy Borrowers

The 2014 Conservatorship Scorecard expressed the expectation that the Enterprises would work to increase access to mortgage credit for creditworthy borrowers, consistent with the full extent of applicable credit requirements and risk management practices. In fulfillment of that expectation, the Enterprises worked during 2014 to 1) improve their selling Representation and Warranty Framework;[3] 2) refine the foreclosure timeline and compensatory fee framework and develop servicer eligibility requirements that address unique risks associated with the various servicer business models present in the marketplace today; 3) develop recommendations for ways to increase access to mortgage credit for creditworthy borrowers; and 4) encourage greater participation by small lenders, rural lenders, and state and local housing finance agencies.

Selling Representation and Warranty Framework – FHFA and the Enterprises made substantial progress on updating and clarifying the Framework during 2014, and these efforts build on FHFA's past work to refine the Framework. The Framework provides Fannie Mae and Freddie Mac with remedies—such as requiring a lender to repurchase a loan—when they discover that a loan purchase does not meet their underwriting and eligibility guidelines. In May, the Enterprises announced further refinements to the payment history requirement for granting representation and warranty relief. As a result, in order to obtain representation and warranty relief, no more than two delinquent payments are allowed within the first 36 months after loan acquisition. Additionally, the Enterprises now notify lenders directly when relief is granted. The Enterprises also eliminated automatic repurchases following rescission of mortgage insurance coverage. In November, the Enterprises announced additional improvements around life-of-loan exclusions used in the Framework, providing greater clarity about when these exclusions apply and when they do not.

FHFA also started efforts in 2014 to develop an independent dispute resolution program that could be used as a last step, in certain circumstances, to resolve disputes between lenders and the Enterprises.

Compensatory Fees for Extended Foreclosure Timelines and Servicer Eligibility Requirements – FHFA and the Enterprises worked during 2014 to analyze and address two servicing-related issues in order to foster

[3] As part of a series of efforts known as the Contract Harmonization Project, FHFA announced the launch of a new Representation and Warranty Framework (Framework) for Fannie Mae and Freddie Mac in September 2012 designed to address seller concerns regarding repurchase risk.

a deep, liquid, and stable housing finance market. First, FHFA and the Enterprises worked to refine the foreclosure timeline and compensatory fee framework associated with the Servicing Alignment Initiative announced in April 2011. In November, FHFA and the Enterprises released a revised state foreclosure timeline methodology, which incorporated updated foreclosure timeline data that increased timelines in a majority of states and gave servicers a set of tools to help them manage compensatory fees more effectively. The Enterprises also provided servicers with enhanced loss mitigation and foreclosure prevention alternatives for severely delinquent loans subject to compensatory fees. Options include expanding eligibility for the Streamlined Modification program to include borrowers who are more than 720 days delinquent and increasing borrower foreclosure alternative incentives for deed-in-lieu transactions in certain states where timelines are extremely long. Second, FHFA and the Enterprises worked to enhance the Enterprises' minimum servicer eligibility requirements in order to strengthen and provide clarity about the Enterprises' counterparty standards for servicers.[4]

Providing Targeted Access to Credit Opportunities for Creditworthy Borrowers – In December, Fannie Mae and Freddie Mac announced purchase guidelines that enable creditworthy borrowers who can afford a mortgage, but lack the resources to pay a substantial down payment plus closing costs, to get a mortgage with a 3 percent down payment. The guidelines emphasize strong underwriting standards, require borrowers to be owner-occupants, include compensating factors and risk mitigants – such as housing counseling, stronger credit histories, or lower debt-to-income ratios – and preclude 40-year or interest-only terms. The product offering focuses on first-time homebuyers. Both Enterprises expect to purchase only a small amount of these loans each year.

Working with Small Lenders, Rural Lenders, and Housing Finance Agencies – Both Enterprises worked in 2014 to expand their partnerships with small lenders, rural lenders, and housing finance agencies and to strengthen their understanding of how the Enterprises might be able to better serve these entities. In support of small and rural lenders, in the first quarter of 2014 the Enterprises issued lender guidance clarifying a number of property and appraisal requirements for dwellings in small towns and rural areas. The lender guidance focused on the key issues of appraiser selection, property eligibility, and acceptable appraisal practices.

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Loss Mitigation and Foreclosure Prevention Activities

FHFA's 2014 Conservatorship Scorecard required the Enterprises to continue to refine and improve key loss mitigation and foreclosure prevention activities, as well as develop neighborhood stabilization strategies for the communities that were hardest hit by the housing crisis.

HARP Outreach Activity – The Home Affordable Refinance Program (HARP), introduced in 2009 as part of the Administration's Making Home Affordable Program, is a key way in which Fannie Mae and Freddie Mac support the strategic goal of ensuring credit availability for refinanced mortgages and reducing foreclosures of underwater borrowers. In 2014, the Enterprises reviewed their respective HARP programs and related processes to determine if potential impediments exist that keep eligible borrowers from taking advantage of the program. Also, FHFA updated its HARP outreach campaign in June by releasing an interactive online map reflecting the number of estimated "in-the-money" borrowers eligible for HARP in every zip code, county, metropolitan statistical area and state in the country. The HARP outreach campaign

[4] FHFA proposed new minimum financial requirements (including net worth, capital ratio and liquidity criteria) in January 2015. These requirements were finalized and announced on May 20, 2015.

focuses on leveraging community leaders and other trusted advisors to share information about HARP as a way to reach the remaining HARP-eligible homeowners. During 2014, FHFA held HARP outreach events in Chicago, Atlanta, Detroit, and Miami. Additional events were held in March 2015 in Newark, New Jersey and in June 2015 in Phoenix, Arizona.

Loss Mitigation Strategies and Neighborhood Stabilization – Since the start of the foreclosure crisis, FHFA has worked with Fannie Mae and Freddie Mac to develop programs that help borrowers stay in their homes. During the past year, FHFA and the Enterprises completed reviews of and made enhancements to requirements related to foreclosure alternatives, unemployment forbearance, and rate-reset notifications. In July, the Enterprises announced expansions of their home retention solutions for Standard and Streamlined Modifications that enable certain eligible borrowers with mark-to-market loan-to-value ratios below 80 percent to modify their loans. Further, FHFA and the Enterprises assessed and published enhancements for Servicemembers Civil Relief Act compliance.

As part of the Neighborhood Stabilization Initiative (NSI), FHFA worked with the Enterprises to develop pre-foreclosure home retention solutions and post-foreclosure strategies for hardest hit areas. NSI supports FHFA's strategic goal of continuing to refine and improve servicing and foreclosure prevention standards. FHFA selected the City of Detroit and Cook County, Illinois for pilot programs.

Non-Performing Loan Sales – FHFA's expectation is that the sale of seriously delinquent loans through non-performing loan (NPL) sales will result in more favorable outcomes for borrowers, while also reducing losses to the Enterprises and, therefore, to taxpayers. In August, Freddie Mac closed a pilot sale of $596 million of seriously delinquent NPLs to private investors. The loans included in this sale were serviced by Bank of America and, on average, were more than three years delinquent at the time of sale. FHFA has worked with both Enterprises to develop additional guidelines for ongoing NPL sales by the Enterprises, with a focus on guidelines that provide more favorable outcomes for borrowers by avoiding foreclosure wherever possible, and that require post-sale reporting to track borrower outcomes. FHFA and the Enterprises released these NPL sale guidelines, which apply to future Enterprise NPL sales, in March 2015.

Lender Placed Insurance – High costs associated with "lender placed insurance" (LPI) have raised concerns about certain features or practices associated with LPI policies, including the use of servicer-affiliated insurance companies and servicer receipt of commissions or other LPI-related payments from LPI carriers. The 2014 Conservatorship Scorecard expressed the expectation that the Enterprises would continue to develop options to further reduce LPI costs for borrowers and the Enterprises. Accordingly, in 2014 the Enterprises provided comment, analyses, and data on a number of options for reducing LPI costs. FHFA and the Enterprises continue to seek input on these from multiple stakeholders, including state insurance regulators, federal regulators, servicers, insurance providers, and consumer advocates.

Multifamily Credit Guarantee Business

The 2014 Conservatorship Scorecard continued the loan production caps on each Enterprise's multifamily business at the levels set in 2013. The 2014 Conservatorship Scorecard excluded from those caps certain mission-related finance activities, including financing for subsidized affordable housing, manufactured housing communities, and small multifamily properties with fewer than 50 units, so as not to constrain the Enterprises' ability to support underserved segments of the multifamily market. The objective is to maintain the presence of Fannie Mae and Freddie Mac as a backstop for the multifamily mortgage market while not impeding the participation of private capital in the multifamily finance market. The Enterprises' total multifamily activity for 2014 was $28.9 billion for Fannie Mae and $28.3 billion for Freddie Mac.

In 2014, the Enterprises implemented several financing initiatives designed to support underserved segments of the multifamily market. Freddie Mac announced a specialized program to purchase fixed-rate, permanent loans on small multifamily properties, which are an important source of affordable, market-rate rental units. Freddie Mac also began purchasing permanent loans on manufactured housing rental communities and, as an alternative to its tax-exempt bond credit enhancement programs, began purchasing bonds with affordable housing set-asides that are issued by state Housing Finance Agencies. Fannie Mae also expanded its support for tax-exempt bonds by financing them with Fannie Mae mortgage-backed securities, which improves bond liquidity. These initiatives are examples of the Enterprises' efforts to fulfill their statutory mandates to serve all markets.

REDUCE.

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

The 2014 Conservatorship Scorecard expressed the expectation that the Enterprises would: 1) expand the volume and types of transactions that transfer single-family mortgage credit risk from the Enterprises to the private sector; 2) continue the ongoing reduction of the Enterprises' retained portfolios, with a focus on the sale of their less liquid assets; and 3) take steps to ensure the stability of mortgage insurance companies that are important Enterprise counterparties. The Enterprises were also directed to assess the economics and feasibility of adopting additional types of risk transfer structures that share multifamily mortgage credit risk with private-market investors, while also exploring how to expand the types and volume of such risk-transfer transactions.

Credit Risk Transfers for Single-Family Credit Guarantee Business

The 2014 Conservatorship Strategic Plan goal of reducing taxpayer risk builds on the Enterprises' previous risk transfer efforts. The 2014 Conservatorship Scorecard tripled the required amount of risk transfer transactions involving single-family loans, with the expectation that each Enterprise would transfer a substantial portion of the credit risk on $90 billion in unpaid principal balance (UPB) of new mortgage-backed securitizations. FHFA also expected each Enterprise to execute a minimum of two different types of credit risk transfer transactions. FHFA required the Enterprises to conduct all activities undertaken in fulfillment of these objectives in a manner consistent with safety and soundness.

During 2014, the two Enterprises executed credit risk transfers on single-family mortgages with an UPB of over $340 billion, which is well above the required amounts.

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Retained Mortgage Portfolios

As part of FHFA's requirement that the Enterprises further reduce their retained portfolios, the 2014 Conservatorship Scorecard directed each Enterprise to submit plans for approval to reduce each retained portfolio to $250 billion by December 31, 2018, as required by the PSPAs. FHFA required the Enterprises to include contingency plans to meet the 2018 PSPA objective even under adverse market conditions, such as rising interest rates or falling house prices. In developing these plans, FHFA also required the Enterprises to prioritize selling their less liquid portfolio assets, such as non-agency securities, in an economically sensible manner via a transparent sales process that is auction-based where appropriate. FHFA also required each Enterprise to take into account how the sale of less liquid assets would impact both the overall market and neighborhood stability.

The Enterprises made significant progress in reducing their retained portfolios during 2014 and had a combined reduction of $131 billion in 2014. As of December 31, Freddie Mac's portfolio stood at $408 billion, and Fannie Mae's was $413 billion. Both figures are significantly below the cap of $470 billion required for 2014 by the PSPAs.

The Enterprises' activities to reduce their retained portfolios during 2014 included a variety of actions. For both Enterprises, most of the reduction was the result of voluntary and involuntary prepayments. In addition, Freddie Mac and Fannie Mae transferred risk to private capital investors through the sale of more than $16 billion of less-liquid assets by Freddie Mac and more than $6 billion by Fannie Mae in 2014. For Freddie Mac, sales were predominantly private-label securities sold through an auction process. For Fannie Mae, about half of its sales went through an auction process.

Mortgage Insurer Master Policies and Eligibility Requirements

In 2014, FHFA and the Enterprises finalized new standards for mortgage insurer (MI) master policies. An MI master policy sets the terms of business between an MI and an Enterprise Seller/Servicer counterparty. The new standards serve as the basis for the individual policies developed by each MI company. The Enterprises issued approval letters to each MI company for master policies that were approved by all state regulators. The new master policies took effect in October.

In addition, FHFA released draft Private Mortgage Insurer Eligibility Requirements (PMIERs) for Enterprise counterparties in July and requested public input on these draft requirements. In developing the draft requirements, FHFA, Fannie Mae, and Freddie Mac solicited input from a range of stakeholders, including state insurance commissioners and private mortgage insurers that are approved to do business with either Enterprise. On April 17, 2015, Fannie Mae and Freddie Mac issued final, revised PMIERs establishing uniform requirements for MIs that are Enterprise counterparties. The revised requirements set financial standards that require MIs to demonstrate adequate resources to pay claims and operational standards relating to quality control processes and performance metrics. Non-compliance with the requirements or material deviations from the performance expectations will trigger Enterprise remediation. The revised requirements are effective December 31, 2015.

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.

FHFA's 2014 Conservatorship Strategic Plan and Conservatorship Scorecard continued to make building a new infrastructure for the securitization functions of the Enterprises an important priority. That effort includes ongoing work to develop the Common Securitization Platform (CSP) as well as an initiative to develop a single Enterprise mortgage-backed security (Single Security). Throughout the project, FHFA has worked with the Enterprises and Common Securitization Solutions (CSS) to build the CSP in a way that is adaptable for use for additional market participants in the future. The 2014 Conservatorship Scorecard also required continued work to build more consistent and uniform mortgage data standards for use by the Enterprises and other market participants.

Common Securitization Platform and Common Securitization Solutions

CSS is a joint venture owned by Fannie Mae and Freddie Mac, which houses the CSP. CSS was established in 2013 and efforts continue to develop its necessary corporate operations and systems. To further this effort, FHFA and the Enterprises worked in 2014 to finalize the CSS board structure and to name a chief executive officer (CEO).

In November, the Enterprises announced a CEO for CSS and the CSS board structure. The CEO is responsible for all CSS business, operational and corporate functions. CSS's board of managers is comprised of two members from each Enterprise, each with an equal vote. The board Chair will rotate between each Enterprise's board members. FHFA is an active participant, attending board meetings and providing its perspective as regulator and conservator of the Enterprises.

Throughout the multiyear process of developing and implementing a Single Security, FHFA and the Enterprises will continue to seek input and to work with stakeholders to achieve the goal of improving overall secondary mortgage market liquidity while mitigating any risk of market disruption.

During 2014, each Enterprise designated staff to work on the CSP at the CSS location. This team has made progress in the following areas: 1) developing the technology and operational infrastructure of the CSP; 2) testing aspects of the CSP and Enterprise integration with the CSP; 3) establishing a software development and testing environment that is independent of the Enterprises, along with the related information security and risk management and control policies, procedures, and processes; and 4) developing the security issuance, registration, and settlement capabilities of the CSP. Additionally, both Enterprises continue to develop their operational plans to integrate with the CSP.

Single Security

FHFA's 2014 Conservatorship Strategic Plan includes the goal of developing a Single Security as part of the effort to build a CSP. The 2014 Conservatorship Scorecard tasked the Enterprises with identifying the key components, features and standards that would be needed for them to issue Single Securities through the CSP. In August, FHFA issued a *Request for Input: Proposed Single Security Structure* that outlined the proposed structure of a Single Security to be issued and guaranteed by Fannie Mae or Freddie Mac.

FHFA received 23 responses to the Request for Input. On May 15, 2015, the agency issued *An Update on the Structure of the Single Security*, containing decisions based on consideration of responses to the Request for Input and further dialogue with industry stakeholders. Throughout the multiyear process of developing and implementing a Single Security, FHFA and the Enterprises will continue to seek input and work with stakeholders to achieve the goal of improving overall secondary mortgage market liquidity while mitigating any risk of market disruption.

Mortgage Data Standardization

During 2014, FHFA and the Enterprises worked on three initiatives that build on previous Uniform Mortgage Data Program efforts: 1) the Uniform Closing Dataset (UCD); 2) the Uniform Loan Application Dataset; and 3) the Servicing Data Technology Initiative. The Enterprises published the UCD in March, along with supplemental material in July. The dataset includes all data fields that appear on the Closing Disclosure form in addition to data fields to support the eligibility review of Qualified Mortgages.

Managing the Conservatorships

As conservator, FHFA has the powers of the boards and management of the Enterprises. At the start of the conservatorships, FHFA made clear that the Enterprises would be responsible for continuing normal business activities and day-to-day operations. In addition, FHFA sets the direction of Fannie Mae's and Freddie Mac's conservatorships by issuing the Conservatorship Strategic Plan and Conservatorship Scorecard, as detailed previously.

The balance between the role of the conservator and the role of the Enterprises' boards and management is accomplished through a delegated model under which FHFA delegates authority for day-to-day management and retains the right and ability to review and approve activities, transactions, and decisions. FHFA regularly works with executive management of the Enterprises and their boards to ensure that management activities support the goals of conservatorship. FHFA also conducts appropriate reviews and analyses to approve non-delegated decisions under conservatorship and to evaluate and object or non-object to delegated decisions.

Furthermore, the Enterprises must follow the laws, regulations and guidance for safe and sound operations, and laws governing financial disclosure, including requirements of the Securities and Exchange Commission. Like all corporate executives, the Enterprises' executive officers are subject to the legal responsibility to use sound and prudent business judgment in the stewardship of their companies.

2014 Highlights:

Boards of Directors **–** As conservator, FHFA approves the appointment of new directors serving on the boards of directors of each Enterprise. FHFA approved the election of Egbert L.J. Perry as chairman of the board of directors of Fannie Mae and the elections of Thomas M. Goldstein and Raphael W. Bostic to serve on the Freddie Mac board of directors.[5]

Fannie Mae Washington, D.C. Workplace Strategy **–** In 2014 Fannie Mae decided to consolidate its Washington, D.C. workforce into one location. Fannie Mae's goals included transitioning from ownership of office space to renting, consolidating its real estate footprint, reducing costs, increasing flexibility, and sustaining workplace safety and business resiliency. In January 2015, Fannie Mae signed a lease to move its Washington, D.C. headquarters to one facility in Washington, D.C. FHFA was engaged with Fannie Mae throughout the process and approved the lease signed by Fannie Mae.

Private-Label Mortgage-Backed Securities **–** In 2014, FHFA continued its work on the remaining private-label securities (PLS) lawsuits filed in 2011 against financial institutions and certain of their officers and directors.[6] Each suit alleged violations of federal securities laws and state laws in the sale of PLS investments to the Enterprises between 2005 and 2007. The complaints were filed under statutory authority granted to FHFA, as conservator, by HERA, and reflect 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 PLS investments.

In 2014, settlements were reached in 11 of the remaining PLS lawsuits, resulting in the recovery of more than $10.3 billion on behalf of taxpayers, as detailed below. Settlement amounts resulted from consideration of various factors, including statutory calculations, number of securities, unique circumstances of each matter, and litigation risks.

2014 PLS Settlements	
Morgan Stanley	$1,250,000,000
SG Americas (Societe Generale)	$122,000,000
Credit Suisse Holdings (USA) Inc.	$885,000,000
Bank of America Corp Merrill Lynch & Co. Countrywide Financial Corp.	$5,830,000,000
Barclays Bank PLC	$280,000,000
First Horizon National Corp.	$110,000,000
RBS Securities, Inc. (in Ally action)	$99,500,000
Goldman Sachs & Co.	$1,200,000,000
HSBC North America Holdings, Inc. (Hong Kong Shanghai Banking Corp.)	$550,000,000
Total	**$10,326,500,000**

Two of FHFA's PLS lawsuits remained pending at the end of 2014: (1) FHFA v. Nomura Holding America, Inc. in the United States District Court for the Southern District of New York and (2) FHFA v. The Royal Bank of Scotland Group, PLC in the United States District Court for the District of Connecticut (trial date not yet scheduled). The Court handed down a decision in the Nomura case in favor of FHFA and the Enterprises on May 11, 2015, and on May 15, 2015 the Court awarded rescissory damages of over $806 million. The award requires return of the bonds, worth approximately $400 million, to the defendants. Nomura has indicated that it plans to appeal.

5 Mr. Bostic was elected in January 2015.

6 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.

***Guarantee Fee Pricing* –** In June, FHFA announced a *Request for Input* on the guarantee fees that the Enterprises charge lenders. The Request for Input included questions relating to guarantee fee policy, optimum levels of guarantee fees necessary to protect taxpayers and implications for the availability of mortgage credit. In July, FHFA extended the input period to coincide with FHFA's Request for Input on PMIERs. On April 17, 2015, FHFA announced changes to the Enterprises' guarantee fee pricing, effective for loans delivered to the Enterprises beginning on September 1, 2015.

***Sales of REO Properties* –** In November, FHFA directed the Enterprises to alter their policies regarding single-family real estate owned (REO) properties held in the Enterprises' inventory as of November 25. Prior to this change in policy for eligible properties, the Enterprises required homeowners who had gone through foreclosure and were seeking to repurchase their prior home to pay back the entire amount owed on the mortgage, including legal fees, costs and expenses. These policies also applied to anyone seeking to buy the home for the benefit of the previous homeowner. Under the November announcement, Fannie Mae and Freddie Mac may now sell eligible REO properties in their inventory as of November 25 to any qualified purchaser, including previous owners or third-parties acting on their behalf, at the property's fair-market value. This change was made to reduce property vacancies and stabilize home values and neighborhoods.

***Housing Trust Fund* –** In December, FHFA directed Fannie Mae and Freddie Mac to begin setting aside and allocating funds to the Housing Trust Fund and the Capital Magnet Fund pursuant to HERA. HERA authorized FHFA to suspend these allocations temporarily, and FHFA directed Fannie Mae and Freddie Mac to suspend the allocations on November 13, 2008. On December 11, FHFA directed Fannie Mae and Freddie Mac to end the temporary suspension and to fund the Housing Trust Fund or Capital Magnet Fund in any year in which the Enterprise did not draw on funds under the PSPA.

In December, FHFA also sent to the Federal Register an Interim Final Rule to address the statutory requirement that the Housing Trust Fund and Capital Magnet Fund allocations may not result in transferring their expense to originators or other Enterprise counterparties. A final rule implementing the statutory prohibition against the Enterprises passing the cost of allocations through to loan originators was published in the Federal Register on March 26, 2015.

Supervision and Oversight

Examination Authority for Regulated Entities

Report of Annual Examination of Fannie Mae (Federal National Mortgage Association)

Report of Annual Examination of Freddie Mac (Federal Home Loan Mortgage Corporation)

Report of Annual Examinations of Federal Home Loan Banks

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

Housing Goals for Fannie Mae and Freddie Mac

Federal Home Loan Bank Mission and Affordable Housing Programs

Regulatory Guidance

Examination Authority for Regulated Entities

Section 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 12 FHLBanks (Boston, New York, Pittsburgh, Atlanta, Cincinnati, Indianapolis, Chicago, Des Moines, Dallas, Topeka, San Francisco, and Seattle)[7] and the Office of Finance, which is a joint office of the FHLBanks.

Scope of Examination

FHFA examiners use a risk-based approach to supervision. Risk-based supervision is designed to: identify existing and potential risks that could harm a regulated entity, evaluate the overall integrity and effectiveness of each regulated entity's risk management systems and controls, and determine compliance with laws and regulations applicable to the regulated entity. In 2014, FHFA's examination activities included comprehensive and targeted risk-based examinations and ongoing monitoring. FHFA assessed the remediation of previously issued Matters Requiring Attention (MRAs) at both the Enterprises and the FHLBanks. In addition, FHFA assessed the responses of the regulated entities' boards of directors and management to deficiencies and weaknesses identified by the Enterprises' internal audit departments and external auditors.

Rating System

The term CAMELSO describes the seven components of the examination framework that FHFA uses to report its examination findings to the boards of directors at Fannie Mae and Freddie Mac and at the FHLBanks. Those components are ***C***apital; ***A***sset quality; ***M***anagement; ***E***arnings; ***L***iquidity; ***S***ensitivity to market risk; and ***O***perational risk.

Supervision of Fannie Mae and Freddie Mac

In its examination activities of each Enterprise, FHFA assesses the financial safety and soundness, i.e., financial performance, condition, and overall risk management practices of the Enterprise as well as its compliance with regulations. Examination activity at each Enterprise is led by an Examiner-in-Charge and is carried out on-site in coordination with other off-site teams in FHFA's Division of Enterprise Regulation (DER).

Examiners communicate findings in writing to Enterprise management. The Enterprise submits acceptable action plans containing management's commitment to remediate the findings. The Enterprise's internal audit function or other independent third party validates that the remediation is complete. Examiners monitor the remediation of MRAs through examination activities.

DER also supports FHFA supervision of the regulated entities by developing FHFA supervisory policies and standards for DER examiners and the regulated entities; developing examiner training and the housing finance examiner commissioning program; performing risk identification and analysis; and providing subject matter expertise in accounting, internal controls over financial reporting, and other specific areas, including monitoring emerging risks in housing markets.

FHFA's approach to carrying out its supervisory responsibilities includes ongoing monitoring, on-site targeted examinations, and risk assessments. The assessments contained in this report are based on an examination of the books and records of the Enterprises; on statements made to examiners by directors, officers, employees, and agents of the Enterprise; and on information obtained from other sources.

[7] Throughout 2014 the System included 12 FHLBanks. In May, 2015 the FHLBank of Seattle merged with the FHLBank of Des Moines, reducing the total number of FHLBanks to 11.

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 2014, FHFA examined all of the FHLBanks and the Office of Finance. 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 findings to FHFA management and any MRAs to the FHLBank's board of directors and management. In addition, examiners obtain a commitment from the board and management 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. The Division monitors debt issuances by the Office of Finance and tracks financial market trends. The Division and other FHFA groups review FHLBank documents, such as the board of directors' compensation packages for each FHLBank, and analyze responses to a wide array of periodic and *ad hoc* information requests, including an annual survey of FHLBank collateral and collateral management practices, unsecured credit data, liquidity, advances, and periodic data on certain FHLBank investment holdings.

Executive Compensation of Regulated Entities

FHFA finalized rules pertaining to executive compensation during 2014: the Executive Compensation Rule (12 CFR Part 1230) and the Golden Parachute Payments Rule (12 CFR Part 1231). The Executive Compensation Rule implements the Safety and Soundness Act requirement that the Director prohibit a regulated entity from providing compensation to an executive officer that is not reasonable and comparable with compensation for employment in other similar businesses involving similar duties and responsibilities and establishes processes for FHFA review of compensation provided the Enterprises and the Federal Home Loan Banks. The Golden Parachute Payments Rule implements a requirement that the Director prohibit or limit "golden parachute payments" and agreements to make such payments by any regulated entity that is in conservatorship, receivership, or "troubled condition", and addresses permissible and prohibited golden parachute payments to "entity-affiliated parties" of any Enterprise or Federal Home Loan Bank subject to the Rule's provisions. These rules apply to the Office of Finance through exercise of FHFA's general supervisory authority.

Report of the Annual Examination of Fannie Mae

(Federal National Mortgage Association)

Overall Condition

Fannie Mae's net income for 2014 of $14.2 billion was well below the net income of $84.0 billion reported for 2013. The sharp decline in earnings had been expected given that a substantial portion of the prior year's net income was attributable to non-recurring and volatile sources, primarily credit-related income, fair value marks for derivative instruments, and the reversal of a valuation reserve for deferred income taxes. In 2014, net income included $4.8 billion in non-recurring legal settlements relating to private-label securities and $3.8 billion of credit-related income. Current levels of credit-related income are not sustainable and the Enterprise's net interest income from the retained mortgage portfolio will continue to decline as the Enterprise complies with the PSPA requirement to reduce mortgage-related assets on its balance sheet.

Fannie Mae reported positive net worth of $3.7 billion at the end of 2014, $1.9 billion of which represented a dividend obligation to the U.S. Department of the Treasury that was paid on March 31, 2015. Fannie Mae did not request a Treasury draw during 2014, so the cumulative senior preferred stock was unchanged from year-end 2013, at $116.1 billion, as dividend payments do not reduce the outstanding amount. As of December 31, the amount of available funding remaining under the PSPA was $117.6 billion.

Fannie Mae remains in conservatorship and subject to the terms of the PSPA. The third amendment to the PSPA replaced a fixed 10 percent dividend on the senior preferred stock with a sweep of net worth that exceeds a "Capital Reserve Amount" established at $3.0 billion in 2013 with mandated declines of $600 million each subsequent year through 2017. Accordingly, the capital reserve for 2015 will be $1.8 billion, and by January 1, 2018, the capital reserve will be zero. Reductions in income from Fannie Mae's shrinking mortgage investment portfolio and diminished income from reserve releases and legal settlements, combined with potential mark-to-market volatility from Fannie Mae's derivatives portfolio, make the prospect of negative net worth in future quarters more likely than in recent periods.

Corporate Governance

Fannie Mae has significant initiatives currently underway to improve its governance and risk management framework and systems infrastructure. Considerable work remains, however, and the magnitude and scope of these initiatives and the level of change that will be required to implement them will expose Fannie Mae's operating environment to heightened risk. Fannie Mae is also facing the challenge of successfully executing its plan to upgrade and replace legacy systems, address complex data migration issues, and transition to integration of Fannie Mae's securities with the CSP.

The board of directors and senior management are working to complete a comprehensive strategic plan for how Fannie Mae will ensure the safety and soundness of its operations, while providing liquidity and stability to the market. It is critical that the strategic plan address implementation of the various governance, risk management, and systems initiatives in a prudent manner and over a timeframe that will not risk destabilizing the operating environment.

Credit Risk Management

In 2014, Fannie Mae made significant progress in strengthening credit risk management and demonstrating a commitment to improved governance. Those efforts have resulted in a continued reduction in problem assets. The level of credit risk is still elevated, however, with the number of delinquent loans, nonaccrual loans, foreclosed properties, and restructured loans well above historical norms and is projected to remain at elevated levels for years.

Fannie Mae continues to hold and manage a large portfolio of REO properties, and a large portion of that inventory is unavailable for marketing or sale due to state and local laws. The level of delinquencies remains high, with almost 330,000 mortgages reported as seriously delinquent (SDQ) at the end of 2014 and approximately 34 percent being delinquent 25 months or more. In 2014, Fannie Mae continued to experience the adverse financial impact from mortgages originated between 2005-2008, with those mortgages accounting for 59 percent of SDQ loans and 22 percent of them having loan-to-value ratios exceeding 100 percent. Resolving and minimizing the financial impact of these problem assets will be an ongoing challenge for the Enterprise.

Counterparties provide significant services to Fannie Mae, including mortgage servicing, credit enhancements, risk-sharing agreements, and financial guaranty contracts, some of which represent significant concentrations of credit risk. Because Fannie Mae has no servicing function and all loan servicing is delegated to third-party firms, a failure of a large servicing counterparty could expose Fannie Mae to significant operational, reputational, legal, and financial risks. It is critical that Fannie Mae continue to monitor counterparty credit risk, particularly given the risk arising from non-depository Seller/Servicers and mortgage insurers. Implementing effective management programs to meet expectations articulated in FHFA Advisory Bulletins for all matters related to counterparty risk management should be a priority.

Sustainability of Financial Performance

Overall, uncertainty remains over the sustainability of earnings given the sensitivity of Fannie Mae's earnings to macro-economic events and changing conditions in the housing market. Although Fannie Mae forecasts it will remain profitable, earnings in future years are expected to decline. This is primarily due to the expectation of lower income from resolution agreements and credit-related income, and continued declines in net interest income given the requirement to reduce the level of mortgage assets held on the balance sheet. Moreover, considerable uncertainty remains with respect to the volatility of Fannie Mae's earnings as small changes in home prices and interest rates can have a significant impact on the Enterprise's large portfolio.

Operations

The level of operational risk remains high and largely reflects the risk posed by execution of Fannie Mae's strategic plan to replace its existing information technology infrastructure. Management has made significant progress in stabilizing the current information technology environment, with improvements in the change management process and reductions in production outages. Further, progress was made in establishing an out-of-region data center that is a critical component for supporting information systems and providing for business continuity in the event of a disaster. As Fannie Mae implements this plan, however, the level of operational risk will remain elevated. Risks associated with the execution, deployment, and integration with the CSP and the move to a Single Security, while addressing ongoing IT infrastructure issues, will also introduce a significant level of inherent operational risk to the organization. Effective project management will be critical to mitigate the operational risk arising from these efforts.

Report of the Annual Examination of Freddie Mac

(Federal Home Loan Mortgage Corporation)

Overall Condition

Freddie Mac's financial performance declined substantially during 2014, principally due to the absence of the $23.3 billion tax benefit realized in 2013 from the release of the deferred tax asset valuation allowance. Reported net income of $7.7 billion in 2014 was substantially below the net income of $48.7 billion reported for 2013 and reflects a more reasonable indication of future earnings capacity. The sources of net income, however, will be different as significant contributors, both positive and negative, largely offset one another in 2014 and are less likely to recur in similar magnitudes in future periods. These items are losses on derivative exposures, including negative interest carry, of $8.3 billion and settlements for private-label securities litigation and representation and warranty claims of $6.4 billion. The diminishing effects of legal settlements, moderating house price gains, and a declining mortgage-related investments portfolio will suppress prospective earnings and perpetuate the trend of heavier reliance on guarantee-fee income to generate earnings. Freddie Mac also continues to operate with a high level of problem mortgage loans and private-label securities acquired from before conservatorship.

Freddie Mac reported positive net worth of $2.7 billion at the end of 2014, $0.9 billion of which represented a dividend obligation to the U.S. Department of the Treasury that was paid on March 31, 2015. Freddie Mac did not request a Treasury draw during 2014, so the cumulative senior preferred stock was unchanged from year-end 2013 at $72.3 billion, as dividend payments do not reduce the outstanding amount. As of December 31, the amount of available funding remaining under the PSPA was $140.5 billion.

The third amendment to the PSPA, effective January 1, 2013, replaced a fixed 10 percent dividend on the senior preferred stock with a sweep of net worth that exceeds a "Capital Reserve Amount," which was established at $3.0 billion in 2013 with mandated declines of $600 million each subsequent year through 2017. Accordingly, the capital reserve for 2015 will be $1.8 billion and decline to zero by January 1, 2018.

In 2014, Freddie Mac significantly changed its overall risk management framework, adopting an approach commonly referred to as the "Three Lines of Defense." This approach is intended to align responsibility and accountability for managing risk by emphasizing the risk management duties of the business units. Numerous risk management functions – and resources – have been transferred from Enterprise Risk Management (ERM) to the business units. As a result, the business areas are now generally responsible for identifying, measuring, monitoring, and managing risks, with ERM and Compliance serving primarily oversight roles as the second line of defense. The third line of defense is the Internal Audit office, which independently assesses the effectiveness of the process created in the first and second lines of defense, and provides assurance of these processes. Although the company has completed a substantial amount of work to implement the changes, critical work remains.

The board of directors and senior management continue to make progress in lowering Freddie Mac's overall risk profile by securitizing or disposing of illiquid assets, conducting credit risk transfer activities, initiating testing of the business continuity plan, and adopting a more advanced risk management framework. The significant organizational changes accompanying the adoption of the risk management framework elevates the Enterprise's risk profile during the transition period from the previous framework. Increasing trading activity in the more liquid asset classes, though consistent with the 2014 Retained Portfolio Plan, also warrants attention.

Corporate Governance

The overall quality of corporate governance is satisfactory. The risk profile for the Enterprise has continued to decrease, due in part to steady oversight by the board and executive management. The board remains adequately informed of material business activities and significant risks. Governance is supported by five board committees, each having sufficient membership and guided by committee charters adequately outlining authorities and responsibilities. The Business and Risk Committee was reorganized into the Risk Committee in 2014, and the change aligns with the Enterprise's risk management framework. The functions for which the risk committee is no longer responsible were transferred to the full board and related reports have been incorporated into board reporting.

The Board and senior management have demonstrated satisfactory commitment to conservator-directed initiatives. The mandate for the Enterprise to develop and interface with the CSP and other FHFA strategic initiatives, however, could increase operational risk due to finite resources, the complexity of the initiatives, and the need for new business processes. These factors, along with uncertainty over the Enterprise's future state, and related external events beyond the control of management, will continue to elevate operational risk and may increase the likelihood of operational incidents.

Credit Risk Management

Asset quality remains a supervisory concern despite a year-over-year improvement in single-family credit metrics. Major sources of credit risk include the high levels of SDQ single-family mortgages and distressed private-label securities, residual risk from modifications and relief refinance activities, ongoing concerns over counterparty credit risk. The increase in servicing by nontraditional servicers, especially those expanding into the loan origination business, highlights the importance of comprehensive credit analysis and strong contingency planning processes.

In 2014, Freddie Mac continued to reduce single-family credit risk through structured debt issuances and insurance transactions, transferring $126 billion in UPB for single-family mortgages (insurance in force) in these deals during 2014. Debt issuances (Structured Agency Credit Risk, or STACR) accounted for $105 billion of the transfers, and three insurance transactions (Agency Credit Insurance Structure) accounted for the remaining $21 billion. The cumulative transactions for 2014 exceeded $90 billion and represents $5.6 billion of risk in force, according to management's calculations.

Counterparty credit risk remains high at Freddie Mac due to exposure to mortgage insurance companies, concentrations in a few large bank and nonbank servicers, and significant operational and regulatory issues. In the event of a servicer failure, it could be extremely difficult for Freddie Mac to transfer these large servicing books in a timely manner to new servicers that have the financial and operational capacity to absorb them. Further, nonbank servicers pose a significant and growing risk due to serious operational and regulatory issues.

Sustainability of Financial Performance

The mandated decrease in size of the mortgage investment portfolio will continue to pressure prospective earnings. This portfolio generates a relatively higher portion of net income compared to the single-family guarantee business and at a fraction of the size. Under the terms of the PSPA and the 2014 Conservatorship Scorecard, the mortgage investment portfolio must decrease by at least 15 percent per year. FHFA will continue to monitor Freddie Mac's initiatives to reduce illiquid assets in a well-controlled and economically sensible manner.

The reliability of risk measures based on uncertain model results remains a concern and inhibits management of interest-rate risk. Prepayment estimation remains difficult as a result of the persistent low interest-rate environment and continues to create challenges in modeling mortgage cash flows, particularly for mortgage investment portfolio assets, such as delinquent and modified loans and private-label securities, and low coupon performing assets. For modified and re-performing loans, the interest rate environment, coupled with the lack of sufficient historical data on these assets, significantly inhibits modeling and risk measurement. As a result, risk measurements are subject to frequent model changes and re-estimation. Basis risk (the risk that the index for a floating-rate asset does not move identically with the index for the supporting floating-rate liability) continues to be the largest risk in the retained mortgage investment portfolio.

Freddie Mac's financial results are subject to significant earnings and net worth volatility due to infrequent events such as legal settlements and business decisions such as the strategy to hedge economic exposure to interest-rate risk with derivatives. For example, 2014 settlements resulting from private-label securities litigation and representation and warranty claims aggregated $6.4 billion, representing more than 50 percent of pre-tax net income. Changes in derivative fair values and negative interest carry attributable to the balance sheet hedging strategy created $8.3 billion in accounting losses for 2014.

Freddie Mac's future earnings prospects are subject to several economic and company-specific risk drivers that could significantly affect profitability. These risks include a large real estate owned portfolio, a backlog of seriously delinquent single-family loans, uncertain house price appreciation, interest rate movements, and a continued decline in mortgage-related investments. Additionally, it is unlikely that future settlements will significantly contribute to earnings.

Operations

Operational risk, including risks associated with information technology systems, remains a concern primarily because of resource requirements and operational complexities of major strategic initiatives (including integration with the CSP), developing information security and privacy protection capabilities, and heightened risk during the transition to the new risk management structure.

Information security is one of the primary operational risks Freddie Mac faces given the proliferation of cyber crimes and the high probability of new cyber attacks targeted at large organizations. Freddie Mac's operational framework is highly complex. Information security within the Enterprise is more important than ever given the pervasiveness of cyber-related threats. In addition to external threats, Freddie Mac faces other challenges that may continue to elevate operational risk and increase the likelihood of significant operational incidents and losses.

Report of the Examinations of the Federal Home Loan Banks

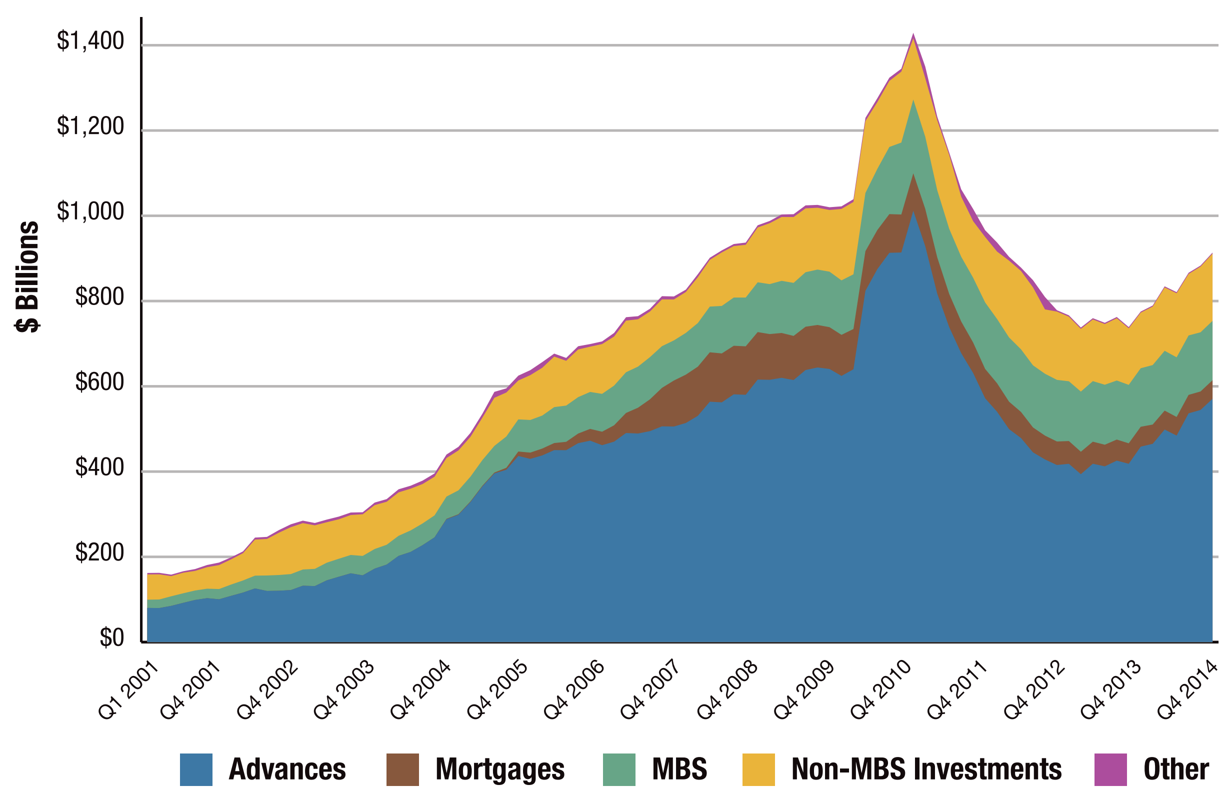
Financial Overview

The FHLBanks saw substantial asset growth in 2014 driven by advances to members. Net income was strong at $2.3 billion, with all FHLBanks reporting positive earnings each quarter.

Total assets increased by $79.1 billion, or 9.5 percent, in 2014 to $913.7 billion. At the end of 2014, aggregate assets had reached their highest quarter-end level since June 30, 2010 (Figure 1). Advances increased by 14 percent, cash and investments increased by 2.8 percent, and mortgages decreased by 1.9 percent. At year-end 2014, the FHLBanks held 62 percent of total assets in advances, 32 percent in cash and investments, and 4.8 percent in mortgages.

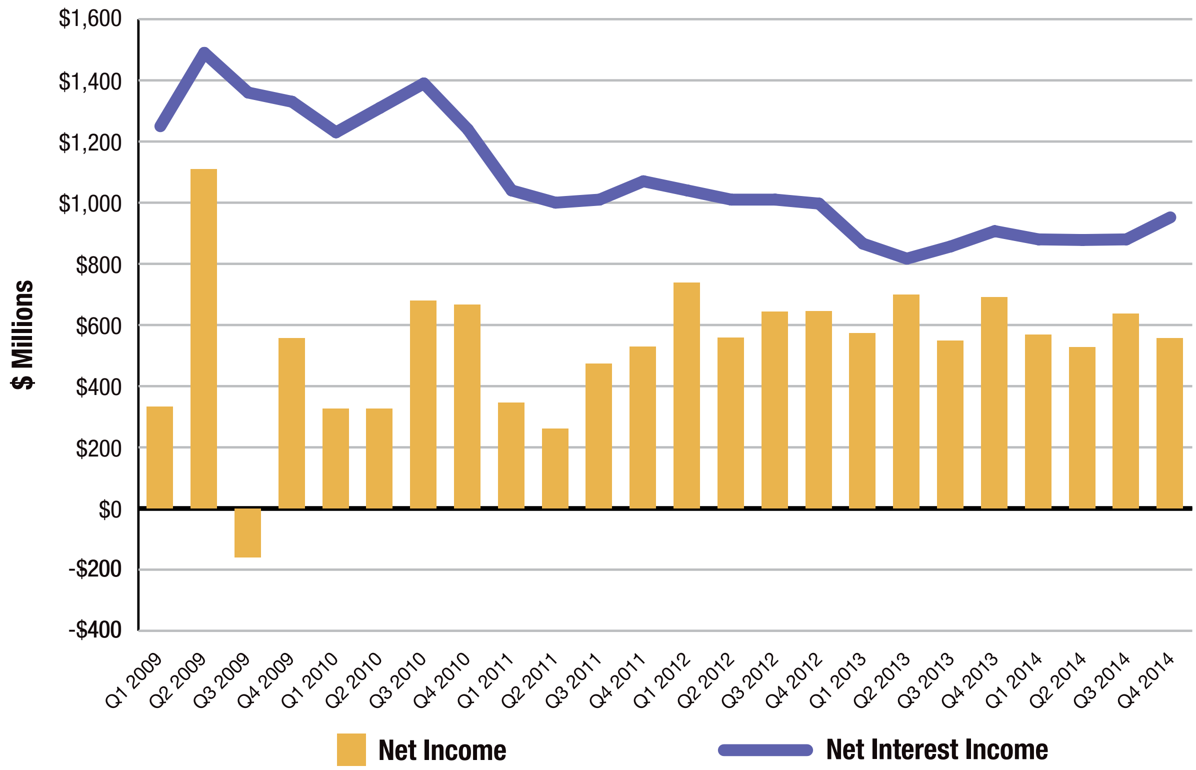
Private-label mortgage-backed securities (MBS) continued to run off, while agency MBS and liquidity investments increased slightly. The aggregate investment portfolio of the FHLBanks consists of 36 percent cash and liquidity,

Figure 1 • Historical Portfolio Composition of the Federal Home Loan Banks



Source: Federal Housing Finance Agency

Figure 2 • Quarterly Net Interest Income and Net Income



Source: Federal Housing Finance Agency

41 percent agency and Ginnie Mae MBS, 6 percent private-label MBS, and 17 percent other investments (principally agency debt securities and federally backed student loan asset-backed securities).

Mortgages declined by 2 percent during 2014 to $43.6 billion at year-end. Nine FHLBanks actively purchase mortgages from their members.

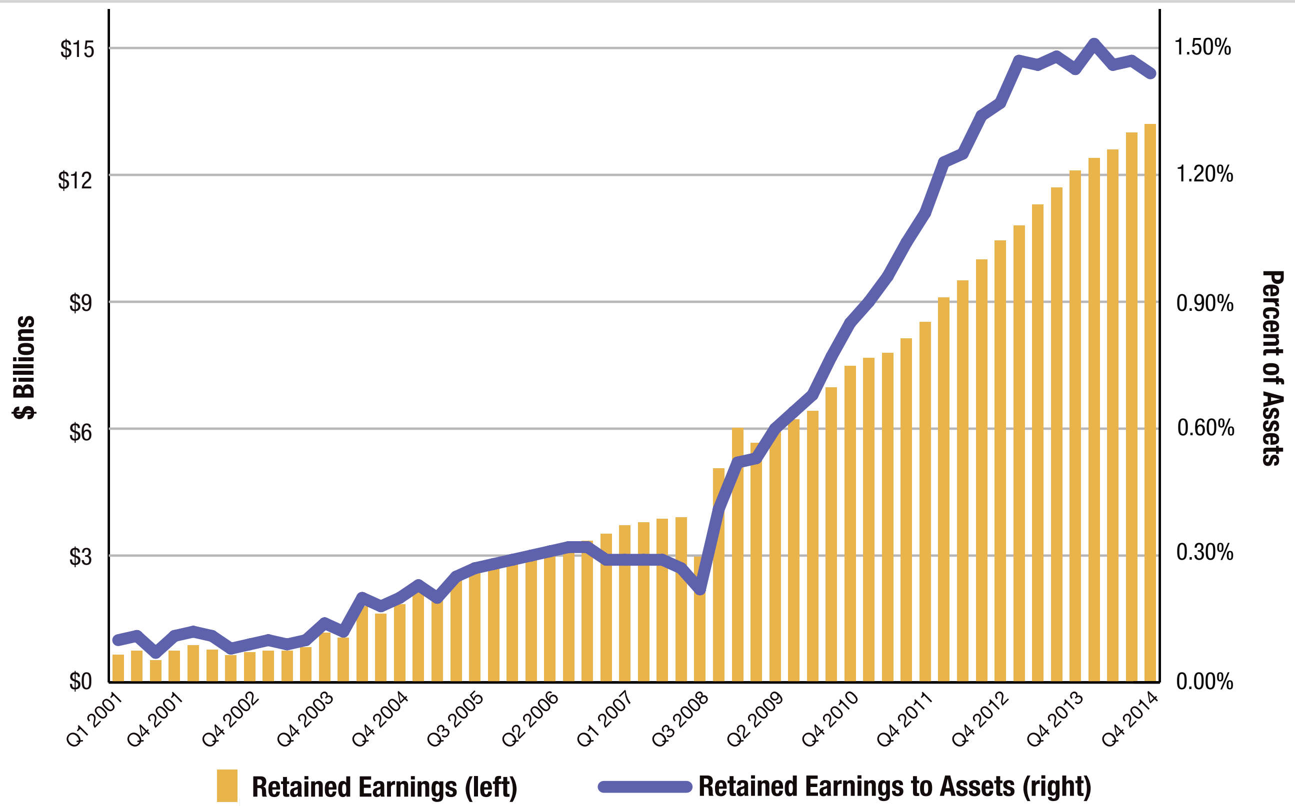
The FHLBanks reported aggregate net income of $2.3 billion in 2014, down from $2.5 billion in 2013 but still the third most profitable year since 2007. For the fifth consecutive year, all 12 FHLBanks were profitable. Earnings were relatively stable despite losses on derivatives, higher operating expenses, and mark-to-market losses on trading securities, as an increase in net interest income was an offsetting factor (Figure 2).

Poor performance of private-label MBS had a much smaller effect on the FHLBanks in 2014 than it had from 2009-2012. In 2014, the FHLBanks recorded impairment charges on these securities of only $14.9 million, marginally lower than the $15.3 million reporting in 2013 but substantially lower than the high of $2.4 billion in 2009. Though subject to risks, legacy private-label MBS assets generally have premium yields and positively contribute to net interest income.

Strong profitability allowed the FHLBanks to continue to build their retained earnings in 2014. Aggregate retained earnings totaled $13.2 billion, or 1.4 percent of assets, at the end of 2014. This includes $1.7 billion in restricted retained earnings associated with the Joint Capital Enhancement Agreement.[8] At year-end 2008, in the immediate aftermath of the financial crisis, the FHLBanks

8 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 JCEA, 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 1 percent of its average consolidated obligations.

Figure 3 • Retained Earnings of the Federal Home Loan Banks



Source: Federal Housing Finance Agency

held only $3.0 billion of aggregate retained earnings, representing 0.2 percent of assets (Figure 3).

At the end of 2014, the FHLBanks had a total of 7,359 members. The membership consisted of 895 savings associations, 4,860 commercial banks, 1,260 credit unions, 304 insurance companies, and 30 non-depository community development financial institutions (CDFIs). Approximately 58 percent of FHLBank members were active borrowers.

FHLBank Advances

The FHLBanks provide long- and short-term advances (loans) to their members. Advances are primarily collateralized by residential mortgage loans and government and agency securities. Community financial institutions[9] may pledge small business, small farm, and small agri-business loans as collateral for advances. Advances are priced at a small spread over comparable U.S. Department of the Treasury obligations.

In 2014, FHLBank advances increased by $72.1 billion, to $570.7 billion, compared to the prior year. The increase marked the third consecutive year of advances growth, following three consecutive years of declines. At year-end 2014, advances reached their highest quarter-end level since March 31, 2010. The increase in advances in 2014 was the largest since 2007, when the liquidity crisis led to significant borrowing. During 2014, 10 of the 12 FHLBanks reported increases in advances. Typically, FHLBank members use advances to fund mortgage portfolios, meet operational liquidity needs or meet other fund-

[9] 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 3 years at or below an established threshold. For calendar year 2014, the CFI asset threshold was $1.108 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.

ing requirements. In recent years, some members may have increased their use of advances to meet higher regulatory liquidity requirements.

Although FHLBank advances have increased in recent years, demand for advances is below the levels experienced during the height of the global financial crisis. Concentration of advances among subsidiaries of large bank holding companies remains a concern. The top four large bank holding companies – Bank of America, Citigroup, J.P. Morgan Chase, and Wells Fargo – accounted for one quarter of aggregate advances at the end of 2014 (Figure 4). Total advances to subsidiaries of these four holding companies increased at a slower pace than in 2013 but still grew by more than $19 billion in 2014.[10] Wells Fargo accounted for the majority of the increase during 2014, borrowing an additional $15.0 billion during the year to increase its advance holdings to $34.1 billion. Citigroup increased advance balances by $5.8 billion during the year to $31.0 billion. After increasing its advances by $44 billion over 2012 and 2013, J.P. Morgan Chase added only 5 percent or $3.2 billion in 2014, bringing its balance to $65.0 billion. Bank of America, after doubling its advances outstanding during 2013, lowered them by $4.8 billion in 2014 to $24.2 billion.

FHLBank Mortgage Programs

The Federal Home Loan Banks also operate programs through which members can sell mortgage loans. Under Acquired Member Assets (AMA) programs, the FHLBanks acquire and hold (on balance sheet) conforming and government guaranteed or insured loans. The AMA programs[11] are structured such that the Federal Home Loan Banks manage the interest-rate risk and the participating member manages a substantial portion of the risks associated with originating the mortgage, including a substantial portion of the credit risk. The two existing AMA programs are Mortgage Partnership Finance (MPF) and Mortgage Purchase Program, under which various products are offered to members with differing credit risk-sharing structures.

FHFA has also authorized off-balance sheet mortgage programs, separate from AMA programs. These off-balance sheet programs provide participating members another alternative to sell mortgage loans, thereby transferring risk and potentially freeing up capital that can be used to expand credit availability in local communities. Under the off-balance sheet programs approved as of the end of 2014, members sell mortgages to the FHLBank of Chicago, which either concurrently sells the loan to an investor or pools the loans into securities guaranteed by Ginnie Mae.

Figure 4 • Total FHLBank Advance Holdings ($ Billions)

Holding Company	2010 Q4	2011 Q4	2012 Q4	2013 Q4	2014 Q4
JP Morgan Chase & Co.	25.2	17.8	42.0	61.8	65.0
Wells Fargo & Company	7.9	2.6	2.2	19.1	34.1
Citigroup Inc.	28.7	15.8	20.4	25.2	31.0
Bank of America Corporation	43.8	26.6	14.4	28.9	24.2
Top 4 Holding Companies	**105.6**	**62.8**	**79.0**	**135.1**	**154.3**
Other Members	358.3	340.4	334.5	357.3	411.9
Aggregate Advances	**463.9**	**403.2**	**413.4**	**492.4**	**566.2**
Top 4 Share	**23%**	**16%**	**19%**	**27%**	**27%**

10 All advances figures for the top four holding companies are par values.

11 To qualify as AMA, assets must meet a three-part test established by the AMA regulation (12 CFR Part 955) which outlines the asset, member nexus, and credit risk-sharing requirements.

Merger of the FHLBanks of Des Moines and Seattle

In July, the FHLBanks of Des Moines and Seattle announced their intention to merge, and in late September, the FHLBanks executed a Definitive Agreement outlining details of the planned merger. In December, FHFA approved the merger application submitted by the two FHLBanks. The members of both FHLBanks voted to ratify the merger agreement and on May 31, 2015 the two FHLBanks combined to form a single entity.

In light of fundamental changes that have occurred in the financial system since the creation of the FHLBank System, FHFA views this merger as consistent with the System's mission and with safety and soundness. In 2011, FHFA adopted a regulation addressing voluntary mergers among the FHLBanks and establishing a regulatory approval process for merging two or more FHLBanks. FHFA continues to work with the new FHLBank to provide clarification on a number of issues related to the merger.

The combination of the FHLBanks of Des Moines and Seattle is the first voluntary merger in the System's history, reducing the total number of FHLBanks to 11. The resulting FHLBank of Des Moines serves 1,471 member financial institutions across 13 states and the U.S. Pacific territories. The combined FHLBank has assets totaling slightly more than $125 billion.

Capital

The FHLBanks' regulatory capital generally consists of the amounts paid by member institutions for FHLBank capital stock and the retained earnings of the FHLBank. The regulatory capital of FHLBanks at December 31 was $49.5 billion, consisting of $33.7 billion of capital stock, $13.2 billion of retained earnings, and $2.6 billion of mandatorily redeemable capital stock, which is a type of capital stock arising from capital stock redemption requests by members or capital stock held by former members. At year-end 2014, more than half of the FHLBank System's mandatorily redeemable stock was at the FHLBank of Seattle. This balance decreased substantially with the merger of that institution with the FHLBank of Des Moines, as the FHLBank of Seattle redeemed a substantial portion of its mandatorily redeemable capital at par value as part of the transaction.

At year-end 2014, all FHLBanks met the minimum regulatory capital ratio of 4 percent of assets. Regulatory capital ratios ranged from 4.4 percent to 8.4 percent and averaged 5.4 percent. All FHLBanks also met their individual risk-based capital requirements. Aggregate retained earnings totaled 1.4 percent of assets at the end of 2014. Retained earnings-to-assets ratios across the FHLBanks ranged from 0.6 percent to 3.3 percent.

Asset Quality

The FHLBanks generally had adequate asset quality, though the FHLBanks of Seattle and San Francisco exhibited elevated levels of credit risk from private-label MBS when compared to their levels of assets and capital. The FHLBank of Dallas needed to improve certain credit risk modeling practices.

While generally improving and accounting for only a small proportion of FHLBank assets, private-label MBS continue to be the most significant credit risk associated with the FHLBanks. At the end of 2014, the aggregate private-label MBS holdings of the FHLBanks totaled $18.4 billion, or 2 percent of assets. Private-label MBS have declined significantly from their nominal peak of $88.0 billion at year-end 2007 and a high of 8.3 percent of assets at year-end 2006. While the credit ratings of the remaining private-label MBS reflect poor credit quality, credit-related impairment charges have slowed substantially. In 2014, the FHLBanks incurred a total of $14.9 million of credit-related impairment on private-label MBS after reaching a high of $2.4 billion of credit impairment in 2009.

While examiners identified areas in which the FHLBanks could improve their oversight and management of member credit, the credit risk of the advances portfolios is generally low. The FHLBanks require members to fully secure advances with eligible collateral before borrowing from the FHLBank. 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 of the collateral, known as a "haircut," based on the FHLBank's assessment of the risk of the asset.

Notwithstanding the low overall risk of advances, some FHLBanks exhibit business concentrations to a few large borrowers and some have large exposures to insurance company members. Lending to insurance companies presents different risks relative to lending to insured depository institutions, in part because each state has its own laws and regulatory framework for insurance companies.

The delinquency rates on the FHLBanks' whole loan mortgage holdings have been low relative to the market. The mortgage loans held by the FHLBanks had a serious delinquency rate of only 1.43 percent at year-end 2014.

Management

The effective management of a 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.

Overall, governance of the FHLBanks was adequate in 2014. Examiners did identify some specific concerns in which governance practices could be improved at two FHLBanks. The concerns related to management turnover at the FHLBank of Dallas and structural transitions at the FHLBank of Seattle. At other FHLBanks, examiners identified risks associated with ineffective lines of reporting, staffing shortages, and training. Examiners also found that some FHLBanks needed to improve their comprehensive risk-management frameworks (ERM), or had business units that needed better integration or compliance with those frameworks.

Earnings

The FHLBanks reported aggregate net income of $2.3 billion in 2014, down from $2.5 billion in 2013 but still the third most profitable year since 2007. They earned a return on assets of 26 basis points in 2014 and return on equity was 5.03 percent. These metrics were down from 32 basis points and 5.82 percent in 2013, but remain strong given the current environment of low interest rates. Many FHLBanks continue to benefit from robust earnings on mortgages and MBS.

While their earnings have generally been strong, some FHLBanks relied on investments to generate income. Approximately 30 percent of FHLBank assets were investments, and at individual FHLBanks the percentage was as high as 68 percent at year-end 2014. Advances are the principal mission asset of the FHLBanks, but some FHLBank districts have low demand or outlook for this asset. Such FHLBanks may find it difficult to remain both focused on mission and maintain enough earning assets to cover operating expenses and remain profitable.

Liquidity

At year-end 2014, the FHLBanks held $107.9 billion of cash and liquidity investments, representing 12 percent of assets. The aggregate liquidity portfolio of the FHLBanks consisted of 24 percent cash, 49 percent federal funds sold, 24 percent reverse repurchase agreements, 2 percent negotiable certificates of deposit, and 1 percent interest-bearing deposits. Typically, cash increases and federal funds sold decrease on the last day of each quarter due to muted demand and low returns in the federal funds market. Average cash balances are much lower and average federal funds sold are much higher during the quarter.

During 2014, all FHLBanks consistently met their liquidity requirements. Additionally, the FHLBanks maintain ready access to the agency debt markets at favorable rates.

Sensitivity to Market Risk

Mortgage assets continue to be the greatest source of market risk for the FHLBanks. Mortgage assets are typically longer-dated instruments than most other FHLBank assets, have less predictable cash flows, and, particularly in the case of private-label MBS, have experienced the greatest swings in market value. Mortgage assets were $182.7 billion or 20.0 percent of total assets at the end of 2014, down slightly from $184.7 billion or 22.1 percent at the end of 2012. FHLBank mortgage assets comprise mortgage loans purchased from member institutions and MBS.

Some FHLBanks with significant mortgage holdings hedge the market risk by extensive use of callable bonds to fund those assets. Other FHLBanks use a more complicated hedging strategy that involves interest-rate swaps, swaptions (options to enter into interest-rate swaps), and options. FHLBanks with floating-rate MBS with embedded interest rate caps tend to use interest-rate caps (a type of derivative) to hedge these positions.

Figure 5 • 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
Boston	127	128	129	**129**	129	128	125
New York	126	124	123	**122**	123	123	122
Pittsburgh	142	137	136	**135**	135	135	134
Atlanta	140	137	137	**137**	137	136	132
Cincinnati	111	114	114	**114**	113	112	108
Indianapolis	156	159	158	**158**	158	157	153
Chicago	276	271	270	**270**	270	270	270
Des Moines	118	121	123	**124**	124	123	120
Dallas	177	173	171	**170**	169	168	163
Topeka	201	200	196	**195**	197	198	196
San Francisco	179	172	169	**168**	167	166	163
Seattle	112	113	114	**114**	114	114	111

The FHLBanks are also exposed to "basis risk," which can arise when the index for a floating-rate asset does not move identically with the index for the supporting floating-rate liability. Different movements of the two index rates will lead to a widening or narrowing of the spread or "basis" between the yield on the asset and the cost of the associated liability.

The System's market value of equity, which is the estimated market value of the System's assets less the market value of its liabilities, is an important indicator of the FHLBanks' 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 a FHLBank's equity should equal or exceed the par value of aggregated FHLBank shares of capital stock.

The aggregate market value ratios of the FHLBanks continued to improve in 2014, highlighting their generally improving financial condition. Market value of equity was 142 percent of the par value of capital stock at year-end 2014, up from 135 percent at the end of 2013. 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 5 shows the ratio at each FHLBank at year-end 2014 and the estimated change to the ratio in certain interest rate change scenarios, which are based on model results provided by the FHLBanks. Most FHLBanks show only modest changes in these interest rate scenarios. The largest increase is 11 percentage points in a down 200 basis point scenario at the FHLBank of San Francisco, and the largest decrease is a 7 percent decline in an up 200 basis point scenario at the FHLBank of Dallas. All FHLBanks report ratios above 100 percent in all six rate-change scenarios.

Risk measurements such as these are estimates based on models. Uncertainty about private-label MBS adjustments related to market risk metrics, prepayment speeds, and the effects of extremely low interest rates at short maturities, all contribute to model risk at the FHLBanks and, therefore, to the uncertainty about these estimates.

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 is adequate at most FHLBanks, FHFA had supervisory concerns at three – the FHLBanks of Seattle, Dallas, and Des Moines. At these and other FHLBanks, examiners identified several areas that exhibited or could exhibit unacceptable operational risks such as outdated IT infrastructure, inadequate operational risk measurement or reporting, the use or reliance on user-developed applications outside of normal application standards and controls, and operational issues related to money transfers. The FHLBanks agreed to take corrective actions in response to FHFA's concerns. FHFA will follow up on these issues during its forthcoming examinations. In many cases, the FHLBanks have already remediated FHFA's concerns or have otherwise begun improvements.

FHLBank Directors Compensation and Expenses

The FHLBanks are governed by boards of directors ranging in size from 14 to 19. 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 for which they serve as directors. The Office of Finance (OF) has a different structure, with five independent directors plus the 12 FHLBank Presidents serving on its board.

Each FHLBank and the OF may pay its directors reasonable compensation for the time required of them, and their necessary expenses, in the performance of their duties. FHLBank Presidents do not receive compensation for their service on the OF board.

Figure 6 • 2014 Annual Maximum Compensation for Federal Home Loan Bank Directors

	Chair	Vice Chair	Audit Committee Chair	Other Committee Chairs	Directors
Atlanta	$ 85,000	$ 80,000	$ 80,000	$ 75,000	$ 65,000
Boston	$ 85,000	$ 72,500	$ 72,500	$ 72,500	$ 65,000
Chicago	$ 90,000	$ 80,000	$ 80,000	$ 75,000	$ 70,000
Cincinnati[a]	$ 98,000	$ 85,000	$ 87,000	$ 84,000	$ 70,000
Dallas	$ 77,500	$ 72,500	$ 72,500	$ 60,000	$ 55,000
Des Moines	$ 90,000	$ 85,000	$ 80,000	$ 75,000	$ 65,000
Indianapolis	$ 110,000	$ 85,000	$ 85,000	$ 85,000	$ 75,000
New York	$ 105,000	$ 90,000	$ 90,000	$ 90,000	$ 80,000
Office of Finance[b]	$ 125,000		$ 100,000		$ 85,000
Pittsburgh	$ 105,000	$ 90,000	$ 90,000	$ 90,000	$ 80,000
San Francisco[c]	$ 100,000	$ 95,000	$ 90,000	$ 90,000	$ 75,000
Seattle	$ 70,000	$ 65,000	$ 65,000	$ 60,000	$ 55,000
Topeka	$ 105,000	$ 95,000	$ 90,000	$ 90,000	$ 80,000
Average	**$ 95,808**	**$ 82,917**	**$ 83,231**	**$ 78,875**	**$ 70,769**
Median	**$ 98,000**	**$ 85,000**	**$ 85,000**	**$ 79,500**	**$ 70,000**

[a] *Members of the audit committee receive an additional $9,500. Members of the Finance and Risk Committee receive an additional $7,000.*

[b] *The Vice Chair and "Other Committee" Chairs at the OF are held by FHLBank presidents who do not receive compensation for their OF director positions.*

[c] *Members of the audit committee receive an additional $5,000.*

Each FHLBank and the OF provides FHFA with its Directors Compensation Policy (Policy), which establishes the maximum compensation for each director, the criteria each director needs to meet in order to receive that compensation, and the timing of payments for the upcoming year. FHFA reviews each Policy to ensure that it meets FHFA's corporate governance requirements, including provisions for reducing compensation if a director does not participate in a sufficient number of meetings or is not 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 for 2014, 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 five FHLBanks for a total of six individual directors.

Figure 6, on page 25, shows the maximum compensation available to the directors at each FHLBank and the OF for 2014.

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 2014, FHFA requested that the FHLBanks submit directors' expenses in more detail. Figure 7 below shows the expense per director and the total expense for each 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.

Spouse/guest expenses include travel expenses reimbursed to the director and the cost of group events offered to

Figure 7 • 2014 Federal Home Loan Bank Director Expenses

Federal Home Loan Bank	Board Expenses Attributable to Directors		Spouse/ Guest Expenses		Director Training Expenses		Other Director Expenses (if any)		Group Expenses	
	Average	Total	Average	Total	Average	Total	Average	Total	Average	Total
Atlanta	$ 8,495.48	$118,936.73	$ 779.15	$ 10,908.15	$ 4,288.49	$ 60,038.84	$ 684.78	$ 9,586.97	$ 8,369.34	$ 117,170.70
Boston	$ 5,782.35	$ 86,735.30	$ 479.11	$ 7,186.64	$ 702.58	$ 10,538.77	$ 450.98	$ 6,764.63	$ 1,928.86	$ 28,932.85
Chicago	$ 8,063.79	$ 137,084.49	$ 1,239.02	$ 21,063.27	$ 1,629.25	$ 27,697.33	$ 0.00	$ 0.00	$ 2,218.07	$ 37,707.19
Cincinnati	$ 8,738.45	$ 148,553.58	$ 1,883.10	$ 32,012.78	$ 2,349.99	$ 39,949.76	$ 479.37	$ 8,149.32	$ 2,499.34	$ 42,488.71
Dallas	$ 8,865.48	$ 150,713.12	$ 819.40	$ 13,929.77	$ 628.14	$ 10,678.43	$ 0.00	$ 0.00	$ 3,692.01	$ 62,764.21
Des Moines	$ 9,460.03	$ 141,900.51	$ 776.29	$ 11,644.31	$ 665.47	$ 9,982.05	$ 1,359.72	$ 20,395.77	$ 5,471.87	$ 82,078.04
Indianapolis	$ 10,422.60	$ 177,184.19	$ 2,332.81	$ 39,657.74	$ 3,301.89	$ 56,132.10	$ 814.41	$ 13,845.03	$ 7,514.53	$ 127,747.03
New York	$ 7,841.76	$ 148,993.53	$ 1,609.75	$ 30,585.19	$ 1,024.23	$ 19,460.46	$ 776.21	$ 14,748.01	$ 774.63	$ 14,717.93
Office of Finance*	$ 6,300.80	$ 31,504.00	$ 0.00	$ 0.00	$ 3,238.00	$ 16,190.00	$ 2,213.20	$ 11,066.00	$ 10,359.00	$ 51,795.00
Pittsburgh	$ 7,621.76	$ 121,948.09	$ 857.35	$ 13,717.53	$ 2,945.87	$ 47,133.92	$ 919.84	$ 14,717.44	$ 5,009.10	$ 80,145.57
San Francisco	$ 8,849.86	$ 123,898.00	$ 331.21	$ 4,637.00	$ 3,409.07	$ 47,727.00	$ 1,189.79	$ 16,657.00	$ 2,834.29	$ 39,680.00
Seattle	$ 6,913.52	$ 96,789.22	$ 268.57	$ 3,760.00	$ 5,462.63	$ 76,476.76	$ 1,005.83	$ 14,081.68	$ 3,096.48	$ 43,350.70
Topeka	$ 7,699.32	$ 115,489.83	$ 3,256.53	$ 48,847.99	$ 2,445.31	$ 36,679.70	$ 866.33	$ 12,994.95	$ 2,245.53	$ 33,683.01
Total (all Directors)	**$ 105,055.20**	**$1,599,730.59**	**$ 14,632.29**	**$ 237,950.37**	**$ 32,090.93**	**$ 458,685.12**	**$ 10,760.46**	**$ 143,006.80**	**$ 56,013.04**	**$ 762,260.94**
Average	**$ 8,081.17**	**$ 123,056.20**	**$ 1,125.56**	**$ 18,303.87**	**$ 2,468.53**	**$ 35,283.47**	**$ 827.73**	**$ 11,000.52**	**$ 4,308.70**	**$ 58,635.46**
Median	**$ 8,063.79**	**$ 123,898.00**	**$ 819.40**	**$ 13,717.53**	**$ 2,445.31**	**$ 36,679.70**	**$ 814.41**	**$ 12,994.95**	**$ 3,096.48**	**$ 43,350.70**

** Group expenses for the Office of Finance covers the full board including the 12 FHLBank Presidents.*

Figure 8 • 2014 Federal Home Loan Bank Director Compensation and Expenses

Federal Home Loan Bank	Number of Directors	Total Director Compensation Earned (Cash + Deferred Compensation)		Total Director Expenses (All expenses including spouse, training, group and other)		Total Director Cost (Total Compensation + Total Expenses)	
		Average	Total	Average	Total	Average	Total
Atlanta	14	$ 71,480	$ 1,000,714	$ 22,617	$ 316,641	$ 94,097	$ 1,317,356
Boston	15	$ 70,083	$ 1,051,250	$ 9,344	$ 140,158	$ 79,427	$ 1,191,408
Chicago	17	$ 73,235	$ 1,245,000	$ 13,150	$ 223,552	$ 86,385	$ 1,468,552
Cincinnati	17	$ 83,176	$ 1,414,000	$ 15,950	$ 271,154	$ 99,127	$ 1,685,154
Dallas	17	$ 57,176	$ 972,000	$ 14,005	$ 238,086	$ 71,182	$ 1,210,086
Des Moines	15	$ 72,333	$ 1,085,000	$ 17,733	$ 266,001	$ 90,067	$ 1,351,001
Indianapolis	17	$ 81,176	$ 1,380,000	$ 24,386	$ 414,566	$ 105,563	$ 1,794,566
New York	19	$ 83,538	$ 1,587,224	$ 12,027	$ 228,505	$ 95,565	$ 1,815,729
Office of Finance	5	$ 83,411	$ 417,056	$ 22,111	$ 110,555	$ 105,522	$ 527,611
Pittsburgh	16	$ 85,727	$ 1,371,635	$ 17,354	$ 277,663	$ 103,081	$ 1,649,298
San Francisco	14	$ 87,159	$ 1,220,221	$ 16,614	$ 232,599	$ 103,773	$ 1,452,820
Seattle	14	$ 58,276	$ 815,860	$ 16,747	$ 234,458	$ 75,023	$ 1,050,319
Topeka	15	$ 85,333	$ 1,280,000	$ 16,513	$ 247,695	$ 101,846	$ 1,527,695
Total (all Directors)		**$ 992,105**	**$ 14,839,960**	**$ 218,552**	**$ 3,201,634**	**$ 1,210,657**	**$ 18,041,594**
Average		**$ 76,316**	**$ 1,141,535**	**$ 16,812**	**$ 246,280**	**$ 93,127**	**$ 1,387,815**
Median		**$ 81,176**	**$ 1,220,221**	**$ 16,614**	**$ 238,086**	**$ 95,565**	**$ 1,452,820**

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.

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 a FHLBank-related event such as 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 8 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[12]

At year-end, the FHLBank of Boston was the eighth largest FHLBank, with assets of $55.1 billion. Its balance sheet consisted of 60.8 percent advances, 6.3 percent mortgages, and 32.7 percent cash and investments. MBS investments totaled $8.0 billion, of which $1.1 billion were private-label MBS. Approximately 86.8 percent of private-label MBS were below investment-grade. Advances have declined to $33.5 billion from a peak of $56.9 billion in 2008, but have increased from the 2012 low of $20.7 billion. Roughly $20.6 billion of advances had a remaining maturity of less than one year. Funding through consolidated obligations totaled $50.8 billion and comprised 49.8 percent discount notes and 50.2 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $32.0 billion.

The FHLBank reported net income of $150 million for the year, the seventh highest net income of the FHLBanks. Return on assets was 0.29 percent. Net interest income totaled $213 million. Interest income on MBS totaled $185 million and represented 33 percent of total interest income. The FHLBank's net interest spread of 0.36 percent was the seventh highest in the System and decreased from 0.56 percent in 2013. Its yield on advances of 0.79 percent was the highest in the System, and its cost of funds on consolidated obligations of 0.71 percent was the second highest in the System. Operating expenses of $57.5 million were the ninth highest of the FHLBanks in nominal terms and seventh when compared with total assets at 0.10 percent.

The FHLBank's regulatory capital ratio was 6.56 percent, the third highest among the FHLBanks. It had the fifth highest retained earnings in nominal terms at $0.9 billion and fifth highest when compared to required risk-based capital at 141.5 percent. The FHLBank's market value of equity was 129.3 percent of the par value of its member capital stock. Excess stock (as capital stock that members owned above their membership and activity requirements) totaled $0.6 billion.

The FHLBank had 449 members at year-end 2014: 55 commercial banks, 199 thrifts, 159 credit unions, 32 insurance companies, and 4 non-depository CDFIs. The FHLBank's ten largest borrowers held 46 percent of total advances.

At the time of its July examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory. Examination conclusions reflected satisfactory resolution of prior examination findings. FHFA found that the FHLBank needed to improve the measurement of operational risk and that it needed to improve the segregation of duties in certain information technology development functions. FHFA also recommended several enhancements to risk modeling policies and procedures.

[12] This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Boston supplemented by year-end financial information.

District 2 • The Federal Home Loan Bank of New York[13]

At year-end, the FHLBank of New York was the second largest FHLBank with assets of $132.8 billion. Its balance sheet consisted of 74.4 percent advances, 23.8 percent cash and investments, and 1.6 percent mortgages. Advances of $98.8 billion represented 74.4 percent of total assets – the highest ratio in the FHLBank System. The FHLBank held a small portfolio of private-label MBS, totaling $339 million, or 0.3 percent of assets.

The FHLBank reported consistently positive earnings and net income of $315 million for the year, the second highest net income of the FHLBanks. Net interest income totaled $445 million. Advances provided 57.2 percent of interest income, investments 34.2 percent of interest income, and mortgages 8.6 percent of interest income. These figures compared with System averages of 32.5 percent, 46.3 percent, and 21.2 percent, respectively. Return on average assets was 0.25 percent, essentially equal to the System average of 0.26 percent. Return on average equity was 4.88 percent versus a System average of 5.03 percent. Operating expenses represented 19.4 percent of net interest income, lower than the System average of 26.0 percent. Funding through consolidated obligations totaled $123.6 billion and comprised 40.5 percent discount notes and 59.5 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $90.8 billion.

The FHLBank held $6.7 billion of regulatory capital, consisting of $5.6 billion in capital stock, $1.1 billion in retained earnings and $19 million in mandatorily redeemable capital stock. The FHLBank's permanent capital to risk-based capital ratio, at 10.6 times, was the highest in the System. The FHLBank paid dividends on a cash basis at an average rate of 4.19 percent in 2014, while adding $84 million to retained earnings. Retained earnings consisted of $863 million of unrestricted retained earnings and $220 million of restricted retained earnings and were equivalent to 171 percent of its risk-based capital requirement – well above the System average of 109 percent.

The FHLBank had 332 members at year-end 2014: 145 commercial banks, 94 thrifts, 84 credit unions, 7 insurance companies, and 2 non-depository CDFIs. Commercial banks held 51 percent of advances, thrifts 30 percent, insurance companies 17 percent, and credit unions 2 percent. The FHLBank's ten largest borrowers held 73 percent of total advances.

At the time of its July examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory. The key factors that affected the FHLBank's overall satisfactory condition included a relatively high ratio of advances to total assets, minimal exposure to private-label MBS, and a strong risk-adjusted capital position. However, FHFA found that the FHLBank's internal controls lacked sufficiency to ensure the accuracy and reliability of derivative value estimates. In addition, the FHLBank's model risk management did not meet the supervisory expectations in FHFA's Advisory Bulletin 2013-07: Model Risk Management Guidance. The examination further identified data coding and logic flaws in the FHLBank's insurance company credit models that required management's attention to ensure accurate and useful model output.

13 This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of New York supplemented by year-end financial information.

District 3 • The Federal Home Loan Bank of Pittsburgh[14]

At year-end, the FHLBank of Pittsburgh was the fifth largest FHLBank, with assets of $85.7 billion. Its balance sheet consisted of 74.0 percent advances, 3.7 percent mortgages, and 22.2 percent cash and investments. MBS investments totaled $8.1 billion, of which $1.7 billion were private-label MBS. Approximately 81.4 percent of this private-label MBS were below investment-grade. Advances with a remaining maturity of less than one year totaled $29.4 billion. Advances rebounded to $63.4 billion after declining to $29.7 billion in 2010 from a peak of $73.5 billion in 2008. Funding through consolidated obligations totaled $80.8 billion and comprised 45.9 percent discount notes and 54.1 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $52.1 billion.

The FHLBank reported net income of $256 million for the year, the fourth highest of the FHLBanks. Return on assets was 0.36 percent. Net interest income totaled $287 million. Interest income on MBS totaled $181 million and represented 28.9 percent of total interest income. The FHLBank's net interest spread of 0.37 percent was the sixth highest in the System and increased from 0.28 percent in 2013. The yield on advances of 0.54 percent was among the middle third of the FHLBanks, and the cost of funds on consolidated obligations of 0.52 percent was also in the middle third. Operating expenses of $70 million were sixth highest amongst FHLBanks in nominal terms but ranked fifth lowest when compared to total average assets at 0.10 percent.

The FHLBank's regulatory capital ratio was 4.53 percent, the third lowest among the FHLBanks. Its retained earnings were the sixth highest amongst FHLBanks in nominal terms at $838 million and represented 98.8 percent of the FHLBank's risk-based capital requirement. The FHLBank's market value of equity was 135.3 percent of the par value of its member capital stock. Excess stock, that is, capital stock that members owned above their membership and activity requirements, totaled a modest $12 million, of which just $1 million was mandatorily redeemable.

The FHLBank had 304 members at year-end 2014: 179 commercial banks, 72 thrifts, 42 credit unions, 10 insurance companies, and one non-depository CDFI. The FHLBank's ten largest borrowers held 83 percent of total advances.

At the time of its January examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory. Examination conclusions reflected satisfactory resolution of prior examination findings. The FHLBank's methodology for determining an appropriate level of retained earnings required improvement. In addition, the FHLBank lacked an adequate process for quantifying its level of operational risk. The examination also noted that inadequate internal controls and inattentive oversight led to the FHLBank not meeting a quality control sampling target for mortgage loans that it purchased.

14 This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Pittsburgh supplemented by year-end financial information.

District 4 • The Federal Home Loan Bank of Atlanta[15]

At year-end, the FHLBank of Atlanta was the largest FHLBank, with assets of $138.3 billion. Its balance sheet consisted of 72.0 percent advances, 27.1 percent cash and investments, and 0.5 percent mortgages. MBS investments totaled $19.1 billion, of which $3.4 billion were private-label MBS. Approximately 86.5 percent of private-label MBS were below investment-grade. Advances totaled $99.6 billion at year-end, up 11.2 percent from 2013. Approximately $57.7 billion of advances had a remaining maturity of less than one year. Funding through consolidated obligations totaled $129.3 billion and comprised 28.8 percent discount notes and 71.2 percent bonds.

The FHLBank reported net income of $271 million for the year, the third highest net income of the FHLBanks. Although the FHLBank's nominal net income puts it in the top quartile of FHLBanks, its profitability metrics, including net interest spread and return on assets, trailed System averages due to its higher relative volume of advances. Investments contributed to income in an outsized manner, totaling $449 million, and representing 66 percent of total interest income. Operating expenses have been flat compared to one year ago in both absolute and percentage terms. Operating expenses totaled $114 million, or 0.09 percent of average assets compared to a System average ratio of 0.11 percent of assets.

The FHLBank's regulatory capital ratio was 5.00 percent, which was below the System average of 5.42 percent. Its retained earnings were the third highest of any FHLBank in nominal terms at $1.7 billion, which equates to approximately 82.6 percent of required risk-based capital. The FHLBank's market value of equity was 137.2 percent of the par value of its member capital stock. Excess stock was negligible because the FHLBank redeems such stock daily.

The FHLBank had 954 members at year-end 2014: 655 commercial banks, 180 credit unions, 101 thrifts, 16 insurance companies, and 2 non-depository CDFIs. The FHLBank's ten largest borrowers held 75 percent of total advances.

At the time of its January examination, FHFA concluded that the FHLBank's overall condition and operations were satisfactory. Asset quality was satisfactory and credit risk within the FHLBank's small legacy portfolio of private-label MBS and mortgage loans remained moderate. Adversely classified asset volumes declined due to principal pay downs. Model validation governance and oversight needed improvement. The FHLBank's new member approval procedures were insufficient to ensure compliance with applicable regulations; however, weaknesses did not result in member eligibility issues. The FHLBank satisfactorily resolved all prior examination findings.

15 This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Atlanta supplemented by year-end financial information.

District 5 • The Federal Home Loan Bank of Cincinnati[16]

At year-end, the FHLBank of Cincinnati was the third largest FHLBank, with assets of $106.6 billion. Its balance sheet consisted of 66.0 percent advances, 6.6 percent mortgages, and 27.3 percent cash and investments. MBS investments totaled $14.7 billion with no private-label MBS. Advances of $14.1 billion had a remaining maturity of less than one year. Advances increased by $5.1 billion from the prior year-end to $70.4 billion. Funding through consolidated obligations totaled $100.4 billion and comprised 41.1 percent discount notes and 58.9 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $73.7 billion.

The FHLBank reported net income of $244 million for the year, the fifth highest net income of the FHLBanks. Return on assets was 0.24 percent. Net interest income totaled $318 million. Interest income on MBS totaled $343 million and represented 37.8 percent of total interest income. The FHLBank's net interest spread of 0.28 percent was one of the lowest in the System and decreased from 0.31 percent in 2013 and 0.40 percent in 2012. Its yield on advances of 0.48 percent was among the bottom third of the FHLBanks, and its cost of funds on consolidated obligations of 0.62 percent was in the third highest quartile in the System. Operating expenses of $54 million were the second lowest of any FHLBank in nominal terms and ranked lowest when compared to total assets at 0.05 percent.

The FHLBank's regulatory capital ratio was 4.71 percent and fourth lowest among the FHLBanks. Its retained earnings were the third lowest of any FHLBank in nominal terms at $689 million but fifth highest when compared to required risk-based capital at 143.0 percent. The FHLBank's market value of equity was 113.6 percent of the par value of its member capital stock. Capital stock that members owned above their membership and activity requirements totaled $945 million, of which just $63 million was mandatorily redeemable.

The FHLBank had 705 members at year-end 2014: 441 commercial banks, 102 thrifts, 120 credit unions, 38 insurance companies, and 4 non-depository CDFIs. The FHLBank's ten largest borrowers held 84 percent of total advances.

At the time of its April examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory. Strong liquidity and a satisfactory level of earnings and capital positioned the FHLBank well for potentially adverse business or economic conditions. Risk management practices remained generally satisfactory. Primary concerns related to staffing of the FHLBank's treasury department; identification, measurement and reporting of operational risk; and enhancement to and transparency of the retained earnings target methodology. The board and management did an effective job of addressing regulatory issues as evidenced by the satisfactory resolution of all findings from the prior examination.

16 This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Cincinnati supplemented by year-end financial information.

District 6 • The Federal Home Loan Bank of Indianapolis[17]

At year-end, the FHLBank of Indianapolis was the ninth largest FHLBank with assets of $41.9 billion. Its balance sheet consisted of 49.7 percent advances, 16.3 percent mortgages, and 33.7 percent cash and investments. The FHLBank's proportion of mortgage loans to assets was the second highest among the FHLBanks, and its proportion of advances to assets was the fourth lowest. MBS investments totaled $7.1 billion, of which $514 million were private-label MBS. Although 87.7 percent of private-label MBS were below investment-grade, they represented only 1.1 percent of assets. Approximately 35.9 percent of the FHLBank's $20.6 billion advances outstanding had a remaining maturity of less than one year. Advances have declined from a peak of $31.9 billion in 2008. Funding through consolidated obligations totaled $38.1 billion, which consisted of 33.0 percent discount notes and 67.0 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $24.3 billion.

The FHLBank reported net income of $117 million for the year, the fourth lowest net income of the FHLBanks. Total interest income of $495 million comprised $108 million in advances income, $156 million in investments income, and $231 million in acquired mortgage loan income. Income from acquired mortgage loans represented 46.7 percent of total interest income. The proportion of income from advances to total interest income was 21.7 percent, the second lowest proportion of any FHLBank. The FHLBank's net interest spread of 0.40 percent was the fourth highest of any FHLBank, and its return on assets of 0.30 percent ranked third highest. Its yield on advances of 0.58 percent was consistent with the average of the FHLBanks, and its cost of funds on consolidated obligations of 0.89 percent was the second highest. Operating expenses of $62 million were the fifth lowest of any FHLBank in nominal terms, but third highest when compared to total assets at 0.16 percent.

The FHLBank's regulatory capital ratio was 5.60 percent, the fifth highest among the FHLBanks. Its retained earnings were the seventh highest of any FHLBank in nominal terms ($778 million) and also when compared to required risk-based capital (137.2 percent). The FHLBank's market value of equity was 157.7 percent of the par value of its member capital stock. Excess stock totaled $517 million, of which $16 million was mandatorily redeemable.

The FHLBank had 395 members at year-end 2014: 195 commercial banks, 108 credit unions, 51 insurance companies, 39 thrifts and 2 non-depository CDFIs. Insurance company advances represented 62.3 percent of the FHLBank's advances outstanding. The FHLBank's ten largest borrowers held 58 percent of total advances.

At the time of its September examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory. The examination observed that risk related to significant organizational changes, key management turnover, and implementation of a core banking system warranted the ongoing attention of the board and management. In addition, the FHLBank needed to enhance the measurement and reporting of several key market risks and improve its market risk limit structure. Further, the FHLBank's governance practices related to its market and credit risk models needed improvement.

[17] This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Indianapolis supplemented by year-end financial information.

District 7 • The Federal Home Loan Bank of Chicago[18]

At year-end 2014, the FHLBank of Chicago was the seventh largest FHLBank, with assets of $71.8 billion. Its balance sheet consisted of 45.2 percent advances, 8.4 percent mortgages, and 46.0 percent cash and investments. MBS investments totaled $18.4 billion, of which $1.1 billion were private-label MBS. Private-label MBS constituted only 1.5 percent of total assets. Advances increased 38 percent in 2014. The increase was due to a special advance program that featured lower than normal activity capital stock for advances with maturities of one year or greater. As a result, approximately $25.2 billion or 78.1 percent of advances had remaining maturities of greater than one year. Funding through consolidated obligations totaled $65.3 billion, which consisted of 47.6 percent discount notes and 52.4 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $34.6 billion.

The FHLBank reported the highest net income in the System at $392 million for the year, up 14.5 percent from $342 million in 2013. The FHLBank's return on assets (0.55 percent), net interest spread (0.66 percent), and return on equity (9.35 percent) were the highest in the System. The FHLBank's large investment portfolio generated most of the FHLBank's earnings. The yield on investments of 2.22 was the highest in the System and compared favorably to the System average of 1.26 percent. Earnings also benefited from the replacement of older high-cost debt with new consolidated obligations at rates reflecting a lower current interest rate environment. Operating expenses of $114 million were the second highest in the System. The FHLBank's role as the System's MPF program provider continued to contribute to the higher operating expense levels.

At year-end 2014, the regulatory capital ratio of 6.01 percent well exceeded the 4.00 percent regulatory requirement. High earnings and a reasonable dividend payout ratio of 3.6 percent of earnings allowed the FHLBank to continue to increase retained earnings. The FHLBank pays the third lowest annual dividend rate in the System. The FHLBank holds the highest level of retained earnings in the System at $2.4 billion, which comprise 3.4 percent of total assets, also the highest in the System.

The FHLBank had 751 members at year-end 2014: 553 commercial banks, 101 thrifts, 63 credit unions, 32 insurance companies, and 2 non-depository CDFIs. The FHLBank's ten largest borrowers held 75 percent of total advances.

At the time of its September examination, FHFA concluded that the FHLBank's overall condition had improved and was satisfactory. The FHLBank had an improved financial condition, strong earnings and capital base, reduced credit risk as a result of run-off of the private-label MBS portfolio, and adequate overall board and management response to supervisory concerns. However, the FHFA noted weaknesses in: the operational risk framework, including vendor management; MPF risk management and governance; model risk management; and collateral haircuts and verifications. In addition, the FHLBank had not sufficiently segregated responsibilities of risk assumption and risk control in MPF risk management. The FHLBank also needed to enhance model inventory accuracy, adopt and implement consistent model classification criteria, and develop key model performance tracking criteria. Collateral verifications did not comply with FHFA regulatory requirements.

[18] This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Chicago supplemented by year-end financial information.

District 8 • The Federal Home Loan Bank of Des Moines[19]

At year-end, the FHLBank of Des Moines was the fourth largest FHLBank, with assets of $95.5 billion. The balance sheet consisted of 68.2 percent advances, 6.9 percent mortgages, and 24.7 percent cash and investments. MBS investments totaled $12.3 billion, with negligible investments in private-label MBS. Advances with a remaining maturity of less than one year totaled $8.0 billion. Advances increased substantially during 2014, and totaled $65.2 billion, an increase of 42.8 percent. Funding through consolidated obligations totaled $90.1 billion and comprised 64.1 percent discount notes and 35.9 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $76.2 billion.

The FHLBank's reported net income of $121 million for the year ranked eighth among the FHLBanks. Return on assets was 0.14 percent, ranking last in comparison with other FHLBanks. Net interest income totaled $253 million. Interest income on investments totaled $187 million, representing 27.9 percent of total interest income. The FHLBank's net interest spread of 0.28 percent was among the lower spreads in the System. The FHLBank's yield on advances was 0.45 percent, and its cost of funds on consolidated obligations was 0.53 percent, consistent with the System average. Operating expenses of $55 million were third lowest in the System in nominal terms, and second lowest as a percentage of total assets at 0.07 percent.

The FHLBank's regulatory capital ratio was 4.41 percent, the second lowest ratio among all of the FHLBanks. While the regulatory capital ratio was low compared to the System, the FHLBank held little excess stock. The FHLBank had retained earnings totaling $720 million and continued to build retained earnings through contributions from current income. Its market value of equity was 123.8 percent of the par value of member capital stock.

The FHLBank had 1,156 members at year-end 2014: 942 commercial banks, 48 thrifts, 110 credit unions, 55 insurance companies, and 1 non-depository CDFI. The FHLBank's ten largest borrowers held 74 percent of total advances.

At the time of its July examination, FHFA concluded that the FHLBank's overall condition and operations were satisfactory. The examination noted that the FHLBank needed to further enhance its interest rate risk management practices. The FHLBank continued to experience elevated operational risk, particularly in information technology because of an ongoing multiyear IT conversion project and related IT staffing and operational risk challenges. The FHLBank's significant credit concentration to one large commercial bank member as well as the high exposure to insurance company advances required the board and management to continually evaluate potential risks in these areas.

In September, the boards of directors of the FHLBanks of Seattle and Des Moines approved an agreement to merge the two FHLBanks, with the FHLBank of Des Moines designated as the remaining FHLBank. FHFA approved a joint merger application in December and the two FHLBanks combined on May 31, 2015. The combined FHLBank has approximately 1,500 members and serves a territory that includes 13 states and the U.S. Pacific territories.

19 This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Des Moines supplemented by year-end financial information.

District 9 • The Federal Home Loan Bank of Dallas[20]

At year-end, the FHLBank of Dallas was the third smallest of the 12 FHLBanks with $38.0 billion in total assets. The FHLBank held $18.9 billion in advances (49.8 percent of assets), $18.9 billion in cash and investments (49.8 percent of assets), and $72 million in mortgage loans (0.19 percent of assets). Advance balances, which had been in decline since 2008, increased approximately $3.0 billion from the prior year-end. The FHLBank had a small portfolio of private-label MBS, totaling $142 million or 0.3 percent of assets. Funding through consolidated obligations totaled $35.2 billion and comprised 54.3 percent discount notes and 45.7 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $25.4 billion.

The FHLBank reported net income of $49 million for the year, the lowest net income of all FHLBanks. The return on assets ratio was 0.14 percent, which was below the System's average of 0.26 percent. Operating expenses were $70.0 million or 0.20 percent of average total assets, which was among the highest operating expense ratios in the System. Though the FHLBank took steps to reduce certain operating expenses, its operating expenses to net interest income ratio (efficiency ratio) remained high at 58.0 percent when compared to the System average of 26.0 percent. Furthermore, the FHLBank has been restructuring its operations, which will require incurring additional operating expenses. In 2014, operating expenses were affected by higher than average legal fees, which might subside in 2015.

The FHLBank held $1.9 billion in regulatory capital, which comprised $1.2 billion in capital stock and $700 million in retained earnings. The FHLBank's ratio of permanent capital to required risk-based capital stood at 5.5, the third highest in the System. Retained earnings consisted of $650 million in unrestricted retained earnings and $50 million in restricted retained earnings and were equivalent to 202 percent of the risk-based capital requirement, compared to the System average of 109 percent. The FHLBank's market value of equity was 170.0 percent of its par value of capital stock .

The FHLBank had 861 members at year-end: 655 commercial banks, 103 credit unions, 68 thrifts, 31 insurance companies, and 4 non-depository CDFIs. Management continued to focus on increasing insurance membership and borrowings. The FHLBank's ten largest borrowers held 39 percent of total advances.

At the time of its April examination, FHFA had supervisory concerns about the FHLBank. The FHLBank had a high level of management turnover, lacked a comprehensive and effective enterprise risk management function, and had insufficiently detailed committee charters, which negatively affected the FHLBank. The FHLBank's operating expenses continued to be a cause for supervisory concern. Revenues from high quality, mission-related activities were largely insufficient to support the FHLBank's operations and build retained earnings. Further, the FHLBank lacked an effective and comprehensive operational risk framework that sets tolerances and identifies, measures, controls, and reports operational exposures across the FHLBank. Lastly, management needed to improve market risk management. The FHLBank had high reported market value of equity sensitivity to rising rates at the prior year-end.

[20] This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Dallas supplemented by year-end financial information.

District 10 • The Federal Home Loan Bank of Topeka[21]

At year-end, the FHLBank of Topeka was the second smallest FHLBank with total assets of $36.9 billion. Its balance sheet consisted of 49.7 percent advances, 33.0 percent cash and investments, and 16.9 percent mortgages. Advances increased from the prior year-end by 5.0 percent to $18.3 billion. Cash and investments increased 16.8 percent to $12.2 billion. Mortgage-backed securities declined, but liquidity investments increased significantly. The FHLBank's ratio of mortgages to total assets remained the highest in the System. The portfolio grew by 4.7 percent in 2014. Commensurate with growth in advances, investments, and mortgages, funding from consolidated obligations rose to $34.4 billion. Bonds remained stable at $20.2 billion, but discount notes increased 30.6 percent to $14.2 billion.

The FHLBank reported net income of $106 million in 2014, down from $119 million in 2013 and $110 million in 2012. Return on average assets of 0.30 percent was higher than the System average of 0.26 percent. Net interest income totaled $227 million in 2014, up slightly from $216 million in 2013. Active debt management that lowered interest expense and the large portfolio of relatively high-yielding mortgages drove earnings. The net interest spread of 0.61 percent is well in excess of the System average of 0.39 percent. Operating expenses remained stable at 0.13 percent of assets, slightly above the System average. The FHLBank paid quarterly dividends at an average rate of 4.22 percent during 2014, up from an average rate of 2.42 percent for 2013. The 2014 dividend payout ratio was 44 percent.

The FHLBank's regulatory capital ratio was 4.36 percent and declined during 2014 due to capital management changes implemented during the year. Retained earnings grew by 10.5 percent and at year-end represented 1.70 percent of total assets, compared to the System average of 1.44 percent. Excess stock dropped from 26.7 percent of total stock for 2013 to 10.3 percent for 2014 due to the capital management changes. The FHLBank's market value of equity was 195.7 percent of the par value of the capital stock.

The FHLBank had 794 members at year-end: 659 commercial banks, 78 credit unions, 32 thrifts, 23 insurance companies, and 2 non-depository CDFIs. The FHLBank's membership, by number, was heavily concentrated (93 percent) in community financial institutions with assets less than $1.108 billion. The FHLBank's ten largest borrowers held only 56 percent of total advances.

At the time of its September examination, FHFA concluded the FHLBank's overall condition and operations were satisfactory. The FHLBank had stable core earnings and a strong capital position. While the mortgage portfolio was satisfactorily managed and had high credit quality, its relative size and the elevated market risk associated with mortgage assets merited focused oversight. The examination concluded the FHLBank must improve the risk management of the mortgage portfolio, particularly regarding the assessment of portfolio profitability, market risk guidelines, and acquisition pricing. In addition, the FHLBank needed to improve its member credit analysis process and retained earnings methodology.

[21] This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Topeka supplemented by year-end financial information.

District 11 • The Federal Home Loan Bank of San Francisco[22]

At year-end, the FHLBank of San Francisco was the sixth largest FHLBank, with assets of $75.8 billion. Its balance sheet consisted of 51.4 percent advances, 0.9 percent mortgages, and 47.3 percent cash and investments. MBS investments totaled $19.6 billion, of which $8.3 billion were private-label MBS. Approximately 91.9 percent of private-label MBS were below investment-grade. Advances have declined to $39.0 billion from a peak of $263.0 billion in 2008. Roughly $21.3 billion of advances had a remaining maturity of less than one year. Funding through consolidated obligations totaled $68.9 billion and comprised 31.7 percent discount notes and 68.3 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $42.9 billion.

The FHLBank reported net income of $205 million for the year. Return on assets was 0.24 percent. Net interest income totaled $539 million. Interest income on MBS totaled $636 million and represented 63.3 percent of total interest income. The FHLBank's net interest spread of 0.61 percent was the second highest in the System and increased from 0.52 percent in 2013. Its yield on advances of 0.68 percent was among the top third of the FHLBanks, and its cost of funds on consolidated obligations of 0.45 percent was in the middle third. Operating expenses of $132 million were the highest of any FHLBank in nominal terms and ranked third highest when compared to total assets at 0.16 percent. Dividends on mandatorily redeemable capital stock of $120 million were included in interest expense and reduced profitability performance indicators.

The FHLBank's regulatory capital ratio was 8.38 percent, the highest among the FHLBanks. Its retained earnings were the second highest of any FHLBank in nominal terms at $2.4 billion but second lowest when compared to required risk-based capital at 73.0 percent. The FHLBank's market value of equity was 167.9 percent of the par value of its member capital stock. Excess stock, that is capital stock that members owned above their membership and activity requirements, totaled $1.1 billion, of which $501 million was mandatorily redeemable.

The FHLBank had 346 members at year-end 2014: 205 commercial banks, 15 thrifts, 116 credit unions, 5 insurance companies, and 5 non-depository CDFIs. The FHLBank's ten largest borrowers held 74 percent of total advances.

At the time of its April examination, FHFA concluded that the FHLBank's overall condition and operations were satisfactory. Changes in the FHLBank's enterprise risk management function did not ensure independent oversight of credit risk. In addition, the FHLBank had not fully addressed weaknesses FHFA identified during its previous examination related to the annual chief executive officer evaluation process. Risk from the FHLBank's significant private-label MBS exposure and high operating expenses continued to warrant the ongoing attention of the board and management. At the examination, FHFA also observed that although spread income from mortgage assets portfolio alone would likely cover operating expenses in the near-term, the FHLBank needed to remain cognizant of contracting spreads and implement necessary strategic adjustments as its balance sheet contracts.

[22] This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of San Francisco supplemented by year-end financial information.

District 12 • The Federal Home Loan Bank of Seattle[23]

At year-end, the FHLBank of Seattle was the smallest FHLBank, with assets of $35.1 billion. Its balance sheet consisted of 29.4 percent advances, 1.8 percent mortgages, and 68.5 percent cash and investments. Advances totaled $10.3 billion and declined from a peak of approximately $46 billion in 2008. MBS investments totaled $7.9 billion, of which $1.6 billion were private-label MBS. Approximately 90.7 percent of private-label MBS were below investment-grade. Roughly $3.7 billion of advances had a remaining maturity of less than one year. Funding through consolidated obligations totaled $31.8 billion and consisted of 47.0 percent discount notes and 53.0 percent bonds. Consolidated obligations with a remaining maturity of less than one year totaled $21.2 billion.

The FHLBank reported net income of $60 million for the year, the second lowest net income of the FHLBanks. Return on assets was 0.16 percent and net interest income totaled $146 million. Interest income on investments totaled $170 million and represented 61.4 percent of total interest income. The FHLBank's net interest spread of 0.38 percent was just below the System average. Its yield on advances of 0.67 percent was among the top third of the FHLBanks, and its cost of funds on consolidated obligations of 0.39 percent was in the lowest-cost third. Operating expenses of $75 million were the fifth highest among the FHLBanks despite a low asset base. Expenses in 2014 were higher than normal due to merger-related costs and fees and expenses related to the FHLBank's private-label MBS lawsuits. The FHLBank's operating expenses ranked highest in the System when compared to total assets at 0.20 percent.

The FHLBank's regulatory capital ratio was 7.57 percent. In nominal terms, retained earnings of $0.3 billion were also the lowest in the System. The FHLBank's market value of equity was 114.3 percent of the par value of its member capital stock.

The FHLBank had 316 members at year-end 2014: 179 commercial banks, 25 thrifts, 106 credit unions, 4 insurance companies, and 2 non-depository CDFIs. The FHLBank's ten largest borrowers held 77 percent of total advances.

At the time of the April examination, FHFA had serious supervisory concerns about the FHLBank. FHFA concluded the FHLBank's credit risk was high and the overall financial condition was weak. Operational risk was also high, reflecting chronic underinvestment in information technology infrastructure. While net income stabilized, the FHLBank continued to rely heavily on investment portfolio revenues to supplement weak results from mission-related activities. Risk from the FHLBank's significant private-label MBS exposure and high operating expenses continued to warrant the ongoing attention of the board. The FHLBank remained susceptible to deterioration in condition or performance from business fluctuations and adverse changes in the economic environment. The FHLBank has been operating under a Consent Order since October 2010, which was amended in November 2013.

In September, the boards of directors of the FHLBanks of Seattle and Des Moines approved an agreement to merge the two FHLBanks, with the FHLBank of Des Moines designated as the remaining FHLBank. FHFA approved a joint merger application in December and the two FHLBanks combined on May 31, 2015. The combined FHLBank has approximately 1,500 members and serves a territory that includes 13 states and the U.S. Pacific territories.

[23] This summary reflects conclusions made at the time of FHFA's 2014 examination of the FHLBank of Seattle supplemented by year-end financial information.

Office of Finance[24]

The FHLBanks' Office of Finance serves as the central issuer of debt on behalf of the FHLBanks. All debt issued represents the joint and several liability of all FHLBanks in the System.

During 2014, the System issued $348 billion in long-term consolidated obligation bonds, reflecting a 2.1 percent increase from the prior year. The FHLBanks moved significantly towards shorter-term funding during 2014, which resulted in a 42 percent increase in term discount note issuance from $965 billion at year-end 2013 to $1.37 trillion, and a 21.8 percent increase in overnight discount notes outstanding from an average of $8.5 billion in 2013 to $10.4 billion. The FHLBank System had a total issuance of $2.55 trillion in overnight discount notes in 2014.

Located in Reston, Virginia, the Office of Finance has no balance sheet or significant assets. Consequently, it has minimal credit or market risk. The Office of Finance prepares and distributes the quarterly and annual combined financial reports for the FHLBanks and facilitates various FHLBank System-wide initiatives and working groups.

The Office of Finance's board is composed of 17 members, including five independent directors and each of the 12 FHLBank presidents. In 2014, two new independent directors joined the board, filling vacancies which occurred during the year.

The Office of Finance's board and senior management continue to enhance the management structure, corporate governance, and operational risk management processes. However, during the July examination, FHFA found weaknesses in the Office of Finance's internal audit program, vendor management, information technology, and business continuity planning. FHFA recommended further enhancements to certain internal controls and ongoing monitoring of capital markets. Management and the board committed to taking appropriate action in response to examination findings.

24 This summary reflects conclusions made at the time of FHFA's 2014 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

Section 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 2014 stress tests were based on the regulated entities' portfolios as of September 30, 2013. The assessment period for the Dodd-Frank Act annual stress tests covered nine quarters, beginning with the fourth calendar quarter of 2013 through the fourth calendar quarter of 2015. 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 nominal house price appreciation of 6 percent over the planning horizon, and a moderate rise in mortgage interest rates. The Adverse scenario reflects a moderate recession in the U.S., with a 14 percent decline in house prices, a rise in unemployment, and rising mortgage interest rates. The Severely Adverse scenario reflects a severe recession in the U.S., with a 25 percent decline in house prices, a significant rise in unemployment, and a declining interest rate environment, although mortgage interest rates remain relatively flat.

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.

Fannie Mae and Freddie Mac 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. The result of the counterparty default scenario was reflected in the stress test as an instantaneous loss and reduction of capital.

2014 Stress Test Results for the Severely Adverse Scenario

FHFA, acting in its capacity as Conservator, published the results of the Severely Adverse stress tests of Fannie Mae and Freddie Mac on April 30. The FHLBanks published their results between July 15 and July 30.

Fannie Mae **–** In the Severely Adverse scenario, Fannie Mae projected additional draws from the U.S. Department of the Treasury of between $34.4 billion and $97.2 billion depending on the treatment of deferred tax assets. As of September 30, 2013, Fannie Mae had drawn $116.1 billion from the U.S. Department of the Treasury under the terms of the PSPA, with $117.6 billion of remaining funding commitment. Fannie Mae's remaining funding commitment at the end of the Severely Adverse scenario ranged between $20.4 billion and $83.1 billion (Figure 9).

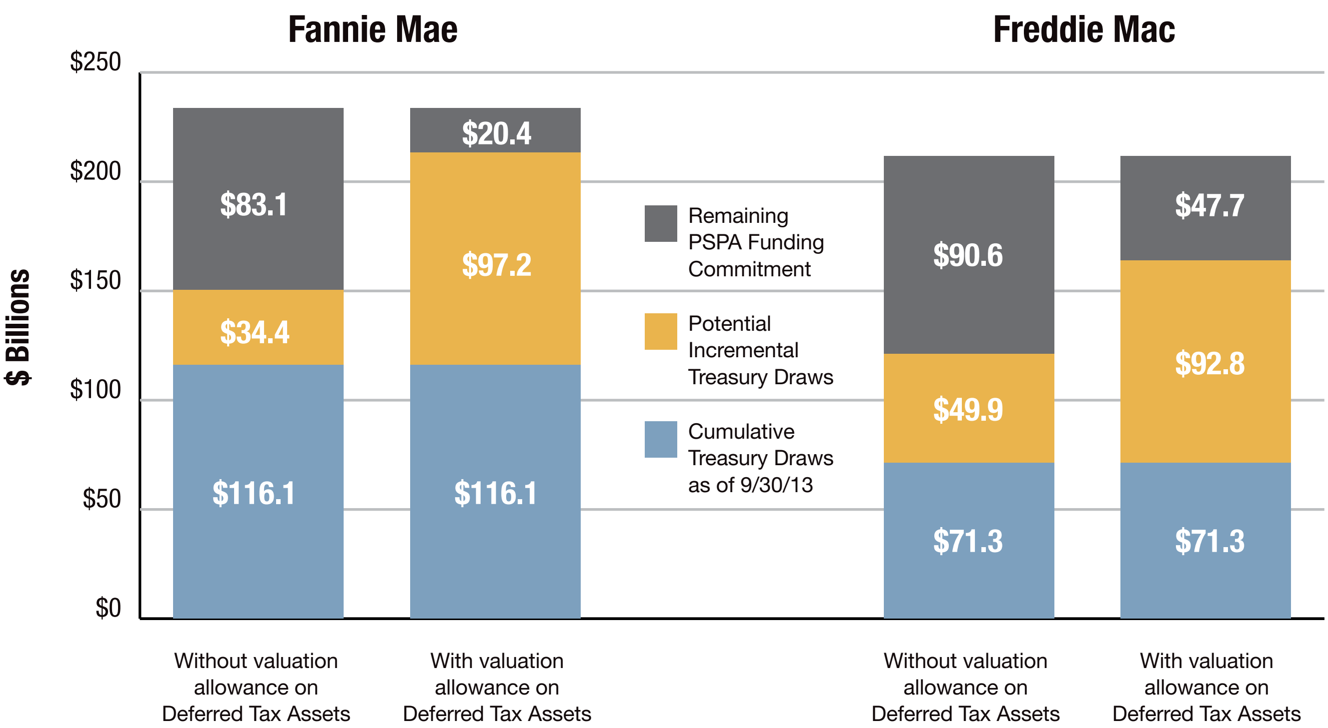
Freddie Mac – In the Severely Adverse scenario, Freddie Mac projected additional draws from the U.S. Department of the Treasury of between $49.9 billion and $92.8 billion depending on the treatment of deferred tax assets. As of September 30, 2013, Freddie Mac had drawn $71.3 billion from the U.S. Department of the Treasury under the terms of the PSPA, with $140.5 billion of remaining funding commitment. The remaining funding commitment under the PSPA at the end of the Severely Adverse scenario ranged between $47.7 billion and $90.6 billion (Figure 9).

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.

Nine FHLBanks projected negative net income in one or more quarters under the Severely Adverse scenario, but only two banks projected cumulative losses over the nine quarters. The losses occurred almost entirely in the first quarter of the projection period and were primarily due to Other Than Temporary Impairment charges on securities.

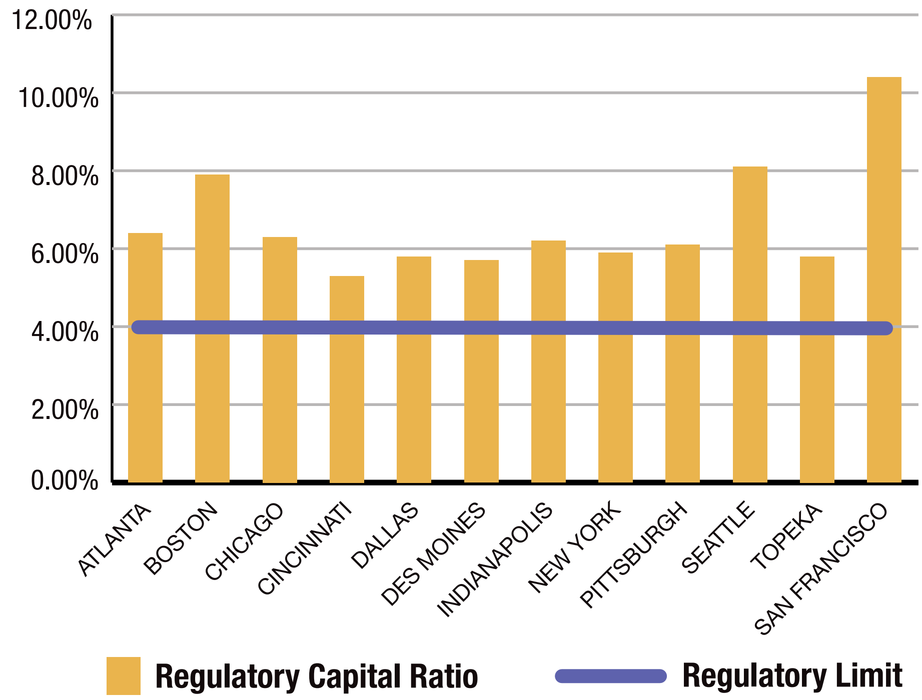
Several FHLBanks projected significant declines in Generally Accepted Accounting Principles (GAAP) capital in the severely adverse scenario. Two FHLBanks projected negative GAAP capital in the first or second quarters but regained positive GAAP capital by the third quarter. The declines were mainly a 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 mortgage-backed securities portfolio held as available-for-sale.

Figure 9 • Fannie Mae and Freddie Mac Stress Test Results



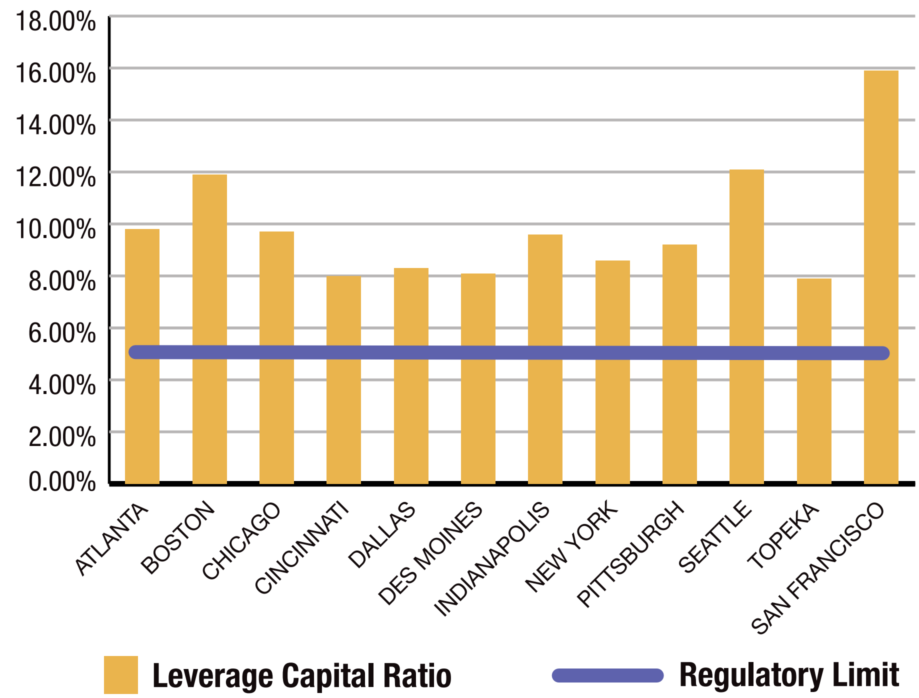
Source: Federal Housing Finance Agency

Figure 10 • Regulatory Capital Ratio



Source: Federal Housing Finance Agency

Figure 11 • Leverage Capital Ratio



Source: Federal Housing Finance Agency

Housing Goals for Fannie Mae and Freddie Mac

Background

The Safety and Soundness Act requires FHFA to establish annual housing goals for mortgages purchased by the Enterprises. The housing goals include separate categories for single-family and multifamily mortgages on housing that is affordable to low-income and very low-income families, among other categories.

The housing goals provisions of the Safety and Soundness Act were substantially revised in 2008 with the enactment of HERA. Under this revised structure, FHFA established housing goals for the Enterprises for 2010 and 2011 in a final rule published on September 14, 2010. FHFA established new housing goals levels for the Enterprises for 2012 through 2014 in a final rule published on November 13, 2012 (12 CFR Part 1282). The housing goals established by FHFA in these two rulemakings include four goals and one subgoal for single-family, owner-occupied housing and one goal and one subgoal for multifamily housing.

Under HERA and FHFA regulations, the Enterprises are subject to the following housing goal categories for 2014:

1. **Low-income home purchase goal**, for home purchase mortgages to families with incomes no greater than 80 percent of area median income.

Classification Definition	
Low-income	Earning no more than 80 percent of area median income
Very low-income	Earning no more than 50 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 equivalent).
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 equivalent).

Since 2010, the single-family housing goals have included both preset benchmark levels and a retrospective comparison of goal performance with the corresponding figures on the goal-qualifying shares of conventional conforming mortgages in the primary mortgage market in each year. FHFA bases the retrospective comparison part of this process on analysis of data on mortgage originations, as reported by lenders in accordance with the Home Mortgage Disclosure Act (HMDA).

An Enterprise meets a single-family goal if the Enterprise's performance meets or exceeds either the preset benchmark level or the retrospective comparison described previously. These market-based figures are also shown for 2013 in Figure 12.

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

Figure 12 • 2013-2014 Enterprise Housing Goals Performance

	2013			2014	
Category	Benchmarks	Performance[a]	Market[b]	Benchmarks	Performance[c]
SINGLE-FAMILY GOALS [d]					
Low-income home purchase goal	23%	Fannie Mae: 23.8% Freddie Mac: 21.8%	24.0%	23%	Fannie Mae: 23.5% Freddie Mac: 21.0%
Very low-income home purchase goal	7%	Fannie Mae: 6.0% Freddie Mac: 5.5%	6.3%	7%	Fannie Mae: 5.7% Freddie Mac: 4.9%
Low-income areas home purchase subgoal	11%	Fannie Mae: 14.0% Freddie Mac: 12.3%	14.2%	11%	Fannie Mae: 15.5% Freddie Mac: 13.6%
Low-income areas home purchase goal	21%	Fannie Mae: 21.6% Freddie Mac: 20.0%	22.1%	18%	Fannie Mae: 22.7% Freddie Mac: 20.1%
Low-income refinance goal	20%	Fannie Mae: 24.3% Freddie Mac: 24.1%	24.3%	20%	Fannie Mae: 26.5% Freddie Mac: 26.4%
MULTIFAMILY GOALS (units)					
Low-income multifamily units	Fannie Mae: 265,000 Freddie Mac: 215,000	Fannie Mae: 326,597 Freddie Mac: 254,628	NA	Fannie Mae: 250,000 Freddie Mac: 200,000	Fannie Mae: 262,050 Freddie Mac: 273,432
Very low-income multifamily units	Fannie Mae: 70,000 Freddie Mac: 50,000	Fannie Mae: 78,071 Freddie Mac: 56,742	NA	Fannie Mae: 60,000 Freddie Mac: 40,000	Fannie Mae: 60,542 Freddie Mac: 48,689

[a] *Official performance in 2013 as determined by FHFA, based on analysis of Enterprise loan-level data.*

[b] *Goal-qualifying shares of single-family home purchase or refinance conventional conforming mortgages originated in the primary mortgage market, based on FHFA analysis of 2013 HMDA data. Market performance for 2014 will be determined by FHFA later in 2015.*

[c] *Performance as reported by the Enterprises in their March 2015 Annual Housing Activities Reports. Official performance on all goals in 2014 will be determined by FHFA after review of Enterprise loan-level data. Low-income refinance goal for 2013-14 included credit for qualifying permanent loan modifications.*

[d] *Minimum percentages of all dwelling units financed by Enterprise acquisitions of home purchase or refinance mortgages on owner-occupied properties.*

Source: Federal Housing Finance Agency

Once 2014 market data under HMDA becomes available later this year, FHFA will make its final determinations on whether the Enterprises' 2014 performance satisfied their housing goals requirements.

Figure 12 shows data concerning the Enterprises' housing goals for 2013 and 2014. While FHFA has concluded its process for assessing the Enterprises' housing goals performance for 2013, that process is still underway for 2014.

FHFA's official figures on Enterprise goal performance in 2013 are based on FHFA's analysis of loan-level data the Enterprises provided to FHFA in early 2014. In addition, FHFA completed its retrospective comparison of the market for 2013 using HMDA data. In October, FHFA notified the Enterprises of their 2013 goal performance through preliminary determination letters. FHFA finalized these determinations in January 2015.

As reflected in Figure 12, FHFA made the following determinations on the Enterprises' 2013 housing goals performance:

- **Low-income home purchase goal:** FHFA measured the Enterprises' performance for the low-income home purchase goal against the benchmark level. Fannie Mae's performance on this goal exceeded the benchmark level, but Freddie Mac's performance for this goal did not.
- **Very low-income home purchase goal:** FHFA measured the Enterprises' performance for the very low-income home purchase goal against the retrospective market level using HMDA data. Both Enterprises' performance on this goal fell below the retrospective market level.
- **Low-income areas home purchase subgoal:** FHFA measured the Enterprises' performance for the low-income areas home purchase subgoal against the benchmark level. Both Enterprises' performance on this subgoal exceeded the benchmark level.
- **Low-income areas home purchase goal:** FHFA measured the Enterprises' performance for the low-income areas home purchase goal against the benchmark level. Fannie Mae's performance on this goal exceeded the benchmark level, while Freddie Mac's performance on this goal did not.
- **Low-income refinance goal:** FHFA measured the Enterprises' performance for the low-income refinance goal against the benchmark level. Both Enterprises' performance on this goal exceeded the benchmark level.
- **Low-income multifamily goal:** FHFA measured the Enterprises' performance for the low-income multifamily goal against the benchmark level. Both Enterprises' performance on this goal exceeded the benchmark level.
- **Very low-income multifamily subgoal:** FHFA measured the Enterprises' performance for the very low-income multifamily goal against the benchmark level. Both Enterprises' performance on this subgoal exceeded the benchmark level.

Figure 12 also shows the goal levels and preliminary figures on goal performance in 2014, based on information the Enterprises submitted in their March 2015 *Annual Housing Activities Reports for 2014*. Once 2014 market data under HMDA becomes available later this year, FHFA will make its final determinations on whether the Enterprises' 2014 performance satisfied their housing goals requirements.

HERA also requires the Enterprises to report on their financing of low-income units in multifamily properties of a limited size. FHFA defines multifamily properties of a limited size as those containing from 5 to 50 units. Fannie Mae reported that it financed 13,827 low-income rental units in small multifamily properties in 2013 and 6,732 such units in 2014; Freddie Mac reported that it financed 1,128 such units in 2013 and 2,076 such units in 2014.

Federal Home Loan Bank Mission and Affordable Housing Programs

In 2014, FHFA continued its supervision and oversight to ensure that the FHLBanks are focused on their housing finance and community development mission. FHFA's efforts included ongoing discussions about core mission activities, proposed revisions to the FHLBank membership regulations and proposals to improve the Affordable Housing Program (AHP).

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, although the CMA regulation includes other types of assets, such as mortgage loans that qualify as AMA, in the definition of core mission activities.

In 2013, FHFA initiated a discussion with the FHLBanks about core mission activities, asking the 12 FHLBanks to develop mission assets plans as addenda to their current strategic plans. The ongoing dialogue has focused on the FHLBanks' use of their government sponsored enterprise funding advantage for housing finance and community development purposes. In 2014, FHFA formed a Joint Core Mission Working Group consisting of senior FHFA staff and a group of FHLBank presidents. The working group reached agreement on using ratios of core mission assets (which would include advances and acquired member assets) to consolidated obligations in evaluating mission achievement. The group also reached agreement on establishing two threshold ratios, which would create three general categories: 1) ratios at or above the higher threshold indicate 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 a minimum threshold indicate that more fundamental questions about the activities of the FHLBank need to be addressed. FHFA expects to issue an Advisory Bulletin based on this agreed framework in 2015.

At year-end 2014, advances comprised 62 percent of total FHLBank System assets, up slightly from the 2013 mark of 60 percent. At year-end 2014, mortgage loans comprised 5 percent of assets, unchanged from the prior year. The proportion of advances and mortgage assets differs across the FHLBank System, ranging from 31 percent to 78 percent of assets.[25]

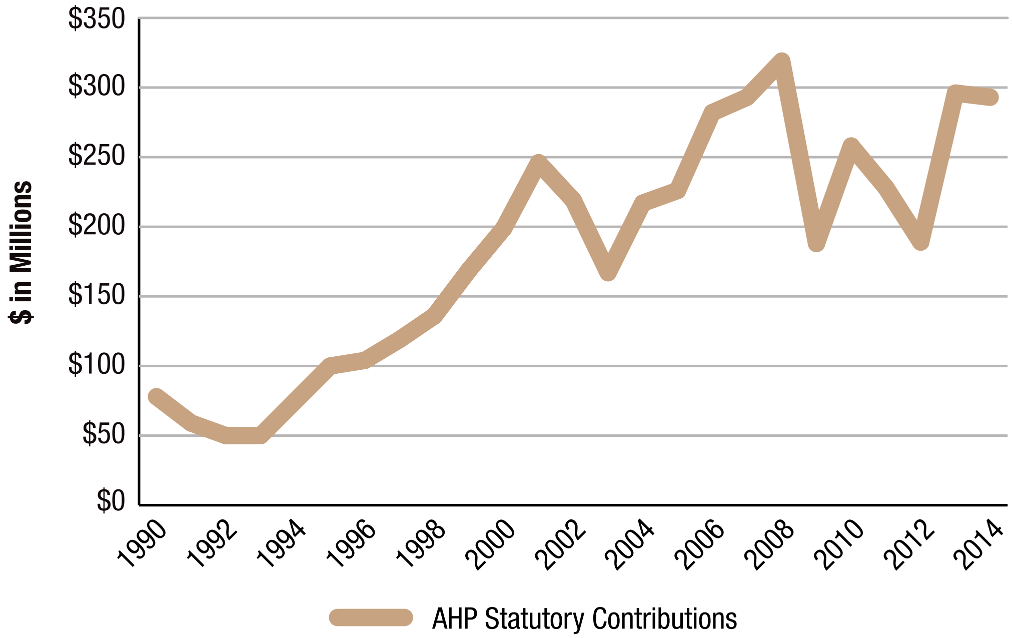
FHFA also addressed the mission of the FHLBanks with a proposed rule that would revise FHFA's existing regulation governing FHLBank membership. The proposed rule, published in September, seeks to ensure that members maintain a commitment to housing finance and that only eligible entities can gain access to FHLBank advances and the benefits of FHLBank membership. FHFA received over 1,300 comments in response to the proposed rule. FHFA is continuing to evaluate these comments as part of its process for finalizing the proposed rule.

FHLBank Affordable Housing Program

The Bank Act requires each of the 12 FHLBanks to establish an AHP to provide financing for the construction, purchase, or rehabilitation of affordable housing for very low- and low- or moderate-income households. AHP

[25] Some core mission activities, such as standby letters of credit, do not appear on the balance sheets of the FHLBanks and, therefore, do not affect asset ratios.

Figure 13 • FHLBank AHP Statutory Contributions (1990-2014)



Source: **Federal Housing Finance Agency.** *Data are current as of December 31, 2014*

applicants are FHLBank member financial institutions that pass the subsidy through to an eligible beneficiary in the form of 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 2014, the FHLBanks made more than $293 million in AHP subsidies available nationwide (Figure 13). From 1990, when AHP funds were first awarded, through 2014, the FHLBanks awarded approximately $4.8 billion in AHP subsidies and assisted nearly 759,000 households.

AHP subsidies must be used either to: 1) finance homeownership by households with incomes at or below 80 percent of the area median income; or 2) 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.

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 2014, over 90 percent of all of the units funded under the competitive application program were rental housing units (Figure 14).

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. In 2014, all 12 FHLBanks offered homeownership set-aside programs for their members, with total funding of approximately $90 million.

Figure 14 • 2014 AHP Competitive Application Overview

	Rental Housing Projects	Owner-Occupied Housing Projects	Total Housing Projects
Total Number of Awarded Projects	409	110	519
Subsidy Awarded ($ in Millions)	$218	$20	$238
Number of Housing Units	22,843	2,016	24,859
Average Subsidy per Unit	$9,551	$10,098	$9,596
Number of Very Low-Income Housing Units[a]	15,908	1,322	17,230

Source: Federal Housing Finance Agency

Data are current as of December 31, 2014 excluding AHP competitive application withdrawn projects. Dollars have been rounded.

[a] *Very low-income is defined as households with incomes at or below 50 percent of the area median income.*

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 2014, the average subsidy for all households participating in the set-aside program was $6,985. The most common use of set-aside assistance has been for down payment and closing cost assistance to borrowers. Since 2007, the number of set-aside grants used for owner-occupied home rehabilitation (such as lead-based paint removal, weather proofing, and accessibility retrofits) has trended up, from 215 to a high of 1,642 in 2012. In 2014, 1,560 grants were used for home rehabilitation (funding for these grants totaled approximately $14 million), up from 1,483 grants in 2013.

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, typically, the developer is 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 2014, approximately 67 percent of AHP projects received additional funding from federal programs (Figure

Figure 15 • Number of AHP Projects Approved in 2014 Receiving Federal Funds

Community Development Block Grant Program	46
HOME Investment Partnerships Program	156
Low-Income Housing Tax Credit Program	281
Federal Housing Administration Programs	10
Other Federal Housing Programs	75
Projects Not Receiving Funding from Federal Sources	172

Source: Federal Housing Finance Agency

Data are current as of December 31, 2014 excluding AHP competitive application withdrawn projects. The numbers add up to more than the total number of projects (519) because some projects receive federal funding from more than one source.

15). The most frequently used source of funding was low-income housing tax credits, which supported 281 of the 519 projects approved for AHP funds (approximately 54 percent of approved projects). The HOME Investment Partnerships Program and the Community Development Block Grant Program were among the other programs used in conjunction with AHP funds.

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 that benefit low- and moderate-income households. In 2014, the FHLBanks issued approximately $2.3 billion in CIP advances for housing projects and approximately $45 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 2014, the FHLBanks issued approximately $2.7 billion in CICA advances for community development projects such as commercial, industrial and manufacturing projects, social services, and public facilities.

CDFI Membership in FHLBanks

CDFIs certified by the U.S. Department of the Treasury are eligible to become members of the FHLBank System in two ways. First, those CDFIs that are insured depositories, such as federally insured banks, thrifts, and credit unions, are eligible to apply for membership as federally insured depositories.

Second, HERA also authorized non-depository CDFIs, such as community development loan funds, to apply for membership in a FHLBank. At the end of 2014, 30 non-depository CDFIs were members of the FHLBank System (Figure 16).

FHLBank Housing Goals

Under FHFA's regulation (12 CFR Part 1281), the FHLBanks are subject to housing goals requirements based on single-family loans purchased by the FHLBanks from their members through their AMA programs. The housing goals measure the extent that the 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 characteristics of the FHLBanks.

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. This volume threshold ensures that a FHLBank has sufficient mortgage purchase volume for a housing goals assessment.

FHLBanks may elect whether to participate in an AMA program, and nine of the 12 FHLBanks purchased whole loans through these programs in 2014. However, mortgage purchase volumes under the AMA programs did not exceed $2.5 billion at any of the FHLBanks individually in 2014. As a result, none of the FHLBanks was subject to housing goals in 2014.

Figure 16 • 2014 Non-Depository CDFIs Members of the Federal Home Loan Bank System

FHLBank	CDFI Name	City	State
Atlanta	Self-Help Ventures Fund	Durham	NC
Atlanta	Community Housing Capital, Inc.	Decatur	GA
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
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
Des Moines	Neighborhood Finance Corporation	Des Moines	IA
Indianapolis	Metro Community Development, Inc.	Flint	MI
Indianapolis	Indianapolis Neighborhood Housing Partnership, Inc.	Indianapolis	IN
New York	AAFE Community Development Fund, Inc.	New York	NY
New York	The Community Development Trust, Inc.	New York	NY
Pittsburgh	The Reinvestment Fund, Inc.	Philadelphia	PA
San Francisco	Clearinghouse Community Development Financial Institution	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
Seattle	Idaho-Nevada Community Financial Development Institution, Inc.	Pocatello	ID
Seattle	Cook Inlet Lending Center, Inc.	Anchorage	AK
Topeka	MetaFund Corporation	Oklahoma City	OK
Topeka	Mercy Loan Fund	Denver	CO

***Source*: Federal Housing Finance Agency.** *Data are current as of December 31, 2014*

Regulatory Guidance

In 2014, FHFA issued 24 proposed rules, final rules, regulatory orders, and policy guidance documents. 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 orders, and policy guidance documents, both proposed and final, that the agency issued during 2014. 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 at www.FHFA.gov. FHFA has also published the listed regulations in the *Federal Register*.

Proposed Regulations: All Regulated Entities (Enterprises and/or Federal Home Loan Banks)

Rule/Regulation Title	Reference	Date (2014)	Description/Explanation/Comments
Federal Home Loan Bank Capital Stock and Capital Plans	79 FR 60783; 12 CFR Parts 931, 933, 1277	October 8	This proposed rule proposed to transfer existing parts 931 and 933 of the Finance Board regulations, which address requirements for Bank capital stock and capital plans, to new Part 1277 of the FHFA regulations. The rule would not make any substantive changes to these requirements. The final rule was published on March 11, 2015 (80 FR 12753) and went into effect on April 10, 2015.
Margin and Capital Requirements for Covered Swap Entities	79 FR 57347; 12 CFR Part 1221	September 24	This proposed rule – which was proposed jointly by FHFA, Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (the Board), Federal Deposit Insurance Corporation (FDIC), and Farm Credit Administration (the agencies) – would establish minimum margin and capital requirements for registered swap dealers, major swap participants, security-based swap dealers, and major security-based swap participants for which one of the agencies is the prudential regulator. This proposed rule implements sections 731 and 764 of the Dodd-Frank Act. These provisions require the agencies to adopt rules jointly to establish capital requirements and initial and variation margin requirements for such entities and their counterparties on all non-cleared swaps and non-cleared security-based swaps in order to offset the greater risk to such entities and the financial system arising from the use of swaps and security-based swaps that are not cleared.
Members of Federal Home Loan Banks	79 FR 54848; 12 CFR Part 1263	September 12	This proposed rule would revise FHFA's regulations governing FHLBank membership to require each member institution to hold one percent of its assets in "home mortgage loans" in order to satisfy the statutory requirement that members must make long-term home mortgage loans. The proposed rule would also: require each member to comply on an ongoing basis, with the foregoing requirement and, where applicable, with the requirement that it have at least 10 percent of its assets in "residential mortgage loans;" define the term "insurance company" to exclude captive insurers that do not underwrite insurance predominantly for third parties; allow existing captive members to remain members for five years, with certain restrictions on their ability to obtain advances; require a FHLBank to obtain and review an insurance company's audited financial statements when considering it for membership; and clarify the standards by which an insurance company's "principal place of business" is to be identified in determining the appropriate FHLBank district for membership.

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

Rule/Regulation Title	Reference	Date (2014)	Description/Explanation/Comments
2015-2017 Enterprise Housing Goals	79 FR 54481; 12 CFR Part 1282	September 11	This proposed rule would implement requirements of the Safety and Soundness Act for FHFA to establish annual housing goals for mortgages purchased by the Enterprises. The housing goals include separate categories for single-family and multifamily mortgages on housing that is affordable to low-income and very low-income families, among other categories. The prior housing goals regulation for the Enterprises remained in effect through the end of 2014. This proposed rule would: update the benchmark levels for each of the housing goals and subgoals for 2015 through 2017; establish a new housing subgoal for small multifamily properties affordable to low-income families; revise a number of other provisions in order to provide greater clarity on the mortgages eligible for goal or subgoal categories; and establish more transparent agency procedures if FHFA issues guidance on the housing goals in the future.
Minority and Women Inclusion Amendments	79 FR 35960; 12 CFR Part 1207	June 25	This proposed rule would amend FHFA's regulation on minority and women inclusion by requiring the FHLBanks and the Office of Finance to include in the contents of their annual reports certain demographic information related to their boards of directors. This information would be obtained through a survey of its board members, which would be voluntary. In addition, the annual reports would also require a description of their outreach activities and strategies conducted during the reporting year. This proposed rule was adopted in final form on April 30, 2015. The final rule was published on May 4, 2015 (80 FR 25209) and goes into effect on July 6, 2015.
Minimum Requirements for Appraisal Management Companies	79 FR 19521; 12 CFR Part 1222	April 9	This rule, proposed jointly by FHFA, OCC, the Board, FDIC, National Credit Union Administration, and Consumer Financial Protection Bureau would implement the minimum requirements in the Dodd-Frank Act to be applied by States in the registration and supervision of appraisal management companies. The rule would also implement the requirement in the Dodd-Frank Act for States to report to the Appraisal Subcommittee of the Federal Financial Institutions Examination Council the information required by the Appraisal Subcommittee to administer the new national registry of appraisal management companies.
Procedures	79 FR 152757; 12 CFR Part 1211	March 19	See next table; adopted in final form on October 31.
Corporate Governance Matters	79 FR 4414; 12 CFR Parts 914, 917, 1236, 1239, 1710, 1720	January 28	This proposed rule would relocate and consolidate certain prior Federal Housing Finance Board (Finance Board) and Office of Federal Housing Enterprise Oversight (OFHEO) regulations that pertain to the responsibilities of boards of directors, corporate practices, and corporate governance matters. The prior OFHEO regulations address corporate governance matters at the Enterprises, while the prior Finance Board regulations address the powers and responsibilities of the boards of directors and management of the FHLBanks. The proposed rule would consolidate most of those existing regulations into a new FHFA regulation, parts of which would apply to both the FHLBanks and the Enterprises, and parts of which would apply only to the FHLBanks or only to the Enterprises. Most of the content of the proposed regulation has been derived from the existing regulations, with such modifications as are necessary to apply certain provisions to all regulated entities. The proposal also would include a new provision on risk management. Those provisions would apply to both the FHLBanks and the Enterprises. FHFA also proposed to amend its Prudential Management and Operations Standards pertaining to the general responsibilities of senior management and boards of directors. The proposed rule also would repeal a separate provision of the prior OFHEO regulations that relates to minimum safety and soundness requirements.

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

Rule/Regulation Title	Reference	Date (2014)	Description/Explanation/Comments
Credit Risk Retention	79 FR 77601; 12 CFR Part 1234	December 24	This regulation, adopted jointly by FHFA, the OCC, the Board, FDIC, Securities Exchange Commission (SEC), and the U.S. Department of Housing and Urban Development (HUD), implements the requirements of section 941 of the Dodd–Frank Act, requiring a securitizer to retain at least 5 percent of the credit risk of any asset that the securitizer, through the issuance of an asset-backed security (ABS), transfers to a third party. The regulation went into effect February 23, 2015. Compliance with the rule with respect to ABS collateralized by residential mortgages is required beginning December 24, 2015. Compliance with the rule with regard to all other classes of ABS is required beginning December 24, 2016.
Housing Trust Fund	79 FR 74595; 12 CFR Part 1251	December 16	This regulation, an interim final rule, relates to allocations by the Enterprises to the Housing Trust and Capital Magnet Funds created by the Housing and Economic Recovery Act of 2008. Specifically, the rule implements a statutory prohibition against the Enterprises passing the cost of such allocations through to the originators of loans they purchase or securitize. The interim final rule went into effect on December 16. The final rule was published in the Federal Register on March 26, 2015.
Procedures and General Definitions	79 FR 64661; 12 CFR Part 1201, 1211	October 31	This regulation relocates a set of prior Finance Board regulations relating to procedures under which the FHLBanks and the OF may request waivers, approvals, no action letters, and regulatory interpretations. The final rule moves these regulations to the FHFA chapter of the Code of Federal Regulations, modifies them to apply to the Enterprises as well, and repeals other provisions relating to the procedures for the FHLBanks to request case-by-case determinations by FHFA of certain matters, which is a procedure that was never used. These regulations went into effect on December 1.
Executive Compensation	79 FR 4389; 12 CFR Part 1230	January 28	This regulation sets forth requirements and processes with respect to compensation paid by the regulated entities to their executive officers. The regulation went into effect on February 27.
Golden Parachute Payments	79 FR 4394; 12 CFR Part 1231	January 28	This regulation amends the Golden Parachute Payments regulation that FHFA published in 2009, and addresses prohibited and permissible golden parachute payments to entity-affiliated parties in connection with the regulated entities. The regulation went into effect on February 27.

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

Policy Subject	Reference	Date (2014)	Description/Explanation/Comments
Advisory Bulletin on Oversight of Single-Family Seller/Servicer Relationships	AB 2014-07	December 1	Communicates FHFA's supervisory expectation that the Enterprises maintain the safety and soundness of their operations by effectively managing counterparty risks by implementing a board-approved risk management framework that specifically includes risk-based oversight of single-family Seller/Servicers. The risk management framework should include policies and procedures that assess financial, operational, legal, compliance, and reputation risks associated with its single-family Seller/Servicer counterparties and take appropriate action to mitigate those risks or reduce the Enterprise's exposure.
Advisory Bulletin on Mortgage Servicing Transfers	AB 2014-06	June 11	Communicates FHFA's supervisory expectations for risk management practices at the Enterprises in conjunction with the sale and transfer of mortgage servicing rights or the transfer of the operational responsibilities of servicing mortgage loans owned or guaranteed by the Enterprises. Specifically, an Enterprise should have policies and procedures in place to adequately review proposed transfers and an Enterprise should only approve those transactions that are consistent with sound business practice, aligned with the Enterprise's board-approved risk appetite, and in compliance with regulatory and Conservator requirements.
Advisory Bulletin on Cyber Risk Management Guidance	AB 2014-05	May 19	Communicates FHFA's supervisory expectations to the Enterprises and the Federal Home Loan Banks for cyber-risk management. Specifically, it describes the seven main components of a program to manage cyber-risk effectively: proportionality; cyber-risk management; risk assessments; monitoring and response; system, patch, and vulnerability management; third party management, and privacy and data protection.
Advisory Bulletin on Guidance on the Retirement of the Microsoft Windows XP Operating System	AB 2014-04	March 20	Communicates FHFA's supervisory expectations to the Enterprises and the Federal Home Loan Banks regarding Microsoft's retirement and ending of support for the Windows XP operating system and Office 2003 on April 8, 2014.
Advisory Bulletin on Rescission of the Federal Home Loan Bank Examination Manual and the Division of Enterprise Regulation Supervision Handbook	AB 2014-03	March 11	Rescinds the prior Finance Board FHLBank Examination Manual and FHFA Division of Enterprise Regulation Supervision Handbook that were superseded by the FHFA Examination Manual issued on December 19, 2013.
Advisory Bulletin on Operational Risk Management	AB 2014-02	February 18	Communicates FHFA's supervisory expectations to the Enterprises and the Federal Home Loan Banks for an operational risk management program. Specifically, it describes the four basic components of a program to manage operational risk effectively: risk identification and assessment; measurement and modeling; reporting; and risk management decision-making. It also addresses governance aspects of operational risk management, i.e., the duties and responsibilities of management and the board of directors.
Advisory Bulletin on Liquidity Risk Management	AB 2014-01	February 18	Communicates FHFA's supervisory expectations for a liquidity risk management process at the Enterprises. Specifically, it describes key elements of an effective risk management process including adequate board of directors and senior management oversight; appropriate liquidity management policies, procedures, and limits; appropriate risk measurement methodology, monitoring, and reporting systems; adequate management information systems and internal controls; an effective contingency funding plan; adequate levels of highly liquid assets; a funding strategy that provides appropriate diversification of funding, regularly assesses market access, and identifies alternative sources of funding; and active management of intraday liquidity and collateral.

Policy Guidance • Federal Housing Finance Agency

Policy Subject	Reference	Date (2014)	Description/Explanation/Comments
FHFA Examination Manual		December 18	The FHFA Examination Manual comprises an overview of the examination process and 25 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. The FHFA Examination Manual was first published in 2013, and FHFA revised five of the 25 modules during 2014: AMA; Advances and Collateral; Capital; Insurance Management; and Office of Finance. In addition, FHFA issued the Multifamily Mortgage Underwriting and Acquisitions supplemental examination module on December 18. Supplemental examination modules complement the modules in the FHFA Examination Manual.

Regulatory Orders

Policy Subject	Reference	Date (2014)	Description/Explanation/Comments
Reporting by Regulated Entities of Stress Testing Results		December 1, June 24, April 28	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. The April 28, and June 24 Orders supplemented the November 26, 2013 Orders requiring annual stress testing and reporting of results in 2014 under FHFA's final stress testing regulation (12 CFR Part 1238). The December 1 Orders require the stress testing reporting in 2015 and were accompanied by revised Summary Instructions and Guidance including scenarios and templates for the regulated entities to use in reporting the results of the testing in 2015.
Approval of 2015 Financing Corporation Budget		December 1	The Financing Corporation is under the management of a directorate composed of two FHLBank presidents, who rotate annually, and the head of the Office of Finance. As required by 12 CFR Part 1271.35(b), the Financing Corporation Directorate is required to annually submit a budget that includes both administrative and non-administrative expenses to FHFA for review and approval.
Information Submission with Respect to Executive Compensation		November 24	Section 1318 of the Safety and Soundness Act requires the Director of FHFA to prohibit executive compensation at the regulated entities that is not reasonable and comparable to compensation paid at similar institutions. That authority is implemented by regulation at 12 CFR Part 1230 (the executive compensation regulation). That regulation applies to the regulated entities and, by reason of FHFA's general supervisory authority, to the OF. To enable FHFA to carry out its statutory obligation under the executive compensation regulation, the order for submission of information describes the information that regulated entities must submit to FHFA when making a request for approval and non-objection to compensation decisions covered by the regulation.

Research and Publications

Reports to Congress

House Price Index

Public Use Database

Historical Database (MIRS)

Research Publications

During 2014, FHFA published several reports required by statute as well as research papers related to housing and market conditions. Reports and publications are posted on FHFA's website (www.FHFA.gov).

Reports to Congress

Pursuant to requirements under federal law, including HERA and the Dodd-Frank Act, FHFA submitted several annual reports to Congress in 2014. 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 November, FHFA released its sixth annual guarantee-fee study report, *Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2013*. The report 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 guarantee fees study utilized aggregated data collected from the Enterprises.

Annual Housing Report

FHFA submitted its sixth *Annual Housing Report* to Congress in October, which detailed Enterprise housing goals performance in 2013 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 November, FHFA released its sixth *Report on Collateral Pledged to the Federal Home Loan Banks* that was based on the results of the 2014 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 (EEO) complaints on their public websites, reimburse the U.S. Department of the Treasury Judgment Fund for any payments made, and notify employees and applicants for employment about their rights under the federal antidiscrimination and whistleblower laws. In March, FHFA published the *No Fear Act Annual Report to Congress*, covering fiscal years 2009 – 2013.

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 (EEO) 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, 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 (EESA) 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 the course of 2014.

House Price Index

FHFA continued to produce the agency's house price indexes in 2014. Indexes released in 2014 included: 1) the "purchase-only" series, which is calibrated using sales prices for homes with purchase-money mortgages; 2) the "all-transactions" series, which makes use of sales prices and appraisal values; and 3) the "expanded-data" index, which adds data from Federal Housing Administration (FHA) and county recorder offices to the other data. As in the past, FHFA published both quarterly indexes covering cities, states, census divisions and a monthly series reflecting data for the U.S. and the nine census divisions.

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 data elements required to be reported 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. During 2014, FHFA released this 2013 data to the public through its Public Use Database (PUDB).

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 2014 on its website.

Research Publications

In 2014, FHFA released the following research publications.

FHFA Working Paper 14-1: *Countercyclical Capital Regime Revisited: Test of Robustness*. This paper tests the robustness of key elements of a countercyclical capital regime as described in a 2012 FHFA Working Paper.

FHFA Working Paper 14-2: *The Effects of Monetary Policy on Mortgage Rates*. This paper describes the Federal Reserve Board's large-scale asset purchase program and analyzes how interest rates and mortgage rates changed since 2008.

FHFA Working Paper 14-3: *The Relationship between Second Liens, First Mortgage Outcomes, and Borrower Credit: 1996-2010*. This paper used an extensive array of loan-level data and credit bureau information to assess the relationship between the presence of second liens and loan delinquency for first liens. It also studied loan prepayment patterns as well as non-mortgage financial outcomes for borrowers with and without second liens.

FHFA Brief 14-1: *Employment, Income, and House Prices*. This Brief assessed the relationship between rates of home price appreciation and labor market conditions. In particular, it looked at state-level data to investigate the correlation between home price changes and changes in employment and personal income.

FHFA Brief 14-2: *First-Time Homebuyer Share and House Price Growth*. This Brief estimated annual first-time homebuyer shares at the state level using loan-level data from the Enterprises and FHA. It also examined the relationship between first-time homebuyer activity and trends in house prices across states.

FHFA also released a Research Paper, *FHFA Mortgage Analytics Platform*. This paper provided interested stakeholders with a detailed description of FHFA's proprietary Mortgage Analytics Platform, one of the tools FHFA uses in policy analysis.

FHFA also released a White Paper, *The Size of the Affordable Mortgage Market*. This paper provided important analysis for FHFA's proposed rule to establish housing goals for the Enterprises for 2015-2017.

Additional information on these research publications can be found on FHFA's website.

FHFA Operations and Performance

Performance and Program Assessment

FY 2014 Performance Highlights

Financial Operations

Performance and Program Assessment

During fiscal year (FY) 2014,[26] FHFA continued to operate under its *Strategic Plan: Fiscal Years 2013-2017* that was released in 2012. The plan set four strategic goals:

1. Safe and sound regulated entities.
2. Stability, liquidity, and access in housing finance.
3. Preserve and conserve Enterprise assets.
4. Prepare for the future of housing finance in the United States.

On November 17, FHFA published its annual *Performance and Accountability Report* (PAR), detailing the agency's performance and achievements for FY 2014. The PAR reports on FHFA's performance on 26 performance measures established for FY 2014 to help evaluate FHFA's progress toward these strategic goals. FHFA met or exceeded 14 performance measures (54 percent), partially met five (19 percent), and did not meet six (23 percent) out of the 26 performance measures. Performance information for one measure was not available because FY 2014 was a baseline year.

Upon reviewing the agency's PAR, for the seventh consecutive year, the Association of Government Accountants awarded FHFA the Certificate for Excellence in Accountability Reporting (CEAR) for FY 2014. The CEAR award is presented to agencies that have demonstrated excellence in integrating performance and accountability reporting. Only agencies with unqualified opinions on their financial reports from an independent auditor are eligible for the award.

Also in FY 2014, FHFA reviewed its information security program in compliance with the Federal Information Security Management Act (FISMA).

FHFA's Office of Inspector General (FHFA OIG) contracted with an independent audit firm to conduct the FY 2014 FISMA audit of the FHFA information security program. The OIG concluded that FHFA was generally compliant with FISMA, other federal legislation, and applicable guidance from the Office of Management and Budget.

In November, FHFA released *FHFA Strategic Plan: Fiscal Years 2015-2019*.[27] The plan sets forth three strategic goals for the agency:

1. Ensure safe and sound regulated entities,
2. Ensure liquidity, stability and access in housing finance, and
3. Manage the Enterprises ongoing conservatorships.

FHFA's FY 2015-2019 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.

FY 2014 Performance Highlights

Highlights of key activities and accomplishments by strategic goal are detailed in FHFA's PAR.

Financial Operations

Financial Highlights

HERA authorizes FHFA to collect annual assessments from its regulated entities to pay its costs and expenses and maintain a working capital fund. In FY 2014, FHFA had $330.9 million in total budgetary resources: $234.9 million in assessments, $39.4 million in unobligated balance brought forward from FY 2013, and $10.2 million in recoveries of prior year unpaid obligations and $46.3

[26] FHFA's fiscal year 2014 extended from October 1, 2013 through September 30, 2014.

[27] A draft of the Strategic Plan was issued for public input on August 15.

FHFA's FY 2015-2019 Strategic Plan reflects the agency's priorities as regulator of the Federal Home Loan Bank System and as regulator and conservator of the Enterprises.

million in spending authority from offsetting collections. Obligations incurred increased $15.3 million to $300 million in FY 2014. Gross outlays, including expenses incurred by FHFA OIG, increased $15.3 million to $292.9 million in FY 2014.

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 U.S. Department of the Treasury's Bureau of the Fiscal Services for its accounting services and financial management system (FMS). FHFA is responsible for overseeing the Bureau of the Fiscal Services' performance of accounting services for the agency. Additionally, FHFA uses the National Finance Center, a service provider within the Department of Agriculture, 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, and the National Finance Center payroll system to its FMS.

Management Report on Final Action

FHFA must report information on final actions taken by management on certain audit reports as required by the Inspector General Act of 1978. FHFA took final action on recommendations regarding $256,343 in disallowed costs and $5,120,505 for funds that could be put to better use as reported in the FY 2014 PAR.

Figure 17 • FHFA Financial Highlights

$ IN MILLIONS	2014	2013	Variance
Total Budgetary Resources	$ 331	$ 324	2%
Assessments	$ 235	$ 225	4%
Balance Forward	$ 39	$ 46	-15%
Offsetting Collections	$ 46	$ 42	10%
Recoveries of Prior Year Unpaid Obligations	$ 10	$ 12	-17%
Obligations Incurred	$ 300	$ 285	5%
Gross Outlays	$ 293	$ 278	5%

Source: Federal Housing Finance Agency

Unqualified Audit Opinions in FY 2014

For the seventh consecutive year, FHFA received an unmodified (clean) opinion on its financial statements from the U.S. Government Accountability Office. FHFA had no material internal control weaknesses, and our FY 2014 financial and performance data were reliable and complete in accordance with Office of Management and Budget Circulars A-123 and A-136.

Federal Housing Finance Oversight Board Assessment

Section 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 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 the assessment.

Enterprises

The Enterprises continue to operate under conservatorship, as they have since 2008. The U.S. Department of the Treasury (Treasury) remains committed to providing the Enterprises with financial support through the Senior Preferred Stock Purchase Agreements (PSPAs) that were established at the same time the Enterprises entered conservatorship. Through year-end 2014, the Enterprises' cumulative draws under the PSPAs totaled $187.5 billion, and the Enterprises had paid $225.4 billion in cumulative cash dividends to Treasury. Under the terms of the PSPAs, the payment of dividends does not offset or pay down prior draws from Treasury by the Enterprises.

Each Enterprise continues to have a significant but declining exposure to credit losses from mortgages originated in the several years prior to conservatorship. In 2014, the Enterprises generated net income of $21.9 billion, which is down from the record of $132.7 billion in net income in 2013. The decline reflects the absence of nonrecurring items such as the reversal of the valuation allowance associated with deferred tax assets and various legal settlements.

The Enterprises have depleted all of their shareholders' equity, are operating with a commitment of financial support from Treasury, and are not able to build their net worth. Consequently, when considering safety and soundness it is important to consider the lower risks associated with the Enterprises' new single-family guarantee book of business. The credit quality of new single-family mortgage guarantees in

2014 remained high by historical comparison. Higher-risk mortgages, such as no-income documentation or interest-only mortgages, have largely been eliminated from the Enterprises' new guarantees. The average loan-to-value ratio of mortgages acquired in 2014 was similar to 2013 at about 76 percent. The average FICO credit score on new mortgage guarantees in 2014 trended downward as the percentage of purchase money mortgages increased, and by the last quarter was in the low 740s. New mortgage guarantees with FICO scores less than 700 made up about 19 percent of new business in 2014 compared to about 15 percent in 2013.

The conservatorships of the Enterprises, combined with Treasury's commitment of financial support, have stabilized the Enterprises, but have not restored them to a solid financial condition. The Enterprises remain exposed to credit, counterparty and operational risks. Credit risk management remains a key priority for both Enterprises given their significant amount of remaining legacy distressed assets and ongoing stress in certain housing markets. In addition, counterparty risk remains an area of concern, especially given the evolving changes in the mortgage industry, and the greater prominence of 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. FHFA has published supervisory guidance on how the Enterprises should address risks arising from these transfers. Operational risk also remains a focus because of challenges related to legacy systems, record keeping, and strategic initiatives. The Enterprises must also manage potential vulnerabilities to cyber threats.

Consistent with their statutory missions, the Enterprises have continued to provide liquidity in the secondary mortgage market during their conservatorships. However, as noted above, the credit quality of the Enterprises' new business remains elevated, which has limited the Enterprises' presence in some segments of the mortgage market such as first-time homebuyers and traditionally underserved segments of the market. FHFA and the Enterprises continued to make progress in 2014 on developing a new representation and warranty framework to provide greater certainty to lenders on their exposure, and additional refinements are under consideration that are intended to reduce unnecessary constraints on lending. In addition, the Enterprises announced product offerings focused on creditworthy first-time homebuyers who lack funds for a substantial down payment. These product offerings stress strong underwriting guidelines, which include compensating factors and other risk mitigants. FHFA has also started the process of developing new housing goals for the Enterprises.

Both Enterprises also continue to serve an important role in efforts to limit preventable foreclosures, both to mitigate Enterprise losses as well as to enhance stability in housing markets and local communities. These efforts are essential to improving the financial performance and risk profile of the Enterprises. The Enterprises completed 307,000 foreclosure alternative actions in 2014, including 190,000 loan modifications. Since conservatorship, the Enterprises have completed 3.4 million foreclosure alternative actions, including nearly 1.8 million permanent loan modifications. While higher mortgage rates have slowed refinance activity, refinances under HARP totaled 212,000 in 2014, which brought the total number of refinances under HARP to 3.3 million. In addition, FHFA and the Enterprises worked to develop the Neighborhood Stabilization Initiative to provide solutions and strategies for hardest hit areas, and have engaged in non-performing loan sales to reduce losses and improve outcomes for borrowers.

FHFA and the Enterprises made good progress toward achieving the goals set out in FHFA's Strategic Plan for the Enterprises as contained in the 2014 Conservatorship Scorecard. In particular, expanding private sector participation is essential for the long-term health of the mortgage market, and the 2014 goal of executing multiple risk-sharing transactions on $90 billion of mortgages for each Enterprise was significantly exceeded. Progress was also made on developing common data standards, reducing the Enterprises' retained portfolios, establishing private mortgage insurer eligibility requirements, planning for a single security, and developing the Common Securitization Platform.

Directing the Enterprises' operations as the conservatorships lengthen presents its own set of challenges for FHFA. In particular, it is critical that the Enterprises dedicate appropriate resources to maintaining safe and sound operations in the face of uncertainty regarding the long-term prospects of the Enterprises' operations and charters.

FHLBanks

As of December 31, 2014, all 12 FHLBanks exceeded the minimum 4 percent leverage ratio. The weighted average regulatory capital-to-assets ratio for the FHLBank System was 5.4 percent at year-end 2014, as compared to 6.1 percent at the end of 2013. All FHLBanks were profitable for the year. The FHLBanks' business of making advances to members continues to operate with no credit losses.

Only one FHLBank was under an enforcement action as of year-end 2014. FHFA amended an existing consent order with the FHLBank of Seattle in November 2013. The revised consent order requires FHFA's non-objection before the FHLBank pays dividends or repurchases or redeems capital stock. As in 2013, FHFA allowed the FHLBank of Seattle to repurchase and redeem a small amount of excess capital stock and mandatorily redeemable capital stock respectively, and pay minimal dividends during 2014. The FHLBank of Seattle's overall financial performance continued to improve during 2014, but weaknesses including elevated operational risk, poor earnings, and insufficient retained earnings continued. After considering a number of options, the FHLBank of Seattle's board of directors entered into a Voluntary Merger Agreement with the FHLBank of Des Moines in September 2014. FHFA approved the FHLBanks' merger application in December 2014 and has worked with the two FHLBanks as they addressed conditions related to the merger.

The overall scale of the FHLBanks' advance operations increased during 2014, with $570.7 billion of advances outstanding at year-end 2014, an increase of $72.1 billion from year-end 2013. The growth of advances was more diverse across member segments than in recent years. FHLBank System members that are subsidiaries of the largest four bank holding companies increased net borrowing by $19.1 billion, or 26 percent of the overall FHLBank System increase in 2014, compared to an increase of $56.2

billion, or 71 percent of the overall increase in 2013. All member types reported increased total borrowing in 2014. Despite recent increases, advances to members remain low relative to their 2008 peak.

Even in an environment of relatively weak advance demand, the FHLBanks met their mission of providing liquidity to their members. Typically, demand for advances by members is cyclical. It falls when funding market conditions are robust or deposit growth is strong, as is the case today, and increases when market conditions are weak and liquidity is constrained in the banking system.

The FHLBanks also met their mission through their support of the Affordable Housing Program (AHP), which is a source of funds to support local affordable housing initiatives. The FHLBanks provided $269 million in AHP funds in 2014.

As can be seen from the discussion above, 2014 was a critical year in FHFA's oversight of the Enterprises and FHLBanks. While many challenges remain, the accomplishments of the past year provide a solid foundation for continued progress in 2015.

Melvin L. Watt
Chairman
Federal Housing Finance Oversight Board

Jacob J. Lew
Secretary
U.S. Department of the Treasury

Julián Castro
Secretary
U.S. Department of Housing and
Urban Development

Mary Jo White
Chair
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[a] ($)	Multifamily[a] ($)	Total Mortgages[a] ($)	Mortgage-Related Securities[b] ($)
4Q14	110,690	11,393	122,083	8,021
3Q14	108,509	9,093	117,602	8,818
2Q14	86,136	4,614	90,750	4,516
1Q14	77,412	3,520	80,932	3,530
Annual Data				
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

[a] 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.

[b] 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)[a]											
	Single-Family Mortgages								Multifamily Mortgages			
	Conventional				FHA/VA/RD[c]							
	Fixed-Rate[b] ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate[c] ($)	Adjustable-Rate ($)	Total ($)	Total Single-Family Mortgages ($)	Conventional ($)	FHA/RD[c] ($)	Total Multifamily Mortgages ($)	Total Mortgage Purchases ($)
4Q14	106,163	4,119	2	110,284	7	399	406	110,690	11,393	0	11,393	122,083
3Q14	103,199	4,904	2	108,105	1	403	404	108,509	9,093	0	9,093	117,602
2Q14	81,491	4,207	2	85,700	1	435	436	86,136	4,614	0	4,614	90,750
1Q14	72,863	4,094	2	76,959	2	451	453	77,412	3,520	0	3,520	80,932
Annual Data												
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

a 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.

b Includes balloon loans. Prior to 2012, includes energy loans.

c 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)[a]														
	Fannie Mae Securities				Other Securities										
	Single-Family				Freddie Mac				Ginnie Mae						
					Single-Family				Single-Family						
	Fixed-Rate[b] ($)	Adjustable-Rate ($)	Multi-family ($)	Total Fannie Mae[b] ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Ginnie Mae ($)	Total Private-Label[b] ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities ($)
4Q14	2,373	380	3,426	6,179	328	0	0	328	1,443	71	0	1,514	0	0	8,021
3Q14	3,312	393	3,737	7,442	532	10	0	542	784	50	0	834	0	0	8,818
2Q14	2,045	433	1,341	3,819	390	67	0	457	185	55	0	240	0	0	4,516
1Q14	1,367	332	1,435	3,134	183	47	0	230	145	21	0	166	0	0	3,530
Annual Data															
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

[a] 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.

[b] 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)[a]								
	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 ($)		
4Q14	0	0	0	0	0	0	0	0	0
3Q14	0	0	0	0	0	0	0	0	0
2Q14	0	0	0	0	0	0	0	0	0
1Q14	0	0	0	0	0	0	0	0	0
Annual Data									
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

[a] 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[a]			
	Single-Family MBS ($)	Multifamily MBS ($)	Total MBS ($)	Multiclass MBS[b] ($)
4Q14	109,045	11,910	120,955	16,320
3Q14	105,563	9,689	115,252	19,004
2Q14	84,096	5,519	89,615	11,814
1Q14	76,972	4,879	81,851	12,470
Annual Data				
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

[a] 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.

[b] 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[a,b] ($)	Guarantee Fee Income[a] ($)	Administrative Expenses ($)	Credit-Related Expense/ (Income)[c] ($)	Net Income (Loss) ($)	Return on Equity[d] (%)
4Q14	5,142	37	702	(97)	1,312	N/A
3Q14	5,184	52	706	(836)	3,905	N/A
2Q14	4,904	41	697	(1,853)	3,666	N/A
1Q14	4,738	45	672	(1,036)	5,325	N/A
Annual Data						
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

[a] 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.

[b] Interest income net of interest expense.

[c] Credit-related expense (income) includes provision (benefit) for loan losses and guarantee losses (collectively, credit losses) and foreclosed property expense (income).

[d] 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[a,b] ($)	Total Mortgage Assets[a,c] ($)	Nonmortgage Investments[d] ($)	Total Debt Outstanding[a] ($)	Shareholders' Equity (Deficit)[a] ($)	Senior Preferred Stock ($)	Fair Value of Net Assets[a] ($)	Mortgage Assets Held for Investment (Gross)[e] ($)	Indebtedness[f] ($)
4Q14	3,248,176	3,097,727	50,416	3,222,155	3,720	117,149	(16,754)	413,313	464,464
3Q14	3,230,316	3,092,320	47,207	3,201,480	6,399	117,149	(16,328)	438,100	479,049
2Q14	3,218,817	3,091,426	29,783	3,189,545	6,112	117,149	(11,840)	452,772	481,566
1Q14	3,226,505	3,111,263	30,337	3,194,695	8,092	117,149	(26,281)	467,712	486,292
Annual Data									
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

[a] 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.

[b] Beginning in 1998, the guaranty liability for Fannie Mae MBS held for investment was classified as a liability.

[c] 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.

[d] 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.

[e] 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.

[f] 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)[a]							Multifamily Mortgages ($ in Millions)[a]			($ in Millions)	
	Conventional				FHA/VA[b]							
	Fixed-Rate ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)	Conventional ($)	FHA/RD[b] ($)	Total Multi-family ($)	Total MBS Outstanding[a] ($)	Multiclass MBS Outstanding[c] ($)
4Q14	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
3Q14	2,393,491	114,670	346	2,508,507	10,321	86	10,407	139,659	1,252	140,911	2,659,825	464,552
2Q14	2,384,929	116,512	365	2,501,806	10,668	90	10,758	133,548	1,253	134,801	2,647,365	466,570
1Q14	2,389,784	117,993	383	2,508,160	11,022	93	11,115	128,932	1,260	130,192	2,649,467	473,669
Annual Data												
2014	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
2013	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
2012	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
2011	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
2010	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
2009	2,190,357	179,655	25	2,370,037	15,026	171	15,197	46,628	927	47,555	2,432,789	480,057
2008	2,035,020	203,206	31	2,238,257	12,903	214	13,117	37,298	787	38,085	2,289,459	481,137
2007	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
2006	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
2005	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
2004	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
2003	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
2002	875,260	75,430	0	950,690	36,057	1,247	37,304	47,025	5,420	52,445	1,040,439	401,406
2001	752,211	60,842	772	813,825	4,519	1,207	5,726	42,713	1,181	43,894	863,445	392,457
2000	599,999	61,495	1,165	662,659	6,778	1,298	8,076	35,207	780	35,987	706,722	334,508
1999	586,069	51,474	1,212	638,755	7,159	1,010	8,169	31,518	703	32,221	679,145	335,514
1998	545,680	56,903	98	602,681	5,340	587	5,927	28,378	157	28,535	637,143	361,613
1997	483,982	70,106	7	554,095	3,872	213	4,085	20,824	134	20,958	579,138	388,360
1996	460,866	65,682	9	526,557	4,402	191	4,593	16,912	111	17,023	548,173	339,798
1995	431,755	63,436	13	495,204	5,043	91	5,134	12,579	313	12,892	513,230	353,528
1994	415,692	55,780	18	471,490	5,628	0	5,628	8,908	319	9,227	486,345	378,733
1993	405,383	49,987	28	455,398	7,549	0	7,549	8,034	325	8,359	471,306	381,865
1992	360,619	45,718	43	406,380	9,438	0	9,438	8,295	331	8,626	424,444	312,369
1991	290,038	45,110	89	335,237	11,112	0	11,112	8,599	336	8,935	355,284	224,806
1990	225,981	42,443	121	268,545	11,380	0	11,380	7,807	343	8,150	288,075	127,278
1989	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
1988											170,097	26,660
1987											135,734	11,359
1986											95,568	Not Issued Before 1987
1985											54,552	
1984											35,738	
1983											25,121	
1982											14,450	
1981											717	
1980											Not Issued Before 1981	

Source: Fannie Mae

a 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.

b 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.

c 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[a]

End of Period	($ in Millions)			
	Whole Loans[b,c] ($)	Fannie Mae Securities[b,d] ($)	Other Mortgage-Related Securities[b,d,e] ($)	Mortgage Assets Held for Investment (Gross)[f] ($)
4Q14	285,610	92,819	34,884	413,313
3Q14	292,543	108,460	37,097	438,100
2Q14	298,683	114,396	39,693	452,772
1Q14	305,989	117,283	44,440	467,712
Annual Data				
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

[a] 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.

[b] Unpaid principal balance.

[c] 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.

[d] Amounts for 2002 to 2009 exclude mortgage-related securities consolidated as loans at period end.

[e] Includes mortgage revenue bonds.

[f] 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)[a]								
	Single-Family					Multifamily			Total Whole Loans ($)
	Conventional								
	Fixed-Rate[b] ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)	Total FHA/VA/RD[c] ($)	Conventional ($)	Total FHA/RD[c] ($)	Total ($)	
4Q14	214,830	10,810	160	225,800	36,442	23,125	243	23,368	285,610
3Q14	217,667	10,664	144	228,475	37,140	26,680	248	26,928	292,543
2Q14	218,678	11,435	148	230,261	38,053	30,113	256	30,369	298,683
1Q14	220,985	12,273	153	233,411	38,786	33,531	261	33,792	305,989
Annual Data									
2014	214,830	10,810	160	225,800	36,442	23,125	243	23,368	285,610
2013	224,174	13,171	156	237,501	39,399	37,497	267	37,764	314,664
2012	251,081	18,008	170	269,259	40,886	61,251	312	61,563	371,708
2011	255,914	23,490	185	279,589	41,555	76,765	362	77,127	398,271
2010	248,335	31,526	207	280,068	51,783	94,792	431	95,223	427,074
2009	208,915	34,602	213	243,730	52,399	119,829	585	120,414	416,543
2008	223,881	44,157	215	268,253	43,799	116,742	699	117,441	429,493
2007	240,090	43,278	261	283,629	28,202	90,931	815	91,746	403,577
2006	255,490	46,820	287	302,597	20,106	59,374	968	60,342	383,045
2005	261,214	38,331	220	299,765	15,036	50,731	1,148	51,879	366,680
2004	307,048	38,350	177	345,575	10,112	43,396	1,074	44,470	400,157
2003	335,812	19,155	233	355,200	7,284	33,945	1,204	35,149	397,633
2002	282,899	12,142	416	295,457	6,404	19,485	1,898	21,383	323,244
2001	140,454	10,427	917	151,798	5,069	8,987	1,551	10,538	167,405
2000	125,786	13,244	480	139,510	4,763	6,547	1,814	8,361	152,634
1999	130,614	6,058	176	136,848	4,472	5,564	2,347	7,911	149,231
1998	135,351	7,633	206	143,190	4,404	5,590	2,595	8,185	155,779
1997	134,543	10,389	268	145,200	4,631	7,388	2,883	10,271	160,102
1996	137,507	12,415	323	150,245	4,739	9,756	3,151	12,907	167,891
1995	137,032	14,756	423	152,211	4,780	11,175	3,315	14,490	171,481
1994	133,882	16,475	537	150,894	4,965	11,681	3,369	15,050	170,909
1993	123,308	19,175	772	143,255	5,305	11,143	3,446	14,589	163,149
1992	91,500	22,637	1,355	115,492	6,097	9,407	3,601	13,008	134,597
1991	69,130	19,763	2,046	90,939	6,962	7,641	3,709	11,350	109,251
1990	61,873	19,558	1,851	83,282	8,524	6,142	3,849	9,991	101,797
1989	55,638	20,751	1,614	78,003	9,450	3,926	4,350	8,276	95,729
1988	53,090	20,004	1,561	74,655	10,480	2,699	4,386	7,085	92,220
1987	55,913	13,702	1,421	71,036	11,652	2,448	4,482	6,930	89,618
1986	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	Not Available Before 1987	94,167
1985									97,421
1984									87,205
1983									77,983
1982									71,777
1981									61,411
1980									57,326
1979									51,096
1978									43,315
1977									34,377
1976									32,937
1975									31,916
1974									29,708
1973									24,459
1972									20,326
1971									18,515

Source: Fannie Mae

a 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.

b Includes balloon loans. Prior to 2012, includes energy loans.

c 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)[a]													
	Fannie Mae Securities[b] ($)				Other Securities									
	Single-Family				Freddie Mac				Ginnie Mae					
					Single-Family				Single-Family					
	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Fannie Mae ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Ginnie Mae ($)	Total Private-Label ($)	Total Other Securities[c] ($)
4Q14	64,904	9,257	18,658	92,819	3,506	2,862	0	6,368	555	9	8	572	23,388	30,328
3Q14	78,756	10,907	18,797	108,460	3,801	2,966	0	6,767	713	8	19	740	24,717	32,224
2Q14	84,180	11,768	18,448	114,396	4,285	3,102	0	7,387	636	26	18	680	26,261	34,328
1Q14	84,521	12,258	20,504	117,283	4,376	3,240	0	7,616	677	10	32	719	30,209	38,544
Annual Data														
2014	64,904	9,257	18,658	92,819	3,506	2,862	0	6,368	555	9	8	572	23,388	30,328
2013	94,722	12,710	22,409	129,841	4,758	3,366	0	8,124	859	8	32	899	30,854	39,877
2012	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
2011	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
2010	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
2009	203,577	16,272	396	220,245	29,783	11,607	0	41,390	1,119	137	21	1,277	75,344	118,011
2008	207,867	20,637	446	228,950	18,420	14,963	0	33,383	1,343	153	21	1,517	83,406	118,306
2007	158,863	20,741	559	180,163	16,954	14,425	0	31,379	1,575	34	50	1,659	94,810	127,848
2006	194,702	4,342	600	199,644	17,304	12,773	0	30,077	1,905	0	56	1,961	97,281	129,319
2005	230,546	3,030	875	234,451	18,850	9,861	0	28,711	2,273	0	57	2,330	86,915	117,956
2004	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
2003	400,863	3,149	1,910	405,922	30,356	558	0	30,914	6,993	0	68	7,061	46,979	84,954
2002	373,958	3,827	2,598	380,383	32,617	207	0	32,824	15,436	0	85	15,521	28,157	76,502
2001	417,796	5,648	8,332	431,776	42,516	287	26	42,829	18,779	1	109	18,889	29,175	90,893
2000	Not Available Before 2001	Not Available Before 2001	Not Available Before 2001	351,066	Not Available Before 2001	Not Available Before 2001	Not Available Before 2001	33,290	Not Available Before 2001	Not Available Before 2001	Not Available Before 2001	23,768	34,266	91,324
1999				281,714				25,577				23,701	31,673	80,951
1998				197,375				23,453				8,638	19,585	51,676
1997				130,444				5,262				7,696	5,554	18,512
1996				102,607				3,623				4,780	1,486	9,889
1995				69,729				3,233				2,978	747	6,958
1994				43,998				564				3,182	1	3,747
1993				24,219				Not Available Before 1994				972	2	974
1992				20,535								168	3	171
1991				16,700								180	93	273
1990				11,758								191	352	543
1989				11,720								202	831	1,033
1988				8,153								26	810	836
1987				4,226								Not Available Before 1988	1,036	1,036
1986				1,606									1,591	1,591
1985				435									Not Available Before 1986	Not Available Before 1986
1984				477										
1983				Not Available Before 1984										

Source: Fannie Mae

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

b 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.

c 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)[a]								
	Private-Label								
	Single-Family								
	Manufactured Housing ($)	Subprime		Alt-A		Other		Multifamily ($)	Total Private-Label ($)
		Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)		
4Q14	1,699	194	8,719	4,329	3,416	149	1,194	3,688	23,388
3Q14	1,748	204	9,010	4,911	3,701	154	1,229	3,760	24,717
2Q14	1,798	208	9,632	3,297	6,065	160	1,259	3,842	26,261
1Q14	1,851	212	11,876	3,421	7,465	164	1,291	3,929	30,209
Annual Data									
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

[a] 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.

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[a] ($)	Total Mortgage-Related Securities[a,b] ($)	Unamortized Premiums, Discounts, Deferred Adjustments, & Fair-Value Adjustments on Securities and Loans[b,c] ($)	Mortgage Assets Held for Investment (Net)[b] ($)	Mortgage Assets Held for Investment (Gross)[b,d] ($)	Limit on Mortgage Assets Held for Investment (Gross)[e] ($)
4Q14	4,556	127,703	(6,861)	406,452	413,313	422,700
3Q14	4,873	145,557	(6,759)	431,341	438,100	469,600
2Q14	5,365	154,089	(6,502)	446,270	452,772	469,600
1Q14	5,896	161,723	(9,338)	458,374	467,712	469,600
Annual Data						
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

a Unpaid principal balance.

b 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.

c 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.

d 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.

e 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[a] ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency Contracts ($)	Over-the-Counter Futures, Options, and Forward Rate Agreements[b] ($)	Mandatory Mortgage Purchase & Sell Commitments ($)	Other ($)	Total ($)
4Q14	404,375	0	617	67,900	119,026	0	591,918
3Q14	392,144	0	642	88,450	104,162	0	585,398
2Q14	378,546	0	676	119,700	109,660	0	608,582
1Q14	400,072	500	860	137,500	84,904	0	623,836
Annual Data							
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

[a] 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).

[b] Beginning in 2010, includes exchange-traded futures, if applicable.

Table 7. Fannie Mae Nonmortgage Investments

End of Period	Nonmortgage Investments ($ in Millions)[a]					
	Federal Funds and Eurodollars ($)	Asset-Backed Securities ($)	Repurchase Agreements[b] ($)	Commercial Paper and Corporate Debt[c] ($)	Other[d] ($)	Total ($)
4Q14	0	0	30,950	0	19,466	50,416
3Q14	0	0	29,450	0	17,757	47,207
2Q14	0	0	16,700	0	13,083	29,783
1Q14	0	0	12,750	0	17,587	30,337
Annual Data						
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

a 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.

b 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.

c 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.

d 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[a] (%)	Multifamily Serious Delinquency Rate[b] (%)	Credit Losses as a Proportion of the Guarantee Book of Business[c, d] (%)	Real Estate Owned as a Proportion of the Guarantee Book of Business[d] (%)	Credit-Enhanced Outstanding as a Proportion of the Guarantee Book of Business[e] (%)
4Q14	1.89	0.05	0.20	0.35	20.9
3Q14	1.96	0.09	0.23	0.37	20.4
2Q14	2.05	0.10	0.19	0.38	19.9
1Q14	2.19	0.10	0.15	0.39	19.7
Annual Data					
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	
1987	1.12	Not Available Before 1988	0.11	0.18	
1986	1.38		0.12	0.22	
1985	1.48		0.13	0.32	
1984	1.65		0.09	0.33	
1983	1.49		0.05	0.35	
1982	1.41		0.01	0.20	
1981	0.96		0.01	0.13	
1980	0.90		0.01	0.09	
1979	0.56		0.02	0.11	
1978	0.55		0.02	0.18	
1977	0.46		0.02	0.26	
1976	1.58		0.03	0.27	
1975	0.56		0.03	0.51	
1974	0.51		0.02	0.52	
1973	Not Available Before 1974		0.00	0.61	
1972			0.02	0.98	
1971			0.01	0.59	

Source: Fannie Mae

a 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.

b 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.

c 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.

d Guarantee 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 guarantee book of business plus non-Fannie Mae mortgage-related securities held as investments not guaranteed by Fannie Mae.

e 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.

Table 9. Fannie Mae Capital

End of Period	Capital ($ in Millions)[a]									
	Minimum Capital Requirement			Risk-Based Capital Requirement						
	Core Capital[b] ($)	Minimum Capital Requirement[c] ($)	Minimum Capital Surplus (Deficit)[d] ($)	Total Capital[e] ($)	Risk-Based Capital Requirement[f] ($)	Risk-Based Capital Surplus (Deficit)[g] ($)	Market Capitalization[h] ($)	Core Capital/ Total Assets[i] (%)	Core Capital/ Total Assets Plus Unconsolidated MBS[i, j] (%)	Common Share Dividend Payout Rate[k] (%)
4Q14	(115,202)	27,044	(142,246)	N/A	N/A	N/A	2,380	(3.55)	(3.53)	N/A
3Q14	(112,515)	27,227	(139,742)	N/A	N/A	N/A	3,115	(3.48)	(3.47)	N/A
2Q14	(112,707)	27,286	(139,994)	N/A	N/A	N/A	4,528	(3.50)	(3.49)	N/A
1Q14	(110,683)	27,271	(137,954)	N/A	N/A	N/A	4,517	(3.43)	(3.42)	N/A
Annual Data										
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

a 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.

b 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.

c 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.

d Minimum capital surplus is the difference between core capital and minimum capital requirement.

e 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.

f 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.

g 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.

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

i 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.

j Unconsolidated MBS are those held by third parties.

k 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[a]			
	Single-Family ($)	Multifamily ($)	Total Mortgages[b] ($)	Mortgage-Related Securities[c] ($)
4Q14	70,964	14,274	85,238	23,313
3Q14	76,658	6,947	83,605	20,501
2Q14	58,459	4,109	62,568	22,924
1Q14	49,172	3,006	52,178	11,404
Annual Data				
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

[a] Based on unpaid principal balances. Excludes mortgage loans and mortgage-related securities traded but not yet settled.

[b] Consists of loans purchased from lenders, as well as those loans covered under other guarantee commitments.

[c] 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 2013 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)[a]											
	Single-Family Mortgages								Multifamily Mortgages			Total Mortgage Purchases ($)
	Conventional				FHA/VA[d]			Total Single-Family Mortgages ($)				
	Fixed-Rate[b] ($)	Adjustable-Rate[c] ($)	Seconds ($)	Total ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Total ($)		Conventional ($)	FHA/RD ($)	Total Multi-family Mortgages ($)	
4Q14	66,477	4,470	0	70,947	17	0	17	70,964	14,274	0	14,274	85,238
3Q14	72,043	4,594	0	76,637	21	0	21	76,658	6,947	0	6,947	83,605
2Q14	54,264	4,176	0	58,440	19	0	19	58,459	4,109	0	4,109	62,568
1Q14	46,685	2,471	0	49,156	16	0	16	49,172	3,006	0	3,006	52,178
Annual Data												
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

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

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

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

d 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)[a]														
	Freddie Mac Securities[b]				Other Securities										
					Fannie Mae				Ginnie Mae[c]						
	Single-Family				Single-Family				Single-Family						
	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Fannie Mae ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Ginnie Mae ($)	Total Private-Label ($)	Mortgage Revenue Bonds ($)	Total Mortgage-Related Securities[c] ($)
4Q14	9,053	1,652	308	11,013	357	4,538	0	4,895	0	0	0	0	7,405	0	23,313
3Q14	13,131	2,234	84	15,449	749	399	0	1,148	0	0	0	0	3,904	0	20,501
2Q14	13,845	3,682	0	17,527	1,348	68	0	1,416	0	73	0	73	3,908	0	22,924
1Q14	7,893	0	0	7,893	241	0	0	241	0	0	0	0	3,270	0	11,404
Annual Data															
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

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

b 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.

c Before 2002, amounts exclude real estate mortgage investment conduits and other structured securities backed by Ginnie Mae MBS.

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

Period	Purchases ($ in Millions)[a]								
	Private-Label								
	Single-Family								
		Subprime		Alt-A[b]		Other[c]			
	Manufactured Housing ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multifamily[c] ($)	Total Private-Label ($)
4Q14	0	0	0	0	0	0	0	7,405	7,405
3Q14	0	0	0	0	0	0	0	3,904	3,904
2Q14	0	0	0	0	0	0	0	3,908	3,908
1Q14	0	0	0	0	0	0	0	3,270	3,270
Annual Data									
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

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

b Includes Alt-A and option ARM private-label mortgage-related securities purchased for other guarantee transactions. ARM stands for adjustable-rate mortgage.

c Includes non-Freddie Mac mortgage-related securities purchased for other guarantee transactions, including Ginnie Mae mortgage-backed securities, as well as non-agency securities held for investment. Purchases for 2009 and 2010 include amounts related to housing finance agency bonds acquired and resecuritized under a bond initiative program.

Table 11. Freddie Mac MBS Issuances

Period	Business Activity ($ in Millions)			
	MBS Issuances[a]			
	Single-Family MBS[b] ($)	Multifamily MBS ($)	Total MBS[b] ($)	Multiclass MBS[c] ($)
4Q14	70,699	7,985	78,684	22,494
3Q14	78,329	4,335	82,664	28,454
2Q14	58,154	4,080	62,234	25,472
1Q14	52,581	3,370	55,951	28,754
Annual Data				
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

a Based on unpaid principal balances. Excludes mortgage loans and mortgage-related securities traded but not yet settled. Includes issuance of other guarantee commitments for mortgages not in the form of a security.

b Includes mortgage-backed securities (MBS), real estate mortgage investment conduits (REMICs), other structured securities, and other guarantee transactions. 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 resecuritization of Freddie Mac MBS.

c 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	Net Interest Income[a] ($)	Guarantee Fee Income[a] ($)	Administrative Expenses ($)	Credit-Related (Benefit) Expenses[b] ($)	Net Income (Loss) ($)	Return on Equity[c] (%)
	Earnings ($ in Millions)					
4Q14	3,587	85	488	101	227	N/M
3Q14	3,663	84	472	677	2,081	N/M
2Q14	3,503	82	453	(668)	1,362	N/M
1Q14	3,510	78	468	144	4,020	N/M
Annual Data						
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

[a] 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.

[b] 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.

[c] 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)[a]								
	Total Assets ($)	Total Mortgage Assets[b] ($)	Nonmortgage Investments ($)	Total Debt Outstanding ($)	Stockholders' Equity ($)	Senior Preferred Stock ($)	Fair-Value of Net Assets ($)	Mortgage Assets Held for Investment (Gross)[c] ($)	Indebtedness[d] ($)
4Q14	1,945,539	1,852,646	58,585	1,929,542	2,651	72,336	(30,400)	408,414	454,029
3Q14	1,922,784	1,847,597	39,115	1,903,551	5,186	72,336	(34,600)	413,610	439,534
2Q14	1,916,618	1,836,433	56,842	1,898,675	4,290	72,336	(40,900)	419,880	449,232
1Q14	1,921,538	1,844,530	44,020	1,900,325	6,899	72,336	(48,100)	434,398	458,334
Annual Data									
2014	1,945,539	1,852,646	58,585	1,929,542	2,651	72,336	(30,400)	408,414	454,029
2013	1,966,061	1,855,095	69,019	1,940,751	12,835	72,336	(41,200)	461,024	511,345
2012	1,989,856	1,912,929	58,076	1,967,042	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

a 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.

b Excludes allowance for loan losses.

c Defined as mortgage assets in the Treasury Preferred Stock Purchase agreement. 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.

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

Table 13a. Freddie Mac Total MBS Outstanding Detail[a]

End of Period	Single-Family Mortgages ($ in Millions)					Multifamily Mortgages ($ in Millions)			($ in Millions)	
	Conventional									
	Fixed-Rate[b] ($)	Adjustable-Rate[c] ($)	Seconds[d] ($)	Total ($)	Total FHA/VA[d]	Conventional ($)	FHA/RD ($)	Multifamily Mortgages ($)	Total MBS Outstanding[e] ($)	Multiclass MBS Outstanding[f] ($)
4Q14	1,338,926	72,095	0	1,411,021	2,835	87,836	0	87,836	1,501,692	410,133
3Q14	1,328,522	71,054	1	1,399,577	2,954	82,202	0	82,202	1,484,733	410,157
2Q14	1,321,445	72,084	1	1,393,530	3,081	78,828	0	78,828	1,475,439	407,508
1Q14	1,318,886	72,144	1	1,391,031	3,039	75,039	0	75,039	1,469,109	405,946
Annual Data										
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

[a] Based on unpaid principal balances of mortgage guarantees held by third parties. Excludes mortgage-backed securities (MBS) held for investment by Freddie Mac.

[b] Includes U.S.Department of Agriculture Rural Development (RD) loan programs.

[c] 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.

[d] From 2002 to the current period, includes resecuritizations of non-Freddie Mac securities.

[e] 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.

[f] 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[a] ($)	Freddie Mac Securities[a] ($)	Other Mortgage-Related Securities[a] ($)	Mortgage Assets Held for Investment (Gross)[b, c] ($)
4Q14	164,472	161,541	82,401	408,414
3Q14	164,422	161,698	87,490	413,610
2Q14	169,085	155,162	95,633	419,880
1Q14	173,505	155,884	105,009	434,398
Annual Data				
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

[a] Based on unpaid principal balances. Excludes mortgage loans and mortgage-related securities traded but not yet settled.

[b] Excludes allowance for loan losses.

[c] 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)[a]								
	Single-Family					Multifamily			Total Whole Loans ($)
	Conventional				Total FHA/VA[c] ($)	Conventional ($)	FHA/RD ($)	Total ($)	
	Fixed-Rate[b] ($)	Adjustable-Rate ($)	Seconds ($)	Total ($)					
4Q14	106,499	4,544	0	111,043	473	52,953	3	52,956	164,472
3Q14	107,099	5,166	0	112,265	503	51,651	3	51,654	164,422
2Q14	110,530	5,499	0	116,029	495	52,558	3	52,561	169,085
1Q14	111,223	5,829	0	117,052	505	55,945	3	55,948	173,505
Annual Data									
2014	106,499	4,544	0	111,043	473	52,953	3	52,956	164,472
2013	115,073	6,511	0	121,584	553	59,168	3	59,171	181,308
2012	133,506	9,953	0	143,459	1,285	76,566	3	76,569	221,313
2011	156,361	13,804	0	170,165	1,494	82,308	3	82,311	253,970
2010	130,722	16,643	0	147,365	1,498	85,880	3	85,883	234,746
2009	50,980	2,310	0	53,290	1,588	83,935	3	83,938	138,816
2008	36,071	2,136	0	38,207	548	72,718	3	72,721	111,476
2007	21,578	2,700	0	24,278	311	57,566	3	57,569	82,158
2006	19,211	1,233	0	20,444	196	45,204	3	45,207	65,847
2005	19,238	903	0	20,141	255	41,082	3	41,085	61,481
2004	22,055	990	0	23,045	344	37,968	3	37,971	61,360
2003	25,889	871	1	26,761	513	32,993	3	32,996	60,270
2002	33,821	1,321	3	35,145	705	28,033	3	28,036	63,886
2001	38,267	1,073	5	39,345	964	22,480	3	22,483	62,792
2000	39,537	2,125	9	41,671	1,200	16,369	Not Available Before 2001	16,369	59,240
1999	43,210	1,020	14	44,244	77	12,355		12,355	56,676
1998	47,754	1,220	23	48,997	109	7,978		7,978	57,084
1997	40,967	1,478	36	42,481	148	5,825		5,825	48,454
1996	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	Not Available Before 1997	4,746		4,746	46,504
1995						3,852		3,852	43,753

Source: Freddie Mac

[a] Based on unpaid principal balances of mortgage loans. Excludes mortgage loans traded but not yet settled.

[b] From 2001 to the current period, includes U.S.Department of Agriculture Rural Development (RD) loan programs.

[c] 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)[a]													
	Freddie Mac Securities[b]				Other Securities									
	Single-Family				Fannie Mae				Ginnie Mae					
					Single-Family				Single-Family					
	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Freddie Mac ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Fannie Mae ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Multi-family ($)	Total Ginnie Mae ($)	Total Private-Label ($)	Total Other Securities ($)
4Q14	131,683	26,532	3,326	161,541	6,852	9,303	0	16,155	119	67	12	198	63,879	80,232
3Q14	132,346	27,136	2,216	161,698	6,902	8,579	0	15,481	126	69	15	210	69,336	85,027
2Q14	126,496	26,637	2,029	155,162	6,705	8,652	3	15,360	133	72	15	220	77,184	92,764
1Q14	126,511	26,848	2,525	155,884	6,310	9,023	3	15,336	142	75	15	232	86,182	101,750
Annual Data														
2014	131,683	26,532	3,326	161,541	6,852	9,303	0	16,155	119	67	12	198	63,879	80,232
2013	137,164	28,083	2,787	168,034	7,240	9,421	3	16,664	150	78	15	243	91,237	108,144
2012	147,751	36,630	2,382	186,763	10,864	12,518	84	23,466	202	91	15	308	120,038	143,812
2011	174,440	46,219	3,008	223,667	16,543	15,998	128	32,669	253	104	16	373	134,841	167,883
2010	206,974	54,534	2,095	263,603	21,238	18,139	316	39,693	296	117	27	440	148,515	188,648
2009	294,958	77,708	1,949	374,615	36,549	28,585	528	65,662	341	133	35	509	163,816	229,987
2008	328,965	93,498	2,061	424,524	35,142	34,460	674	70,276	398	152	26	576	185,041	255,893
2007	269,896	84,415	2,659	356,970	23,140	23,043	922	47,105	468	181	82	731	218,914	266,750
2006	282,052	71,828	382	354,262	25,779	17,441	1,214	44,434	707	231	13	951	224,631	270,016
2005	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
2004	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
2003	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
2002				341,287				78,829				4,878	70,752	154,459
2001				308,427				71,128				5,699	42,336	119,163
2000				246,209				28,303				8,991	35,997	73,291
1999				211,198				13,245				6,615	31,019	50,879
1998				168,108				3,749				4,458	16,970	25,177
1997				103,400				Not Available Before 1998				6,393	Not Available Before 1998	Not Available Before 1998
1996				81,195								7,434		
1995				56,006								Not Available Before 1996		
1994				30,670										
1993				15,877										
1992				6,394										

Source: Freddie Mac

[a] Based on unpaid principal balances.

[b] 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)[a]								
	Private-Label								
	Single-Family							Multifamily ($)	Total Private-Label ($)
	Manufactured Housing ($)	Subprime		Alt-A[b]		Other[c]			
		Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)	Fixed-Rate ($)	Adjustable-Rate ($)		
4Q14	704	11	27,675	955	5,035	0	8,287	21,212	63,879
3Q14	722	11	30,700	1,117	5,389	0	8,493	22,904	69,336
2Q14	741	11	34,076	1,224	6,694	0	9,716	24,722	77,184
1Q14	760	114	37,848	1,311	8,347	0	10,197	27,605	86,182
Annual Data									
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

a Based on unpaid principal balances.

b Includes nonagency mortgage-related securities backed by home equity lines of credit.

c 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

	Mortgage-Related Securities ($ in Millions)		($ in Millions)			
End of Period	Mortgage Revenue Bonds[a] ($)	Total Mortgage-Related Securities[a] ($)	Unamortized Premiums, Discounts, Deferred Fees, Plus Unrealized Gains/ Losses on Available-for-Sale Securities[b] ($)	Mortgage Assets Held for Investment (Net)[c] ($)	Mortgage Assets Held for Investment (Gross)[d] ($)	Limit on Mortgage Assets Held for Investment (Gross)[e] ($)
4Q14	2,169	243,942	N/A	N/A	408,414	469,625
3Q14	2,463	249,188	N/A	N/A	413,610	552,500
2Q14	2,869	250,795	N/A	N/A	419,880	552,500
1Q14	3,259	260,893	N/A	N/A	434,398	552,500
Annual Data						
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

a Based on unpaid principal balances.

b 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.

c Excludes allowance for loan losses.

d 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.

e 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[a] ($)	Interest Rate Caps, Floors, and Corridors ($)	Foreign Currency Contracts ($)	Over-the-Counter Futures, Options, and Forward Rate Agreements ($)	Treasury-Based Contracts[b] ($)	Exchange-Traded Futures, Options and Other Derivatives ($)	Credit Derivatives[c] ($)	Commitments[d] ($)	Other[e] ($)	Total ($)
4Q14	418,844	10,000	0	95,260	7,471	40,000	5,207	27,054	3,204	607,040
3Q14	435,796	11,000	0	90,390	0	40,000	5,307	47,070	3,305	632,868
2Q14	459,680	13,000	0	77,123	0	50,000	5,244	23,773	3,347	632,167
1Q14	477,080	17,000	0	97,272	234	70,000	5,192	23,563	3,412	693,753
Annual Data										
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

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

b Amounts for years 2002 through the current period include exchange-traded.

c Amounts included in "Other" in 2000, not applicable in prior years.

d 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.

e Includes prepayment management agreement and swap guarantee derivatives.

Table 16. Freddie Mac Nonmortgage Investments

End of Period	Nonmortgage Investments ($ in Millions)[a]					
	Federal Funds and Eurodollars ($)	Asset-Backed Securities ($)	Repurchase Agreements ($)	Commercial Paper and Corporate Debt ($)	Other[b] ($)	Total ($)
4Q14	0	0	51,903	0	6,682	58,585
3Q14	0	0	29,956	0	9,159	39,115
2Q14	0	0	44,131	0	12,711	56,842
1Q14	0	0	35,041	0	8,979	44,020
Annual Data						
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

[a] 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.

[b] 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[a] (%)	Multifamily Delinquency Rate[b] (%)	Credit Losses/Average Total Mortgage Portfolio[c] (%)	REO/Total Mortgage Portfolio[d] (%)	Credit-Enhanced[e]/ Total Mortgage Portfolio[d] (%)
4Q14	1.88	0.04	0.24	0.14	26.0
3Q14	1.96	0.03	0.23	0.16	25.0
2Q14	2.07	0.02	0.19	0.20	23.0
1Q14	2.20	0.04	0.21	0.24	21.0
Annual Data					
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

[a] 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.

[b] 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.

[c] 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.

[d] 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.

[e] 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[a]

	Capital ($ in Millions)									
	Minimum Capital Requirement			Risk-Based Capital Requirement						
End of Period	Core Capital[b] ($)	Minimum Capital Requirement[c] ($)	Regulatory Capital Surplus (Deficit)[c] ($)	Total Capital[d] ($)	Risk-Based Capital Requirement[e] ($)	Risk-Based Capital Surplus (Deficit)[f] ($)	Market Capitalization[g] ($)	Core Capital/ Total Assets[h] (%)	Core Capital/ Total Assets plus Unconsolidated MBS[i] (%)	Common Share Dividend Payout Rate[j] (%)
4Q14	(71,415)	20,090	(91,505)	N/A	N/A	N/A	1,339	(3.67)	(3.54)	N/A
3Q14	(68,856)	19,711	(88,567)	N/A	N/A	N/A	1,716	(3.58)	(3.46)	N/A
2Q14	(69,047)	19,849	(88,896)	N/A	N/A	N/A	2,509	(3.60)	(3.48)	N/A
1Q14	(65,910)	20,091	(86,001)	N/A	N/A	N/A	2,509	(3.43)	(3.31)	N/A
Annual Data										
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 Available Before 2002	Not Available Before 2002	Not Available 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 Available Before 1993	Not Available Before 1993	Not Available Before 1993				8,721	Not Available Before 1993	Not Available 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

a 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.

b 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.

c 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.

d Total capital includes core capital and general reserves for mortgage and foreclosure losses.

e 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.

f The difference between total capital and risk-based capital requirement.

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

h 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.

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

j 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 ($)	REFCORP Assessment [a, b] ($)	Net Income ($)
4Q14	941	254	64	0	550
3Q14	864	232	74	0	625
2Q14	860	227	63	0	514
1Q14	857	219	68	0	556
Annual Data					
2014	3,522	932	269	0	2,245
2013	3,400	889	293	0	2,512
2012	4,049	839	296	0	2,603
2011	4,175	855	189	159	1,599
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

[a] Before 2000, the Federal Home Loan Banks charged a $300 million annual capital distribution to the Resolution Funding Corporation (REFCORP) directly to retained earnings.

[b] 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.

[c] The year-end data for 2012-2014 is sourced from the Federal Home Loan Banks Combined Financial Report for the Year Ended December 31, 2014.

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[a]	Regulatory Capital/Total Assets
4Q14	913,343	570,726	43,563	139,180	848,334	33,705	13,244	49,577	5.43
3Q14	883,061	544,568	43,345	138,833	817,699	33,439	13,029	46,717	5.61
2Q14	865,891	536,634	43,314	139,411	801,280	33,268	12,695	46,084	5.73
1Q14	820,585	484,442	43,661	139,856	754,726	31,773	12,467	44,046	5.94
Annual Data									
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	140,310	767,141	33,375	12,206	50,577	6.06
2012	762,675	425,748	49,424	138,522	692,416	33,538	10,447	50,989	6.69
2011	766,352	418,156	53,377	140,156	697,385	35,542	8,521	52,934	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

[a] 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
4Q14	58	35	107	64	11	30	16	77	64	45	19	27	(4)	548
3Q14	74	48	110	62	11	27	34	86	67	76	16	28	(12)	627
2Q14	62	31	94	61	14	27	33	77	45	39	14	29	(12)	514
1Q14	77	36	81	57	13	37	34	75	80	45	11	22	(13)	555
Annual Data														
2014	271	150	392	244	49	121	117	315	256	205	60	106	(41)	2,245
2013	338	212	343	261	88	110	203	305	148	308	61	119	16	2,512
2012	270	207	375	235	81	111	140	361	130	491	71	110	21	2,603
2011	184	160	224	138	48	78	110	244	38	216	90	77	(8)	1,599
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[a]

[a] The year-end data for 2013-2014 is sourced from the Federal Home Loan Banks Combined Financial Report for the Year Ended December 31, 2014.

End of Period	($ in Millions)												
	Atlanta	Boston	Chicago	Cincinnati	Dallas	Des Moines	Indianapolis	New York	Pittsburgh	San Francisco	Seattle	Topeka	System Total
4Q14	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
3Q14	88,627	31,410	26,766	71,442	18,758	64,220	19,325	99,550	53,054	40,615	10,226	20,575	544,568
2Q14	95,128	32,299	24,782	69,485	18,246	51,714	19,248	96,848	54,624	46,595	10,214	17,450	536,634
1Q14	84,166	29,700	22,372	65,545	15,341	44,924	17,129	87,677	46,064	45,552	9,860	16,113	484,442
Annual Data													
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	18,129	75,888	40,498	43,750	9,135	16,573	425,748
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	418,156
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

Table 23. Federal Home Loan Banks Regulatory Capital[a]

End of Period	($ in Millions)													
	Atlanta	Boston	Chicago	Cincinnati	Dallas	Des Moines	Indianapolis	New York	Pittsburgh	San Francisco	Seattle	Topeka	Combining Adjustment[b]	System Total
4Q14	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
3Q14	6,412	3,514	4,110	5,008	1,936	4,176	2,542	6,680	3,884	6,762	2,729	1,710	56	49,519
2Q14	6,635	3,931	3,999	4,974	1,912	3,667	2,466	6,878	3,839	6,922	2,805	1,482	66	49,576
1Q14	6,125	4,356	3,817	4,945	1,755	3,375	2,396	6,471	3,432	7,350	2,873	1,752	78	48,725
Annual Data														
2014	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
2013	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	50,577
2012	6,373	4,259	3,347	4,759	1,793	2,694	2,677	5,714	3,807	10,751	2,987	1,751	77	50,989
2011	7,257	4,251	4,527	3,845	1,765	2,684	2,515	5,292	3,871	12,176	2,958	1,738	56	52,934
2010	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
2009	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
2008	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
2007	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
2006	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
2005	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
2004	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
2003	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
2002	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
2001	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
2000	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
1999	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
1998	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
1997	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
1996	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
1995	1,615	1,201	941	1,128	1,168	1,217	799	1,531	1,030	2,719	1,148	632	83	15,213
1994	1,488	1,091	749	961	944	905	676	1,281	924	2,627	1,094	612	20	13,373
1993	1,423	927	648	692	914	652	584	1,251	740	2,440	934	526	36	11,766
1992	1,333	843	564	563	661	515	548	1,181	566	2,453	782	474	48	10,531
1991	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

[a] For the Federal Home Loan Bank of Chicago and for all other FHLBanks before 2005, amounts for regulatory capital are from call reports filed by each Federal Home Loan Bank. Except for the Federal Home Loan Bank of Chicago, amounts in 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012 are as reported by the Office of Finance.

[b] Combining adjustment for Federal Home Loan Bank System retained earnings reported by the Office of Finance.

Period	Single-Family Conforming Loan Limits[a]			
	One Unit	Two Units	Three Units	Four Units
2015[b]	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2014[b]	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2013[b]	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2012[b]	417,000-625,500	533,850-800,775	645,300-967,950	801,950-1,202,925
2011[c]	417,000-729,750	533,850-934,200	645,300-1,129,250	801,950-1,403,400
2010[d]	417,000-729,750	533,850-934,200	645,300-1,129,250	801,950-1,403,400
2009[e]	417,000-729,750	533,850-934,200	645,300-1,129,250	801,950-1,403,400
2008[f]	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, and 2015.

[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
2015[a]	271,050	625,500	347,000	800,775	419,425	967,950	521,250	1,202,925
2014[a]	271,050	625,500	347,000	800,775	419,425	967,950	521,250	1,202,925
2013[b]	271,050	729,750	347,000	934,200	419,425	1,129,250	521,250	1,403,400
2012[b]	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2011[b]	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2010[c]	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2009[d]	271,050	729,750	347,000	934,200	419,400	1,129,250	521,250	1,403,400
2008[e]	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

Source: Federal Housing Administration

[a] HUD loan limit authority given by Congress in the Economic Stimulus Action 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 ($)	Adjustable-Rate ($)
4Q14	4.0	2.4	4.2	N/A
3Q14	4.1	2.4	4.2	N/A
2Q14	4.2	2.4	4.3	N/A
1Q14	4.0	2.5	4.4	N/A
Annual Data				
2014	4.2	2.4	4.3	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

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
4Q14[b]	N/A	336	1,081	496	5,070
3Q14[b]	N/A	353	1,028	456	5,100
2Q14[b]	N/A	294	909	409	5,010
1Q14[b]	N/A	301	950	403	4,700
Annual Data					
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

[a] Components may not add to totals due to rounding.

[b] Seasonally adjusted annual rates.

Table 27. Weighted Repeat Sales House Price Index (Annual Data)[a]

Period	USA	New England	Mid-Atlantic	South Atlantic	East North Central	West North Central	East South Central	West South Central	Mountain	Pacific
4Q14	1.35	(0.03)	0.66	1.62	1.37	1.12	1.54	1.22	1.82	1.81
3Q14	1.06	0.63	0.30	0.80	1.03	0.67	1.20	2.02	0.85	1.58
2Q14	0.94	1.30	0.97	0.96	1.08	0.74	0.29	0.39	0.92	1.56
1Q14	1.47	0.66	0.26	1.59	1.14	1.48	1.09	2.19	1.81	2.24
Annual Data										
2014	4.91	2.59	2.20	5.07	4.69	4.07	4.17	5.94	5.51	7.38
2013	7.70	4.22	3.44	8.36	6.31	4.67	4.24	5.85	11.68	15.94
2012	5.32	0.60	1.20	5.38	2.92	4.25	2.99	5.40	12.67	10.73
2011	(2.25)	(1.89)	(3.46)	(2.55)	(2.37)	(1.12)	(0.69)	0.98	(3.45)	(4.49)
2010	(4.07)	(2.27)	(1.48)	(5.56)	(3.08)	(3.45)	(4.54)	(2.24)	(7.68)	(5.41)
2009	(2.32)	(1.67)	(1.65)	(3.75)	(2.11)	(0.57)	(0.81)	0.98	(7.14)	(3.34)
2008	(9.97)	(6.51)	(4.90)	(14.07)	(7.56)	(4.34)	(4.04)	(1.99)	(14.25)	(21.78)
2007	(2.48)	(2.17)	0.24	(3.50)	(3.34)	(0.61)	1.87	3.46	(3.28)	(9.79)
2006	3.07	(1.78)	2.65	5.14	0.01	2.10	6.12	6.25	6.79	0.41
2005	10.24	6.33	10.02	14.76	3.51	4.92	7.45	6.79	17.95	18.11
2004	10.18	10.51	12.27	12.84	4.34	5.60	5.24	4.39	12.84	21.72
2003	7.86	10.73	10.97	8.49	4.73	5.56	3.99	3.17	6.91	15.65
2002	7.68	13.43	11.75	8.19	4.50	5.62	3.37	3.64	5.56	13.96
2001	6.73	12.03	9.42	7.29	4.80	6.12	3.28	3.97	5.35	9.68
2000	6.98	12.59	8.46	6.39	5.16	6.43	2.82	5.53	5.58	11.39
1999	6.22	10.11	6.82	5.83	5.16	5.50	3.82	5.55	5.64	8.74
1998	5.70	7.95	4.82	4.52	4.90	6.42	4.76	5.55	4.77	8.86
1997	3.34	4.42	2.07	3.40	3.40	3.74	2.81	3.05	3.17	4.17
1996	2.84	2.72	0.94	2.81	4.52	3.99	3.97	2.42	3.77	1.08
1995	2.72	0.83	0.10	2.52	4.99	4.76	4.76	3.17	4.91	(0.60)
1994	2.94	0.59	(0.60)	3.46	4.91	4.49	5.15	3.24	8.58	(0.99)
1993	2.77	(1.80)	0.06	2.39	4.68	6.17	4.68	4.67	9.60	(2.56)
1992	2.77	(0.44)	1.85	2.22	4.72	4.26	4.09	3.86	6.64	(1.10)
1991	3.12	(2.21)	1.52	3.07	4.70	3.78	4.05	3.98	5.61	1.87
1990	1.19	(7.18)	(2.50)	0.42	3.80	1.18	0.37	0.51	2.38	5.66
1989	5.58	0.85	2.56	4.41	5.93	3.08	2.82	2.41	2.60	18.34
1988	5.64	4.16	6.65	5.82	6.43	2.75	2.51	(1.96)	0.89	16.42
1987	5.39	15.00	15.94	5.74	7.64	2.32	3.13	(8.12)	(3.00)	8.59
1986	7.23	21.15	17.48	6.55	7.17	3.74	5.38	(0.16)	2.60	6.38
1985	5.69	22.40	13.56	5.07	4.82	3.69	5.46	(1.57)	2.19	4.63
1984	4.66	14.96	11.27	4.47	2.80	3.41	4.26	0.11	2.64	4.10
1983	4.29	13.78	10.78	3.71	4.67	4.36	3.44	1.39	(1.17)	0.75
1982	2.79	7.43	7.03	3.13	(4.35)	1.70	5.16	5.46	5.46	3.18
1981	4.13	6.51	2.04	4.50	2.18	0.81	0.76	10.47	7.67	4.44
1980	6.61	5.66	8.87	9.48	1.84	3.79	4.12	8.44	5.66	10.27
1979	12.36	14.30	15.41	11.89	8.12	10.40	8.81	14.26	14.49	16.41
1978	13.38	17.30	5.05	10.25	15.09	13.58	12.31	16.93	17.09	16.89
1977	14.38	7.91	12.16	9.15	14.52	15.48	10.39	13.90	17.83	25.62
1976	8.26	7.25	(0.93)	5.02	7.78	8.00	6.29	10.32	11.21	20.13

Source: Federal Housing Finance Agency

[a] 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

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Deputy Director
Division of Enterprise Regulation

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Deputy Director
Division of Conservatorship

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Deputy Director
Division of Federal Home Loan Bank Regulation

Sandra Thompson
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Acting Chief Operating Officer

Alfred Pollard
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