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Freddie Mac Monthly Volume Summary: December 2008

Federal Home Loan Mortgage Corporation (Freddie Mac)

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EX-99.1 2 f71043exv99w1.htm EXHIBIT 99.1

Exhibit 99.1



**Monthly Volume Summary:
December 2008
(unaudited & subject to
change)
(dollars in millions)**

December 2008 Highlights:

- > On September 6, 2008, the Director of the Federal Housing Finance Agency (FHFA) appointed FHFA as Conservator of Freddie Mac. See our website, www.FreddieMac.com/investors for more information.
- > Total mortgage portfolio has increased at an annualized rate of 5.0% year-to-date and increased 4.1% in December.
- > The aggregate unpaid principal balance (UPB) of our mortgage-related investments portfolio (formerly known as the retained portfolio) declined to \$804.8 billion at December 31, 2008.
- > The amount of mortgage-related investments portfolio mortgage purchase and sale agreements entered into during the month of December totaled \$25.4 billion, up from the \$15.0 billion entered into during the month of November.
- > Total guaranteed PCs and Structured Securities issued increased 5.1% during 2008 and increased at a rate of 0.4% in December.
- > The single-family delinquency rate was 172 basis points in December, up from 152 basis points in November and 65 basis points in December 2007.
- > Other Investments includes \$45.3 billion of cash and cash equivalents, \$10.2 billion of securities purchased under agreements to resell and federal funds sold, and \$8.8 billion of non-mortgage investments as of December 31, 2008.
- > The measure of our exposure to changes in portfolio market value (PMVS-L) averaged \$260 million in December. Duration Gap averaged 1 month. See Endnote (15) for further information.

TABLE 1 — TOTAL MORTGAGE PORTFOLIO 1, 2

	Purchases and Issuances ³	Sales ⁴	Liquidations	Net Increase/ (Decrease)	Ending Balance	Annualized Growth Rate	Annualized Liquidation Rate
Dec 2007 ⁵	\$ 55,072	—	(\$10,688)	\$ 44,384	\$2,102,676	25.9%	6.2%
Full-Year 2007	577,691	(3,646)	(298,089)	275,956	2,102,676	15.1%	16.3%
Jan 2008	32,089	—	(23,713)	8,376	2,111,052	4.8%	13.5%
Feb	47,723	(143)	(26,453)	21,127	2,132,179	12.0%	15.0%
Mar	54,604	(829)	(36,265)	17,510	2,149,689	9.9%	20.4%
Apr	43,287	(636)	(34,258)	8,393	2,158,082	4.7%	19.1%
May	65,064	(115)	(31,708)	33,241	2,191,323	18.5%	17.6%
Jun	53,661	(1,721)	(41,569)	10,371	2,201,694	5.7%	22.8%
Jul	34,631	(2,500)	(24,440)	7,691	2,209,385	4.2%	13.3%
Aug	25,777	(20,355)	(22,617)	(17,195)	2,192,190	(9.3%)	12.3%
Sep	27,234	(3,454)	(19,632)	4,148	2,196,338	2.3%	10.7%
Oct	19,279	(899)	(19,823)	(1,443)	2,194,895	(0.8%)	10.8%
Nov	26,867	(31)	(21,712)	5,124	2,200,019	2.8%	11.9%
Dec	29,799	(4,986)	(17,356)	7,457	2,207,476	4.1%	9.5%
Full-Year 2008 ⁶	\$ 460,015	(\$35,669)	(\$319,546)	\$ 104,800	\$2,207,476	5.0%	15.2%

TABLE 2 — MORTGAGE-RELATED INVESTMENTS PORTFOLIO (RETAINED PORTFOLIO) 1

	Purchases ⁷	Sales, net of Other Activity ⁸	Liquidations	Net Increase/ (Decrease)	Ending Balance	Annualized Growth Rate	Annualized Liquidation Rate	Mortgage Purchase and Sale Agreements ⁹
Dec 2007 ⁵	\$ 27,432	(\$644)	(\$7,327)	\$ 19,461	\$720,813	33.3%	12.5%	\$ 7,871
Full-Year 2007	247,774	(81,468)	(149,452)	16,854	720,813	2.4%	21.2%	150,770
Jan 2008	13,518	(7,550)	(9,849)	(3,881)	716,932	(6.5%)	16.4%	581
Feb	7,870	(6,156)	(9,123)	(7,409)	709,523	(12.4%)	15.3%	14,802
Mar	18,598	(5,150)	(10,509)	2,939	712,462	5.0%	17.8%	43,479

Apr	36,887	(696)	(11,116)	25,075	737,537	42.2%	18.7%	43,485
May	46,126	(2,218)	(11,062)	32,846	770,383	53.4%	18.0%	26,249
Jun	37,983	(5,795)	(10,773)	21,415	791,798	33.4%	16.8%	34,746
Jul	22,076	(5,775)	(9,858)	6,443	798,241	9.8%	14.9%	(324)
Aug	4,353	(32,505)	(9,206)	(37,358)	760,883	(56.2%)	13.8%	(15,410)
Sep	17,373	(33,383)	(7,997)	(24,007)	736,876	(37.9%)	12.6%	2,521
Oct	45,366	(11,097)	(7,481)	26,788	763,664	43.6%	12.2%	17,363
Nov	49,649	761	(8,647)	41,763	805,427	65.6%	13.6%	14,977
Dec	21,511	(14,703)	(7,473)	(665)	804,762	(1.0%)	11.1%	25,365
Full-Year 2008	\$321,310	(\$124,267)	(\$113,094)	\$ 83,949	\$804,762	11.6%	15.7%	\$207,834

Please see Endnotes on page 4.

TABLE 3 — MORTGAGE-RELATED INVESTMENTS PORTFOLIO COMPONENTS 1

	PCs and Structured Securities	Non-Freddie Mac Mortgage-Related Securities		Mortgage Loans	Portfolio Ending Balance
		Agency	Non-Agency		
Dec 2007	\$356,970	\$ 47,836	\$ 233,849	\$ 82,158	\$720,813
Full-Year 2007	356,970	47,836	233,849	82,158	720,813
Jan 2008	356,105	48,182	230,354	82,291	716,932
Feb	349,129	47,798	226,701	85,895	709,523
Mar	346,850	54,349	222,929	88,334	712,462
Apr	375,200	54,668	218,964	88,705	737,537
May	395,355	69,642	215,283	90,103	770,383
Jun	413,907	74,143	212,725	91,023	791,798
Jul	414,365	80,857	209,848	93,171	798,241
Aug	397,573	59,526	206,972	96,812	760,883
Sep	374,946	57,108	204,510	100,312	736,876
Oct	399,986	57,815	202,172	103,691	763,664
Nov	431,976	67,586	199,798	106,067	805,427
Dec	424,524	70,852	197,910	111,476	804,762
Full-Year 2008	\$424,524	\$ 70,852	\$ 197,910	\$111,476	\$804,762

TABLE 4 — TOTAL GUARANTEED PCs AND STRUCTURED SECURITIES ISSUED 1, 10

	Issuances	Liquidations 11	Net Increase/ (Decrease)	Ending Balance	Annualized Growth Rate	Annualized Liquidation Rate
Dec 2007 5	\$ 48,210	(\$4,720)	\$ 43,490	\$1,738,833	30.8%	3.3%
Full-Year 2007	470,976	(209,166)	261,810	1,738,833	17.7%	14.2%
Jan 2008	29,480	(18,088)	11,392	1,750,225	7.9%	12.5%
Feb	42,968	(21,408)	21,560	1,771,785	14.8%	14.7%
Mar	43,526	(31,234)	12,292	1,784,077	8.3%	21.2%
Apr	40,779	(29,111)	11,668	1,795,745	7.8%	19.6%
May	47,310	(26,760)	20,550	1,816,295	13.7%	17.9%
Jun	43,981	(36,473)	7,508	1,823,803	5.0%	24.1%
Jul	21,712	(20,006)	1,706	1,825,509	1.1%	13.2%
Aug	22,072	(18,701)	3,371	1,828,880	2.2%	12.3%
Sep	21,994	(16,466)	5,528	1,834,408	3.6%	10.8%
Oct	13,803	(16,994)	(3,191)	1,831,217	(2.1%)	11.1%
Nov	14,514	(19,163)	(4,649)	1,826,568	(3.0%)	12.6%
Dec	15,722	(15,052)	670	1,827,238	0.4%	9.9%
Full-Year 2008 6	\$357,861	(\$269,456)	\$ 88,405	\$1,827,238	5.1%	15.5%

TABLE 5 — DEBT ACTIVITIES 12

	Original Maturity < 1		Original Maturity > 1 Year				Total Debt Outstanding
	Ending Balance	Issuances	Maturities and Redemptions	Repurchases	Foreign Exchange Translation	Ending Balance	
Dec 2007	\$ 199,498	\$ 16,255	(\$19,520)	(\$3,156)	(\$82)	\$581,763	\$ 781,261
Full-Year 2007	199,498	188,548	(209,592)	(15,096)	2,284	581,763	781,261
Jan 2008	202,298	20,459	(28,415)	(58)	237	573,986	776,284
Feb	200,541	27,343	(32,944)	(21)	330	568,694	769,235
Mar	201,961	46,916	(16,864)	—	647	599,393	801,354
Apr	232,590	29,507	(31,194)	(1,721)	(269)	595,716	828,306
May	239,226	33,322	(17,768)	(1,986)	(28)	609,256	848,482
Jun	243,557	36,603	(19,330)	(779)	209	625,959	869,516
Jul	246,316	13,944	(6,657)	(5,103)	(148)	627,995	874,311
Aug	228,635	7,164	(7,312)	(2,584)	(858)	624,405	853,040
Sep	224,230	5,037	(37,278)	(796)	(658)	590,710	814,940
Oct	282,601	10,432	(12,903)	(1,068)	(1,306)	585,865	868,466
Nov	305,481	2,809	(8,108)	(30)	8	580,544	886,025
Dec	330,902	10,777	(49,265)	(3,808)	1,126	539,374	870,276
Full-Year 2008	\$ 330,902	\$244,313	(\$268,038)	(\$17,954)	(\$710)	\$539,374	\$ 870,276

Please see Endnotes on page 4.

TABLE 6 — DELINQUENCIES 13

	Single-Family			Multifamily
	Non-Credit Enhanced	Credit Enhanced	Total	Total
Dec 2007	0.45%	1.62%	0.65%	0.02%
Jan 2008	0.49%	1.73%	0.71%	0.01%
Feb	0.52%	1.78%	0.74%	0.01%
Mar	0.54%	1.81%	0.77%	0.01%
Apr	0.57%	1.88%	0.81%	0.03%
May	0.61%	1.98%	0.86%	0.03%
Jun	0.67%	2.10%	0.93%	0.04%
Jul	0.72%	2.30%	1.01%	0.03%
Aug	0.79%	2.50%	1.11%	0.02%
Sep	0.87%	2.75%	1.22%	0.01%
Oct	0.96%	3.04%	1.34%	0.01%
Nov	1.09%	3.41%	1.52%	0.01%
Dec	1.26%	3.79%	1.72%	0.01%

TABLE 7 — OTHER INVESTMENTS

	Ending Balance ¹⁴
Dec 2007	\$ 50,237
Full-Year 2007	50,237
Jan 2008	47,312
Feb	48,838
Mar	73,804
Apr	78,320
May	70,846
Jun	71,687
Jul	68,697
Aug	84,064
Sep	68,590
Oct	94,793
Nov	79,119
Dec	64,270
Full-Year 2008	\$ 64,270

TABLE 8 — INTEREST-RATE RISK SENSITIVITY DISCLOSURES 15

	Portfolio Market Value- Level (PMVS-L) (50bp) (dollars in millions)		Portfolio Market Value- Yield Curve (PMVS-YC) (25bp) (dollars in millions)		Duration Gap (Rounded to Nearest Month)	
	Monthly Average	Quarterly Average	Monthly Average	Quarterly Average	Monthly Average	Quarterly Average
	Dec 2007	\$ 385	\$ 361	\$ 50	\$ 37	0
Full-Year 2007	261	—	31	—	0	—
Jan 2008	438	—	55	—	0	—
Feb	331	—	55	—	0	—
Mar	437	403	41	50	1	0
Apr	571	—	20	—	1	—
May	576	—	202	—	0	—
Jun	390	513	49	90	0	0
Jul	348	—	42	—	0	—
Aug	271	—	81	—	0	—
Sep	395	338	87	70	0	0
Oct	354	—	34	—	0	—
Nov	394	—	65	—	0	—
Dec	260	332	149	84	1	0
Full-Year 2008	\$ 397	—	\$ 73	—	0	—

Please see Endnotes on page 4.

ENDNOTES

- (1) The activity and balances set forth in this table represent contractual amounts of unpaid principal balances, which are measures that differ from the balance of the mortgage-related investments portfolio (formerly known as the retained portfolio) as calculated in conformity with GAAP, and exclude mortgage-related securities traded, but not yet settled. The mortgage-related investments portfolio amounts set forth in this report exclude premiums, discounts, deferred fees and other basis adjustments, the allowance for loan losses on mortgage loans held-for-investment, and unrealized gains or losses on mortgage-related securities that are reflected in our mortgage-related investments portfolio under GAAP.
- (2) Total mortgage portfolio (Table 1) is defined as total guaranteed PCs and Structured Securities issued (Table 4) plus the sum of mortgage loans (Table 3) and non-Freddie Mac mortgage-related securities (agency and non-agency) (Table 3).
- (3) Total mortgage portfolio Purchases and Issuances (Table 1) is defined as mortgage-related investments portfolio purchases (Table 2) plus total guaranteed PCs and Structured Securities issued (Table 4) less purchases into the mortgage-related investments portfolio. Purchases of Freddie Mac PCs and Structured Securities into the mortgage-related investments portfolio totaled \$7,434 million (based on unpaid principal balances) during the month of December 2008.
- (4) Includes: sales of non-Freddie Mac mortgage-related securities and multifamily mortgage loans from our mortgage-related investments portfolio. Excludes the transfer of single-family mortgage loans through transactions that qualify as sales and all transfers through swap-based exchanges.
- (5) Effective December 2007, we established securitization trusts for the underlying assets of our guaranteed PCs and Structured Securities issued. As a result, we adjusted the reported balance of our mortgage portfolio to reflect the publicly-available security balances of guaranteed PCs and Structured Securities. Previously we reported these balances based on the unpaid principal balance of the underlying mortgage loans. Our reported annualized growth rate and annualized liquidation rate for the month of December 2007 and full-year 2007 presented in Tables 1, 2, and 4 are affected by this reporting change.
- (6) Issuances and liquidations for the year ended December 31, 2008 include approximately \$19.9 billion of conversions of previously issued long-term standby commitments into either PCs or Structured Transactions. These conversion amounts, based on the unpaid principal balance of the single-family mortgage loans, are included in liquidations, representing the termination of the original agreement and, in the same month, are included in issuances, representing the new securities issued. Excluding these conversions, the amount of our issuances for the year ended December 31, 2008 would have been \$338.0 billion in Table 4 and the liquidation rates for the year ended December 31, 2008 in Tables 1 and 4 would have been 14.2% and 14.4%, respectively. As of December 31, 2008, the ending balance of our PCs and Structured Securities, excluding outstanding long-term standby commitments, would have been \$1,817 billion in Table 4.
- (7) Single-family mortgage loans purchased for cash are reported net of transfers of such mortgage loans through transactions that qualify as sales under GAAP as well as all transfers through swap-based exchanges.
- (8) See Endnote 4. Also includes: (a) net additions to our mortgage-related investments portfolio for delinquent mortgage loans purchased out of PC pools, (b) balloon reset mortgages purchased out of PC pools and (c) transfers of PCs and Structured Securities from our mortgage-related investments portfolio reported as sales.
- (9) Mortgage purchase and sale agreements reflects trades entered into during the month and includes: (a) monthly commitments to purchase mortgage-related securities for our mortgage-related investments portfolio offset by monthly commitments to sell mortgage-related securities out of our mortgage-related investments portfolio during the month and (b) the net amount of monthly mortgage loan purchases and sales agreements entered into during the month. Substantially all of these commitments are settled by delivery of a mortgage-related security or mortgage loan; the rest are net settled for cash. Mortgage purchase and sale agreements also includes the net amount of mortgage-related securities that we expect to purchase or sell pursuant to written and purchased options entered into during the month for which we expect to take or make delivery of the securities. In some instances, commitments may settle during the same period in which we have entered into the related commitment.
- (10) Includes PCs, Structured Securities and tax-exempt multifamily housing revenue bonds for which we provide a guarantee, as well as credit-related commitments with respect to single-family mortgage loans held by third parties. Excludes Structured Securities where we have resecured our PCs and Structured Securities. These resecured securities do not increase our credit-related exposure and consist of single-class Structured Securities backed by PCs, Real Estate Mortgage Investment Conduits (REMICs) and principal-only strips. Notional balances of interest-only strips are excluded because this table is based on unpaid principal balance. Some of the excluded REMICs are modifiable and combinable REMIC tranches, where the holder has the option to exchange the security tranches for other pre-defined security tranches. Additional information concerning our guarantees issued through resecuritization can be found in our Registration Statement on Form 10, dated July 18, 2008.
- (11) Represents principal repayments relating to PCs and Structured Securities including those backed by non-Freddie Mac mortgage-related securities and relating to securities issued by others and single-family mortgage loans held by third parties that we guarantee. Also includes our purchases of delinquent mortgage loans and balloon reset mortgage loans out of PC pools.
- (12) Represents the combined balance and activity of our senior and subordinated debt based on the par values of these liabilities.
- (13) Single-family delinquencies are based on the number of mortgages 90 days or more delinquent or in foreclosure as of period end while multifamily delinquencies are based on net carrying value of mortgages 90 days or more delinquent or in foreclosure as of period end. Delinquency rates presented in Table 6 exclude mortgage loans underlying Structured Transactions and PCs backed by Ginnie Mae Certificates as well as mortgage loans whose original contractual terms have been modified under an agreement with the borrower as long as the borrower is less than 90 days delinquent under the modified contractual terms. Structured Transactions typically have underlying mortgage loans with a variety of risk characteristics. Many of these Structured Transactions have security-level credit protections from losses in addition to loan-level credit protection that may also exist. Additional information concerning Structured Transactions can be found in our Registration Statement on Form 10, dated July 18, 2008.

The unpaid principal balance of our single-family Structured Transactions at December 31, 2008 was \$23.6 billion, representing approximately 1% of our total mortgage portfolio. Included in this balance is \$5.3 billion that are backed by subordinated securities, including \$1.9 billion of these that are secured by FHA/VA loans, for which those agencies provide recourse for 100% of the qualifying losses associated with the loan. Structured Transactions backed by subordinated securities benefit from credit protection from the related subordinated tranches, which we do not purchase. The remaining \$18.3 billion of our Structured Transactions as of December 31, 2008 are single-class, or pass-through securities, including \$10.8 billion of option ARMs, which do not benefit from structural or other credit enhancement protections. The delinquency rate for our single-family Structured Transactions was 7.23% at December 31, 2008. The total single-family delinquency rate including our Structured Transactions was 1.83% at December 31, 2008. Below are the delinquency rates of our Structured Transactions:

Structured Transactions securitized by: subordinated securities, including FHA/VA guarantees 17.2%; option ARM pass-through securities 9.0%; Other pass-through securities 0.3%.

Previously reported delinquency data is subject to change to reflect currently available information. Revisions to previously reported delinquency rates have not been significant nor have they significantly affected the overall trend of our single-family "credit enhanced" and "total" delinquency rates.

- (14) Other Investments ending balance consists of our cash and investments portfolio, which as of December 31, 2008 includes; \$45.3 billion of cash and cash equivalents; \$10.2 billion of securities purchased under agreements to resell and federal funds sold; and \$8.8 billion of non-mortgage investments. Non-mortgage investments within this balance are presented at fair value.
- (15) Our PMVS and duration gap measures provide useful estimates of key interest-rate risk and include the impact of our purchases and sales of derivative instruments, which we use to limit our exposure to changes in interest rates. Our PMVS measures are estimates of the amount of average potential pre-tax loss in the market value of our net assets due to parallel (PMVS-L) and non-parallel (PMVS-YC) changes in London Interbank Offered Rates (LIBOR). While we believe that our PMVS and duration gap metrics are useful risk management tools, they should be understood as estimates rather than precise measurements. Methodologies employed to calculate interest-rate risk sensitivity disclosures are periodically changed on a prospective basis to reflect improvements in the underlying estimation processes.

A glossary of selected Monthly Volume Summary terms is available on the Investor Relations page of our website, www.FreddieMac.com/investors.
The Monthly Volume Summary includes volume and statistical data pertaining to our portfolios. Inquiries should be addressed to our Investor Relations Department, which can be reached by calling (703) 903-3883 or writing to:
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