

## Business Update – Headlines

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- **Business Metrics**
  - Met or exceeded plan for almost all metrics
  - Single Family had a particularly good year.
  
- **Market Share**
  - December YTD:
    - 59.2% versus Freddie Mac, up from 58.6% in 2005
    - 25.6% versus market, up from 22% in December 2005
  - Signed JP Morgan Chase to majority share Alliance Agreement.
  
- **HUD Goals**
  - Met all HUD goals.
  - Very expensive.
  
- **Risk and Controls**
  - Duration Gap – December 2006: 0 months  
Full Year Average: 0 months
  - Delinquency rates slightly lower than last year
  - Credit losses rising as housing prices decline in various regions.
  
- **Strategic Initiatives**
  - Significant success:
    - CMBS purchases: \$9.7 billion
    - Subprime: \$3.5 billion
    - Alt A: \$109.7 billion versus \$84.4 billion in 2005
    - RTF: First deal

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## Business Update – Metrics (December 2006 Year-to-Date)

	<u>Actual</u>	<u>Plan</u>	
<b>Single Family</b>			
Book Growth	8.0%	5.8%	✓
Charged Fee (bps)	26.2	26.0	✓
Delinquency Rate - excluding Katrina (bps)	59 (Oct 06)	61 (Oct 05)	✓
<b>Housing &amp; Community Development</b>			
MF Book Growth	4.9%*	5.1%	◇
Charged Fee (bps)	24.2	24.2	✓
Delinquency Rate - excluding Katrina (bps)	5 (Oct 06)	8 (Oct 05)	✓
LIHTC Investments (\$B)	1.9	1.9	✓
<b>Mortgage Portfolio</b>			
Portfolio Size (\$B)	\$723	\$727.7 **	✓
OAS (bps)	24.8	25+	◇
Duration Gap (months)	0	-	✓

\* Excludes liquidation of \$5.8 billion MBS held by Washington Mutual on which they paid 0 bps guarantee fee

\*\* OFHEO Cap

**Met or exceeded plan for almost all metrics**

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## Business Update – Housing Goals (YTD February 2007)

	Goal	Actual
<b>HUD</b>		
Low-Mod	55.0%	<b>52.3%</b>
Special Affordable	25.0%	<b>25.4%</b>
Underserved	38.0%	<b>40.5%</b>
Low-Mod Purchase	46.0%	<b>39.5%</b>
Special Affordable Purchase	17.0%	<b>14.8%</b>
Underserved Purchase	33.0%	<b>32.2%</b>
<b>Minority</b>		
Total Minority	25.9%	<b>26.6%</b>
Hispanic	12.0%	<b>12.2%</b>
African American	7.2%	<b>7.7%</b>

Met all HUD goals

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## Cost of Housing Goals

<u>Initiatives</u>	Beginning Year Estimate		Actual Cost	
	Cash Flow Cost (millions)	Opportunity Cost (millions)	Cash Flow Cost (millions)	Opportunity Cost (millions)
Private Label Subprime Securities	\$0	\$0-40	\$0	\$40
Manufactured Housing	\$45	\$130	\$25	\$55
CRA Related Product	\$100	\$260	\$70	\$315
DU "bumps" and Other	\$40	\$85	\$45	\$60
	\$185	\$475-515	\$140	\$470

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## Looking Ahead

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- OFHEO Business Plan Submission
  
- Plan for 2007 HUD Goals
  
- Tax Plan for 2007
  
- Credit Enhancement
  
- Countrywide and Wells Fargo
  
- Mission – Role of CBCs
  
- Approval for Acquisition, Development, & Construction (ADC) lending