# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 8-K

## CURRENT REPORT

**Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 30, 2021**

# Federal National Mortgage Association
**(Exact name of registrant as specified in its charter)**

# Fannie Mae

| Federally chartered corporation | 0-50231 | 52-0883107 | 1100 15th Street, NW<br>Washington, DC 20005 | 800 232-6643 |
|---|---|---|---|---|
| *(State or other jurisdiction of incorporation)* | *(Commission File Number)* | *(IRS Employer Identification No.)* | *(Address of principal executive offices, including zip code)* | *(Registrant's telephone number, including area code)* |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| None | N/A | N/A |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

The information in this report, including information contained in the exhibits submitted with this report, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of Section 18, nor shall it be deemed incorporated by reference into any disclosure document relating to Fannie Mae (formally known as the Federal National Mortgage Association), except to the extent, if any, expressly incorporated by specific reference in that document.

**Item 2.02 Results of Operations and Financial Condition.**

On April 30, 2021, Fannie Mae filed its quarterly report on Form 10-Q for the quarter ended March 31, 2021 and is issuing a news release reporting its financial results for the periods covered by the Form 10-Q. Copies of the news release and a financial supplement are furnished as Exhibits 99.1 and 99.2, respectively, to this report and are incorporated herein by reference. Copies may also be found on Fannie Mae's website, www.fanniemae.com, in the "About Us" section under "Investor Relations/Quarterly and Annual Results." Information appearing on the company's website is not incorporated into this report.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits. The following exhibits are being submitted with this report:

| Exhibit Number | Description of Exhibit |
|---|---|
| 99.1 | News release, dated April 30, 2021 |
| 99.2 | Q1 2021 Financial Supplement, dated April 30, 2021 |
| 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document included as Exhibit 101 |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By /s/ Celeste M. Brown
Celeste M. Brown
Executive Vice President and
Chief Financial Officer

Date: April 30, 2021

**Contact:** Pete Bakel **Resource Center: 1-800-732-6643**
202-752-2034 **Exhibit 99.1**
**Date:** April 30, 2021

# Fannie Mae Reports Net Income of $5.0 Billion for First Quarter 2021

- $5.0 billion net income for the first quarter of 2021 compared with $4.6 billion for the fourth quarter of 2020
- Implemented hedge accounting in the first quarter of 2021, which improved first quarter pretax income by approximately $1.2 billion
- Net worth increased to $30.2 billion as of March 31, 2021
- $422 billion in liquidity provided to the Single-Family and Multifamily mortgage markets in the first quarter of 2021
- Acquired 340,000 home purchase loans and 1.1 million refinance loans during the quarter, which helped homeowners take advantage of low interest rates
- 217,000 units of rental housing financed, more than 90% affordable to families earning at or below 120% of area median income
- More than 1.3 million single-family forbearance plans initiated to help borrowers since the onset of the COVID-19 pandemic; as of March 31, 2021, approximately 920,000 of these loans have exited forbearance, including approximately 337,000 through reinstatement and approximately 275,000 through the company's payment deferral option

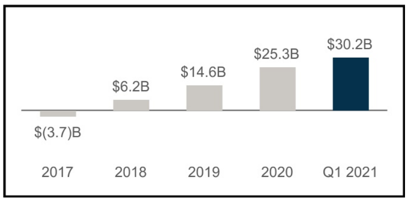
*"COVID-19 continues to present challenges and opportunities for homeowners and renters. We had another quarter of near-record mortgage volumes as many took advantage of low rates to refinance or purchase a home. In addition, more than two-thirds of the 1.3 million homeowners with Fannie Mae loans who entered forbearance have since exited, even as we continue to help others find solutions. I'm proud of our steady performance and continuing focus on helping homeowners and renters through uncertain times."*

Hugh R. Frater, Chief Executive Officer

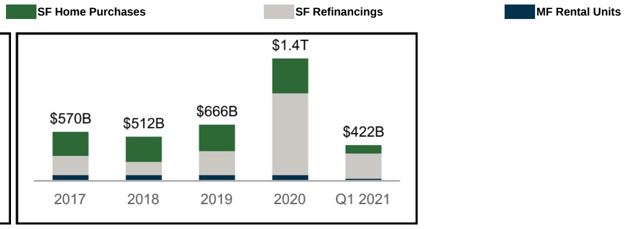
## Q1 2021 Key Results

### $30.2 Billion Net Worth

Increase of $5.0 billion in Q1 2021

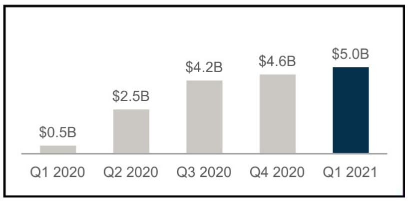



### $422 Billion Supporting Housing Activity

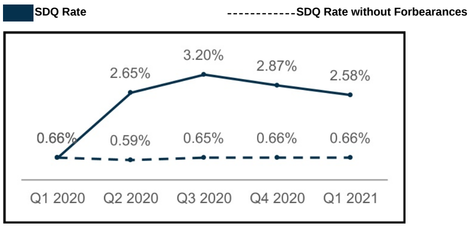



### $5.0 Billion Net Income

Increase of $423 million compared with fourth quarter 2020




### Single-Family SDQ Rate



## Summary of Financial Results

| (Dollars in millions) | Q121 | Q420 | Variance | % Change | Q120 | Variance | % Change |
|---|---|---|---|---|---|---|---|
| Net interest income | $ 6,742 | $ 7,086 | $ (344) | (5)% | 5,347 | 1,395 | 26 % |
| Fee and other income | 87 | 159 | (72) | (45)% | 120 | (33) | (28)% |
| **Net revenues** | 6,829 | 7,245 | (416) | (6)% | 5,467 | 1,362 | 25 % |
| Investment gains (losses), net | 45 | 263 | (218) | (83)% | (158) | 203 | NM |
| Fair value gains (losses), net | 784 | (880) | 1,664 | NM | (276) | 1,060 | NM |
| Administrative expenses | (748) | (803) | 55 | (7)% | (749) | 1 | — % |
| Credit-related income (expenses) | 770 | 1,400 | (630) | (45)% | (2,663) | 3,433 | NM |
| Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) fees | (731) | (697) | (34) | 5 % | (637) | (94) | 15 % |
| Other expenses, net* | (634) | (819) | 185 | (23)% | (406) | (228) | 56 % |
| **Income before federal income taxes** | 6,315 | 5,709 | 606 | 11 % | 578 | 5,737 | NM |
| Provision for federal income taxes | (1,322) | (1,139) | (183) | 16 % | (117) | (1,205) | NM |
| **Net income** | $ 4,993 | $ 4,570 | $ 423 | 9 % | $ 461 | $ 4,532 | NM |
| **Total comprehensive income** | $ 4,966 | $ 4,566 | $ 400 | 9 % | $ 476 | $ 4,490 | NM |
| **Net worth** | $ 30,225 | $ 25,259 | $ 4,966 | 20 % | $ 13,945 | $ 16,280 | 117 % |

NM - Not meaningful

* Other expense, net also includes credit enhancement expense and change in expected credit enhancement recoveries

## Financial Highlights

- Net income increased $423 million in the first quarter of 2021 compared with the fourth quarter of 2020 driven primarily by a shift to fair value gains in the first quarter of 2021 from fair value losses in the fourth quarter of 2020, partially offset by lower credit-related income and lower net interest income.
- Fair value gains were $784 million in the first quarter of 2021, compared with fair value losses of $880 million in the fourth quarter of 2020. The $1.7 billion shift from fair value losses in the prior quarter to fair value gains in the first quarter of 2021 resulted largely from the company's implementation of hedge accounting in January 2021.
- Credit-related income decreased by $630 million in the first quarter of 2021 compared with the fourth quarter of 2020. Credit-related income in the first quarter of 2021 was driven by a benefit for credit losses due primarily to higher actual and forecasted home prices, partially offset by higher actual and projected interest rates.
- Net interest income decreased $344 million in the first quarter of 2021 compared with the fourth quarter of 2020 driven primarily by a decrease in net amortization income due to lower levels of single-family mortgage loan prepayment activity in the first quarter of 2021. The company expects that lower levels of refinancing in the future will likely result in fewer loan prepayments leading to lower amortization income in any one period as loans remain outstanding for longer.

## Single-Family Business Financial Results

| (Dollars in millions) | Q121 | Q420 | Variance | % Change | Q120 | Variance | % Change |
|---|---|---|---|---|---|---|---|
| Net interest income | **$ 5,894** | $ 6,152 | $ (258) | (4)% | **$ 4,541** | $ 1,353 | 30 % |
| Fee and other income | **62** | 130 | (68) | (52)% | **94** | (32) | (34)% |
| **Net revenues** | **5,956** | 6,282 | (326) | (5)% | **4,635** | 1,321 | 29 % |
| Investment gains (losses), net | **64** | 201 | (137) | (68)% | **(152)** | 216 | NM |
| Fair value gains (losses), net | **740** | (805) | 1,545 | NM | **(460)** | 1,200 | NM |
| Administrative expenses | **(623)** | (671) | 48 | (7)% | **(629)** | 6 | (1)% |
| Credit-related income (expenses) | **679** | 1,324 | (645) | (49)% | **(2,250)** | 2,929 | NM |
| Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) fees | **(731)** | (697) | (34) | 5 % | **(637)** | (94) | 15 % |
| Other expenses, net* | **(529)** | (706) | 177 | (25)% | **(421)** | (108) | 26 % |
| **Income before federal income taxes** | **5,556** | 4,928 | 628 | 13 % | **86** | 5,470 | NM |
| Provision for federal income taxes | **(1,162)** | (984) | (178) | 18 % | **(18)** | (1,144) | NM |
| **Net income** | **$ 4,394** | $ 3,944 | $ 450 | 11 % | **$ 68** | $ 4,326 | NM |
| Average charged guaranty fee on new conventional acquisitions, net of TCCA | 48.0 bps | 45.8 bps | 2.2 bps | 5 % | 49.4 bps | (1.4) bps | (3)% |
| Average charged guaranty fee on conventional guaranty book of business, net of TCCA | 44.9 bps | 44.5 bps | 0.4 bps | 1 % | 43.8 bps | 1.1 bps | 3 % |

* Other expense, net also includes credit enhancement expense and change in expected credit enhancement recoveries

## Key Business Highlights

- Single-family conventional acquisition volume was $400 billion in the first quarter of 2021, a decrease of 6% compared with the record volume in the fourth quarter of 2020. The $26 billion decrease was driven by a decrease in purchase volume largely due to seasonality, as typically fewer borrowers purchase homes in the first quarter of the year than in the fourth quarter. Refinance acquisition volume in the first quarter remained flat compared with the fourth quarter, while remaining at near-record levels. 9% of the company's single-family conventional guaranty book of business as of March 31, 2021 was originated in 2021.
- Average single-family conventional guaranty book of business during the first quarter of 2021 increased from the fourth quarter of 2020 by 2.4%. Credit characteristics of the single-family conventional guaranty book of business remained strong, with a weighted-average mark-to-market loan-to-value ratio of 57% and weighted-average FICO credit score of 751.
- Average charged guaranty fee, net of TCCA fees, on the single-family conventional guaranty book increased from 44.5 basis points for the three months ended December 31, 2020 to 44.9 basis points for the three months ended March 31, 2021. Average charged guaranty fee on newly acquired single-family conventional loans, net of TCCA fees, increased 2.2 basis points to 48.0 basis points for the three months ended March 31, 2021 from 45.8 basis points for the three months ended December 31, 2020, driven by the implementation of the adverse market refinance fee in December 2020.
- As of March 31, 2021, 2.5% of the single-family guaranty book of business based on loan count, or 429,592 loans, was in forbearance, the vast majority of which was related to the COVID-19 pandemic, compared with 3.0% as of December 31, 2020. As of March 31, 2021, 10% of the loans in forbearance were still current.
- Single-family serious delinquency rate decreased to 2.58% as of March 31, 2021, from 2.87% as of December 31, 2020, due to the on-going economic recovery and the decline in the number of the company's single-family loans in a COVID-19 forbearance plan. Single-family serious delinquency rate excluding loans in forbearance was 0.66% as of both March 31, 2021 and December 31, 2020. Single-family seriously delinquent loans are loans that are 90 days or more past due or in the foreclosure process.

## Multifamily Business Financial Results

| (Dollars in millions) | Q121 | Q420 | Variance | % Change | Q120 | Variance | % Change |
|---|---|---|---|---|---|---|---|
| Net interest income | **$ 848** | $ 934 | $ (86) | (9)% | $ 806 | $ 42 | 5 % |
| Fee and other income | **25** | 29 | (4) | (14)% | 26 | (1) | (4)% |
| **Net revenues** | **873** | 963 | (90) | (9)% | 832 | 41 | 5 % |
| Fair value gains (losses), net | **44** | (75) | 119 | NM | 184 | (140) | (76)% |
| Administrative expenses | **(125)** | (132) | 7 | (5)% | (120) | (5) | 4 % |
| Credit-related income (expenses) | **91** | 76 | 15 | 20 % | (413) | 504 | NM |
| Credit enhancement expense | **(58)** | (56) | (2) | 4 % | (60) | 2 | (3)% |
| Change in expected credit enhancement recoveries | **(15)** | (51) | 36 | (71)% | 130 | (145) | NM |
| Other income (expense), net | **(51)** | 56 | (107) | NM | (61) | 10 | (16)% |
| **Income before federal income taxes** | **759** | 781 | (22) | (3)% | 492 | 267 | 54 % |
| Provision for federal income taxes | **(160)** | (155) | (5) | 3 % | (99) | (61) | 62 % |
| **Net income** | **$ 599** | $ 626 | $ (27) | (4)% | $ 393 | $ 206 | 52 % |
| Average charged guaranty fee rate on multifamily guaranty book of business, at end of period | 75.9 bps | 74.5 bps | 1.4 bps | 2 % | 71.9 bps | 4.0 bps | 6 % |

## Key Business Highlights

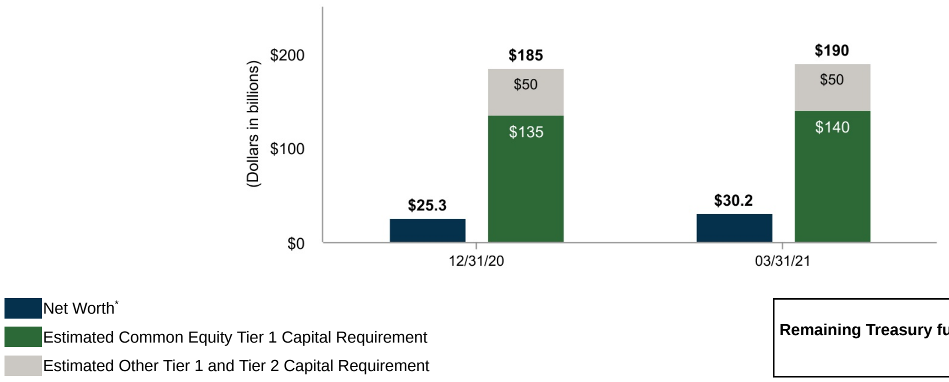
- New multifamily business volume was $22 billion during the first quarter of 2021. The Federal Housing Finance Agency (FHFA) established a 2021 multifamily volume cap of $70 billion, of which 50% must be mission-driven, focused on certain affordable and underserved market segments, and 20% must be affordable to residents earning 60% of area median income or below.
- The multifamily guaranty book of business increased by $15 billion in the first quarter of 2021 to $399 billion. The average charged guaranty fee on the multifamily book increased from 74.5 basis points for the fourth quarter of 2020 to 75.9 basis points for the first quarter of 2021 as a result of increased pricing. This resulted in an increase in guaranty fee revenue, which was more than offset by a decrease in other net interest income.
- As of March 31, 2021, based on unpaid principal balance, 1.3% of Fannie Mae's multifamily guaranty book of business had received a forbearance plan (excluding loans that liquidated prior to period end), primarily as a result of the COVID-19 pandemic. More than three-fourths of those loans, measured by unpaid principal balance, were in a repayment plan or reinstated and only 0.2% of the book, or $917 million in unpaid principal balance, was still in active forbearance as of March 31, 2021.
- The multifamily serious delinquency rate decreased to 0.66% as of March 31, 2021 from 0.98% as of December 31, 2020, driven primarily by loans that received forbearance that are now in a forbearance repayment plan or have been modified or otherwise reinstated. This rate increased from 0.05% as of March 31, 2020 due to the economic dislocation caused by the COVID-19 pandemic, which increased borrower participation in forbearance plans since the start of the pandemic. The multifamily serious delinquency rate excluding loans that have received a forbearance was 0.03% as of March 31, 2021 and December 31, 2020. Multifamily seriously delinquent loans are loans that are 60 days or more past due.

## Net Worth and Capital Requirement

The chart below shows information about Fannie Mae's net worth and estimated capital requirement under FHFA's enterprise regulatory capital framework. The company's comprehensive income of $5.0 billion for the first quarter of 2021 resulted in a $5.0 billion increase in its net worth to $30.2 billion as of March 31, 2021.

Fannie Mae estimates that, had the new enterprise regulatory capital framework's requirements been applicable to the company as of March 31, 2021, it would have been required to hold approximately $190 billion in adjusted total capital, of which approximately $140 billion must be in the form of common equity tier 1 capital. Prescribed buffers drive approximately $75 billion of the total requirements. Fannie Mae's estimated capital requirement grew by approximately $5 billion in the first quarter of 2021 compared with the prior quarter, driven by growth in the company's guaranty book of business and a reduction in the benefits received from credit risk transfer transactions.

### Net Worth and Estimated Capital Requirement




**Remaining Treasury funding commitment is $113.9 billion**

* Net worth is not a measure of regulatory capital under FHFA's enterprise regulatory capital framework

For information about Fannie Mae's capital requirements, see "Business—Legislation and Regulation—GSE Act and Other Legislative and Regulatory Matters—Capital" in the company's 2020 Form 10-K and "Liquidity and Capital Management—Capital Management—Capital Requirements" in its First Quarter 2021 Form 10-Q.

Fannie Mae's condensed consolidated balance sheets and condensed statements of operations and income for the first quarter of 2021 are available in the accompanying Annex; however, investors and interested parties should read the company's First Quarter 2021 Form 10-Q, which was filed today with the Securities and Exchange Commission and is available on Fannie Mae's website, www.fanniemae.com. The company provides further discussion of its financial results and condition, credit performance, and other matters in its First Quarter 2021 Form 10-Q. Additional information about the company's financial and credit performance is contained in Fannie Mae's "Q1 2021 Financial Supplement" at www.fanniemae.com.

# # #

*In this release, the company has presented forward-looking statements regarding mortgage market conditions and the company's future business and financial results. Actual outcomes could be materially different from what is set forth in these forward-looking statements due to a variety of factors, including those described in "Forward-Looking Statements" and "Risk Factors" in the company's First Quarter 2021 Form 10-Q and its 2020 Form 10-K.*

*Fannie Mae provides website addresses in its news releases solely for readers' information. Other content or information appearing on these websites is not part of this release.*

*Fannie Mae helps make the 30-year fixed-rate mortgage and affordable rental housing possible for millions of people in America. We partner with lenders to create housing opportunities for families across the country. We are driving positive changes in housing finance to make the home buying process easier, while reducing costs and risk. To learn more, visit fanniemae.com and follow us on twitter.com/fanniemae.*

# ANNEX
## FANNIE MAE
### Condensed Consolidated Balance Sheets - (Unaudited)
(Dollars in millions)

| | As of | |
|---|---|---|
| | **March 31, 2021** | **December 31, 2020** |
| **ASSETS** | | |
| Cash and cash equivalents | **$ 26,538** | $ 38,337 |
| Restricted cash and cash equivalents (includes $80,899 and $68,308, respectively, related to consolidated trusts) | **87,803** | 77,286 |
| Federal funds sold and securities purchased under agreements to resell or similar arrangements (includes $40,837 and $0, respectively, related to consolidated trusts) | **54,937** | 28,200 |
| Investments in securities: | | |
| Trading, at fair value (includes $6,658 and $6,544, respectively, pledged as collateral) | **111,256** | 136,542 |
| Available-for-sale, at fair value (with an amortized cost of $1,440 and $1,606, net of allowance for credit losses of $3 as of March 31, 2021 and December 31, 2020) | **1,502** | 1,697 |
| Total investments in securities | **112,758** | 138,239 |
| Mortgage loans: | | |
| Loans held for sale, at lower of cost or fair value | **7,824** | 5,197 |
| Loans held for investment, at amortized cost: | | |
| Of Fannie Mae | **103,310** | 112,726 |
| Of consolidated trusts | **3,638,374** | 3,546,521 |
| Total loans held for investment (includes $6,048 and 6,490, respectively, at fair value) | **3,741,684** | 3,659,247 |
| Allowance for loan losses | **(9,628)** | (10,552) |
| Total loans held for investment, net of allowance | **3,732,056** | 3,648,695 |
| Total mortgage loans | **3,739,880** | 3,653,892 |
| Advances to lenders | **10,572** | 10,449 |
| Deferred tax assets, net | **12,516** | 12,947 |
| Accrued interest receivable, net (includes $9,732 and $9,635, respectively, related to consolidated trusts and net of an allowance of $226 and $216 as of March 31, 2021 and December 31, 2020, respectively) | **9,993** | 9,937 |
| Acquired property, net | **1,183** | 1,261 |
| Other assets | **13,923** | 15,201 |
| Total assets | **$ 4,070,103** | $ 3,985,749 |
| **LIABILITIES AND EQUITY** | | |
| Liabilities: | | |
| Accrued interest payable (includes $8,768 and $8,955, respectively, related to consolidated trusts) | **$ 9,585** | $ 9,719 |
| Debt: | | |
| Of Fannie Mae (includes $3,336 and $3,728, respectively, at fair value) | **273,442** | 289,572 |
| Of consolidated trusts (includes $23,601 and $24,586, respectively, at fair value) | **3,740,538** | 3,646,164 |
| Other liabilities (includes $1,375 and $1,523, respectively, related to consolidated trusts) | **16,313** | 15,035 |
| Total liabilities | **4,039,878** | 3,960,490 |
| Commitments and contingencies (Note 13) | **—** | — |
| Fannie Mae stockholders' equity: | | |
| Senior preferred stock (liquidation preference of $146,758 and $142,192, respectively) | **120,836** | 120,836 |
| Preferred stock, 700,000,000 shares are authorized—555,374,922 shares issued and outstanding | **19,130** | 19,130 |
| Common stock, no par value, no maximum authorization—1,308,762,703 shares issued and 1,158,087,567 shares outstanding | **687** | 687 |
| Accumulated deficit | **(103,117)** | (108,110) |
| Accumulated other comprehensive income | **89** | 116 |
| Treasury stock, at cost, 150,675,136 shares | **(7,400)** | (7,400) |
| Total stockholders' equity (See Note 1: Senior Preferred Stock Purchase Agreement and Senior Preferred Stock for information on the related dividend obligation and liquidation preference) | **30,225** | 25,259 |
| Total liabilities and equity | **$ 4,070,103** | $ 3,985,749 |

See Notes to Condensed Consolidated Financial Statements in the First Quarter 2021 Form 10-Q

# FANNIE MAE
## (In conservatorship)
## Condensed Consolidated Statements of Operations and Comprehensive Income - (Unaudited)
**(Dollars in millions, except per share amounts)**

| | For the Three Months ended March 31, | |
|---|---|---|
| | **2021** | **2020** |
| Interest income: | | |
| Trading securities | **$ 140** | $ 316 |
| Available-for-sale securities | **19** | 31 |
| Mortgage loans | **23,353** | 28,938 |
| Federal funds sold and securities purchased under agreements to resell or similar arrangements | **8** | 107 |
| Other | **42** | 34 |
| Total interest income | **23,562** | 29,426 |
| Interest expense: | | |
| Short-term debt | **(3)** | (102) |
| Long-term debt | **(16,817)** | (23,977) |
| Total interest expense | **(16,820)** | (24,079) |
| Net interest income | **6,742** | 5,347 |
| Benefit (provision) for credit losses | **765** | (2,583) |
| Net interest income after benefit (provision) for credit losses | **7,507** | 2,764 |
| Investment gains (losses), net | **45** | (158) |
| Fair value gains (losses), net | **784** | (276) |
| Fee and other income | **87** | 120 |
| Non-interest income (loss) | **916** | (314) |
| Administrative expenses: | | |
| Salaries and employee benefits | **(387)** | (393) |
| Professional services | **(214)** | (212) |
| Other administrative expenses | **(147)** | (144) |
| Total administrative expenses | **(748)** | (749) |
| Foreclosed property income (expense) | **5** | (80) |
| Temporary Payroll Tax Cut Continuation Act of 2011 (“TCCA”) fees | **(731)** | (637) |
| Credit enhancement expense | **(284)** | (376) |
| Change in expected credit enhancement recoveries | **(31)** | 188 |
| Other expenses, net | **(319)** | (218) |
| Total expenses | **(2,108)** | (1,872) |
| Income before federal income taxes | **6,315** | 578 |
| Provision for federal income taxes | **(1,322)** | (117) |
| Net income | **4,993** | 461 |
| Other comprehensive income (loss): | | |
| Changes in unrealized gains (losses) on available-for-sale securities, net of reclassification adjustments and taxes | **(23)** | 18 |
| Other, net of taxes | **(4)** | (3) |
| Total other comprehensive income (loss) | **(27)** | 15 |
| Total comprehensive income | **$ 4,966** | $ 476 |
| Net income | **$ 4,993** | $ 461 |
| Dividends distributed or amounts attributable to senior preferred stock | **(4,966)** | (476) |
| Net income (loss) attributable to common stockholders | **$ 27** | $ (15) |
| Earnings per share: | | |
| Basic | **$ 0.00** | $ 0.00 |
| Diluted | **0.00** | 0.00 |
| Weighted-average common shares outstanding: | | |
| Basic | **5,867** | 5,867 |
| Diluted | **5,893** | 5,867 |

See Notes to Condensed Consolidated Financial Statements in the First Quarter 2021 Form 10-Q

EXHIBIT 99.2

# Financial Supplement Q1 2021

April 30, 2021

- Some of the terms and other information in this presentation are defined and discussed more fully in Fannie Mae's Form 10-Q for the quarter ended March 31, 2021 ("Q1 2021 Form 10-Q") and Form 10-K for year ended December 31, 2020 ("2020 Form 10-K"). This presentation should be reviewed together with the Q1 2021 Form 10-Q and the 2020 Form 10-K, which are available at www.fanniemae.com in the "About Us—Investor Relations—SEC Filings" section. Information on or available through the company's website is not part of this supplement.
- **Forward-Looking Statements:** In this Financial Supplement, the company has presented forward-looking statements, including statements regarding the company's financial and business results, and mortgage market and economic conditions. Actual outcomes could be materially different from what is set forth in these forward-looking statements due to a variety of factors, including those described in "Forward-Looking Statements" and "Risk Factors" in the company's First Quarter 2021 Form 10-Q and its 2020 Form 10-K.
- Some of the information in this presentation is based upon information from third-party sources such as sellers and servicers of mortgage loans. Although Fannie Mae generally considers this information reliable, Fannie Mae does not independently verify all reported information.
- Due to rounding, amounts reported in this presentation may not sum to totals indicated (i.e. 100%), or amounts shown as 100% may not reflect the entire population.
- Unless otherwise indicated "Q1 YTD 2021" data is as of March 31, 2021 or for the first three months of 2021. Data for prior years is as of December 31 or for the full year indicated.
- Note references are to endnotes, appearing on pages 26 to 30.
- Terms used in presentation

  **CAS:** Connecticut Avenue Securities®

  **CIRT™:** Credit Insurance Risk Transfer™

  **CRT:** Credit risk transfer

  **DSCR:** Weighted-average debt service coverage ratio

  **DTI ratio:** Debt-to-income ("DTI") ratio refers to the ratio of a borrower's outstanding debt obligations (including both mortgage debt and certain other long-term and significant short-term debts) to that borrower's reported or calculated monthly income, to the extent the income is used to qualify for the mortgage

  **DUS®:** Fannie Mae's Delegated Underwriting and Servicing program

  **FHFA:** The Federal Housing Finance Agency

  **HARP®:** Home Affordable Refinance Program®, registered trademarks of the Federal Housing Finance Agency, which allowed eligible Fannie Mae borrowers with high LTV ratio loans to refinance into more sustainable loans

  **LTV ratio:** Loan-to-value ratio

  **MSA:** Metropolitan statistical area

  **MTMLTV ratio:** Mark-to-market loan-to-value ratio, which refers to the current unpaid principal balance of a loan at period end, divided by the estimated current home price at period end

  **OLTV ratio:** Origination loan-to-value ratio, which refers to the unpaid principal balance of a loan at the time of origination of the loan, divided by the home price at origination of the loan

  **Refi Plus™:** Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers

  **REO:** Real estate owned by Fannie Mae because it has foreclosed on the property or obtained the property through a deed-in-lieu of foreclosure

  **TCCA:** Temporary Payroll Tax Cut Continuation Act of 2011

  **UPB:** Unpaid principal balance

# Table of Contents

## Overview



## Single-Family Business



## Multifamily Business



## Endnotes

# Overview

# Corporate Financial Highlights

## Summary of Q1 2021 Financial Results

| (Dollars in millions) | Q1 2021 | Q4 2020 | Variance | Q1 2020 | Variance |
|---|---|---|---|---|---|
| Net interest income[1] | **$6,742** | $7,086 | $(344) | $5,347 | $1,395 |
| Fee and other income | **87** | 159 | (72) | 120 | (33) |
| **Net revenues** | **6,829** | 7,245 | (416) | 5,467 | 1,362 |
| Investment gains (losses), net | **45** | 263 | (218) | (158) | 203 |
| Fair value gains (losses), net | **784** | (880) | 1,664 | (276) | 1,060 |
| Administrative expenses | **(748)** | (803) | 55 | (749) | 1 |
| Credit-related income (expense) | **770** | 1,400 | (630) | (2,663) | 3,433 |
| TCCA fees | **(731)** | (697) | (34) | (637) | (94) |
| Other expenses, net | **(634)** | (819) | 185 | (406) | (228) |
| Income before federal income taxes | **6,315** | 5,709 | 606 | 578 | 5,737 |
| Provision for federal income taxes | **(1,322)** | (1,139) | (183) | (117) | (1,205) |
| **Net income** | **$4,993** | $4,570 | $423 | $461 | $4,532 |
| **Total comprehensive income** | **$4,966** | $4,566 | $400 | $476 | $4,490 |
| **Net worth** | **$30,225** | $25,259 | $4,966 | $13,945 | $16,280 |
| **Net worth ratio**[27] | 0.7 % | 0.6 % | | 0.4 % | |

## Q1 Key Highlights

**$5.0 billion first quarter 2021 net income, with net worth reaching $30.2 billion as of March 31, 2021**

***Fair value gains (losses)***

- Largest driver of the $423 million increase in net income compared with the prior quarter was a $1.7 billion shift from $880 million fair value losses in the fourth quarter of 2020 to $784 million fair value gains in the first quarter of 2021. The shift from fair value losses in the prior quarter to fair value gains in the first quarter of 2021 resulted largely from the company's implementation of hedge accounting in January 2021.

**Partially offset by:**

***Credit-related income***

- Decreased by $630 million in the first quarter of 2021 compared with the fourth quarter of 2020. Credit-related income in the first quarter of 2021 was primarily driven by higher actual and forecasted home prices, partially offset by higher actual and projected interest rates.

***Net interest income***

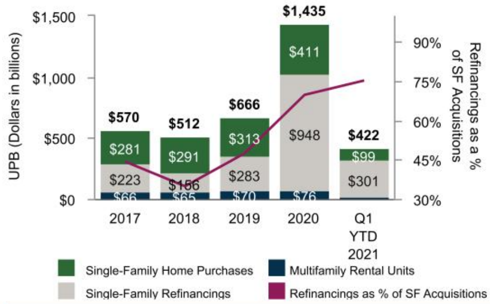
- Decreased by $344 million in the first quarter of 2021 compared with the fourth quarter of 2020 driven primarily by a decrease in net amortization income due to lower levels of single-family mortgage loan prepayment activity in the first quarter of 2021.The company expects that lower levels of refinancing in the future will likely result in fewer loan prepayments leading to lower amortization income in any one period as loans remain outstanding for longer.

# Guaranty Book of Business Highlights

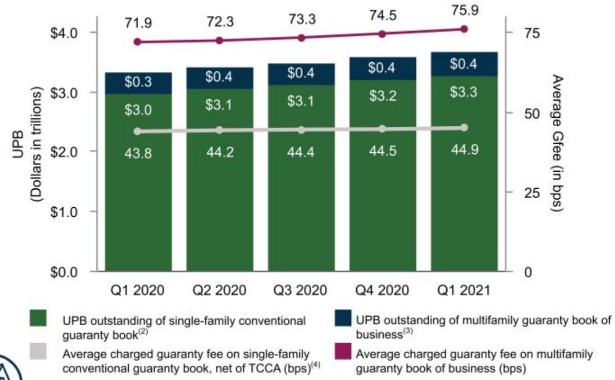
## Market Liquidity Provided

**Total liquidity provided in the first quarter of 2021 was $422 billion**

| Unpaid Principal Balance | Units |
|---|---|
| $99B | 340K Single-Family Home Purchases |
| $301B | 1.1M Single-Family Refinancings |
| $22B | 217K Multifamily Rental Units |




## Outstanding Conventional Guaranty Book of Business at Period End

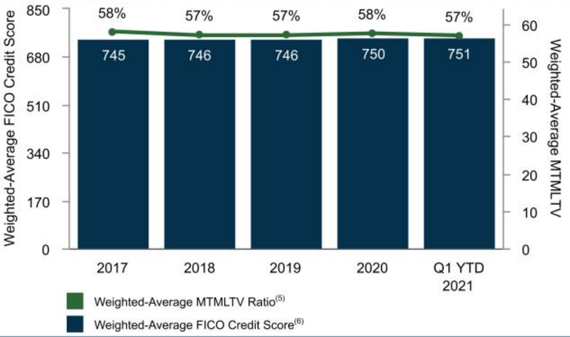



## Highlights

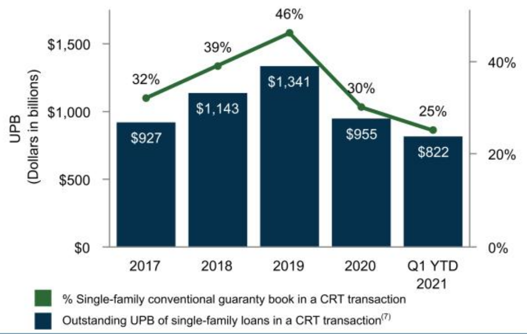
- Fannie Mae provided $422 billion in total liquidity in the first quarter of 2021, which continues to represent historically high volumes.
- Refinancings continued to drive acquisition volumes with 1.1 million single-family refinance loans delivered in the first quarter of 2021 due to the continued low rate environment. The company anticipates that refinancing activity will begin to slow in the second half of 2021 as it expects interest rates will likely rise.
- The company's whole loan conduit continued to provide liquidity to primarily support small- to medium-sized lenders with $211 billion in acquisitions during the first quarter of 2021.
- Average charged guaranty fee continued to increase for both our single-family and multifamily segments.

# Single-Family Credit Characteristics

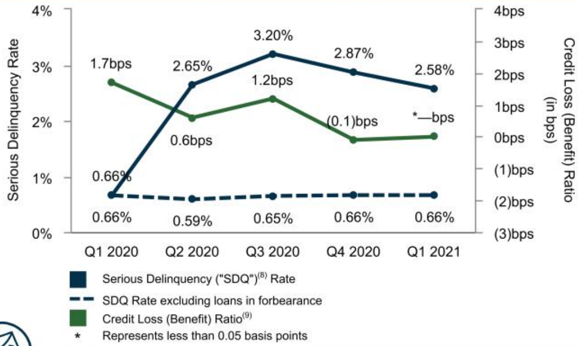
## Certain Credit Characteristics of Guaranty Book




## Guaranty Book in a CRT




## Credit Ratios

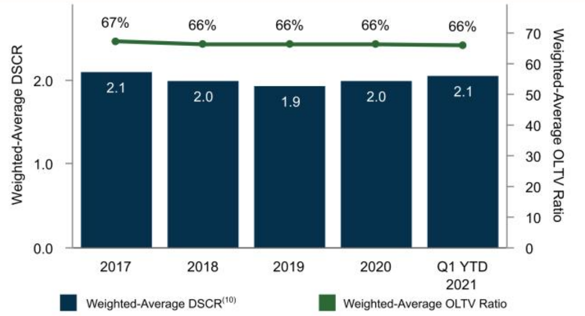



## Highlights

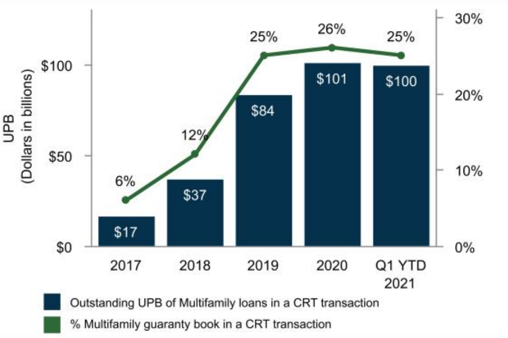
- The credit characteristics of the single-family conventional guaranty book of business remained strong in the first quarter of 2021 with a weighted-average MTMLTV ratio of 57% and weighted-average FICO credit score of 751.
- The company has not entered into any new credit risk transfer transactions since Q1 2020 as it continues to evaluate their costs and benefits, including a reduction in the capital relief these transactions provide under FHFA's enterprise regulatory capital framework. As a result, the percentage of the single-family conventional guaranty book of business covered by CRT declined to 25% as of March 31, 2021.
- The single-family SDQ rate decreased compared with December 31, 2020 due to the on-going economic recovery and the decline in the number of the company's single-family loans in a COVID-19 forbearance plan. The single-family SDQ rate excluding loans in forbearance remained flat at 0.66%.

# Multifamily Credit Characteristics

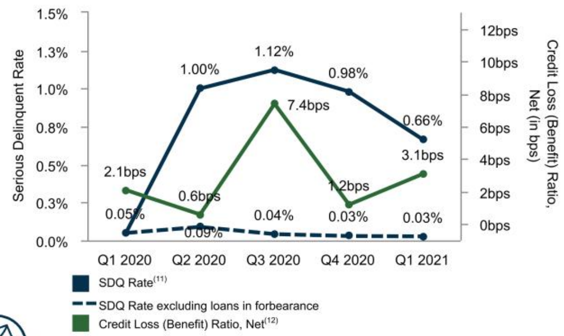
## Certain Credit Characteristics of Guaranty Book




## Guaranty Book in a CRT




## Credit Ratios

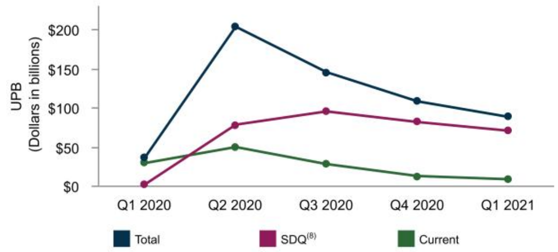



## Highlights

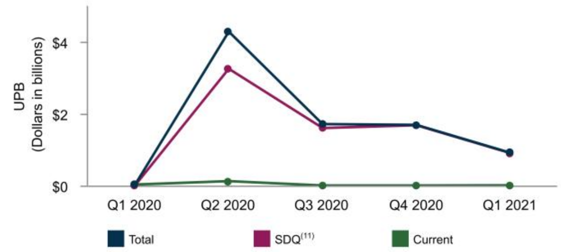
- The credit characteristics of the multifamily guaranty book of business remained strong in Q1 2021 with a weighted-average OLTV ratio of 66% and weighted-average DSCR of 2.1.
- As of March 31, 2021, substantially all of the multifamily guaranty book of business was covered by DUS loss sharing. Additionally, 25% had back-end coverage through the company's CRT programs.
- The multifamily SDQ rate continued to decrease in Q1 2021, primarily driven by loans that received forbearance that are now in a forbearance repayment plan or have been modified or otherwise reinstated. The multifamily SDQ rate excluding loans in forbearance remained flat in Q1 2021.

## Single-Family Conventional and Multifamily Guaranty Books of Business in Forbearance

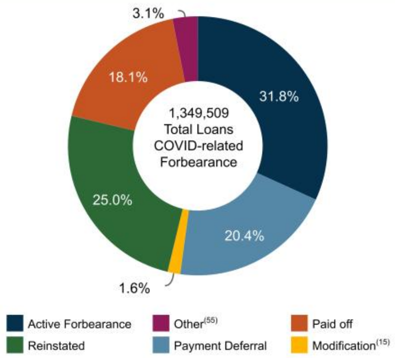
### Single-Family Delinquency Status of Loans in Forbearance[13]



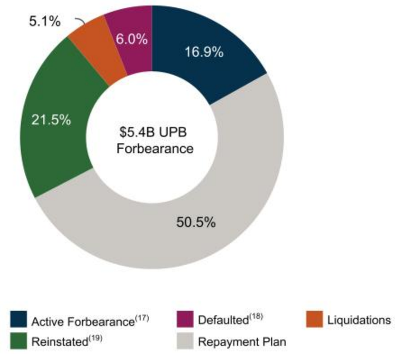

### Multifamily Delinquency Status of Loans in Forbearance[13]




### Single-Family Loan Forbearance Status[14] As of March 31, 2021



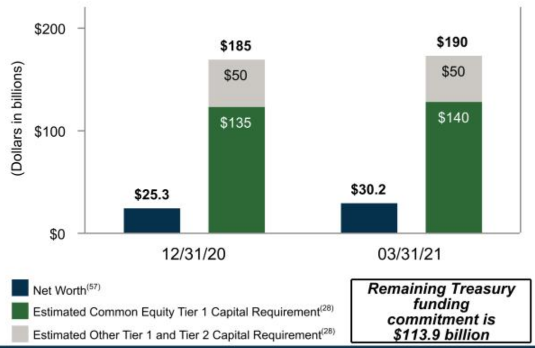

### Multifamily Loan Forbearance Status[16] As of March 31, 2021



# Portfolio, Capital and Liquidity Management

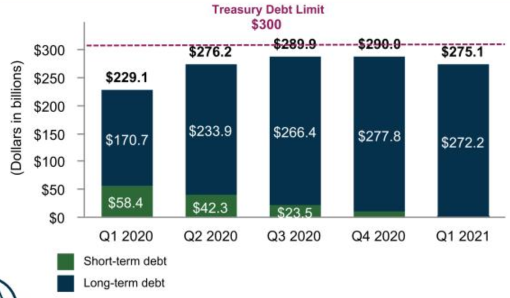
## Sources of Net Interest Income and Retained Mortgage Portfolio Balance


## Net Worth and Estimated Capital Requirement

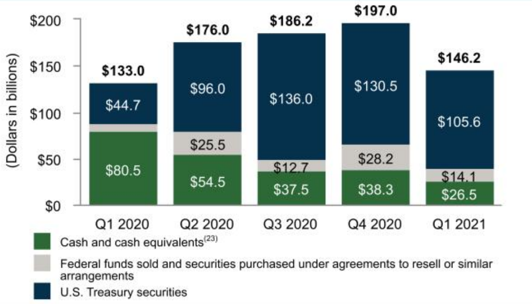



***Remaining Treasury funding commitment is $113.9 billion***

## Aggregate Indebtedness of Fannie Mae(22)

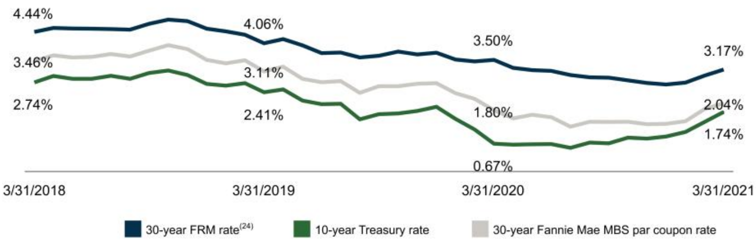



## Other Investments Portfolio ("OIP")

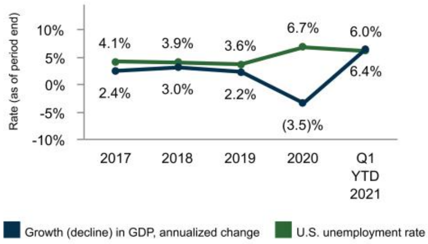


# Key Market Economic Indicators

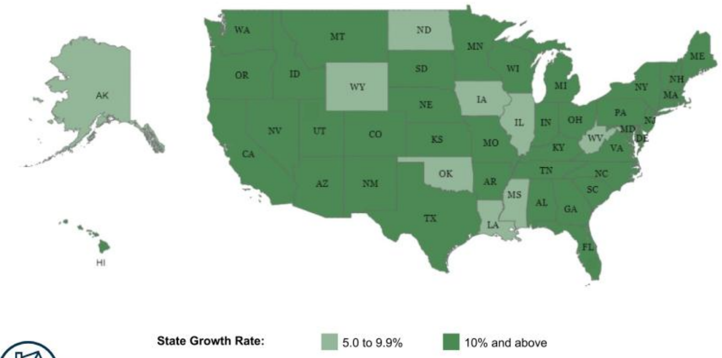
## Benchmark Interest Rates



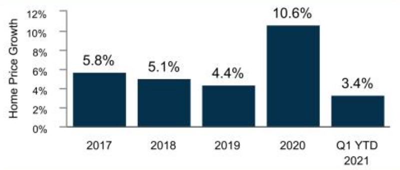

## U.S. GDP Growth (Decline) Rate and Unemployment Rate[25]




## One Year Home Price Growth Rate Q1 2021[26] United States 12.7%




## Single-Family Home Price Growth Rate[26]




## Top 10 States by UPB[26]

| State | One Year Home Price Growth Rate Q1 2021 | Share of Single-Family Conventional Guaranty Book |
|---|---|---|
| CA | 12.40% | 19.4% |
| TX | 11.02% | 6.6% |
| FL | 12.40% | 5.9% |
| NY | 11.71% | 4.7% |
| WA | 17.67% | 4.0% |
| NJ | 15.75% | 3.5% |
| IL | 9.12% | 3.3% |
| CO | 14.11% | 3.3% |
| VA | 11.77% | 3.2% |
| NC | 12.86% | 2.8% |

# Single-Family Business

# Single-Family Highlights

**Q1 2021**

**$5,894M**
Net interest income

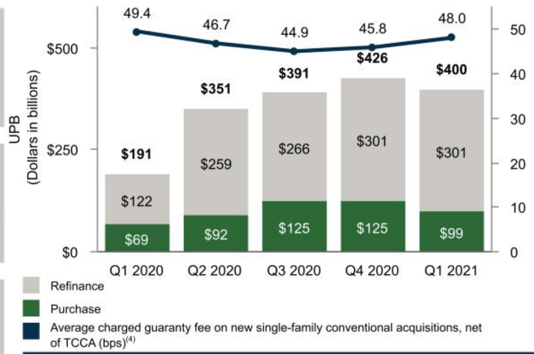
**$64M**
Investment gains, net

**$740M**
Fair value gains, net

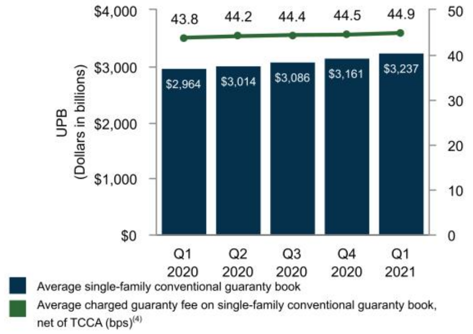
**$679M**
Credit-related income

**$4,394M**
Net income

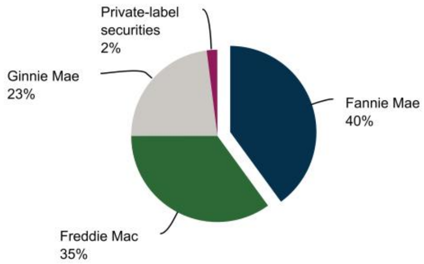
## Single-Family Conventional Loan Acquisitions[2]




## Single-Family Conventional Guaranty Book of Business[2]




## Single-Family Mortgage-Related Securities Share of Issuances Q1 2021




## Highlights

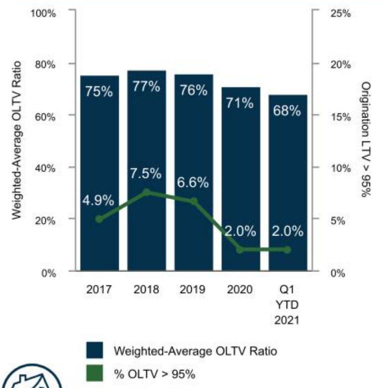
- The average single-family conventional guaranty book of business increased during the quarter by 2.4%.
- Acquisition volume decreased by $26 billion in Q1 2021 compared with Q4 2020 driven by lower purchase volume largely due to seasonality.
- The average charged guaranty fee on Q1 2021 acquisitions increased from Q4 2020 driven by the implementation of the adverse market refinance fee in December 2020 which applied to the majority of refinance acquisitions in Q1 2021.
- The company's share of mortgage-related securities issuances remained strong relative to the overall market.

# Credit Characteristics of Single-Family Conventional Loan Acquisitions

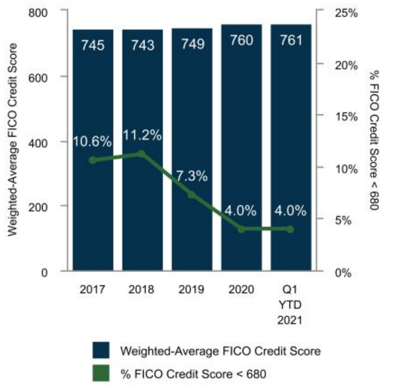
## Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period | Q1 YTD 2021 Acquisition Credit Profile by Certain Loan Features

| Categories are not mutually exclusive | Q1 2020 | Q2 2020 | Q3 2020 | Q4 2020 | Full Year 2020 | Q1 2021 | OLTV Ratio >95% | Home-Ready®(30) | FICO Credit Score < 680(6) | DTI Ratio > 43%(29) |
|---|---|---|---|---|---|---|---|---|---|---|
| Total UPB (Dollars in billions) | $190.5 | $351.3 | $391.4 | $425.6 | $1,358.8 | $400.5 | $7.8 | $11.2 | $17.9 | $80.4 |
| Weighted-Average OLTV Ratio | 74% | 72% | 71% | 70% | 71% | 68% | 97% | 80% | 71% | 70% |
| OLTV Ratio > 95% | 3% | 3% | 3% | 2% | 2% | 2% | 100% | 19% | 0% | 2% |
| Weighted-Average FICO® Credit Score(6) | 753 | 759 | 762 | 762 | 760 | 761 | 753 | 752 | 658 | 752 |
| FICO Credit Score < 680(6) | 6% | 4% | 4% | 4% | 4% | 4% | 0% | 6% | 100% | 5% |
| DTI Ratio > 43%(29) | 25% | 20% | 19% | 20% | 21% | 20% | 16% | 34% | 24% | 100% |
| Fixed-rate | 99% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Owner Occupied | 92% | 93% | 92% | 91% | 92% | 91% | 100% | 100% | 96% | 88% |
| HomeReady®(30) | 3% | 2% | 2% | 3% | 2% | 3% | 27% | 100% | 4% | 5% |

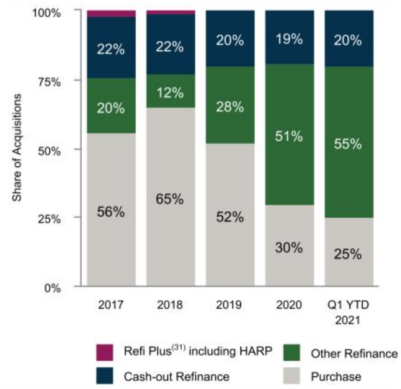
## Origination Loan-to-Value Ratio




## FICO Credit Score(6)




## Acquisitions by Loan Purpose



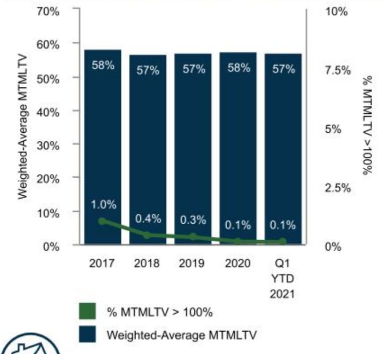
# Credit Characteristics of Single-Family Conventional Guaranty Book of Business

## Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year and Loan Features[2][32]

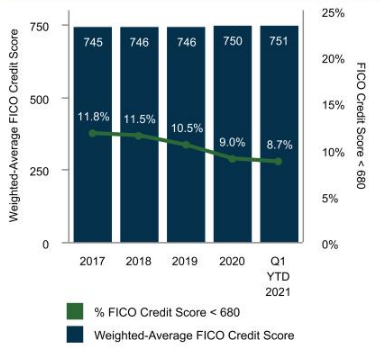
**As of March 31, 2021**

| Categories are not mutually exclusive | Overall Book | Origination Year: 2008 & Earlier | 2009-2017 | 2018 | 2019 | 2020 | 2021 | Certain Loan Features: OLTV Ratio > 95% | Home-Ready®[30] | FICO Credit Score < 680[6] | Refi Plus Including HARP[31] | DTI Ratio > 43%[29] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total UPB (Dollars in billions) | $3,272.0 | $127.9 | $1,169.8 | $149.3 | $301.4 | $1,242.6 | $281.0 | $172.2 | $94.3 | $285.1 | $197.6 | $734.6 |
| Average UPB | $188,447 | $88,499 | $144,004 | $181,462 | $220,914 | $269,545 | $281,816 | $158,934 | $177,688 | $144,432 | $115,695 | $199,698 |
| Share of Single-Family Conventional Guaranty Book | 100% | 4% | 36% | 4% | 9% | 38% | 9% | 5% | 3% | 9% | 6% | 23% |
| Loans in Forbearance by UPB[38] | 2.7% | 8.8% | 3.6% | 7.3% | 4.9% | 0.7% | 0.0% | 5.3% | 4.5% | 8.2% | 4.4% | 5.0% |
| Share of Loans with Credit Enhancement[33] | 38% | 11% | 50% | 75% | 58% | 25% | 18% | 78% | 82% | 40% | 43% | 42% |
| Serious Delinquency Rate[8] | 2.58% | 7.58% | 2.70% | 5.70% | 3.66% | 0.47% | 0.0% | 5.14% | 3.81% | 7.60% | 3.39% | 4.43% |
| Weighted-Average OLTV Ratio | 73% | 75% | 75% | 77% | 76% | 71% | 68% | 105% | 88% | 77% | 85% | 75% |
| OLTV Ratio > 95% | 5% | 8% | 7% | 10% | 8% | 3% | 2% | 100% | 36% | 10% | 29% | 7% |
| Amortized OLTV Ratio[34] | 66% | 56% | 60% | 73% | 74% | 70% | 68% | 94% | 85% | 68% | 67% | 69% |
| Weighted-Average Mark-to-Market LTV Ratio[5] | 57% | 43% | 43% | 62% | 65% | 66% | 68% | 72% | 75% | 55% | 43% | 59% |
| Weighted-Average FICO Credit Score[6] | 751 | 696 | 749 | 734 | 746 | 760 | 761 | 728 | 740 | 649 | 727 | 738 |
| FICO Credit Score < 680[6] | 9% | 38% | 10% | 16% | 9% | 4% | 5% | 16% | 10% | 100% | 22% | 13% |

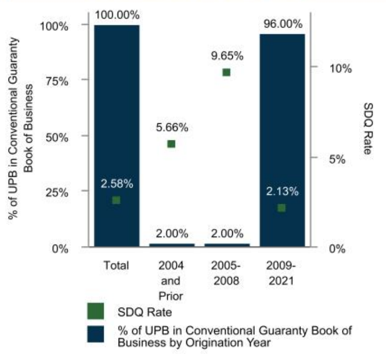
## Mark-to-Market Loan-to-Value (MTMLTV) Ratio[5]




## FICO Credit Score[6]

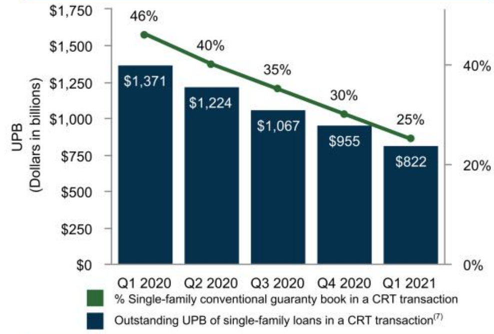



## SDQ Rate by Vintage[8] as of March 31, 2021



# Single-Family Credit Risk Transfer

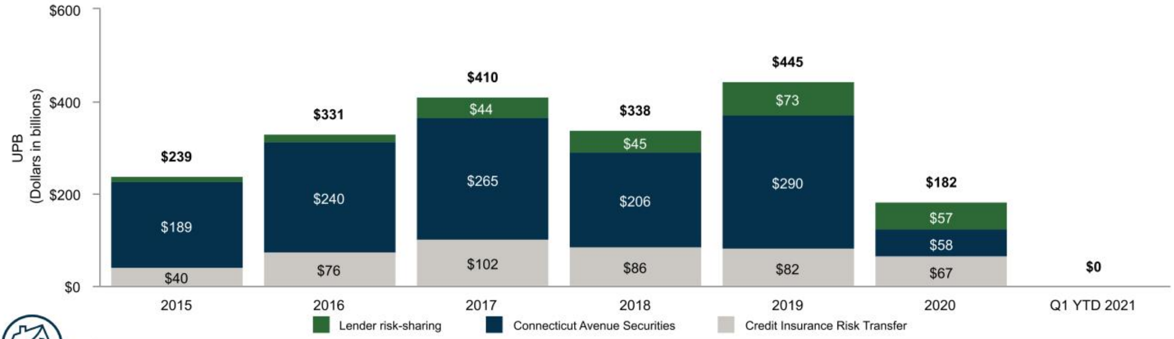
## Single-Family Credit Risk Transfer




## Single-Family Loans with Credit Enhancement

| Credit Enhancement Outstanding UPB (dollars in billions) | 2019 Outstanding UPB | 2019 % of Book[35] Outstanding | 2020 Outstanding UPB | 2020 % of Book[35] Outstanding | Q1 YTD 2021 Outstanding UPB | Q1 YTD 2021 % of Book[35] Outstanding |
|---|---|---|---|---|---|---|
| Primary mortgage insurance & other[36] | $653 | 22% | $681 | 21% | **$677** | **21%** |
| Connecticut Avenue Securities[37] | $919 | 31% | $608 | 19% | **$525** | **16%** |
| Credit Insurance Risk Transfer[7] | $275 | 10% | $216 | 7% | **$189** | **6%** |
| Lender risk-sharing[37] | $147 | 5% | $131 | 4% | **$108** | **3%** |
| (Less: loans covered by multiple credit enhancements) | ($438) | (15)% | ($304) | (9)% | **($257)** | **(8)%** |
| Total single-family loans with credit enhancement | $1,556 | 53% | $1,332 | 42% | **$1,242** | **38%** |

## Single-Family Credit Risk Transfer Issuance

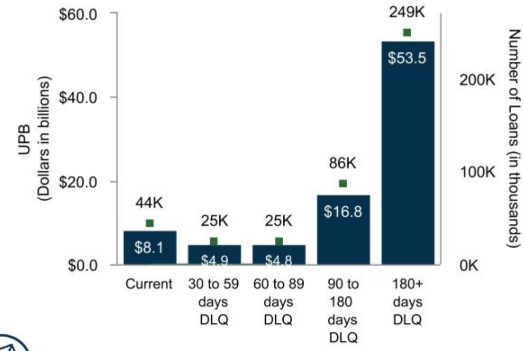


# Single-Family Conventional Guaranty Book of Business in Forbearance

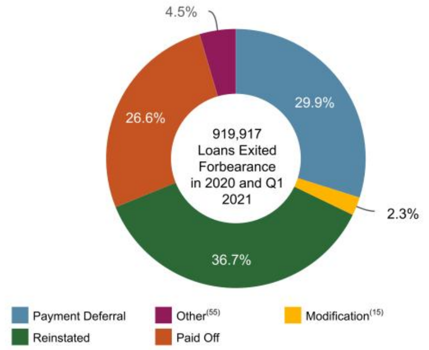
## Certain Credit Characteristics of Single-Family Loans in Forbearance[39]

| As of March 31, 2021 | | Origination Year | | | | | |
|---|---|---|---|---|---|---|---|
| **Categories are not mutually exclusive** | **Total** | 2008 & Earlier | 2009-2017 | 2018 | 2019 | 2020 | 2021 |
| Total UPB (Dollars in billions) | **$88.1** | $11.3 | $41.9 | $10.9 | $14.8 | $9.1 | $0.1 |
| Average UPB | **$204,970** | $138,606 | $193,115 | $230,620 | $273,307 | $306,459 | $348,140 |
| Share of Single-Family Conventional Guaranty Book based on Loan Count | **2.5%** | 0.5% | 1.2% | 0.3% | 0.3% | 0.2% | 0.0% |
| Share of Single-Family Conventional Guaranty Book based on UPB[40] | **2.7%** | 0.3% | 1.3% | 0.3% | 0.5% | 0.3% | 0.0% |
| MTMLTV Ratio >80% without Mortgage Insurance | **1.4%** | 0.8% | 0.3% | 0.1% | 0.1% | 0.1% | 0.0% |
| DTI Ratio > 43%[29] | **41.4%** | 5.3% | 17.5% | 6.7% | 7.7% | 4.2% | 0.0% |
| FICO Credit Score < 680[6] | **26.6%** | 6.3% | 11.9% | 3.7% | 3.3% | 1.4% | 0.0% |
| OLTV Ratio >95% | **10.4%** | 1.3% | 4.8% | 1.7% | 2.0% | 0.6% | 0.0% |

## Delinquency Status of Loans in Forbearance as of March 31, 2021[13]

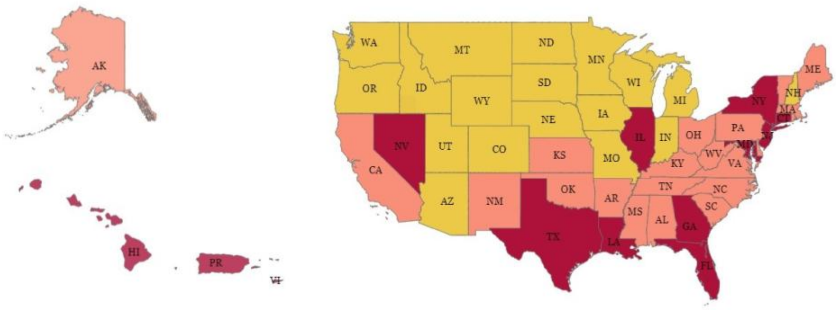



## Single-Family Loan Forbearance Exits



# Single-Family Problem Loan Statistics

## Single-Family Serious Delinquency Rate by State as of March 31, 2021[8]

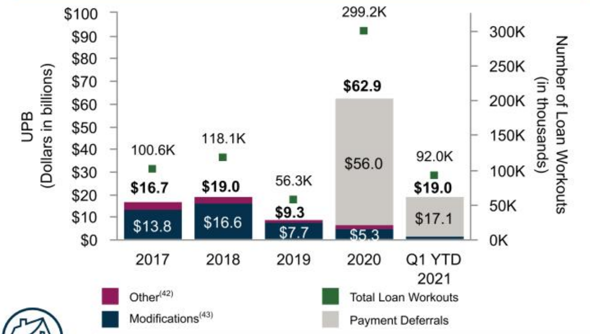



## Top 10 States by UPB

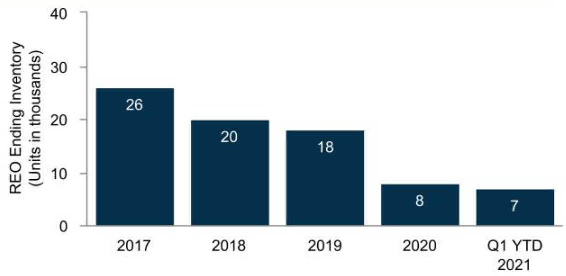
| State | Serious Delinquency Rate[8] | Average Months to Foreclosure[41] |
|---|---|---|
| CA | 2.31% | 28 |
| TX | 3.08% | 22 |
| FL | 3.60% | 39 |
| NY | 4.34% | 62 |
| WA | 1.85% | 18 |
| NJ | 4.04% | 31 |
| IL | 3.02% | 23 |
| CO | 1.76% | 26 |
| VA | 2.34% | 16 |
| NC | 2.16% | 24 |

**State SDQ Rate:**
- 1.00% to 1.99%
- 2.00% to 2.99%
- 3.00% and above

## Single-Family Loan Workouts



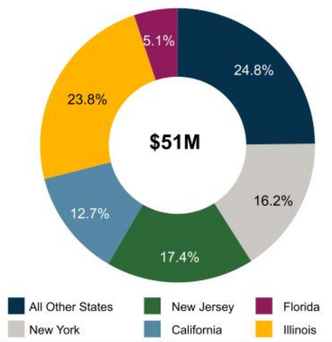

## Single-Family REO Ending Inventory



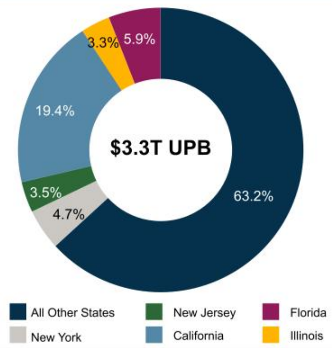
## Credit Loss Concentration of Single-Family Conventional Guaranty Book of Business

| | % of Single-Family Conventional Guaranty Book of Business[35] | | | | | % of Single-Family Credit Losses[44] and Redesignation Write-Offs For the Period Ended | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Certain Product Features** Categories are not mutually exclusive | 2017 | 2018 | 2019 | 2020 | Q1 YTD 2021 | 2017 | 2018 | 2019 | 2020 | Q1 YTD 2021 |
| Credit losses and redesignation write-offs by period (Dollars in millions) | $2,963 | $2,457 | $1,719 | $514 | **$51** | 100.0% | 100.0% | 100.0% | 100.0% | **100.0%** |
| Alt-A[45] | 2.5% | 1.9% | 1.5% | 1.1% | **1.0%** | 21.9% | 22.4% | 16.6% | 14.0% | **14.6%** |
| Interest-only | 1.2% | 0.8% | 0.5% | 0.3% | **0.3%** | 15.7% | 15.4% | 11.5% | 9.1% | **12.1%** |
| Origination LTV Ratio >95% | 6.6% | 6.8% | 6.9% | 5.7% | **5.3%** | 16.9% | 14.9% | 16.0% | 14.4% | **4.5%** |
| FICO Credit Score < 680 and OLTV Ratio > 95%[6] | 1.6% | 1.4% | 1.3% | 0.9% | **0.9%** | 8.7% | 8.7% | 9.4% | 8.8% | **0.6%** |
| FICO Credit Score < 680[6] | 11.8% | 11.4% | 10.5% | 9.0% | **8.7%** | 45.4% | 46.3% | 43.1% | 41.4% | **54.3%** |
| Refi Plus including HARP | 13.2% | 11.4% | 9.5% | 6.7% | **6.0%** | 15.9% | 13.2% | 15.8% | 16.6% | **31.6%** |
| **Vintage** | 2017 | 2018 | 2019 | 2020 | Q1 YTD 2021 | 2017 | 2018 | 2019 | 2020 | Q1 YTD 2021 |
| 2009 - 2021 | 90% | 92% | 94% | 96% | **96%** | 23% | 20% | 27% | 33% | **60%** |
| 2005 - 2008 | 6% | 5% | 4% | 2% | **2%** | 65% | 66% | 61% | 54% | **32%** |
| 2004 & Prior | 4% | 3% | 2% | 2% | **2%** | 12% | 14% | 12% | 13% | **8%** |

### % of Q1 YTD 2021 Single-Family Credit Losses and Redesignation Write-Offs by State[44][46]

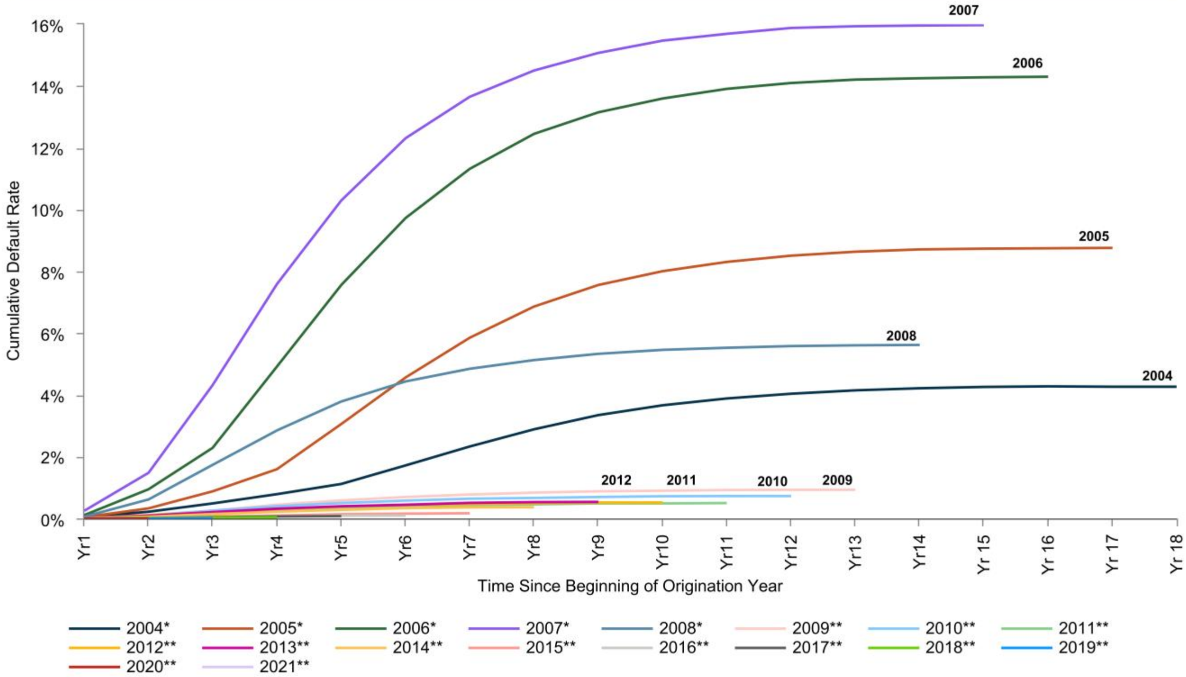



### % of Single-Family Conventional Guaranty Book of Business by State as of March 31, 2021



# Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Year[47]




* Loans originated prior to 2009 represent only 4% of the single-family conventional guaranty book of business as of March 31, 2021.

**As of March 31, 2021, cumulative default rates on the loans originated in each individual year from 2009-2021 were less than 1%.

# Multifamily Business



Fannie Mae

# Multifamily Highlights

## Q1 2021

**$848M**
Net interest income

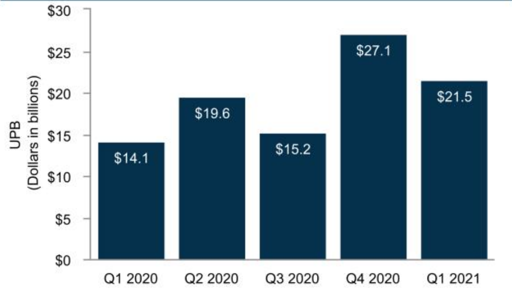
**$25M**
Fee and other income

**$44M**
Fair value gains, net

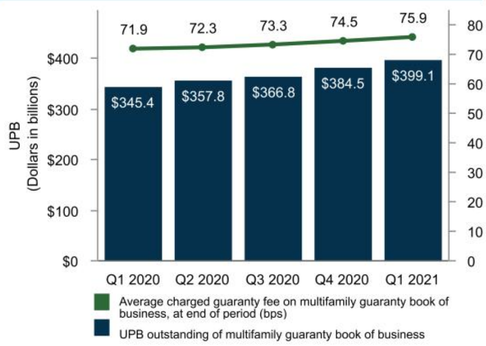
**$91M**
Credit-related income

**$599M**
Net income

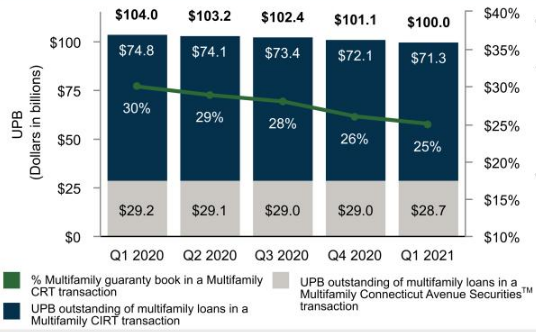
## Multifamily New Business Volume




## Multifamily Guaranty Book of Business[3]




## Multifamily Credit Risk Transfer




## Highlights

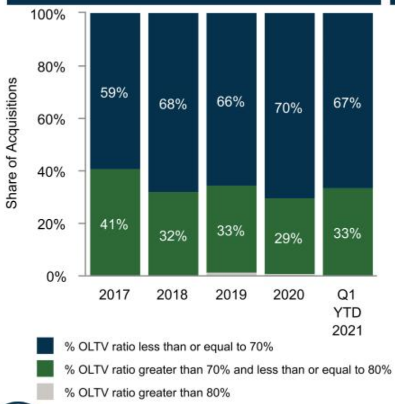
- New Multifamily business volume was $21.5 billion in Q1 2021.
- FHFA established a 2021 multifamily volume cap of $70 billion of which 50% must be mission-driven, focused on certain affordable and underserved market segments, and 20% must be affordable to residents earning 60% of area median income or below.
- The multifamily guaranty book of business increased by $14.6 billion in Q1 2021 to $399.1 billion and the average charged fee continued to increase to 75.9 bps.

# Credit Characteristics of Multifamily Loan Acquisitions

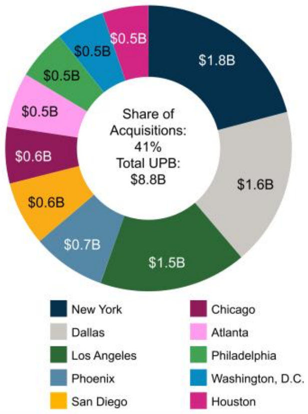
## Certain Credit Characteristics of Multifamily Loans by Acquisition Period[3]

| Categories are not mutually exclusive | 2017 | 2018 | 2019 | 2020 | Q1 YTD 2021 |
|---|---|---|---|---|---|
| Total UPB (Dollars in billions) | $67.1 | $65.4 | $70.2 | $76.0 | **$21.5** |
| Weighted-Average OLTV Ratio | 67% | 65% | 66% | 64% | **65%** |
| Loan Count | 3,861 | 3,723 | 4,113 | 5,051 | **1,529** |
| % Lender Recourse[48] | 100% | 100% | 100% | 99% | **100%** |
| % DUS[49] | 98% | 99% | 100% | 99% | **99%** |
| % Full Interest-Only | 26% | 33% | 33% | 38% | **33%** |
| Weighted-Average OLTV Ratio on Full Interest-Only Acquisitions | 58% | 58% | 59% | 58% | **59%** |
| Weighted-Average OLTV Ratio on Non-Full Interest-Only Acquisitions | 70% | 68% | 69% | 68% | **69%** |
| % Partial Interest-Only[50] | 57% | 53% | 56% | 50% | **57%** |

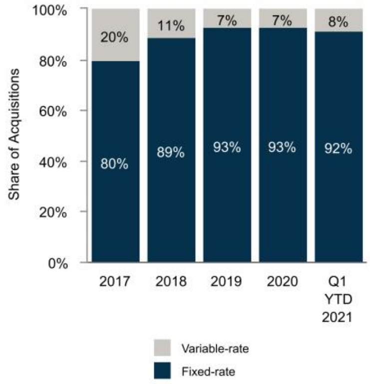
## Origination Loan-to-Value Ratio[3]




## Top 10 MSAs by Q1 YTD 2021 Acquisition UPB[3]




## Acquisitions by Note Type[3]



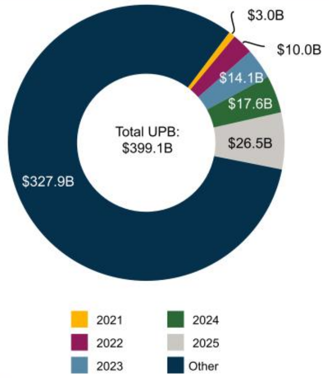
# Credit Characteristics of Multifamily Guaranty Book of Business

## Certain Credit Characteristics of Multifamily Guaranty Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segment[3]

**As of March 31, 2021**

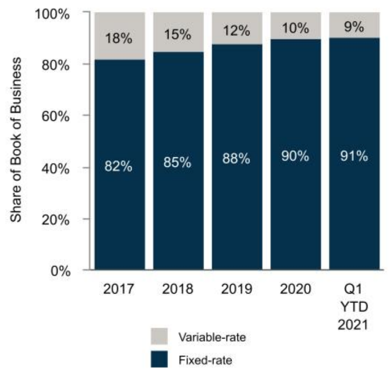
| Categories are not mutually exclusive | Overall Book | Acquisition Year: 2008 & Earlier | 2009-2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Asset Class or Targeted Affordable Segment: Conventional /Co-op[51] | Seniors Housing[51] | Student Housing[51] | Manufactured Housing[51] | Privately Owned with Subsidy[52] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total UPB (Dollars in billions) | $399.1 | $8.4 | $105.7 | $56.8 | $61.6 | $69.3 | $75.8 | $21.5 | $350.2 | $17.2 | $14.7 | $17.0 | $39.2 |
| % of Multifamily Guaranty Book | 100% | 2% | 27% | 14% | 16% | 17% | 19% | 5% | 88% | 4% | 4% | 4% | 10% |
| Loan Count | 29,484 | 3,324 | 8,997 | 3,125 | 3,431 | 4,031 | 5,047 | 1,529 | 26,602 | 671 | 676 | 1,535 | 3,670 |
| Average UPB (Dollars in millions) | $13.5 | $2.5 | $11.8 | $18.2 | $17.9 | $17.2 | $15.0 | $14.1 | $13.2 | $25.6 | $21.8 | $11.1 | $10.7 |
| Loans in Forbearance by UPB[38] | 0.2% | 0.1% | 0.3% | 0.6% | 0.1% | 0.3% | 0.0% | 0.0% | 0.1% | 0.3% | 2.9% | 0.0% | 0.1% |
| Weighted-Average OLTV Ratio | 66% | 68% | 67% | 67% | 65% | 66% | 64% | 65% | 66% | 66% | 66% | 65% | 69% |
| Weighted-Average DSCR[10] | 2.1 | 2.8 | 2.0 | 2.0 | 1.8 | 2.0 | 2.4 | 2.3 | 2.1 | 1.8 | 1.8 | 2.1 | 2.3 |
| % Fixed rate | 91% | 28% | 92% | 88% | 92% | 94% | 93% | 92% | 92% | 64% | 84% | 94% | 80% |
| % Full Interest-Only | 31% | 28% | 22% | 29% | 35% | 33% | 38% | 33% | 32% | 13% | 27% | 24% | 21% |
| % Partial Interest-Only[50] | 52% | 17% | 48% | 55% | 53% | 56% | 50% | 57% | 50% | 57% | 64% | 57% | 43% |
| % Small Balance Loans[53] | 44% | 90% | 50% | 30% | 27% | 35% | 36% | 34% | 45% | 15% | 26% | 51% | 52% |
| % DUS[49] | 99% | 91% | 99% | 98% | 100% | 100% | 99% | 99% | 99% | 98% | 100% | 100% | 98% |
| Serious Delinquency Rate[11] | 0.66% | 0.61% | 0.97% | 1.51% | 0.61% | 0.45% | 0.03% | 0.00% | 0.33% | 5.17% | 3.97% | 0.02% | 0.29% |

## UPB by Maturity Year as of March 31, 2021[3]



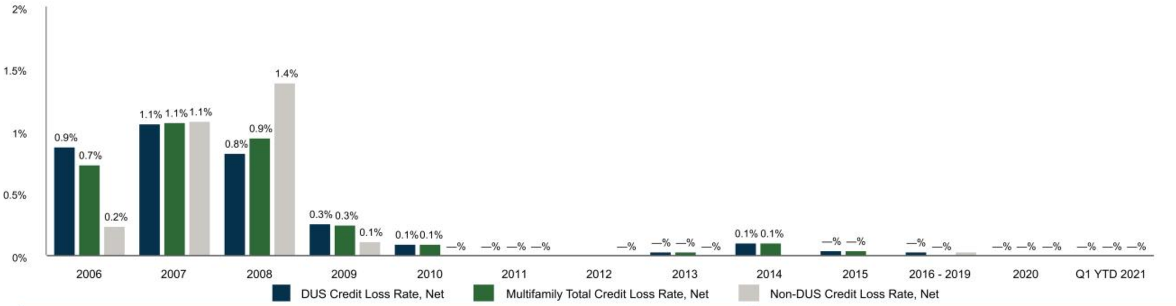

## Top 10 MSAs by UPB as of March 31, 2021[3]


## Multifamily Guaranty Book of Business by Note Type[3]

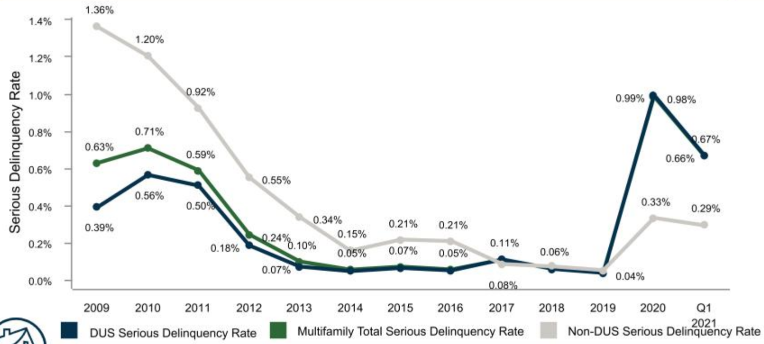


# Multifamily Serious Delinquency Rates and Credit Losses

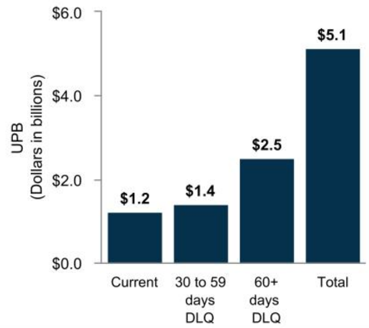
## DUS/Non-DUS Cumulative Credit Loss Rates by Acquisition Year Through Q1 YTD 2021(49)(54)




## Serious Delinquency Rates(11)(49)




## Delinquency Status of Active Loans that Received a Forbearance as of March 31, 2021(56)



# Endnotes

# Endnotes

(1) Prior period amounts have been adjusted to reflect the change in presentation related to yield maintenance fees. As of January 1, 2020, all yield maintenance fees have been reported in interest income. For consolidated loans, the portion of the fee passed through to the holders of the trust certificates are classified as interest expense.

(2) Single-family conventional loan population consists of: (a) single-family conventional mortgage loans of Fannie Mae; (b) single-family conventional mortgage loans underlying Fannie Mae MBS other than loans underlying Freddie Mac securities that Fannie Mae has resecuritized; and (c) other credit enhancements that Fannie Mae provided on single-family mortgage assets, such as long-term standby commitments. It excludes non-Fannie Mae single-family mortgage-related securities held in the retained mortgage portfolio for which Fannie Mae does not provide a guaranty. Conventional refers to mortgage loans and mortgage-related securities that are not guaranteed or insured, in whole or in part, by the U.S. government or one of its agencies.

(3) The multifamily guaranty book of business consists of: (a) multifamily mortgage loans of Fannie Mae; (b) multifamily mortgage loans underlying Fannie Mae MBS; and (c) other credit enhancements that the company provided on multifamily mortgage assets. It excludes non-Fannie Mae multifamily mortgage-related securities held in the retained mortgage portfolio for which Fannie Mae does not provide a guaranty. Data reflects the latest available information as of March 31, 2021.

(4) Represents, on an annualized basis, the sum of the base guaranty fees during the period for the company's single-family conventional guaranty arrangements plus the recognition of any upfront cash payments relating to these guaranty arrangements based on an estimated average life at the time of acquisition. Excludes the impact of a 10 basis point guaranty fee increase implemented pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by the company.

(5) The average estimated mark-to-market LTV ratio is based on the unpaid principal balance of the loan divided by the estimated current value of the property at period end, which the company calculates using an internal valuation model that estimates periodic changes in home value. Excludes loans for which this information is not readily available.

(6) FICO credit score is as of loan origination, as reported by the seller of the mortgage loan.

(7) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately $2.0 billion outstanding as of March 31, 2021.

(8) Single-family serious delinquency rate (or “SDQ rate”) refers to single-family loans that are 90 days or more past due or in the foreclosure process, expressed as a percentage of the company’s single-family conventional guaranty book of business, based on loan count. Single-family SDQ rate for loans in a particular category (such as origination year, loan feature or state), refers to SDQ loans in the applicable category, divided by the number of loans in the single-family conventional guaranty book of business in that category.

(9) Calculated based on the amount of write-offs, recoveries and foreclosed property income or expenses annualized divided by the average single-family conventional guaranty book of business during the period.

(10) Weighted-average debt service coverage ratio, or "DSCR", is calculated using the most recent property financial operating statements. When operating statement information is not available, the DSCR at the time of acquisition is used. If both are unavailable, the underwritten DSCR is used. Although the company uses the most recently available results from their multifamily borrowers, there is a lag in reporting, which typically can range from three to six months, but in some cases may be longer. Accordingly, the financial information Fannie Mae has received from borrowers may not reflect the most recent impacts of the COVID-19 pandemic. Co-op loans are excluded from this metric.

(11) Multifamily serious delinquency rate (or “SDQ rate”) refers to multifamily loans that are 60 days or more past due, expressed as a percentage of the company’s multifamily guaranty book of business, based on unpaid principal balance. Multifamily SDQ rate for loans in a particular category (such as acquisition year, asset class or targeted affordable segment), refers to SDQ loans in the applicable category, divided by the unpaid principal balance of the loans in the multifamily guaranty book of business in that category.

(12) Credit loss (benefit) ratio, net represents the annualized net credit loss or benefit for the period divided by the average unpaid principal balance of the multifamily guaranty book of business for the period. Net credit benefits are the result of recoveries on previously written-off amounts. Net credit losses include expected benefit of freestanding loss-sharing benefit, primarily multifamily DUS lender-risk sharing transactions.

# Endnotes

(13) Pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), for purposes of reporting to the credit bureaus, servicers must report a borrower receiving a COVID-19-related payment accommodation, such as a forbearance plan or loan modification, as current if the borrower was current prior to receiving the accommodation and the borrower makes all required payments in accordance with the accommodation. For purposes of the company's disclosures regarding delinquency status, loans receiving COVID-19-related payment forbearance are reported as delinquent according to the contractual terms of the loan.

(14) As a part of the company's relief programs, the company has authorized servicers to permit payment forbearance to borrowers experiencing a COVID-19-related financial hardship for up to 12 months without regard to the delinquency status of the loan, and for borrowers already in forbearance as of February 28, 2021, for a total of up to 18 months, provided that the forbearance does not result in the loan becoming greater than 18 months delinquent. The company estimates that, through March 31, 2021, approximately 8% of the single-family loans, based on loan count, in the single-family conventional guaranty book of business as of March 31, 2020 have been in a COVID-19-related forbearance at some point between then and March 31, 2021.

(15) Includes loans that are in trial modifications. As of March 31, 2021, 89% of loans that received a forbearance and subsequently received a completed modification were current.

(16) Displays the status and percentage of UPB as of current period end of the multifamily loans in the guaranty book of business as well as loans that had liquidated prior to period end that have received a forbearance. Since the COVID-19 pandemic was declared a national emergency in March 2020, Fannie Mae has broadly offered forbearance to affected multifamily borrowers. Nearly all of the multifamily loans in forbearance were associated with a COVID-19-related financial hardship.

(17) Includes loans that are in the process of extending their forbearance.

(18) Includes loans that are no longer in forbearance and are not on a repayment plan. Loans in this population may proceed to other loss mitigation activities, such as foreclosure or modification.

(19) Represents loans that are no longer in forbearance but are current according to the original terms of the loan, or have been modified and are performing under the modification.

(20) Guaranty fee income includes the impact of a 10 basis point guaranty fee increase implemented in 2012 pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011, the incremental revenue from which is remitted to Treasury and not retained by the company.

(21) Includes interest income from assets held in the company's retained mortgage portfolio and other investments portfolio, as well as other assets used to generate lender liquidity. Also includes interest expense on the company's outstanding corporate debt and Connecticut Avenue Securities® debt.

(22) Reflects the company's aggregate indebtedness at the end of each period presented measured in unpaid principal balance and excludes effects of debt basis adjustments and debt of consolidated trusts.

(23) Cash equivalents are comprised of overnight repurchase agreements and U.S. Treasuries that have a maturity at the date of acquisition of three months or less.

(24) Refers to the U.S. weekly average fixed-rate mortgage rate according to Freddie Mac's Primary Mortgage Market Survey®. These rates are reported using the latest available data for a given period.

(25) U.S. Gross Domestic Product ("GDP") annual growth (decline) rate for periods prior to 2021 are based on the quarterly series calculated by the Bureau of Economic Analysis and are subject to revision. GDP growth rate for Q1 YTD 2021 is the Advance Estimate published on April 29, 2021.

(26) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of March 2021. Including subsequent data may lead to materially different results. Home price growth rate is not seasonally adjusted. UPB estimates are based on data available through the end of March 2021, and the top 10 states are reported by UPB in descending order. One year home price growth rate is for the 12 month period ending March 31, 2021.

# Endnotes

(27) Calculated based upon net worth divided by total assets outstanding at the end of the period.

(28) Represents the company's estimate of the amount of adjusted total capital that it would have been required to hold had FHFA's enterprise regulatory capital framework requirements published in December 2020 been fully applicable as of the specified date. For more information on the capital requirements, see "Business—Legislation and Regulation—GSE Act and Other Legislative and Regulatory Matters—Capital" in Fannie Mae's 2020 Form 10-K.

(29) Excludes loans for which this information is not readily available. From time to time, the company revises its guidelines for determining a borrower's DTI ratio. The amount of income reported by a borrower and used to qualify for a mortgage may not represent the borrower's total income; therefore, the DTI ratios reported may be higher than borrowers' actual DTI ratios.

(30) Refers to HomeReady® mortgage loans, a low down payment mortgage product offered by the company that is designed for creditworthy low-income borrowers. HomeReady allows up to 97% loan-to-value ratio financing for home purchases. The company offers additional low down payment mortgage products that are not HomeReady loans; therefore, this category is not representative of all high LTV ratio single-family loans acquired or in the single-family conventional guaranty book of business for the periods shown. See the "OLTV Ratio > 95%" category for information on the single-family loans acquired or in the single-family conventional guaranty book of business with origination LTV ratios greater than 95%.

(31) "Refi Plus" refers to loans acquired under Fannie Mae's Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers who were current on their loans and who applied prior to the initiative's December 31, 2018 sunset date. Refi Plus had no limits on maximum LTV ratio and provided mortgage insurance flexibilities for loans with LTV ratios greater than 80%.

(32) Calculated based on the aggregate unpaid principal balance of single-family loans for each category divided by the aggregate unpaid principal balance of loans in the single-family conventional guaranty book of business. Loans with multiple product features are included in all applicable categories.

(33) Percentage of loans in the single-family conventional guaranty book of business, measured by unpaid principal balance, included in an agreement used to reduce credit risk by requiring collateral, letters of credit, mortgage insurance, corporate guarantees, inclusion in a credit risk transfer transaction reference pool, or other agreement that provides for Fannie Mae's compensation to some degree in the event of a financial loss relating to the loan.

(34) Amortized origination loan-to-value ratio is calculated based on the current UPB of a loan at period end, divided by the home price at origination of the loan.

(35) Based on the unpaid principal balance of the single-family conventional guaranty book of business as of period end.

(36) Refers to loans included in an agreement used to reduce credit risk by requiring primary mortgage insurance, collateral, letters of credit, corporate guarantees, or other agreements to provide an entity with some assurance that it will be compensated to some degree in the event of a financial loss. Excludes loans covered by credit risk transfer transactions unless such loans are also covered by primary mortgage insurance.

(37) Outstanding unpaid principal balance represents the underlying loan balance, which is different from the reference pool balance for CAS and some lender risk-sharing transactions.

(38) Consists of loans that are in an active forbearance as of March 31, 2021.

(39) Calculated based on the unpaid principal balance of loans in forbearance with the specific credit characteristic and vintage divided by the total unpaid principal balance of loans in forbearance in that origination year at period end.

(40) Share of single-family conventional guaranty book based on UPB was calculated based upon the unpaid principal balance of loans in forbearance by vintage divided by the total unpaid principal balance of the single-family conventional guaranty book of business at period end.

(41) Measured from the borrowers' last paid installment on their mortgages to when the related properties were added to the company's REO inventory for foreclosures completed during the three months ended March 31, 2021. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.

# Endnotes

(42) Includes repayment plans and foreclosure alternatives. Repayment plans reflect only those plans associated with loans that were 60 days or more delinquent. Beginning with the year ended December 31, 2020, completed forbearance arrangements are excluded.

(43) There were approximately 16,700 loans in a trial modification period that was not complete as of March 31, 2021.

(44) Percentages exclude the impact of recoveries that have not been allocated to specific loans.

(45) For a description of Alt-A loan classification criteria, refer to the glossary in Fannie Mae's 2020 Form 10-K. The company discontinued the purchase of newly originated Alt-A loans in 2009, except for those that represent the refinancing of a loan acquired prior to 2009, which has resulted in the acquisitions of Alt-A mortgage loans remaining low and the percentage of the book of business attributable to Alt-A to continue to decrease over time.

(46) Total amount of single-family credit losses includes those not directly associated with specific loans. Single-family credit losses by state exclude the impact of recoveries that have not been allocated to specific loans. Presents the five states with the highest credit losses for the applicable period among the company's top ten states by percentage of outstanding single-family conventional guaranty book of business.

(47) Defaults include loan foreclosures, short sales, sales to third parties at the time of foreclosure and deeds-in-lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year. Data as of March 31, 2021 is not necessarily indicative of the ultimate performance of the loans and performance may change, perhaps materially, in future periods.

(48) Represents the percentage of loans with lender risk-sharing agreements in place, measured by unpaid principal balance.

(49) Under the Delegated Underwriting and Servicing ("DUS") program, Fannie Mae acquires individual, newly originated mortgages from specially approved DUS lenders using DUS underwriting standards and/or DUS loan documents. Because DUS lenders generally share the risk of loss with Fannie Mae, they are able to originate, underwrite, close and service most loans without a pre-review by the company.

(50) Includes any loan that was underwritten with an interest-only term less than the term of the loan, regardless of whether it is currently in its interest-only period.

(51) See https://multifamily.fanniemae.com/financing-options for definitions. Loans with multiple product features are included in all applicable categories.

(52) The Multifamily Affordable Business Channel focuses on financing properties that are under an agreement that provides long-term affordability, such as properties with rent subsidies or income restrictions.

(53) Small balance loans refers to multifamily loans with an original unpaid balance of up to $6 million nationwide.

(54) Cumulative net credit loss rate is the cumulative net credit losses (gains) through March 31, 2021 on the multifamily loans that were acquired in the applicable period, as a percentage of the total acquired unpaid principal balance of multifamily loans in the applicable period. Net credit losses include expected benefit of freestanding loss-sharing benefit, primarily multifamily DUS lender-risk sharing transactions.

(55) Includes loans that were delinquent upon the expiration of the forbearance arrangement as well as loans that exited forbearance through a repayment plan.

(56) Consists of multifamily loans in the guaranty book of business that have received a forbearance since the start of the pandemic. As of March 31, 2021, nearly all of the company's multifamily loans in forbearance were associated with a COVID-19-related financial hardship. Excludes $275 million in multifamily loans that received a forbearance, but liquidated prior to period end.

(57) Net worth is not a measure of regulatory capital under FHFA's enterprise regulatory capital framework.