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): July 30, 2020

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** **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 July 30, 2020, Fannie Mae filed its quarterly report on Form 10-Q for the quarter ended June 30, 2020 and issued 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 July 30, 2020
99.2	Financial Supplement for Q2 2020, dated July 30, 2020
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: July 30, 2020

Fannie Mae

Contact: Pete Bakel 202-752-2034
Resource Center: 1-800-732-6643
Exhibit 99.1
Date: July 30, 2020

Fannie Mae Reports Net Income of $2.5 Billion for Second Quarter 2020

Second Quarter 2020 Results

- Fannie Mae reported net income of $2.5 billion for the second quarter of 2020, compared with net income of $461 million for the first quarter of 2020. The increase in net income was due primarily to a decline in credit-related expense in the second quarter of 2020 compared with the first quarter of 2020. The company's credit-related expense in the first quarter of 2020 was driven by a substantial increase in its allowance for loan losses due to the economic dislocation caused by the COVID-19 pandemic. The allowance for loan losses remained relatively flat in the second quarter of 2020.
- Fannie Mae continues to provide economic relief to borrowers impacted by COVID-19 through its forbearance program. As of June 30, 2020, 5.7% of Fannie Mae's single-family guaranty book of business based on loan count and 1.2% of the company's multifamily guaranty book of business based on unpaid principal balance were in forbearance, the vast majority of which were related to COVID-19.
- Fannie Mae's net worth increased from $13.9 billion as of March 31, 2020 to $16.5 billion as of June 30, 2020. Based on its agreement with the U.S. Department of the Treasury, the company may retain quarterly earnings until its net worth reaches $25 billion.
- Fannie Mae expects the impact of the COVID-19 pandemic to continue to negatively affect its financial results, contributing to lower net income in 2020 than in 2019.

Business Highlights

- Fannie Mae is providing substantial liquidity to lenders during the COVID-19 pandemic and fulfilling Fannie Mae's mission to stabilize the housing finance market and provide liquidity, support, and access to affordable mortgage financing in all U.S. markets in all economic cycles.
- Fannie Mae provided $542 billion in single-family liquidity to the mortgage market in the first half of 2020, including $288 billion through its whole loan conduit, enabling the financing of approximately 593,000 home purchases and 1,352,000 refinancings. Fannie Mae has financed approximately one in four single-family mortgage loans outstanding in the United States.
- Fannie Mae provided $34 billion in multifamily financing in the first half of 2020, which enabled the financing of 373,000 units of multifamily housing. More than 90% of the multifamily units the company financed in the first half of 2020 were affordable to families earning at or below 120% of the area median income, providing support for both affordable and workforce housing.
- Fannie Mae did not enter into credit risk transfer transactions in the second quarter of 2020 due to continuing adverse market conditions as a result of the COVID-19 pandemic. Although market conditions have improved, Fannie Mae currently does not have plans to engage in additional credit risk transfer transactions as the company and its financial advisors evaluate the Federal Housing Finance Agency's (FHFA's) recently re-proposed capital rule, which would reduce the amount of capital relief the company obtains from these transactions. Fannie Mae will continue to review its plans, which may be affected by the company's evaluation of the proposed capital rule and changes in the rule as it is finalized, its progress in meeting FHFA's 2020 conservatorship scorecard, the strength of future market conditions, and its review of the company's overall business and capital plan to enable it to exit conservatorship.

"During this time of economic uncertainty, Fannie Mae is a force for stability, affordability, and liquidity in the housing markets. In the second quarter, we helped hundreds of thousands of homeowners and renters get the guidance and support they needed to stay in their homes, while we delivered on record refinancing demand. Fannie Mae will continue to work with partners across the industry to fulfill our mission and our leadership role in housing finance."

Hugh R. Frater,
Chief Executive Officer

WASHINGTON, DC — Fannie Mae (FNMA/OTCQB) reported net income of $2.5 billion and comprehensive income of $2.5 billion for the second quarter of 2020, compared with net income of $461 million and comprehensive income of $476 million for the first quarter of 2020. The increase in net income was due primarily to a decline in credit-related expense in the second quarter of 2020 compared with the first quarter of 2020. The company's credit-related expense in the first quarter of 2020 was driven by a substantial increase in its allowance for loan losses due to the economic dislocation caused by the COVID-19 pandemic. The allowance for loan losses remained relatively flat in the second quarter of 2020.

Fannie Mae Response to COVID-19

In March 2020, the COVID-19 outbreak in the United States was declared a national emergency. The COVID-19 pandemic resulted in stay-at-home orders, school closures, and widespread business shutdowns across the country. Although business activity has begun to resume to varying degrees, the speed and nature of the resumption of economic activity remains highly uncertain. The COVID-19 pandemic continues to have a significant impact on Fannie Mae's business and financial results.

Fannie Mae Response

Fannie Mae is taking a number of actions to help borrowers, renters, lenders, and its employees manage the negative impact of the COVID-19 pandemic.

Borrowers and Renters

- Fannie Mae has implemented new policies to enable the company's single-family and multifamily loan servicers to better assist borrowers and renters impacted by COVID-19, including to:
    - provide forbearance to single-family borrowers reporting they are experiencing a financial hardship due to the COVID-19 outbreak for up to 180 days, and at the borrower's request, extend the forbearance period up to a maximum of 12 months total; approximately 972,000 single-family loans in the company's book of business were in forbearance as of June 30, 2020;
    - offer options following forbearance, including a repayment plan, payment deferral, or a loan modification that aims to maintain or reduce a borrower's monthly payment;
    - suspend foreclosures and foreclosure-related activities for single-family properties through at least August 31, 2020, other than for vacant or abandoned properties;
    - report as current to credit bureaus homeowners who comply with their forbearance plan and were current prior to receiving COVID-19-related forbearance and provide that no late fees are charged for homeowners in a forbearance plan; and
    - provide forbearance to multifamily borrowers experiencing a financial hardship due to the COVID-19 outbreak for up to 6 months on the condition that the borrower suspend all renter evictions for nonpayment of rent during the forbearance period, through the 120-day eviction moratorium under the CARES Act, which ended on July 25, 2020, or any longer period required by state or local law.
- Fannie Mae created the #HeretoHelp educational effort and updated the company's **KnowYourOptions.com** website to help keep people in their homes, providing information and resources on relief options for borrowers and renters impacted by COVID-19. The website includes the Renters Resource Finder, an online tool that allows renters to enter their building address to determine whether they live in a Fannie Mae-financed property and learn what resources they can access for help. Resources include access to Fannie Mae's Disaster Response Network, which offers free assistance to renters in Fannie Mae-financed rental properties, such as HUD-approved housing counselors that can help create a personalized action plan, offer financial coaching and budgeting, and provide other support.

Lenders

- Fannie Mae provided more than $453 billion in liquidity to the single-family and multifamily mortgage markets from the beginning of March 2020 through June 2020, including more than $241 billion through the company's whole loan conduit to support small and mid-sized lenders, including community lenders, fulfilling Fannie Mae's mission to stabilize the housing finance market and provide liquidity, support, and access to affordable mortgage financing in all U.S. markets in all economic cycles.
- Fannie Mae limited the duration of single-family servicers' obligations to advance principal and interest payments on delinquent loans to four months.
- Fannie Mae continues to build its digital mortgage capabilities, enabling the company to adapt quickly to lenders' needs. In addition, the company is offering measures to help ensure lenders have the clarity and flexibility to continue to lend in a prudent and responsible manner during the COVID-19 pandemic. These measures include: offering additional methods of obtaining verbal verification of borrower employment; using the company's digital tools to offer flexibilities related to the lender's process for obtaining inspections and appraisals; and allowing remote online notarization options.

Employees

- Fannie Mae has taken steps to protect the safety and resiliency of its workforce. The company has required nearly all of its workforce to work remotely since mid-March and continues to assess when it will be safe for employees to return to the office.
- To date, the company's business resiliency plans and technology systems have effectively supported its company-wide telework arrangement, allowing Fannie Mae to continue its critical function of supporting mortgage market liquidity.
- Fannie Mae offers support services and resources for employees and their families affected by COVID-19, including the company's Employee Assistance Program that provides a helpline number to support loved ones who may not be covered otherwise.
- Fannie Mae continued to pay most contractors (e.g., cafeteria staff) and accelerated payments to identified small businesses.

Risks and Uncertainties

Fannie Mae's current forecasts and expectations relating to the impact of the COVID-19 pandemic are subject to many uncertainties and may change, perhaps substantially. It is difficult to assess or predict the impact of this unprecedented event on the company's business, financial results, or financial condition. Factors that will impact the extent to which the COVID-19 pandemic affects the company's business, financial results, and financial condition include: the duration, spread, and severity of COVID-19 outbreaks; the actions taken to contain the virus or treat its impact, including government actions to mitigate the economic impact of the pandemic; the extent to which consumers, workers, and families feel safe resuming business activities and school; the nature and extent of the forbearance, modification, and other loss mitigation options borrowers affected by the pandemic obtain from Fannie Mae; accounting elections and estimates relating to the impact of the COVID-19 pandemic; borrower and renter behavior in response to the pandemic and its economic impact; how quickly and to what extent normal economic and operating conditions can resume, including whether any future outbreaks interrupt economic recovery; and how quickly and to what extent affected borrowers, renters, and counterparties can recover from the negative economic impact of the pandemic. See "Risk Factors" in the company's Second Quarter 2020 Form 10-Q for a discussion of the risks to the company's business, financial results, and financial condition relating to the COVID-19 pandemic. See "Forward-Looking Statements" in the company's Second Quarter 2020 Form 10-Q for a discussion of factors that could cause actual conditions, events, or results to differ materially from those described in the company's forecasts, expectations, and other forward-looking statements in this release.

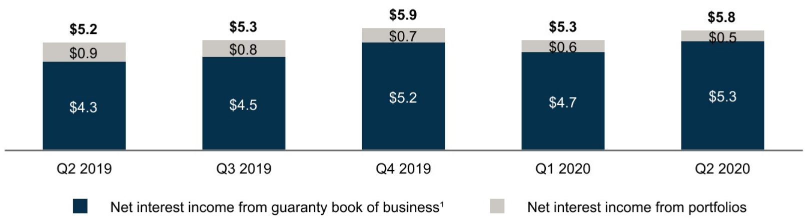
Summary of Financial Results

(Dollars in millions)	2Q20	1Q20	Variance	2Q19	Variance
Net interest income	$ **5,777**	$ 5,347	$ 430	$ 5,227	$ 550
Fee and other income	**90**	120	(30)	113	(23)
Net revenues	**5,867**	5,467	400	5,340	527
Investment gains (losses), net	**149**	(158)	307	461	(312)
Fair value losses, net	**(1,018)**	(276)	(742)	(754)	(264)
Administrative expenses	**(754)**	(749)	(5)	(744)	(10)
Credit-related income (expenses):					
Benefit (provision) for credit losses	**(12)**	(2,583)	2,571	1,225	(1,237)
Foreclosed property expense	**(10)**	(80)	70	(128)	118
Total credit-related income (expenses)	**(22)**	(2,663)	2,641	1,097	(1,119)
Temporary Payroll Tax Cut Continuation Act of 2011 ("TCCA") fees	**(660)**	(637)	(23)	(600)	(60)
Credit enhancement expense	**(360)**	(376)	16	(276)	(84)
Change in expected credit enhancement recoveries	**273**	188	85	—	273
Other expenses, net	**(261)**	(218)	(43)	(203)	(58)
Income before federal income taxes	**3,214**	578	2,636	4,321	(1,107)
Provision for federal income taxes	**(669)**	(117)	(552)	(889)	220
Net income	$ **2,545**	$ 461	$ 2,084	$ 3,432	$ (887)
Total comprehensive income	$ **2,532**	$ 476	$ 2,056	$ 3,365	$ (833)

Net revenues, which consist of net interest income and fee and other income, were $5.9 billion for the second quarter of 2020, compared with $5.5 billion for the first quarter of 2020.

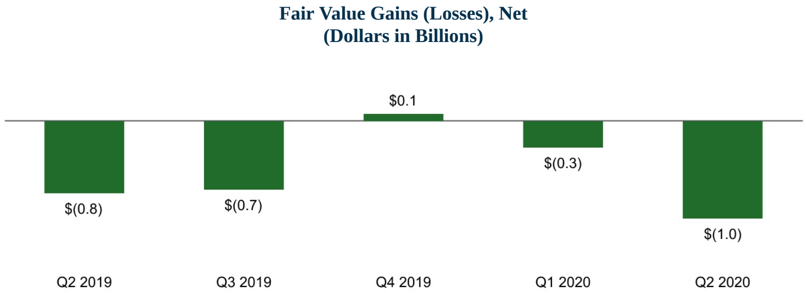
Net interest income was $5.8 billion for the second quarter of 2020, compared with $5.3 billion for the first quarter of 2020. The increase in net interest income was due primarily to higher amortization income driven by an increase in mortgage prepayment activity as a result of the historically low interest rate environment in the second quarter of 2020. The company's net interest income for the second quarter of 2020 was impacted by an update to the application of its accounting policy for nonaccrual loans that allowed the company to continue accruing interest income on delinquent loans that were current as of March 1, 2020 and have been negatively impacted by the COVID-19 pandemic. As a result of this update, the company recognized $1.5 billion in net interest income related to these loans in the second quarter. See "Note 1, Summary of Significant Accounting Policies—New Accounting Guidance" in the company's Second Quarter 2020 Form 10-Q for more information on the company's policy for nonaccrual loans.

Net Interest Income
(Dollars in Billions)

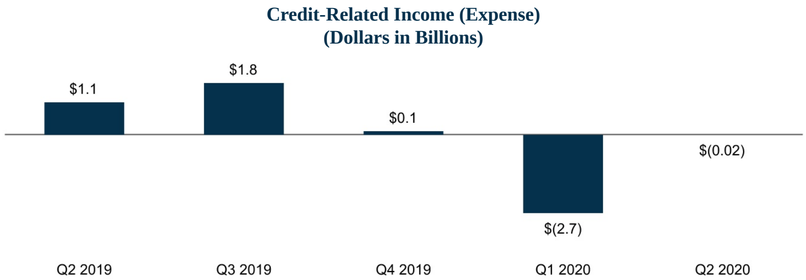


[(1)] Includes revenues generated by the 10 basis point guaranty fee increase the company implemented pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by Fannie Mae.

Net fair value losses were $1.0 billion in the second quarter of 2020, compared with $276 million in the first quarter of 2020. The increase in net fair value losses in the second quarter of 2020 was driven primarily by a shift from gains to losses on Connecticut Avenue Securities® (CAS) debt reported at fair value resulting from tightening spreads between CAS debt yields and LIBOR during the second quarter of 2020.



Credit-related income (expense) consists of a benefit or provision for credit losses and foreclosed property expense. Credit-related expense decreased to $22 million in the second quarter of 2020 from $2.7 billion in the first quarter of 2020. Credit-related expense in the first quarter was driven by a substantial increase in the allowance for loan losses due to the economic dislocation caused by the COVID-19 pandemic. The allowance for loan losses remained relatively flat in the second quarter of 2020.



Net investment gains were $149 million in the second quarter of 2020, compared with net investment losses of $158 million in the first quarter of 2020. The shift to net investment gains in the second quarter of 2020 was due primarily to an increase in the fair value of single-family held-for-sale loans in the second quarter of 2020.

Investment Gains (Losses), Net
(Dollars in Billions)

Providing Liquidity and Support to the Market

Fannie Mae's mission is to provide a stable source of liquidity to support housing for low-and moderate-income borrowers and renters. In the first half of 2020, more than 90% of the multifamily units the company financed were affordable to families earning at or below 120% of the area median income, providing support for both affordable and workforce housing.

Through its single-family and multifamily business segments, Fannie Mae provided more than $575 billion in liquidity to the mortgage market in the first half of 2020, including $288 billion through its whole loan conduit, enabling the financing of approximately 2.3 million home purchases, refinancings, or rental units.

Fannie Mae Provided More Than $575 Billion in Liquidity in the First Half of 2020

Unpaid Principal Balance	Units
$161B	593K Single-Family Home Purchases
$381B	1.3M Single-Family Refinancings
$34B	373K Multifamily Rental Units

Business Segments

Fannie Mae's two reportable business segments—Single-Family and Multifamily—engage in complementary business activities to provide liquidity, access to credit, and affordability in all U.S. housing markets at all times, while effectively managing risk.

Single-Family Business Financial Results

(Dollars in millions)	2Q20	1Q20	Variance	2Q19	Variance
Net interest income	**$ 4,939**	$ 4,541	$ 398	$ 4,419	$ 520
Fee and other income	**71**	94	(23)	88	(17)
Net revenues	**5,010**	4,635	375	4,507	503
Investment gains (losses), net	**96**	(152)	248	417	(321)
Fair value gains (losses), net	**(1,030)**	(460)	(570)	(758)	(272)
Administrative expenses	**(625)**	(629)	4	(634)	9
Credit-related income (expense)	**216**	(2,250)	2,466	1,126	(910)
TCCA fees	**(660)**	(637)	(23)	(600)	(60)
Credit enhancement expense	**(307)**	(316)	9	(229)	(78)
Change in expected credit enhancement recoveries	**208**	58	150	—	208
Other expenses, net	**(252)**	(163)	(89)	(189)	(63)
Income before federal income taxes	**2,656**	86	2,570	3,640	(984)
Provision for federal income taxes	**(556)**	(18)	(538)	(769)	213
Net income	**$ 2,100**	$ 68	$ 2,032	$ 2,871	$ (771)
Serious delinquency rate	**2.65 %**	0.66 %		0.70 %	

Business Highlights

- The average single-family conventional guaranty book of business increased by over $50 billion during the second quarter of 2020. The average charged guaranty fee, net of Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) fees, on the single-family conventional guaranty book increased from 43.8 basis points as of March 31, 2020 to 44.2 basis points as of June 30, 2020.
- Fannie Mae's average charged guaranty fee on newly acquired conventional single-family loans, net of TCCA fees, decreased 2.7 basis points to 46.7 basis points in the second quarter of 2020 from 49.4 basis points in the first quarter of 2020, driven primarily by the stronger credit profile of the single-family loans acquired in the second quarter of 2020 compared with the first quarter of 2020.
- Single-family acquisition volume was over $350 billion in the second quarter of 2020, an increase of 84% compared with the first quarter of 2020. The increase was driven by a $137 billion increase in refinance volume due to the historically low interest rate environment, resulting in the highest level of refinance volumes in any quarter since the third quarter of 2003.
- The single-family serious delinquency rate increased to 2.65% as of June 30, 2020, from 0.66% as of March 31, 2020, due to economic dislocation caused by the COVID-19 pandemic, which increased borrower participation in forbearance plans. The single-family serious delinquency rate excluding loans in forbearance was 0.59% as of June 30, 2020. Single-family seriously delinquent loans are loans that are 90 days or more past due or in the foreclosure process.
- As of June 30, 2020, 5.7% of Fannie Mae's single-family guaranty book of business based on loan count were in forbearance, the vast majority of which were related to COVID-19; 25% of these loans in forbearance were still current.

Multifamily Business Financial Results

(Dollars in millions)	2Q20	1Q20	Variance	2Q19	Variance
Net interest income	**$ 838**	$ 806	$ 32	$ 808	$ 30
Fee and other income	**19**	26	(7)	25	(6)
Net revenues	**857**	832	25	833	24
Fair value gains (losses), net	**12**	184	(172)	4	8
Administrative expenses	**(129)**	(120)	(9)	(110)	(19)
Credit-related expense	**(238)**	(413)	175	(29)	(209)
Credit enhancement expense	**(53)**	(60)	7	(47)	(6)
Change in expected credit enhancement recoveries	**65**	130	(65)	—	65
Other income (expenses), net	**44**	(61)	105	30	14
Income before federal income taxes	**558**	492	66	681	(123)
Provision for federal income taxes	**(113)**	(99)	(14)	(120)	7
Net income	**$ 445**	$ 393	$ 52	$ 561	$ (116)
Serious delinquency rate	**1.00 %**	0.05 %		0.05 %	

Business Highlights

- The multifamily guaranty book of business increased by over $12 billion during the second quarter of 2020 to nearly $360 billion. The average charged guaranty fee on the multifamily book was stable compared with the prior quarter at approximately 72 basis points as of June 30, 2020.
- New multifamily business volume was $34 billion in the first half of 2020. Approximately $48 billion of new business capacity remains under the $100 billion multifamily business volume cap structure for the five-quarter period ending December 31, 2020.
- The multifamily serious delinquency rate increased to 1.00% as of June 30, 2020 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. The multifamily serious delinquency rate excluding loans in forbearance was 0.09% as of June 30, 2020. Multifamily seriously delinquent loans are loans that are 60 days or more past due.
- As of June 30, 2020, based on unpaid principal balance, 1.2% of Fannie Mae's multifamily guaranty book of business was in forbearance, the vast majority of which were related to COVID-19. Seniors Housing loans, which constituted 5% of the company's multifamily guaranty book of business as of June 30, 2020, comprised nearly half of the total multifamily unpaid principal balance of loans in forbearance.

Proposed Capital Framework

On May 20, 2020, FHFA released a proposed new regulatory capital framework for Fannie Mae and Freddie Mac. The proposed framework is expected to require Fannie Mae to hold significantly more capital than the rule FHFA first proposed in June 2018. The proposed rule includes a mortgage-risk-sensitive framework, similar to the 2018 proposal, but differs from the 2018 proposal in a number of ways, including the following:

- The proposed rule includes supplemental capital requirements relating to the amount and form of the capital the company holds, based on definitions of capital used in U.S. banking regulators' regulatory capital framework. The proposal specifies complementary leverage-based and risk-based requirements, which together determine the requirements for each tier of capital;
- The proposed rule requires Fannie Mae to hold capital buffers that can be drawn down in periods of financial stress and then rebuilt over time as economic conditions improve. If Fannie Mae falls below the prescribed buffer amounts, the company must restrict capital distributions such as stock repurchases and dividends, as well as discretionary bonus payments to executives, until the buffer amounts are restored;
- The proposed rule provides less capital relief for credit risk transfer activities than the 2018 proposal;
- The proposed rule imposes specific minimum percentages, or "floors," on the risk-weight applicable to single-family and multifamily exposures, as well as to retained portions of credit risk transfer transactions; and
- The proposed rule incorporates additional elements based on U.S. banking regulators' regulatory capital framework, including the introduction of the advanced approach to complement the standardized approach for measuring risk-weighted assets.

The capital requirements and buffers established by the proposed rule would have a delayed compliance date, unless adjusted by FHFA, of the later of one year from publication of the final rule or the date the company's conservatorship terminates.

Fannie Mae continues to study the proposed capital rule and its potential impact on the company and the housing market. Comments on the proposed capital rule are due by August 31, 2020. Fannie Mae does not yet know what changes FHFA may make to the capital rule before it is finalized or when it will be finalized.

See "Legislation and Regulation" in the company's Second Quarter 2020 Form 10-Q for more information on the proposed capital rule, including a discussion of how the final capital rule may impact Fannie Mae's business.

Selection of Financial Advisor to Assist with Recapitalization Plan

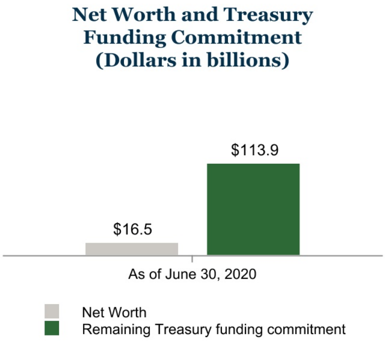
In June 2020, Fannie Mae hired Morgan Stanley & Co. LLC as underwriting financial advisor to assist the company in developing and implementing a plan for recapitalizing the company and responsibly ending its conservatorship. Fannie Mae's advisor is working closely with the company, FHFA, and Treasury to consider business and capital structures, market impacts and timing, and available capital-raising alternatives, among other items.

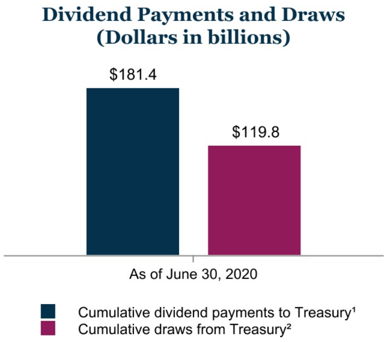
Net Worth, Treasury Funding and Senior Preferred Stock Dividends

Treasury has made a commitment under a senior preferred stock purchase agreement to provide funding to Fannie Mae under certain circumstances if the company has a net worth deficit. Pursuant to the senior preferred stock purchase agreement, the company issued shares of senior preferred stock to Treasury in 2008.

Under the terms of the senior preferred stock, Fannie Mae will not owe senior preferred stock dividends to Treasury until it has accumulated over $25 billion in net worth as of the end of a quarter. Accordingly, no dividends were payable to Treasury for the second quarter of 2020, and none are payable for the third quarter of 2020.

The charts below show information about Fannie Mae's net worth, the remaining amount of Treasury's funding commitment to Fannie Mae, senior preferred stock dividends the company has paid Treasury and funds the company has drawn from Treasury pursuant to its funding commitment.





(1) Aggregate amount of dividends the company has paid to Treasury on the senior preferred stock from 2008 through June 30, 2020. Under the terms of the senior preferred stock purchase agreement, dividend payments the company makes to Treasury do not offset its draws of funds from Treasury.

(2) Aggregate amount of funds the company has drawn from Treasury pursuant to the senior preferred stock purchase agreement from 2008 through June 30, 2020.

The aggregate liquidation preference of the senior preferred stock was $135.4 billion as of June 30, 2020, unchanged from March 31, 2020 as a result of the decrease in the company's net worth during the first quarter of 2020. The aggregate liquidation preference of the senior preferred stock will increase to $138.0 billion as of September 30, 2020 due to the $2.5 billion increase in the company's net worth during the second quarter of 2020.

If the company were to draw additional funds from Treasury under the senior preferred stock purchase agreement with respect to a future period, the amount of remaining funding under the agreement would be reduced by the amount of the company's draw, and the aggregate liquidation preference of the senior preferred stock would increase by the amount of that draw.

For a description of the terms of the senior preferred stock purchase agreement and the senior preferred stock, see "Business—Conservatorship, Treasury Agreements and Housing Finance Reform" in the company's 2019 Form 10-K.

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Fannie Mae's financial statements for the second quarter of 2020 are available in the accompanying Annex; however, investors and interested parties should read the company's Second Quarter 2020 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 Second Quarter 2020 Form 10-Q. Additional information about the company's financial and credit performance is contained in Fannie Mae's Q2 2020 Financial Supplement at www.fanniemae.com.

# # #

In this release, the company has presented a number of estimates, forecasts, expectations, and other forward-looking statements, including statements regarding: the company's business plans, the company's future business and financial results, the future impact of the COVID-19 pandemic on the company's business and financial results, the impact of FHFA's proposed capital framework on the company's business and results, future dividend payments to Treasury, and the future liquidation preference of the senior preferred stock. These estimates, forecasts, expectations, and statements are forward-looking statements based on the company's current assumptions *regarding numerous factors and are subject to significant uncertainties and changes in circumstances. Actual results, and future projections, 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 Second Quarter 2020 Form 10-Q and its 2019 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 Americans. 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
(In conservatorship)
Condensed Consolidated Balance Sheets — (Unaudited)
(Dollars in millions)

	As of	
	June 30, 2020	**December 31, 2019**
ASSETS		
Cash and cash equivalents	**$ 54,510**	$ 21,184
Restricted cash (includes $58,581 and $33,294, respectively, related to consolidated trusts)	**65,714**	40,223
Federal funds sold and securities purchased under agreements to resell or similar arrangements	**25,450**	13,578
Investments in securities:		
Trading, at fair value (includes $5,727 and $3,037, respectively, pledged as collateral)	**106,744**	48,123
Available-for-sale, at fair value (with an amortized cost of $1,990, net of allowance for credit losses of $3 as of June 30, 2020)	**2,120**	2,404
Total investments in securities	**108,864**	50,527
Mortgage loans:		
Loans held for sale, at lower of cost or fair value	**7,580**	6,773
Loans held for investment, at amortized cost:		
Of Fannie Mae	**107,771**	94,911
Of consolidated trusts	**3,356,950**	3,241,494
Total loans held for investment (includes $7,303 and $7,825, respectively, at fair value)	**3,464,721**	3,336,405
Allowance for loan losses	**(12,966)**	(9,016)
Total loans held for investment, net of allowance	**3,451,755**	3,327,389
Total mortgage loans	**3,459,335**	3,334,162
Advances to lenders	**7,983**	6,453
Deferred tax assets, net	**13,119**	11,910
Accrued interest receivable, net (includes $9,451 and $8,172, respectively, related to consolidated trusts and net of an allowance of $172 as of June 30, 2020)	**9,679**	8,604
Acquired property, net	**1,844**	2,366
Other assets	**14,178**	14,312
Total assets	**$ 3,760,676**	$ 3,503,319
LIABILITIES AND EQUITY		
Liabilities:		
Accrued interest payable (includes $9,312 and $9,361, respectively, related to consolidated trusts)	**$ 10,054**	$ 10,228
Debt:		
Of Fannie Mae (includes $4,546 and $5,687, respectively, at fair value)	**275,637**	182,247
Of consolidated trusts (includes $23,883 and $21,880, respectively, at fair value)	**3,444,338**	3,285,139
Other liabilities (includes $1,638 and $376, respectively, related to consolidated trusts)	**14,170**	11,097
Total liabilities	**3,744,199**	3,488,711
Commitments and contingencies (Note 13)	**—**	—
Fannie Mae stockholders' equity:		
Senior preferred stock (liquidation preference of $135,444 and $131,178, respectively)	**120,836**	120,836
Preferred stock, 700,000,000 shares are authorized—555,374,922 shares issued and outstanding	**19,130**	19,130
Common stock, no par value, no maximum authorization—1,308,762,703 shares issued and 1,158,087,567 shares outstanding	**687**	687
Accumulated deficit	**(116,909)**	(118,776)
Accumulated other comprehensive income	**133**	131
Treasury stock, at cost, 150,675,136 shares	**(7,400)**	(7,400)
Total stockholders' equity (See Note 1: Senior Preferred Stock Purchase Agreement and Senior Preferred Stock for information on the related dividend obligation and liquidation preference)	**16,477**	14,608
Total liabilities and equity	**$ 3,760,676**	$ 3,503,319

See Notes to Condensed Consolidated Financial Statements in the Second Quarter 2020 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 June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Interest income:				
Trading securities	$ 219	$ 432	$ 535	$ 859
Available-for-sale securities	26	45	57	98
Mortgage loans	27,007	29,511	55,945	59,373
Federal funds sold and securities purchased under agreements to resell or similar arrangements	14	257	121	520
Other	25	41	59	73
Total interest income	27,291	30,286	56,717	60,923
Interest expense:				
Short-term debt	(54)	(119)	(156)	(244)
Long-term debt	(21,460)	(24,940)	(45,437)	(50,656)
Total interest expense	(21,514)	(25,059)	(45,593)	(50,900)
Net interest income	5,777	5,227	11,124	10,023
Benefit (provision) for credit losses	(12)	1,225	(2,595)	1,875
Net interest income after benefit (provision) for credit losses	5,765	6,452	8,529	11,898
Investment gains (losses), net	149	461	(9)	594
Fair value losses, net	(1,018)	(754)	(1,294)	(1,585)
Fee and other income	90	113	210	247
Non-interest loss	(779)	(180)	(1,093)	(744)
Administrative expenses:				
Salaries and employee benefits	(382)	(376)	(775)	(762)
Professional services	(231)	(233)	(443)	(458)
Other administrative expenses	(141)	(135)	(285)	(268)
Total administrative expenses	(754)	(744)	(1,503)	(1,488)
Foreclosed property expense	(10)	(128)	(90)	(268)
Temporary Payroll Tax Cut Continuation Act of 2011 (“TCCA”) fees	(660)	(600)	(1,297)	(1,193)
Credit enhancement expense	(360)	(276)	(736)	(492)
Change in expected credit enhancement recoveries	273	—	461	—
Other expenses, net	(261)	(203)	(479)	(365)
Total expenses	(1,772)	(1,951)	(3,644)	(3,806)
Income before federal income taxes	3,214	4,321	3,792	7,348
Provision for federal income taxes	(669)	(889)	(786)	(1,516)
Net income	2,545	3,432	3,006	5,832
Other comprehensive income (loss):				
Changes in unrealized losses on available-for-sale securities, net of reclassification adjustments and taxes	(11)	(65)	7	(101)
Other, net of taxes	(2)	(2)	(5)	(5)
Total other comprehensive income (loss)	(13)	(67)	2	(106)
Total comprehensive income	$ 2,532	$ 3,365	$ 3,008	$ 5,726
Net income	$ 2,545	$ 3,432	$ 3,006	$ 5,832
Dividends distributed or amounts attributable to senior preferred stock	(2,532)	(3,365)	(3,008)	(5,726)
Net income (loss) attributable to common stockholders	$ 13	$ 67	$ (2)	$ 106
Earnings per share:				
Basic	$ 0.00	$ 0.01	$ 0.00	$ 0.02
Diluted	0.00	0.01	0.00	0.02
Weighted-average common shares outstanding:				
Basic	5,867	5,762	5,867	5,762
Diluted	5,893	5,893	5,867	5,893

See Notes to Condensed Consolidated Financial Statements in the Second Quarter 2020 Form 10-Q

FANNIE MAE
(In conservatorship)
Condensed Consolidated Statements of Cash Flows — (Unaudited)
(Dollars in millions)

	For the Six Months Ended June 30,	
	2020	2019
Net cash provided by (used in) operating activities	$ (39,322)	$ 2,180
Cash flows provided by (used in) investing activities:		
Proceeds from maturities and paydowns of trading securities held for investment	23	28
Proceeds from sales of trading securities held for investment	—	49
Proceeds from maturities and paydowns of available-for-sale securities	189	268
Proceeds from sales of available-for-sale securities	121	376
Purchases of loans held for investment	(293,666)	(90,612)
Proceeds from repayments of loans acquired as held for investment of Fannie Mae	4,634	5,557
Proceeds from sales of loans acquired as held for investment of Fannie Mae	427	5,821
Proceeds from repayments and sales of loans acquired as held for investment of consolidated trusts	448,375	211,956
Advances to lenders	(123,805)	(54,440)
Proceeds from disposition of acquired property and preforeclosure sales	3,239	3,870
Net change in federal funds sold and securities purchased under agreements to resell or similar arrangements	(11,872)	13,376
Other, net	(937)	(743)
Net cash provided by investing activities	26,728	95,506
Cash flows provided by (used in) financing activities:		
Proceeds from issuance of debt of Fannie Mae	393,641	374,284
Payments to redeem debt of Fannie Mae	(299,933)	(389,779)
Proceeds from issuance of debt of consolidated trusts	401,749	158,970
Payments to redeem debt of consolidated trusts	(423,582)	(224,145)
Payments of cash dividends on senior preferred stock to Treasury	—	(5,601)
Other, net	(464)	132
Net cash provided by (used in) financing activities	71,411	(86,139)
Net increase in cash, cash equivalents and restricted cash	58,817	11,547
Cash, cash equivalents and restricted cash at beginning of period	61,407	49,423
Cash, cash equivalents and restricted cash at end of period	$ 120,224	$ 60,970
Cash paid during the period for:		
Interest	$ 57,733	$ 57,637
Income taxes	—	700

See Notes to Condensed Consolidated Financial Statements in the Second Quarter 2020 Form 10-Q

FANNIE MAE
(In conservatorship)
Condensed Consolidated Statements of Changes in Equity (Deficit) — (Unaudited)
(Dollars and shares in millions)

	Fannie Mae Stockholders' Equity (Deficit)									
	Shares Outstanding									
	Senior Preferred	Preferred	Common	Senior Preferred Stock	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
Balance as of March 31, 2020	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (119,454)	$ 146	$ (7,400)	$ 13,945
Senior preferred stock dividends paid	—	—	—	—	—	—	—	—	—	—
Comprehensive income:										
Net income	—	—	—	—	—	—	2,545	—	—	2,545
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $3)	—	—	—	—	—	—	—	(11)	—	(11)
Reclassification adjustment for gains included in net income (net of taxes of $0)	—	—	—	—	—	—	—	—	—	—
Other (net of taxes of $0)	—	—	—	—	—	—	—	(2)	—	(2)
Total comprehensive income										2,532
Balance as of June 30, 2020	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (116,909)	$ 133	$ (7,400)	$ 16,477

	Fannie Mae Stockholders' Equity (Deficit)									
	Shares Outstanding									
	Senior Preferred	Preferred	Common	Senior Preferred Stock	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
Balance as of December 31, 2019	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (118,776)	$ 131	$ (7,400)	$ 14,608
Transition impact, net of tax, from the adoption of the current expected credit loss standard	—	—	—	—	—	—	(1,139)	—	—	(1,139)
Balance as of January 1, 2020, adjusted	1	556	1,158	120,836	19,130	687	(119,915)	131	(7,400)	13,469
Senior preferred stock dividends paid	—	—	—	—	—	—	—	—	—	—
Comprehensive income:										
Net income	—	—	—	—	—	—	3,006	—	—	3,006
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $1)	—	—	—	—	—	—	—	4	—	4
Reclassification adjustment for gains included in net income (net of taxes of $1)	—	—	—	—	—	—	—	3	—	3
Other (net of taxes of $1)	—	—	—	—	—	—	—	(5)	—	(5)
Total comprehensive income										3,008
Balance as of June 30, 2020	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (116,909)	$ 133	$ (7,400)	$ 16,477

See Notes to Condensed Consolidated Financial Statements in the Second Quarter 2020 Form 10-Q

FANNIE MAE
(In conservatorship)
Condensed Consolidated Statements of Changes in Equity (Deficit) — (Unaudited)
(Dollars and shares in millions)

	Shares Outstanding			Fannie Mae Stockholders' Equity (Deficit)						
	Senior Preferred	Preferred	Common	Senior Preferred Stock	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
Balance as of March 31, 2019	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (128,175)	$ 283	$ (7,400)	$ 5,361
Senior preferred stock dividends paid	—	—	—	—	—	—	(2,361)	—	—	(2,361)
Comprehensive income:										
Net income	—	—	—	—	—	—	3,432	—	—	3,432
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $3)	—	—	—	—	—	—	—	9	—	9
Reclassification adjustment for gains included in net income (net of taxes of $19)	—	—	—	—	—	—	—	(74)	—	(74)
Other (net of taxes of $0)	—	—	—	—	—	—	—	(2)	—	(2)
Total comprehensive income										3,365
Balance as of June 30, 2019	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (127,104)	$ 216	$ (7,400)	$ 6,365

	Shares Outstanding			Fannie Mae Stockholders' Equity (Deficit)						
	Senior Preferred	Preferred	Common	Senior Preferred Stock	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
Balance as of December 31, 2018	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (127,335)	$ 322	$ (7,400)	$ 6,240
Senior preferred stock dividends paid	—	—	—	—	—	—	(5,601)	—	—	(5,601)
Comprehensive income:										
Net income	—	—	—	—	—	—	5,832	—	—	5,832
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $5)	—	—	—	—	—	—	—	17	—	17
Reclassification adjustment for gains included in net income (net of taxes of $31)	—	—	—	—	—	—	—	(118)	—	(118)
Other (net of taxes of $1)	—	—	—	—	—	—	—	(5)	—	(5)
Total comprehensive income										5,726
Balance as of June 30, 2019	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (127,104)	$ 216	$ (7,400)	$ 6,365

See Notes to Condensed Consolidated Financial Statements in the Second Quarter 2020 Form 10-Q

Exhibit 99.2

Fannie Mae®

Financial Supplement
Q2 2020

July 30, 2020

- Some of the terms and other information in this presentation are defined and discussed more fully in our Form 10-Q for the quarter ended June 30, 2020 (“Q2 2020 Form 10-Q”) and Form 10-K for year ended December 31, 2019 ("2019 Form 10-K"). This presentation should be reviewed together with the Q2 2020 Form 10-Q, and the 2019 Form 10-K, which are available at www.fanniemae.com in the “About Us—Investor Relations—SEC Filings” section. Information on or available through our website is not part of this supplement.
- Some of the information in this presentation is based upon information from third-party sources such as sellers and servicers of mortgage loans. Although we generally consider this information reliable, we do 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 "Q2 YTD 2020" data is as of June 30, 2020 or for the first six months of 2020. Data for prior years is as of December 31 or for the full year indicated.
- Note references are to endnotes, appearing on pages 24 to 28.
- Terms used in presentation

  CAS: Connecticut Avenue Securities®

  CIRT™: Credit Insurance Risk Transfer™

  CRT: credit risk transfer

  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

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

  REO: real estate owned

  TCCA: Temporary Payroll Tax Cut Continuation Act of 2011

  UPB: unpaid principal balance

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Overview

Fannie Mae®

Our Mission, Our Response

Fannie Mae is working to help our people, our customers, the mortgage market, and those who rely on it to continue to operate and recover from the COVID-19 pandemic

People

- Nearly all employees working remotely; our business resiliency plans and technology systems continue to support the company-wide telework arrangement
- Continue to provide enhanced support for employees and families
- Continued to pay most contractors (e.g. cafeteria staff) and accelerated payments to identified small businesses

Customers

- Provided more than $453 billion in liquidity to the SF and MF mortgage markets from March through June 2020, including more than $241 billion through whole loan conduit, to support lenders, including community lenders
- Providing mortgage originators temporary flexibilities for employment verification, appraisals and more
- Limited the duration of P&I advances by SF servicers to four months

Homeowners and Renters

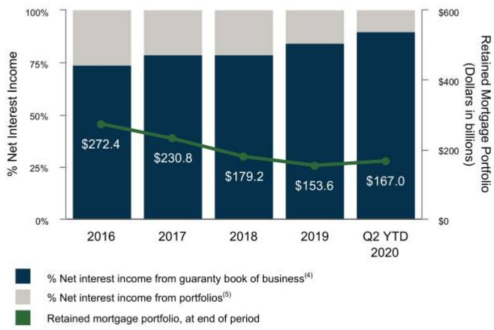
- Suspended foreclosures and foreclosure-related evictions for homeowners
- Providing mortgage payment relief through forbearance; at June 30, 2020 approximately 972,000 SF loans were in forbearance
- No late fees for homeowners in a forbearance plan
- Providing homeowners repayment plans, payment deferral and loan modification options to help them after forbearance period ends
- Homeowners who comply with their forbearance plan and were current prior to receiving COVID-19-related forbearance are reported as current to credit bureaus
- Offering MF borrowers mortgage forbearance with the condition that they suspend all renter evictions for nonpayment of rent
- Updated **KnowYourOptions.com** and launched **#HeretoHelp** educational effort to inform and explain options available to homeowners and renters

Corporate Financial Highlights

Summary of Q2 2020 Financial Results

(Dollars in millions)	Q2 2020	Q1 2020	Variance
Net interest income[1]	**$5,777**	$5,347	$430
Fee and other income	**90**	120	(30)
Net revenues	**5,867**	5,467	400
Investment gains (losses), net	**149**	(158)	307
Fair value losses, net	**(1,018)**	(276)	(742)
Administrative expenses	**(754)**	(749)	(5)
Provision for credit losses	**(12)**	(2,583)	2,571
Foreclosed property expense	**(10)**	(80)	70
Total credit-related income (expense)	**(22)**	(2,663)	2,641
TCCA fees	**(660)**	(637)	(23)
Credit enhancement expense[2]	**(360)**	(376)	16
Change in expected credit enhancement recoveries[3]	**273**	188	85
Other expenses, net	**(261)**	(218)	(43)
Income before federal income taxes	**3,214**	578	2,636
Provision for federal income taxes	**(669)**	(117)	(552)
Net income	**$2,545**	$461	$2,084
Total comprehensive income	**$2,532**	$476	$2,056

Sources of Net Interest Income and Retained Mortgage Portfolio Balance



Key Highlights

Fannie Mae reported net income of $2.5 billion for the second quarter of 2020, compared with net income of $461 million for the first quarter of 2020. The increase in net income was due primarily to a decline in credit-related expense in the second quarter of 2020 compared with the first quarter of 2020. The company's credit-related expense in the first quarter of 2020 was driven by a substantial increase in its allowance for loan losses due to the economic dislocation caused by the COVID-19 pandemic. The allowance for loan losses remained relatively flat in the second quarter of 2020.

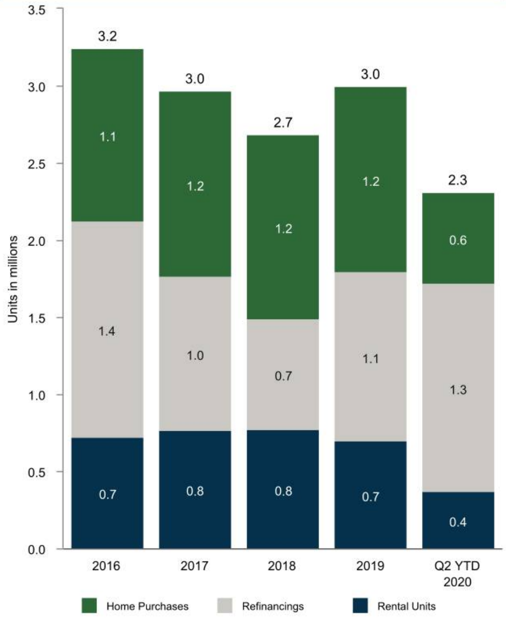
Market Liquidity

Key Highlights: Liquidity Provided in Q2 2020

Fannie Mae provided $371 billion in liquidity to the mortgage market in the second quarter of 2020, including $202 billion through its whole loan conduit, enabling the financing of approximately 1.5 million home purchases, refinancings, or rental units.

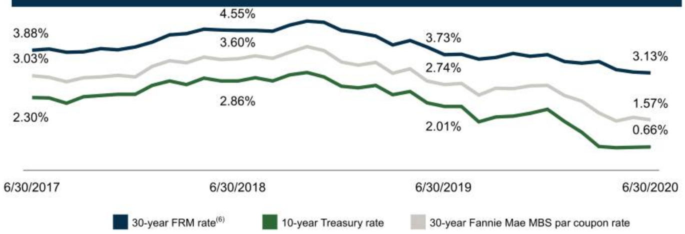
Unpaid Principal Balance	Units
$92B	337K Single-Family Home Purchases
$259B	913K Single-Family Refinancings
$20B	214K Multifamily Rental Units

Providing Liquidity to the Mortgage Market

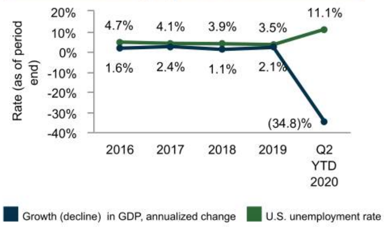


Key Market Economic Indicators

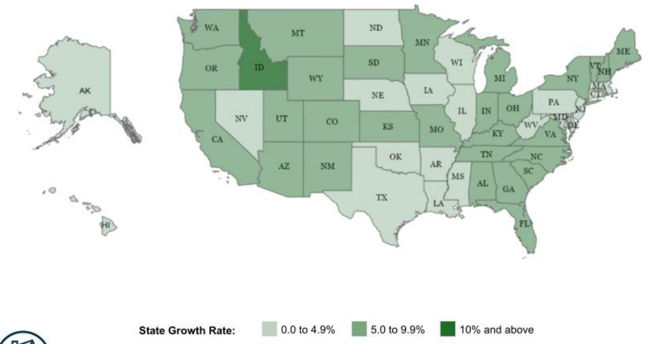
Benchmark Interest Rates



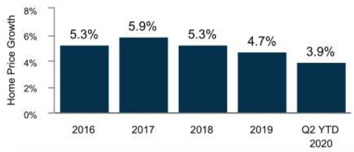
U.S. GDP Growth (Decline) Rate and Unemployment Rate(7)



One Year Home Price Growth Rate Q2 2020(8) United States 5.4%



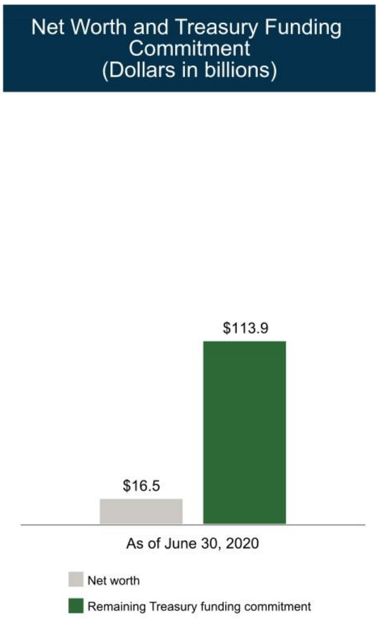
Single-Family Home Price Growth Rate(8)



Top 10 States by UPB(8)

State	One Year Home Price Growth Rate Q2 2020	Share of Single-Family Conventional Guaranty Book
CA	5.05%	19.1%
TX	3.76%	6.6%
FL	6.07%	5.9%
NY	5.63%	4.7%
WA	8.18%	3.8%
IL	2.62%	3.5%
NJ	3.17%	3.4%
VA	5.29%	3.3%
CO	5.82%	3.3%
PA	4.89%	2.9%

Net Worth, Treasury Funding and Senior Preferred Stock Dividends



Single-Family Business

Fannie Mae®

Single-Family Highlights

Q2 2020

$4,939M
Net interest income

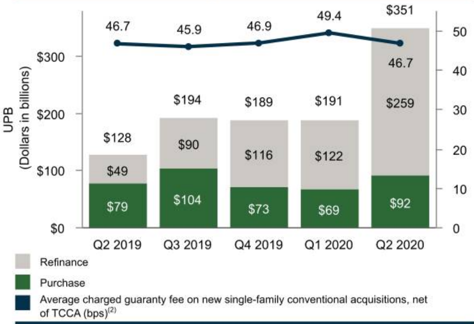
$96M
Investment gains, net

$(1,030)M
Fair value losses, net

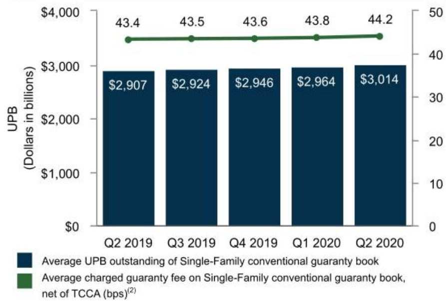
$216M
Credit-related income

$2,100M
Net income

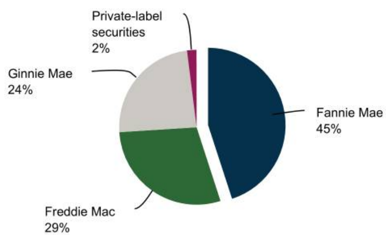
Single-Family Conventional Loan Acquisitions[1]



Single-Family Conventional Guaranty Book of Business[1]



Q2 2020 Market Share: New Single-Family Mortgage-Related Securities Issuances



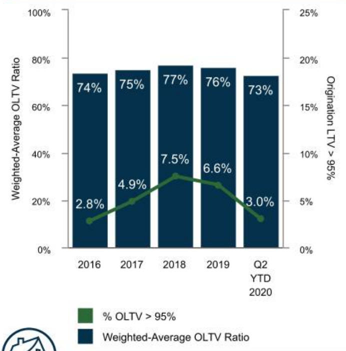
Key Highlights

- The average single-family conventional guaranty book of business increased by $50 billion to more than $3 trillion during the second quarter of 2020.
- Single-family serious delinquency rate increased to 2.65% as of June 30, 2020 from 0.66% as of March 31, 2020, due to economic dislocation caused by the COVID-19 pandemic, which increased borrower participation in forbearance plans. Our single-family serious delinquency rate excluding loans in forbearance was 0.59% as of June 30, 2020.
- As of June 30, 2020, 5.7% of Fannie Mae's single-family guaranty book of business based on loan count were in forbearance, the vast majority of which were related to COVID-19; 25% of these loans in forbearance were still current.

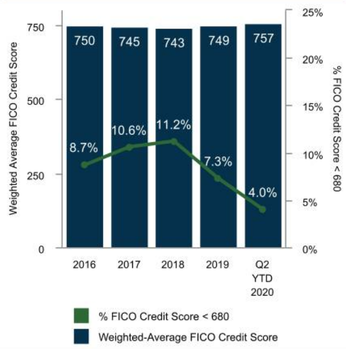
Certain Credit Characteristics of Single-Family Conventional Loan Acquisitions

Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period							Q2 YTD 2020 Acquisition Credit Profile by Certain Loan Features			
Categories are not mutually exclusive	Q2 2019	Q3 2019	Q4 2019	Full Year 2019	Q1 2020	Q2 2020	OLTV Ratio >95%	Home-Ready®[5]	FICO Credit Score < 680[3]	DTI Ratio > 43%[4]
Total UPB (Dollars in billions)	$128.1	$194.3	$188.5	$595.9	$190.5	**$351.3**	$15.7	$13.3	$25.2	$118.0
Weighted Average OLTV Ratio	78%	77%	74%	76%	74%	**72%**	97%	87%	72%	74%
OLTV Ratio > 95%	8%	7%	4%	7%	3%	**3%**	100%	31%	0%	3%
Weighted-Average FICO® Credit Score[3]	746	751	753	749	753	**759**	746	745	657	747
FICO Credit Score < 680[3]	8%	6%	6%	7%	6%	**4%**	1%	6%	100%	6%
DTI Ratio > 43%[4]	30%	26%	25%	28%	25%	**20%**	20%	39%	26%	100%
Fixed-rate	99%	100%	99%	99%	99%	**100%**	100%	99%	100%	100%
Owner Occupied	91%	93%	92%	92%	92%	**93%**	100%	100%	95%	91%
HomeReady®[5]	9%	7%	4%	7%	3%	**2%**	26%	100%	3%	4%

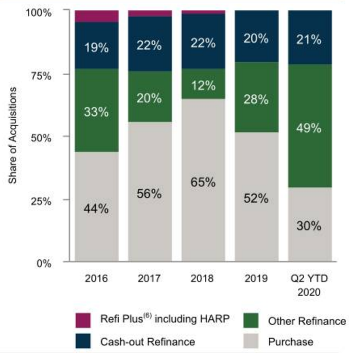
Origination Loan-to-Value Ratio



FICO Credit Score[3]



Acquisitions by Loan Purpose



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

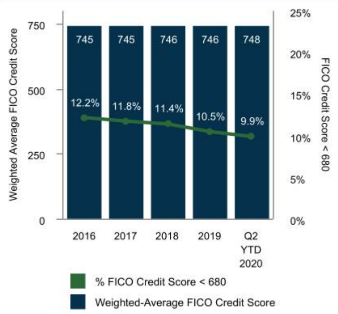
Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year and Loan Features[1][7]

As of June 30, 2020

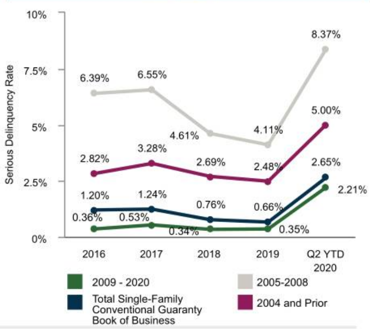
Categories are not mutually exclusive	Overall Book	Origination Year: 2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	2020	Certain Loan Features: OLTV Ratio > 95%	Home-Ready®[5]	FICO Credit Score < 680[3]	Refi Plus Including HARP[6]	DTI Ratio > 43%[4]
Total UPB (Dollars in billions)	$3,052.1	$58.9	$97.0	$1,391.3	$298.9	$246.0	$493.2	$466.8	$194.5	$88.0	$302.4	$252.5	$707.8
Average UPB	$178,018	$68,292	$116,477	$154,100	$196,657	$200,661	$246,719	$278,465	$160,267	$180,947	$142,605	$123,737	$190,936
Share of Single-Family Conventional Guaranty Book	100%	2%	3%	46%	10%	8%	16%	15%	6%	3%	10%	8%	24%
Loans in Forbearance by UPB	6.7%	9.5%	15.0%	6.0%	8.5%	10.8%	7.9%	2.1%	9.6%	11.2%	14.2%	8.1%	11.5%
Share of Loans with Credit Enhancement[8]	49%	6%	15%	49%	69%	77%	55%	27%	77%	90%	45%	45%	51%
Serious Delinquency Rate[9]	2.65%	5.00%	8.37%	2.11%	3.07%	3.92%	2.47%	0.34%	4.35%	3.93%	6.95%	2.99%	4.53%
Weighted-Average OLTV Ratio	75%	74%	76%	75%	76%	78%	76%	72%	107%	89%	78%	86%	77%
OLTV Ratio > 95%	6%	6%	10%	7%	6%	10%	7%	3%	100%	40%	11%	30%	9%
Amortized OLTV Ratio[10]	67%	48%	62%	61%	70%	74%	75%	72%	95%	87%	68%	68%	69%
Weighted-Average Mark-to-Market LTV Ratio[11]	57%	34%	55%	46%	61%	68%	72%	72%	75%	80%	57%	48%	60%
Weighted-Average FICO Credit Score[3]	748	700	695	752	744	739	749	757	726	737	648	729	734
FICO Credit Score < 680[3]	10%	36%	39%	9%	11%	13%	7%	4%	18%	11%	100%	21%	14%

Mark-to-Market Loan-to-Value (MTMLTV) Ratio[11]

FICO Credit Score[3]

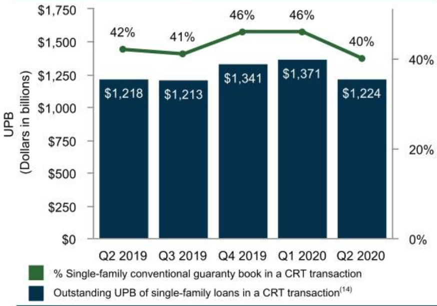


Serious Delinquency Rate by Vintage[9]



Single-Family Credit Risk Transfer

Single-Family Credit Risk Transfer



Single-Family Loans with Credit Enhancement

Credit Enhancement Outstanding UPB (dollars in billions)	2018 Outstanding UPB	2018 % of Book[15] Outstanding	2019 Outstanding UPB	2019 % of Book[15] Outstanding	Q2 YTD 2020 Outstanding UPB	Q2 YTD 2020 % of Book[15] Outstanding
Primary mortgage insurance & other[12]	$618	21%	$653	22%	**$662**	**22%**
Connecticut Avenue Securities[13]	$798	27%	$919	31%	**$813**	**27%**
Credit Insurance Risk Transfer[14]	$243	8%	$275	10%	**$279**	**9%**
Lender risk-sharing[13]	$102	4%	$147	5%	**$132**	**4%**
(Less: loans covered by multiple credit enhancements)	($394)	(13)%	($438)	(15)%	**($394)**	**(13)%**
Total single-family loans with credit enhancement	$1,367	47%	$1,556	53%	**$1,492**	**49%**

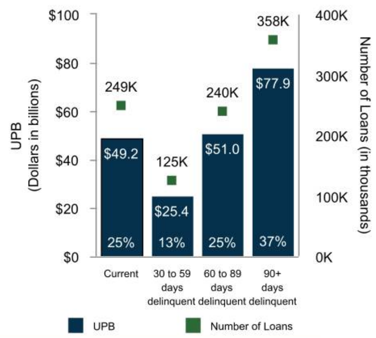
Single-Family Credit Risk Transfer Issuance

Single-Family Conventional Guaranty Book of Business in Forbearance

Top 10 States with Forbearance by UPB as of June 30, 2020

	Loans in Forbearance					Conventional Guaranty Book of Business[1]	
State	UPB (Dollars in millions)	% of State Conventional Book by UPB[16]	% of Total Conventional Book by UPB	Loan Count	% of Total Conventional Book by Loan Count	UPB (Dollars in millions)	Loan Count
Total	**$203,485**	**6.7%**	**6.7%**	**972,088**	**5.7%**	$3,052,111	17,144,993
CA	$42,749	7.3%	1.4%	145,950	0.9%	$581,748	2,300,819
FL	$18,177	10.2%	0.6%	95,791	0.6%	$178,997	1,109,371
NY	$17,914	12.4%	0.6%	67,884	0.4%	$144,778	724,566
TX	$14,834	7.4%	0.5%	82,848	0.5%	$200,199	1,230,393
NJ	$11,332	10.8%	0.4%	50,085	0.3%	$104,823	517,351
IL	$6,383	6.0%	0.2%	37,150	0.2%	$105,631	715,061
GA	$6,198	7.4%	0.2%	35,099	0.2%	$83,228	518,277
VA	$5,610	5.6%	0.2%	24,753	0.1%	$101,043	498,966
MD	$5,541	7.1%	0.2%	24,588	0.1%	$77,915	378,776
WA	$5,449	4.7%	0.2%	21,883	0.1%	$116,673	526,551

Delinquency Status of Loans in Forbearance as of June 30, 2020[25]

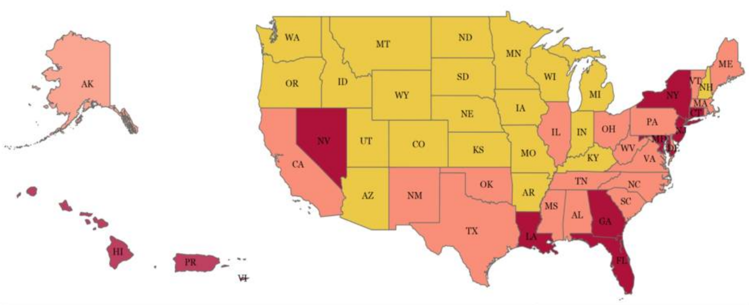


Certain Credit Characteristics of Single-Family Loans in Forbearance[17]

As of June 30, 2020		Origination Year						
Categories are not mutually exclusive	**Total**	2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	2020
Total UPB (Dollars in billions)	**$203.5**	$5.6	$14.6	$82.9	$25.5	$26.5	$38.8	$9.6
Average UPB	**$209,328**	$95,684	$162,690	$189,120	$233,919	$240,037	$284,652	$319,480
Share of Single-Family Conventional Guaranty Book based on UPB	**6.7%**	0.2%	0.5%	2.7%	0.8%	0.9%	1.3%	0.3%
MTMLTV Ratio >80% without Mortgage Insurance	**1.7%**	1.6%	11.1%	1.1%	0.7%	1.0%	1.0%	0.9%
DTI Ratio > 43%[4]	**40.0%**	33.8%	47.6%	33.4%	39.3%	52.6%	43.8%	39.9%
FICO Score < 680[3]	**21.1%**	47.7%	43.3%	18.7%	21.4%	23.4%	14.8%	10.6%
OLTV Ratio >95%	**9.1%**	7.7%	9.3%	9.6%	7.4%	11.4%	9.2%	3.8%

Single-Family Problem Loan Statistics

Single-Family Serious Delinquency Rate by State as of June 30, 2020[9]

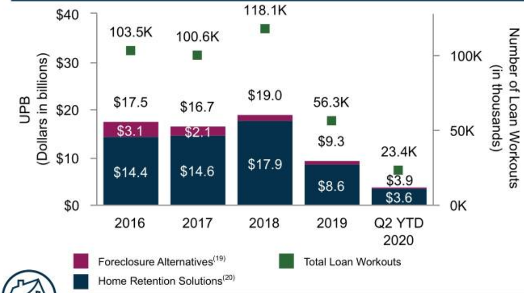


Top 10 States by UPB

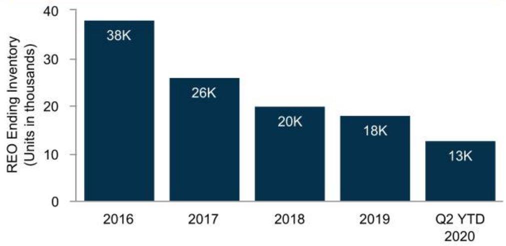
State	Serious Delinquency Rate[9]	Average Months to Foreclosure[18]
CA	2.54%	21
TX	2.80%	18
FL	3.98%	39
NY	4.96%	61
WA	1.70%	42
IL	2.71%	19
NJ	4.81%	29
VA	2.14%	16
CO	1.63%	11
PA	2.78%	23

State SDQ Rate:
- 1.01% to 2.00%
- 2.01% to 3.00%
- 3.01% and above

Single-Family Loan Workouts



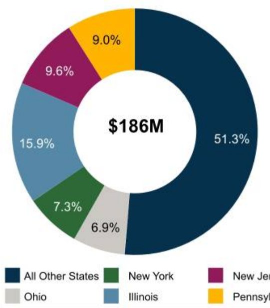
Single-Family REO Ending Inventory



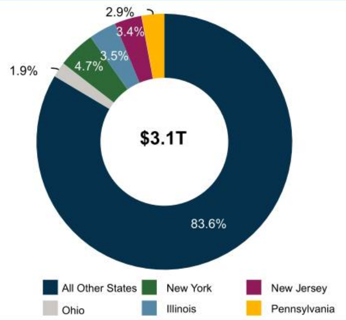
Credit Loss Concentration of Single-Family Conventional Guaranty Book of Business

Certain Product Features Categories are not mutually exclusive	% of Single-Family Conventional Guaranty Book of Business(15) 2016	2017	2018	2019	Q2 YTD 2020	% of Single-Family Credit Losses(21) For the Period Ended 2016	2017	2018	2019	Q2 YTD 2020
Credit losses by period (Dollars in millions)	$3,338	$2,963	$2,457	$1,719	**$186**	100.0%	100.0%	100.0%	100.0%	**100.0%**
Alt-A[22]	3.1%	2.5%	1.9%	1.5%	**1.3%**	24.9%	21.9%	22.4%	16.6%	**12.5%**
Interest-only	1.7%	1.2%	0.8%	0.5%	**0.4%**	12.2%	15.7%	15.4%	11.5%	**3.7%**
Origination LTV Ratio >95%	6.9%	6.6%	6.8%	6.9%	**6.4%**	15.2%	16.9%	14.9%	16.0%	**14.2%**
FICO Credit Score < 680 and OLTV Ratio > 95%[3]	1.7%	1.6%	1.4%	1.3%	**1.1%**	8.1%	8.7%	8.7%	9.4%	**7.6%**
FICO Credit Score < 680[3]	12.2%	11.8%	11.4%	10.5%	**9.9%**	48.7%	45.4%	46.3%	43.1%	**47.6%**
Refi Plus including HARP	15.4%	13.2%	11.4%	9.5%	**8.3%**	14.0%	15.9%	13.2%	15.8%	**26.9%**
Vintage	2016	2017	2018	2019	Q2 YTD 2020	2016	2017	2018	2019	Q2 YTD 2020
2009 - 2020	87%	90%	92%	94%	**95%**	19%	23%	20%	27%	**51%**
2005 - 2008	8%	6%	5%	4%	**3%**	65%	65%	66%	61%	**33%**
2004 & Prior	5%	4%	3%	2%	**2%**	16%	12%	14%	12%	**16%**

% of Q2 YTD 2020 Single-Family Credit Losses by State [21][23]

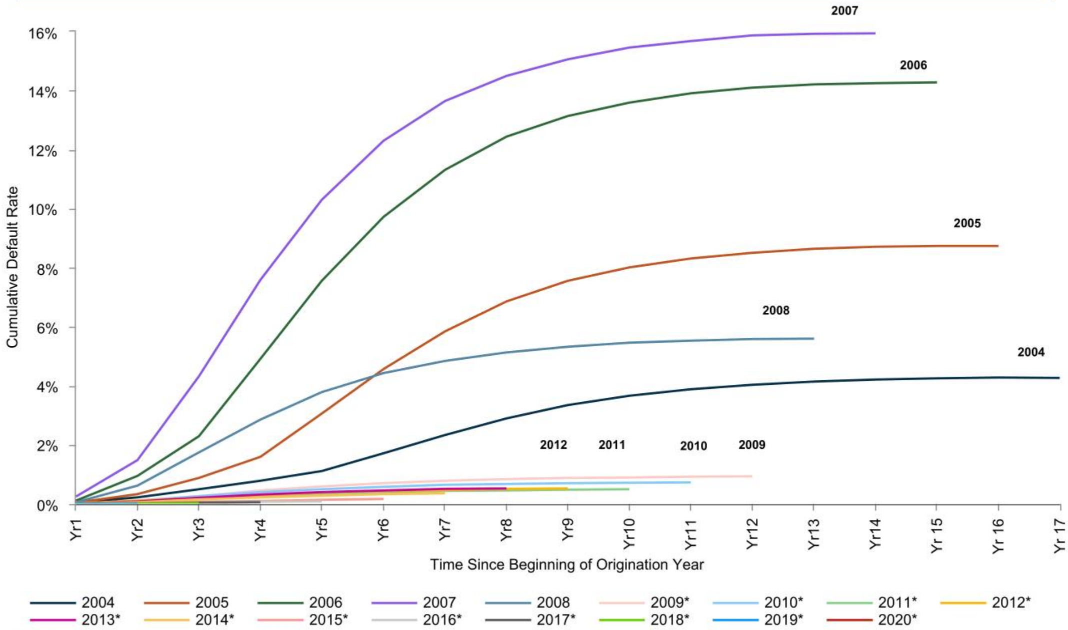


% of Single-Family Conventional Guaranty Book of Business by State as of June 30, 2020



Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Year(24)



* As of June 30, 2020, cumulative default rates on the loans originated in each individual year from 2009-2020 were less than 1%

Multifamily Business

Fannie Mae®

Multifamily Highlights

Q2 2020

$838M
Net interest income

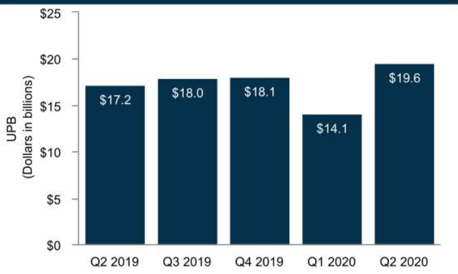
$19M
Fee and other income

$12M
Fair value gains, net

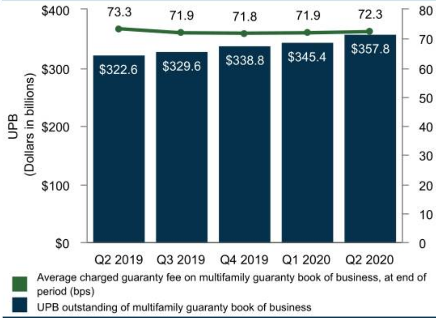
$(238)M
Credit-related expense

$445M
Net income

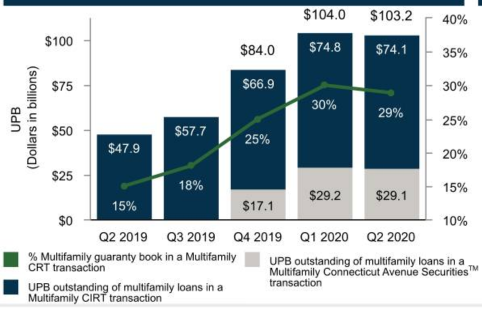
Multifamily New Business Volume



Multifamily Guaranty Book of Business[1]



Multifamily Credit Risk Transfer



Key Highlights

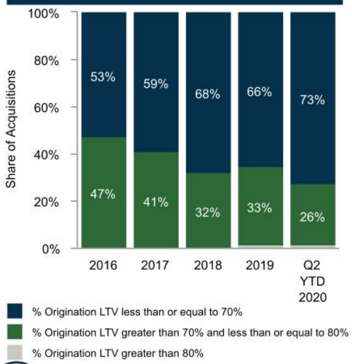
- Multifamily guaranty book of business increased by more than $12 billion during the second quarter of 2020 to nearly $360 billion.
- Multifamily serious delinquency rate increased to 1.00% as of June 30, 2020 from 0.05% as of March 31, 2020, due to the economic dislocation caused by the COVID-19 pandemic, which increased borrower participation in forbearance plans. Our multifamily serious delinquency rate excluding loans in forbearance was 0.09% as of June 30, 2020.
- As of June 30, 2020, based on unpaid principal balance, 1.2% of Fannie Mae's multifamily guaranty book of business was in forbearance, the vast majority of which were related to COVID-19. Seniors Housing loans, which constituted 5% of the company's multifamily guaranty book of business as of June 30, 2020, comprised nearly half of the total multifamily UPB of loans in forbearance.

Certain Credit Characteristics of Multifamily Loan Acquisitions

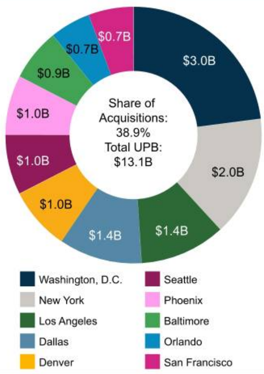
Certain Credit Characteristics of Multifamily Loans by Acquisition Period[1]

Categories are not mutually exclusive	2016	2017	2018	2019	Q2 YTD 2020
Total UPB (Dollars in billions)	$55.3	$67.1	$65.4	$70.2	**$33.7**
Weighted Average OLTV Ratio	68%	67%	65%	66%	**65%**
Loan Count	3,335	3,861	3,723	4,113	**2,148**
% Lender Recourse[2]	99%	100%	100%	100%	**100%**
% DUS[3]	99%	98%	99%	100%	**99%**
% Full Interest-Only	23%	26%	33%	33%	**38%**
Weighted Average OLTV Ratio on Full Interest-Only Acquisitions	57%	58%	58%	59%	**59%**
Weighted Average OLTV Ratio on Non-Full Interest-Only Acquisitions	71%	70%	68%	69%	**68%**
% Partial Interest-Only[4]	60%	57%	53%	56%	**50%**

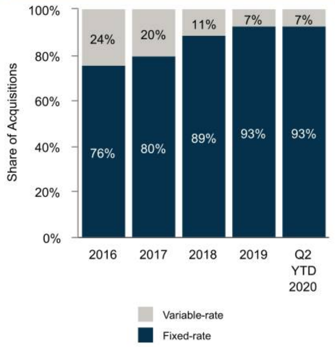
Origination Loan-to-Value Ratio[1]



Top 10 MSAs by Q2 YTD 2020 Acquisition UPB[1]



Acquisitions by Note Type[1]



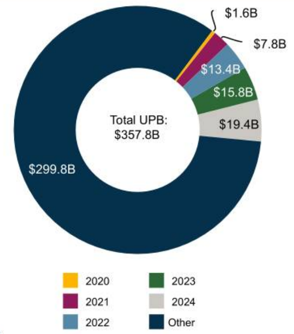
Certain Credit Characteristics of Multifamily Guaranty Book of Business

Certain Credit Characteristics of Multifamily Guaranty Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segment[1]

As of June 30, 2020

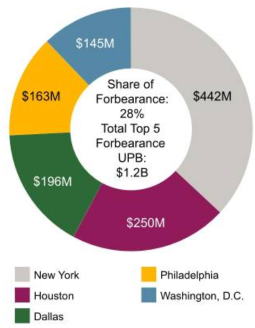
Categories are not mutually exclusive	Overall Book	Acquisition Year: 2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	2020	Asset Class or Targeted Affordable Segment: Conventional /Co-op[5]	Seniors Housing[5]	Student Housing[5]	Manufactured Housing[5]	Privately Owned with Subsidy[6]
Total UPB (Dollars in billions)	$357.8	$3.9	$6.3	$121.6	$59.2	$63.1	$70.0	$33.7	$311.9	$17.4	$14.4	$14.1	$35.5
% of Multifamily Book	100%	1%	2%	34%	16%	18%	20%	9%	87%	5%	4%	4%	10%
Loan Count	27,622	737	3,095	10,666	3,313	3,562	4,101	2,148	24,958	696	686	1,282	3,545
Average UPB (Dollars in millions)	$13.0	$5.3	$2.0	$11.4	$17.9	$17.7	$17.1	$15.7	$12.5	$25.1	$20.9	$11.0	$10.0
Loans in Forbearance by UPB	1.2%	0.1%	0.3%	1.6%	2.7%	0.5%	0.4%	0.2%	0.6%	11.2%	3.4%	0.0%	0.0%
Weighted Average OLTV Ratio	66%	72%	66%	67%	67%	65%	66%	65%	66%	66%	67%	66%	69%
Weighted Average DSCR[7]	2.0	3.1	2.4	2.0	2.0	1.8	1.9	2.1	2.0	1.8	1.8	2.0	2.1
% Fixed rate	89%	11%	45%	91%	87%	91%	93%	93%	91%	64%	87%	90%	76%
% Full Interest-Only	29%	32%	27%	21%	28%	34%	33%	38%	30%	12%	24%	20%	21%
% Partial Interest-Only[4]	51%	8%	23%	48%	56%	53%	56%	50%	50%	56%	66%	59%	40%
% Small Balance Loans[8]	47%	74%	92%	51%	30%	28%	35%	34%	48%	14%	27%	51%	55%
% DUS[3]	99%	97%	86%	99%	98%	100%	100%	99%	99%	98%	100%	100%	98%
Serious Delinquency Rate[9]	1.00%	0.02%	0.45%	1.56%	1.53%	0.68%	0.40%	0.12%	0.62%	6.61%	3.51%	0.00%	0.21%

UPB by Maturity Year[1]



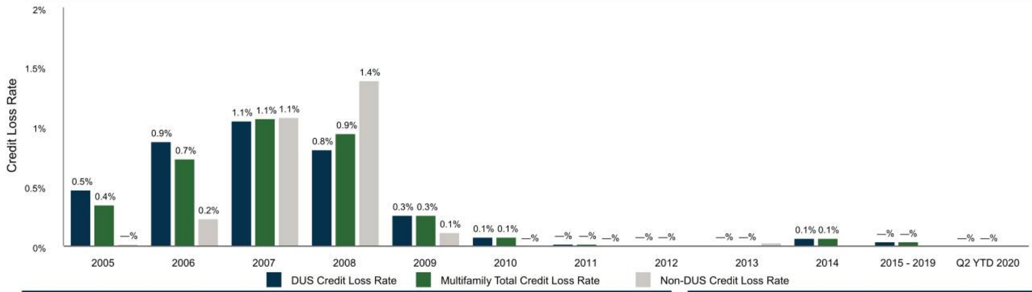
Top 10 MSAs by UPB[1]

Top 5 MSAs by Forbearance UPB

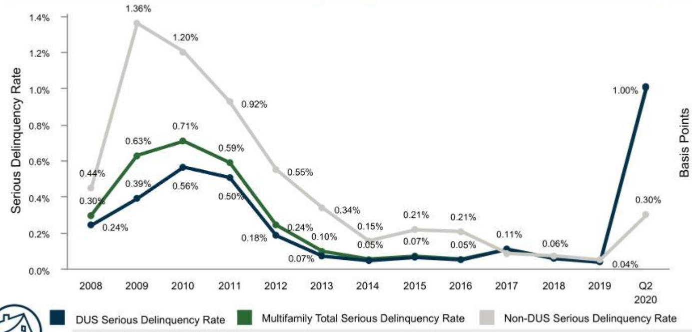


Multifamily Serious Delinquency Rates and Credit Losses

DUS/Non-DUS Cumulative Credit Loss Rates by Acquisition Year Through Q2 YTD 2020(3)(10)



Serious Delinquency Rates(3)(9)



Credit Loss (Benefit) Ratio, Net(11)

Endnotes

Financial Overview Endnotes

(1) Prior period amounts have been adjusted to reflect the current year 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) Previously included in Other expenses, net. Consists of costs associated with the company's freestanding credit enhancements, which primarily include CAS and CIRT programs, enterprise-paid mortgage insurance ("EPMI"), and certain lender risk-sharing programs. Excluded from this expense are costs related to CAS transactions accounted for as debt instruments and credit risk transfer programs accounted for as derivative instruments.

(3) Consists of change in benefits recognized from the company's freestanding credit enhancements, including any realized amounts.

(4) 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.

(5) 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.

(6) 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.

(7) U.S. Gross Domestic Product ("GDP") annual growth (decline) rate for periods prior to Q2 YTD 2020 are based on the quarterly series calculated by the Bureau of Economic Analysis and are subject to revision. GDP growth (decline) rate for Q2 YTD 2020 is based on Fannie Mae's forecast.

(8) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of June 2020. 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 June 2020, 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 June 30, 2020.

(9) Aggregate amount of dividends Fannie Mae has paid to Treasury on the senior preferred stock from 2008 through June 30, 2020. Under the terms of the senior preferred stock purchase agreement, dividend payments made to Treasury do not offset prior draws of funds from Treasury.

(10) Aggregate amount of funds the company has drawn from Treasury pursuant to the senior preferred stock purchase agreement from 2008 through June 30, 2020.

Single-Family Business Endnotes

(1) 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.

(2) Represents the sum of the average guaranty fee rate for the company's single-family conventional guaranty arrangements during the period plus the recognition of any upfront cash payments relating to these guaranty arrangements over 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.

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

(4) 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.

(5) 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 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%.

(6) "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%.

(7) 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.

(8) 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 our compensation to some degree in the event of a financial loss relating to the loan.

(9) "Serious delinquency rate" refers to single-family conventional loans that are 90 days or more past due or in the foreclosure process in the applicable origination year, product feature, or state, divided by the number of loans in the single-family conventional guaranty book of business in that origination year, product feature, or state. Loans in forbearance are reported as delinquent according to the contractual terms of the loans.

(10) 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.

(11) 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.

(12) 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.

Single-Family Business Endnotes

(13) 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.

(14) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately $7 billion at issuance and approximately $3 billion outstanding as of June 30, 2020.

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

(16) Calculated based on the unpaid principal balance of loans in forbearance divided by the total unpaid principal balance of loans by state at period end.

(17) 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. 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.

(18) Measured from the borrowers' last paid installment on their mortgages to when the related properties were added to our REO inventory for foreclosures completed during the six months ended June 30, 2020. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.

(19) Consists of (a) short sales, in which the borrower, working with the servicer and Fannie Mae, sells the home prior to foreclosure for less than the amount owed to pay off the loan, accrued interest and other expenses from the sale proceeds and (b) deeds-in-lieu of foreclosure, which involve the borrower's voluntarily signing over title to the property.

(20) Consists of loan modifications and completed repayment plans and forbearances. Repayment plans reflect only those plans associated with loans that were 60 days or more delinquent. Forbearances reflect only completed forbearance arrangements that involve loans that were 90 days or more delinquent. Excludes trial modifications, loans to certain borrowers who have received bankruptcy relief that are classified as troubled debt restructurings, and repayment and forbearance plans that have been initiated but not completed.

(21) Credit losses consist of (a) charge-offs net of recoveries and (b) foreclosed property expense (income). Percentages exclude the impact of recoveries that have not been allocated to specific loans.

(22) For a description of our Alt-A loan classification criteria, refer to the glossary in Fannie Mae's 2019 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.

(23) 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.

(24) 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 June 30, 2020 is not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.

(25) 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. Percentages reflect the amount of single-family loans in forbearance by delinquency status.

Multifamily Business Endnotes

(1) 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 June 30, 2020.

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

(3) 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.

(4) 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.

(5) See https://www.fanniemae.com/multifamily/products for definitions. Loans with multiple product features are included in all applicable categories.

(6) 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.

(7) 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. Due to the time lag in borrowers providing their financial operating statements to Fannie Mae, the impact of the COVID-19 pandemic is largely not yet reflected in the DSCRs reported. Co-op loans are excluded from this metric.

(8) In Q1 2019, the DUS program updated the definition of small multifamily loans to any loan with an original unpaid balance of up to $6 million nationwide. The updated definition has been applied to all loans in the current multifamily guaranty book of business, including loans that were acquired under the previous small loan definition.

(9) Multifamily loans are classified as seriously delinquent when payment is 60 days or more past due.

(10) Cumulative net credit loss rate is the cumulative net credit losses (gains) through June 30, 2020 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 credit enhancements, primarily multifamily DUS lender-risk sharing transactions.

(11) 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 charged-off amounts. Net credit losses include expected benefit of freestanding credit enhancements, primarily multifamily DUS lender-risk sharing transactions.