# 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): October 31, 2019**

# 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 October 31, 2019, Fannie Mae filed its quarterly report on Form 10-Q for the quarter ended September 30, 2019 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 October 31, 2019 |
| 99.2 | Quarterly Financial Supplement for Q3 2019, dated October 31, 2019 |
| 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: October 31, 2019

Contact: Pete Bakel Resource Center: 1-800-732-6643
202-752-2034 **Exhibit 99.1**

**Date:** October 31, 2019

# Fannie Mae Reports Net Income of $4.0 Billion for Third Quarter 2019

## Third Quarter 2019 Results

- Fannie Mae reported net income of $4.0 billion for the third quarter of 2019, reflecting the strength of the company's underlying business fundamentals. This compares to net income of $3.4 billion for the second quarter of 2019.

## Business Highlights

- The U.S. Department of the Treasury and the Federal Housing Finance Agency (FHFA), on the company's behalf, agreed to increase the amount of capital Fannie Mae is permitted to retain from $3 billion to $25 billion, effective with the third quarter 2019 dividend period. Accordingly, the company can retain its quarterly earnings until it exceeds that capital reserve level, allowing it to begin restoring its capital base. As a result, Fannie Mae's net worth increased to $10.3 billion as of September 30, 2019.

- Fannie Mae was the largest issuer of single-family mortgage-related securities in the secondary market during the first nine months of 2019. The company's estimated market share of new single-family mortgage-related securities issuances was 39% for the third quarter of 2019. Fannie Mae's single-family loan acquisitions consisted of a higher share of refinance loans in the third quarter compared with the second quarter of 2019, driven primarily by continued lower interest rates. Fannie Mae has financed approximately 1 in 4 single-family mortgage loans outstanding in the United States.

- Fannie Mae provided $52.1 billion in multifamily financing in the first nine months of 2019, which enabled the financing of 548,000 units of multifamily housing. More than 90% of the multifamily units the company financed in the third quarter of 2019 were affordable to families earning at or below 120% of the area median income, providing support for both affordable and workforce housing.

*"Our strong quarterly results demonstrate the strength of Fannie Mae's business and our ability to dynamically manage credit while serving the needs of our customers.*

*"We are focused on preparing for an eventual exit from conservatorship and providing liquidity for housing for low- and moderate-income Americans.*

*"We will continue to work with our customers and partners to provide sustainable and stable sources of financing for affordable homes and apartments."*

Hugh R. Frater,
Chief Executive Officer

WASHINGTON, DC — Fannie Mae (FNMA/OTCQB) reported net income of $4.0 billion and comprehensive income of $4.0 billion for the third quarter of 2019, compared with net income of $3.4 billion and comprehensive income of $3.4 billion for the second quarter of 2019. The increase in net income in the third quarter of 2019 was driven primarily by increases in credit-related income and net revenues, partially offset by a decrease in investment gains during the quarter. The stable guaranty books in both businesses continued to provide underlying earnings power.

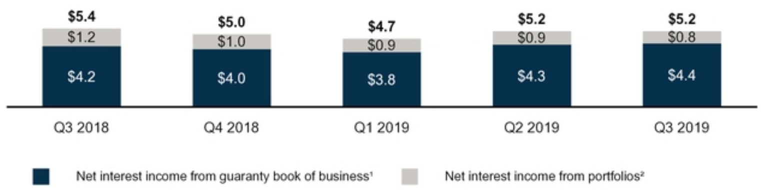
## Summary of Financial Results

| **(Dollars in millions)** | **3Q19** | **2Q19** | **Variance** | **3Q18** | **Variance** |
|---|---|---|---|---|---|
| Net interest income | **$ 5,229** | $ 5,150 | $ 79 | $ 5,369 | $ (140) |
| Fee and other income | **402** | 246 | 156 | 271 | 131 |
| **Net revenues** | **5,631** | 5,396 | 235 | 5,640 | (9) |
| Investment gains, net | **253** | 461 | (208) | 166 | 87 |
| Fair value gains (losses), net | **(713)** | (754) | 41 | 386 | (1,099) |
| Administrative expenses | **(749)** | (744) | (5) | (740) | (9) |
| Credit-related income | | | | | |
| Benefit for credit losses | **1,857** | 1,225 | 632 | 716 | 1,141 |
| Foreclosed property expense | **(96)** | (128) | 32 | (159) | 63 |
| Total credit-related income | **1,761** | 1,097 | 664 | 557 | 1,204 |
| Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) fees | **(613)** | (600) | (13) | (576) | (37) |
| Other expenses, net | **(571)** | (535) | (36) | (377) | (194) |
| **Income before federal income taxes** | **4,999** | 4,321 | 678 | 5,056 | (57) |
| Provision for federal income taxes | **(1,036)** | (889) | (147) | (1,045) | 9 |
| **Net income** | **$ 3,963** | $ 3,432 | $ 531 | $ 4,011 | $ (48) |
| **Total comprehensive income** | **$ 3,977** | $ 3,365 | $ 612 | $ 3,975 | $ 2 |

**Net revenues**, which consist of net interest income and fee and other income, were $5.6 billion for the third quarter of 2019, compared with $5.4 billion for the second quarter of 2019.

Net interest income was $5.2 billion for both the third quarter of 2019 and the second quarter of 2019. Net interest income for the third quarter of 2019 was relatively flat compared with the second quarter of 2019 as an increase in income from the guaranty book of business was offset by a decrease in income from the company's retained mortgage portfolio and other investments portfolio.

**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 us.

(2) 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.

Fee and other income increased in the third quarter of 2019 attributed primarily to an increase in yield maintenance fees due to higher prepayments on multifamily loans.

**Net fair value losses** were $713 million in the third quarter of 2019, compared with $754 million in the second quarter of 2019. Net fair value losses in the third quarter of 2019 were driven primarily by:

- net interest expense accruals on risk management derivatives combined with decreases in the fair value of pay-fixed risk management derivatives due to declines in medium- to longer-term swap rates, which were partially offset by increases in the fair value of the company's receive-fixed risk management derivatives;
- decreases in the fair value of mortgage commitment derivatives due to losses on commitments to sell mortgage-related securities as a result of increases in the prices of securities as interest rates declined during the commitment periods, partially offset by gains on commitments to buy mortgage-related securities; and
- increases in the fair value of long-term debt of consolidated trusts due to a decline in interest rates.

**Net Fair Value Gains (Losses)**
**(Dollars in Billions)**


**Credit-related income** consists of a benefit or provision for credit losses and foreclosed property expense. Credit-related income was $1.8 billion in the third quarter of 2019, compared with $1.1 billion in the second quarter of 2019. The increase in credit-related income in the third quarter of 2019 was driven primarily by an enhancement to the company's model used to estimate cash flows for individually impaired single-family loans within the company's allowance for loan losses. This enhancement was performed as part of management's routine model performance review process. In addition to incorporating recent loan performance data, this model enhancement better captures recent prepayment activity, default rates, and loss severity in the event of default.

**Credit-Related Income**
**(Dollars in Billions)**

**Investment gains** were $253 million in the third quarter of 2019, compared with $461 million in the second quarter of 2019. The decrease in investment gains was driven primarily by a decrease in gains from sales of single-family loans and available-for-sale securities in the third quarter of 2019 compared with gains from such sales in the second quarter of 2019.

**Investment Gains**
**(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 Americans. In the first nine months of 2019, 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.

Fannie Mae provided $460 billion in liquidity to the mortgage market in the first nine months of 2019. Through its purchases and guarantees of mortgage loans in the first nine months of 2019, Fannie Mae acquired approximately 1.6 million single-family mortgage loans. Fannie Mae also financed approximately 548,000 units of multifamily housing in the first nine months of 2019.

**Fannie Mae Provided $460 Billion in Liquidity in the First Nine Months of 2019**

| Unpaid Principal Balance | Units |
| --- | --- |
| $240.1B | 942K<br>Single-Family Home Purchases |
| $167.3B | 649K<br>Single-Family Refinancings |
| $52.1B | 548K<br>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

| (Dollars in millions) | 3Q19 | 2Q19 | Variance | 3Q18 | Variance |
|---|---|---|---|---|---|
| Net interest income | **$ 4,484** | $ 4,419 | $ 65 | $ 4,670 | $ (186) |
| Fee and other income | **156** | 88 | 68 | 79 | 77 |
| **Net revenues** | **4,640** | 4,507 | 133 | 4,749 | (109) |
| Investment gains, net | **198** | 417 | (219) | 146 | 52 |
| Fair value gains (losses), net | **(719)** | (758) | 39 | 417 | (1,136) |
| Administrative expenses | **(634)** | (634) | — | (636) | 2 |
| Credit-related income | **1,747** | 1,126 | 621 | 582 | 1,165 |
| TCCA fees | **(613)** | (600) | (13) | (576) | (37) |
| Other expenses, net | **(424)** | (418) | (6) | (282) | (142) |
| **Income before federal income taxes** | **4,195** | 3,640 | 555 | 4,400 | (205) |
| Provision for federal income taxes | **(872)** | (769) | (103) | (938) | 66 |
| **Net income** | **$ 3,323** | $ 2,871 | $ 452 | $ 3,462 | $ (139) |
| **Serious delinquency rate** | **0.68 %** | 0.70 % | | 0.82 % | |

*Financial Results*

- Single-Family net income was $3.3 billion in the third quarter of 2019, compared with $2.9 billion in the second quarter of 2019. The increase in net income in the third quarter of 2019 was due primarily to an increase in credit-related income driven primarily by an enhancement to the company's model used to estimate cash flows for individually impaired single-family loans within the company's allowance for loan losses, as described in the Summary of Financial Results above. The increase in net income was partially offset by a decrease in investment gains compared with the second quarter of 2019.

*Business Highlights*

- The average single-family conventional guaranty book of business increased by $17 billion during the third quarter of 2019, while 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 slightly in the third quarter from 43.4 basis points as of June 30, 2019 to 43.5 basis points as of September 30, 2019.
- Fannie Mae's average charged guaranty fee on newly acquired conventional single-family loans, net of TCCA fees, decreased nearly 1 basis point to 45.9 basis points in the third quarter of 2019 from 46.7 basis points in the second quarter of 2019, driven primarily by the stronger credit profile of the single-family loans the company acquired in the third quarter of 2019 compared with the second quarter of 2019.
- The single-family serious delinquency rate was 0.68% as of September 30, 2019, a decrease from 0.82% as of September 30, 2018. Single-family seriously delinquent loans are loans that are 90 days or more past due or in the foreclosure process.

## Multifamily Business

| (Dollars in millions) | 3Q19 | 2Q19 | Variance | 3Q18 | Variance |
|---|---|---|---|---|---|
| Net interest income | **$ 745** | $ 731 | $ 14 | $ 699 | $ 46 |
| Fee and other income | **246** | 158 | 88 | 192 | 54 |
| **Net revenues** | **991** | 889 | 102 | 891 | 100 |
| Fair value gains (losses), net | **6** | 4 | 2 | (31) | 37 |
| Administrative expenses | **(115)** | (110) | (5) | (104) | (11) |
| Credit-related expense | **14** | (29) | 43 | (25) | 39 |
| Other expenses | **(92)** | (73) | (19) | (75) | (17) |
| **Income before federal income taxes** | **804** | 681 | 123 | 656 | 148 |
| Provision for federal income taxes | **(164)** | (120) | (44) | (107) | (57) |
| **Net income** | **$ 640** | $ 561 | $ 79 | $ 549 | $ 91 |
| **Serious delinquency rate** | **0.06 %** | 0.05 % | | 0.07 % | |

*Financial Results*

- Multifamily net income was $640 million in the third quarter of 2019, compared with $561 million in the second quarter of 2019. The increase in net income in the third quarter of 2019 was attributable primarily to an increase in yield maintenance revenue driven by higher prepayment volumes.

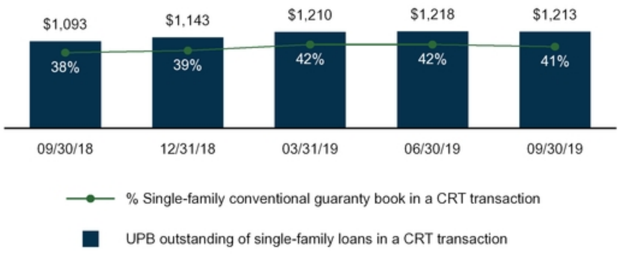
*Business Highlights*

- The average multifamily guaranty book of business increased by nearly $8 billion during the third quarter of 2019 to $326.1 billion, while the average charged guaranty fee on the multifamily book decreased slightly from 73.3 basis points as of June 30, 2019 to 71.9 basis points as of September 30, 2019.
- On September 13, 2019, FHFA announced a revised multifamily business volume cap structure. The new multifamily volume cap, which replaced the prior cap effective October 1, 2019, is $100 billion for the five-quarter period ending December 31, 2020. The new cap applies with no exclusions. In addition, FHFA directed that 37.5% of the company's multifamily business during that time period must be mission-driven, affordable housing, pursuant to FHFA's guidelines for mission-driven loans. Previously, FHFA's 2019 conservatorship scorecard included an objective to maintain the dollar volume of new multifamily business at or below $35 billion for the year, excluding certain targeted affordable and underserved market business segments such as loans financing energy or water efficiency improvements.
- The multifamily serious delinquency rate was 0.06% as of September 30, 2019, a decrease from 0.07% as of September 30, 2018. Multifamily seriously delinquent loans are loans that are 60 days or more past due.

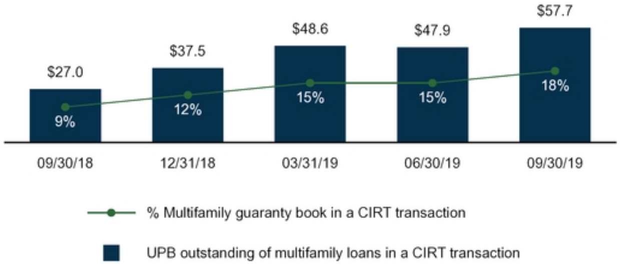
## Credit Risk Transfer Transactions

Fannie Mae continues to support the growth of the credit risk transfer market and expand the types of loans covered in its credit risk transfer programs. For single-family mortgages, this includes Fannie Mae's benchmark Connecticut Avenue Securities® (CAS) REMIC™ transactions and its Credit Insurance Risk Transfer™ (CIRT™) transactions. For multifamily mortgages, nearly 100% of the company's new multifamily business volume in the first nine months of 2019 had lender risk-sharing, primarily through the company's Delegated Underwriting and Servicing (DUS®) program. To complement the company's lender loss sharing program through DUS, Fannie Mae also transfers a portion of the mortgage credit risk on multifamily loans in its multifamily guaranty book of business to insurers and reinsurers through multifamily CIRT transactions. On October 30, 2019, Fannie Mae also completed its first Multifamily Connecticut Avenue Securities (MCAS™) transaction.

**Single-Family Credit Risk Transfer**
**(Dollars in Billions)**




**Multifamily Credit Risk Transfer**
**(Dollars in Billions)**



## Treasury Housing Reform Plan and Letter Agreement with Treasury

On September 5, 2019, Treasury released a plan to reform the housing finance system. The Treasury Housing Reform Plan includes nearly 50 recommended reforms to define a limited role for the federal government in the housing finance system, enhance taxpayer protections against future bailouts, and promote competition in the housing finance system. The Treasury Housing Reform Plan includes recommendations relating to ending Fannie Mae's conservatorship, amending its senior preferred stock purchase agreement with Treasury, considering additional restrictions and requirements on its business, and many other matters.

The Treasury Housing Reform Plan included a recommendation that Treasury and FHFA consider permitting Fannie Mae to retain earnings in excess of the $3 billion capital reserve in effect when the plan was released, with appropriate compensation to Treasury for any deferred or forgone dividends. On September 27, 2019, Fannie Mae, through FHFA in its capacity as conservator, and Treasury entered into a letter agreement modifying the terms of the senior preferred stock held by Treasury to permit Fannie Mae to retain up to $25 billion in capital, effective with the third quarter 2019 dividend period. The letter agreement also provided that, on September 30, 2019, and at the end of each fiscal quarter thereafter, the liquidation preference of the senior preferred stock will increase by an amount equal to the increase in Fannie Mae's net worth, if any, during the immediately prior fiscal quarter, until such time as the liquidation preference has increased by $22 billion.

For more information on Treasury's Housing Reform Plan and risks associated with the plan, as well as the letter agreement with Treasury, see "Legislation and Regulation" and "Risk Factors" in the company's quarterly report on Form 10-Q for the quarter ended September 30, 2019 (Third Quarter 2019 Form 10-Q).

## Net Worth, Treasury Funding, and Senior Preferred Stock Dividends

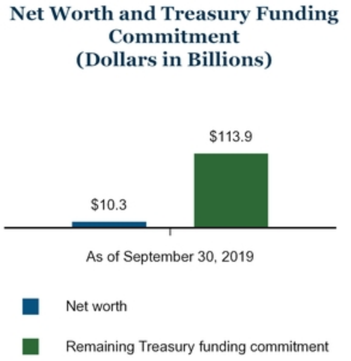
Treasury has made a commitment under a senior preferred stock purchase agreement to provide funding to Fannie Mae under certain circumstances if the company has a net worth deficit. Pursuant to this agreement and the senior preferred stock the company issued to Treasury in 2008, Fannie Mae has paid dividends to Treasury on the senior preferred stock on a quarterly basis for every dividend period for which dividends were payable since the company entered conservatorship in 2008.

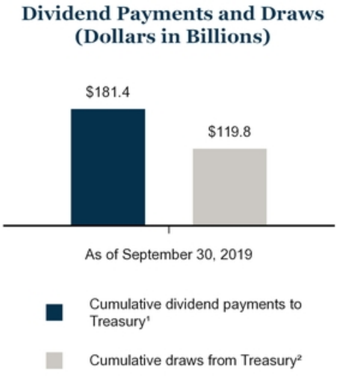
Under the modified dividend provisions of the senior preferred stock described above, effective with the third quarter 2019 dividend period, Fannie Mae is not required to pay further dividends to Treasury until the company has accumulated over $25 billion in net worth. Accordingly, no dividends were payable to Treasury for the third quarter of 2019 and none will be payable for the fourth quarter of 2019.

As of September 30, 2019, Fannie Mae's net worth was $10.3 billion. This amount reflects Fannie Mae's net worth of $6.4 billion as of June 30, 2019, of which the company previously expected to pay Treasury $3.4 billion as a third-quarter 2019 dividend, and the company's comprehensive income of $4.0 billion for the third quarter of 2019.

Changes in the company's net worth can be significantly impacted by market conditions that affect its net interest income, fluctuations in the estimated fair value of the company's derivatives and other financial instruments that the company marks to market through its earnings, developments that affect the company's loss reserves such as changes in interest rates, home prices or accounting standards, or events such as natural disasters, and other factors, as the company discusses in "Risk Factors" and "Consolidated Results of Operations" in the company's annual report on Form 10-K for the year ended December 31, 2018 (2018 Form 10-K) and in its Third Quarter 2019 Form 10-Q.

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 September 30, 2019. 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 September 30, 2019.

Under the modified liquidation preference provisions of the senior preferred stock described above, the aggregate liquidation preference of the senior preferred stock increased from $123.8 billion as of June 30, 2019 to $127.2 billion as of September 30, 2019 due to the $3.4 billion increase in the company's net worth during the second quarter of 2019. The aggregate liquidation preference of the senior preferred stock will further increase to $131.2 billion as of December 31, 2019 due to the $4.0 billion increase in the company's net worth during the third quarter of 2019.

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 2018 Form 10-K and "Legislation and Regulation—Letter Agreement with Treasury" in the company's Third Quarter 2019 Form 10-Q.

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Fannie Mae's financial statements for the third quarter and first nine months of 2019 are available in the accompanying Annex; however, investors and interested parties should read the company's Third Quarter 2019 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 Third Quarter 2019 Form 10-Q. Additional information about the company's financial and credit performance is contained in the Fannie Mae Quarterly Financial Supplement Q3 2019 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 future dividend payments to Treasury; the future liquidation preference of the senior preferred stock; and the company's plans relating to and the effects of the company's credit risk transfer transactions. These estimates, forecasts, expectations, and statements are forward-looking statements based on the company's current assumptions regarding numerous factors. Actual results, and future projections, could be materially different from what is set forth in the forward-looking statements as a result of: the uncertainty of the company's* *future; future legislative or regulatory requirements or changes that have a significant impact on the company's business, such as the enactment of housing finance reform legislation (including all or any portion of the Treasury Housing Reform Plan), including changes that limit the company's business activities or footprint; home price changes; interest rate and credit spread changes; macroeconomic factors such as U.S. gross domestic product, unemployment rates, personal income, and the volume of mortgage originations; the size and the company's share of the U.S. mortgage market and the factors that affect them, including population growth and household formation; the company's future serious delinquency rates; the company's and its competitors' future guaranty fee pricing and the impact of that pricing on the company's guaranty fee revenues and competitive environment; credit availability; changes in borrower behavior; the effectiveness of its loss mitigation strategies; significant changes in modification and foreclosure activity; the volume and pace of future nonperforming and reperforming loan sales and their impact on the company's results and serious delinquency rates; the effectiveness of its management of its real estate owned inventory and pursuit of contractual remedies; changes in the fair value of its assets and liabilities; the company's reliance on Common Securitization Solutions, LLC (CSS) and the common securitization platform for the operation of many of its securitization activities; the stability and adequacy of the systems and infrastructure that impact the company's operations, including the company's and those of CSS, its other counterparties and other third parties on which the business relies; actions by FHFA, Treasury, the Department of Housing and Urban Development, the Consumer Financial Protection Bureau or other regulators, or Congress, that affect the company's business, including new capital requirements that become applicable to the company or changes in the ability-to-repay rule to replace the qualified mortgage patch for GSE-eligible loans; the size, composition and quality of the company's guaranty book of business and retained mortgage portfolio; the competitive landscape in which the company operates, including the impact of legislative or other developments on levels of competition in its industry and other factors affecting its market share; the life of the loans in the company's guaranty book of business; the company's reliance on and future updates it makes to its models, including the assumptions used by these models; changes in generally accepted accounting principles; changes to the company's accounting policies; effects from activities the company takes to support the mortgage market and help borrowers; the company's future objectives and activities in support of those objectives, including actions the company may take to reach additional underserved creditworthy borrowers; actions the company may be required to take by FHFA, in its role as the company's conservator or as its regulator, such as changes in the type of business the company does; limitations on the company's business imposed by FHFA, in its role as the company's conservator or as its regulator; the conservatorship, including any changes to or termination (by receivership or otherwise) of the conservatorship and its effect on the company's business; the investment by Treasury, including potential changes to the terms of the senior preferred stock purchase agreement or senior preferred stock, and its effect on the company's business, including restrictions imposed on the company by the terms of the senior preferred stock purchase agreement, the senior preferred stock and Treasury's warrant, as well as the possibility that these or other restrictions on the company's business and activities may be applied to the company through other mechanisms even if the company ceases to be subject to these agreements and instruments; the possibility that future changes in leadership at FHFA or the Administration may result in changes in FHFA's or Treasury's willingness to pursue the administrative reform recommendations in the Treasury plan; challenges the company faces in retaining and hiring qualified executives and other employees; the deteriorated credit performance of many loans in the company's guaranty book of business; a decrease in the company's credit ratings; defaults by one or more institutional counterparties; resolution or settlement agreements the company may enter into with its counterparties; the impact of increasing interdependence between the single-family mortgage securitization programs of Fannie Mae and Freddie Mac in connection with uniform mortgage-backed securities; operational control weaknesses; changes in the fiscal and monetary policies of the Federal Reserve; changes in the structure and regulation of the financial services industry; the company's ability to access the debt markets; changes in the demand for Fannie Mae MBS; disruptions or instability in the housing and credit markets; uncertainties relating to the potential phasing out of LIBOR, or other market changes that could impact the loans the company owns or guarantees or its MBS; the company's need to rely on third parties to fully achieve some of its corporate objectives; the company's reliance on mortgage servicers; domestic and global political risks and uncertainties; natural disasters, environmental disasters, terrorist attacks, pandemics, or other major disruptive events; cyber attacks or other information security breaches or threats; and many other factors, including those discussed in the "Risk Factors" and "Forward-Looking Statements" sections of and elsewhere in the company's 2018 Form 10-K, Third Quarter 2019 Form 10-Q, and elsewhere in this release.*

*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 | |
|---|---|---|
| | September 30, 2019 | December 31, 2018 |
| **ASSETS** | | |
| Cash and cash equivalents | $ 22,592 | $ 25,557 |
| Restricted cash (includes $35,496 and $17,849, respectively, related to consolidated trusts) | 41,906 | 23,866 |
| Federal funds sold and securities purchased under agreements to resell or similar arrangements | 23,176 | 32,938 |
| Investments in securities: | | |
| Trading, at fair value (includes $4,304 and $3,061, respectively, pledged as collateral) | 44,206 | 41,867 |
| Available-for-sale, at fair value | 2,690 | 3,429 |
| Total investments in securities | 46,896 | 45,296 |
| Mortgage loans: | | |
| Loans held for sale, at lower of cost or fair value | 12,289 | 7,701 |
| Loans held for investment, at amortized cost: | | |
| Of Fannie Mae | 104,367 | 113,039 |
| Of consolidated trusts | 3,206,856 | 3,142,858 |
| Total loans held for investment (includes $8,183 and $8,922, respectively, at fair value) | 3,311,223 | 3,255,897 |
| Allowance for loan losses | (9,376) | (14,203) |
| Total loans held for investment, net of allowance | 3,301,847 | 3,241,694 |
| Total mortgage loans | 3,314,136 | 3,249,395 |
| Deferred tax assets, net | 11,994 | 13,188 |
| Accrued interest receivable, net (includes $8,450 and $7,928, respectively, related to consolidated trusts) | 8,923 | 8,490 |
| Acquired property, net | 2,452 | 2,584 |
| Other assets | 22,361 | 17,004 |
| Total assets | $ 3,494,436 | $ 3,418,318 |
| **LIABILITIES AND EQUITY** | | |
| Liabilities: | | |
| Accrued interest payable (includes $9,348 and $9,133, respectively, related to consolidated trusts) | $ 10,400 | $ 10,211 |
| Debt: | | |
| Of Fannie Mae (includes $6,041 and $6,826, respectively, at fair value) | 213,522 | 232,074 |
| Of consolidated trusts (includes $22,719 and $23,753, respectively, at fair value) | 3,248,336 | 3,159,846 |
| Other liabilities (includes $359 and $356, respectively, related to consolidated trusts) | 11,836 | 9,947 |
| Total liabilities | 3,484,094 | 3,412,078 |
| Commitments and contingencies (Note 13) | — | — |
| Fannie Mae stockholders' equity: | | |
| Senior preferred stock (liquidation preference of $127,201 and $123,836, 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 | (123,141) | (127,335) |
| Accumulated other comprehensive income | 230 | 322 |
| 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) | 10,342 | 6,240 |
| Total liabilities and equity | $ 3,494,436 | $ 3,418,318 |

See Notes to Condensed Consolidated Financial Statements in the Third Quarter 2019 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 September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| Interest income: | | | | |
| Trading securities | $ 418 | $ 363 | $ 1,277 | $ 917 |
| Available-for-sale securities | 40 | 54 | 138 | 175 |
| Mortgage loans (includes $27,610 and $27,058, respectively, for the three months ended and $84,157 and $79,877, respectively, for the nine months ended related to consolidated trusts) | 28,858 | 28,723 | 88,005 | 85,064 |
| Federal funds sold and securities purchased under agreements to resell or similar arrangements | 178 | 166 | 698 | 457 |
| Other | 47 | 38 | 120 | 102 |
| Total interest income | 29,541 | 29,344 | 90,238 | 86,715 |
| Interest expense: | | | | |
| Short-term debt | (125) | (114) | (369) | (331) |
| Long-term debt (includes $22,775 and $22,361, respectively, for the three months ended and $70,371 and $65,972, respectively, for the nine months ended related to consolidated trusts) | (24,187) | (23,861) | (74,757) | (70,406) |
| Total interest expense | (24,312) | (23,975) | (75,126) | (70,737) |
| Net interest income | 5,229 | 5,369 | 15,112 | 15,978 |
| Benefit for credit losses | 1,857 | 716 | 3,732 | 2,229 |
| Net interest income after benefit for credit losses | 7,086 | 6,085 | 18,844 | 18,207 |
| Investment gains, net | 253 | 166 | 847 | 693 |
| Fair value gains (losses), net | (713) | 386 | (2,298) | 1,660 |
| Fee and other income | 402 | 271 | 875 | 830 |
| Non-interest income (loss) | (58) | 823 | (576) | 3,183 |
| Administrative expenses: | | | | |
| Salaries and employee benefits | (361) | (355) | (1,123) | (1,101) |
| Professional services | (241) | (247) | (699) | (744) |
| Other administrative expenses | (147) | (138) | (415) | (400) |
| Total administrative expenses | (749) | (740) | (2,237) | (2,245) |
| Foreclosed property expense | (96) | (159) | (364) | (460) |
| Temporary Payroll Tax Cut Continuation Act of 2011 (“TCCA”) fees | (613) | (576) | (1,806) | (1,698) |
| Other expenses, net | (571) | (377) | (1,514) | (946) |
| Total expenses | (2,029) | (1,852) | (5,921) | (5,349) |
| Income before federal income taxes | 4,999 | 5,056 | 12,347 | 16,041 |
| Provision for federal income taxes | (1,036) | (1,045) | (2,552) | (3,312) |
| Net income | 3,963 | 4,011 | 9,795 | 12,729 |
| Other comprehensive income (loss): | | | | |
| Changes in unrealized gains on available-for-sale securities, net of reclassification adjustments and taxes | 16 | (33) | (85) | (349) |
| Other, net of taxes | (2) | (3) | (7) | (8) |
| Total other comprehensive income (loss) | 14 | (36) | (92) | (357) |
| Total comprehensive income | $ 3,977 | $ 3,975 | $ 9,703 | $ 12,372 |
| Net income | $ 3,963 | $ 4,011 | $ 9,795 | $ 12,729 |
| Dividends distributed or amounts attributable to senior preferred stock | (3,977) | (3,975) | (9,703) | (9,372) |
| Net income (loss) attributable to common stockholders | $ (14) | $ 36 | $ 92 | $ 3,357 |
| Earnings per share: | | | | |
| Basic | $ 0.00 | $ 0.01 | $ 0.02 | $ 0.58 |
| Diluted | 0.00 | 0.01 | 0.02 | 0.57 |
| Weighted-average common shares outstanding: | | | | |
| Basic | 5,762 | 5,762 | 5,762 | 5,762 |
| Diluted | 5,762 | 5,893 | 5,893 | 5,893 |

See Notes to Condensed Consolidated Financial Statements in the Third Quarter 2019 Form 10-Q

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

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | 2019 | 2018 |
| **Net cash provided by (used in) operating activities** | **$ 3,176** | $ (1,796) |
| **Cash flows provided by investing activities:** | | |
| Proceeds from maturities and paydowns of trading securities held for investment | **46** | 163 |
| Proceeds from sales of trading securities held for investment | **49** | 96 |
| Proceeds from maturities and paydowns of available-for-sale securities | **364** | 564 |
| Proceeds from sales of available-for-sale securities | **376** | 729 |
| Purchases of loans held for investment | **(181,898)** | (135,913) |
| Proceeds from repayments of loans acquired as held for investment of Fannie Mae | **9,338** | 11,651 |
| Proceeds from sales of loans acquired as held for investment of Fannie Mae | **8,987** | 10,637 |
| Proceeds from repayments and sales of loans acquired as held for investment of consolidated trusts | **377,789** | 306,374 |
| Advances to lenders | **(95,636)** | (83,643) |
| Proceeds from disposition of acquired property and preforeclosure sales | **5,644** | 7,090 |
| Net change in federal funds sold and securities purchased under agreements to resell or similar arrangements | **9,762** | (7,128) |
| Other, net | **(74)** | (56) |
| Net cash provided by investing activities | **134,747** | 110,564 |
| **Cash flows used in financing activities:** | | |
| Proceeds from issuance of debt of Fannie Mae | **587,659** | 636,466 |
| Payments to redeem debt of Fannie Mae | **(606,665)** | (666,888) |
| Proceeds from issuance of debt of consolidated trusts | **286,126** | 278,357 |
| Payments to redeem debt of consolidated trusts | **(385,496)** | (364,942) |
| Payments of cash dividends on senior preferred stock to Treasury | **(5,601)** | (5,397) |
| Proceeds from senior preferred stock purchase agreement with Treasury | **—** | 3,687 |
| Other, net | **1,129** | 720 |
| Net cash used in financing activities | **(122,848)** | (117,997) |
| **Net increase (decrease) in cash, cash equivalents and restricted cash** | **15,075** | (9,229) |
| Cash, cash equivalents and restricted cash at beginning of period | **49,423** | 60,260 |
| **Cash, cash equivalents and restricted cash at end of period** | **$ 64,498** | $ 51,031 |
| **Cash paid during the period for:** | | |
| Interest | **$ 86,699** | $ 82,010 |
| Income taxes | **1,250** | 460 |

See Notes to Condensed Consolidated Financial Statements in the Third Quarter 2019 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 June 30, 2019** | 1 | 556 | 1,158 | $ 120,836 | $ 19,130 | $ 687 | $ (127,104) | $ 216 | $ (7,400) | $ 6,365 |
| Senior preferred stock dividends paid | — | — | — | — | — | — | — | — | — | — |
| Comprehensive income: | | | | | | | | | | |
| Net income | — | — | — | — | — | — | 3,963 | — | — | 3,963 |
| Other comprehensive income, net of tax effect: | | | | | | | | | | |
| Changes in net unrealized gains on available-for-sale securities (net of taxes of $2) | — | — | — | — | — | — | — | 10 | — | 10 |
| Reclassification adjustment for gains included in net income (net of taxes of $1) | — | — | — | — | — | — | — | 6 | — | 6 |
| Other (net of taxes of $1) | — | — | — | — | — | — | — | (2) | — | (2) |
| Total comprehensive income | | | | | | | | | | 3,977 |
| **Balance as of September 30, 2019** | 1 | 556 | 1,158 | $ 120,836 | $ 19,130 | $ 687 | $ (123,141) | $ 230 | $ (7,400) | $ 10,342 |

| | 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, 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 | — | — | — | — | — | — | 9,795 | — | — | 9,795 |
| Other comprehensive income, net of tax effect: | | | | | | | | | | |
| Changes in net unrealized gains on available-for-sale securities (net of taxes of $7) | — | — | — | — | — | — | — | 27 | — | 27 |
| Reclassification adjustment for gains included in net income (net of taxes of $30) | — | — | — | — | — | — | — | (112) | — | (112) |
| Other (net of taxes of $2) | — | — | — | — | — | — | — | (7) | — | (7) |
| Total comprehensive income | | | | | | | | | | 9,703 |
| **Balance as of September 30, 2019** | 1 | 556 | 1,158 | $ 120,836 | $ 19,130 | $ 687 | $ (123,141) | $ 230 | $ (7,400) | $ 10,342 |

See Notes to Condensed Consolidated Financial Statements in the Third Quarter 2019 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 (Deficit)** |
| **Balance as of June 30, 2018** | 1 | 556 | 1,158 | $ 120,836 | $ 19,130 | $ 687 | $ (126,143) | $ 349 | $ (7,400) | $ 7,459 |
| Senior preferred stock dividends paid | — | — | — | — | — | — | (4,459) | — | — | (4,459) |
| Increase to senior preferred stock | — | — | — | — | — | — | — | — | — | — |
| Comprehensive income: | | | | | | | | | | |
| Net income | — | — | — | — | — | — | 4,011 | — | — | 4,011 |
| Other comprehensive income, net of tax effect: | | | | | | | | | | |
| Changes in net unrealized gains on available-for-sale securities (net of taxes of $8) | — | — | — | — | — | — | — | (31) | — | (31) |
| Reclassification adjustment for gains included in net income (net of taxes of $1) | — | — | — | — | — | — | — | (2) | — | (2) |
| Other | — | — | — | — | — | — | — | (3) | — | (3) |
| Total comprehensive income | | | | | | | | | | 3,975 |
| Reclassification related to Tax Cuts and Jobs Act | — | — | — | — | — | — | — | — | — | — |
| Other | — | — | — | — | — | — | — | — | — | — |
| **Balance as of September 30, 2018** | 1 | 556 | 1,158 | $ 120,836 | $ 19,130 | $ 687 | $ (126,591) | $ 313 | $ (7,400) | $ 6,975 |

| | 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 (Deficit)** |
| **Balance as of December 31, 2017** | 1 | 556 | 1,158 | $ 117,149 | $ 19,130 | $ 687 | $ (133,805) | $ 553 | $ (7,400) | $ (3,686) |
| Senior preferred stock dividends paid | — | — | — | — | — | — | (5,397) | — | — | (5,397) |
| Increase to senior preferred stock | — | — | — | 3,687 | — | — | — | — | — | 3,687 |
| Comprehensive income: | | | | | | | | | | |
| Net income | — | — | — | — | — | — | 12,729 | — | — | 12,729 |
| Other comprehensive income, net of tax effect: | | | | | | | | | | |
| Changes in net unrealized gains on available-for-sale securities (net of taxes of $22) | — | — | — | — | — | — | — | (84) | — | (84) |
| Reclassification adjustment for gains included in net income (net of taxes of $71) | — | — | — | — | — | — | — | (265) | — | (265) |
| Other | — | — | — | — | — | — | — | (8) | — | (8) |
| Total comprehensive income | | | | | | | | | | 12,372 |
| Reclassification related to Tax Cuts and Jobs Act | — | — | — | — | — | — | (117) | 117 | — | — |
| Other | — | — | — | — | — | — | (1) | — | — | (1) |
| **Balance as of September 30, 2018** | 1 | 556 | 1,158 | $ 120,836 | $ 19,130 | $ 687 | $ (126,591) | $ 313 | $ (7,400) | $ 6,975 |

See Notes to Condensed Consolidated Financial Statements in the Third Quarter 2019 Form 10-Q

Exhibit 9

Fannie Mae®

# Quarterly Financial Supplement Q3 2019

October 31, 2019

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- 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 September 30, 2019 ("Q3 2019 Form 10-Q") and Form 10-K for the year ended December 31, 2018 ("2018 Form 10-K"). This presentation should be reviewed together with the Q3 2019 Form 10-Q and the 2018 Form 10-K, which are available at www.fanniemae.com in the "About Us—Investor Rela SEC Filings" section. Information on or available through the company's 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. Alth we generally consider this information reliable, we do not independently verify all reported information.

- Due to rounding, amounts reported in this presentation may not add to totals indicated (or 100%).

- Unless otherwise indicated, data labeled as "YTD 2019" is as of September 30, 2019 or for the first nine months of 2019. Data for prior years is as of December 31 or for the full year indicated.

- Note references are to endnotes, appearing on pages 22 to 25.

- Terms used in presentation
**Amortized OLTV ratio:** amortized origination loan-to-value ratio, which refers to the current unpaid principal balance of a loan at period end, divi the home price at origination of the loan
**CAS:** Connecticut Avenue Securities®
**CIRT™:** Credit Insurance Risk Transfer™
**CRT:** credit risk transfer
**DSCR:** 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 ot 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 t mortgage.
**DUS®:** Fannie Mae's Delegated Underwriting and Servicing program
**GDP:** U.S. Gross Domestic Product
**HARP®:** Home Affordable Refinance Program, which allowed eligible Fannie Mae borrowers with high LTV ratio loans to refinance into more sustai loans.
**HomeReady®:** Low down payment mortgage designed for creditworthy low-income borrowers. For additional information, see https:// www.fanniemae.com/singlefamily/homeready.
**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 est 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 th 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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# Table of Contents

## Financial Overview



## Single-Family Business



## Multifamily Business



## Endnotes



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# Financial Overview

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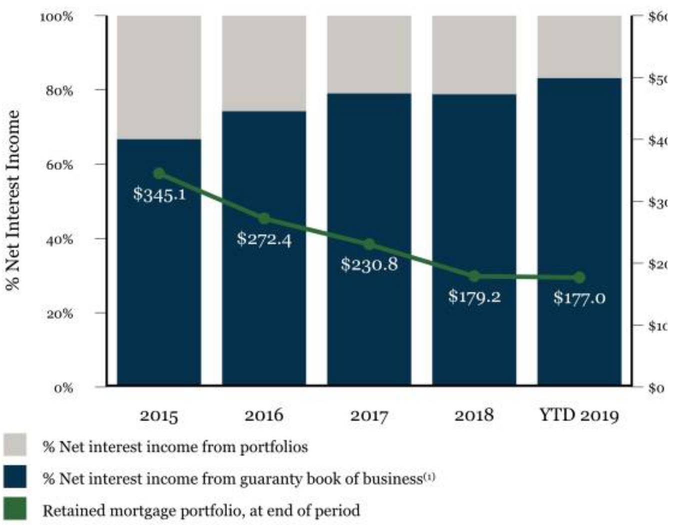
# Corporate Financial Highlights

## Summary of Q3 2019 Financial Results

| ($) in millions | Q3 2019 | Q2 2019 | Variance |
|---|---|---|---|
| Net interest income | **$5,229** | $5,150 | $79 |
| Fee and other income | **402** | 246 | 156 |
| **Net revenues** | **5,631** | 5,396 | 235 |
| Investment gains, net | **253** | 461 | (208) |
| Fair value losses, net | **(713)** | (754) | 41 |
| Administrative expenses | **(749)** | (744) | (5) |
| Credit-related income | | | |
| Benefit for credit losses | **1,857** | 1,225 | 632 |
| Foreclosed property expense | **(96)** | (128) | 32 |
| Total credit-related income | **1,761** | 1,097 | 664 |
| Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) fees | **(613)** | (600) | (13) |
| Other expenses, net | **(571)** | (535) | (36) |
| Income before federal income taxes | **4,999** | 4,321 | 678 |
| Provision for federal income taxes | **(1,036)** | (889) | (147) |
| **Net income** | **$3,963** | $3,432 | $531 |
| **Total comprehensive income** | **$3,977** | $3,365 | $612 |

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




## Key Highlights

- Fannie Mae reported net income of $4.0 billion for the third quarter of 2019, reflecting the strength of the company's underlying business fundamentals. This compares to net inco $3.4 billion for the second quarter of 2019.
- The increase in net income in the third quarter of 2019 was d primarily by increases in credit-related income and net reven partially offset by a decrease in investment gains during the quarter.

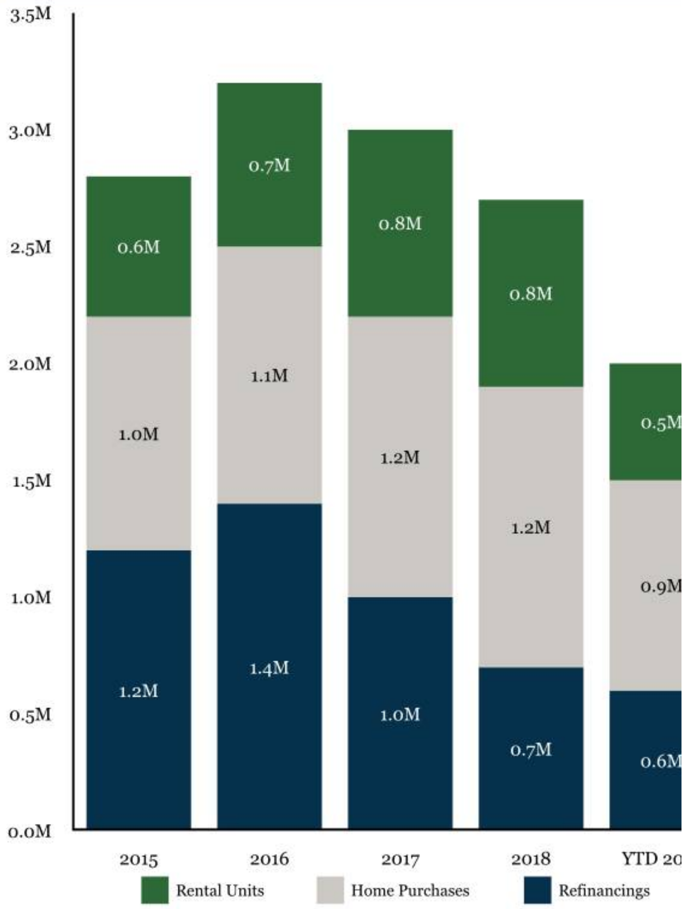
# Market Liquidity

## Key Highlights: Liquidity Provided Q3 2019

Fannie Mae provided over $212 billion in liquidity to the mortgage market in the third quarter of 2019, through its purchases of loans and guarantees of loans and securities, which enabled the financing of approximately 915,000 single-family home purchases, single-family refinancings, or multifamily rental units.

| Unpaid Principal Balance | Units |
|---|---|
| $104.6B | 396K Single-Family Home Purchases |
| $89.7B | 325K Single-Family Refinances |
| $18.0B | 194K Multifamily Rental Units |

## Providing Liquidity to the Mortgage Market

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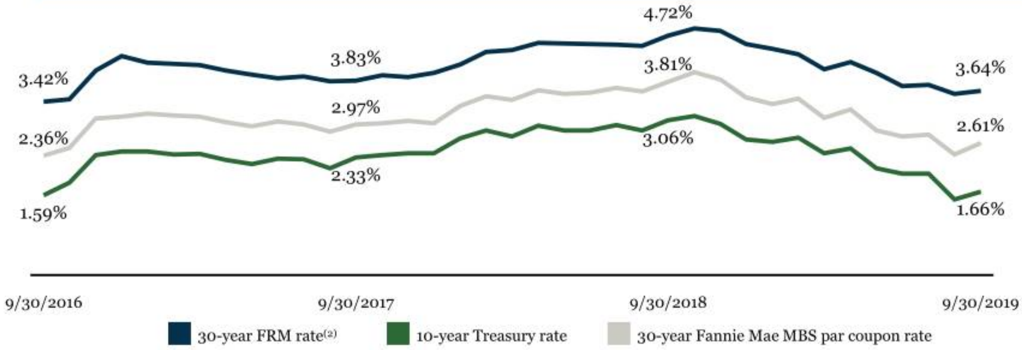
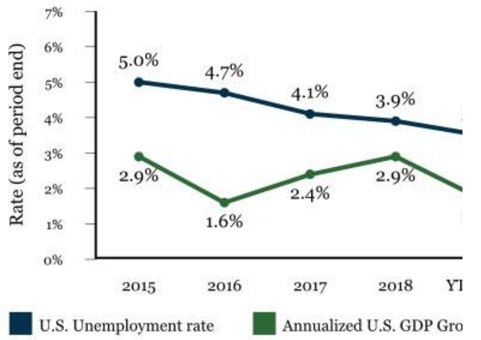
# Key Market Economic Indicators

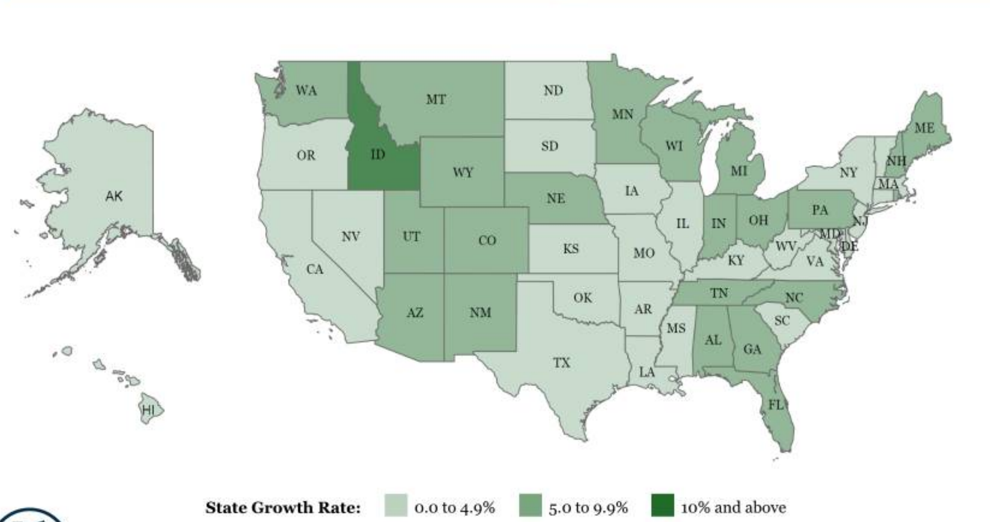
## Benchmark Interest Rates



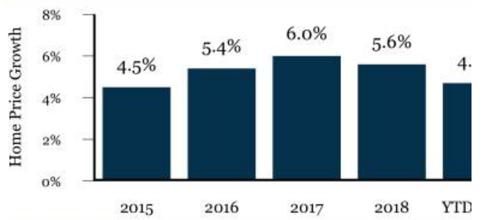

## U.S. GDP Growth Rate and Unemployment Rate(3)




## One Year Price Change as of Q3 2019(4)
United States 4.7%




## Single-Family Home Price Growth Ra




## Top 10 States by UPB(4)

| State | State Home Price Growth Rate | Share of Single- Conventional G Book |
|---|---|---|
| CA | 3.05% | 19.1% |
| TX | 3.70% | 6.5% |
| FL | 5.64% | 5.8% |
| NY | 4.05% | 4.9% |
| WA | 5.35% | 3.8% |
| IL | 2.63% | 3.5% |
| NJ | 2.72% | 3.5% |
| VA | 3.91% | 3.4% |
| CO | 5.10% | 3.1% |
| PA | 5.41% | 3.0% |

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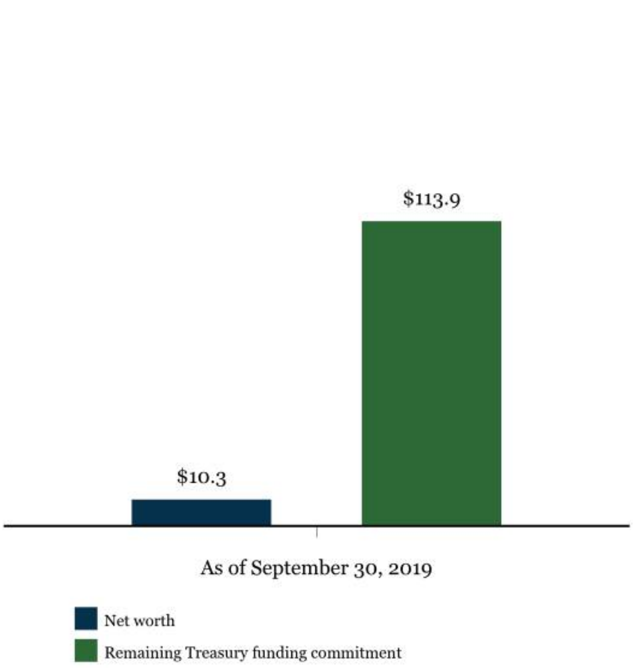
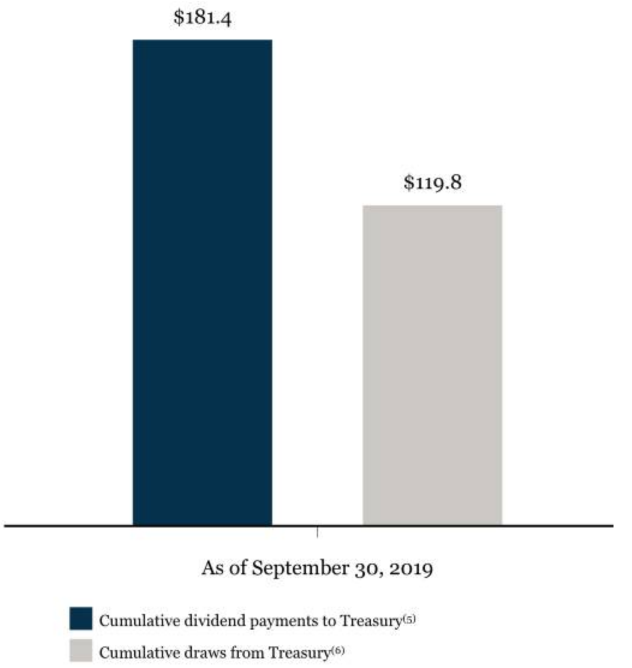
# Net Worth, Treasury Funding and Senior Preferred Stock Dividends

## Net Worth and Treasury Funding Commitment (Dollars in billions)




## Dividend Payments and Draws (Dollars in billions)

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# Single-Family Business

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# Single-Family Highlights

## Q3 2019

$4,484M
Net interest income

$198M
Investment gains, net

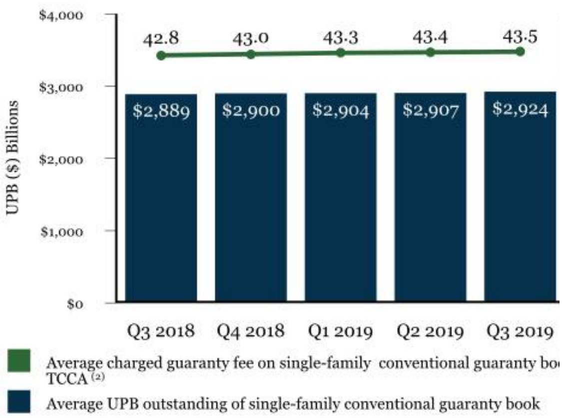
$(719)M
Fair value losses, net

$1,747M
Credit-related income

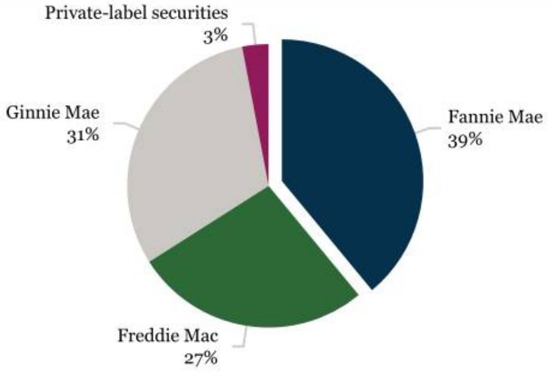
$3,323M
Net income

## Single-Family Conventional Loan Acquisitions(1)


## Single-Family Conventional Guaranty of Business(1)




## Q3 2019 Market Share: New Single-Family Mortgage-Related Securities Issuances




## Key Highlights

- Single-Family net income was $3.3 billion in the t
quarter of 2019, compared with $2.9 billion in the
quarter of 2019. The increase in net income was d
primarily to an increase in credit-related income d
primarily by an enhancement to the company's m
to estimate cash flows for individually impaired si
family loans within the company's allowance for l
partially offset by a decrease in investment gains.
- The average single-family conventional guaranty b
business increased by $17 billion during the third
2019, while the average charged guaranty fee (net
fees) on the single-family conventional guaranty b
business increased slightly from 43.4 basis points
30, 2019 to 43.5 basis points as of September 30,

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# Certain Credit Characteristics of Single-Family Conventional Loan Acquisitions

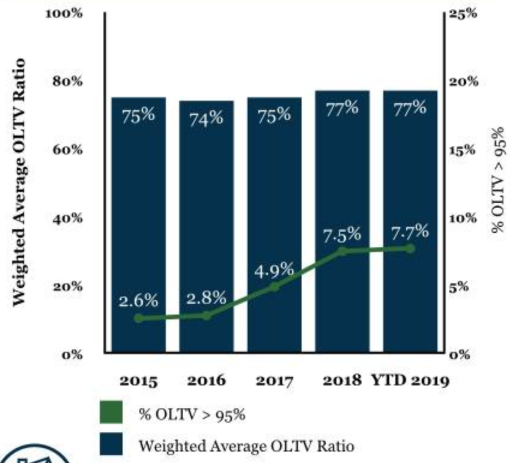
## Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period

| Categories are not mutually exclusive | Q3 2018 | Q4 2018 | Full Year 2018 | Q1 2019 | Q2 2019 | Q3 2019 |
|---|---|---|---|---|---|---|
| Total Unpaid Principal Balance (UPB) ($B) | $122.3 | $101.1 | $446.1 | $85.0 | $128.1 | **$194.3** |
| Weighted Average Origination LTV (OLTV) Ratio | 78% | 78% | 77% | 78% | 78% | **77%** |
| OLTV Ratio > 95% | 8% | 9% | 8% | 10% | 8% | **7%** |
| Weighted Average FICO® Credit Score[3] | 743 | 742 | 743 | 742 | 746 | **751** |
| FICO Credit Score < 680[3] | 11% | 11% | 11% | 11% | 8% | **6%** |
| DTI Ratio > 45%[4] | 25% | 26% | 25% | 25% | 20% | **17%** |
| Fixed-rate | 98% | 99% | 98% | 98% | 99% | **100%** |
| Owner Occupied | 89% | 89% | 89% | 90% | 91% | **93%** |
| HomeReady®[5] | 8% | 9% | 7% | 9% | 9% | **7%** |

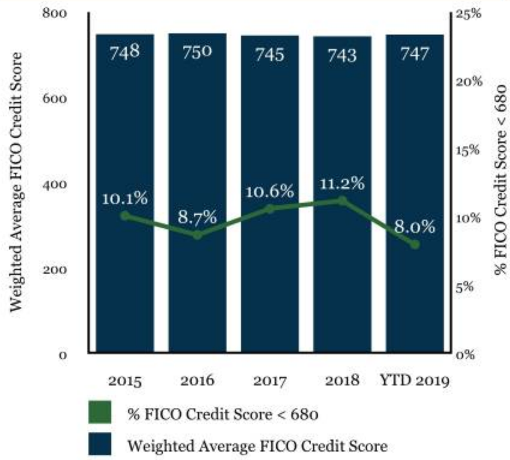
## YTD 2019 Acquisition Credit Profile by Certain Loan Featur

| | OLTV Ratio >95% | Home-Ready®[5] | FICO Credit Score < 680[3] | I |
|---|---|---|---|---|
| Total Unpaid Principal Balance (UPB) ($B) | $31.5 | $32.3 | $32.7 | |
| Weighted Average Origination LTV (OLTV) Ratio | 97% | 91% | 76% | |
| OLTV Ratio > 95% | 100% | 41% | 9% | |
| Weighted Average FICO® Credit Score[3] | 735 | 737 | 656 | |
| FICO Credit Score < 680[3] | 9% | 10% | 100% | |
| DTI Ratio > 45%[4] | 21% | 31% | 23% | |
| Fixed-rate | 100% | 100% | 100% | |
| Owner Occupied | 100% | 100% | 95% | |
| HomeReady®[5] | 42% | 100% | 10% | |

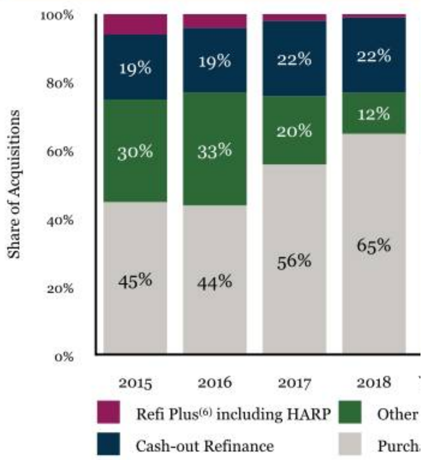
## Origination Loan-to-Value Ratio




## FICO Credit Score[3]




## Acquisitions by Loan Purp

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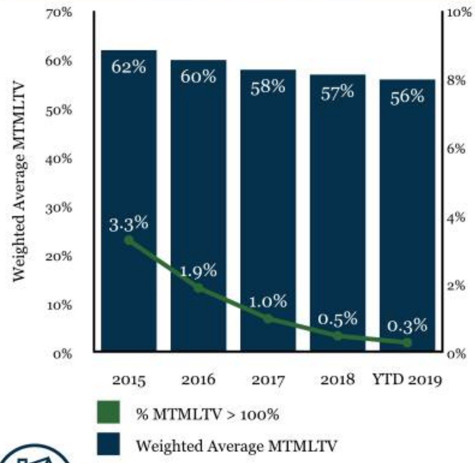
# Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business

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

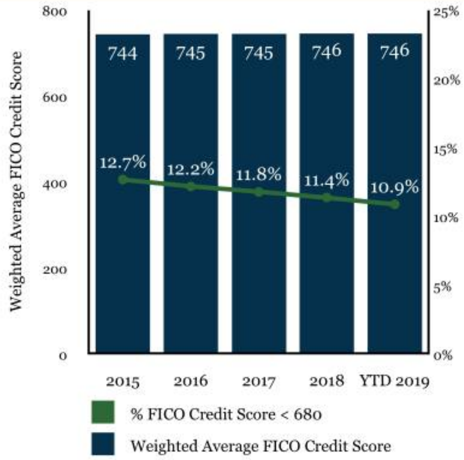
**As of September 30, 2019**

| Categories are not mutually exclusive | Overall Book | Origination Year: 2004 & Earlier | 2005-2008 | 2009-2016 | 2017 | 2018 | 2019 | Certain Loan Features: OLTV Ratio > 95% | Home-Ready®[5] | FICO Credit Score < 680[3] | Refi Plus[6] Including HARP |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Unpaid Principal Balance (UPB) ($B) | $2,940.1 | $68.9 | $115.1 | $1,672.3 | $385.7 | $357.4 | $340.6 | $205.7 | $83.3 | $321.0 | $293.9 |
| Average UPB | $172,566 | $71,010 | $119,393 | $162,520 | $210,276 | $218,908 | $253,093 | $161,930 | $187,162 | $142,856 | $129,439 |
| Share of Single-Family Conventional Guaranty Book | 100% | 2% | 4% | 57% | 13% | 12% | 12% | 7% | 3% | 11% | 10% |
| Share of Loans with Credit Enhancement[8] | 49% | 7% | 17% | 44% | 70% | 76% | 45% | 64% | 91% | 42% | 10% |
| Serious Delinquency Rate[9] | 0.68% | 2.53% | 4.24% | 0.38% | 0.34% | 0.25% | 0.02% | 1.37% | 0.36% | 2.58% | 0.67% |
| Weighted Average Origination LTV (OLTV) Ratio | 76% | 74% | 76% | 75% | 76% | 78% | 77% | 108% | 90% | 78% | 86% |
| OLTV Ratio > 95% | 7% | 6% | 9% | 7% | 6% | 9% | 8% | 100% | 42% | 12% | 30% |
| Amortized OLTV Ratio[10] | 67% | 51% | 63% | 63% | 72% | 76% | 77% | 96% | 88% | 70% | 70% |
| Weighted Average Mark-to-Market LTV Ratio[11] | 56% | 35% | 58% | 48% | 65% | 72% | 76% | 76% | 82% | 59% | 50% |
| Weighted Average FICO Credit Score[3] | 746 | 700 | 695 | 752 | 745 | 741 | 747 | 725 | 736 | 647 | 730 |
| FICO Credit Score < 680[3] | 11% | 36% | 39% | 9% | 10% | 12% | 8% | 19% | 11% | 100% | 21% |
| Fixed-rate | 98% | 89% | 93% | 98% | 98% | 98% | 99% | 100% | 100% | 99% | 99% |

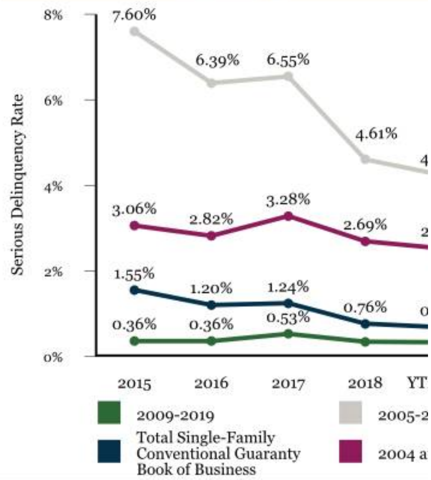
## Mark-to-Market Loan-to-Value (MTMLTV) Ratio[11]




## FICO Credit Score[3]




## Serious Delinquency Rate b Vintage[9]

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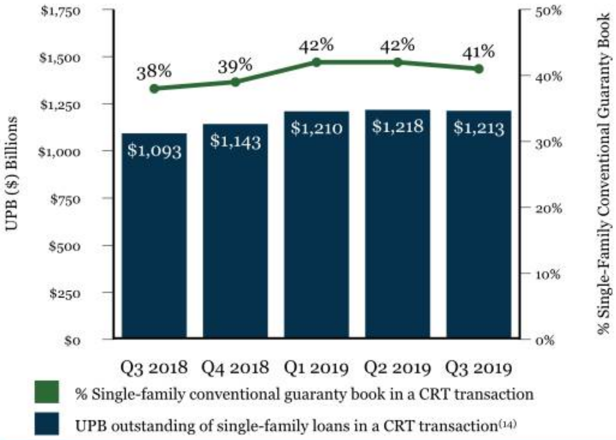
# Single-Family Credit Risk Transfer

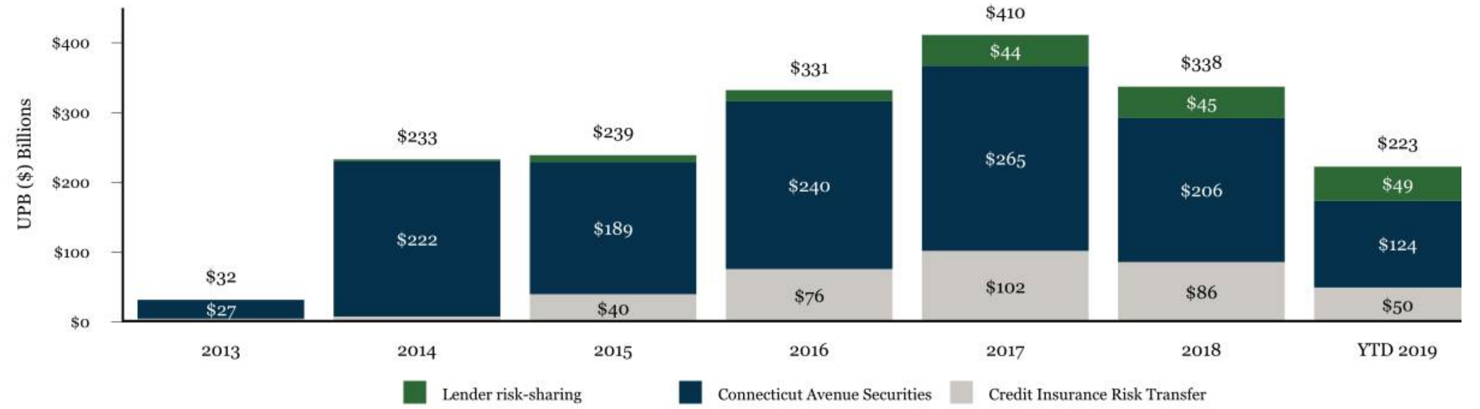
## Single-Family Credit Risk Transfer




## Single-Family Loans with Credit Enhancement

| Credit Enhancement<br>Outstanding UPB in ($) Billions | 2017<br>Outstanding UPB | 2017<br>% of Book[15] Outstanding | 2018<br>Outstanding UPB | 2018<br>% of Book[15] Outstanding | YTD 201<br>Outstanding UPB | YTD 201<br>% o Out |
|---|---|---|---|---|---|---|
| Primary mortgage insurance & other[12] | $566 | 20% | $618 | 21% | **$644** | |
| Connecticut Avenue Securities® (CAS)[13] | $681 | 24% | $798 | 27% | **$816** | |
| Credit Insurance Risk Transfer™ (CIRT™)[14] | $181 | 6% | $243 | 8% | **$263** | |
| Lender risk-sharing[13] | $65 | 2% | $102 | 4% | **$135** | |
| (Less: loans covered by multiple credit enhancements) | ($335) | (12%) | ($394) | (13%) | **($413)** | **(** |
| Total single-family loans with credit enhancement | $1,158 | 40% | $1,367 | 47% | **$1,445** | |

## Single-Family Credit Risk Transfer Issuance

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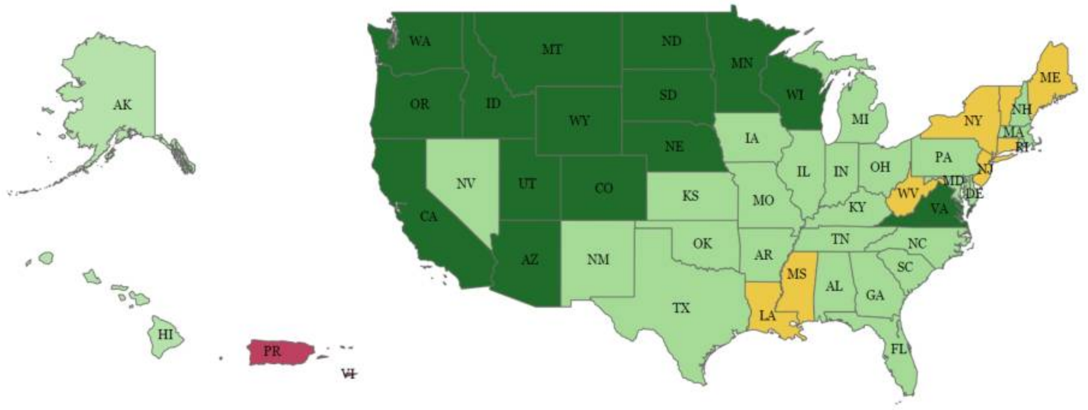
# Single-Family Problem Loan Statistics

## Single-Family Serious Delinquency Rate by State as of September 30, 2019[9]

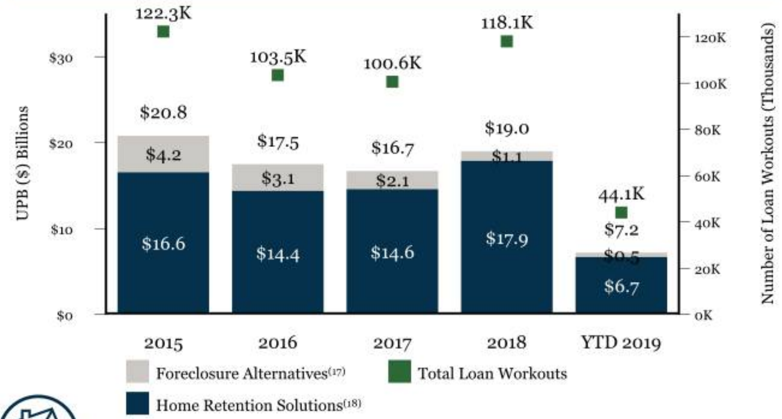



## Top 10 States by UP

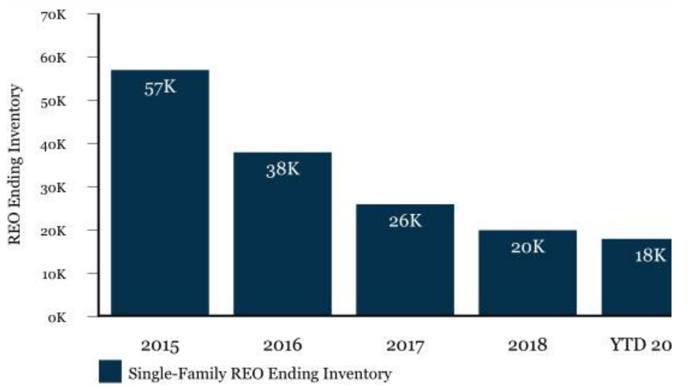
| State | Serious Delinquency Rate[9] | Av Mo Forec |
|---|---|---|
| CA | 0.32% | |
| TX | 0.52% | |
| FL | 0.87% | |
| NY | 1.24% | |
| WA | 0.35% | |
| IL | 0.92% | |
| NJ | 1.21% | |
| VA | 0.50% | |
| CO | 0.24% | |
| PA | 0.94% | |

**State SDQ Rate:**
- Less than 0.51%
- 0.51% to 1.00%
- 1.01% to 2.00%
- 2.01% to 3.00%
- 3.01% and above

## Single-Family Loan Workouts




## Single-Family REO Ending Inventory

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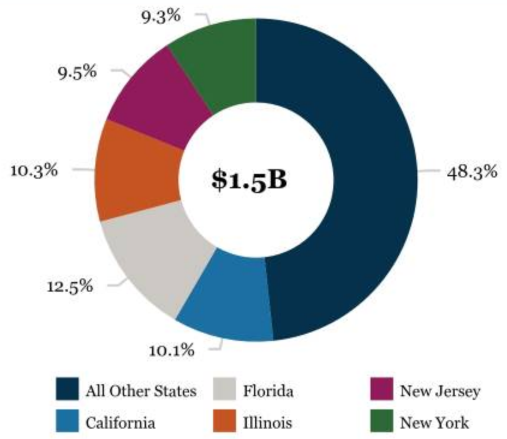
# Credit Loss Concentration of Single-Family Conventional Guaranty Book of Business

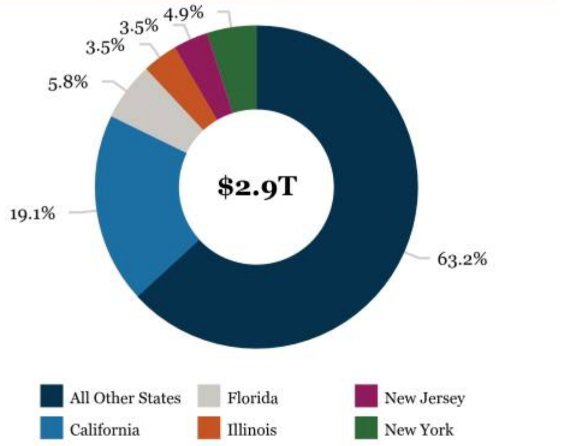
| | % of Single-Family Conventional Guaranty Book of Business(15) | | | | | % of Single-Family Credit Losses For the Period Ended | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Certain Product Features**<br>**Categories are not mutually exclusive** | 2015 | 2016 | 2017 | 2018 | YTD 2019 | 2015 | 2016 | 2017 | 2018 |
| Alt-A[20] | 3.7% | 3.1% | 2.5% | 1.9% | **1.6%** | 29.3% | 24.9% | 21.9% | 22.4% |
| Interest Only | 2.1% | 1.7% | 1.2% | 0.8% | **0.6%** | 18.0% | 12.2% | 15.7% | 15.4% |
| Origination LTV Ratio >95% | 7.6% | 6.9% | 6.6% | 6.8% | **7.0%** | 11.1% | 15.2% | 16.9% | 14.9% |
| FICO Credit Score < 680 and OLTV Ratio > 95%[3] | 1.9% | 1.7% | 1.6% | 1.4% | **1.3%** | 6.2% | 8.1% | 8.7% | 8.7% |
| FICO Credit Score < 680[3] | 12.7% | 12.2% | 11.8% | 11.4% | **10.9%** | 42.5% | 48.7% | 45.4% | 46.3% |
| Refi Plus including HARP | 17.6% | 15.4% | 13.2% | 11.4% | **10.0%** | 7.8% | 14.0% | 15.9% | 13.2% |

| **Vintage** | 2015 | 2016 | 2017 | 2018 | YTD 2019 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|
| 2009 - YTD 2019 | 85% | 87% | 90% | 92% | **94%** | 10% | 19% | 23% | 20% |
| 2005 - 2008 | 10% | 8% | 6% | 5% | **4%** | 78% | 65% | 65% | 66% |
| 2004 & Prior | 5% | 5% | 4% | 3% | **2%** | 12% | 16% | 12% | 14% |

## % of YTD 2019 Single-Family Credit Losses by State(19)(21)




## % of Single-Family Conventional Guaranty Book of Business by State as of September 30, 2019

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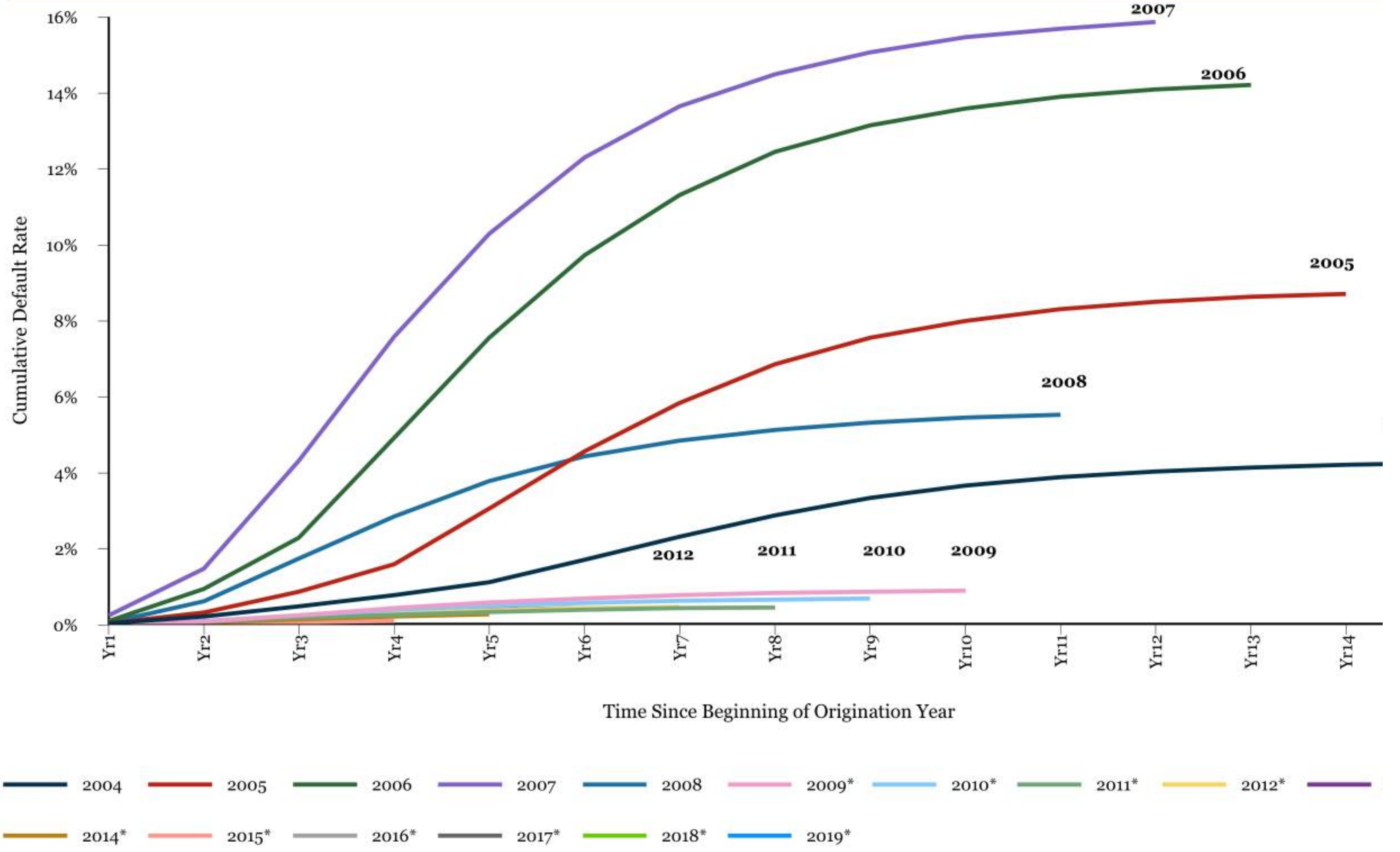
# Single-Family Cumulative Default Rates

## Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Yea




* As of September 30, 2019, cumulative default rates on the loans originated in each individual year from 2009-2019 were less than 1%

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# Multifamily Business

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# Multifamily Highlights

## Q3 2019

**$745M**
Net interest income

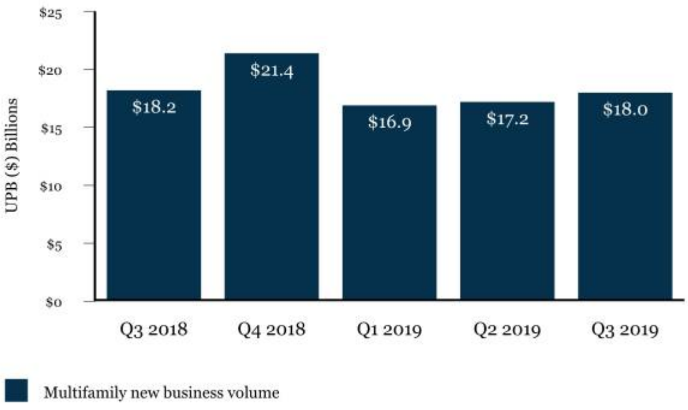
**$246M**
Fee and other income

**$6M**
Fair value gains, net

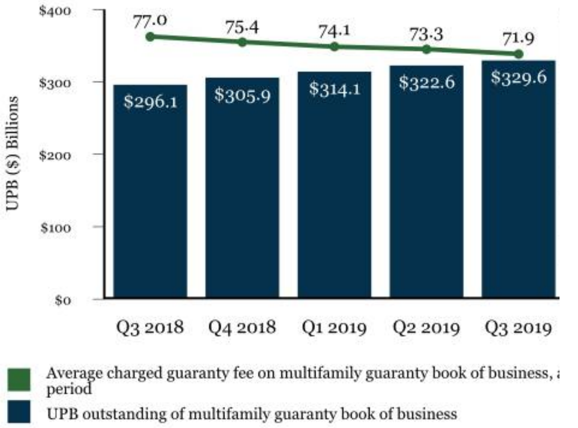
**$14M**
Credit-related income

**$640M**
Net income

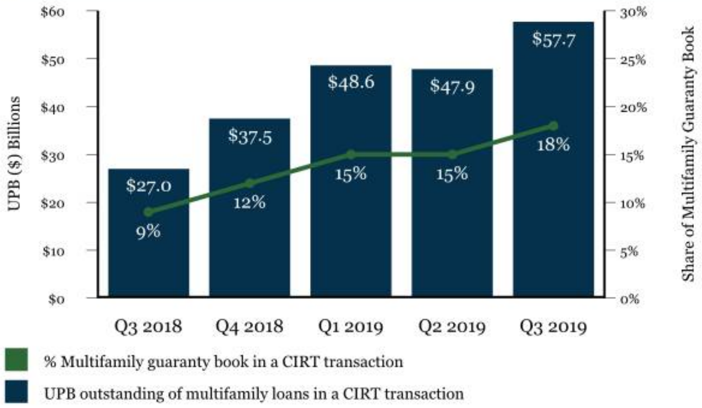
## Multifamily Loan Acquisitions




## Multifamily Guaranty Book of Busine




## Multifamily Credit Risk Transfer




## Key Highlights

- Multifamily net income was $640 million in the third qu 2019, compared with $561 million in the second quarter The increase in net income for the third quarter of 2019 attributable primarily to an increase in yield maintenanc driven by higher prepayment volumes.
- Nearly 100% of the company's new multifamily business in the first nine months of 2019 had lender risk-sharing, through the company's Delegated Underwriting and Serv (DUS®) program. To complement the company's lender sharing program through DUS, Fannie Mae also transfer portion of the mortgage credit risk on multifamily loans multifamily guaranty book of business to insurers and re through multifamily CIRT transactions. On October 30, Fannie Mae also completed its first Multifamily Connect Avenue Securities (MCAS™) transaction.

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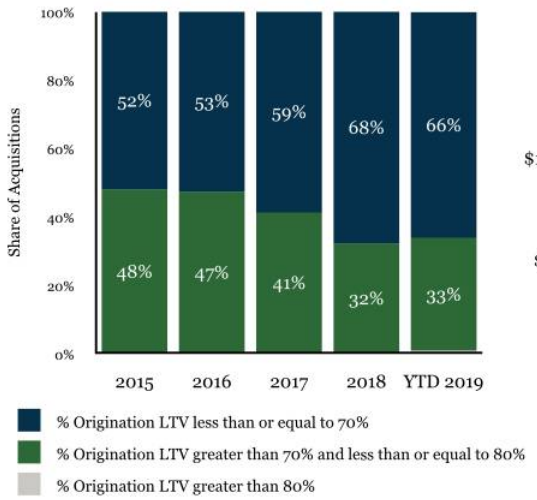
# Certain Credit Characteristics of Multifamily Loan Acquisitions

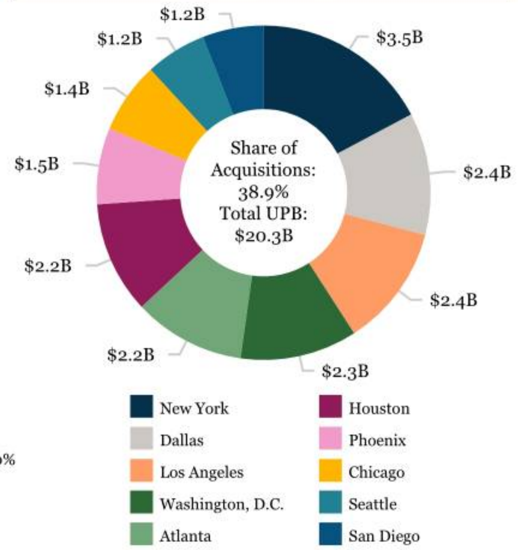
## Certain Credit Characteristics of Multifamily Loans by Acquisition Period[1]

| Categories are not mutually exclusive | 2015 | 2016 | 2017 | 2018 | YTD |
|---|---|---|---|---|---|
| Total Unpaid Principal Balance (UPB) ($B) | $42.4 | $55.3 | $67.1 | $65.4 | $5 |
| Weighted Average Origination LTV (OLTV) Ratio | 68% | 68% | 67% | 65% | 66 |
| Loan Count | 2,869 | 3,335 | 3,861 | 3,723 | 3,0 |
| % Lender Recourse[2] | 99% | 99% | 100% | 100% | 10 |
| % DUS[3] | 99% | 99% | 98% | 99% | 10 |
| % Full Interest-Only | 20% | 23% | 26% | 33% | 32 |
| Weighted Average OLTV Ratio on Full Interest-Only Acquisitions | 58% | 57% | 58% | 58% | 58 |
| Weighted Average OLTV Ratio on Non-Full Interest-Only Acquisitions | 70% | 71% | 70% | 68% | 69 |
| % Partial Interest-Only[4] | 57% | 60% | 57% | 53% | 57 |

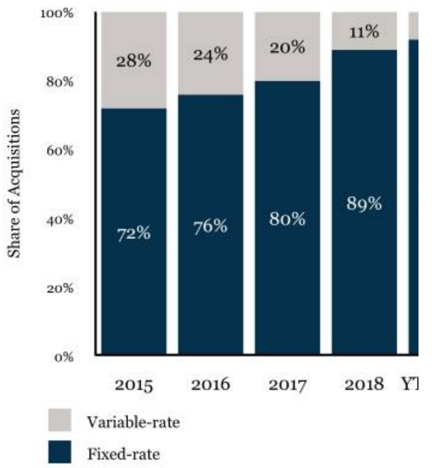
## Origination Loan-to-Value Ratio[1]




## Top 10 MSAs by YTD 2019 Acquisition UPB[1]




## Acquisitions by Note Type

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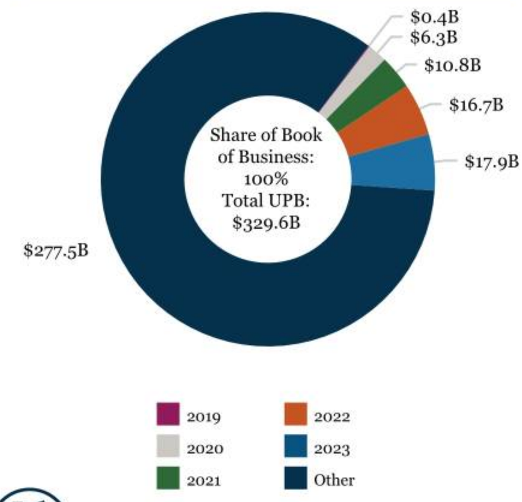
# Certain Credit Characteristics of Multifamily Guaranty Book of Business

## Certain Credit Characteristics of Multifamily Guaranty Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segm

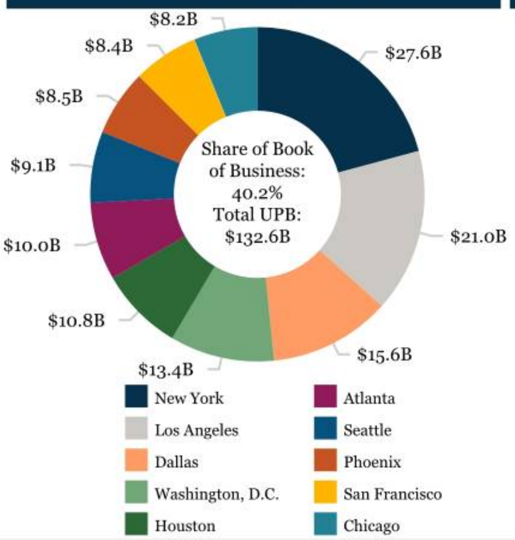
**As of September 30, 2019**

| Categories are not mutually exclusive | Overall Book | Acquisition Year: 2004 & Earlier | 2005-2008 | 2009-2016 | 2017 | 2018 | 2019 | Asset Class or Targeted Affordable Segm: Conventional / Co-op[5] | Seniors Housing[5] | Student Housing[5] | Manufactured Housing[5] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Unpaid Principal Balance (UPB) ($B) | $329.6 | $4.5 | $7.0 | $139.6 | $62.0 | $64.3 | $52.2 | $287.3 | $17.2 | $13.4 | $11.7 |
| Loan Count | 27,332 | 908 | 3,459 | 12,691 | 3,522 | 3,658 | 3,094 | 24,894 | 697 | 641 | 1,101 |
| Average UPB ($M) | $12.1 | $5.0 | $2.0 | $11.0 | $17.6 | $17.6 | $16.9 | $11.5 | $24.6 | $20.9 | $10.6 |
| Weighted Average Origination LTV Ratio | 66% | 72% | 66% | 67% | 67% | 65% | 66% | 66% | 66% | 67% | 67% |
| Weighted Average DSCR[7] | 1.9 | 2.8 | 2.0 | 2.0 | 1.9 | 1.9 | 1.9 | 2.0 | 1.8 | 1.7 | 2.0 |
| % of Multifamily Book | 100% | 1% | 2% | 42% | 19% | 20% | 16% | 87% | 5% | 4% | 4% |
| % Fixed rate | 87% | 14% | 46% | 90% | 84% | 90% | 92% | 89% | 61% | 84% | 89% |
| % Full Interest-Only | 26% | 26% | 32% | 20% | 27% | 34% | 32% | 28% | 13% | 22% | 14% |
| % Partial Interest-Only[4] | 50% | 5% | 13% | 47% | 56% | 53% | 57% | 49% | 53% | 67% | 58% |
| % Small Balance Loans[8] | 48% | 74% | 92% | 50% | 30% | 27% | 28% | 49% | 12% | 27% | 49% |
| % Lender Recourse[2] | 98% | 97% | 81% | 97% | 100% | 100% | 100% | 98% | 100% | 99% | 100% |
| % DUS[3] | 98% | 97% | 85% | 98% | 97% | 99% | 100% | 98% | 98% | 100% | 100% |
| Serious Delinquency Rate[9] | 0.06% | 0.00% | 0.19% | 0.05% | 0.17% | 0.02% | 0.00% | 0.07% | 0.00% | 0.00% | 0.00% |

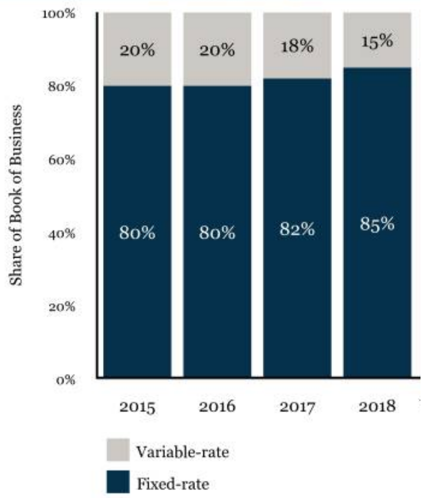
## UPB by Maturity Year[1]




## Top 10 MSAs by UPB[1]

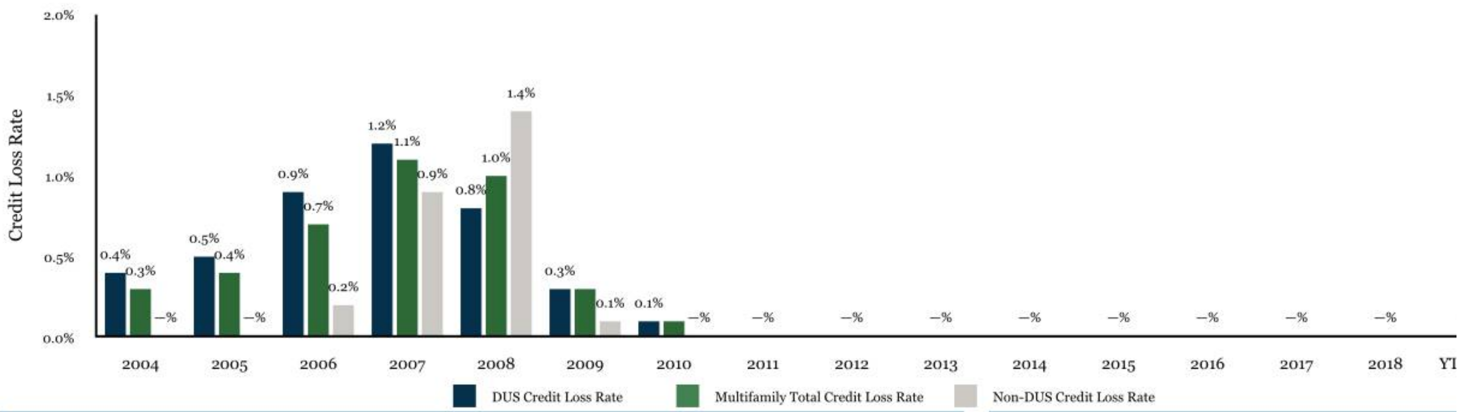



## Multifamily Guaranty Book of Busi by Note Type[1]

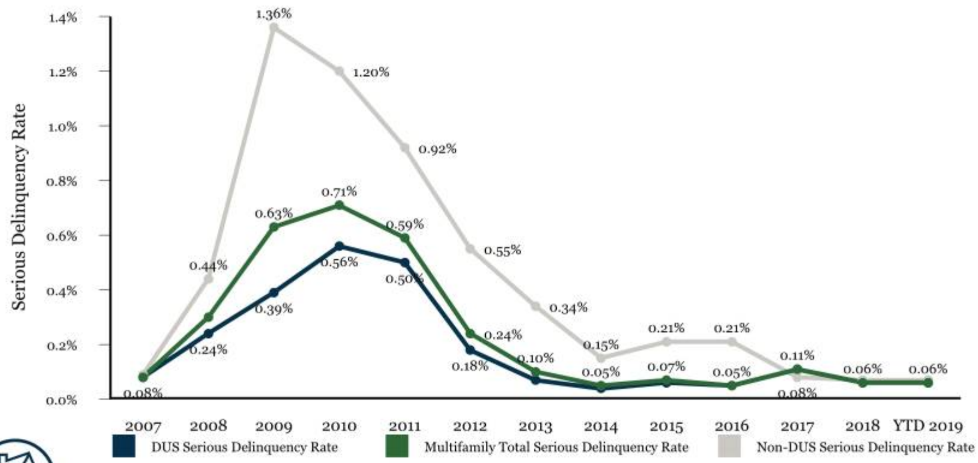


# Multifamily Serious Delinquency Rates and Credit Losses

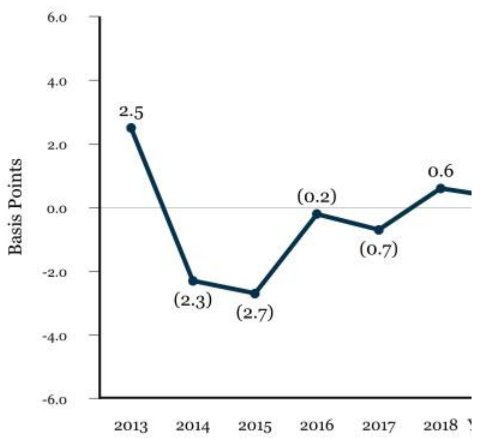
## DUS/Non-DUS Cumulative Credit Loss Rates by Acquisition Year Through YTD 2019(3)(10)




## Serious Delinquency Rates(3)(9)




## Credit Loss (Benefit) Ratio(11

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# Endnotes

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# Financial Overview Endnotes

(1) 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, tl incremental revenue from which is remitted to Treasury and not retained by the company.

(2) 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 da a given period.

(3) GDP growth is the quarterly series calculated by the Bureau of Economic Analysis for periods Q2 2019 and prior, and is subject to revision. GDP for Q3 2019 is based on Fanni Mae's forecast.

(4) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of September 2019. Including subsequ data may lead to materially different results. Home price change is not seasonally adjusted. UPB estimates are based on data available through the end of September 2019, and top 10 states are reported by UPB in descending order.

(5) Aggregate amount of dividends we have paid to Treasury on the senior preferred stock from 2008 through September 30, 2019. Under the terms of the senior preferred stock purchase agreement, dividend payments we make to Treasury do not offset our prior draws of funds from Treasury.

(6) Aggregate amount of funds we have drawn from Treasury pursuant to the senior preferred stock purchase agreement from 2008 through September 30, 2019.

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# 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 we provide on single-family mortgage assets, such as long-term standby commitments. It excludes non-Fannie Mae single-family mortgage-related securities held in our retained mortgage portfolio for wh we do 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. govern 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 payments relating to these guaranty arrangements over an estimated average life at the time of acquisition. For the prior period, the methodology used to estimate average life a time of acquisition has been updated. 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, we revise our 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 we report may be higher than borrowers' act 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 a 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, th 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 > 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 we acquired under our Refi Plus™ initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers who were current on their loans a 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 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 our single-fam conventional guaranty book of business. Loans with multiple product features are included in all applicable categories.

(8) Percentage of loans in our 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 f our compensation to some degree in the event of a financial loss relating to the loan. Because we include loans in reference pools for our Connecticut Avenue Securities and Cre Insurance Risk Transfer credit risk transfer transactions on a lagged basis, we expect the percentage of our 2019 single-family loan acquisitions with credit enhancements will increase in the future.

(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 our single-family conventional guaranty book of business in that origination year, product feature, or state.

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

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# Single-Family Business Endnotes

(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, whic calculate 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 agreem 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 u such loans are also covered by primary mortgage insurance.

(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 transact

(14) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately $7 billion at issuance and approximately $3 billion outstandir of September 30, 2019.

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

(16) 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 f nine months of 2019. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.

(17) 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 loa 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.

(18) Consists of (a) modifications, which do not include trial modifications, loans to certain borrowers who have received bankruptcy relief that are accounted for as troubled debt restructurings, or repayment plans or forbearances that have been initiated but not completed; (b) repayment plans, reflects only those plans associated with loans that were 60 or more delinquent; and (c) forbearances, not including forbearances associated with loans that were less than 90 days delinquent when entered.

(19) 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 specific loans.

(20) For a description of our Alt-A loan classification criteria, refer to the glossary in Fannie Mae's 2018 Form 10-K. We discontinued the purchase of newly originated Alt-A loans in 2009, except for those that represent the refinancing of a loan we acquired prior to 2009, which has resulted in our 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.

(21) 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 ha not been allocated to specific loans.

(22) 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 si 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 the guaranty book of business originated in the identified year. Data as of September 30, 2019 is not necessarily indicative of the ultimate performance of the loans and perforn is likely to change, perhaps materially, in future periods.

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# Multifamily Business Endnotes

(1) Our 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 we provide on multifamily mortgage assets. It excludes non-Fannie Mae multifamily mortgage-related securities held in our retained mortgage portfoli which we do not provide a guaranty. Data reflects the latest available information.

(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 serv most loans without our pre-review.

(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 sub or income restrictions.

(7) Weighted average DSCR is calculated using the most recent property financial operating statements. When operating statement information is not available, the DSCR at the tim acquisition is used. If both are unavailable, the underwritten DSCR is used. 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 definitio 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 credit loss rate is the cumulative credit losses (gains) through September 30, 2019 on the multifamily loans that were acquired in the applicable period, as a percenta the total acquired unpaid principal balance of multifamily loans in the applicable period.

(11) Credit loss (benefit) ratio represents the credit loss or benefit for the period divided by the average unpaid principal balance of the multifamily guaranty book of business for the period. Credit benefits are the result of recoveries on previously charged-off amounts. Credit loss (benefit) ratio is annualized for the most recent period.

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