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): February 14, 2023

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 February 14, 2023, Fannie Mae filed its annual report on Form 10-K for the year ended December 31, 2022 and is issuing a press release reporting its financial results for the periods covered by the Form 10-K. Copies of the press 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	Press release, dated February 14, 2023
99.2	Financial Supplement for Q4 and Full Year 2022, dated February 14, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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/ Chryssa C. Halley
Chryssa C. Halley
Executive Vice President and Chief Financial Officer

Date: February 14, 2023

Contact: Pete Bakel 202-752-2034

Resource Center: 1-800-232-6643

Exhibit 99.1

Date: February 14, 2023

Fannie Mae Reports Net Income of $12.9 Billion for 2022 and $1.4 Billion for Fourth Quarter 2022

- $12.9 billion annual net income and $1.4 billion fourth quarter 2022 net income, with net worth reaching $60.3 billion as of December 31, 2022
- Net income decreased $9.3 billion in 2022 compared with 2021, primarily driven by a $11.4 billion shift to provision for credit losses and a $1.6 billion shift to investment losses, partially offset by a $1.1 billion increase in fair value gains
- $684 billion in liquidity provided to the mortgage market in 2022
- Acquired approximately 1,151,000 single-family purchase loans, of which more than 45% were for first-time homebuyers, and 886,000 single-family refinance loans during 2022
- Approximately 598,000 units of rental housing financed in 2022, a significant majority of which were affordable to households earning at or below 120% of area median income, providing support for both workforce and affordable housing
- Home price growth on a national basis decreased from 18.6% in 2021 to 9.2% in 2022; annual home price growth in 2022 reflected home price increases in the first half of 2022, partially offset by home price declines of 1.4% in the second half of 2022
- The U.S. weekly average 30-year fixed-rate mortgage rate increased from 3.11% as of the end of 2021 to 6.42% as of the end of 2022

"Our 2022 results reflect a housing market in transition. We're proud that Fannie Mae helped approximately 2.6 million households buy, refinance, or rent a home last year, while generating solid earnings and continuing to build our net worth.

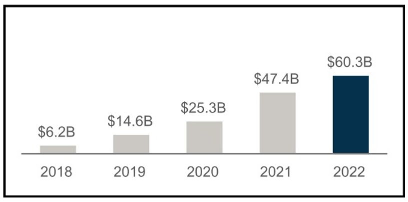
We expect there will be economic headwinds in 2023 and that housing affordability will continue to remain a challenge for many homebuyers and renters. We also know that Fannie Mae has the capabilities and dedication to help provide liquidity and stability, and to support homebuyers and renters throughout all economic cycles."

Priscilla Almovodar, Chief Executive Officer

Q4 and Full Year 2022 Key Results

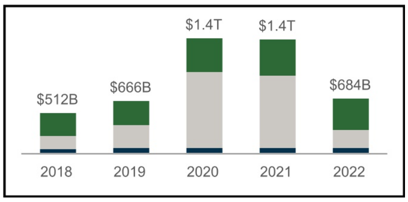
$60.3 Billion Net Worth

Increase of $12.9 billion in 2022



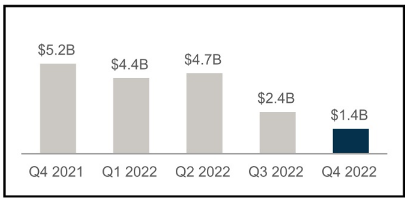
$684 Billion Supporting Housing Activity

SF Home Purchases **SF Refinancings** **MF Rental Units**



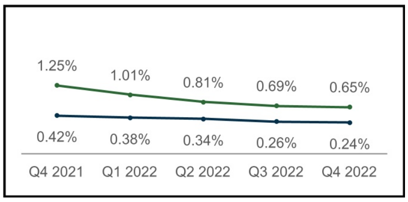
$1.4 Billion Net Income for Q4 2022

Decrease of $1.0 billion compared with third quarter 2022



Serious Delinquency Rates

Single-Family SDQ Rate **Multifamily SDQ Rate**



Summary of Financial Results

(Dollars in millions)	2022	2021	Variance	% Change	Q422	Q322	Variance	% Change
Net interest income	**$ 29,423**	$ 29,587	$ (164)	(1)%	**$ 7,092**	$ 7,124	$ (32)	— %
Fee and other income	**312**	361	(49)	(14)%	**43**	105	(62)	(59)%
Net revenues	**29,735**	29,948	(213)	(1)%	**7,135**	7,229	(94)	(1)%
Investment gains (losses), net	**(297)**	1,352	(1,649)	NM	**26**	(172)	198	NM
Fair value gains (losses), net	**1,284**	155	1,129	NM	**(17)**	292	(309)	NM
Administrative expenses	**(3,329)**	(3,065)	(264)	(9)%	**(856)**	(870)	14	2 %
Benefit (provision) for credit losses	**(6,277)**	5,130	(11,407)	NM	**(3,283)**	(2,536)	(747)	(29)%
TCCA fees	**(3,369)**	(3,071)	(298)	(10)%	**(854)**	(850)	(4)	— %
Credit enhancement expense	**(1,323)**	(1,051)	(272)	(26)%	**(349)**	(364)	15	4 %
Change in expected credit enhancement recoveries	**727**	(194)	921	NM	**424**	290	134	46 %
Other expenses, net*	**(918)**	(1,255)	337	27 %	**(306)**	(154)	(152)	(99)%
Income before federal income taxes	**16,233**	27,949	(11,716)	(42)%	**1,920**	2,865	(945)	(33)%
Provision for federal income taxes	**(3,310)**	(5,773)	2,463	43 %	**(494)**	(429)	(65)	(15)%
Net income	**$ 12,923**	$ 22,176	$ (9,253)	(42)%	**$ 1,426**	$ 2,436	$ (1,010)	(41)%
						2,433		
Total comprehensive income	**$ 12,920**	$ 22,098	$ (9,178)	(42)%	**$ 1,437**	$ 2,433	$ (996)	(41)%
Net worth	**$ 60,277**	$ 47,357	$ 12,920	27 %	**$ 60,277**	$ 58,840	$ 1,437	2 %

NM - Not meaningful

* Other expenses, net consists of debt extinguishment gains (losses), foreclosed property income (expense), gains (losses) from partnership investments, housing trust fund expenses, loan subservicing costs, and servicer fees paid in connection with certain loss mitigation activities.

Financial Highlights

Net income decreased $9.3 billion in 2022, compared with 2021, primarily driven by a $11.4 billion shift from benefit for credit losses to provision for credit losses and a $1.6 billion shift from investment gains to investment losses, partially offset by a $1.1 billion increase in fair value gains.

- Net interest income was relatively flat in 2022 compared with 2021, as lower amortization income was offset by higher income from portfolios and higher base guaranty fee income.
- Provision for credit losses was $6.3 billion in 2022, compared with a benefit for credit losses of $5.1 billion in 2021.
  - Single-family provision in 2022 was primarily driven by decreases in forecasted home prices, the overall credit risk profile of the company's newly acquired loans, and rising interest rates.
  - Multifamily provision in 2022 was primarily driven by an increase in expected credit losses on the company's seniors housing portfolio, which has been disproportionately impacted by recent market conditions, as well as higher actual and projected interest rates.
- Investment losses were $297 million in 2022, compared with investment gains of $1.4 billion in 2021. Net investment losses in 2022 were primarily driven by a significant decrease in the market value of single-family loans that resulted in valuation losses on loans held-for-sale at period-end, as well as lower prices on loans sold during the year.
- Fair value gains were $1.3 billion in 2022, compared with $155 million in 2021. Fair value gains in 2022 were primarily driven by the impact of rising interest rates and widening of the secondary spread, which led to price declines. As a result of the price declines, the company recognized gains on its commitments to sell mortgage-related securities and long-term debt of consolidated trusts held at fair value. These gains were partially offset by fair value losses on fixed-rate trading securities.

Single-Family Business Financial Results

(Dollars in millions)	2022	2021	Variance	% Change	Q422	Q322	Variance	% Change
Net interest income	$ **24,736**	$ 25,429	$ (693)	(3)%	$ **5,990**	$ 5,918	$ 72	1 %
Fee and other income	**224**	269	(45)	(17)%	**20**	83	(63)	(76)%
Net revenues	**24,960**	25,698	(738)	(3)%	**6,010**	6,001	9	— %
Investment gains (losses), net	**(223)**	1,392	(1,615)	NM	**48**	(178)	226	NM
Fair value gains (losses), net	**1,364**	167	1,197	NM	**(15)**	309	(324)	NM
Administrative expenses	**(2,789)**	(2,557)	(232)	(9)%	**(705)**	(730)	25	3 %
Benefit (provision) for credit losses	**(5,029)**	4,600	(9,629)	NM	**(2,192)**	(2,361)	169	7 %
TCCA fees	**(3,369)**	(3,071)	(298)	(10)%	**(854)**	(850)	(4)	— %
Credit enhancement expense	**(1,062)**	(812)	(250)	(31)%	**(284)**	(298)	14	5 %
Change in expected credit enhancement recoveries	**470**	(86)	556	NM	**199**	245	(46)	(19)%
Other expenses, net	**(778)**	(1,208)	430	36 %	**(225)**	(165)	(60)	(36)%
Income before federal income taxes	**13,544**	24,123	(10,579)	(44)%	**1,982**	1,973	9	— %
Provision for federal income taxes	**(2,774)**	(4,996)	2,222	44 %	**(504)**	(276)	(228)	(83)%
Net income	$ **10,770**	$ 19,127	$ (8,357)	(44)%	$ **1,478**	$ 1,697	$ (219)	(13)%
Average charged guaranty fee on new conventional acquisitions, net of TCCA fees*	49.4 bps	48.6 bps	0.8 bps	2 %	49.3 bps	52.1 bps	(2.8) bps	(5)%
Average charged guaranty fee on conventional guaranty book of business, net of TCCA fees*	46.2 bps	45.7 bps	0.5 bps	1 %	46.5 bps	46.3 bps	0.2 bps	— %

NM - Not meaningful

* In Q4 2022, the company enhanced the method it uses to estimate average loan life at acquisition. Charged fees reported for prior periods have been updated in this release to reflect this updated methodology.

Key Business Highlights

- Single-family conventional acquisition volume was $614.8 billion in 2022, a decrease of 55% compared with $1.4 trillion in 2021. Purchase acquisition volume decreased from $451.3 billion in 2021 to $378.0 billion in 2022, of which more than 45% was for first-time homebuyers. Refinance acquisition volume was $236.9 billion in 2022, a decline from $903.7 billion in 2021, due to the higher mortgage interest-rate environment. The share of purchase loans, which generally have a higher loan-to-value ratio, increased as a percentage of the company's single-family acquisitions to 62% in 2022 from 33% in 2021.
- Average single-family conventional guaranty book of business in 2022 increased from 2021 by 7% driven primarily by growth in the average balance of loans acquired during the year. Overall credit characteristics of the single-family conventional guaranty book of business remained strong, with a weighted-average mark-to-market loan-to-value ratio of 52% and a weighted-average FICO credit score at origination of 752 as of December 31, 2022.
- Average charged guaranty fee, net of TCCA fees, on the single-family conventional guaranty book increased to 46.2 basis points as of December 31, 2022. Average charged guaranty fee on newly acquired single-family conventional loans, net of TCCA fees, decreased 2.8 basis points to 49.3 basis points for the fourth quarter of 2022, compared with 52.1 basis points for the third quarter of 2022.
- Single-family serious delinquency rate decreased to 0.65% as of December 31, 2022, from 1.25% as of December 31, 2021, driven by borrowers exiting forbearance through a loan workout or by otherwise reinstating their loan. Single-family seriously delinquent loans are loans that are 90 days or more past due or in the foreclosure process.

Multifamily Business Financial Results

(Dollars in millions)	2022	2021	Variance	% Change	Q422	Q322	Variance	% Change
Net interest income	$ **4,687**	$ 4,158	$ 529	13 %	$ **1,102**	$ 1,206	$ (104)	(9)%
Fee and other income	**88**	92	(4)	(4)%	**23**	22	1	5 %
Net revenues	**4,775**	4,250	525	12 %	**1,125**	1,228	(103)	(8)%
Fair value losses, net	**(80)**	(12)	(68)	NM	**(2)**	(17)	15	88 %
Administrative expenses	**(540)**	(508)	(32)	(6)%	**(151)**	(140)	(11)	(8)%
Benefit (provision) for credit losses	**(1,248)**	530	(1,778)	NM	**(1,091)**	(175)	(916)	NM
Credit enhancement expense	**(261)**	(239)	(22)	(9)%	**(65)**	(66)	1	2 %
Change in expected credit enhancement recoveries	**257**	(108)	365	NM	**225**	45	180	NM
Other expenses, net*	**(214)**	(87)	(127)	(146)%	**(103)**	17	(120)	NM
Income (loss) before federal income taxes	**2,689**	3,826	(1,137)	(30)%	**(62)**	892	(954)	NM
Benefit (provision) for federal income taxes	**(536)**	(777)	241	31 %	**10**	(153)	163	NM
Net income (loss)	$ **2,153**	$ 3,049	$ (896)	(29)%	$ **(52)**	$ 739	$ (791)	NM
Average charged guaranty fee rate on multifamily guaranty book of business, at period end	78.5 bps	78.4 bps	0.1 bps	— %	78.5 bps	79.0 bps	(0.5) bps	(1)%

NM - Not meaningful

* Includes investment gains or losses and other income or expenses.

Key Business Highlights

- New multifamily business volume was $69.2 billion in 2022, compared with $69.5 billion in 2021. The 2022 Federal Housing Finance Agency (FHFA) multifamily volume cap was $78 billion and a minimum of 50% of the company's 2022 multifamily loan purchases were required to be mission-driven, focused on specified affordable and underserved market segments. The company's 2022 multifamily business volume remained under the cap and it met the mission requirements established by FHFA.
- The multifamily guaranty book of business grew by approximately 7% in 2022 to $440.4 billion. The average charged guaranty fee on the multifamily book remained generally flat at 78.5 basis points as of December 31, 2022, compared with 78.4 basis points as of December 31, 2021.
- The multifamily business segment had net income of $2.2 billion and net revenues of $4.8 billion for 2022. In the fourth quarter, the segment recognized a $1.1 billion provision for credit losses, approximately $900 million of which related to the company's seniors housing portfolio. This provision drove a $52 million net loss for the quarter.
- The company's seniors housing portfolio has been disproportionately impacted by recent market conditions. As of December 31, 2022, nearly all of the seniors housing loans in the company's guaranty book of business were current on their payments. However, a sharp rise in short-term interest rates during the latter half of 2022 put additional stress on its seniors housing portfolio that was already experiencing elevated vacancy rates compared to pre-pandemic levels and higher operating costs exacerbated by higher inflation in recent periods. As of December 31, 2022, the seniors housing portfolio had an unpaid principal balance of $16.6 billion, which constituted 4% of the company's multifamily guaranty book of business. Approximately 40% of the seniors housing loans in the company's multifamily guaranty book as of December 31, 2022 were adjustable-rate mortgages.
- The multifamily serious delinquency rate decreased to 0.24% as of December 31, 2022, compared with 0.42% as of December 31, 2021, primarily as a result of loans that received forbearance resolving their delinquency through completion of their repayment plans or otherwise reinstating. Multifamily seriously delinquent loans are loans that are 60 days or more past due.

Additional Matters

Fannie Mae's Consolidated Balance Sheets and Statements of Operations and Comprehensive Income for the full year of 2022 are available in the accompanying Annex; however, investors and interested parties should read the company's annual report on Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K"), 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 2022 Form 10-K. Additional information about the company's financial and credit performance is contained in Fannie Mae's "Q4 and Full Year 2022 Financial Supplement" at www.fanniemae.com.

# # #

In this release, the company has presented forward-looking statements regarding economic and housing market conditions and their impact, as well as the company's business plans and their impact. Actual outcomes could be materially different from what is set forth in these forward-looking statements due to a variety of factors, including those described in "Forward-Looking Statements" and "Risk Factors" in the company's 2022 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 advances equitable and sustainable access to homeownership and quality, affordable rental housing for millions of people across America. We enable the 30-year fixed-rate mortgage and drive responsible innovation to make homebuying and renting easier, fairer, and more accessible. To learn more, visit fanniemae.com.

ANNEX
FANNIE MAE
(In conservatorship)
Consolidated Balance Sheets
(Dollars in millions)

	As of December 31, 2022	As of December 31, 2021
ASSETS		
Cash and cash equivalents	$ 57,987	$ 42,448
Restricted cash and cash equivalents (includes $23,348 and $59,203, respectively, related to consolidated trusts)	29,854	66,183
Securities purchased under agreements to resell (includes $3,475 and $13,533, respectively, related to consolidated trusts)	14,565	20,743
Investments in securities, at fair value	50,825	89,043
Mortgage loans:		
Loans held for sale, at lower of cost or fair value	2,033	5,134
Loans held for investment, at amortized cost:		
Of Fannie Mae	52,081	61,025
Of consolidated trusts	4,071,669	3,907,712
Total loans held for investment (includes $3,645 and $4,964, respectively, at fair value)	4,123,750	3,968,737
Allowance for loan losses	(11,347)	(5,629)
Total loans held for investment, net of allowance	4,112,403	3,963,108
Total mortgage loans	4,114,436	3,968,242
Advances to lenders	1,502	8,414
Deferred tax assets, net	12,911	12,715
Accrued interest receivable, net (includes $9,241 and $8,878 related to consolidated trusts and net of allowance of $111 and $140, respectively)	9,821	9,264
Other assets	13,387	12,114
Total assets	$ 4,305,288	$ 4,229,166
LIABILITIES AND EQUITY		
Liabilities:		
Accrued interest payable (includes $9,347 and $8,517, respectively, related to consolidated trusts)	$ 9,917	$ 9,186
Debt:		
Of Fannie Mae (includes $1,161 and $2,381, respectively, at fair value)	134,168	200,892
Of consolidated trusts (includes $16,260 and $21,735, respectively, at fair value)	4,087,720	3,957,299
Other liabilities (includes $1,748 and $1,245, respectively, related to consolidated trusts)	13,206	14,432
Total liabilities	4,245,011	4,181,809
Commitments and contingencies (Note 16)	—	—
Fannie Mae stockholders' equity:		
Senior preferred stock (liquidation preference of $180,339 and $163,672, 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	(73,011)	(85,934)
Accumulated other comprehensive income	35	38
Treasury stock, at cost, 150,675,136 shares	(7,400)	(7,400)
Total stockholders' equity (See Note 1: Senior Preferred Stock Purchase Agreement, Senior Preferred Stock and Warrant for information on the related dividend obligation and liquidation preference)	60,277	47,357
Total liabilities and equity	$ 4,305,288	$ 4,229,166

See Notes to Consolidated Financial Statements in the 2022 Form 10-K

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

	For the Year Ended December 31,		
	2022	2021	2020
Interest income:			
Investments in securities	$ 1,828	$ 582	$ 972
Mortgage loans	117,813	98,930	106,316
Other	656	163	281
Total interest income	120,297	99,675	107,569
Interest expense:			
Short-term debt	(76)	(4)	(182)
Long-term debt	(90,798)	(70,084)	(82,521)
Total interest expense	(90,874)	(70,088)	(82,703)
Net interest income	29,423	29,587	24,866
Benefit (provision) for credit losses	(6,277)	5,130	(678)
Net interest income after benefit (provision) for credit losses	23,146	34,717	24,188
Investment gains (losses), net	(297)	1,352	907
Fair value gains (losses), net	1,284	155	(2,501)
Fee and other income	312	361	462
Non-interest income (loss)	1,299	1,868	(1,132)
Administrative expenses:			
Salaries and employee benefits	(1,671)	(1,493)	(1,554)
Professional services	(850)	(817)	(921)
Other administrative expenses	(808)	(755)	(593)
Total administrative expenses	(3,329)	(3,065)	(3,068)
TCCA fees	(3,369)	(3,071)	(2,673)
Credit enhancement expense	(1,323)	(1,051)	(1,361)
Change in expected credit enhancement recoveries	727	(194)	233
Other expenses, net	(918)	(1,255)	(1,308)
Total expenses	(8,212)	(8,636)	(8,177)
Income before federal income taxes	16,233	27,949	14,879
Provision for federal income taxes	(3,310)	(5,773)	(3,074)
Net income	12,923	22,176	11,805
Other comprehensive loss	(3)	(78)	(15)
Total comprehensive income	$ 12,920	$ 22,098	$ 11,790
Net income	$ 12,923	$ 22,176	$ 11,805
Dividends distributed or amounts attributable to senior preferred stock	(12,920)	(22,098)	(11,790)
Net income attributable to common stockholders	$ 3	$ 78	$ 15
Earnings per share:			
Basic	$ 0.00	$ 0.01	$ 0.00
Diluted	0.00	0.01	0.00
Weighted-average common shares outstanding:			
Basic	5,867	5,867	5,867
Diluted	5,893	5,893	5,893

See Notes to Consolidated Financial Statements in the 2022 Form 10-K

EXHIBIT 99.2

Fannie Mae®

Financial Supplement
Q4 and Full Year 2022

February 14, 2023

- Some of the terms and other information in this presentation are defined and discussed more fully in Fannie Mae's Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K"). This presentation should be reviewed together with the 2022 Form 10-K, which is available at www.fanniemae.com in the "About Us—Investor Relations—SEC Filings" section. Information on or available through the company's website is not part of this supplement.
- Some of the information in this presentation is based upon information from third-party sources such as sellers and servicers of mortgage loans. Although Fannie Mae generally considers this information reliable, Fannie Mae does not independently verify all reported information.
- Due to rounding, amounts reported in this presentation may not sum to totals indicated (i.e., 100%), or amounts shown as 100% may not reflect the entire population.
- Unless otherwise indicated, data is as of December 31, 2022 or for the full year indicated. Data for prior years is as of December 31 or for the full year indicated.
- Note references are to endnotes, appearing on pages 23 to 26.
- Terms used in presentation

  CAS: Connecticut Avenue Securities®

  CIRT™: Credit Insurance Risk Transfer™

  CRT: Credit risk transfer

  DSCR: Weighted-average debt service coverage ratio

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

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

  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 or property value at origination of the loan

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

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

  TCCA fees: Refers to revenues generated by the 10 basis point guaranty fee increase the company implemented on single-family residential mortgages pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 ("TCCA") and as extended by the Infrastructure Investment and Jobs Act, the incremental revenue from which is remitted to Treasury and not retained by the company

  UPB: Unpaid principal balance

Table of Contents

Overview

Corporate Financial Highlights

Summary of 2022 and Q4 2022 Financial Results

(Dollars in millions)	2022	2021	Variance	Q4 2022	Q3 2022	Variance
Net interest income	**$29,423**	$29,587	$(164)	**$7,092**	$7,124	$(32)
Fee and other income	**312**	361	(49)	**43**	105	(62)
Net revenues	**29,735**	29,948	(213)	**7,135**	7,229	(94)
Investment gains (losses), net	**(297)**	1,352	(1,649)	**26**	(172)	198
Fair value gains (losses), net	**1,284**	155	1,129	**(17)**	292	(309)
Administrative expenses	**(3,329)**	(3,065)	(264)	**(856)**	(870)	14
Benefit (provision) for credit losses	**(6,277)**	5,130	(11,407)	**(3,283)**	(2,536)	(747)
TCCA fees	**(3,369)**	(3,071)	(298)	**(854)**	(850)	(4)
Credit enhancement expense	**(1,323)**	(1,051)	(272)	**(349)**	(364)	15
Change in expected credit enhancement recoveries	**727**	(194)	921	**424**	290	134
Other expenses, net[1]	**(918)**	(1,255)	337	**(306)**	(154)	(152)
Income before federal income taxes	**16,233**	27,949	(11,716)	**1,920**	2,865	(945)
Provision for federal income taxes	**(3,310)**	(5,773)	2,463	**(494)**	(429)	(65)
Net income	**$12,923**	$22,176	$(9,253)	**$1,426**	$2,436	$(1,010)
Total comprehensive income	**$12,920**	$22,098	$(9,178)	**$1,437**	$2,433	$(996)
Net worth	**$60,277**	$47,357	$12,920	**$60,277**	$58,840	$1,437
Net worth ratio[2]	**1.4 %**	1.1 %		**1.4 %**	1.4 %	

2022 Key Highlights

$12.9 billion Net Income in 2022, with Net Worth Reaching $60.3 billion as of December 31, 2022

Net income decreased $9.3 billion in 2022, compared with 2021, primarily driven by a shift from benefit for credit losses to provision for credit losses and a shift from investment gains to investment losses, partially offset by an increase in fair value gains.

Net interest income
Net interest income was relatively flat in 2022 compared with 2021, as lower amortization income was offset by higher income from portfolios and higher base guaranty fee income.

Benefit (provision) for credit losses
- Single-family provision in 2022 was primarily driven by decreases in forecasted home prices, the overall credit risk profile of the company's newly acquired loans, and rising interest rates.
- Multifamily provision in 2022 was primarily driven by an increase in expected credit losses on the company's seniors housing portfolio, which has been disproportionately impacted by recent market conditions, as well as higher actual and projected interest rates.

Investment gains (losses), net
Investment losses in 2022 were primarily driven by a significant decrease in the market value of single-family loans that resulted in valuation losses on loans held-for-sale as of December 31, 2022, as well as lower prices on loans sold during the year.

Fair value gains, net
Fair value gains in 2022 were primarily driven by the impact of rising interest rates and widening of the secondary spread, which led to price declines. As a result of the price declines, the company recognized gains on its commitments to sell mortgage-related securities and long-term debt of consolidated trusts held at fair value. These gains were partially offset by fair value losses on fixed-rate trading securities.

Selected Financial Data

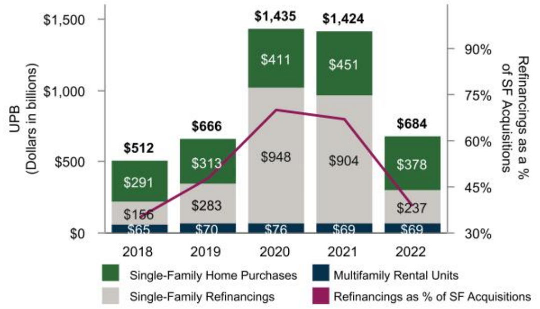
Selected Financial Data					
(Dollars in millions)					
As of December 31,	**2022**	**2021**	**2020**	**2019**	**2018**
Cash and cash equivalents	$ 57,987	$ 42,448	$ 38,337	$ 21,184	$ 25,557
Restricted cash and cash equivalents	29,854	66,183	77,286	40,223	23,866
Investments in securities, at fair value	50,825	89,043	138,239	50,527	45,296
Mortgage loans, net of allowance	4,114,436	3,968,242	3,653,892	3,334,162	3,249,395
Total assets	**$ 4,305,288**	**$ 4,229,166**	**$ 3,985,749**	**$ 3,503,319**	**$ 3,418,318**
Debt of Fannie Mae	134,168	200,892	289,572	182,247	232,074
Debt of consolidated trusts	4,087,720	3,957,299	3,646,164	3,285,139	3,159,846
Total liabilities	**$ 4,245,011**	**$ 4,181,809**	**$ 3,960,490**	**$ 3,488,711**	**$ 3,412,078**
Total Fannie Mae stockholders' equity	**$ 60,277**	**$ 47,357**	**$ 25,259**	**$ 14,608**	**$ 6,240**
Loss reserves[45]	**$ (11,465)**	**$ (5,774)**	**$ (10,798)**	**$ (9,047)**	**$ (14,252)**
Loss reserves as a percentage of guaranty book of business:					
Single-family[46]	0.26 %	0.15 %	0.30 %	0.30 %	0.49 %
Multifamily[47]	0.43 %	0.17 %	0.32 %	0.08 %	0.08 %
For the Year Ended December 31,	**2022**	**2021**	**2020**	**2019**	**2018**
Net income	**$ 12,923**	**$ 22,176**	**$ 11,805**	**$ 14,160**	**$ 15,959**
Return on assets[48]	0.30 %	0.54 %	0.32 %	0.41 %	0.47 %

Guaranty Book of Business Highlights

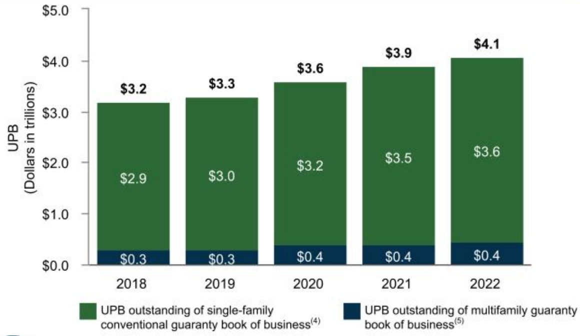
Market Liquidity Provided

Total liquidity provided in 2022 was $684B

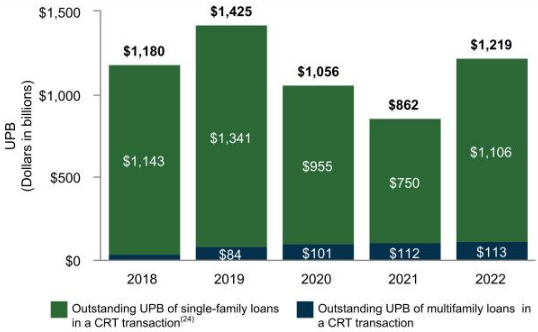
Unpaid Principal Balance	Units
$378B	1,151K Single-Family Home Purchases
$237B	886K Single-Family Refinancings
$69B	598K Multifamily Rental Units



Outstanding Guaranty Book of Business at Period End

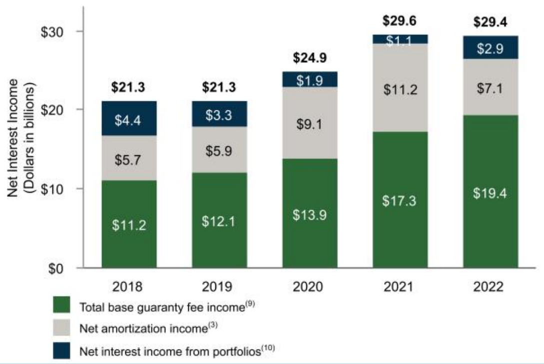


Guaranty Book of Business in a CRT

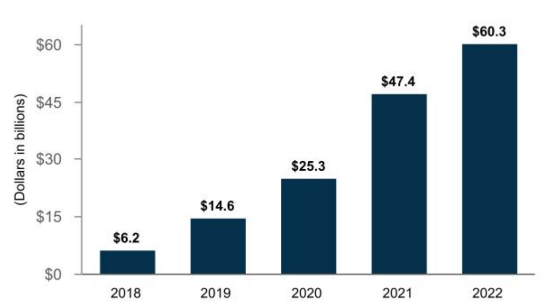


Interest Income and Liquidity Management

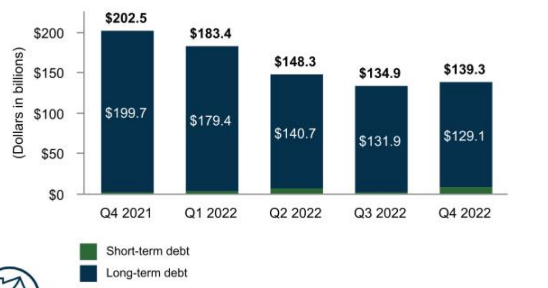
Components of Net Interest Income



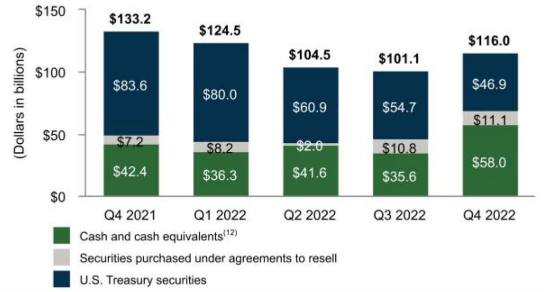
Net Worth of Fannie Mae



Aggregate Indebtedness of Fannie Mae[11]

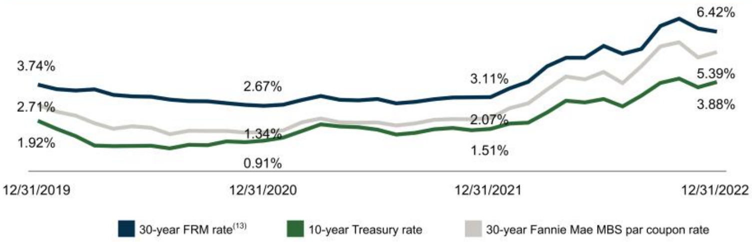


Other Investments Portfolio ("OIP")

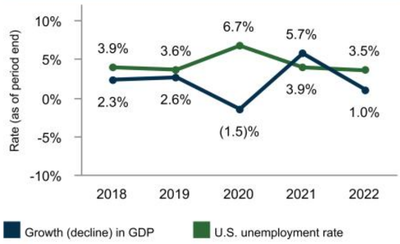


Key Market Economic Indicators

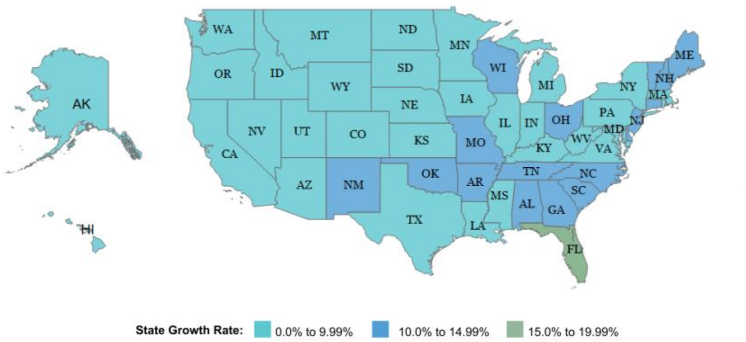
Benchmark Interest Rates



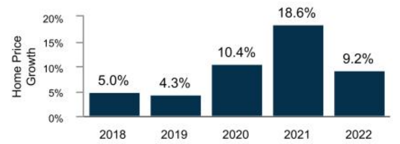
U.S. GDP Growth (Decline) Rate and Unemployment Rate[14]



One Year Home Price Growth Rate Q4 2022[15]
United States 9.2%



Single-Family Home Price Growth Rate[15]



Top 10 States by UPB[15]

State	One Year Home Price Growth Rate Q4 2022	Share of Single-Family Conventional Guaranty Book
CA	4.5%	19%
TX	9.7%	7%
FL	17.0%	6%
NY	8.9%	4%
WA	2.0%	4%
CO	5.2%	3%
NJ	11.9%	3%
IL	8.1%	3%
VA	8.9%	3%
AZ	7.0%	3%

Single-Family Business

Single-Family Highlights

2022

$24,736M
Net interest income

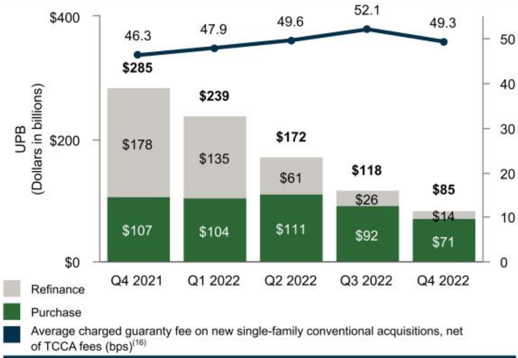
$(223)M
Investment losses, net

$1,364M
Fair value gains, net

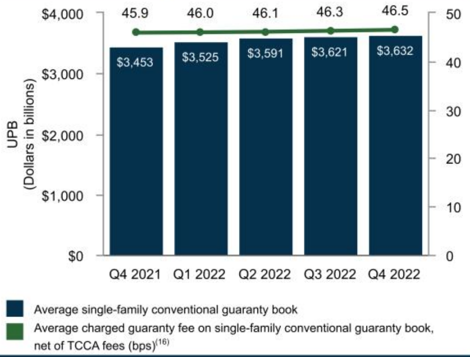
$(5,029)M
Provision for credit losses

$10,770M
Net income

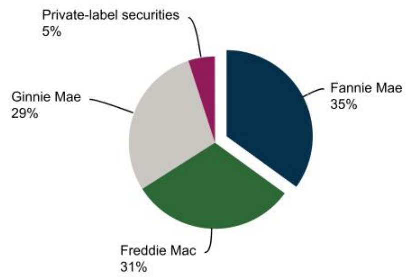
Single-Family Conventional Loan Acquisitions[4]



Single-Family Conventional Guaranty Book of Business[4]



2022 Single-Family Mortgage-Related Securities Share of Issuances



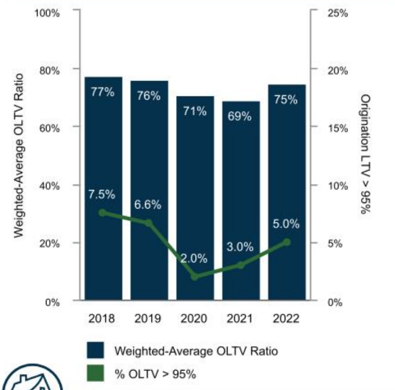
Highlights

- Single-family conventional acquisition volume was $614.8 billion in 2022, a decrease of 55% compared with $1.4 trillion in 2021. Purchase acquisition volume decreased from $451.3 billion in 2021 to $378.0 billion in 2022, of which more than 45% was for first-time homebuyers. Refinance acquisition volume was $236.9 billion in 2022, a decline from $903.7 billion in 2021, due to the higher mortgage interest-rate environment.
- The share of purchase loans, which generally have a higher LTV ratio, increased as a percentage of the company's single-family acquisitions to 62% in 2022 from 33% in 2021.
- Average single-family conventional guaranty book of business in 2022 increased from 2021 by 7% driven primarily by growth in the average balance of loans acquired during the year.
- Single-family serious delinquency rate decreased to 0.65% as of December 31, 2022, from 1.25% as of December 31, 2021, driven by borrowers exiting forbearance through a loan workout or by otherwise reinstating their loan.

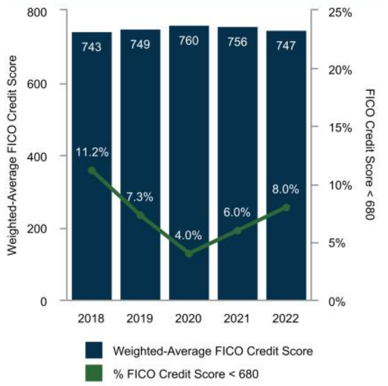
Credit Characteristics of Single-Family Conventional Loan Acquisitions

Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period								2022 Acquisition Credit Profile by Certain Loan Features			
Categories are not mutually exclusive	Q4 2021	Full Year 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	OLTV Ratio >95%	Home-Ready®[18]	FICO Credit Score < 680[7]	DTI Ratio > 43%[17]
Total UPB (Dollars in billions)	$284.5	$1,354.7	$239.5	$172.3	$117.7	$85.3	$614.8	$30.6	$16.6	$54.0	$196.8
Weighted-Average OLTV Ratio	70%	69%	71%	75%	78%	78%	75%	97%	90%	71%	77%
OLTV Ratio > 95%	4%	3%	4%	5%	6%	6%	5%	100%	40%	2%	5%
Weighted-Average FICO® Credit Score[7]	751	756	748	746	746	749	747	743	742	655	741
FICO Credit Score < 680[7]	8%	6%	9%	9%	8%	7%	8%	4%	7%	100%	10%
DTI Ratio > 43%[17]	25%	23%	29%	32%	35%	37%	32%	34%	53%	36%	100%
Fixed-rate	99%	99%	99%	99%	98%	98%	99%	100%	100%	100%	99%
Primary Residence	91%	92%	90%	91%	91%	91%	91%	100%	100%	96%	91%
HomeReady®[18]	3%	3%	2%	3%	3%	4%	3%	22%	100%	2%	4%

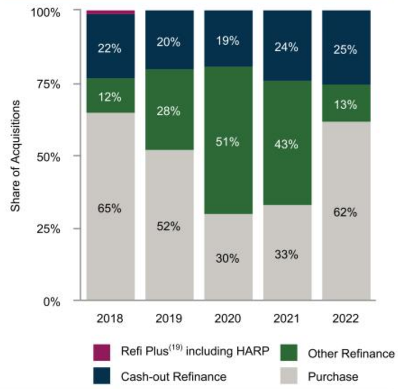
Origination Loan-to-Value Ratio



FICO Credit Score[7]



Acquisitions by Loan Purpose



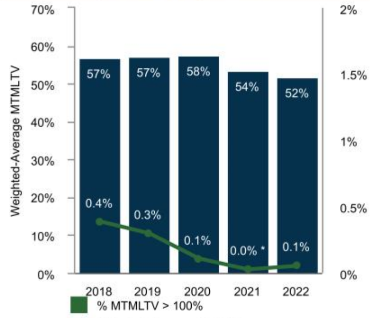
Credit Characteristics of Single-Family Conventional Guaranty Book of Business

Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year and Loan Features[4][20]

As of December 31, 2022

Categories are not mutually exclusive	Overall Book	Origination Year: 2008 & Earlier	2009-2018	2019	2020	2021	2022	Certain Loan Features: OLTV Ratio > 95%	Home-Ready®[18]	FICO Credit Score < 680[7]	Refi Plus Including HARP[19]	DTI Ratio > 43%[17]
Total UPB (Dollars in billions)	$3,635.2	$75.8	$789.1	$168.4	$930.7	$1,166.7	$504.5	$168.6	$106.9	$289.4	$124.6	$873.9
Average UPB	$206,049	$78,655	$129,863	$198,350	$250,667	$269,233	$295,604	$173,184	$179,995	$160,949	$103,084	$226,376
Share of SF Conventional Guaranty Book	100%	2%	22%	5%	25%	32%	14%	5%	3%	9%	3%	25%
Loans in Forbearance by UPB[21]	0.3%	0.9%	0.4%	0.5%	0.2%	0.3%	0.3%	0.6%	0.6%	1.2%	0.4%	0.6%
Share of Loans with Credit Enhancement[22]	42%	10%	46%	55%	33%	49%	33%	84%	82%	38%	40%	45%
Serious Delinquency Rate[8]	0.65%	2.78%	0.86%	0.99%	0.31%	0.31%	0.18%	1.56%	1.21%	2.50%	0.91%	1.02%
Weighted-Average OLTV Ratio	72%	75%	75%	76%	71%	70%	75%	102%	87%	74%	84%	74%
OLTV Ratio > 95%	5%	9%	7%	8%	3%	3%	5%	100%	35%	7%	28%	6%
Amortized OLTV Ratio[23]	66%	70%	59%	70%	66%	67%	74%	92%	83%	69%	70%	70%
Weighted-Average Mark-to-Market LTV Ratio[6]	52%	31%	34%	49%	50%	58%	73%	67%	66%	50%	32%	55%
Weighted-Average FICO Credit Score[7]	752	697	747	747	762	755	747	735	742	652	727	741
FICO Credit Score < 680[7]	9%	38%	11%	9%	4%	7%	9%	11%	9%	100%	23%	11%

Mark-to-Market Loan-to-Value (MTMLTV) Ratio[6]



% MTMLTV > 100%

Weighted-Average MTMLTV

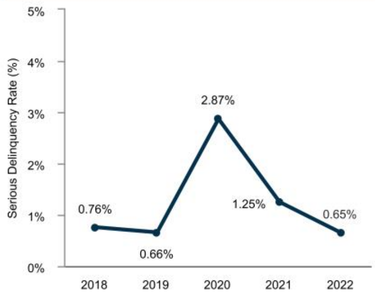
* Represents less than 0.05% of MTMLTV > 100%

FICO Credit Score[7]

% FICO Credit Score < 680

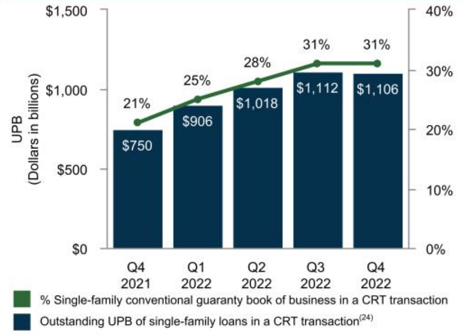
Weighted-Average FICO Credit Score

SDQ Rate[8]



Single-Family Credit Risk Transfer

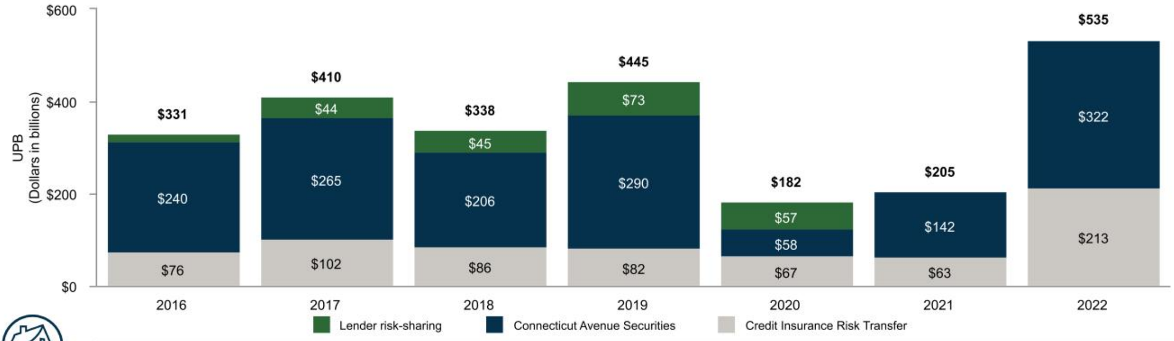
Single-Family Credit Risk Transfer



Single-Family Loans with Credit Enhancement

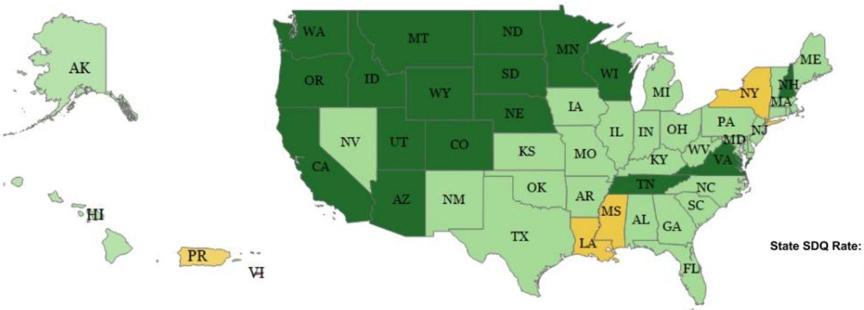
Credit Enhancement Outstanding UPB (Dollars in billions)	2020 Outstanding UPB	2020 % of Book[27] Outstanding	2021 Outstanding UPB	2021 % of Book[27] Outstanding	2022 Outstanding UPB	2022 % of Book[27] Outstanding
Primary mortgage insurance & other[25]	$681	21%	$697	20%	**$754**	**21%**
Connecticut Avenue Securities[26]	$608	19%	$512	14%	**$726**	**20%**
Credit Insurance Risk Transfer[24]	$216	7%	$168	5%	**$323**	**9%**
Lender risk-sharing[26]	$131	4%	$70	2%	**$57**	**2%**
(Less: loans covered by multiple credit enhancements)	($304)	(9)%	($253)	(7)%	**($351)**	**(10)%**
Total single-family loans with credit enhancement	$1,332	42%	$1,194	34%	**$1,509**	**42%**

Single-Family Credit Risk Transfer Issuance



Single-Family Problem Loan Statistics

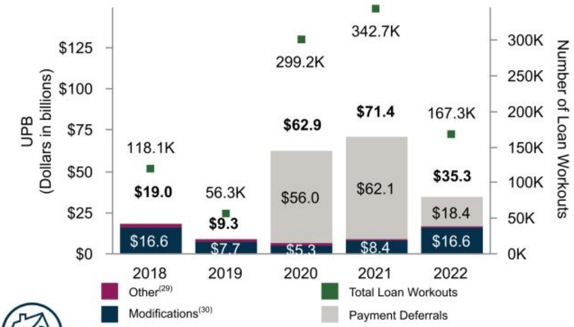
Single-Family Serious Delinquency Rate by State as of December 31, 2022[8]



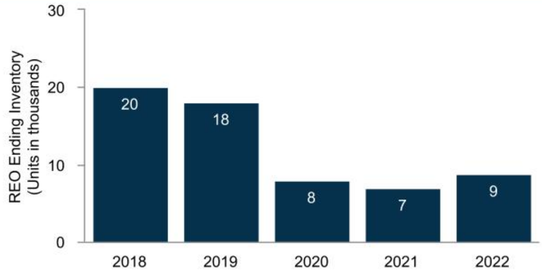
Top 10 States by UPB

State	Serious Delinquency Rate[8]	Average Months to Foreclosure[28]
CA	0.46%	34
TX	0.71%	29
FL	0.90%	59
NY	1.12%	70
WA	0.41%	35
CO	0.40%	29
NJ	0.85%	57
IL	0.86%	35
VA	0.49%	31
AZ	0.45%	24

Single-Family Loan Workouts

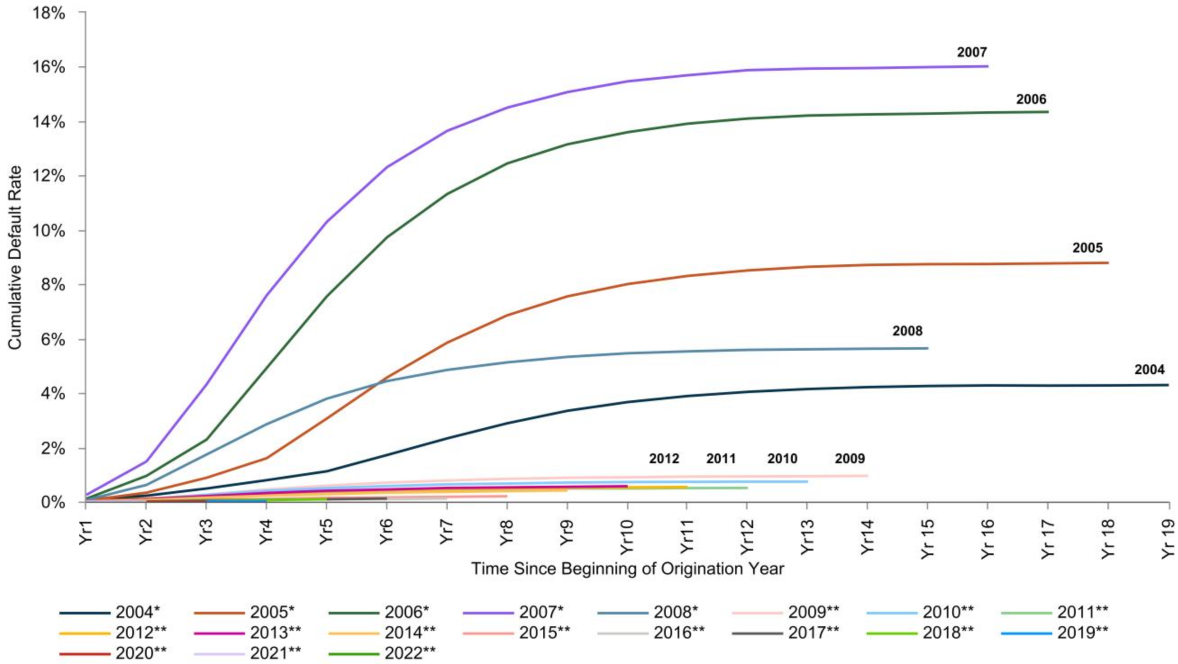


Single-Family REO Ending Inventory



Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Year[44]



* Loans originated prior to 2009 represent only 2% of the single-family conventional guaranty book of business as of December 31, 2022.

** As of December 31, 2022, cumulative default rates on the loans originated in each individual year from 2009-2022 were less than 1%.

Multifamily Business

Fannie Mae

Multifamily Highlights

2022

$4,687M
Net interest income

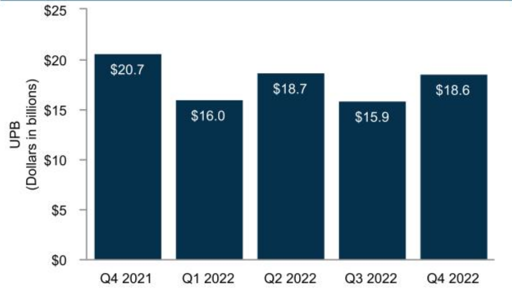
$88M
Fee and other income

$(1,248)M
Provision for credit losses

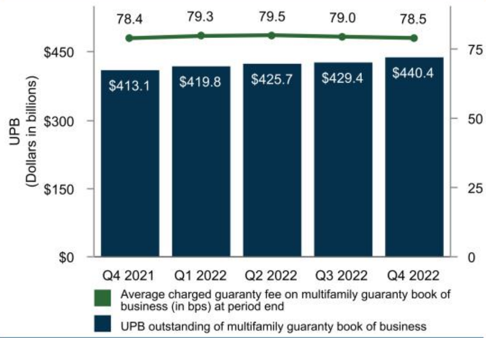
$257M
Change in expected credit enhancement recoveries

$2,153M
Net income

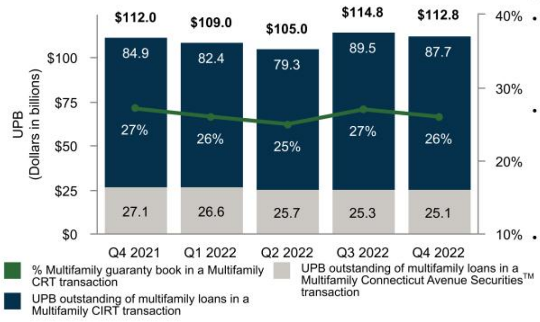
Multifamily New Business Volume



Multifamily Guaranty Book of Business[5]



Multifamily Credit Risk Transfer



Highlights

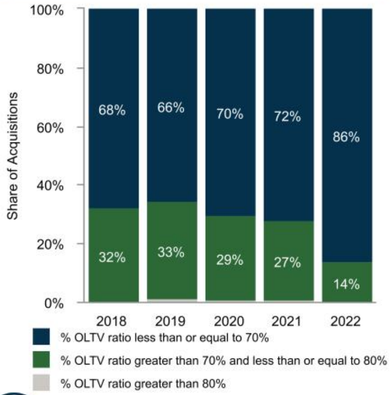
- New multifamily business volume was $69.2 billion in 2022.
- The multifamily guaranty book of business grew by approximately 7% in 2022 to $440.4 billion. The average charged guaranty fee on the multifamily book remained generally flat at 78.5 basis points as of December 31, 2022, compared with 78.4 basis points as of December 31, 2021.
- The multifamily business segment had net income of $2.2 billion and net revenues of $4.8 billion for 2022. In the fourth quarter, the segment recognized a $1.1 billion provision for credit losses, approximately $900 million of which related to the company's seniors housing portfolio, which has been disproportionately impacted by recent market conditions. This provision drove a $52 million net loss for the quarter.
- The multifamily serious delinquency rate decreased to 0.24% as of December 31, 2022, compared to 0.42% as of December 31, 2021, primarily as a result of loans that received forbearance resolving their delinquency through completion of their repayment plans or otherwise reinstating.

Credit Characteristics of Multifamily Loan Acquisitions

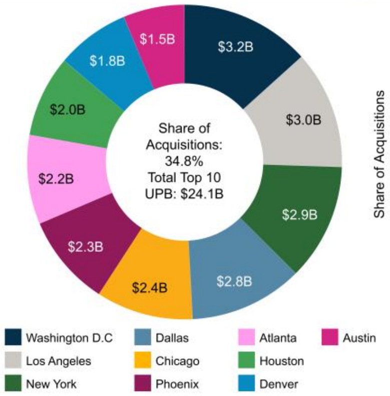
Certain Credit Characteristics of Multifamily Loans by Acquisition Period(5)

Categories are not mutually exclusive	2018	2019	2020	2021	2022
Total UPB (Dollars in billions)	$65.4	$70.2	$76.0	$69.5	**$69.2**
Weighted-Average OLTV Ratio	65%	66%	64%	65%	**59%**
Loan Count	3,723	4,113	5,051	4,203	**3,572**
% Lender Recourse(31)	100%	100%	99%	100%	**100%**
% DUS(32)	99%	100%	99%	99%	**99%**
% Full Interest-Only	33%	33%	38%	40%	**53%**
Weighted-Average OLTV Ratio on Full Interest-Only Acquisitions	58%	59%	58%	59%	**56%**
Weighted-Average OLTV Ratio on Non-Full Interest-Only Acquisitions	68%	69%	68%	68%	**63%**
% Partial Interest-Only(33)	53%	56%	50%	50%	**39%**

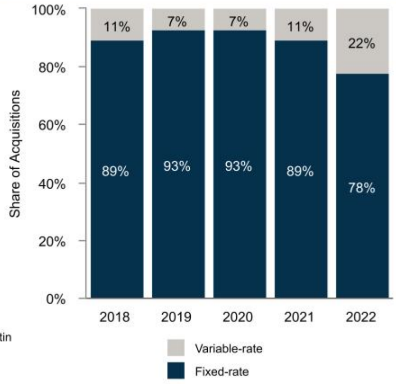
Origination Loan-to-Value Ratio(5)



Top 10 MSAs by 2022 Acquisition UPB(5)



Acquisitions by Note Type(5)



Credit Characteristics of Multifamily Guaranty Book of Business

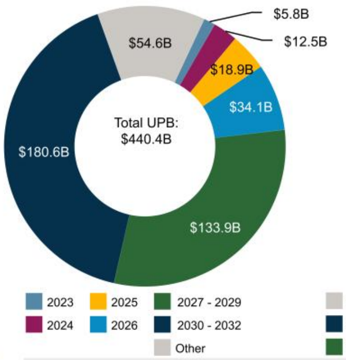
Certain Credit Characteristics of Multifamily Guaranty Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segment(5)

As of December 31, 2022

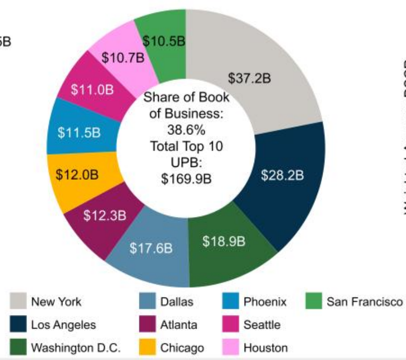
Categories are not mutually exclusive	Overall Book	Acquisition Year: 2008 & Earlier	2009-2017	2018	2019	2020	2021	2022	Asset Class or Targeted Affordable Segment: Conventional /Co-op(34)	Seniors Housing(34)	Student Housing(34)	Manufactured Housing(34)	Privately Owned with Subsidy(38)
Total UPB (Dollars in billions)	$440.4	$5.8	$114.0	$50.2	$62.7	$71.3	$67.3	$69.1	$389.6	$16.6	$14.4	$19.9	$52.7
% of Multifamily Guaranty Book	100%	1%	26%	12%	14%	16%	15%	16%	88%	4%	3%	5%	12%
Loan Count	28,023	2,259	7,327	2,705	3,432	4,677	4,058	3,565	25,064	590	585	1,784	3,801
Average UPB (Dollars in millions)	$15.7	$2.6	$15.6	$18.5	$18.3	$15.2	$16.6	$19.4	$15.5	$28.1	$24.7	$11.1	$13.9
Weighted-Average OLTV Ratio	64%	68%	66%	64%	66%	64%	64%	59%	64%	66%	66%	64%	67%
Weighted-Average DSCR(36)	2.2	2.6	2.1	2.0	2.1	2.6	2.4	1.8	2.2	1.5	1.9	2.3	2.0
% with DSCR < 1.0(36)	3%	6%	6%	3%	2%	1%	1%	1%	1%	34%	5%	—%*	3%
% Fixed rate	89%	22%	90%	94%	94%	95%	90%	78%	91%	61%	79%	92%	85%
% Full Interest-Only	38%	31%	29%	38%	35%	39%	41%	53%	40%	14%	33%	28%	27%
% Partial Interest-Only(33)	49%	19%	50%	51%	55%	49%	49%	39%	47%	63%	61%	57%	45%
% Small Balance Loans(35)	38%	90%	41%	28%	34%	36%	26%	25%	38%	12%	21%	50%	44%
% DUS(32)	99%	92%	98%	100%	100%	99%	99%	99%	99%	98%	100%	100%	98%
Serious Delinquency Rate(37)	0.24%	0.78%	0.64%	0.16%	0.25%	0.05%	0.01%	0.01%	0.18%	0.33%	2.08%	0.02%	0.20%
% Classified(49)	5%	15%	11%	5%	5%	2%	2%	3%	3%	56%	10%	—%*	9%

* represents less than 0.5%

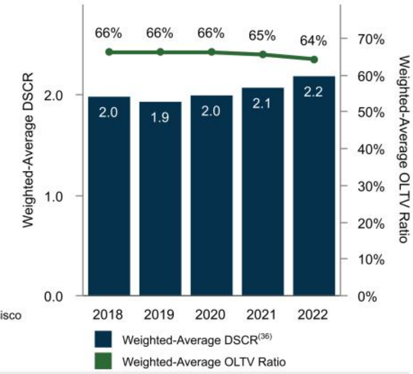
UPB by Maturity Year As of December 31, 2022(5)



Top 10 MSAs by UPB As of December 31, 2022(5)

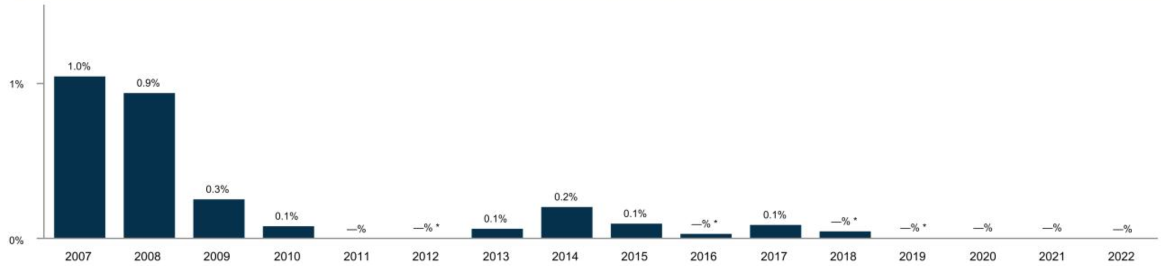


Certain Credit Characteristics of Guaranty Book(5)



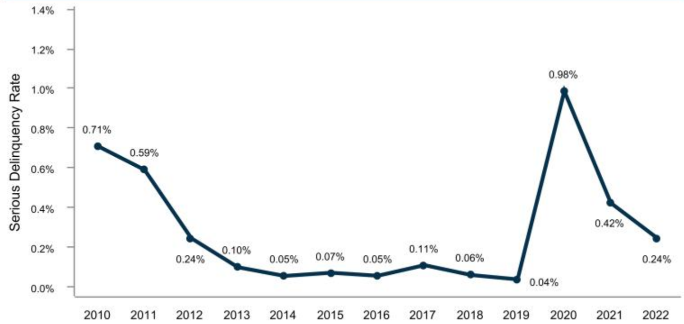
Multifamily Serious Delinquency, Credit Loss and Forbearance Rates

Cumulative Total Credit Loss Rate, Net by Acquisition Year Through Q4 2022[39]

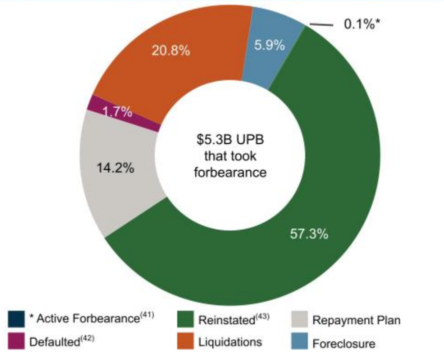


* Represents less than 0.05% of cumulative total credit loss rate, net by acquisition year

Serious Delinquency Rate[37]



COVID-19-Related Loan Forbearance Status as of December 31, 2022[40]



Endnotes

Endnotes

(1) Other expenses, net are comprised of debt extinguishment gains and losses, foreclosed property income (expense), gains and losses from partnership investments, housing trust fund expenses, loan subservicing costs, and servicer fees paid in connection with certain loss mitigation activities.

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

(3) Net amortization income refers to the amortization of premiums and discounts on mortgage loans and debt of consolidated trusts. These cost basis adjustments represent the difference between the initial fair value and the carrying value of these instruments as well as upfront fees Fannie Mae receives at the time of loan acquisition. This excludes the amortization of cost basis adjustments resulting from hedge accounting.

(4) Single-family conventional loan population consists of: (a) single-family conventional mortgage loans of Fannie Mae and (b) single-family conventional mortgage loans underlying Fannie Mae MBS other than loans underlying Freddie Mac securities that Fannie Mae has resecuritized. 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.

(5) 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.

(6) 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.

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

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

(9) Total base guaranty fee income is interest income from the guaranty book of business including the impact of a 10 basis point guaranty fee increase implemented in 2012 pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 and as extended by the Infrastructure Investment and Jobs Act, the incremental revenue from which is remitted to Treasury and not retained by the company.

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

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

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

(13) 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.

(14) U.S. Gross Domestic Product ("GDP") annual growth (decline) rates are based on the annual "percentage change from fourth quarter to fourth quarter one year ago" calculated by the Bureau of Economic Analysis and are subject to revision.

Endnotes

(15) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of December 2022. 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 December 2022, 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 December 31, 2022.

(16) Represents, on an annualized basis, the sum of the base guaranty fees charged during the period for the company's single-family conventional guaranty arrangements plus the recognition of any upfront cash payments relating to these guaranty arrangements based on an estimated average life at the time of acquisition. In Q4 2022, the company enhanced the method it uses to estimate average loan life at acquisition. Charged fees reported for prior periods have been updated in this Financial Supplement to reflect this updated methodology. 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.

(17) 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.

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

(19) "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%.

(20) 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.

(21) Consists of loans that are in an active forbearance as of December 31, 2022.

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

(23) 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.

(24) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately $1.3 billion outstanding as of December 31, 2022.

(25) 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.

(26) 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.

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

Endnotes

(28) Measured from the borrowers' last paid installment on their mortgages to when the related properties were added to the company's REO inventory for foreclosures completed during the twelve months ended December 31, 2022. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.

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

(30) There were approximately 15,800 loans in a trial modification period that was not complete as of December 31, 2022.

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

(32) 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.

(33) 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.

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

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

(36) Debt service coverage ratio, or "DSCR", is calculated using the latest available income information from quarterly statements for these properties for the year to date, or the trailing twelve months for Credit Facilities. When an annual statement is the latest statement available, it is used. When operating statement information is not available, the DSCR at the time of acquisition is used. If both are unavailable, the underwritten DSCR is used. Although the company uses the most recently available results from their multifamily borrowers, there is a lag in reporting, which typically can range from three to six months, but in some cases may be longer. Co-op loans are excluded from this metric.

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

(38) 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. The parameters to qualify under Privately Owned with Subsidy were expanded in Q3 2021, resulting in an increase in properties classified as targeted affordable volume.

(39) Cumulative net credit loss rate is the cumulative net credit losses (gains) through December 31, 2022 on the multifamily loans that were acquired in the applicable period, as a percentage of the total acquired unpaid principal balance of multifamily loans that were acquired in the applicable period. Net credit losses include expected benefit of freestanding loss-sharing arrangements, primarily multifamily DUS lender risk-sharing transactions.

(40) Displays the status and percentage of UPB as of current period end of the multifamily loans in the guaranty book of business that have received a COVID-19-related forbearance since the onset of the COVID-19 pandemic, including loans that liquidated prior to period end.

(41) There is one multifamily loan in the guaranty book of business that received a COVID-19-related forbearance since the onset of the COVID-19 pandemic that remains in an active forbearance as of December 31, 2022.

Endnotes

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

(43) Represents multifamily loans that are no longer in forbearance and are current according to the original terms of the loan.

(44) 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 December 31, 2022 is not necessarily indicative of the ultimate performance of the loans and performance may change, perhaps materially, in future periods.

(45) Consists of the company's allowance for loan losses, allowance for accrued interest receivable and reserve for guaranty losses. The measurement of loss reserves was impacted by the adoption of the CECL standard on January 1, 2020. See "Note 1, Summary of Significant Accounting Policies" in the company's 2021 Form 10K for more information about its adoption of the CECL standard.

(46) Calculated based on single-family conventional guaranty book of business.

(47) Prior to the company's adoption of the CECL standard on January 1, 2020, benefits for freestanding credit enhancements were netted against multifamily loss reserves. As of January 1, 2020, these credit enhancements are recorded in "Other assets" in the company's consolidated balance sheet.

(48) Calculated based on net income for the reporting period divided by average total assets during the period, expressed as a percentage. Average balances for purposes of ratio calculations are based on balances at the beginning of the year and at the end of each quarter for each year shown.

(49) The classified ratio represents loans classified as "Substandard" or "Doubtful." Loans classified as "Substandard" have a well-defined weakness that jeopardizes the timely full repayment. "Doubtful" refers to a loan with a weakness that makes collection or liquidation in full highly questionable and improbable based on existing conditions and values.