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 29, 2020

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

Fannie Mae

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

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

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

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

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

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

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

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

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

Emerging growth company ☐

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

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

Item 2.02 Results of Operations and Financial Condition.

On October 29, 2020, Fannie Mae filed its quarterly report on Form 10-Q for the quarter ended September 30, 2020 and is issuing a news release reporting its financial results for the periods covered by the Form 10-Q. Copies of the news release and a financial supplement are furnished as Exhibits 99.1 and 99.2, respectively, to this report and are incorporated herein by reference. Copies may also be found on Fannie Mae’s website, www.fanniemae.com, in the “About Us” section under “Investor Relations/Quarterly and Annual Results.” Information appearing on the company’s website is not incorporated into this report.

Item 9.01 Financial Statements and Exhibits.

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

Exhibit Number	Description of Exhibit
99.1	News release, dated October 29, 2020
99.2	Financial Supplement for Q3 2020, dated October 29, 2020
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document included as Exhibit 101

SIGNATURES

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

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By /s/ Celeste M. Brown

Celeste M. Brown
Executive Vice President and
Chief Financial Officer

Date: October 29, 2020

Fannie Mae

Contact: Pete Bakel **Resource Center: 1-800-732-6643**
202-752-2034 **Exhibit 99.1**
Date: October 29, 2020

Fannie Mae Reports Net Income of $4.2 Billion for Third Quarter 2020

Third Quarter 2020 Results

- Fannie Mae reported net income of $4.2 billion for the third quarter of 2020, compared with net income of $2.5 billion for the second quarter of 2020. The increase in net income was due to higher amortization income driven by an increase in mortgage prepayment activity, a decrease in fair value losses, an increase in net investment gains, and a shift to credit-related income in the third quarter of 2020 from credit-related losses in the prior quarter.

- Fannie Mae continues to provide economic relief to borrowers impacted by COVID-19 through its forbearance program. As of September 30, 2020, 4.1% of Fannie Mae's single-family guaranty book of business based on loan count and 0.5% of the company's multifamily guaranty book of business based on unpaid principal balance were in forbearance, the vast majority of which were related to COVID-19.

- Fannie Mae's net worth increased from $16.5 billion as of June 30, 2020 to $20.7 billion as of September 30, 2020. Based on its agreement with the U.S. Department of the Treasury, the company may retain quarterly earnings until its net worth reaches $25 billion.

- Fannie Mae expects the impact of the COVID-19 pandemic to continue to negatively affect its financial results, contributing to lower net income in 2020 than in 2019.

Business Highlights

- Fannie Mae is providing substantial liquidity to lenders during the COVID-19 pandemic and fulfilling Fannie Mae's mission to stabilize the housing finance market and provide liquidity, support, and access to affordable mortgage financing in all U.S. markets in all economic cycles. Fannie Mae provided $982 billion of liquidity in the first nine months of 2020, which represents the company's highest acquisition volume since the same period in 2003.

- Fannie Mae provided $933 billion in single-family liquidity to the mortgage market in the first nine months of 2020, including $506 billion through its whole loan conduit, enabling the financing of approximately 1,039,000 home purchases and 2,298,000 refinancings. Fannie Mae has financed approximately one in four single-family mortgage loans outstanding in the United States.

- Fannie Mae provided $49 billion in multifamily financing in the first nine months of 2020, which enabled the financing of 542,000 units of multifamily housing. More than 90% of the multifamily units the company financed in the first nine months of 2020 were affordable to families earning at or below 120% of the area median income, providing support for both affordable and workforce housing.

"Fannie Mae has helped more than 1.2 million homeowners with forbearance plans so far in 2020, while providing record levels of critical liquidity to the mortgage market through one of the most severe and sudden economic shocks in a century. Our performance this year demonstrates our ability to support the mortgage market in a safe and sound manner even during these uniquely challenging times. To continue meeting these challenges, we believe our company and the broader housing finance system would be best served by a responsible end to Fannie Mae's conservatorship, consistent with FHFA's goals."

Hugh R. Frater,
Chief Executive Officer

WASHINGTON, DC — Fannie Mae (FNMA/OTCQB) reported net income of $4.2 billion and comprehensive income of $4.2 billion for the third quarter of 2020, compared with net income of $2.5 billion and comprehensive income of $2.5 billion for the second quarter of 2020. The increase in net income was due to higher amortization income driven by an increase in mortgage prepayment activity as a result of the historically low interest rate environment in the third quarter of 2020; a decrease in fair value losses due primarily to yields remaining mostly flat during the quarter and gains on credit enhancement derivatives due to higher loan default expectations on loans covered by certain credit risk transfer transactions; an increase in net investment gains driven by an increase in sales of single-family held-for-sale loans; and a shift from credit-related expense to credit-related income in the third quarter of 2020 due to the impact of actual and forecasted home prices as well as the redesignation of reperforming single-family mortgage loans from held-for-investment to held-for-sale, partially offset by an increase in the allowance for loan losses the company expects to incur as a result of the COVID-19 pandemic.

Fannie Mae Response to COVID-19

In March 2020, the COVID-19 outbreak in the United States was declared a national emergency. The COVID-19 pandemic resulted in stay-at-home orders, school closures, and widespread business shutdowns across the country. Although business activity has begun to resume to varying degrees, the speed and nature of the resumption of economic activity remains highly uncertain. The COVID-19 pandemic continues to have a significant impact on Fannie Mae's business and financial results. Fannie Mae significantly increased its allowance for loan losses in the first nine months of 2020 to reflect the company's expected loan losses as a result of the pandemic, which resulted in substantial credit-related expenses. Fannie Mae also is incurring other costs associated with the pandemic, such as paying higher fees to servicers to support providing loss mitigation to borrowers. Fannie Mae has increased technology investments in tools that support its forbearance programs. In addition, the company has increased its debt balances to fund increased conduit volumes and in anticipation of future loss mitigation activities and future loan buyouts from trusts. The company's capital requirements also have increased as a result of loans that have stopped making payments as a result of the forbearance the company has provided.

Fannie Mae Response

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

Borrowers and Renters

- Fannie Mae has implemented new policies to enable the company's single-family and multifamily loan servicers to better assist borrowers and renters impacted by COVID-19, including to:
    - provide forbearance to single-family borrowers reporting they are experiencing a financial hardship due to the COVID-19 pandemic for up to 180 days, and at the borrower's request, extend the forbearance period up to a maximum of 12 months total; approximately 703,000 single-family loans in the company's book of business were in forbearance as of September 30, 2020;
        - as of September 30, 2020, Fannie Mae estimates that the company had provided forbearance on approximately 96% of those single-family loans in its book of business that were negatively impacted by COVID-19 (that is, were current as of March 1, 2020 and were 60 days or more delinquent as of September 30, 2020).
    - offer options following forbearance, including a repayment plan, payment deferral, or a loan modification that aims to reduce a borrower's monthly payment;
    - suspend foreclosures and foreclosure-related activities for single-family properties through at least December 31, 2020, other than for vacant or abandoned properties;
    - report as current to credit bureaus homeowners who receive a forbearance plan or other form of relief as a result of the COVID-19 pandemic during the covered period if they were current before the accommodation and make payments as agreed under the accommodation in accordance with the Fair Credit Reporting Act, as amended by the CARES Act, and provide that no late fees are charged for homeowners in a forbearance plan; and

  - provide forbearance to multifamily borrowers experiencing a financial hardship due to the COVID-19 pandemic for up to 6 months on the condition that the borrower suspend all renter evictions for nonpayment of rent during the forbearance period, through the 120-day eviction moratorium under the CARES Act, which ended on July 25, 2020, or any longer period required by federal, state or local law, including the order issued by the Centers for Disease Control and Prevention, effective September 4, 2020 through December 31, 2020, which halts residential evictions for nonpayment of rent for tenants who qualify for protection under the order.

- Fannie Mae created the #HeretoHelp educational effort and updated the company's **KnowYourOptions.com** website to help keep people in their homes, providing information and resources on relief options for borrowers and renters impacted by COVID-19. The website includes the Renters Resource Finder, an online tool that allows renters to enter their building address to determine whether they live in a Fannie Mae-financed property and learn what resources they can access for help. Resources include access to Fannie Mae's Disaster Response Network, which offers free assistance to renters in Fannie Mae-financed rental properties, such as HUD-approved housing counselors that can help create a personalized action plan, offer financial coaching and budgeting, and provide other support.

Lenders

- Fannie Mae provided more than $860 billion in liquidity to the single-family and multifamily mortgage markets from the beginning of March 2020 through September 2020, including more than $460 billion through the company's whole loan conduit, which primarily supports small- to mid-sized lenders, including community lenders, fulfilling Fannie Mae's mission to stabilize the housing finance market and provide liquidity, support, and access to affordable mortgage financing in all U.S. markets in all economic cycles.

- Fannie Mae limited the duration of single-family servicers' obligations to advance principal and interest payments on delinquent loans to four months, and allows servicers to automatically receive reimbursement for advanced payments of principal and interest on a delinquent loan after four missed payments. Multifamily servicers can be reimbursed for advanced payments of principal and interest on a delinquent mortgage loan after paying the fourth of four continuous months of advances.

- Fannie Mae continues to build its digital mortgage capabilities, enabling the company to adapt quickly to lenders' needs. In addition, the company is offering measures to help ensure lenders have the clarity and flexibility to continue to lend in a prudent and responsible manner during the COVID-19 pandemic. These measures include: offering additional methods of obtaining verbal verification of borrower employment; using the company's digital tools to offer flexibilities related to the lender's process for obtaining inspections and appraisals; and allowing remote online notarization options.

Employees

- Fannie Mae has taken steps to help protect the safety and resiliency of its workforce. From mid-March through early October 2020, the company required nearly all of its workforce to work remotely. In early October, the company began allowing employees, on a voluntary basis, to request approval to return to work at some of its office locations and has established mandatory COVID-19 safety protocols for these locations. Fannie Mae expects a significant majority of its employees will continue to work remotely for the foreseeable future.

- To date, the company's business resiliency plans and technology systems have effectively supported its telework arrangement, allowing Fannie Mae to continue its critical function of supporting mortgage market liquidity.

- Fannie Mae offers support services and resources for employees and their families affected by COVID-19, including the company's Employee Assistance Program, which provides a helpline number to support loved ones who may not be covered otherwise.

Risks and Uncertainties

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

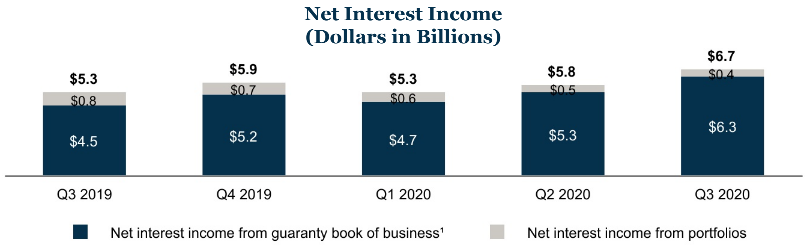
Summary of Financial Results

(Dollars in millions)	3Q20	2Q20	Variance	3Q19	Variance
Net interest income	$ **6,656**	$ 5,777	$ 879	$ 5,348	$ 1,308
Fee and other income	**93**	90	3	188	(95)
Net revenues	**6,749**	5,867	882	5,536	1,213
Investment gains, net	**653**	149	504	253	400
Fair value losses, net	**(327)**	(1,018)	691	(713)	386
Administrative expenses	**(762)**	(754)	(8)	(749)	(13)
Credit-related income (expenses):					
Benefit (provision) for credit losses	**501**	(12)	513	1,857	(1,356)
Foreclosed property expense	**(71)**	(10)	(61)	(96)	25
Total credit-related income (expenses)	**430**	(22)	452	1,761	(1,331)
Temporary Payroll Tax Cut Continuation Act of 2011 ("TCCA") fees	**(679)**	(660)	(19)	(613)	(66)
Credit enhancement expense	**(325)**	(360)	35	(290)	(35)
Change in expected credit enhancement recoveries	**(48)**	273	(321)	—	(48)
Other expenses, net	**(313)**	(261)	(52)	(186)	(127)
Income before federal income taxes	**5,378**	3,214	2,164	4,999	379
Provision for federal income taxes	**(1,149)**	(669)	(480)	(1,036)	(113)
Net income	$ **4,229**	$ 2,545	$ 1,684	$ 3,963	$ 266
Total comprehensive income	$ **4,216**	$ 2,532	$ 1,684	$ 3,977	$ 239

Net revenues, which consist of net interest income and fee and other income, were $6.7 billion for the third quarter of 2020, compared with $5.9 billion for the second quarter of 2020.

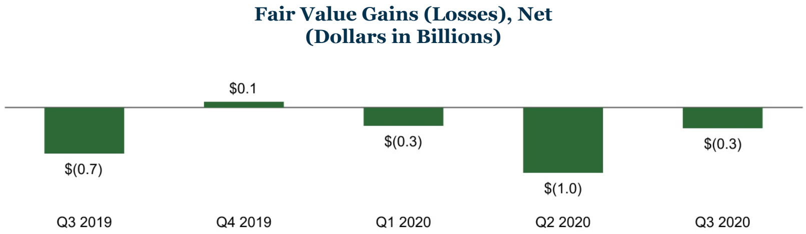
Net interest income was $6.7 billion for the third quarter of 2020, compared with $5.8 billion for the second quarter of 2020. The increase in net interest income was due to higher mortgage loan prepayment activity as a result of the historically low interest rate environment in the third quarter of 2020. The company's net interest income for the third quarter of 2020 was also impacted by the application of its updated accounting policy for nonaccrual loans that allowed the company to continue accruing interest income on delinquent loans that were current at March 1, 2020 and have been negatively impacted by the COVID-19 pandemic. As a result of this update, the company recognized

$763 million in interest income related to these loans in the third quarter, which it would not have recognized prior to the application of its updated policy.

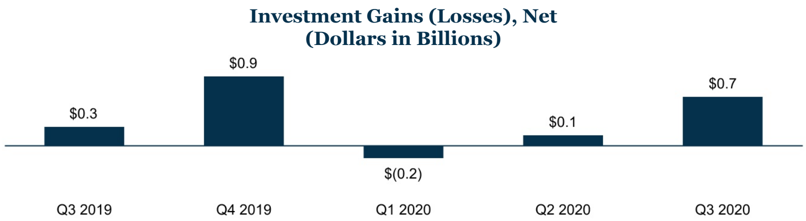


(1) Includes revenues generated by the 10 basis point guaranty fee increase the company implemented pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by Fannie Mae.

Net fair value losses were $327 million in the third quarter of 2020, compared with $1.0 billion in the second quarter of 2020. Net fair value losses decreased in the third quarter of 2020 compared with the second quarter of 2020 due primarily to (1) a decrease in losses on debt reported at fair value due to yields remaining mostly flat during the quarter compared to declines in the second quarter of 2020 and (2) gains on credit enhancement derivatives as higher loan default expectations led to an increase in the fair value of risk-sharing securities covering the loans.

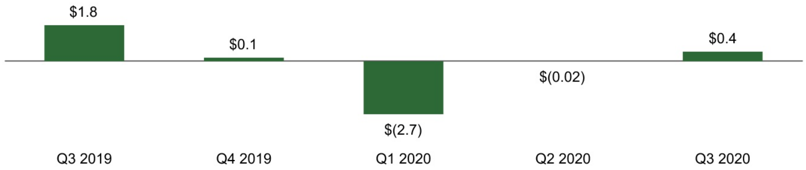


Net investment gains were $653 million in the third quarter of 2020, compared with $149 million in the second quarter of 2020. The increase in the third quarter of 2020 was driven by an increase in sales of single-family held-for-sale loans.



Credit-related income (expense) consists of a benefit or provision for credit losses and foreclosed property expense. Credit-related income was $430 million in the third quarter of 2020, compared with credit-related expense of $22 million in the second quarter of 2020. The shift to credit-related income in the third quarter of 2020 was driven by the impact of actual and forecasted home prices as well as the redesignation of reperforming single-family mortgage loans from held-for-investment to held-for-sale, partially offset by an increase in the allowance for loan losses the company expects to incur as a result of the COVID-19 pandemic. In the third quarter of 2020, management continued to apply its judgment and supplement model results as of September 30, 2020, taking into account the continued high degree of uncertainty regarding the future impact of the pandemic and its effect on the economy, future economic and housing policy, and extended foreclosure moratoriums.

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



Providing Liquidity and Support to the Market

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

Through its single-family and multifamily business segments, Fannie Mae provided $982 billion in liquidity to the mortgage market in the first nine months of 2020, including $506 billion through its whole loan conduit, enabling the financing of approximately 3.9 million home purchases, refinancings, or rental units.

Fannie Mae Provided $982 Billion in Liquidity in the First Nine Months of 2020

Unpaid Principal Balance	Units
$286B	1.0M Single-Family Home Purchases
$647B	2.3M Single-Family Refinancings
$49B	542K Multifamily Rental Units

Business Segments

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

Single-Family Business Financial Results

(Dollars in millions)	3Q20	2Q20	Variance	3Q19	Variance
Net interest income	$ 5,870	$ 4,939	$ 931	$ 4,484	$ 1,386
Fee and other income	73	71	2	156	(83)
Net revenues	**5,943**	5,010	933	4,640	1,303
Investment gains, net	583	96	487	198	385
Fair value losses, net	(244)	(1,030)	786	(719)	475
Administrative expenses	(634)	(625)	(9)	(634)	—
Credit-related income	478	216	262	1,747	(1,269)
TCCA fees	(679)	(660)	(19)	(613)	(66)
Credit enhancement expense	(274)	(307)	33	(240)	(34)
Change in expected credit enhancement recoveries	(48)	208	(256)	—	(48)
Other expenses, net	(307)	(252)	(55)	(184)	(123)
Income before federal income taxes	**4,818**	2,656	2,162	4,195	623
Provision for federal income taxes	(1,049)	(556)	(493)	(872)	(177)
Net income	**$ 3,769**	$ 2,100	$ 1,669	$ 3,323	$ 446
Serious delinquency rate	**3.20 %**	2.65 %		0.68 %	

Business Highlights

- The average single-family conventional guaranty book of business during the third quarter of 2020 increased from the second quarter of 2020 by approximately $72 billion. The average charged guaranty fee, net of Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) fees, on the single-family conventional guaranty book increased from 44.2 basis points as of June 30, 2020 to 44.4 basis points as of September 30, 2020. The credit characteristics of the single-family conventional guaranty book of business did not change materially in the third quarter of 2020 and remained strong, with a weighted-average mark-to-market loan-to-value ratio of 57% and weighted-average FICO credit score of 749.
- Fannie Mae's average charged guaranty fee on newly acquired conventional single-family loans, net of TCCA fees, decreased 1.8 basis points to 44.9 basis points in the third quarter of 2020 from 46.7 basis points in the second quarter of 2020, driven primarily by the stronger credit profile of the single-family loans acquired in the third quarter of 2020 compared with the second quarter of 2020.
- Single-family acquisition volume was $391.4 billion in the third quarter of 2020, an increase of 11% compared with the second quarter of 2020. The increase was driven by a $7 billion increase in refinance volume due to the historically low interest rate environment, resulting in the highest level of refinance volumes in any quarter since the third quarter of 2003.
- The single-family serious delinquency rate increased to 3.20% as of September 30, 2020, from 2.65% as of June 30, 2020, as a result of the large number of loans in COVID-19-related forbearances becoming seriously delinquent. The single-family serious delinquency rate excluding loans in forbearance was 0.65% as of September 30, 2020, compared to 0.59% as of June 30, 2020. Single-family seriously delinquent loans are loans that are 90 days or more past due or in the foreclosure process.
- As of September 30, 2020, 4.1% of Fannie Mae's single-family guaranty book of business based on loan count was in forbearance, the vast majority of which was related to the COVID-19 pandemic, compared to 5.7% as of June 30, 2020. As of September 30, 2020, 20% of the loans in forbearance were still current.

Multifamily Business Financial Results

(Dollars in millions)	3Q20	2Q20	Variance	3Q19	Variance
Net interest income	$ **786**	$ 838	$ (52)	$ 864	$ (78)
Fee and other income	**20**	19	1	32	(12)
Net revenues	**806**	857	(51)	896	(90)
Fair value gains (losses), net	**(83)**	12	(95)	6	(89)
Administrative expenses	**(128)**	(129)	1	(115)	(13)
Credit-related income (expense)	**(48)**	(238)	190	14	(62)
Credit enhancement expense	**(51)**	(53)	2	(50)	(1)
Change in expected credit enhancement recoveries	**—**	65	(65)	—	—
Other income, net	**64**	44	20	53	11
Income before federal income taxes	**560**	558	2	804	(244)
Provision for federal income taxes	**(100)**	(113)	13	(164)	64
Net income	$ **460**	$ 445	$ 15	$ 640	$ (180)
Serious delinquency rate	**1.12 %**	1.00 %		0.06 %	

Business Highlights

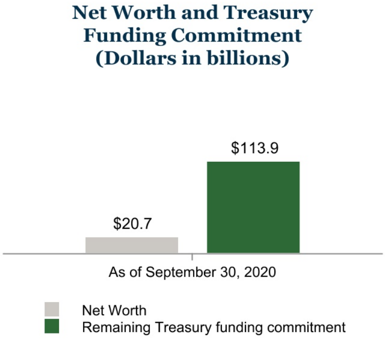
- The multifamily guaranty book of business increased by $9 billion during the third quarter of 2020 to $367 billion. The average charged guaranty fee on the multifamily book increased from 72.3 basis points as of June 30, 2020 to 73.3 basis points as of September 30, 2020. This resulted in an increase in guaranty fee revenue, which was offset by a decrease in portfolio net interest income and yield maintenance revenue resulting in a decrease in net interest income for the quarter.
- New multifamily business volume was $49 billion in the first nine months of 2020. Approximately $33 billion of new business capacity remains under the $100 billion multifamily business volume cap for the five-quarter period ending December 31, 2020.
- The multifamily serious delinquency rate increased to 1.12% as of September 30, 2020 from 1.00% as of June 30, 2020 as a result of the large number of loans in COVID-19-related forbearances becoming seriously delinquent. The multifamily serious delinquency rate excluding loans in forbearance was 0.04% as of September 30, 2020. Multifamily seriously delinquent loans are loans that are 60 days or more past due.
- As of September 30, 2020, based on unpaid principal balance, 1.3% of Fannie Mae's multifamily guaranty book of business received a forbearance plan, primarily as a result of the COVID-19 pandemic. Approximately half of those loans measured by unpaid principal balance are currently in a repayment plan, and 0.5% of the book, or $1.7 billion, is still in active forbearance.

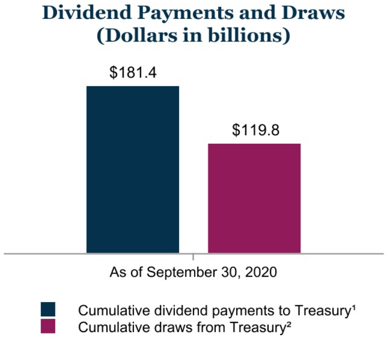
Net Worth, Treasury Funding and Senior Preferred Stock Dividends

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

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

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





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

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

The aggregate liquidation preference of the senior preferred stock increased from $135.4 billion as of June 30, 2020 to $138.0 billion as of September 30, 2020 due to the $2.5 billion increase in the company's net worth during the second quarter of 2020. The aggregate liquidation preference of the senior preferred stock will increase to $142.2 billion as of December 31, 2020 due to the $4.2 billion increase in our net worth during the third quarter of 2020.

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

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

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Fannie Mae's financial statements for the third quarter of 2020 are available in the accompanying Annex; however, investors and interested parties should read the company's Third Quarter 2020 Form 10-Q, which was filed today with the Securities and Exchange Commission and is available on Fannie Mae's website, www.fanniemae.com. The company provides further discussion of its financial results and condition, credit performance, and other matters in its Third Quarter 2020 Form 10-Q. Additional information about the company's financial and credit performance is contained in Fannie Mae's Q3 2020 Financial Supplement at www.fanniemae.com.

# # #

In this release, the company has presented a number of estimates, forecasts, expectations, and other forward-looking statements, including statements regarding: the company's business plans, the company's future business and financial results, the future impact of the COVID-19 pandemic on the company's business and financial results, future dividend payments to Treasury, and the future liquidation preference of the senior preferred stock. These estimates, forecasts, expectations, and statements are forward-looking statements based on the company's current assumptions regarding numerous factors and are subject to significant uncertainties and changes in circumstances. Actual results, and future projections, could be materially different from what is set forth in these forward-looking statements due to a variety of factors, including those described in "Forward-Looking Statements" and "Risk Factors" in the company's Third Quarter 2020 Form 10-Q and its 2019 Form 10-K.

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

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

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

	As of	
	September 30, 2020	December 31, 2019
ASSETS		
Cash and cash equivalents	$ 37,472	$ 21,184
Restricted cash (includes $65,431 and $33,294, respectively, related to consolidated trusts)	73,516	40,223
Federal funds sold and securities purchased under agreements to resell or similar arrangements	12,700	13,578
Investments in securities:		
Trading, at fair value (includes $6,237 and $3,037, respectively, pledged as collateral)	142,472	48,123
Available-for-sale, at fair value (with an amortized cost of $1,780, net of allowance for credit losses of $3 as of September 30, 2020)	1,895	2,404
Total investments in securities	144,367	50,527
Mortgage loans:		
Loans held for sale, at lower of cost or fair value	8,312	6,773
Loans held for investment, at amortized cost:		
Of Fannie Mae	111,056	94,911
Of consolidated trusts	3,439,678	3,241,494
Total loans held for investment (includes $6,968 and $7,825, respectively, at fair value)	3,550,734	3,336,405
Allowance for loan losses	(11,703)	(9,016)
Total loans held for investment, net of allowance	3,539,031	3,327,389
Total mortgage loans	3,547,343	3,334,162
Advances to lenders	10,228	6,453
Deferred tax assets, net	12,808	11,910
Accrued interest receivable, net (includes $9,867 and $8,172, respectively, related to consolidated trusts and net of an allowance of $569 as of September 30, 2020)	9,748	8,604
Acquired property, net	1,462	2,366
Other assets	14,959	14,312
Total assets	$ 3,864,603	$ 3,503,319
LIABILITIES AND EQUITY		
Liabilities:		
Accrued interest payable (includes $9,133 and $9,361, respectively, related to consolidated trusts)	$ 9,982	$ 10,228
Debt:		
Of Fannie Mae (includes $3,986 and $5,687, respectively, at fair value)	289,423	182,247
Of consolidated trusts (includes $24,741 and $21,880, respectively, at fair value)	3,530,381	3,285,139
Other liabilities (includes $1,813 and $376, respectively, related to consolidated trusts)	14,124	11,097
Total liabilities	3,843,910	3,488,711
Commitments and contingencies (Note 13)	—	—
Fannie Mae stockholders' equity:		
Senior preferred stock (liquidation preference of $137,976 and $131,178, respectively)	120,836	120,836
Preferred stock, 700,000,000 shares are authorized—555,374,922 shares issued and outstanding	19,130	19,130
Common stock, no par value, no maximum authorization—1,308,762,703 shares issued and 1,158,087,567 shares outstanding	687	687
Accumulated deficit	(112,680)	(118,776)
Accumulated other comprehensive income	120	131
Treasury stock, at cost, 150,675,136 shares	(7,400)	(7,400)
Total stockholders' equity (See Note 1: Senior Preferred Stock Purchase Agreement and Senior Preferred Stock for information on the related dividend obligation and liquidation preference)	20,693	14,608
Total liabilities and equity	$ 3,864,603	$ 3,503,319

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Interest income:				
Trading securities	**$ 177**	$ 418	**$ 712**	$ 1,277
Available-for-sale securities	**19**	40	**76**	138
Mortgage loans	**25,810**	29,072	**81,755**	88,445
Federal funds sold and securities purchased under agreements to resell or similar arrangements	**14**	178	**135**	698
Other	**33**	47	**92**	120
Total interest income	**26,053**	29,755	**82,770**	90,678
Interest expense:				
Short-term debt	**(19)**	(125)	**(175)**	(369)
Long-term debt	**(19,378)**	(24,282)	**(64,815)**	(74,938)
Total interest expense	**(19,397)**	(24,407)	**(64,990)**	(75,307)
Net interest income	**6,656**	5,348	**17,780**	15,371
Benefit (provision) for credit losses	**501**	1,857	**(2,094)**	3,732
Net interest income after benefit (provision) for credit losses	**7,157**	7,205	**15,686**	19,103
Investment gains, net	**653**	253	**644**	847
Fair value losses, net	**(327)**	(713)	**(1,621)**	(2,298)
Fee and other income	**93**	188	**303**	435
Non-interest income (loss)	**419**	(272)	**(674)**	(1,016)
Administrative expenses:				
Salaries and employee benefits	**(386)**	(361)	**(1,161)**	(1,123)
Professional services	**(230)**	(241)	**(673)**	(699)
Other administrative expenses	**(146)**	(147)	**(431)**	(415)
Total administrative expenses	**(762)**	(749)	**(2,265)**	(2,237)
Foreclosed property expense	**(71)**	(96)	**(161)**	(364)
Temporary Payroll Tax Cut Continuation Act of 2011 (“TCCA”) fees	**(679)**	(613)	**(1,976)**	(1,806)
Credit enhancement expense	**(325)**	(290)	**(1,061)**	(782)
Change in expected credit enhancement recoveries	**(48)**	—	**413**	—
Other expenses, net	**(313)**	(186)	**(792)**	(551)
Total expenses	**(2,198)**	(1,934)	**(5,842)**	(5,740)
Income before federal income taxes	**5,378**	4,999	**9,170**	12,347
Provision for federal income taxes	**(1,149)**	(1,036)	**(1,935)**	(2,552)
Net income	**4,229**	3,963	**7,235**	9,795
Other comprehensive income (loss):				
Changes in unrealized gains (losses) on available-for-sale securities, net of reclassification adjustments and taxes	**(11)**	16	**(4)**	(85)
Other, net of taxes	**(2)**	(2)	**(7)**	(7)
Total other comprehensive income (loss)	**(13)**	14	**(11)**	(92)
Total comprehensive income	**$ 4,216**	$ 3,977	**$ 7,224**	$ 9,703
Net income	**$ 4,229**	$ 3,963	**$ 7,235**	$ 9,795
Dividends distributed or amounts attributable to senior preferred stock	**(4,216)**	(3,977)	**(7,224)**	(9,703)
Net income (loss) attributable to common stockholders	**$ 13**	$ (14)	**$ 11**	$ 92
Earnings per share:				
Basic	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.02
Diluted	**0.00**	0.00	**0.00**	0.02
Weighted-average common shares outstanding:				
Basic	**5,867**	5,762	**5,867**	5,762
Diluted	**5,893**	5,762	**5,893**	5,893

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

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

	For the Nine Months Ended September 30,	
	2020	2019
Net cash provided by (used in) operating activities	$ (76,994)	$ 3,176
Cash flows provided by (used in) investing activities:		
Proceeds from maturities and paydowns of trading securities held for investment	35	46
Proceeds from sales of trading securities held for investment	44	49
Proceeds from maturities and paydowns of available-for-sale securities	275	364
Proceeds from sales of available-for-sale securities	258	376
Purchases of loans held for investment	(519,133)	(181,898)
Proceeds from repayments of loans acquired as held for investment of Fannie Mae	7,711	9,338
Proceeds from sales of loans acquired as held for investment of Fannie Mae	4,422	8,987
Proceeds from repayments and sales of loans acquired as held for investment of consolidated trusts	770,982	377,789
Advances to lenders	(223,007)	(95,636)
Proceeds from disposition of acquired property and preforeclosure sales	4,694	5,644
Net change in federal funds sold and securities purchased under agreements to resell or similar arrangements	878	9,762
Other, net	(576)	(74)
Net cash provided by investing activities	46,583	134,747
Cash flows provided by (used in) financing activities:		
Proceeds from issuance of debt of Fannie Mae	501,627	587,659
Payments to redeem debt of Fannie Mae	(394,187)	(606,665)
Proceeds from issuance of debt of consolidated trusts	716,591	286,126
Payments to redeem debt of consolidated trusts	(743,578)	(385,496)
Payments of cash dividends on senior preferred stock to Treasury	—	(5,601)
Other, net	(461)	1,129
Net cash provided by (used in) financing activities	79,992	(122,848)
Net increase in cash, cash equivalents and restricted cash	49,581	15,075
Cash, cash equivalents and restricted cash at beginning of period	61,407	49,423
Cash, cash equivalents and restricted cash at end of period	$ 110,988	$ 64,498
Cash paid during the period for:		
Interest	$ 86,035	$ 86,699
Income taxes	2,750	1,250

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

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

	Shares Outstanding			Fannie Mae Stockholders' Equity (Deficit)						
	Senior Preferred	Preferred	Common	Senior Preferred Stock	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
Balance as of June 30, 2020	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (116,909)	$ 133	$ (7,400)	$ 16,477
Senior preferred stock dividends paid	—	—	—	—	—	—	—	—	—	—
Comprehensive income:										
Net income	—	—	—	—	—	—	4,229	—	—	4,229
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $0)	—	—	—	—	—	—	—	1	—	1
Reclassification adjustment for gains included in net income (net of taxes of $3)	—	—	—	—	—	—	—	(12)	—	(12)
Other (net of taxes of $1)	—	—	—	—	—	—	—	(2)	—	(2)
Total comprehensive income										4,216
Balance as of September 30, 2020	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (112,680)	$ 120	$ (7,400)	$ 20,693

	Shares Outstanding			Fannie Mae Stockholders' Equity (Deficit)						
	Senior Preferred	Preferred	Common	Senior Preferred Stock	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
Balance as of December 31, 2019	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (118,776)	$ 131	$ (7,400)	$ 14,608
Transition impact, net of tax, from the adoption of the current expected credit loss standard	—	—	—	—	—	—	(1,139)	—	—	(1,139)
Balance as of January 1, 2020, adjusted	1	556	1,158	120,836	19,130	687	(119,915)	131	(7,400)	13,469
Senior preferred stock dividends paid	—	—	—	—	—	—	—	—	—	—
Comprehensive income:										
Net income	—	—	—	—	—	—	7,235	—	—	7,235
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $1)	—	—	—	—	—	—	—	2	—	2
Reclassification adjustment for gains included in net income (net of taxes of $2)	—	—	—	—	—	—	—	(6)	—	(6)
Other (net of taxes of $2)	—	—	—	—	—	—	—	(7)	—	(7)
Total comprehensive income										7,224
Balance as of September 30, 2020	1	556	1,158	$ 120,836	$ 19,130	$ 687	$ (112,680)	$ 120	$ (7,400)	$ 20,693

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

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

	Fannie Mae Stockholders' Equity (Deficit)									
	Shares Outstanding									
	Senior Preferred	Preferred	Common	Senior Preferred Stock	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity
Balance as of 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 2020 Form 10-Q

Exhibit 99.2

Financial Supplement
Q3 2020

October 29, 2020

- Some of the terms and other information in this presentation are defined and discussed more fully in our Form 10-Q for the quarter ended Septemb 2020 ("Q3 2020 Form 10-Q") and Form 10-K for year ended December 31, 2019 ("2019 Form 10-K"). This presentation should be reviewed togeth the Q3 2020 Form 10-Q, and the 2019 Form 10-K, which are available at www.fanniemae.com in the "About Us—Investor Relations—SEC Filings" Information on or available through our website is not part of this supplement.
- Some of the information in this presentation is based upon information from third-party sources such as sellers and servicers of mortgage loans. Al we generally consider this information reliable, we do not independently verify all reported information.
- Due to rounding, amounts reported in this presentation may not sum to totals indicated (i.e. 100%), or amounts shown as 100% may not reflect the population.
- Unless otherwise indicated "Q3 YTD 2020" data is as of September 30, 2020 or for the first nine months of 2020. Data for prior years is as of Dece or for the full year indicated.
- Note references are to endnotes, appearing on pages 28 to 31.
- 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 oth 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 m

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 estin 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 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

Table of Contents

Overview

Single-Family Business

Multifamily Business

Endnotes

Overview

Corporate Financial Highlights

Summary of Q3 2020 Financial Results

(Dollars in millions)	Q3 2020	Q2 2020	Variance	Q3 YTD 2020	Q3 YTD 2019	Variance
Net interest income[(1)]	**$6,656**	$5,777	$879	**$17,780**	$15,371	$2,409
Fee and other income	**93**	90	3	**303**	435	(132)
Net revenues	**6,749**	5,867	882	**18,083**	15,806	2,277
Investment gains, net	**653**	149	504	**644**	847	(203)
Fair value losses, net	**(327)**	(1,018)	691	**(1,621)**	(2,298)	677
Administrative expenses	**(762)**	(754)	(8)	**(2,265)**	(2,237)	(28)
Total credit-related income (expense)	**430**	(22)	452	**(2,255)**	3,368	(5,623)
TCCA fees	**(679)**	(660)	(19)	**(1,976)**	(1,806)	(170)
Other expenses, net	**(686)**	(348)	(338)	**(1,440)**	(1,333)	(107)
Income before federal income taxes	**5,378**	3,214	2,164	**9,170**	12,347	(3,177)
Provision for federal income taxes	**(1,149)**	(669)	(480)	**(1,935)**	(2,552)	617
Net income	**$4,229**	$2,545	$1,684	**$7,235**	$9,795	$(2,560)
Total comprehensive income	**$4,216**	$2,532	$1,684	**$7,224**	$9,703	$(2,479)
Net worth	**$20,693**	$16,477		**$20,693**	$10,342	

Q3 Key Financial Highlig

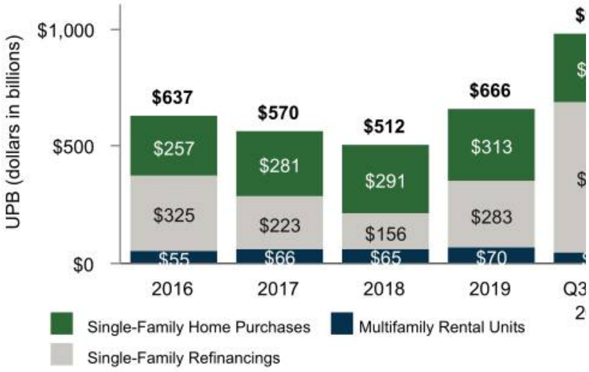
Comprehensive income incre $1.7 billion from Q2 2020 t $4.2 billion for Q3 2020

- Prepayment volumes are at reco due to the historically low interes environment, driving an increase Q2 2020 in net interest income.
- Net fair value losses decreased i 2020 compared with the Q2 2020 primarily due to (1) a decrease in on debt reported at fair value due yields remaining mostly flat durin 2020 compared to declines in Q2 and (2) gains on credit enhancer derivatives as higher loan defaul expectations led to an increase i fair value of risk-sharing securitie covering those loans.
- The company sold $4.0 billion UI single-family reperforming loans 2020 resulting in $0.4 billion of investment gains.
- The company redesignated $5.7 UPB of single-family reperformin in Q3 2020 from held for investm ("HFI") to held for sale ("HFS"), r in $0.5 billion of credit-related inc credit-related income also benefi improved actual and forecasted I prices, partially offset by higher e for losses the company expects a result of COVID-19.

Guaranty Book of Business Highlights

Market Liquidity Provided

Q3 2020 Unpaid Principal Balance	Q3 2020 Units
$125B	446K Single-Family Home Purchases
$266B	946K Single-Family Refinancings
$15B	170K Multifamily Rental Units



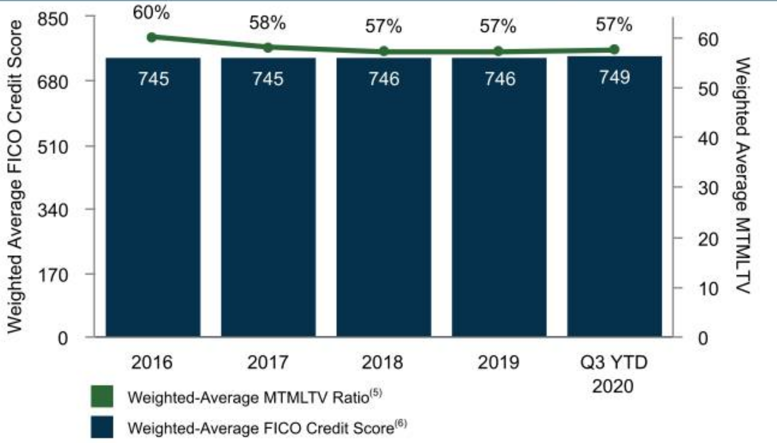
Outstanding Conventional Guaranty Book of Business at Period End

Highlights

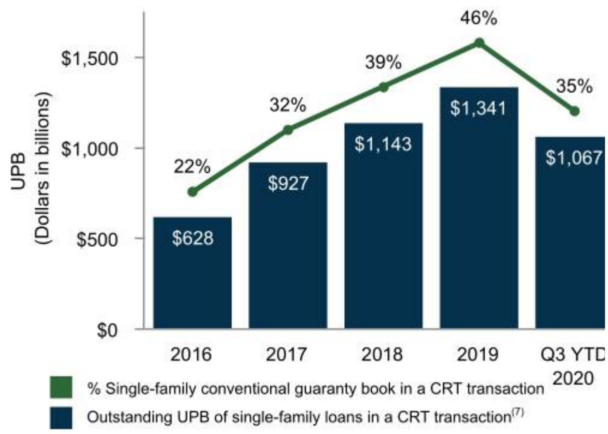
- Fannie Mae provided $982B of liquidity in the f nine months of 2020, which represents the company's highest acquisition volume since th same period in 2003.
- The company's whole loan conduit continues t provide lender liquidity to primarily support sma to medium-sized lenders. 54% of year-to-date acquisitions, or $506B, have gone through the company's whole loan conduit; this volume is almost double the amount that went through th conduit in 2019.
- Average charged guaranty fees increased for b single-family and multifamily over the year.

Single-Family Credit Characteristics

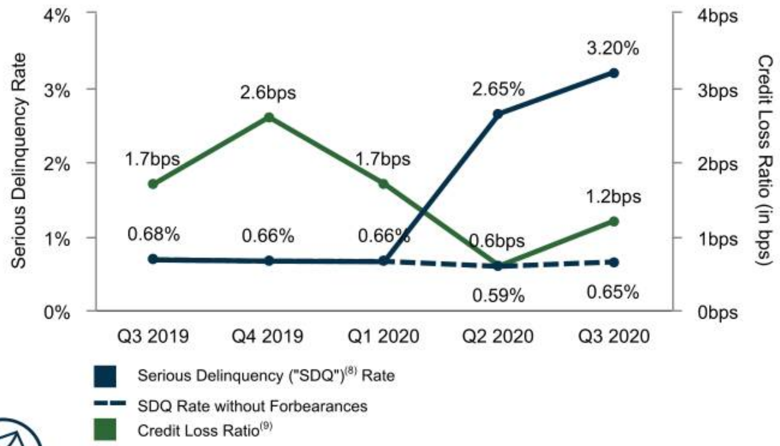
Credit Characteristics of Guaranty Book



Guaranty Book in a CRT



Credit Ratios

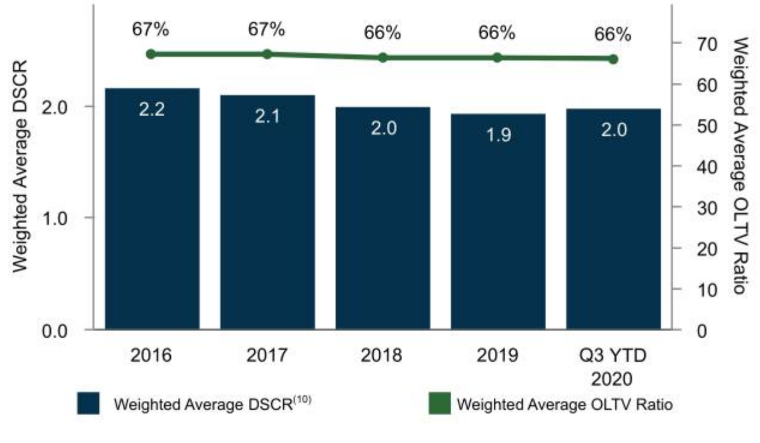


Highlights

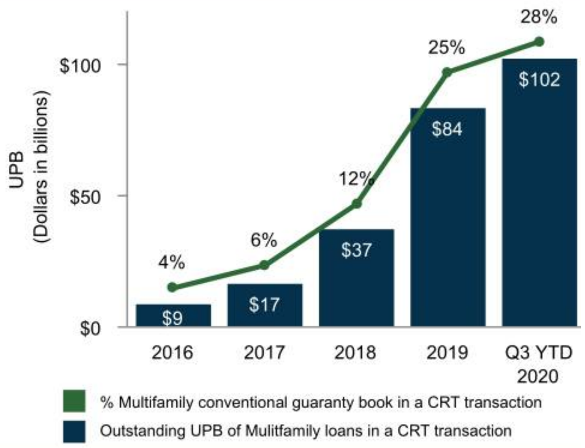
- The credit characteristics of the single-family conve guaranty book of business did not change materiall 2020 and remained strong, with a weighted-average MTMLTV ratio of 57% and weighted-average FICO score of 749.
- The company has not entered into a new CRT trans since Q1 2020.
- Total SDQ rate has increased throughout 2020 as a of the large number of loans in COVID-19-related forbearances becoming seriously delinquent. Excluc loans in forbearance, the SDQ rate has remained re flat.

Multifamily Credit Characteristics

Credit Characteristics of Guaranty Book



Guaranty Book in a CRT



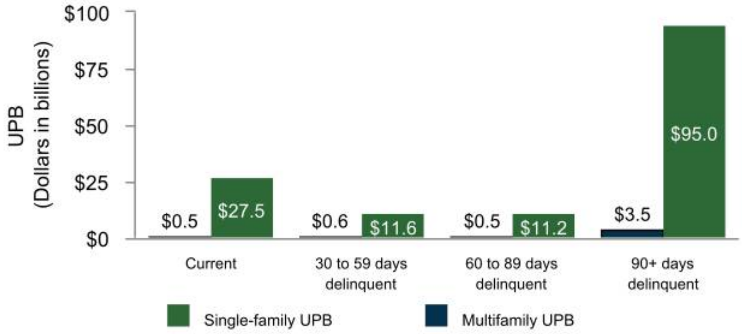
Credit Ratios

Highlights

- The credit characteristics of the multifamily convent guaranty book of business did not change materiall 2020 and remained strong, with a weighted-average original LTV of 66% and weighted average DSCR o
- As of September 30, 2020, 99% of loans, based on are covered by DUS loss-sharing. Additionally, 28% back-end coverage through CRT programs.
- Total SDQ rate has increased throughout 2020 as a of the large number of loans in COVID-19-related forbearances becoming seriously delinquent. The S without forbearances has remained very low.

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

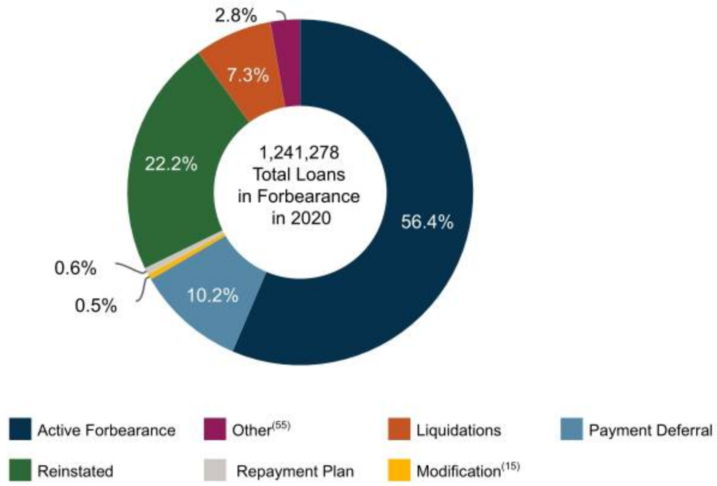
Delinquency Status of Loans in Forbearance as of September 30, 2020[13]



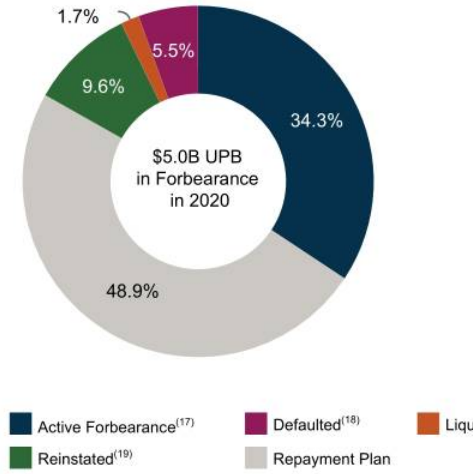
Key Highlights

- Since the onset of the COVID-19 pandemic, Fannie Ma provided economic relief to its single-family and multifa borrowers by offering payment forbearance.
- Once the forbearance period ends, loss mitigation optic which include repayment plans, payment deferrals, and modifications, are offered to borrowers in order to help the loan current.
- During the third quarter, many loans began to successf exit forbearance.

Single-Family Loan Forbearance Status[14]

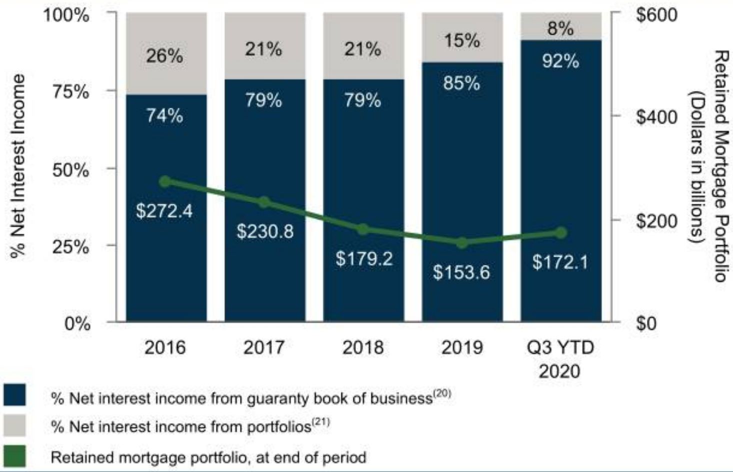


Multifamily Loan Forbearance Status[16



Portfolio and Liquidity Management

Sources of Net Interest Income and Retained Mortgage Portfolio Balance

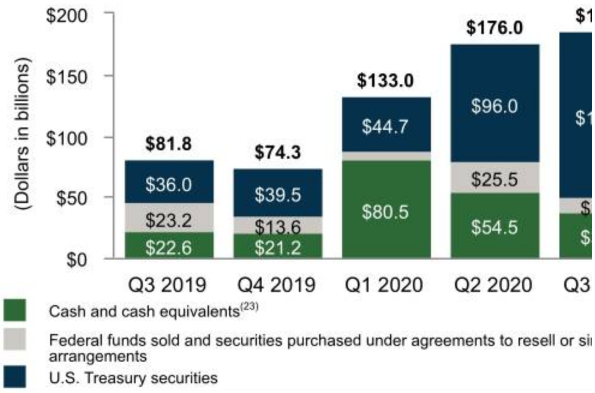


Key Highlights

- The COVID-19 pandemic and the relief the company offering impacted borrowers has increased its debt funding needs and activity. The company increased term debt issuances significantly in 2020 due to incre whole loan conduit acquisitions, to pay off callable de preparation for new FHFA liquidity risk management requirements and in anticipation of potential future liquidity needs, including loss mitigation activities and buyouts from trust.
- Total outstanding debt UPB increased by 59% from December 31, 2019 to reach $290B at September 30 2020.
- OIP balance has also increased significantly during 2 driven by proceeds from debt issuances and high lev of loan refinance activity.

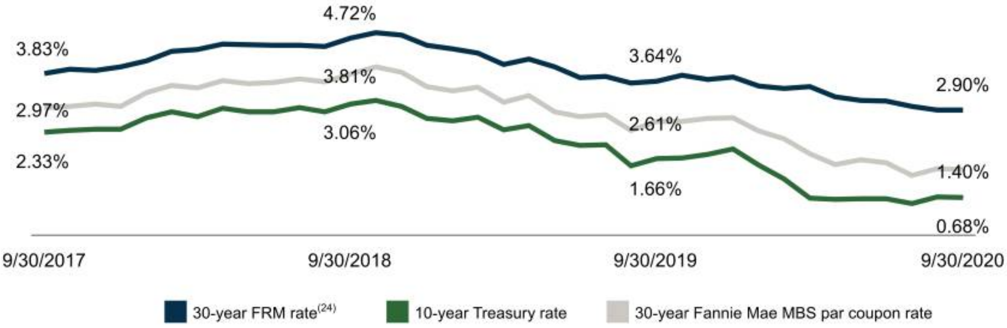
Debt of Fannie Mae[22]

Other Investments Portfolio ("OIP")

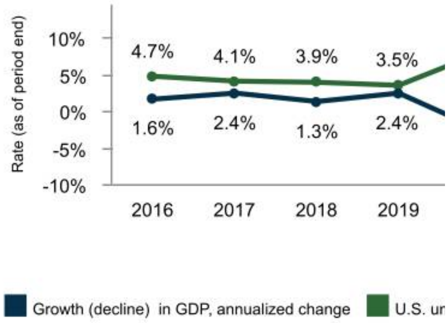


Key Market Economic Indicators

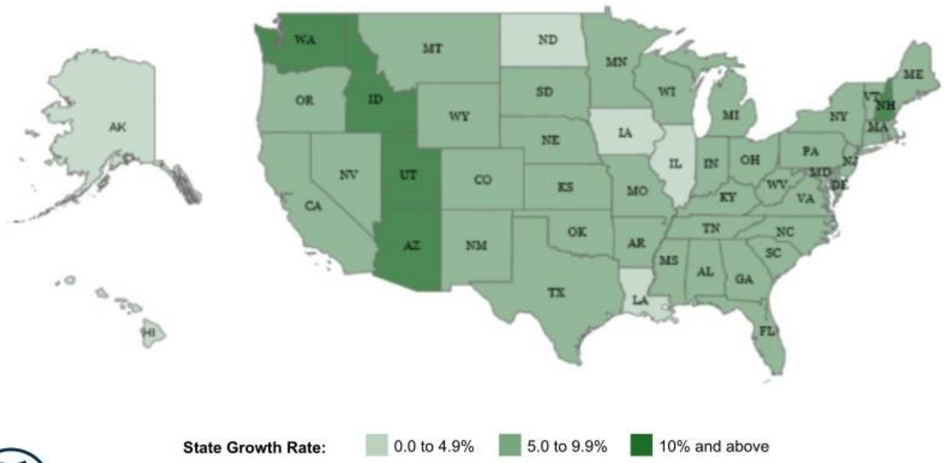
Benchmark Interest Rates



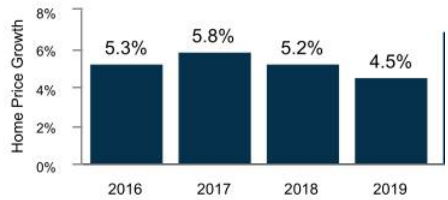
U.S. GDP Growth (Decline) Rate Unemployment Rate[25]



One Year Home Price Growth Rate Q3 2020[26] United States 7.3%



Single-Family Home Price Growth R

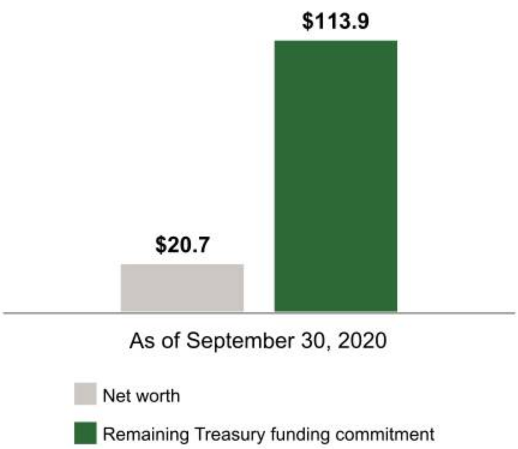


Top 10 States by UPB[26]

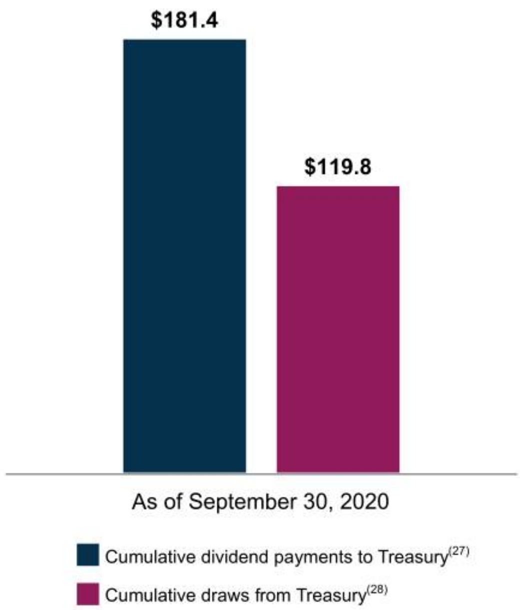
State	One Year Home Price Growth Rate Q3 2020
CA	6.94%
TX	5.23%
FL	6.74%
NY	6.40%
WA	10.49%
IL	4.88%
NJ	6.56%
CO	7.24%
VA	7.40%
PA	6.67%

Net Worth, Treasury Funding and Senior Preferred Stock Dividenc

Net Worth and Treasury Funding Commitment
(Dollars in billions)



Dividend Payments and Draws
(Dollars in billions)



Single-Family Business

Single-Family Highlights

Q3 2020

$5,870M
Net interest income

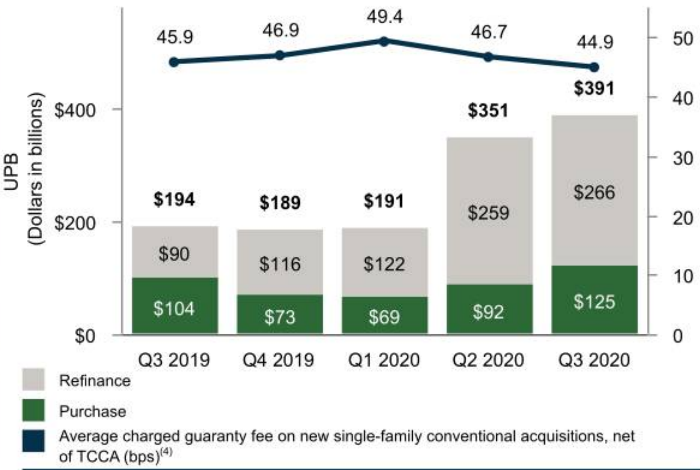
$583M
Investment gains, net

$(244)M
Fair value losses, net

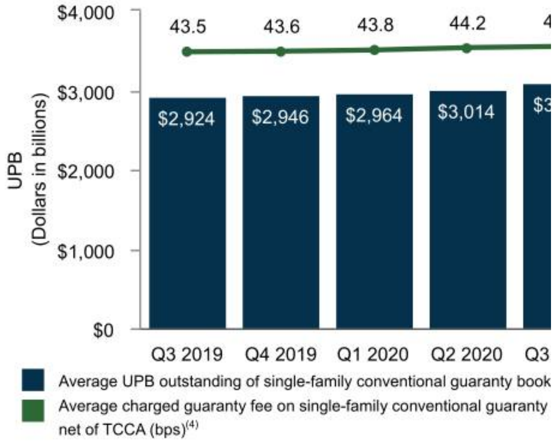
$478M
Credit-related income

$3,769M
Net income

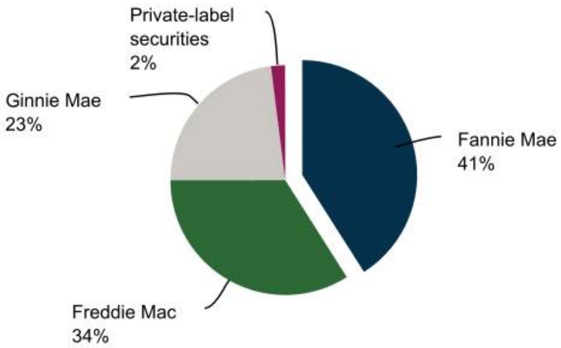
Single-Family Conventional Loan Acquisitions(2)



Single-Family Conventional Guaranty of Business(2)



New Single-Family Mortgage-Related Securities Share of Issuances Q3 2020



Key Highlights

- The average single-family conventional guaranty boo business during the third quarter of 2020 increased fr second quarter of 2020 by approximately $72 billion t trillion.
- Single-family serious delinquency rate increased to 3 of September 30, 2020 from 2.65% as of June 30, 20 result of the large number of loans in COVID-19-relat forbearances becoming seriously delinquent. The sin serious delinquency rate excluding loans in forbearan 0.65% as of September 30, 2020.
- As of September 30, 2020, 4.1% of Fannie Mae's sin guaranty book of business based on loan count was i forbearance, the vast majority of which was related to COVID-19, compared to 5.7% as of June 30, 2020. A September 30, 2020, 20% of the loans in forbearance current.

Credit Characteristics of Single-Family Conventional Loan Acquisitions

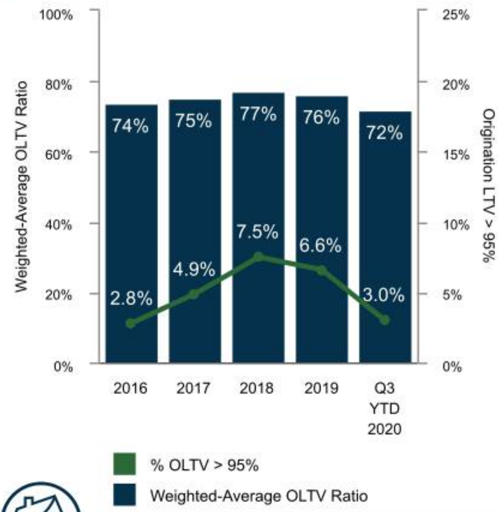
Credit Characteristics of Single-Family Conventional Loans by Acquisition Period

Categories are not mutually exclusive	Q3 2019	Q4 2019	Full Year 2019	Q1 2020	Q2 2020	Q3 2020
Total UPB (Dollars in billions)	$194.3	$188.5	$595.9	$190.5	$351.3	**$391.4**
Weighted Average OLTV Ratio	77%	74%	76%	74%	72%	**71%**
OLTV Ratio > 95%	7%	4%	7%	3%	3%	**3%**
Weighted-Average FICO® Credit Score(6)	751	753	749	753	759	**762**
FICO Credit Score < 680(6)	6%	6%	7%	6%	4%	**4%**
DTI Ratio > 43%(29)	26%	25%	28%	25%	20%	**19%**
Fixed-rate	100%	99%	99%	99%	100%	**100%**
Owner Occupied	93%	92%	92%	92%	93%	**92%**
HomeReady®(30)	7%	4%	7%	3%	2%	**2%**

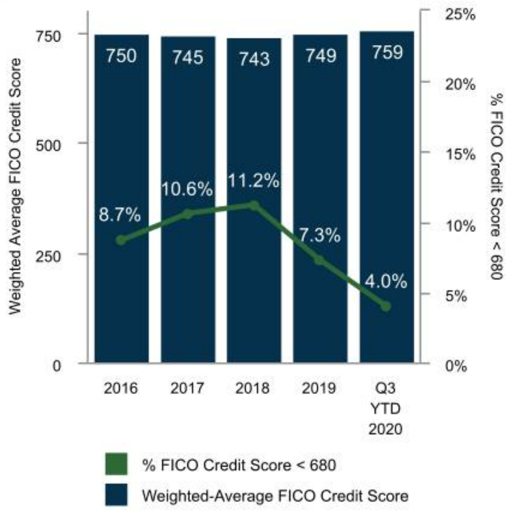
Q3 YTD 2020 Acquisiti Credit Profile by Certain Loan Featu

	OLTV Ratio >95%	Home-Ready®(30)	FICO Credit Score < 680(6)
Total UPB (Dollars in billions)	$26.4	$22.7	$40.7
Weighted Average OLTV Ratio	97%	88%	72%
OLTV Ratio > 95%	100%	33%	0%
Weighted-Average FICO® Credit Score(6)	748	746	658
FICO Credit Score < 680(6)	0%	6%	100%
DTI Ratio > 43%(29)	19%	37%	25%
Fixed-rate	100%	99%	100%
Owner Occupied	100%	100%	96%
HomeReady®(30)	28%	100%	3%

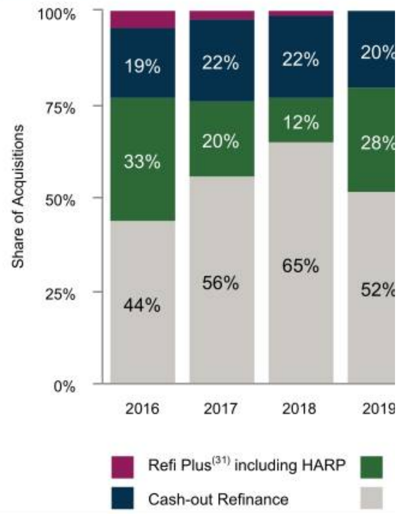
Origination Loan-to-Value Ratio



FICO Credit Score(6)



Acquisitions by Loan Pur



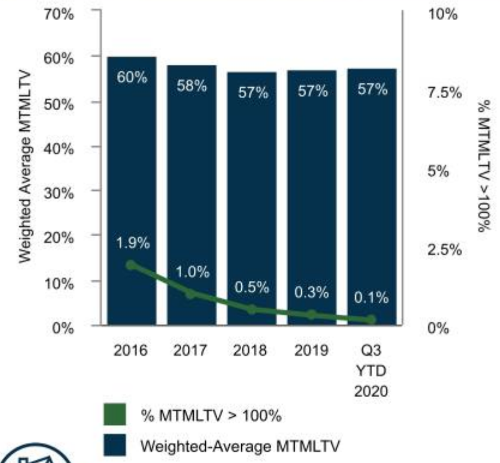
Credit Characteristics of Single-Family Conventional Guaranty Book of Business

Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year and Loan Features(2)(32)

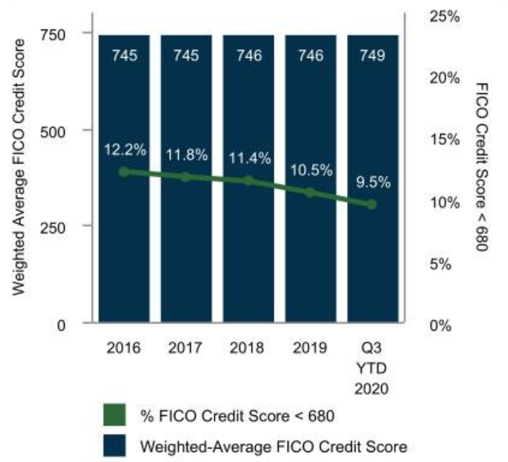
As of September 30, 2020

		Origination Year							Certain Loan Featur			
Categories are not mutually exclusive	Overall Book	2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	2020	OLTV Ratio > 95%	Home-Ready®(30)	FICO Credit Score < 680(6)	Refi Plu Includir HARP(3
Total UPB (Dollars in billions)	$3,120.3	$55.4	$89.6	$1,247.9	$258.7	$208.8	$426.0	$833.9	$188.8	$89.5	$295.3	$234.
Average UPB	$181,361	$67,196	$115,064	$149,247	$189,835	$193,903	$238,279	$276,753	$160,107	$179,139	$142,863	$121,2
Share of Single-Family Conventional Guaranty Book	100%	2%	3%	40%	8%	7%	13%	27%	6%	3%	10%	8%
Loans in Forbearance by UPB	4.7%	8.2%	13.1%	4.6%	6.9%	9.0%	6.3%	1.1%	7.5%	7.5%	11.7%	6.2%
Share of Loans with Credit Enhancement(33)	45%	6%	15%	48%	68%	76%	55%	26%	77%	88%	43%	44%
Serious Delinquency Rate(8)	3.20%	5.81%	9.84%	2.76%	4.20%	5.44%	3.61%	0.53%	5.47%	4.73%	8.28%	3.76%
Weighted-Average OLTV Ratio	74%	74%	76%	75%	76%	78%	76%	72%	106%	89%	77%	86%
OLTV Ratio > 95%	6%	6%	10%	7%	6%	10%	7%	3%	100%	39%	11%	30%
Amortized OLTV Ratio(34)	67%	48%	62%	60%	69%	74%	74%	71%	95%	86%	69%	68%
Weighted-Average Mark-to-Market LTV Ratio(5)	57%	33%	54%	44%	59%	66%	70%	70%	74%	79%	57%	46%
Weighted-Average FICO Credit Score(6)	749	700	695	751	743	737	748	759	727	738	648	728
FICO Credit Score < 680(6)	10%	36%	39%	9%	12%	14%	8%	4%	17%	11%	100%	22%

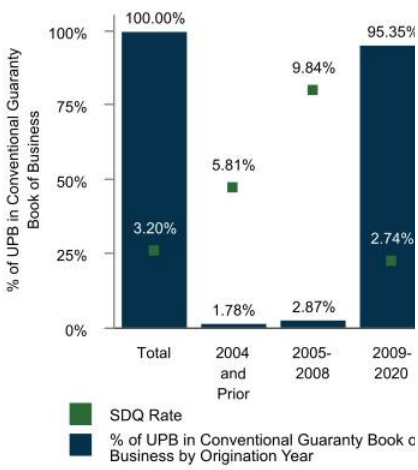
Mark-to-Market Loan-to-Value (MTMLTV) Ratio(5)



FICO Credit Score(6)



SDQ Rate by Vintage(as of September 30, 20



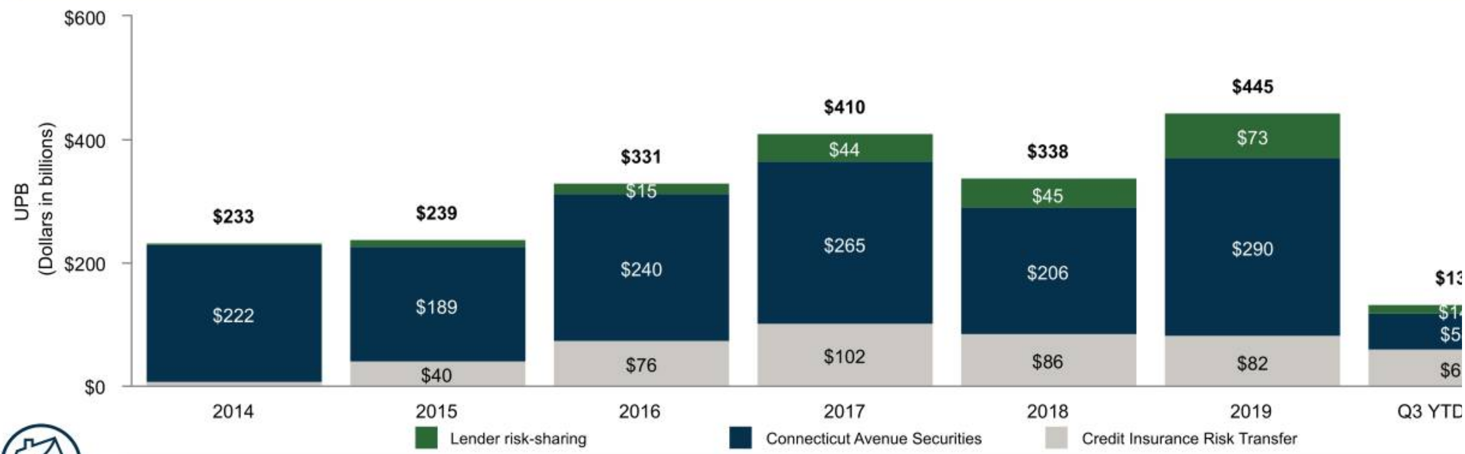
Single-Family Credit Risk Transfer

Single-Family Credit Risk Transfer

Single-Family Loans with Credit Enhancement

Credit Enhancement Outstanding UPB (dollars in billions)	2018 Outstanding UPB	2018 % of Book[35] Outstanding	2019 Outstanding UPB	2019 % of Book[35] Outstanding	Q3 YT Outstanding UPB
Primary mortgage insurance & other[36]	$618	21%	$653	22%	**$674**
Connecticut Avenue Securities[37]	$798	27%	$919	31%	**$708**
Credit Insurance Risk Transfer[7]	$243	8%	$275	10%	**$246**
Lender risk-sharing[37]	$102	4%	$147	5%	**$113**
(Less: loans covered by multiple credit enhancements)	($394)	(13)%	($438)	(15)%	**($338)**
Total single-family loans with credit enhancement	$1,367	47%	$1,556	53%	**$1,403**

Single-Family Credit Risk Transfer Issuance

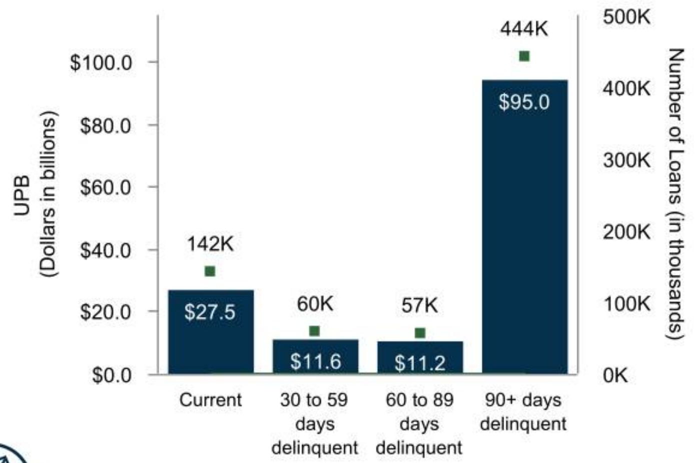


Single-Family Conventional Guaranty Book of Business in Forbearance

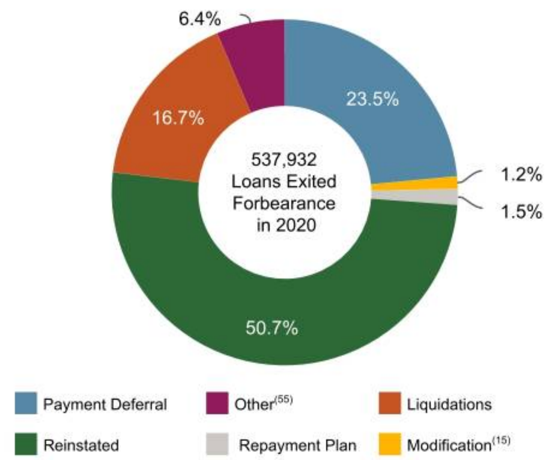
Credit Characteristics of Single-Family Loans in Forbearance(39)

As of September 30, 2020 Categories are not mutually exclusive	Total	Origination Year: 2004 & Earlier	2005-2008	2009-2016	2017	2018	2019
Total UPB (Dollars in billions)	**$145.3**	$4.5	$11.9	$56.9	$17.8	$18.7	$26.7
Average UPB	**$206,547**	$95,766	$164,122	$187,095	$228,585	$236,353	$280,977
Share of Single-Family Conventional Guaranty Book based on Loan Count	**4.1%**	0.3%	0.4%	1.6%	0.5%	0.5%	0.6%
Share of Single-Family Conventional Guaranty Book based on UPB(40)	**4.7%**	0.1%	0.4%	1.8%	0.6%	0.6%	0.9%
MTMLTV Ratio >80% without Mortgage Insurance	**16.6%**	0.1%	1.4%	1.0%	1.0%	3.7%	7.1%
DTI Ratio > 43%(29)	**40.5%**	1.0%	3.6%	13.5%	4.9%	6.9%	8.2%
FICO Score < 680(6)	**23.7%**	1.5%	3.7%	8.3%	3.0%	3.4%	3.1%
OLTV Ratio >95%	**9.7%**	0.3%	0.8%	3.8%	1.0%	1.6%	1.9%

Delinquency Status of Loans in Forbearance as of September 30, 2020(13)

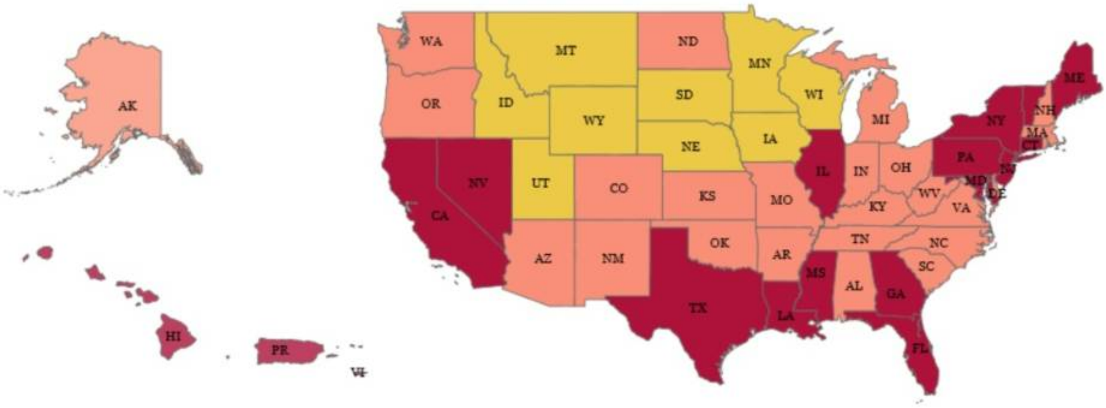


Single-Family Loan Forbearance Exits



Single-Family Problem Loan Statistics

Single-Family Serious Delinquency Rate by State as of September 30, 2020[8]



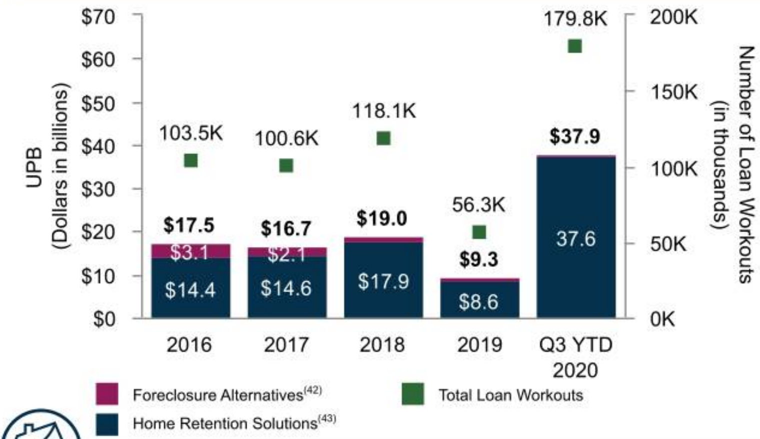
Top 10 States by U

State	Serious Delinquency Rate[8]
CA	3.04%
TX	3.67%
FL	4.76%
NY	5.39%
WA	2.22%
IL	3.46%
NJ	5.31%
CO	2.15%
VA	2.81%
PA	3.19%

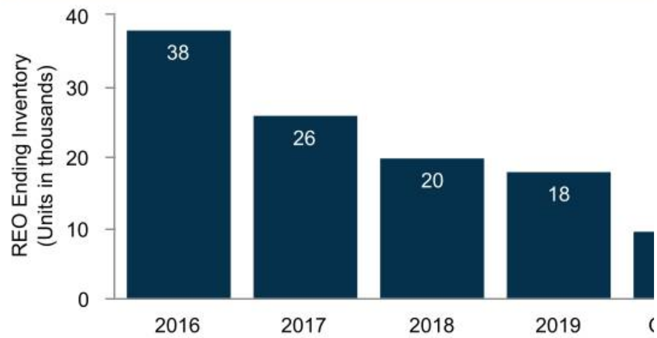
State SDQ Rate:

- 1.01% to 2.00%
- 2.01% to 3.00%
- 3.01% and abov

Single-Family Loan Workouts



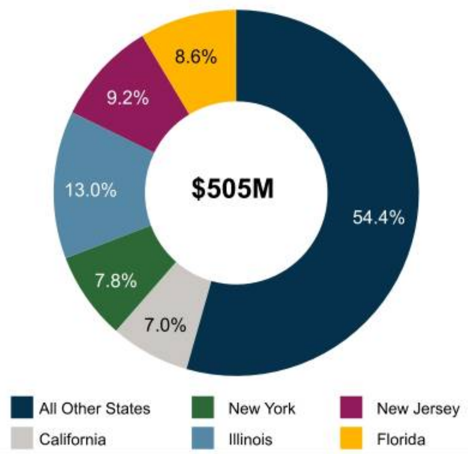
Single-Family REO Ending Inventory



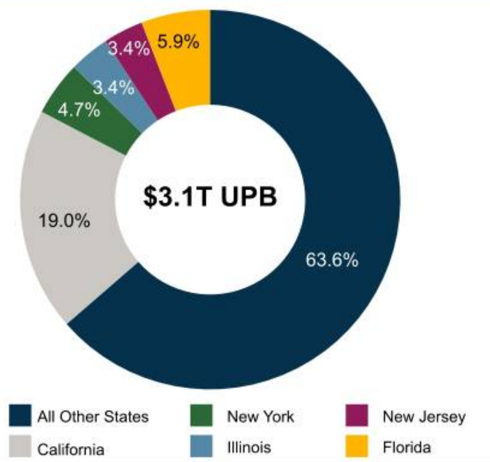
Credit Loss Concentration of Single-Family Conventional Guaranty Book of Busines

Certain Product Features Categories are not mutually exclusive	% of Single-Family Conventional Guaranty Book of Business(35) 2016	2017	2018	2019	Q3 YTD 2020	% of Single-Family Credit Loss For the Period Ended 2016	2017	2018	2019
Credit losses by period (Dollars in millions)	$3,338	$2,963	$2,457	$1,719	**$505**	100.0%	100.0%	100.0%	100.0%
Alt-A[45]	3.1%	2.5%	1.9%	1.5%	**1.2%**	24.9%	21.9%	22.4%	16.6%
Interest-only	1.7%	1.2%	0.8%	0.5%	**0.4%**	12.2%	15.7%	15.4%	11.5%
Origination LTV Ratio >95%	6.9%	6.6%	6.8%	6.9%	**6.1%**	15.2%	16.9%	14.9%	16.0%
FICO Credit Score < 680 and OLTV Ratio > 95%[6]	1.7%	1.6%	1.4%	1.3%	**1.0%**	8.1%	8.7%	8.7%	9.4%
FICO Credit Score < 680[6]	12.2%	11.8%	11.4%	10.5%	**9.5%**	48.7%	45.4%	46.3%	43.1%
Refi Plus including HARP	15.4%	13.2%	11.4%	9.5%	**7.5%**	14.0%	15.9%	13.2%	15.8%
Vintage	2016	2017	2018	2019	Q3 YTD 2020	2016	2017	2018	2019
2009 - 2020	87%	90%	92%	94%	**95%**	19%	23%	20%	27%
2005 - 2008	8%	6%	5%	4%	**3%**	65%	65%	66%	61%
2004 & Prior	5%	4%	3%	2%	**2%**	16%	12%	14%	12%

% of Q3 YTD 2020 Single-Family Credit Losses by State [44][46]

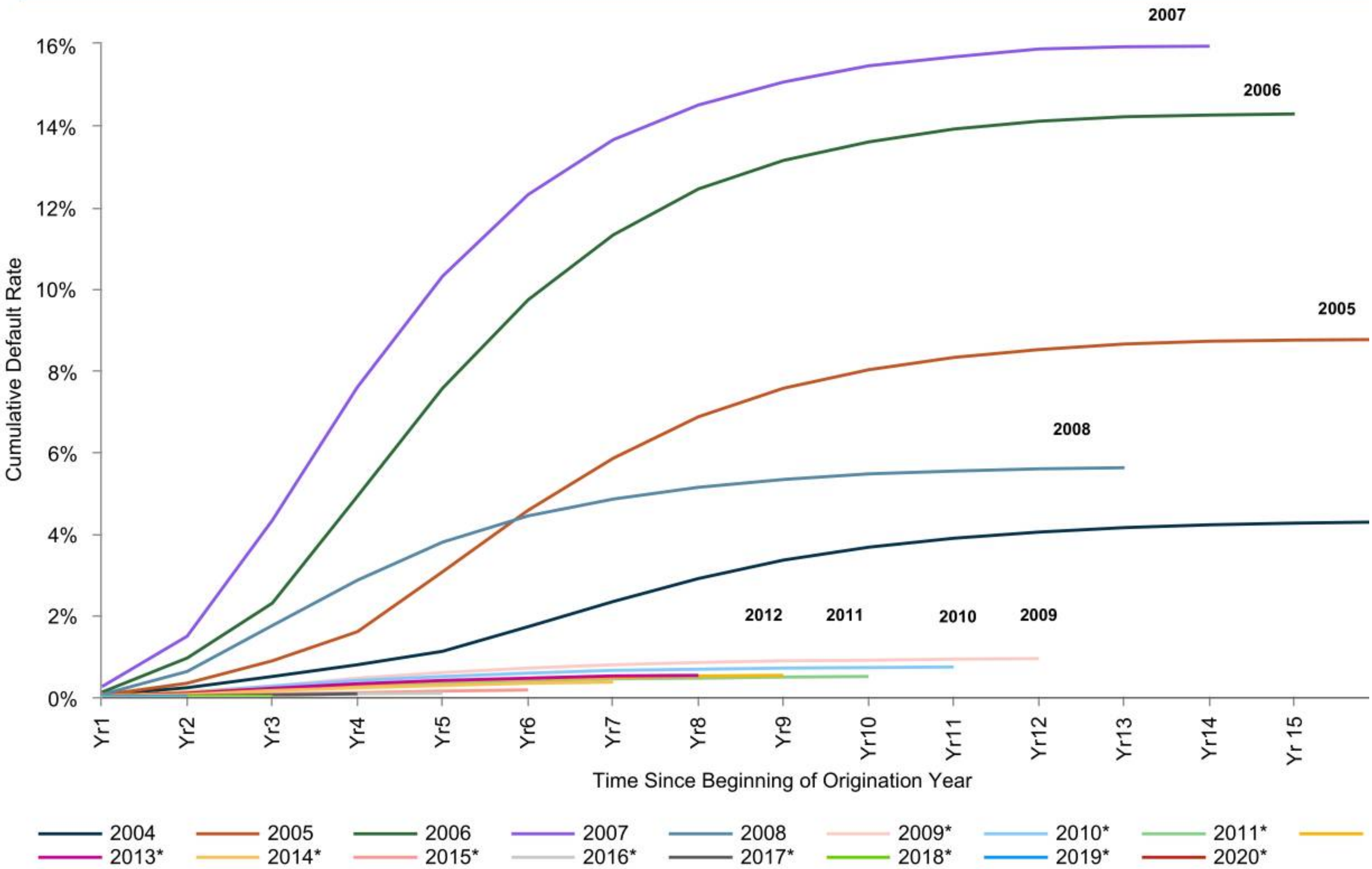


% of Single-Family Conventional Guaranty Boo Business by State as of September 30, 202



Single-Family Cumulative Default Rates

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



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

Multifamily Business

Fannie Mae

Multifamily Highlights

Q3 2020

$786M
Net interest income

$20M
Fee and other income

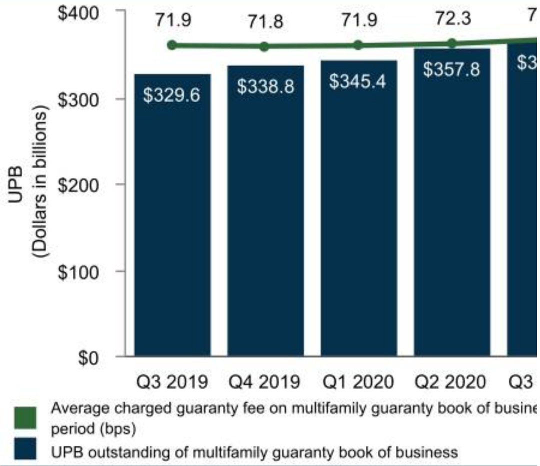
$(83)M
Fair value losses, net

$(48)M
Credit-related expense

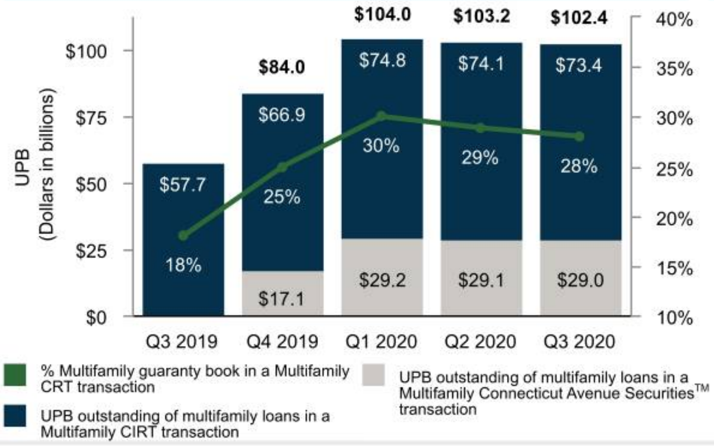
$460M
Net income

Multifamily New Business Volume

Multifamily Guaranty Book of Busin



Multifamily Credit Risk Transfer



Key Highlights

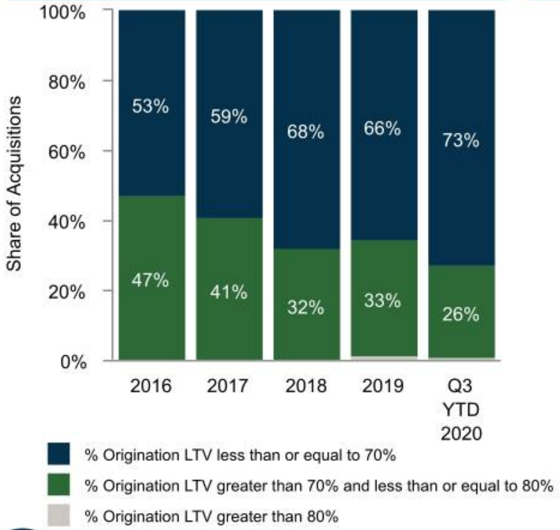
- Multifamily guaranty book of business increased by approximately $9 billion during the third quarter of 20 $367 billion.
- Multifamily serious delinquency rate increased to 1.1 September 30, 2020 from 1.00% as of June 30, 202 result of the large number of loans in COVID-19-rela forbearances becoming seriously delinquent. The mu serious delinquency rate excluding loans in forbearan 0.04% as of September 30, 2020.
- As of September 30, 2020, based on unpaid principa 1.3% of Fannie Mae's multifamily guaranty book of b received a forbearance plan, primarily as a result of t COVID-19 pandemic. Approximately half of those loa measured by unpaid principal balance are currently i repayment plan, and 0.5% of the book, or $1.7 billion active forbearance.

Credit Characteristics of Multifamily Loan Acquisitions

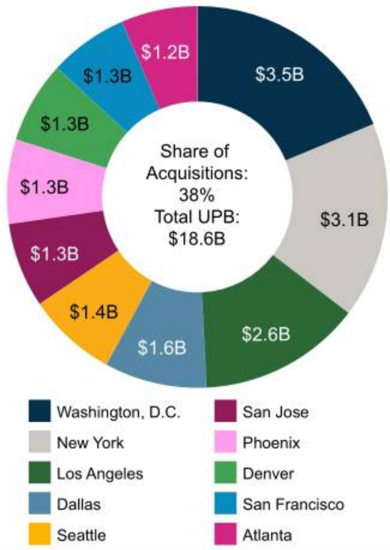
Credit Characteristics of Multifamily Loans by Acquisition Period[3]

Categories are not mutually exclusive	2016	2017	2018	2019	Q3 Y
Total UPB (Dollars in billions)	$55.3	$67.1	$65.4	$70.2	
Weighted Average OLTV Ratio	68%	67%	65%	66%	
Loan Count	3,335	3,861	3,723	4,113	
% Lender Recourse[48]	99%	100%	100%	100%	
% DUS[49]	99%	98%	99%	100%	
% Full Interest-Only	23%	26%	33%	33%	
Weighted Average OLTV Ratio on Full Interest-Only Acquisitions	57%	58%	58%	59%	
Weighted Average OLTV Ratio on Non-Full Interest-Only Acquisitions	71%	70%	68%	69%	
% Partial Interest-Only[50]	60%	57%	53%	56%	

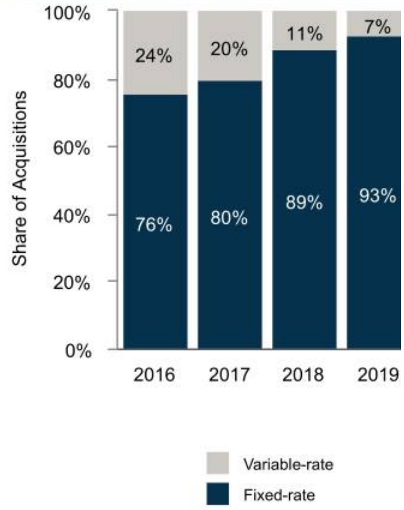
Origination Loan-to-Value Ratio[3]



Top 10 MSAs by Q3 YTD 2020 Acquisition UPB[3]



Acquisitions by Note Typ

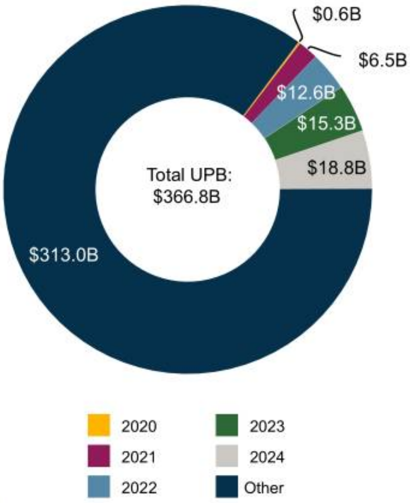


Credit Characteristics of Multifamily Guaranty Book of Business

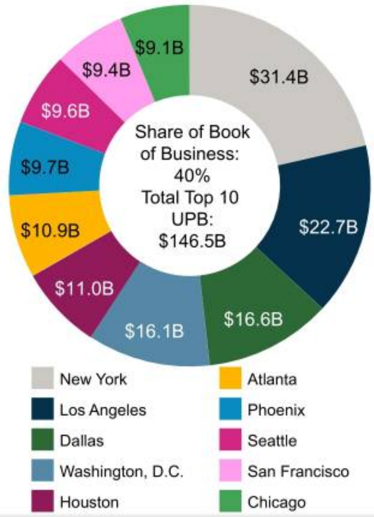
Credit Characteristics of Multifamily Guaranty Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segmen

As of September 30, 2020		Acquisition Year							Asset Class or Targeted Affordable Se			
Categories are not mutually exclusive	Overall Book	2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	2020	Conventional /Co-op[51]	Seniors Housing[51]	Student Housing[51]	Manufactured Housing[51]
Total UPB (Dollars in billions)	$366.8	$3.8	$5.7	$117.3	$58.6	$62.7	$69.8	$48.9	$319.7	$17.3	$14.4	$15.4
% of Multifamily Book	100%	1%	2%	32%	16%	17%	19%	13%	87%	5%	4%	4%
Loan Count	27,928	691	2,962	10,091	3,268	3,527	4,086	3,303	25,205	690	683	1,350
Average UPB (Dollars in millions)	$13.1	$5.5	$1.9	$11.6	$17.9	$17.8	$17.1	$14.8	$12.7	$25.0	$21.0	$11.4
Loans in Forbearance by UPB[38]	0.5%	0.1%	0.5%	0.4%	1.6%	0.1%	0.2%	0.0%	0.2%	3.4%	2.7%	0.0%
Weighted Average OLTV Ratio	66%	72%	66%	67%	67%	65%	66%	64%	66%	66%	67%	66%
Weighted Average DSCR[10]	2.0	3.1	2.4	2.0	2.0	1.8	1.9	2.2	2.0	1.8	1.8	2.0
% Fixed rate	90%	11%	42%	91%	87%	91%	93%	94%	91%	64%	86%	92%
% Full Interest-Only	29%	33%	25%	21%	29%	34%	33%	39%	31%	12%	24%	23%
% Partial Interest-Only[50]	51%	8%	23%	49%	56%	53%	56%	48%	50%	56%	66%	57%
% Small Balance Loans[53]	46%	74%	92%	50%	31%	28%	35%	37%	47%	14%	26%	51%
% DUS[3]	99%	97%	85%	99%	98%	100%	100%	99%	99%	98%	100%	100%
Serious Delinquency Rate[11]	1.12%	0.10%	0.92%	1.55%	2.67%	0.59%	0.38%	0.10%	0.56%	10.85%	3.06%	0.00%

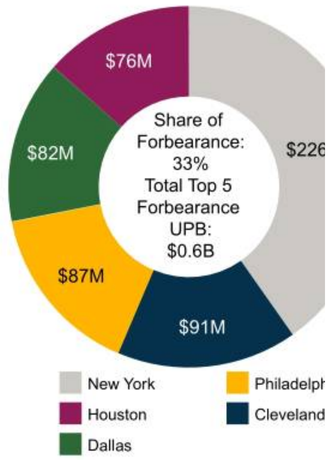
UPB by Maturity Year[3]



Top 10 MSAs by UPB[3]

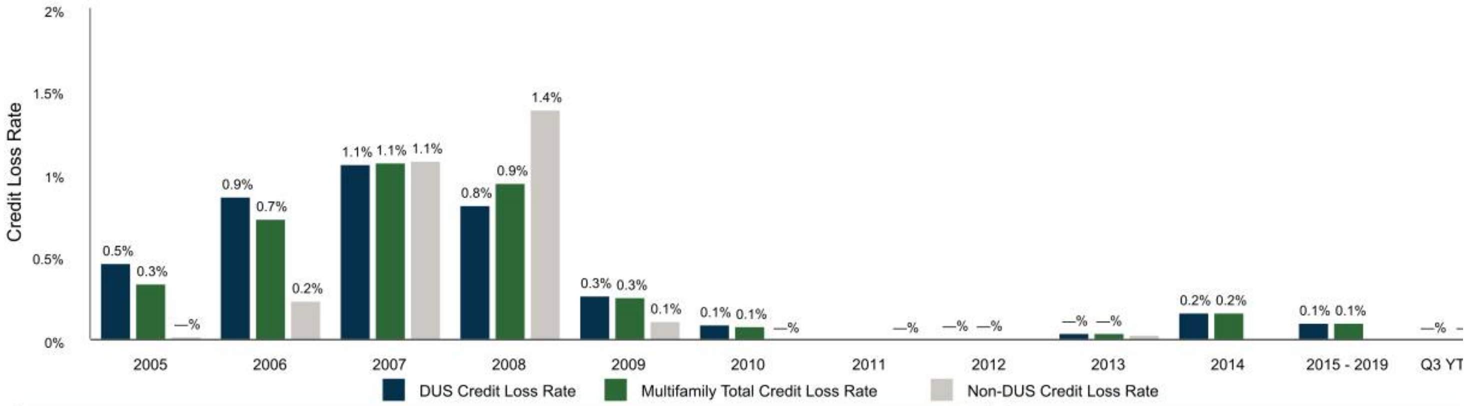


Top 5 MSAs by Forbearance U

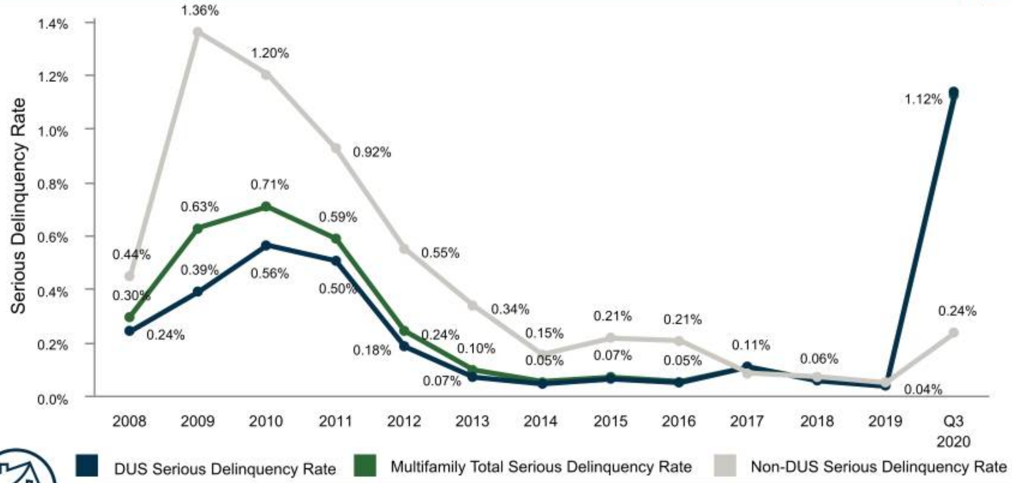


Multifamily Serious Delinquency Rates and Credit Losses

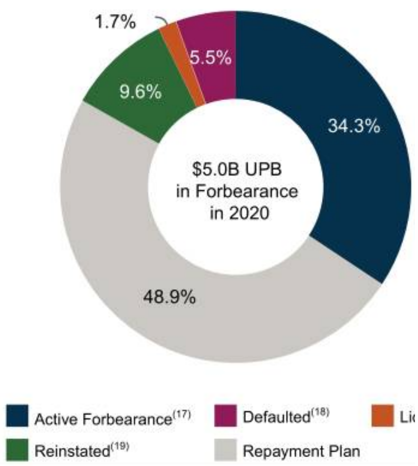
DUS/Non-DUS Cumulative Credit Loss Rates by Acquisition Year Through Q3 YTD 2020(49)(54)



Serious Delinquency Rates(11)(49)



Multifamily Loan Forbearanc Status(16)



Endnotes

Endnotes

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

(2) Single-family conventional loan population consists of: (a) single-family conventional mortgage loans of Fannie Mae; (b) single-family conventional mortgage loans underlyin Fannie Mae MBS other than loans underlying Freddie Mac securities that Fannie Mae has resecuritized; and (c) other credit enhancements that Fannie Mae provided on sin family mortgage assets, such as long-term standby commitments. It excludes non-Fannie Mae single-family mortgage-related securities held in the retained mortgage portfo 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 par the U.S. government or one of its agencies.

(3) The multifamily guaranty book of business consists of: (a) multifamily mortgage loans of Fannie Mae; (b) multifamily mortgage loans underlying Fannie Mae MBS; and (c) ot credit enhancements that the company provided on multifamily mortgage assets. It excludes non-Fannie Mae multifamily mortgage-related securities held in the retained mo portfolio for which Fannie Mae does not provide a guaranty. Data reflects the latest available information as of September 30, 2020.

(4) 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 upfro cash payments relating to these guaranty arrangements over an estimated average life at the time of acquisition. Excludes the impact of a 10 basis point guaranty fee increa implemented pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by the company.

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

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

(7) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately $7 billion at issuance and approximately $2.5 billion outstan as of September 30, 2020.

(8) Single-family "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 originatio product feature, or state, divided by the number of loans in the single-family conventional guaranty book of business in that origination year, product feature, or state. Loans forbearance are reported as delinquent according to the contractual terms of the loans.

(9) Basis points are calculated based on the amount of write-offs, recoveries and foreclosed property expenses annualized divided by the average single-family conventional gu book of business during the period.

(10) Weighted average debt service coverage ratio, or DSCR, is calculated using the most recent property financial operating statements. When operating statement information 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 result our multifamily borrowers, there is a lag in reporting, which typically can range from three to six months, but in some cases may be longer. Accordingly, the financial informat have received from borrowers may only reflect the initial impact of COVID-19. Co-op loans are excluded from this metric.

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

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

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

Endnotes

(14) As a part of the company's relief programs and pursuant to the CARES Act, it is providing payment forbearance for up to 12 months to borrowers experiencing a COVID-1 related financial hardship. The company estimates that, through September 30, 2020, approximately 7.3% of the single-family loans, based on loan count, in the single-family conventional guaranty book of business as of March 31, 2020 have been in a COVID-19-related forbearance at some point in time.

(15) Includes loans that are in trial modifications.

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

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

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

(19) Represents loans that are no longer in forbearance but are current according to the original terms of the loan.

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

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

(22) Reflects the company's aggregate indebtedness measured in unpaid principal balance and excludes effects of debt basis adjustments and debt of consolidated trusts at t end of each period presented.

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

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

(25) U.S. Gross Domestic Product ("GDP") annual growth (decline) rate for periods prior to Q3 YTD 2020 are based on the quarterly series calculated by the Bureau of Econo Analysis and are subject to revision. GDP growth (decline) rate for Q3 YTD 2020 is based on Fannie Mae's forecast.

(26) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of September 2020. Including subsequent data may lead to materially different results. Home price growth rate is not seasonally adjusted. UPB estimates are based on data available through the end o September 2020, and the top 10 states are reported by UPB in descending order. One year home price growth rate is for the 12 month period ending September 30, 2020

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

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

(29) Excludes loans for which this information is not readily available. From time to time, the company revises its guidelines for determining a borrower's DTI ratio. The amoun 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.

Endnotes

(30) Refers to HomeReady® mortgage loans, a low down payment mortgage product offered by the company that is designed for creditworthy low-income borrowers. HomeRea 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; th this category is not representative of all high LTV single-family loans acquired or in the single-family conventional guaranty book of business for the periods shown. See the 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 t 95%.

(31) "Refi Plus" refers to loans acquired under Fannie Mae's Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers who were current on their lo 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 loan LTV ratios greater than 80%.

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

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

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

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

(36) Refers to loans included in an agreement used to reduce credit risk by requiring primary mortgage insurance, collateral, letters of credit, corporate guarantees, or other agre 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 transacti unless such loans are also covered by primary mortgage insurance.

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

(38) Includes multifamily loans that are in an active forbearance as of September 30, 2020.

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

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

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

(42) 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 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.

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

Endnotes

(44) 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 to specific loans.

(45) For a description of our Alt-A loan classification criteria, refer to the glossary in Fannie Mae's 2019 Form 10-K. The company discontinued the purchase of newly originate loans in 2009, except for those that represent the refinancing of a loan acquired prior to 2009, which has resulted in the acquisitions of Alt-A mortgage loans remaining low percentage of the book of business attributable to Alt-A to continue to decrease over time.

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

(47) Defaults include loan foreclosures, short sales, sales to third parties at the time of foreclosure and deeds-in-lieu of foreclosure. Cumulative Default Rate is the total numbe 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 conventi loans in the guaranty book of business originated in the identified year. Data as of September 30, 2020 is not necessarily indicative of the ultimate performance of the loar performance is likely to change, perhaps materially, in future periods.

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

(49) Under the Delegated Underwriting and Servicing (DUS) program, Fannie Mae acquires individual, newly originated mortgages from specially approved DUS lenders using 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 service most loans without a pre-review by the company.

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

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

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

(53) 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 defi been applied to all loans in the current multifamily guaranty book of business, including loans that were acquired under the previous small loan definition.

(54) Cumulative net credit loss rate is the cumulative net credit losses (gains) through September 30, 2020 on the multifamily loans that were acquired in the applicable period, percentage of the total acquired unpaid principal balance of multifamily loans in the applicable period. Net credit losses include expected benefit of freestanding credit enhancements, primarily multifamily DUS lender-risk sharing transactions.

(55) Includes loans that were delinquent upon the expiration of the forbearance arrangement and did not enter into a modification or other loan workout.