

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): October 31, 2023

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

Fannie Mae

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

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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

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

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

Item 2.02 Results of Operations and Financial Condition.

On October 31, 2023, Fannie Mae filed its quarterly report on Form 10-Q for the quarter ended September 30, 2023 and is issuing a press release reporting its financial results for the periods covered by the Form 10-Q. Copies of the press release and a financial supplement are furnished as Exhibits 99.1 and 99.2, respectively, to this report and are incorporated herein by reference. Copies may also be found on Fannie Mae's website, www.fanniemae.com, in the "About Us" section under "Investor Relations/Quarterly and Annual Results." Information appearing on the company's website is not incorporated into this report.

Item 9.01 Financial Statements and Exhibits.

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

| Exhibit Number | Description of Exhibit |
|----------------|---|
| 99.1 | Press release, dated October 31, 2023 |
| 99.2 | Financial Supplement for Q3 2023, dated October 31, 2023 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

Fannie Mae Reports Net Income of \$4.7 Billion for Third Quarter 2023

- \$4.7 billion net income for the third quarter of 2023, with net worth reaching \$73.7 billion as of September 30, 2023
- Net income decreased \$295 million in the third quarter of 2023 compared with the second quarter of 2023, primarily driven by a decrease in benefit for credit losses, partially offset by an increase in fair value gains
- \$106 billion in liquidity provided to the mortgage market in the third quarter of 2023
- Acquired approximately 224,000 single-family purchase loans, of which more than 45% were for first-time homebuyers, and approximately 45,000 single-family refinance loans during the third quarter of 2023
- Financed approximately 159,000 units of multifamily rental housing in the third quarter of 2023, a significant majority of which were affordable to households earning at or below 120% of area median income, providing support for both workforce and affordable housing
- Home prices grew 1.7% on a national basis in the third quarter of 2023, compared with a 3.8% increase in the second quarter of 2023
- The U.S. weekly average 30-year fixed-rate mortgage rate increased from 6.71% as of the end of the second quarter of 2023 to 7.31% as of the end of the third quarter of 2023

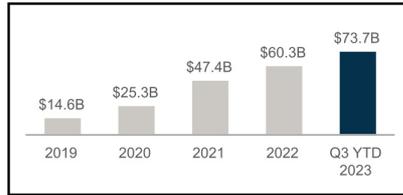
"The third quarter remained challenging for housing – with higher mortgage rates, high home prices, and a limited inventory of homes for sale. Renters, too, continued to face all-time high rents. Against this economic backdrop, Fannie Mae delivered strong third quarter results and remained a reliable source of liquidity and stability for America's housing market. This quarter, we helped 428,000 households purchase, refinance, or rent a home, many of whom are low- to moderate-income borrowers or renters."

Priscilla Almodovar, Chief Executive Officer

Q3 2023 Key Results

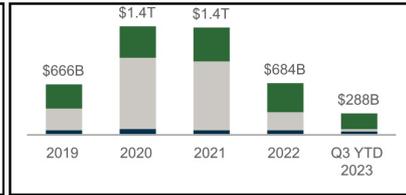
\$73.7 Billion Net Worth

Increase of \$4.7 billion in the third quarter of 2023



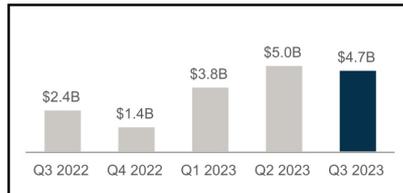
\$288 Billion Supporting Housing Activity

SF Home Purchases SF Refinancings MF Rental Units



\$4.7 Billion Net Income for Q3 2023

Decrease of \$295 million compared with second quarter 2023



Serious Delinquency Rates

Single-Family SDQ Rate Multifamily SDQ Rate



Summary of Financial Results

| (Dollars in millions) | Q323 | Q223 | Variance | % Change | Q322 | Variance | % Change |
|--|------------------|------------------|-----------------|-------------|------------------|------------------|--------------|
| Net interest income | \$ 7,220 | \$ 7,035 | \$ 185 | 3 % | \$ 7,124 | \$ 96 | 1 % |
| Fee and other income | 76 | 70 | 6 | 9 % | 105 | (29) | (28)% |
| Net revenues | 7,296 | 7,105 | 191 | 3 % | 7,229 | 67 | 1 % |
| Investment gains (losses), net | 8 | 25 | (17) | (68)% | (172) | 180 | NM |
| Fair value gains, net | 795 | 404 | 391 | 97 % | 292 | 503 | 172 % |
| Administrative expenses | (897) | (864) | (33) | (4)% | (870) | (27) | (3)% |
| Benefit (provision) for credit losses | 652 | 1,266 | (614) | (48)% | (2,536) | 3,188 | NM |
| TCCA fees | (860) | (856) | (4) | — % | (850) | (10) | (1)% |
| Credit enhancement expense ⁽¹⁾ | (390) | (384) | (6) | (2)% | (364) | (26) | (7)% |
| Change in expected credit enhancement recoveries | (128) | (160) | 32 | 20 % | 290 | (418) | NM |
| Other expenses, net ⁽²⁾ | (535) | (257) | (278) | (108)% | (154) | (381) | NM |
| Income before federal income taxes | 5,941 | 6,279 | (338) | (5)% | 2,865 | 3,076 | 107 % |
| Provision for federal income taxes | (1,242) | (1,285) | 43 | 3 % | (429) | (813) | (190)% |
| Net income | \$ 4,699 | \$ 4,994 | \$ (295) | (6)% | \$ 2,436 | \$ 2,263 | 93 % |
| Total comprehensive income | \$ 4,681 | \$ 4,995 | \$ (314) | (6)% | \$ 2,433 | \$ 2,248 | 92 % |
| Net worth | \$ 73,725 | \$ 69,044 | \$ 4,681 | 7 % | \$ 58,840 | \$ 14,885 | 25 % |

NM - Not meaningful

⁽¹⁾ Consists of costs associated with freestanding credit enhancements, which primarily include Connecticut Avenue Securities® and Credit Insurance Risk Transfer™ programs, enterprise-paid mortgage insurance, and certain lender risk-sharing programs.

⁽²⁾ Consists of debt extinguishment gains (losses), expenses associated with legal claims, foreclosed property income (expense), gains (losses) from partnership investments, housing trust fund expenses, loan subservicing costs, and servicer fees paid in connection with certain loss mitigation activities.

Financial Highlights

Net income decreased \$295 million in the third quarter of 2023, compared with the second quarter of 2023, primarily driven by a decrease in benefit for credit losses, partially offset by an increase in fair value gains.

- Net interest income remained strong in the third quarter of 2023 primarily driven by base guaranty fee income.
- Benefit for credit losses was \$652 million in the third quarter of 2023, compared with \$1.3 billion in the second quarter of 2023. The benefit for credit losses for the third quarter of 2023 was primarily driven by increases in actual and forecasted single-family home prices. This was partially offset by write-offs relating to the redesignation of certain single-family loans from held for investment to held for sale.
- Fair value gains were \$795 million in the third quarter of 2023, compared with \$404 million in the second quarter of 2023. Fair value gains in the third quarter of 2023 were primarily due to increases in interest rates during the period.
- Other expenses, net includes \$491 million of expense in the third quarter of 2023 relating to a jury verdict and an award of prejudgment interest for Fannie Mae preferred shareholders.

Single-Family Business Financial Results

| (Dollars in millions) | Q323 | Q223 | Variance | % Change | Q322 | Variance | % Change |
|---|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|--------------|
| Net interest income | \$ 6,074 | \$ 5,917 | \$ 157 | 3 % | \$ 5,918 | \$ 156 | 3 % |
| Fee and other income | 56 | 52 | 4 | 8 % | 83 | (27) | (33)% |
| Net revenues | 6,130 | 5,969 | 161 | 3 % | 6,001 | 129 | 2 % |
| Investment gains (losses), net | 9 | 27 | (18) | (67)% | (178) | 187 | NM |
| Fair value gains, net | 742 | 460 | 282 | 61 % | 309 | 433 | 140 % |
| Administrative expenses | (745) | (718) | (27) | (4)% | (730) | (15) | (2)% |
| Benefit (provision) for credit losses | 736 | 1,418 | (682) | (48)% | (2,361) | 3,097 | NM |
| TCCA fees | (860) | (856) | (4) | — % | (850) | (10) | (1)% |
| Credit enhancement expense | (335) | (327) | (8) | (2)% | (298) | (37) | (12)% |
| Change in expected credit enhancement recoveries | (170) | (223) | 53 | 24 % | 245 | (415) | NM |
| Other expenses, net | (411) | (203) | (208) | (102)% | (165) | (246) | (149)% |
| Income before federal income taxes | 5,096 | 5,547 | (451) | (8)% | 1,973 | 3,123 | 158 % |
| Provision for federal income taxes | (1,071) | (1,153) | 82 | 7 % | (276) | (795) | NM |
| Net income | \$ 4,025 | \$ 4,394 | \$ (369) | (8)% | \$ 1,697 | \$ 2,328 | 137 % |
| Average charged guaranty fee on new conventional acquisitions, net of TCCA fees* | 54.3 bps | 52.2 bps | 2.1 bps | 4 % | 52.1 bps | 2.2 bps | 4 % |
| Average charged guaranty fee on conventional guaranty book of business, net of TCCA fees* | 47.0 bps | 46.8 bps | 0.2 bps | — % | 46.3 bps | 0.7 bps | 2 % |

NM - Not meaningful

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

Key Business Highlights

- Single-family conventional acquisition volume was \$89.2 billion in the third quarter of 2023, consistent with the second quarter of 2023. Purchase acquisition volume, of which more than 45% was for first-time homebuyers, increased to \$78.2 billion in the third quarter of 2023 from \$76.4 billion in the second quarter of 2023. Refinance acquisition volume was \$11.0 billion in the third quarter of 2023, a decrease from \$12.8 billion in the second quarter of 2023.
- Average single-family conventional guaranty book of business in the third quarter of 2023 increased by \$5.5 billion from the second quarter of 2023 driven by an increase in the average loan size of the book. Overall credit characteristics of the single-family conventional guaranty book of business remained strong, with a weighted-average mark-to-market loan-to-value ratio of 51% and a weighted-average FICO credit score at origination of 753 as of September 30, 2023.
- Average charged guaranty fee, net of TCCA fees, on the single-family conventional guaranty book remained relatively flat at 47.0 basis points as of September 30, 2023, compared with 46.8 basis points as of June 30, 2023. Average charged guaranty fee on newly acquired single-family conventional loans, net of TCCA fees, increased to 54.3 basis points for the third quarter of 2023, compared with 52.2 basis points for the second quarter of 2023.
- Single-family serious delinquency rate decreased to 0.54% as of September 30, 2023 from 0.55% as of June 30, 2023. Single-family seriously delinquent loans are loans that are 90 days or more past due or in the foreclosure process.

Multifamily Business Financial Results

| (Dollars in millions) | Q323 | Q223 | Variance | % Change | Q322 | Variance | % Change |
|---|---------------|---------------|-----------------|-----------------|---------------|-----------------|-----------------|
| Net interest income | \$ 1,146 | \$ 1,118 | \$ 28 | 3 % | \$ 1,206 | \$ (60) | (5)% |
| Fee and other income | 20 | 18 | 2 | 11 % | 22 | (2) | (9)% |
| Net revenues | 1,166 | 1,136 | 30 | 3 % | 1,228 | (62) | (5)% |
| Fair value gains (losses), net | 53 | (56) | 109 | NM | (17) | 70 | NM |
| Administrative expenses | (152) | (146) | (6) | (4)% | (140) | (12) | (9)% |
| Provision for credit losses | (84) | (152) | 68 | 45 % | (175) | 91 | 52 % |
| Credit enhancement expense | (55) | (57) | 2 | 4 % | (66) | 11 | 17 % |
| Change in expected credit enhancement recoveries | 42 | 63 | (21) | (33)% | 45 | (3) | (7)% |
| Other income (expenses), net* | (125) | (56) | (69) | (123)% | 17 | (142) | NM |
| Income before federal income taxes | 845 | 732 | 113 | 15 % | 892 | (47) | (5)% |
| Provision for federal income taxes | (171) | (132) | (39) | (30)% | (153) | (18) | (12)% |
| Net income | \$ 674 | \$ 600 | \$ 74 | 12 % | \$ 739 | \$ (65) | (9)% |
| Average charged guaranty fee rate on multifamily guaranty book of business, at period end | 76.8 bps | 77.4 bps | (0.6) bps | (1)% | 79.0 bps | (2.2) bps | (3)% |

NM - Not meaningful

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

Key Business Highlights

- New multifamily business volume was \$16.4 billion in the third quarter of 2023, compared with \$15.1 billion in the second quarter of 2023. During the first nine months of 2023, new multifamily business volume was \$41.7 billion. FHFA has capped the company's multifamily loan purchases for 2023 at \$75 billion. FHFA requires that a minimum of 50% of the company's multifamily loan purchases must be mission-driven, focused on specified affordable and underserved market segments.
- The multifamily guaranty book of business grew by approximately 2% in the third quarter of 2023 to \$464.7 billion. The average charged guaranty fee on the multifamily book declined slightly to 76.8 basis points as of September 30, 2023, compared with 77.4 basis points as of June 30, 2023.
- The multifamily serious delinquency rate increased to 0.54% as of September 30, 2023, compared with 0.37% as of June 30, 2023, largely driven by seniors housing portfolios. Multifamily seriously delinquent loans are loans that are 60 days or more past due.



Additional Matters

Fannie Mae's Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations and Comprehensive Income for the third quarter of 2023 are available in the accompanying Annex; however, investors and interested parties should read the company's Third Quarter 2023 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 2023 Form 10-Q. Additional information about the company's financial and credit performance is contained in Fannie Mae's "Q3 2023 Financial Supplement" at www.fanniemae.com.

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

Fannie Mae advances equitable and sustainable access to homeownership and quality, affordable rental housing for millions of people across America. We enable the 30-year fixed-rate mortgage and drive responsible innovation to make homebuying and renting easier, fairer, and more accessible. To learn more, visit fanniemae.com.

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

| | As of | |
|---|--------------------|-------------------|
| | September 30, 2023 | December 31, 2022 |
| ASSETS | | |
| Cash and cash equivalents | \$ 48,604 | \$ 57,987 |
| Restricted cash and cash equivalents (includes \$26,993 and \$23,348, respectively, related to consolidated trusts) | 33,195 | 29,854 |
| Securities purchased under agreements to resell (includes \$900 and \$3,475, respectively, related to consolidated trusts) | 22,850 | 14,565 |
| Investments in securities, at fair value | 51,872 | 50,825 |
| Mortgage loans: | | |
| Loans held for sale, at lower of cost or fair value | 2,587 | 2,033 |
| Loans held for investment, at amortized cost: | | |
| Of Fannie Mae | 49,767 | 52,081 |
| Of consolidated trusts | 4,090,205 | 4,071,669 |
| Total loans held for investment (includes \$3,207 and \$3,645, respectively, at fair value) | 4,139,972 | 4,123,750 |
| Allowance for loan losses | (8,671) | (11,347) |
| Total loans held for investment, net of allowance | 4,131,301 | 4,112,403 |
| Total mortgage loans | 4,133,888 | 4,114,436 |
| Advances to lenders | 3,384 | 1,502 |
| Deferred tax assets, net | 11,885 | 12,911 |
| Accrued interest receivable, net (includes \$9,861 and \$9,241 related to consolidated trusts and net of allowance of \$33 and \$111, respectively) | 10,462 | 9,821 |
| Other assets | 13,240 | 13,387 |
| Total assets | \$ 4,329,380 | \$ 4,305,288 |
| LIABILITIES AND EQUITY | | |
| Liabilities: | | |
| Accrued interest payable (includes \$9,998 and \$9,347, respectively, related to consolidated trusts) | \$ 10,758 | \$ 9,917 |
| Debt: | | |
| Of Fannie Mae (includes \$833 and \$1,161, respectively, at fair value) | 125,652 | 134,168 |
| Of consolidated trusts (includes \$14,210 and \$16,260, respectively, at fair value) | 4,106,110 | 4,087,720 |
| Other liabilities (includes \$1,715 and \$1,748, respectively, related to consolidated trusts) | 13,135 | 13,206 |
| Total liabilities | 4,255,655 | 4,245,011 |
| Commitments and contingencies (Note 13) | — | — |
| Fannie Mae stockholders' equity: | | |
| Senior preferred stock (liquidation preference of \$190,543 and \$180,339, 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 | (59,546) | (73,011) |
| Accumulated other comprehensive income | 18 | 35 |
| 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) | 73,725 | 60,277 |
| Total liabilities and equity | \$ 4,329,380 | \$ 4,305,288 |

See Notes to Condensed Consolidated Financial Statements in the Third Quarter 2023 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, | |
|---|--|-----------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest income: | | | | |
| Investments in securities | \$ 1,075 | \$ 525 | \$ 3,157 | \$ 1,009 |
| Mortgage loans | 33,711 | 30,114 | 98,503 | 86,338 |
| Other | 629 | 211 | 1,665 | 298 |
| Total interest income | <u>35,415</u> | <u>30,850</u> | <u>103,325</u> | <u>87,645</u> |
| Interest expense: | | | | |
| Short-term debt | (201) | (17) | (503) | (23) |
| Long-term debt | (27,994) | (23,709) | (81,781) | (65,291) |
| Total interest expense | <u>(28,195)</u> | <u>(23,726)</u> | <u>(82,284)</u> | <u>(65,314)</u> |
| Net interest income | 7,220 | 7,124 | 21,041 | 22,331 |
| Benefit (provision) for credit losses | 652 | (2,536) | 1,786 | (2,994) |
| Net interest income after benefit (provision) for credit losses | <u>7,872</u> | <u>4,588</u> | <u>22,827</u> | <u>19,337</u> |
| Investment gains (losses), net | 8 | (172) | (34) | (323) |
| Fair value gains, net | 795 | 292 | 1,403 | 1,301 |
| Fee and other income | 76 | 105 | 209 | 269 |
| Non-interest income | <u>879</u> | <u>225</u> | <u>1,578</u> | <u>1,247</u> |
| Administrative expenses: | | | | |
| Salaries and employee benefits | (477) | (439) | (1,424) | (1,244) |
| Professional services | (211) | (229) | (587) | (636) |
| Other administrative expenses | (209) | (202) | (618) | (593) |
| Total administrative expenses | <u>(897)</u> | <u>(870)</u> | <u>(2,629)</u> | <u>(2,473)</u> |
| TCCA fees | (860) | (850) | (2,571) | (2,515) |
| Credit enhancement expense | (390) | (364) | (1,115) | (974) |
| Change in expected credit enhancement recoveries | (128) | 290 | (168) | 303 |
| Other expenses, net | (535) | (154) | (922) | (612) |
| Total expenses | <u>(2,810)</u> | <u>(1,948)</u> | <u>(7,405)</u> | <u>(6,271)</u> |
| Income before federal income taxes | 5,941 | 2,865 | 17,000 | 14,313 |
| Provision for federal income taxes | (1,242) | (429) | (3,535) | (2,816) |
| Net income | 4,699 | 2,436 | 13,465 | 11,497 |
| Other comprehensive loss | (18) | (3) | (17) | (14) |
| Total comprehensive income | <u>\$ 4,681</u> | <u>\$ 2,433</u> | <u>\$ 13,448</u> | <u>\$ 11,483</u> |
| Net income | <u>\$ 4,699</u> | <u>\$ 2,436</u> | <u>\$ 13,465</u> | <u>\$ 11,497</u> |
| Dividends distributed or amounts attributable to senior preferred stock | (4,681) | (2,433) | (13,448) | (11,483) |
| Net income attributable to common stockholders | <u>\$ 18</u> | <u>\$ 3</u> | <u>\$ 17</u> | <u>\$ 14</u> |
| Earnings per share: | | | | |
| Basic | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 |
| Diluted | 0.00 | 0.00 | 0.00 | 0.00 |
| Weighted-average common shares outstanding: | | | | |
| Basic | 5,867 | 5,867 | 5,867 | 5,867 |
| Diluted | 5,893 | 5,893 | 5,893 | 5,893 |

See Notes to Condensed Consolidated Financial Statements in the Third Quarter 2023 Form 10-Q



Fannie Mae[®]

Financial Supplement Q3 2023

October 31, 2023

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- Some of the terms and other information in this presentation are defined and discussed more fully in Fannie Mae's Form 10-Q for the quarter ended September 30, 2023 ("Q3 2023 Form 10-Q") and Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K"). This presentation should be reviewed together with the Q3 2023 Form 10-Q and the 2022 Form 10-K, which are available at www.fanniemae.com in the "About Us—Investor Relations—SEC Filings" section. Information on or available through the company's website is not part of this supplement.
- Some of the information in this presentation is based upon information from third-party sources such as sellers and servicers of mortgage loans. Although Fannie Mae generally considers this information reliable, Fannie Mae does not independently verify all reported information.
- Due to rounding, amounts reported in this presentation may not sum to totals indicated (i.e., 100%), or amounts shown as 100% may not reflect the entire population.
- Unless otherwise indicated, data is as of September 30, 2023 or for the first nine months of 2023. Data for prior years is as of December 31 or for the full year indicated.
- Note references are to endnotes, appearing on pages 22 to 24.
- Terms used in presentation
 - CAS:** Connecticut Avenue Securities®
 - CIRT™:** Credit Insurance Risk Transfer™
 - CRT:** Credit risk transfer
 - DSCR:** Weighted-average debt service coverage ratio
 - DTI ratio:** Debt-to-income ("DTI") ratio refers to the ratio of a borrower's outstanding debt obligations (including both mortgage debt and certain other long-term and significant short-term debts) to that borrower's reported or calculated monthly income, to the extent the income is used to qualify for the mortgage
 - DUS®:** Fannie Mae's Delegated Underwriting and Servicing program
 - HARP®:** Home Affordable Refinance Program®, registered trademarks of the Federal Housing Finance Agency, which allowed eligible Fannie Mae borrowers with high LTV ratio loans to refinance into more sustainable loans
 - LTV ratio:** Loan-to-value ratio
 - MSA:** Metropolitan statistical area
 - MTMLTV ratio:** Mark-to-market loan-to-value ratio, which refers to the current unpaid principal balance of a loan at period end, divided by the estimated current home price at period end
 - OLTV ratio:** Origination loan-to-value ratio, which refers to the unpaid principal balance of a loan at the time of origination of the loan, divided by the home price or property value at origination of the loan
 - Refi Plus™:** Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers
 - REO:** Real estate owned by Fannie Mae because it has foreclosed on the property or obtained the property through a deed-in-lieu of foreclosure
 - TCCA fees:** Refers to revenues generated by the 10 basis point guaranty fee increase the company implemented on single-family residential mortgages pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 ("TCCA") and as extended by the Infrastructure Investment and Jobs Act, the incremental revenue from which is remitted to Treasury and not retained by the company
 - UPB:** Unpaid principal balance



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Overview

Corporate Financial Highlights

| Summary of Q3 2023 Financial Results | | | | | | | Q3 2023 Key Highlights |
|--|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|---|
| (Dollars in millions) | Q3 2023 | Q2 2023 | Variance | Q3 YTD 2023 | Q3 YTD 2022 | Variance | \$4.7 billion Net Income in Q3 2023, with Net Worth Reaching \$73.7 billion as of September 30, 2023 |
| Net interest income | \$7,220 | \$7,035 | \$185 | \$21,041 | \$22,331 | \$(1,290) | Net income decreased \$295 million in the third quarter of 2023, compared with the second quarter of 2023, primarily driven by a decrease in benefit for credit losses, partially offset by an increase in fair value gains. |
| Fee and other income | 76 | 70 | 6 | 209 | 269 | (60) | |
| Net revenues | 7,296 | 7,105 | 191 | 21,250 | 22,600 | (1,350) | Net interest income |
| Investment gains (losses), net | 8 | 25 | (17) | (34) | (323) | 289 | Net interest income remained strong in the third quarter of 2023 primarily driven by base guaranty fee income. |
| Fair value gains, net | 795 | 404 | 391 | 1,403 | 1,301 | 102 | Benefit (provision) for credit losses |
| Administrative expenses | (897) | (864) | (33) | (2,629) | (2,473) | (156) | Benefit for credit losses was \$652 million in the third quarter of 2023, compared with \$1.3 billion in the second quarter of 2023. The benefit for credit losses in the third quarter of 2023 was primarily driven by increases in actual and forecasted single-family home prices. This was partially offset by write-offs relating to the redesignation of certain single-family loans from held for investment to held for sale. |
| Benefit (provision) for credit losses | 652 | 1,266 | (614) | 1,786 | (2,994) | 4,780 | Fair value gains, net |
| TCCA fees | (860) | (856) | (4) | (2,571) | (2,515) | (56) | Fair value gains were \$795 million in the third quarter of 2023, compared with \$404 million in the second quarter of 2023. Fair value gains in the third quarter of 2023 were primarily due to increases in interest rates during the period. |
| Credit enhancement expense | (390) | (384) | (6) | (1,115) | (974) | (141) | Other expenses, net |
| Change in expected credit enhancement recoveries | (128) | (160) | 32 | (168) | 303 | (471) | Other expenses, net includes \$491 million of expense in the third quarter of 2023 relating to a jury verdict and an award of prejudgment interest for Fannie Mae preferred shareholders. |
| Other expenses, net ⁽¹⁾ | (535) | (257) | (278) | (922) | (612) | (310) | |
| Income before federal income taxes | 5,941 | 6,279 | (338) | 17,000 | 14,313 | 2,687 | |
| Provision for federal income taxes | (1,242) | (1,285) | 43 | (3,535) | (2,816) | (719) | |
| Net income | \$4,699 | \$4,994 | \$(295) | \$13,465 | \$11,497 | \$1,968 | |
| Total comprehensive income | \$4,681 | \$4,995 | \$(314) | \$13,448 | \$11,483 | \$1,965 | |
| Net worth | \$73,725 | \$69,044 | \$4,681 | \$73,725 | \$58,840 | \$14,885 | |
| Net worth ratio⁽²⁾ | 1.7 % | 1.6 % | | 1.7 % | 1.4 % | | |

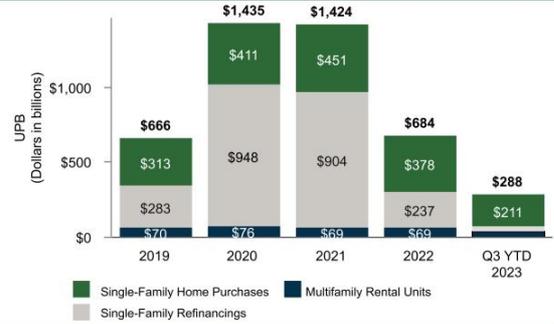


Guaranty Book of Business Highlights

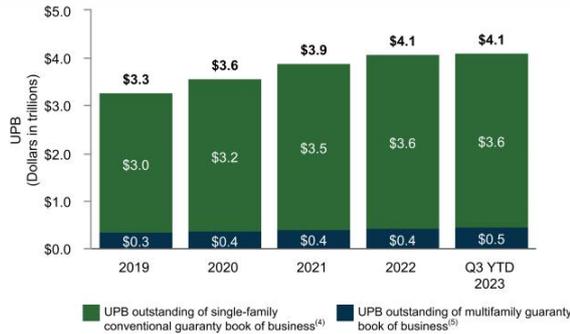
Market Liquidity Provided

Total liquidity provided in the third quarter of 2023 was \$106B

| Unpaid Principal Balance | Units |
|--------------------------|--------------------------------------|
| \$78B | 224K Single-Family Home Purchases |
| \$11B | 45K Single-Family Refinancings |
| \$16B | 159K Multifamily Rental Units |



Outstanding Guaranty Book of Business at Period End



Guaranty Book of Business in a CRT

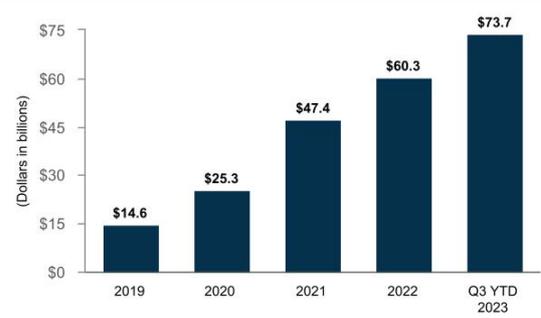


Interest Income and Liquidity Management

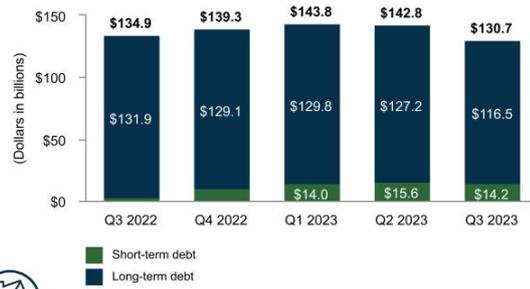
Components of Net Interest Income



Net Worth of Fannie Mae



Aggregate Indebtedness of Fannie Mae⁽¹¹⁾

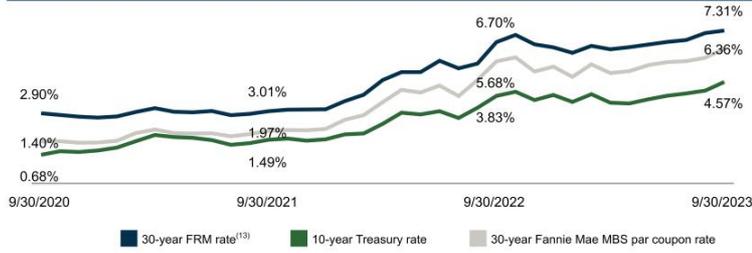


Other Investments Portfolio ("OIP")

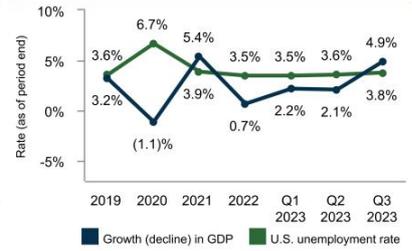


Key Market Economic Indicators

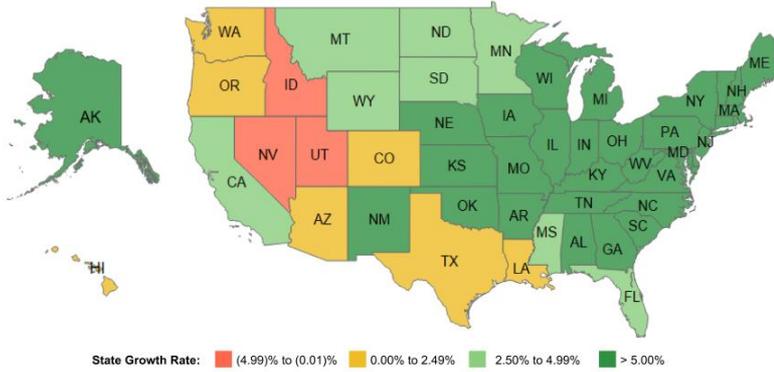
Benchmark Interest Rates



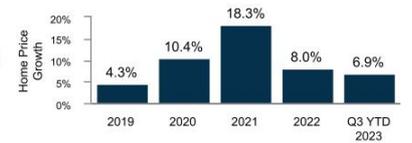
U.S. GDP Growth (Decline) Rate and Unemployment Rate⁽¹⁴⁾



One Year Home Price Growth Rate Q3 2023⁽¹⁵⁾ United States 5.3%



Single-Family Home Price Growth Rate⁽¹⁵⁾



Top 10 States by UPB⁽¹⁵⁾

| State | One Year Home Price Growth Rate Q3 2023 | Share of Single-Family Conventional Guaranty Book |
|-------|---|---|
| CA | 3.7% | 19% |
| TX | 1.1% | 7% |
| FL | 3.9% | 6% |
| NY | 6.5% | 5% |
| WA | 1.3% | 4% |
| CO | 2.2% | 3% |
| NJ | 10.3% | 3% |
| IL | 8.0% | 3% |
| VA | 7.5% | 3% |
| NC | 5.8% | 3% |



Single-Family Business



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Single-Family Highlights

Q3 2023

\$6,074M
Net interest income

\$9M
Investment gains, net

\$742M
Fair value gains, net

\$736M
Benefit for credit losses

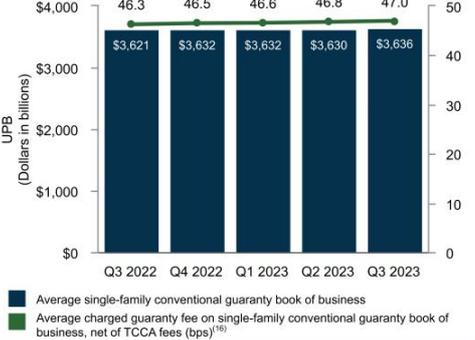
\$4,025M
Net income



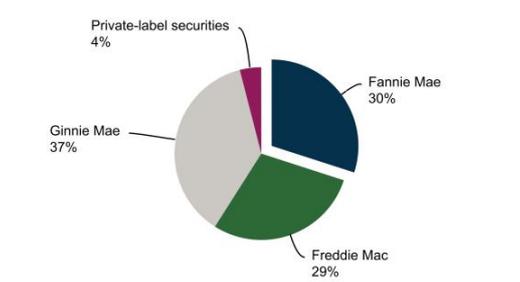
Single-Family Conventional Loan Acquisitions⁽⁴⁾



Single-Family Conventional Guaranty Book of Business⁽⁴⁾



Q3 2023 Single-Family Mortgage-Related Securities Share of Issuances

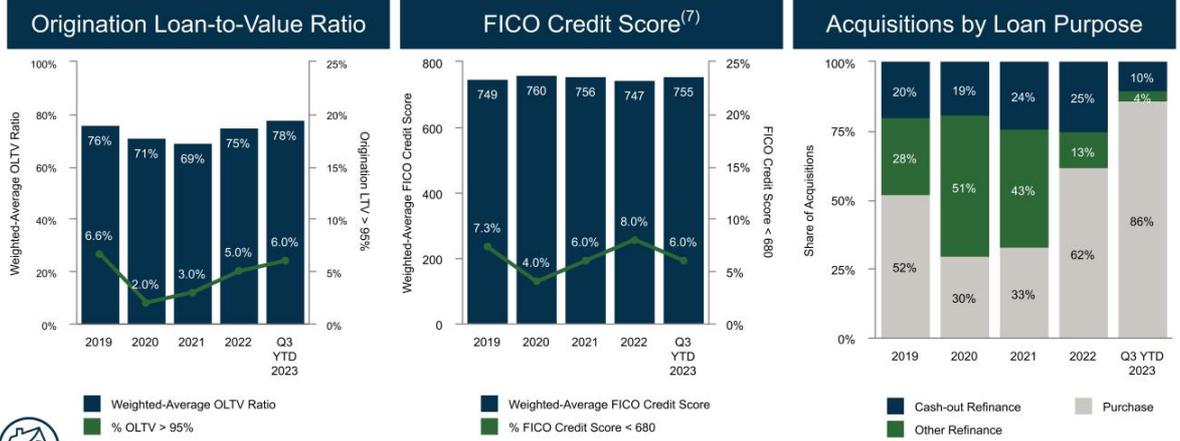


Highlights

- Single-family conventional acquisition volume was \$89.2 billion in Q3 2023, consistent with Q2 2023.
- Purchase acquisition volume, of which more than 45% was for first-time homebuyers, increased to \$78.2 billion in Q3 2023 from \$76.4 billion in Q2 2023.
- Refinance acquisition volume was \$11.0 billion in Q3 2023, a decline from \$12.8 billion in Q2 2023.
- Average single-family conventional guaranty book of business in Q3 2023 increased by \$5.5 billion from Q2 2023 driven by an increase in the average loan size of the book.
- Single-family serious delinquency rate decreased to 0.54% as of September 30, 2023 from 0.55% as of June 30, 2023.

Credit Characteristics of Single-Family Conventional Loan Acquisitions

| Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period | | | | | | | Q3 YTD 2023 Acquisition Credit Profile by Certain Loan Features | | | |
|--|---------|---------|----------------|---------|---------|---------|---|----------------------------|--|---------------------------------|
| Categories are not mutually exclusive | Q3 2022 | Q4 2022 | Full Year 2022 | Q1 2023 | Q2 2023 | Q3 2023 | OLTV Ratio >95% | Home-Ready ⁽¹⁸⁾ | FICO Credit Score < 680 ⁽⁷⁾ | DTI Ratio > 43% ⁽¹⁷⁾ |
| Total UPB (Dollars in billions) | \$117.7 | \$85.3 | \$614.8 | \$67.5 | \$89.2 | \$89.2 | \$15.8 | \$10.3 | \$13.6 | \$86.4 |
| Weighted-Average OLTV Ratio | 78% | 78% | 75% | 79% | 78% | 78% | 97% | 86% | 72% | 80% |
| OLTV Ratio > 95% | 6% | 6% | 5% | 6% | 7% | 7% | 100% | 28% | 3% | 7% |
| Weighted-Average FICO [®] Credit Score ⁽⁷⁾ | 746 | 749 | 747 | 751 | 756 | 757 | 750 | 750 | 656 | 750 |
| FICO Credit Score < 680 ⁽⁷⁾ | 8% | 7% | 8% | 6% | 5% | 5% | 2% | 5% | 100% | 6% |
| DTI Ratio > 43% ⁽¹⁷⁾ | 35% | 37% | 32% | 38% | 34% | 35% | 37% | 56% | 39% | 100% |
| Fixed-rate | 98% | 98% | 99% | 98% | 99% | 99% | 100% | 100% | 100% | 99% |
| Primary Residence | 91% | 91% | 91% | 91% | 92% | 93% | 100% | 100% | 95% | 93% |
| HomeReady ⁽¹⁸⁾ | 3% | 4% | 3% | 4% | 4% | 5% | 18% | 100% | 4% | 7% |



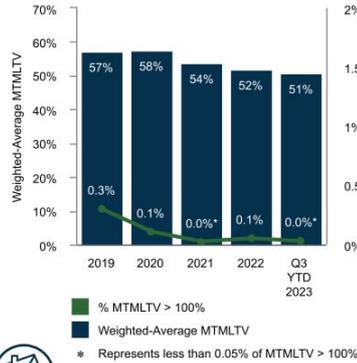
Credit Characteristics of Single-Family Conventional Guaranty Book of Business

Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year and Loan Features^{(4),(20)}

As of September 30, 2023

| Categories are not mutually exclusive | Origination Year | | | | | | | Certain Loan Features | | | | |
|--|------------------|----------------|-----------|-----------|-----------|-----------|-----------|-----------------------|----------------------------|--|--|---------------------------------|
| | Overall Book | 2008 & Earlier | 2009-2019 | 2020 | 2021 | 2022 | 2023 | OLTV Ratio > 95% | Home-Ready ⁽¹⁸⁾ | FICO Credit Score < 680 ⁽⁷⁾ | Refi Plus Including HARP ⁽¹⁹⁾ | DTI Ratio > 43% ⁽¹⁷⁾ |
| Total UPB (Dollars in billions) | \$3,639.4 | \$67.7 | \$873.0 | \$876.7 | \$1,105.3 | \$502.8 | \$213.9 | \$174.0 | \$111.4 | \$281.7 | \$112.3 | \$904.2 |
| Average UPB | \$207,661 | \$77,874 | \$134,875 | \$244,702 | \$263,063 | \$291,603 | \$316,743 | \$176,875 | \$179,887 | \$161,754 | \$100,044 | \$230,746 |
| Share of SF Conventional Guaranty Book | 100% | 2% | 24% | 24% | 30% | 14% | 6% | 5% | 3% | 8% | 3% | 25% |
| Loans in Forbearance by UPB ⁽²¹⁾ | 0.2% | 0.3% | 0.2% | 0.1% | 0.2% | 0.4% | 0.1% | 0.4% | 0.3% | 0.8% | 0.2% | 0.4% |
| Share of Loans with Credit Enhancement ⁽²²⁾ | 45% | 9% | 46% | 31% | 52% | 59% | 41% | 84% | 80% | 42% | 39% | 50% |
| Serious Delinquency Rate ⁽⁸⁾ | 0.54% | 2.18% | 0.67% | 0.25% | 0.34% | 0.47% | 0.04% | 1.25% | 0.98% | 2.09% | 0.70% | 0.83% |
| Weighted-Average OLTV Ratio | 73% | 75% | 75% | 71% | 70% | 76% | 78% | 102% | 87% | 74% | 85% | 75% |
| OLTV Ratio > 95% | 5% | 9% | 8% | 3% | 3% | 5% | 7% | 100% | 34% | 6% | 29% | 6% |
| Weighted-Average Mark-to-Market LTV Ratio ⁽⁶⁾ | 51% | 30% | 34% | 47% | 54% | 69% | 76% | 66% | 64% | 49% | 30% | 54% |
| Weighted-Average FICO Credit Score ⁽⁷⁾ | 753 | 696 | 747 | 762 | 755 | 747 | 755 | 736 | 743 | 652 | 726 | 742 |
| FICO Credit Score < 680 ⁽⁷⁾ | 8% | 38% | 11% | 4% | 7% | 9% | 5% | 10% | 9% | 100% | 23% | 10% |

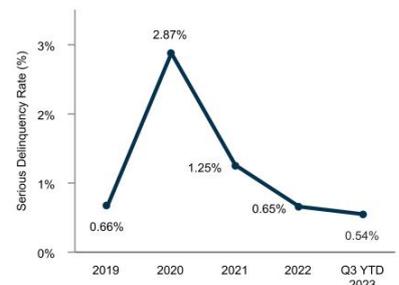
Mark-to-Market Loan-to-Value (MTMLTV) Ratio⁽⁶⁾



FICO Credit Score⁽⁷⁾



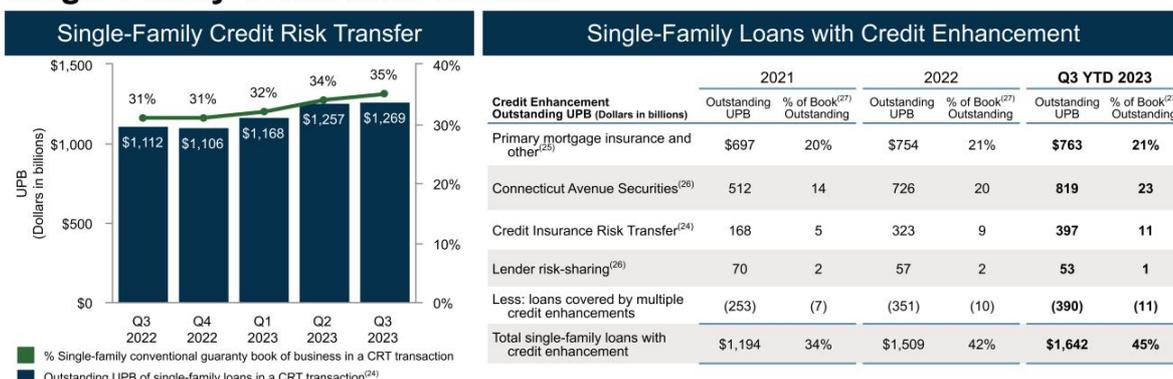
SDQ Rate⁽⁸⁾



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Single-Family Credit Risk Transfer



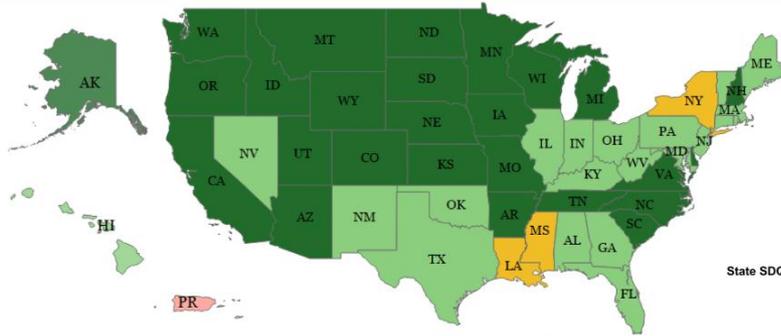
Single-Family Credit Risk Transfer Issuance



Single-Family Problem Loan Statistics

Single-Family Serious Delinquency Rate by State as of September 30, 2023⁽⁸⁾

Top 10 States by UPB



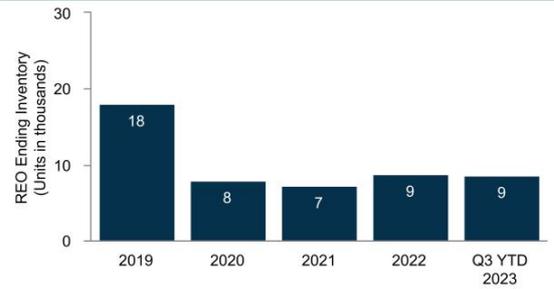
| State | Serious Delinquency Rate ⁽⁸⁾ | Average Months to Foreclosure ⁽²⁸⁾ |
|-------|---|---|
| CA | 0.41% | 24 |
| TX | 0.60% | 28 |
| FL | 0.69% | 46 |
| NY | 0.95% | 76 |
| WA | 0.38% | 40 |
| CO | 0.35% | 24 |
| NJ | 0.66% | 52 |
| IL | 0.69% | 31 |
| VA | 0.36% | 25 |
| NC | 0.40% | 30 |

State SDQ Rate:
■ Less than 0.50% ■ 0.76% to 0.99%
■ 0.50% to 0.75% ■ 1.00% and above

Single-Family Loan Workouts⁽³⁰⁾



Single-Family REO Ending Inventory

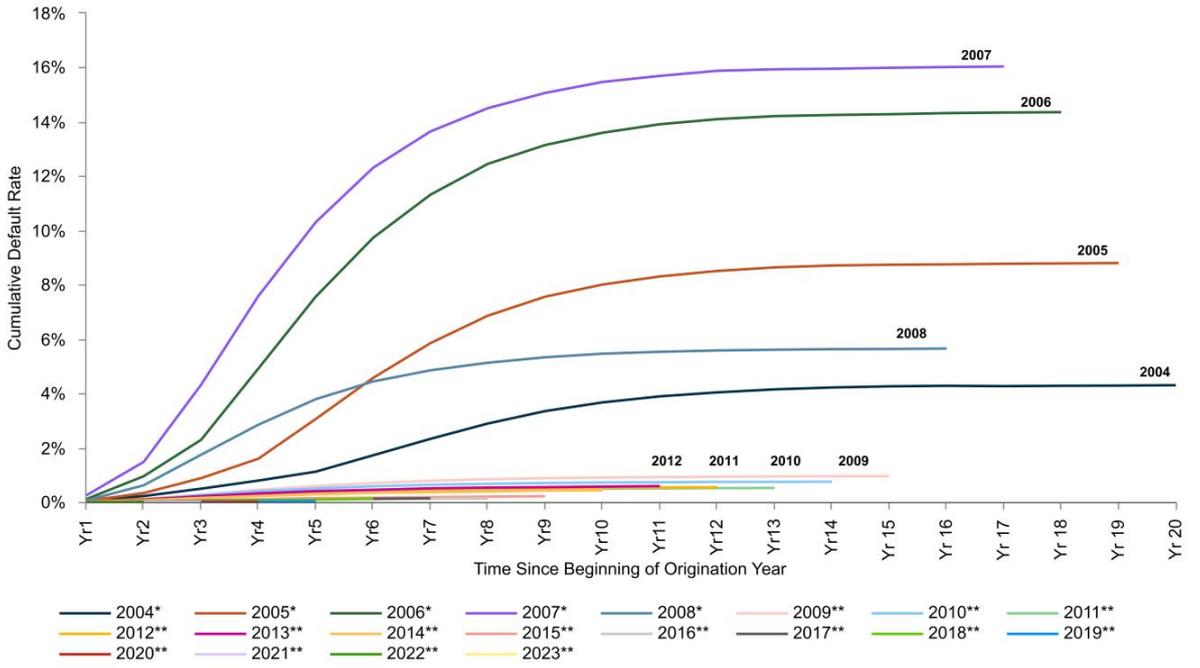


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Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Year⁽⁴⁰⁾



* Loans originated prior to 2009 represent only 2% of the single-family conventional guaranty book of business as of September 30, 2023.
 ** As of September 30, 2023, cumulative default rates on the loans originated in each individual year from 2009-2023 were less than 1%.



Multifamily Business



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Multifamily Highlights

Q3 2023

\$1,146M
Net interest income

\$20M
Fee and other income

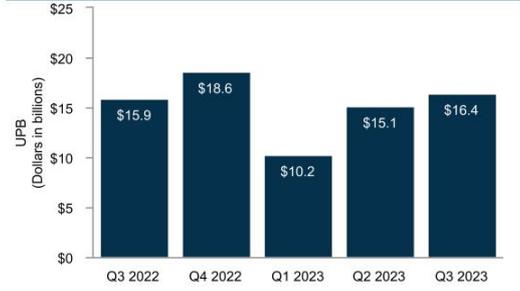
\$(84)M
Provision for credit losses

\$42M
Change in expected credit enhancement recoveries

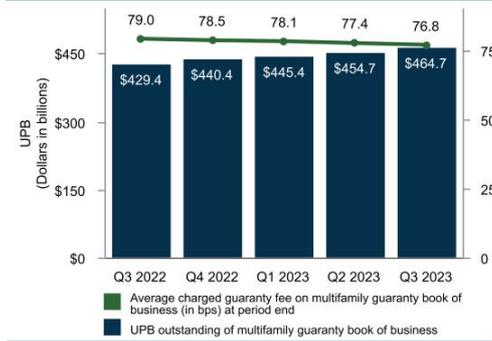
\$674M
Net income



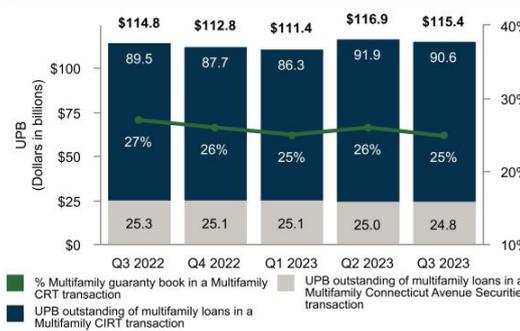
Multifamily New Business Volume



Multifamily Guaranty Book of Business⁽⁵⁾



Multifamily Credit Risk Transfer



Highlights

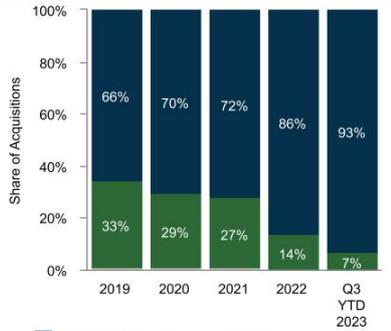
- New multifamily business volume was \$16.4 billion in Q3 2023. FHFA has capped the company's multifamily loan purchases for 2023 at \$75 billion. FHFA requires that a minimum of 50% of the company's multifamily loan purchases must be mission-driven, focused on specified affordable and underserved market segments.
- The multifamily guaranty book of business grew by approximately 2% in Q3 2023 to \$464.7 billion.
- The average charged guaranty fee on the multifamily book declined slightly to 76.8 basis points as of September 30, 2023, compared with 77.4 basis points as of June 30, 2023.
- The multifamily serious delinquency rate increased to 0.54% as of September 30, 2023, compared with 0.37% as of June 30, 2023, largely driven by seniors housing portfolios.

Credit Characteristics of Multifamily Loan Acquisitions

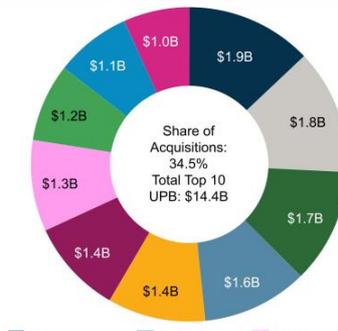
Certain Credit Characteristics of Multifamily Loans by Acquisition Period⁽⁵⁾

| Categories are not mutually exclusive | 2019 | 2020 | 2021 | 2022 | Q3 YTD 2023 |
|--|--------|--------|--------|--------|-------------|
| Total UPB (Dollars in billions) | \$70.2 | \$76.0 | \$69.5 | \$69.2 | \$41.7 |
| Weighted-Average OLTV Ratio | 66% | 64% | 65% | 59% | 59% |
| Loan Count | 4,113 | 5,051 | 4,203 | 3,572 | 2,246 |
| % Lender Recourse ⁽³¹⁾ | 100% | 99% | 100% | 100% | 100% |
| % DUS ⁽³²⁾ | 100% | 99% | 99% | 99% | 99% |
| % Full Interest-Only | 33% | 38% | 40% | 53% | 64% |
| Weighted-Average OLTV Ratio on Full Interest-Only Acquisitions | 59% | 58% | 59% | 56% | 57% |
| Weighted-Average OLTV Ratio on Non-Full Interest-Only Acquisitions | 69% | 68% | 68% | 63% | 63% |
| % Partial Interest-Only ⁽³³⁾ | 56% | 50% | 50% | 39% | 31% |

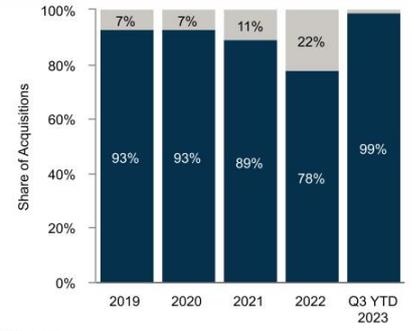
Origination Loan-to-Value Ratio⁽⁵⁾



Top 10 MSAs by Q3 YTD 2023 Acquisition UPB⁽⁵⁾



Acquisitions by Note Type⁽⁵⁾



■ % OLTV ratio less than or equal to 70%

■ % OLTV ratio greater than 70% and less than or equal to 80%

■ % OLTV ratio greater than 80%

■ Dallas

■ Los Angeles

■ Seattle

■ Philadelphia

■ Washington D.C.

■ Atlanta

■ Chicago

■ New York

■ San Francisco

■ Denver

■ Fixed-rate ■ Variable-rate



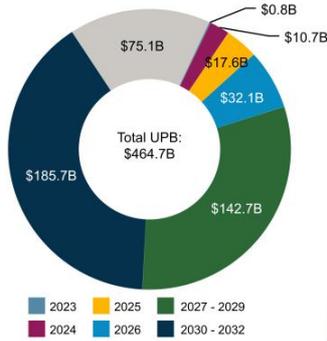
Credit Characteristics of Multifamily Guaranty Book of Business

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

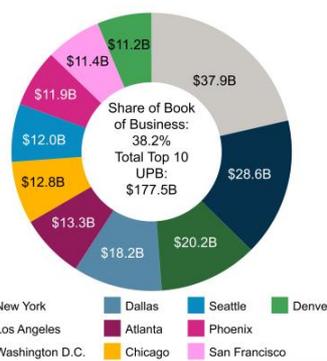
| As of September 30, 2023 | Acquisition Year | | | | | | | Asset Class or Targeted Affordable Segment | | | | |
|--|------------------|----------------|-----------|--------|--------|--------|--------|--|---------------------------------|---------------------------------|--------------------------------------|--|
| | Overall Book | 2008 & Earlier | 2009-2019 | 2020 | 2021 | 2022 | 2023 | Conventional (Co-op) ⁽²⁴⁾ | Seniors Housing ⁽²⁴⁾ | Student Housing ⁽²⁴⁾ | Manufactured Housing ⁽²⁴⁾ | Privately Owned with Subsidy ⁽²⁴⁾ |
| Categories are not mutually exclusive | | | | | | | | | | | | |
| Total UPB (Dollars in billions) | \$464.7 | \$5.5 | \$212.5 | \$70.4 | \$66.2 | \$68.4 | \$41.7 | \$413.0 | \$16.5 | \$14.0 | \$21.2 | \$55.3 |
| % of Multifamily Guaranty Book | 100% | 1% | 46% | 15% | 14% | 15% | 9% | 89% | 4% | 3% | 5% | 12% |
| Loan Count | 28,776 | 1,958 | 12,443 | 4,598 | 3,995 | 3,535 | 2,247 | 25,758 | 576 | 562 | 1,880 | 3,891 |
| Average UPB (Dollars in millions) | \$16.1 | \$2.8 | \$17.1 | \$15.3 | \$16.6 | \$19.3 | \$18.6 | \$16.0 | \$28.7 | \$24.9 | \$11.3 | \$14.2 |
| Weighted-Average OLTV Ratio | 64% | 68% | 65% | 64% | 64% | 59% | 59% | 64% | 65% | 66% | 61% | 67% |
| Weighted-Average DSCR ⁽²⁶⁾ | 2.1 | 2.1 | 2.0 | 2.6 | 2.4 | 1.8 | 1.6 | 2.1 | 1.3 | 1.8 | 2.2 | 1.9 |
| % with DSCR < 1.0 ⁽²⁶⁾ | 3% | 5% | 2% | 2% | 1% | 1% | —% | 2% | 40% | 5% | —%* | 5% |
| % Fixed rate | 90% | 21% | 92% | 95% | 92% | 79% | 99% | 92% | 62% | 80% | 93% | 86% |
| % Full Interest-Only | 41% | 33% | 34% | 39% | 41% | 54% | 64% | 43% | 14% | 33% | 39% | 29% |
| % Partial Interest-Only ⁽³³⁾ | 47% | 19% | 51% | 50% | 49% | 38% | 31% | 46% | 63% | 61% | 48% | 45% |
| % Small Balance Loans ⁽²⁵⁾ | 49% | 93% | 47% | 52% | 44% | 38% | 40% | 48% | 22% | 34% | 67% | 55% |
| % DUS ⁽³²⁾ | 99% | 93% | 99% | 99% | 99% | 99% | 99% | 99% | 99% | 100% | 100% | 98% |
| Serious Delinquency Rate ⁽³⁷⁾ | 0.54% | 0.33% | 1.10% | 0.14% | 0.07% | 0.02% | —% | 0.16% | 9.97% | 1.40% | 0.02% | 0.13% |
| % Criticized ⁽⁴¹⁾ | 8% | 12% | 9% | 4% | 6% | 13% | —%* | 6% | 57% | 9% | 3% | 10% |

* represents less than 0.5%

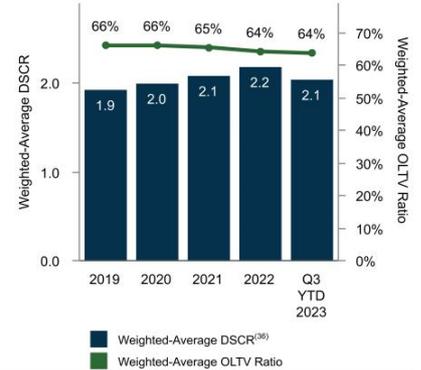
UPB by Maturity Year
As of September 30, 2023⁽⁵⁾



Top 10 MSAs by UPB
As of September 30, 2023⁽⁵⁾



Certain Credit Characteristics of Guaranty Book⁽⁵⁾

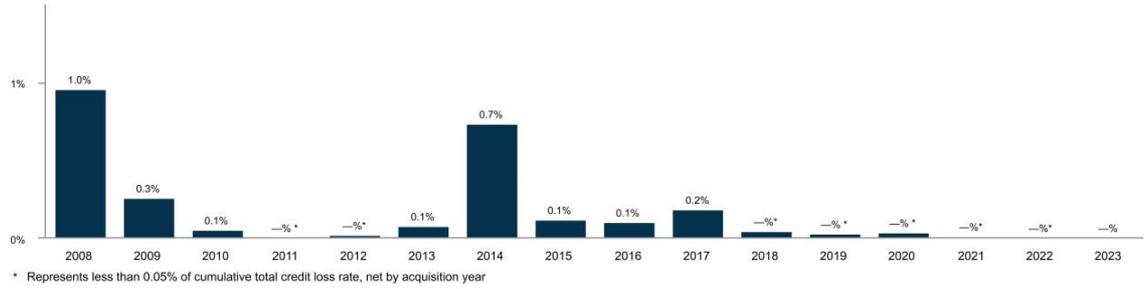


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Multifamily Credit Loss and Serious Delinquency Rates

Cumulative Total Credit Loss Rate, Net by Acquisition Year Through Q3 2023⁽³⁹⁾



Serious Delinquency Rate⁽³⁷⁾



Endnotes

Endnotes

- (1) Other expenses, net are comprised of debt extinguishment gains and losses, expenses associated with legal claims, foreclosed property income (expense), gains and losses from partnership investments, housing trust fund expenses, loan subservicing costs, and servicer fees paid in connection with certain loss mitigation activities.
- (2) Calculated based upon net worth divided by total assets outstanding at the end of the period.
- (3) Net amortization income refers to the amortization of premiums and discounts on mortgage loans and debt of consolidated trusts. These cost basis adjustments represent the difference between the initial fair value and the carrying value of these instruments as well as upfront fees Fannie Mae receives at the time of loan acquisition. This excludes the amortization of cost basis adjustments resulting from hedge accounting.
- (4) Single-family conventional loan population consists of: (a) single-family conventional mortgage loans of Fannie Mae and (b) single-family conventional mortgage loans underlying Fannie Mae MBS other than loans underlying Freddie Mac securities that Fannie Mae has res securitized. It excludes non-Fannie Mae single-family mortgage-related securities held in the retained mortgage portfolio for which Fannie Mae does not provide a guaranty. Conventional refers to mortgage loans and mortgage-related securities that are not guaranteed or insured, in whole or in part, by the U.S. government or one of its agencies.
- (5) The multifamily guaranty book of business consists of: (a) multifamily mortgage loans of Fannie Mae; (b) multifamily mortgage loans underlying Fannie Mae MBS; and (c) other credit enhancements that the company provided on multifamily mortgage assets. It excludes non-Fannie Mae multifamily mortgage-related securities held in the retained mortgage portfolio for which Fannie Mae does not provide a guaranty.
- (6) The average estimated mark-to-market LTV ratio is based on the unpaid principal balance of the loan divided by the estimated current value of the property at period end, which the company calculates using an internal valuation model that estimates periodic changes in home value. Excludes loans for which this information is not readily available.
- (7) FICO credit score is as of loan origination, as reported by the seller of the mortgage loan.
- (8) Single-family SDQ rate refers to single-family loans that are 90 days or more past due or in the foreclosure process, expressed as a percentage of the company's single-family conventional guaranty book of business, based on loan count. Single-family SDQ rate for loans in a particular category refers to SDQ loans in the applicable category, divided by the number of loans in the single-family conventional guaranty book of business in that category.
- (9) Base guaranty fee income, net of TCCA, is interest income from the guaranty book of business excluding the impact of a 10 basis point guaranty fee increase implemented in 2012 pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 and as extended by the Infrastructure Investment and Jobs Act, the incremental revenue from which is remitted to Treasury and not retained by the company.
- (10) "Net interest income from portfolios" consists of: interest income from assets held in the company's retained mortgage portfolio and other investments portfolio; interest income from other assets used to support lender liquidity; and interest expense on the company's outstanding corporate debt and Connecticut Avenue Securities[®] debt. For purposes of this Financial Supplement chart, income (expense) from hedge accounting is included in the "net interest income from portfolios" category; however, the company does not consider income (expense) from hedge accounting to be a component of net interest income from portfolios. The company had \$772 million in hedge accounting expense for the nine months ended September 30, 2023.
- (11) Reflects the company's aggregate indebtedness at the end of each period presented measured in unpaid principal balance and excludes effects of cost basis adjustments and debt of consolidated trusts.
- (12) Cash equivalents are composed of overnight repurchase agreements and U.S. Treasuries, if any, that have a maturity at the date of acquisition of three months or less.
- (13) Refers to the U.S. weekly average fixed-rate mortgage rate according to Freddie Mac's Primary Mortgage Market Survey[®]. These rates are reported using the latest available data for a given period.
- (14) U.S. Gross Domestic Product ("GDP") annual growth (decline) rates for periods prior to 2023 are based on the annual "percentage change from fourth quarter to fourth quarter one year ago" calculated by the Bureau of Economic Analysis and are subject to revision. GDP rates for periods in 2023 are the annualized GDP rate based on the Third Quarter 2023 (Advance Estimate) published by the Bureau of Economic Analysis on October 26, 2023.



Endnotes

- (15) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of September 2023. Including subsequent data may lead to materially different results. Home price growth rate is not seasonally adjusted. UPB estimates are based on data available through the end of September 2023, 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, 2023.
- (16) Represents, on an annualized basis, the sum of the base guaranty fees charged during the period for the company's single-family conventional guaranty arrangements plus the recognition of any upfront cash payments relating to these guaranty arrangements based on an estimated average life at the time of acquisition. In Q4 2022, the company enhanced the method it uses to estimate average loan life at acquisition. Charged fees reported for prior periods have been updated in this Financial Supplement to reflect this updated methodology. Excludes the impact of a 10 basis point guaranty fee increase implemented pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by the company.
- (17) Excludes loans for which this information is not readily available. From time to time, the company revises its guidelines for determining a borrower's DTI ratio. The amount of income reported by a borrower and used to qualify for a mortgage may not represent the borrower's total income; therefore, the DTI ratios reported may be higher than borrowers' actual DTI ratios.
- (18) Refers to HomeReady® mortgage loans, a low down payment mortgage product offered by the company that is designed for creditworthy low-income borrowers. HomeReady allows up to 97% loan-to-value ratio financing for home purchases. The company offers additional low down payment mortgage products that are not HomeReady loans; therefore, this category is not representative of all high LTV ratio single-family loans acquired or in the single-family conventional guaranty book of business for the periods shown. See the "OLT Ratio > 95%" category for information on the single-family loans acquired or in the single-family conventional guaranty book of business with origination LTV ratios greater than 95%.
- (19) "Refi Plus" refers to loans acquired under Fannie Mae's Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers who were current on their loans and who applied prior to the initiative's December 31, 2018 sunset date. Refi Plus had no limits on maximum LTV ratio and provided mortgage insurance flexibilities for loans with LTV ratios greater than 80%.
- (20) Calculated based on the aggregate unpaid principal balance of single-family loans for each category divided by the aggregate unpaid principal balance of loans in the single-family conventional guaranty book of business. Loans with multiple product features are included in all applicable categories.
- (21) Consists of loans that are in an active forbearance as of September 30, 2023.
- (22) Percentage of loans in the single-family conventional guaranty book of business, measured by unpaid principal balance, included in an agreement used to reduce credit risk by requiring collateral, letters of credit, mortgage insurance, corporate guarantees, inclusion in a credit risk transfer transaction reference pool, or other agreement that provides for Fannie Mae's compensation to some degree in the event of a financial loss relating to the loan.
- (23) Intentionally left blank.
- (24) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of \$253 million outstanding as of September 30, 2023.
- (25) Refers to loans included in an agreement used to reduce credit risk by requiring primary mortgage insurance, collateral, letters of credit, corporate guarantees, or other agreements to provide an entity with some assurance that it will be compensated to some degree in the event of a financial loss. Excludes loans covered by credit risk transfer transactions unless such loans are also covered by primary mortgage insurance.
- (26) Outstanding unpaid principal balance represents the underlying loan balance, which is different from the reference pool balance for CAS and some lender risk-sharing transactions.
- (27) Based on the unpaid principal balance of the single-family conventional guaranty book of business as of period end.
- (28) Measured from the borrowers' last paid installment on their mortgages to when the related properties were added to the company's REO inventory for foreclosures completed during the nine months ended September 30, 2023. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.



Endnotes

- (29) Includes repayment plans and foreclosure alternatives. Repayment plans reflect only those plans associated with loans that were 60 days or more delinquent. Beginning with the year ended December 31, 2020, completed forbearance arrangements are excluded.
- (30) This chart does not include loans in an active forbearance arrangement, trial modifications, loans to certain borrowers who have received bankruptcy relief and repayment plans that have been initiated but not completed. There were approximately 15,700 loans in a trial modification period that was not complete as of September 30, 2023.
- (31) Represents the percentage of loans with lender risk-sharing agreements in place, measured by unpaid principal balance.
- (32) Under the Delegated Underwriting and Servicing ("DUS") program, Fannie Mae acquires individual, newly originated mortgages from specially approved DUS lenders using DUS underwriting standards and/or DUS loan documents. Because DUS lenders generally share the risk of loss with Fannie Mae, they are able to originate, underwrite, close and service most loans without a pre-review by the company.
- (33) Includes any loan that was underwritten with an interest-only term less than the term of the loan, regardless of whether it is currently in its interest-only period.
- (34) See <https://multifamily.fanniemae.com/financing-options> for definitions. Loans with multiple product features are included in all applicable categories.
- (35) Small balance loans refers to multifamily loans with an original unpaid principal balance of up to \$9 million nationwide. Fannie Mae changed its definition of small multifamily loans in Q3 2023 to increase the loan amounts from up to \$6 million nationwide to up to \$9 million nationwide. The updated definition has been applied to all loans in the current multifamily guaranty book of business, including loans that were acquired under previous small loan definitions.
- (36) Our estimates of current DSCRs are based on the latest available income information covering a 12 month period, from quarterly and annual statements for these properties including the related debt service. When an annual statement is the latest statement available, it is used. When operating statement information is not available, the underwritten DSCR is used. Co-op loans are excluded from this metric.
- (37) Multifamily serious delinquency rate refers to multifamily loans that are 60 days or more past due, expressed as a percentage of the company's multifamily guaranty book of business, based on unpaid principal balance. Multifamily serious delinquency rate for loans in a particular category (such as acquisition year, asset class or targeted affordable segment), refers to seriously delinquent loans in the applicable category, divided by the unpaid principal balance of the loans in the multifamily guaranty book of business in that category.
- (38) The Multifamily Affordable Business Channel focuses on financing properties that are under an agreement that provides long-term affordability, such as properties with rent subsidies or income restrictions.
- (39) Cumulative net credit loss rate is the cumulative net credit losses (gains) through September 30, 2023 on the multifamily loans that were acquired in the applicable period, as a percentage of the total acquired unpaid principal balance of multifamily loans that were acquired in the applicable period. Net credit losses include expected benefit of freestanding loss-sharing arrangements, primarily multifamily DUS lender risk-sharing transactions. Credit loss rate for 2014 acquisitions was primarily driven by the write-off of a seniors housing portfolio in Q1 2023.
- (40) Defaults include loan foreclosures, short sales, sales to third parties at the time of foreclosure and deeds-in-lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year. Data as of September 30, 2023 is not necessarily indicative of the ultimate performance of the loans and performance may change, perhaps materially, in future periods.
- (41) Criticized loans represent loans classified as "Special Mention," "Substandard" or "Doubtful." Loans classified as "Special Mention" refers to loans that are otherwise performing but have potential weaknesses that, if left uncorrected, may result in deterioration in the borrower's ability to repay in full. Loans classified as "Substandard" have a well-defined weakness that jeopardizes the timely full repayment. "Doubtful" refers to a loan with a weakness that makes collection or liquidation in full highly questionable and improbable based on existing conditions and values.



