



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): **September 15, 2003**

**Federal National Mortgage Association**

*(Exact name of registrant as specified in its charter)*

**Fannie Mae**

**Federally chartered corporation**

*(State or other jurisdiction  
of incorporation)*

**0-50231**

*(Commission  
File Number)*

**52-0883107**

*(IRS Employer  
Identification Number)*

**3900 Wisconsin Avenue, NW**

**Washington, DC**

*(Address of principal executive offices)*

**20016**

*(Zip Code)*

**Registrant's telephone number, including area code: 202-752-7000**

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**Item 5. Other Events.**

On September 15, 2003, Fannie Mae (formally, the Federal National Mortgage Association), issued its monthly financial summary release for the month of August 2003, a copy of which is filed as Exhibit 99.1 to this report, and which is incorporated herein by reference.

**Item 7. Financial Statements and Exhibits.**

- (a) Not applicable.
- (b) Not applicable
- (c) Exhibits.

An index to exhibits has been filed as part of this Report immediately following the signature page, and is incorporated herein by reference.

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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/ Leanne G. Spencer  
Leanne G. Spencer  
Senior Vice President and Controller

Date: September 15, 2003

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## EXHIBIT INDEX

The following is a list of the Exhibits furnished herewith.

| Exhibit Number | Description of Exhibit  |
|----------------|---|
| 99.1           | Monthly summary release for August 2003 issued by Fannie Mae on September 15, 2003. |

## AUGUST 2003

Fannie Mae's summary of monthly business volumes, delinquency rates, and interest rate risk measures reflect the company's continued record of disciplined growth.

### HIGHLIGHTS FOR AUGUST INCLUDE:

- Total business volume was \$138.0 billion compared with \$144.1 billion in July.
- Mortgage portfolio growth surged to a 46.6 percent annualized rate, with record portfolio purchases of \$82.7 billion significantly exceeding liquidations, which rose to an annualized rate of 78.0 percent.
- Retained commitments were \$43.4 billion. Outstanding portfolio commitments were \$101.3 billion, down from \$139.0 billion at the end of July. These commitments should result in continued strong portfolio growth in the next few months.
- Outstanding MBS contracted in August despite new issues of \$109.7 billion, due to record portfolio purchases and \$76.9 billion in MBS liquidations.
- The duration gap on Fannie Mae's mortgage portfolio averaged a positive four months during August.
- The conventional single-family delinquency rate rose one basis point to 0.57 percent. The multifamily delinquency rate remained unchanged at 0.13 percent.

### MORTGAGE MARKET HIGHLIGHTS:

- Mortgage market indicators continue to remain strong. Residential mortgage debt outstanding grew at an annualized rate of 15.3 percent in the second quarter 2003, the strongest growth rate since 1987.
  - OFHEO released its House Price Index, which showed that U.S. home prices rose 5.56 percent from the second quarter 2002 through the second quarter 2003.
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**BUSINESS BALANCES AND GROWTH (\$ in Millions)**

|                 | Mortgage Portfolio, Gross 1/ |                | Outstanding MBS 2/ |                | Book of Business   |                |
|-----------------|------------------------------|----------------|--------------------|----------------|--------------------|----------------|
|                 | End Balance                  | Growth Rate 3/ | End Balance        | Growth Rate 3/ | End Balance        | Growth Rate 3/ |
| September 2002  | \$751,423                    | 8.9%           | \$ 990,393         | 22.1%          | \$1,741,816        | 16.2%          |
| October 2002    | 751,347                      | -0.1%          | 1,018,303          | 39.6%          | 1,769,650          | 21.0%          |
| November 2002   | 760,759                      | 16.1%          | 1,019,031          | .9%            | 1,779,790          | 7.1%           |
| December 2002   | 790,800                      | 59.2%          | 1,029,456          | 13.0%          | 1,820,256          | 31.0%          |
| <b>YTD 2002</b> | <b>\$790,800</b>             | <b>11.9%</b>   | <b>\$1,029,456</b> | <b>19.9%</b>   | <b>\$1,820,256</b> | <b>16.4%</b>   |
| January 2003    | \$810,609                    | 34.6%          | \$1,047,903        | 23.8%          | \$1,858,512        | 28.3%          |
| February 2003   | 816,747                      | 9.5%           | 1,073,564          | 33.7%          | 1,890,311          | 22.6%          |
| March 2003      | 815,964                      | -1.1%          | 1,107,520          | 45.3%          | 1,923,484          | 23.2%          |
| April 2003      | 817,894                      | 2.9%           | 1,156,205          | 67.6%          | 1,974,099          | 36.6%          |
| May 2003        | 815,560                      | -3.4%          | 1,186,128          | 35.9%          | 2,001,688          | 18.1%          |
| June 2003       | 812,467                      | -4.5%          | 1,237,461          | 66.3%          | 2,049,928          | 33.1%          |
| July 2003       | 836,104                      | 41.1%          | 1,248,869          | 11.6%          | 2,084,973          | 22.6%          |
| August 2003     | 863,170                      | 46.6%          | 1,227,115          | -19.0%         | 2,090,285          | 3.1%           |
| <b>YTD 2003</b> | <b>\$863,170</b>             | <b>14.0%</b>   | <b>\$1,227,115</b> | <b>30.1%</b>   | <b>\$2,090,285</b> | <b>23.1%</b>   |

**BUSINESS VOLUMES (\$ in Millions)**

|                 | MBS                  |                    |                                   |                             |                               |                     | Business Volume   |
|-----------------|----------------------|--------------------|-----------------------------------|-----------------------------|-------------------------------|---------------------|-------------------|
|                 | Single-family Issues | Multifamily Issues | Total Lender-originated Issues 4/ | Fannie Mae MBS Purchases 5/ | MBS Issues Acquired by Others | Portfolio Purchases |                   |
| September 2002  | \$ 63,426            | \$ 597             | \$ 64,023                         | \$ 19,204                   | \$ 44,819                     | \$ 33,518           | \$ 78,338         |
| October 2002    | 80,624               | 699                | 81,323                            | 19,043                      | 62,280                        | 32,853              | 95,132            |
| November 2002   | 80,375               | 951                | 81,326                            | 33,535                      | 47,791                        | 47,807              | 95,599            |
| December 2002   | 94,054               | 3,777              | 97,831                            | 51,947                      | 45,884                        | 67,891              | 113,775           |
| <b>YTD 2002</b> | <b>\$710,961</b>     | <b>\$12,336</b>    | <b>\$723,299</b>                  | <b>\$245,039</b>            | <b>\$478,260</b>              | <b>\$370,641</b>    | <b>\$ 848,901</b> |
| January 2003    | \$105,256            | \$ 1,390           | \$106,646                         | \$ 42,858                   | \$ 63,788                     | \$ 57,281           | \$ 121,069        |
| February 2003   | 92,720               | 465                | 93,185                            | 27,530                      | 65,655                        | 40,420              | 106,075           |
| March 2003      | 92,023               | 719                | 92,742                            | 18,252                      | 74,490                        | 34,304              | 108,794           |
| April 2003      | 120,976              | 667                | 121,643                           | 25,648                      | 95,995                        | 43,028              | 139,024           |
| May 2003        | 107,447              | 989                | 108,436                           | 23,180                      | 85,256                        | 43,749              | 129,005           |
| June 2003       | 121,457              | 1,449              | 122,906                           | 21,655                      | 101,251                       | 41,183              | 142,434           |
| July 2003       | 118,545              | 1,420              | 119,965                           | 48,266                      | 71,699                        | 72,447              | 144,146           |

|                 |                  |                 |                  |                  |                  |                  |                    |
|-----------------|------------------|-----------------|------------------|------------------|------------------|------------------|--------------------|
| August 2003     | 108,866          | 796             | 109,662          | 54,295           | 55,367           | 82,656           | 138,023            |
| <b>YTD 2003</b> | <b>\$867,290</b> | <b>\$ 7,895</b> | <b>\$875,185</b> | <b>\$261,684</b> | <b>\$613,501</b> | <b>\$415,068</b> | <b>\$1,028,569</b> |

#### MORTGAGE PORTFOLIO COMMITMENTS, PURCHASES, AND SALES (\$ in Millions)

|                 | Retained<br>Commitments | Purchases         |                |                    | Net Yield 6/ | Mortgage<br>Portfolio<br>Sales |
|-----------------|-------------------------|-------------------|----------------|--------------------|--------------|--------------------------------|
|                 |                         | Single-<br>family | Multifamily    | Total<br>Purchases |              |                                |
| September 2002  | \$ 57,039               | \$ 33,112         | \$ 406         | \$ 33,518          | 5.75%        | \$1,383                        |
| October 2002    | 67,342                  | 32,297            | 556            | 32,853             | 5.61%        | 951                            |
| November 2002   | 52,766                  | 47,131            | 676            | 47,807             | 5.52%        | 142                            |
| December 2002   | 29,214                  | 66,703            | 1,188          | 67,891             | 5.42%        | 293                            |
| <b>YTD 2002</b> | <b>\$388,059</b>        | <b>\$363,149</b>  | <b>\$7,492</b> | <b>\$370,641</b>   | <b>5.92%</b> | <b>\$9,582</b>                 |
| January 2003    | \$ 25,097               | \$ 56,402         | \$ 879         | \$ 57,281          | 5.44%        | \$ 60                          |
| February 2003   | 51,238                  | 39,814            | 606            | 40,420             | 5.32%        | 780                            |
| March 2003      | 39,548                  | 33,621            | 683            | 34,304             | 5.20%        | 431                            |
| April 2003      | 41,427                  | 42,395            | 633            | 43,028             | 5.20%        | 646                            |
| May 2003        | 73,784                  | 42,795            | 954            | 43,749             | 5.12%        | 1,894                          |
| June 2003       | 75,515                  | 40,306            | 877            | 41,183             | 4.96%        | 2,885                          |
| July 2003       | 77,679                  | 70,246            | 2,201          | 72,447             | 4.86%        | 513                            |
| August 2003     | 43,351                  | 81,255            | 1,401          | 82,656             | 4.83%        | 384                            |
| <b>YTD 2003</b> | <b>\$427,639</b>        | <b>\$406,834</b>  | <b>\$8,234</b> | <b>\$415,068</b>   | <b>5.08%</b> | <b>\$7,593</b>                 |

1/ Excludes mark-to-market adjustments, deferred balances and allowance for losses. Includes \$547 billion of Fannie Mae MBS as of August 31, 2003.

2/ MBS held by investors other than Fannie Mae's portfolio.

3/ Growth rates are compounded.

4/ Excludes MBS issued from Fannie Mae's portfolio, which was \$2,212 million in August 2003.

5/ Included in total portfolio purchases.

6/ Yields shown on a taxable-equivalent basis.



**LIQUIDATIONS (\$ in Millions)****DELINQUENCY RATES**

|                 | <b>Mortgage Portfolio</b> |               | <b>Outstanding MBS</b> |               | <b>Single-family Conventional 1/</b> |                |          | <b>Multifamily</b> |
|-----------------|---------------------------|---------------|------------------------|---------------|--------------------------------------|----------------|----------|--------------------|
|                 | Liquidations              |               | Liquidations           |               | Non-Credit                           | Credit         | Total 5/ |                    |
|                 | Amount                    | Annual Rate   | Amount                 | Annual Rate   | Enhancement 2/                       | Enhancement 3/ |          |                    |
| September 2002  | \$ 26,824                 | 42.99%        | \$ 29,797              | 36.40%        | 0.29%                                | 1.12%          | 0.53%    | 0.08%              |
| October 2002    | 31,990                    | 51.09%        | 35,321                 | 42.20%        | 0.29%                                | 1.16%          | 0.53%    | 0.08%              |
| November 2002   | 38,265                    | 60.73%        | 47,184                 | 55.58%        | 0.30%                                | 1.24%          | 0.56%    | 0.10%              |
| December 2002   | 37,569                    | 58.11%        | 42,714                 | 50.04%        | 0.31%                                | 1.29%          | 0.57%    | 0.05%              |
| <b>YTD 2002</b> | <b>\$277,419</b>          | <b>37.35%</b> | <b>\$324,177</b>       | <b>34.37%</b> |                                      |                |          |                    |
| January 2003    | \$ 37,423                 | 56.09%        | \$ 45,343              | 52.38%        | 0.32%                                | 1.34%          | 0.59%    | 0.03%              |
| February 2003   | 33,517                    | 49.43%        | 40,771                 | 46.12%        | 0.31%                                | 1.36%          | 0.59%    | 0.06%              |
| March 2003      | 34,668                    | 50.96%        | 40,915                 | 45.02%        | 0.30%                                | 1.34%          | 0.57%    | 0.09%              |
| April 2003      | 40,465                    | 59.44%        | 47,956                 | 50.84%        | 0.29%                                | 1.34%          | 0.56%    | 0.09%              |
| May 2003        | 44,203                    | 64.95%        | 57,226                 | 58.64%        | 0.29%                                | 1.38%          | 0.55%    | 0.15%              |
| June 2003       | 41,279                    | 60.85%        | 52,607                 | 52.09%        | 0.29%                                | 1.42%          | 0.56%    | 0.13%              |
| July 2003       | 48,309                    | 70.33%        | 60,611                 | 58.51%        | 0.29%                                | 1.47%          | 0.57%    | 0.13%              |
| August 2003     | 55,220                    | 77.99%        | 76,854                 | 74.50%        |                                      |                |          |                    |
| <b>YTD 2003</b> | <b>\$335,084</b>          | <b>61.30%</b> | <b>\$422,283</b>       | <b>55.27%</b> |                                      |                |          |                    |

**AVERAGE INVESTMENT BALANCES (\$ in Millions)**

|                 | Net Mortgages    | Liquid Investments | Total Net Investments |
|-----------------|------------------|--------------------|-----------------------|
| September 2002  | \$ 742,119       | \$63,856           | \$805,975             |
| October 2002    | 746,529          | 64,923             | 811,452               |
| November 2002   | 749,432          | 76,959             | 826,391               |
| December 2002   | 773,717          | 85,206             | 858,923               |
| <b>YTD 2002</b> | <b>\$735,943</b> | <b>\$68,658</b>    | <b>\$804,601</b>      |
| January 2003    | \$ 794,278       | \$75,849           | \$870,127             |
| February 2003   | 808,377          | 63,706             | 872,083               |
| March 2003      | 811,757          | 61,851             | 873,608               |
| April 2003      | 809,928          | 75,874             | 885,804               |
| May 2003        | 806,511          | 83,895             | 890,406               |
| June 2003       | 808,205          | 86,136             | 894,341               |
| July 2003       | 813,728          | 82,011             | 895,739               |

|                 |                  |                 |                  |
|-----------------|------------------|-----------------|------------------|
| August 2003     | 832,100          | 95,607          | 927,708          |
| <b>YTD 2003</b> | <b>\$810,611</b> | <b>\$78,116</b> | <b>\$888,727</b> |

## INTEREST RATE RISK DISCLOSURES

|                | Effective Duration Gap <sup>6/</sup> (in months) | Rate Level Shock (50bp) <sup>7/</sup>        |  | Rate Slope Shock (25bp) <sup>7/</sup>        |  |
|----------------|--|--|--|--|--|
|                |  | 1 Year Portfolio Net Interest Income at Risk | 4 Year Portfolio Net Interest Income at Risk | 1 Year Portfolio Net Interest Income at Risk | 4 Year Portfolio Net Interest Income at Risk |
| September 2002 | -10  | 4.4%   | 3.9%   | 5.3%   | 6.4%   |
| October 2002   | -6   | 2.7%   | 2.0%   | 6.0%   | 7.5%   |
| November 2002  | 2  | 6.3%   | 4.9%   | 3.5%   | 5.9%   |
| December 2002  | -5   | 0.6%   | 1.6%   | 4.7%   | 6.6%   |
| January 2003   | -3   | 2.9%   | 3.8%   | 3.5%   | 5.7%   |
| February 2003  | -5   | 3.6%   | 1.3%   | 4.9%   | 6.8%   |
| March 2003     | -2   | 1.7%   | 2.8%   | 4.4%   | 6.7%   |
| April 2003     | -2   | 2.1%   | 2.5%   | 4.6%   | 6.5%   |
| May 2003       | -5   | 0.7%   | 2.2%   | 5.3%   | 7.1%   |
| June 2003      | -1   | 2.1%   | 6.6%   | 3.9%   | 5.9%   |
| July 2003      | 6  | 9.3%   | 8.7%   | 1.9%   | 2.9%   |
| August 2003    | 4  | 4.8%   | 3.2%   | 3.4%   | 5.2%   |

1/ Includes conventional loans three or more months delinquent or in foreclosure process as a percent of the number of loans.

2/ Loans without primary mortgage insurance or any credit enhancements.

3/ Loans with primary mortgage insurance and other credit enhancements.

4/ Total of single-family non-credit enhanced and credit enhanced loans.

5/ Includes loans two or more months delinquent as a percent of loan dollars and includes the total credit book of business.

6/ Effective January 2003, the duration gap is a weighted average for the month. Prior to 2003, the duration gap was calculated on the last day of the month.

7/ Expresses projected core net interest income under the more adverse of the interest rate and yield curve scenarios as a percentage of projected net interest income without the rate shocks.

The information presented in this report is unaudited and includes, in the opinion of management, all adjustments (consisting of normally recurring accruals) necessary for a fair presentation. The data should be read in conjunction with audited financial statements and notes to financial statements that are available from the corporation. For more information regarding Fannie Mae, or for a more detailed quarterly report on Fannie Mae's activity, please visit [www.fanniemae.com](http://www.fanniemae.com) or contact us at (202) 752-7115.

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Voluntary Initiatives Disclosure  
August 2003

INTEREST RATE RISK

|             | Effective Duration Gap (in months) | Rate Level Shock (50bp)                      |  | Rate Slope Shock (25bp)                      |  |
|-------------|------------------------------------|--|--|--|--|
|             |                                    | 1 Year Portfolio Net Interest Income at Risk | 4 Year Portfolio Net Interest Income at Risk | 1 Year Portfolio Net Interest Income at Risk | 4 Year Portfolio Net Interest Income at Risk |
| <b>2000</b> |                                    |  |  |  |  |
| 1st Qtr     | 5                                  | 0.1%   | 4.3%   | 1.0%   | 3.0%   |
| 2nd Qtr     | 4                                  | 0.6%   | 4.8%   | 1.0%   | 3.0%   |
| 3rd Qtr     | 2                                  | 0.8%   | 4.3%   | 1.0%   | 3.1%   |
| 4th Qtr     | -3                                 | 0.5%   | 2.0%   | 3.0%   | 4.3%   |
| <b>2001</b> |                                    |  |  |  |  |
| 1st Qtr     | 1                                  | 3.8%   | 3.2%   | 3.1%   | 4.7%   |
| 2nd Qtr     | 5                                  | 1.7%   | 4.4%   | 0.9%   | 2.0%   |
| 3rd Qtr     | -1                                 | 2.4%   | 3.6%   | 2.8%   | 4.0%   |
| 4th Qtr     | 5                                  | 5.1%   | 4.5%   | 2.4%   | 4.3%   |
| <b>2002</b> |                                    |  |  |  |  |
| 1st Qtr     | 5                                  | 3.8%   | 6.1%   | 1.0%   | 3.1%   |
| 2nd Qtr     | -4                                 | 1.2%   | 2.4%   | 3.0%   | 5.7%   |
| 3rd Qtr     | -10                                | 4.4%   | 3.9%   | 5.3%   | 6.4%   |
| 4th Qtr     | -5                                 | 0.6%   | 1.6%   | 4.7%   | 6.6%   |
| <b>2003</b> |                                    |  |  |  |  |
| January     | -3                                 | 2.9%   | 3.8%   | 3.5%   | 5.7%   |
| February    | -5                                 | 3.6%   | 1.3%   | 4.9%   | 6.8%   |
| March       | -2                                 | 1.7%   | 2.8%   | 4.4%   | 6.7%   |
| April       | -2                                 | 2.1%   | 2.5%   | 4.6%   | 6.5%   |
| May         | -5                                 | 0.7%   | 2.2%   | 5.3%   | 7.1%   |
| June        | -1                                 | 2.1%   | 6.6%   | 3.9%   | 5.9%   |
| July        | 6                                  | 9.3%   | 8.7%   | 1.9%   | 2.9%   |
| August      | 4                                  | 4.8%   | 3.2%   | 3.4%   | 5.2%   |

• **Effective duration gap** — measures the extent the effective duration of the portfolio's assets and liabilities are matched. A positive duration gap indicates that the effective duration of our assets exceeds the effective duration of our liabilities by that amount, while a negative duration gap indicates the opposite.

Effective January 2003, the duration gap is a weighted average for the month. Prior to 2003, the duration gap was calculated on the last day of the month.

• **Net interest income at risk** — compares Fannie Mae's projected change in portfolio net interest income under the financially more adverse of a 50 basis point

increase and decrease in interest rates. Fannie Mae also compares the expected change in portfolio net interest income for the more adverse of a 25 basis point decrease and increase in the slope of the yield curve. Both measurements are done for one-year and four-year periods.

A positive number indicates the percent by which net interest income could be reduced by the increased rate shock. A negative number would indicate the percent by which net interest income could be increased by the shock.

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## LIQUIDITY

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| Ratio of liquid to total assets | Ratio |
|---------------------------------|-------|
| December 31, 2000               | 8.2%  |
| March 31, 2001                  | 6.4%  |
| June 30, 2001                   | 8.0%  |
| September 30, 2001              | 7.8%  |
| December 31, 2001               | 9.5%  |
| March 31, 2002                  | 7.1%  |
| June 30, 2002                   | 7.8%  |
| September 30, 2002              | 6.4%  |
| December 31, 2002               | 6.9%  |
| March 31, 2003                  | 6.7%  |
| June 30, 2003                   | 7.5%  |

- Fannie Mae will maintain at least three months of liquidity to ensure the company can meet all of its obligations in any period of time in which it does not have access to the debt markets. Fannie Mae also will comply with the Basel Committee on Banking Supervision's fourteen principles for sound liquidity management.
- To fulfill its liquidity commitment, Fannie Mae will maintain more than five percent of its on-balance sheet assets in high-quality, liquid, non-mortgage securities.

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## CREDIT RISK

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| Lifetime credit loss sensitivity as of: | Before credit enhancements | After credit enhancements |
|---|----------------------------|---------------------------|
| <i>(Dollars in millions)</i>            |                            |                           |
| December 31, 2000                       | \$1,065                    | \$295                     |
| March 31, 2001                          | \$1,061                    | \$307                     |
| June 30, 2001                           | \$1,045                    | \$332                     |
| September 30, 2001                      | \$1,349                    | \$467                     |
| December 31, 2001                       | \$1,332                    | \$487                     |
| March 31, 2002                          | \$1,285                    | \$425                     |
| June 30, 2002                           | \$1,361                    | \$465                     |
| September 30, 2002                      | \$1,738                    | \$501                     |
| December 31, 2002                       | \$1,838                    | \$596                     |
| March 31, 2003 /1                       | \$1,798                    | \$635                     |

- Lifetime credit loss sensitivity measures the sensitivity of Fannie Mae's expected future credit losses to an immediate five percent decline in home values for all single-family mortgages held in Fannie Mae's retained portfolio and underlying guaranteed MBS.
- Credit loss sensitivity is reported in present value terms and measures expected losses in two ways: before receipt of private mortgage insurance claims and any other credit enhancements and after receipt of expected mortgage insurance and other credit enhancements.

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## RISK-BASED CAPITAL

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| Risk-based capital stress test | Risk-based Capital Requirement | Total Capital Held | Capital Surplus |
|--------------------------------|--------------------------------|--------------------|-----------------|
| <i>(Dollars in billions)</i>   |                                |                    |                 |
| September 30, 2002             | \$21.440                       | \$27.278           | \$ 5.838        |
| December 31, 2002              | 17.434                         | 28.871             | 11.437          |
| March 31, 2003 1/              | 16.555                         | 30.309             | 13.754          |

- The risk-based capital standard became effective on September 13, 2002. The standard uses a stress test to determine the amount of total capital the company needs to hold in order to protect against credit and interest rate risk, and requires an additional 30 percent capital for management and operations risk. The higher of Fannie Mae's risk-based or minimum capital standard is binding.