UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 29, 2012

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

Federally chartered corporation	**000-50231**	**52-0883107**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

3900 Wisconsin Avenue, NW **Washington, DC**	**20016**
(Address of principal executive offices)	**(Zip Code)**

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

(Former Name or Former Address, if Changed Since Last Report):

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))

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

Item 2.02 Results of Operations and Financial Condition

On February 29, 2012, Fannie Mae filed its annual report on Form 10-K for the year ended December 31, 2011 and issued a news release reporting its financial results for the periods covered by the Form 10-K. The news release, a copy of which is furnished as Exhibit 99.1 to this report, is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On February 29, 2012, Fannie Mae posted to its Web site a 2011 Credit Supplement presentation consisting primarily of information about Fannie Mae’s guaranty book of business. The presentation, a copy of which is furnished as Exhibit 99.2 to this report, is incorporated herein by reference. Fannie Mae’s Web site address is www.fanniemae.com. Information appearing on the company’s Web site is not incorporated into this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The exhibit index filed herewith is incorporated herein by reference.

SIGNATURE

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/ Susan R. McFarland

Susan R. McFarland
Executive Vice President and
Chief Financial Officer

Date: February 29, 2012

EXHIBIT INDEX

The following exhibits are submitted herewith:

Exhibit Number	Description of Exhibit
99.1	News release, dated February 29, 2012
99.2	2011 Credit Supplement presentation, dated February 29, 2012

FannieMae NEWS RELEASE

Resource Center: 1-800-732-6643

Contact: Pete Bakel
202-752-2034

Date: February 29, 2012

Fannie Mae Reports Fourth-Quarter and Full-Year 2011 Results

Fannie Mae Maintains a Clear Focus on Building Profitable, High-Quality New Book of Business and Providing Liquidity for the Mortgage Market

Company Enables Millions of Americans to Benefit from Financing Solutions that Promote Homeownership and Quality Rental Housing

WASHINGTON, DC – Fannie Mae (FNMA/OTC) today reported a net loss of $2.4 billion in the fourth quarter of 2011, compared with a net loss of $5.1 billion in the third quarter of the year. The company's net loss in the fourth quarter reflected $5.5 billion in credit-related expenses, the substantial majority of which were related to its legacy (pre-2009) book of business and due largely to a decline in home prices. These charges were partially offset by a growing percentage of net revenues from the company's high-quality new book of business.

For the full year of 2011, Fannie Mae reported a net loss of $16.9 billion, compared with a loss of $14.0 billion for 2010. The increase in the net loss for the year was due primarily to a $6.1 billion increase in net fair value losses in 2011. This resulted from losses in the company's risk management derivatives in 2011 caused by a significant decline in interest rates during the year. These fair value losses on the company's derivatives were offset by fair value gains during 2011 related to its mortgage investments; however, only a portion of these investments is recorded at fair value in its financial statements.

"While economic factors such as falling home prices and high unemployment produced strong headwinds for our business again in 2011, we continued to grow a very strong new book of business as we have since 2009. During the year, Fannie Mae funded the market with more than $650 billion in liquidity and maintained its focus on strengthening Fannie Mae's ability to support and improve the housing industry," said Michael J. Williams, president and chief executive officer. "For example, since 2009, we have set industry standards for underwriting that promote sustainable homeownership and affordable rental housing. Families across America also have benefited from efforts by Fannie Mae to enable homeowners to refinance 6.6 million mortgages, 1.9 million households to purchase a home, and provided financing for over 1.1 million units of quality rental housing."

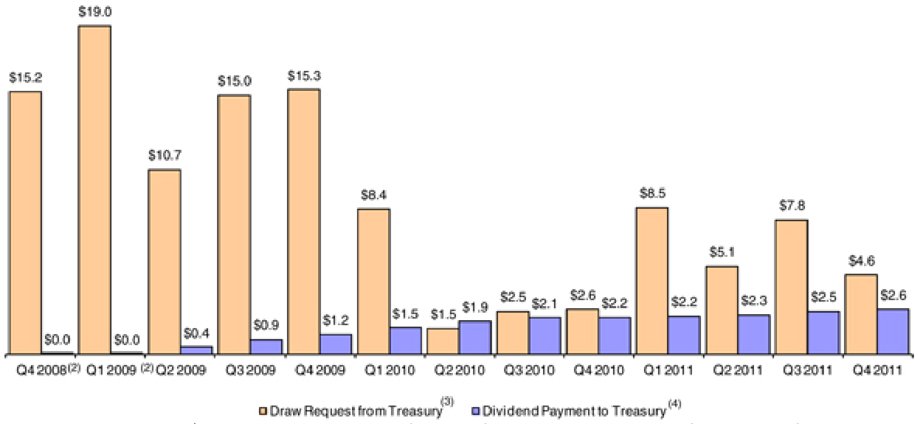
"We continue to build a high-quality new book of business for both single-family and multifamily. Our new single-family book now accounts for more than half of our overall single-family guaranty book of business," said Susan McFarland, executive vice president and chief financial officer. "Fannie Mae remains focused on reducing losses on the legacy book and we estimate that we have reserved for the substantial majority of the remaining losses on these loans. We are seeing positive outcomes from our actions, such as our investments to build the industry's most effective credit operation, which completed more than one million workout solutions since 2009 to help homeowners retain their homes or avoid foreclosure."

The company's net worth deficit of $4.6 billion as of December 31, 2011, reflects the recognition of its total comprehensive loss of $1.9 billion and its payment to Treasury of $2.6 billion in senior preferred stock dividends during the fourth quarter of 2011. The Acting Director of the Federal Housing Finance Agency ("FHFA") will submit a request to Treasury on Fannie Mae's behalf for $4.571 billion to eliminate the company's net worth deficit. Upon receipt of those funds, the company's total obligation to Treasury for its senior preferred stock, which will require an annualized dividend payment of $11.7 billion, will be $117.1 billion. The table below shows the amount of Fannie Mae's requested draws from Treasury and dividend payments to Treasury since entering into conservatorship on September 6, 2008.

Treasury Draw Requests and Dividend Payments

$ in Billions

	Cumulative Total
Treasury Draw Requests[(1)]	$116.1
Dividend Payments	$19.8
Cumulative percentage of dividends to Treasury Draw	17.1%



(1) Treasury draw requests do not include the initial $1.0 billion liquidation preference of Fannie Mae's senior preferred stock, for which Fannie Mae did not receive any cash proceeds.

(2) Fannie Mae paid dividends to Treasury of $31 million in the fourth quarter of 2008 and $25 million in the first quarter of 2009.

(3) Represents the draw required and requested based on Fannie Mae's net worth deficit for the quarters presented. Draw requests were funded in the quarter following each quarterly net worth deficit.

(4) Represents quarterly cash dividends paid during the quarters presented by Fannie Mae to Treasury, based on an annual rate of 10% per year on the aggregate liquidation preference of the senior preferred stock.

PROVIDING LIQUIDITY AND SUPPORT TO THE MARKET

Fannie Mae has continued to provide liquidity and support to the U.S. mortgage market in a number of important ways:

The company has served as a stable source of liquidity for purchases of homes and financing of multifamily rental housing, as well as for refinancing existing mortgages. Fannie Mae provided approximately $2.3 trillion in liquidity to the mortgage market from 2009 through 2011 by its purchases and guarantees of mortgage loans, including more than 8.5 million single-family mortgage loans, which enabled borrowers to purchase homes or refinance mortgages, and multifamily loans that financed over 1.1 million units of multifamily housing.

- Fannie Mae has been a consistent market presence as it continued to provide liquidity to the mortgage market even when other sources of capital exited the market, as has been shown repeatedly over the last few years. The company estimates Fannie Mae, Freddie Mac, and Ginnie Mae have collectively guaranteed more than 99 percent of new single-family mortgage-related securities issuances in 2009 through 2011, which accounted for more than 85 percent of single-family first-lien mortgages the company currently estimates were originated in the United States from 2009 through 2011. Because the company's estimate of mortgage originations is subject to change as additional data become available, the company's estimated share of single-family first-lien mortgages for prior periods may change in the future, perhaps materially.
- The company has strengthened its underwriting and eligibility standards to support sustainable homeownership, enabling borrowers to have access to a variety of conforming mortgage products, including long-term, fixed-rate mortgages, such as the prepayable 30-year fixed-rate mortgage that protects homeowners from interest rate swings.
- The company helped more than 900,000 homeowners retain their homes or otherwise avoid foreclosure from 2009 through 2011, which helped support neighborhoods, home prices, and the housing market. Moreover, borrowers' ability to pay their modified loans has improved in recent periods as the company has enhanced the structure of its modifications. For loans modified outside of the Administration's Home Affordable Modification Program ("HAMP"), one year after modification, 67 percent of modifications that the company made in the fourth quarter of 2010 were performing, compared with 50 percent of modifications in the fourth quarter of 2009. For loans modified under HAMP, one year after modification, 74 percent of its HAMP modifications made in the fourth quarter of 2010 were performing, compared with 73 percent of its HAMP modifications in the fourth quarter of 2009.
- The company helped borrowers refinance loans through its Refi Plus™ initiative, which provides expanded refinance opportunities for eligible Fannie Mae borrowers. The company acquired approximately 732,000 loans refinanced under its Refi Plus initiative in 2011. Some borrowers may have increased their monthly payments as they took advantage of lower interest rates to reduce the terms of their loans, to switch from adjustable rates to fixed rates, or to switch from interest-only mortgages to fully amortizing mortgages. Even taking these refinancings into account, the company's acquisitions under Refi Plus reduced its borrowers' monthly mortgage payments by an average of $166.

- The company continued to support affordability in the multifamily rental market. More than 85 percent of the multifamily units it financed from 2009 through 2011 were affordable to families earning at or below the median income in their area.
- The company remained the largest single issuer of mortgage-related securities in the secondary market in the fourth quarter of 2011, with an estimated market share of new single-family mortgage-related securities issuances of 54 percent, compared with 43 percent in the third quarter of 2011 and 49 percent in the fourth quarter of 2010. Fannie Mae also remained a constant source of liquidity in the multifamily market. As of September 30, 2011 (the latest date for which information was available), the company owned or guaranteed approximately 21 percent of the outstanding debt on multifamily properties.

During 2011, Fannie Mae purchased or guaranteed approximately $653 billion in loans, measured by unpaid principal balance, which included approximately $67 billion in delinquent loans purchased from its single-family mortgage-backed securities ("MBS") trusts. Fannie Mae's purchases and guarantees during 2011 enabled its lender customers to finance approximately 2,680,000 single-family conventional loans and loans for approximately 423,000 units in multifamily properties.

CREDIT QUALITY

New Single-Family Book of Business: Fifty-three percent of Fannie Mae's single-family guaranty book of business as of December 31, 2011 consisted of loans it had purchased or guaranteed since the beginning of 2009. The company's new single-family book of business has a strong overall credit profile and is performing well. The company expects that these loans will be profitable over their lifetime, meaning the company's fee income on these loans will exceed the company's credit losses and administrative costs for them. If future macroeconomic conditions turn out to be more adverse than the company's expectations, these loans could become unprofitable.

Single-family conventional loans added to Fannie Mae's book of business since January 1, 2009, have a weighted average loan-to-value ratio at origination of 68 percent, and a weighted average credit score at origination of 762.

For more information on the expected lifetime profitability of the company's new single-family book of business, please refer to the discussion following Table 3 in the company's annual report on Form 10-K for the year ended December 31, 2011.

2005 to 2008 Single-Family Book of Business: The single-family credit losses the company realized from 2009 through 2011, combined with the amounts the company had reserved for single-family credit losses as of December 31, 2011, total approximately $140 billion. The substantial majority of these losses were attributable to single-family loans the company purchased or guaranteed from 2005 through 2008. The company expects its loss reserves will remain significantly elevated relative to historical levels for an extended period because: (1) it expects future defaults on loans in its legacy book of business and the resulting charge-offs will occur over a period of years; and (2) a significant portion of its reserves represents concessions granted to borrowers upon modification of their loans and will remain in its reserves until the loans are fully repaid or default.

The 2005 to 2008 acquisitions are becoming a smaller percentage of the company's single-family guaranty book of business, having decreased from 39 percent of its single-family guaranty book of business as of December 31, 2010, to 31 percent as of December 31, 2011.

Fannie Mae's single-family serious delinquency rate has decreased each quarter since the first quarter of 2010. This decrease is the result of home retention solutions, as well as foreclosure alternatives and completed foreclosures. The decrease also is attributable to the company's acquisition of loans with a stronger credit profile since the beginning of 2009, as these loans are now more than 50 percent of the single-family guaranty book of business, resulting in a smaller percentage of the company's loans becoming seriously delinquent. The company expects serious delinquency rates will continue to be affected in the future by home price changes, changes in other macroeconomic conditions, the length of the foreclosure process, the volume of loan modifications, and the extent to which borrowers with modified loans continue to make timely payments. In addition, due to circumstances in the foreclosure environment, foreclosures are proceeding at a slow pace, which has resulted in loans remaining seriously delinquent in the company's book of business for a longer time.

STRATEGIES TO REDUCE CREDIT LOSSES ON THE LEGACY BOOK

To reduce the credit losses Fannie Mae ultimately incurs on its legacy book of business, the company has been focusing its efforts on several strategies, including reducing defaults by offering home retention solutions, such as loan modifications. Successful modifications allow borrowers who were having problems making their pre-modification mortgage payments to remain in their homes. While loan modifications contribute to higher credit-related expenses in the near term, the company believes that successful modifications will ultimately reduce the company's credit losses over the long term from what they otherwise would have been if the company had foreclosed on the loans. Fannie Mae completed approximately 213,000 loan modifications during 2011, bringing the total number of loan modifications the company has completed since January 2009 to more than 715,000. The substantial majority of these modifications involved deferring or lowering borrowers' monthly mortgage payments, which the company believes increases the likelihood borrowers will be able to remain current on their modified loans. Borrowers' ability to pay their modified loans has improved in recent periods as the company has enhanced the structure of its modifications. The ultimate long-term success of the company's current modification efforts is uncertain and will be highly dependent on economic factors, such as unemployment rates, household wealth and income, and home prices, as well as borrowers' willingness to pay their loans.

As the company works to reduce credit losses, it also seeks to assist struggling borrowers, help stabilize communities, and support the housing market. In dealing with struggling borrowers, Fannie Mae first seeks home retention solutions that enable them to keep their homes before turning to foreclosure alternatives. If the company is unable to provide a viable home retention solution for a struggling borrower, the company seeks to offer a foreclosure alternative and complete it in a timely manner. From 2009 through 2011, the company completed approximately 195,000 preforeclosure sales (also known as short sales) and deeds-in-lieu of foreclosure. When there is no viable home retention solution or foreclosure alternative that can be applied, the company seeks to move to foreclosure expeditiously. The goal of these efforts is to help minimize delinquencies that can adversely impact local home values and destabilize communities, as well as lower costs to Fannie Mae.

Improving servicing standards and execution is another key aspect of the company's strategy to reduce its credit losses. The performance of the company's mortgage servicers is critical to its success in reducing defaults, completing foreclosure alternatives, and managing workout and foreclosure timelines efficiently, because servicers are the primary point of contact with borrowers. Fannie Mae is taking a number of steps to improve the servicing of its delinquent loans.

- In June 2011, the company issued new standards for mortgage servicers under FHFA's Servicing Alignment Initiative ("Initiative"). The Initiative is aimed at establishing consistency in the servicing of delinquent loans owned or guaranteed by Fannie Mae and Freddie Mac. Among other things, the new servicing standards, which became effective October 1, 2011, are designed to result in earlier, more frequent, and more effective contact with borrowers, and to improve servicer performance by providing servicers monetary incentives for exceeding loan workout benchmarks and by imposing fees on servicers for failing to meet loan workout benchmarks or foreclosure timelines.
- In some cases, Fannie Mae transfers servicing on loan populations that include loans with higher-risk characteristics to special servicers with whom the company has worked to develop high-touch protocols for servicing these loans. These protocols include lowering the ratio of loans per servicer employee, prescribing borrower outreach strategies to be used at early stages of delinquency, and providing struggling borrowers a single point of contact to resolve issues. Transferring servicing on higher-risk loans enables the borrowers (and loans) to benefit from these high-touch protocols while increasing the original servicer's capacity to service the remaining loans, creating an opportunity to improve service to the remaining borrowers.
- In September 2011, Fannie Mae issued its first ratings of servicers' performance under its Servicer Total Achievement and Rewards ("STAR") program. The STAR program is designed to encourage improvements in customer service and foreclosure prevention outcomes for homeowners by rating servicers on their performance in these areas.

While Fannie Mae believes these steps will improve the servicing on its loans, ultimately the company is dependent on servicers' willingness, efficiency, and ability to implement its home retention solutions and foreclosure alternatives, and to manage timelines for workouts and foreclosures. For more information on the company's strategies to reduce credit losses on its legacy book, please refer to the company's annual report on Form 10-K for the year ended December 31, 2011.

The company believes that home retention solutions are most effective in preventing defaults when completed at an early stage of delinquency. Similarly, the company's foreclosure alternatives are more likely to be successful in reducing its loss severity if they are executed expeditiously. Accordingly, providing potential home retention solutions to delinquent borrowers early in the delinquency and, where no home retention solutions or foreclosure alternatives are available, reducing delays in completing foreclosure is a fundamental component of the company's strategy to reduce its credit losses and help stabilize the housing market.

HOME RETENTION SOLUTIONS AND FORECLOSURE ALTERNATIVES

Loan Workouts: During the fourth quarter of 2011, Fannie Mae completed more than 82,000 single-family loan workouts, including more than 60,000 home-retention solutions (modifications, repayment plans, and forbearances). For the year, the company completed 328,491 single-family loan workouts. Details of the company's home-retention solutions and foreclosure alternatives include:

- **Loan modifications**, which consist of permanent modifications under HAMP and Fannie Mae's own modification options, decreased in the fourth quarter of 2011 to 51,936 from 60,025 in the third quarter of 2011. For the year, the company completed 213,340 loan modifications, compared with 403,506 in 2010. The volume of workouts completed in 2011 decreased compared with 2010, primarily driven by a decline in the number of seriously delinquent loans in 2011, compared with 2010. In addition, the company began to require that all Fannie Mae non-HAMP modifications also must go through a trial period, which initially lowers the number of modifications that can become permanent in any particular period.
- **Repayment plans/forbearances** of 8,517 in the fourth quarter of 2011, compared with 8,202 in the third quarter of 2011. For the year, the company completed 35,318 repayment plans/forbearances, compared with 31,579 in 2010.
- **Short sales** and **deeds-in-lieu of foreclosure** of 22,231 in the fourth quarter of 2011, compared with 19,306 in the third quarter of 2011. For the year, the company completed 79,833 short sales and deeds-in-lieu of foreclosure, compared with 75,391 in 2010.

Homeowner Initiatives: During 2011, Fannie Mae continued to develop programs and invest in initiatives designed to help keep people in homes, assist prospective homeowners, and support the mortgage and housing markets overall. As of December 31, 2011, Fannie Mae had established twelve Mortgage Help Centers across the nation to accelerate the response time for struggling borrowers with loans owned by Fannie Mae. During 2011, these centers helped borrowers obtain nearly 6,100 home retention plans. The company's Mortgage Help Centers are complemented in their efforts by partnerships with 17 local non-profit organizations in 16 cities, collectively known as its Mortgage Help Network. The Mortgage Help Network represents a contractual relationship with select not-for-profit counseling agencies located in the company's top delinquent mortgage markets to provide borrowers with loans owned by Fannie Mae foreclosure prevention counseling, documentation assistance, and assistance with pending loan workout solutions. The company also uses direct mail, phone calls, and some advertising to encourage homeowners to visit KnowYourOptions.com to pursue home retention solutions and foreclosure alternatives.

Refinancing Initiatives: Through the company's Refi Plus™ initiative, which provides expanded refinance opportunities for eligible Fannie Mae borrowers, and includes The Administration's Home Affordable Refinance Program ("HARP") loans, the company acquired approximately 732,000 loans during 2011. Some borrowers may have increased their monthly payments as they took advantage of lower interest rates to reduce the terms of their loans, to switch from adjustable rates to fixed rates, or to switch from interest-only mortgages to fully amortizing mortgages. Even taking these refinancings into account, the company's acquisitions under Refi Plus reduced its borrowers' monthly mortgage payments by an average of $166.

FORECLOSURES AND REO

Fannie Mae acquired 47,256 single-family real-estate owned ("REO") properties, primarily through foreclosure, in the fourth quarter of 2011, compared with 45,194 in the third quarter of 2011. Fannie Mae disposed of 51,344 single-family REO in the fourth quarter of 2011, compared with 58,297 in the third quarter of 2011. As of December 31, 2011, the company's inventory of single-family REO properties was 118,528, compared with 122,616 as of September 30, 2011, and 162,489 as of December 31, 2010. The carrying value of the company's single-family REO was $9.7 billion as of December 31, 2011, compared with $11.0 billion as of September 30, 2011, and $15.0 billion as of December 31, 2010.

The company's single-family foreclosure rate was 1.13 percent on an annualized basis for 2011, compared with 1.15 percent in the first nine months of 2011 and 1.46 percent for 2010. This reflects the annualized number of single-family properties acquired through foreclosure as a percentage of the total number of loans in Fannie Mae's single-family conventional guaranty book of business.

The changing foreclosure environment has significantly lengthened the time it takes to foreclose on a mortgage loan in many states, which has slowed the pace of Fannie Mae's REO property acquisitions. The increase in foreclosure timelines also has increased Fannie Mae's credit-related expenses and negatively affected its single-family serious delinquency rates. Moreover, Fannie Mae believes these changes in the foreclosure environment will delay the recovery of the housing market because it will take longer to clear the housing market's supply of distressed homes, which typically sell at a discount to non-distressed homes and therefore negatively affect overall home prices.

SUMMARY OF FOURTH-QUARTER AND FULL-YEAR 2011 RESULTS

Fannie Mae reported a net loss of $2.4 billion for the fourth quarter of 2011, compared with a net loss of $5.1 billion in the third quarter of 2011. The company reported a net loss of $16.9 billion for 2011, compared with a loss of $14.0 billion for 2010. The net worth deficit of $4.6 billion as of December 31, 2011 takes into account dividends paid on senior preferred stock held by Treasury.

(Dollars in millions)[1]	4Q11	3Q11	Variance	2011	2010	Variance
Net interest income	$ 4,163	$ 5,186	$(1,023)	$ 19,281	$ 16,409	$ 2,872
Fee and other income	370	291	79	1,163	1,084	79
Net revenues	4,533	5,477	(944)	20,444	17,493	2,951
Investment gains, net	187	73	114	506	346	160
Net other-than-temporary impairments	54	(262)	316	(308)	(722)	414
Fair value losses, net	(751)	(4,525)	3,774	(6,621)	(511)	(6,110)
Administrative expenses	(605)	(591)	(14)	(2,370)	(2,597)	227
Credit-related expenses[2]	(5,513)	(4,884)	(629)	(27,498)	(26,614)	(884)
Other non-interest expenses[3]	(311)	(373)	62	(1,098)	(1,495)	397
Net losses and expenses	(6,939)	(10,562)	3,623	(37,389)	(31,593)	(5,796)
Loss before federal income taxes	(2,406)	(5,085)	2,679	(16,945)	(14,100)	(2,845)
(Provision) benefit for federal income taxes	(1)	—	(1)	90	82	8
Net loss	(2,407)	(5,085)	2,678	(16,855)	(14,018)	(2,837)
Less: Net loss attributable to the noncontrolling interest	1	—	1	—	4	(4)
Net loss attributable to Fannie Mae	$(2,406)	$ (5,085)	$ 2,679	$(16,855)	$(14,014)	$(2,841)
Total comprehensive loss attributable to Fannie Mae	$(1,945)	$ (5,282)	$ 3,337	$(16,408)	$(10,570)	$(5,838)
Preferred stock dividends	$(2,622)	$ (2,494)	$ (128)	$ (9,614)	$ (7,704)	$(1,910)

(1) Certain prior period amounts have been reclassified to conform to the current period presentation.

(2) Consists of provision for loan losses, provision for guaranty losses and foreclosed property expense (income).

(3) Consists of debt extinguishment losses, net and other expenses.

Net revenues were $4.5 billion in the fourth quarter of 2011, down 17 percent from $5.5 billion in the third quarter of 2011. Net interest income was $4.2 billion, down 20 percent from $5.2 billion in the third quarter of 2011. The decline in net interest income was due primarily to an out-of-period adjustment of $1.2 billion recorded in the fourth quarter of 2011 to correct the rate used to calculate interest income on mortgage-related securities. For the year, net revenues were $20.4 billion, up 17 percent from $17.5 billion in 2010.

Credit-related expenses, which consist of the provision for loan losses, provision for guaranty losses, and foreclosed property expense, were $5.5 billion in the fourth quarter of 2011, up from $4.9 billion in the third quarter of 2011. For the year, credit-related expenses were $27.5 billion, compared with $26.6 billion in 2010. The increase in the company's credit-related expenses in the fourth quarter and full year of 2011 was driven largely by a decline in home prices.

Credit losses, which the company defines generally as net charge-offs plus foreclosed property expense, excluding the effect of certain fair-value losses, were $4.7 billion in the fourth quarter of 2011, compared with $4.5 billion in the third quarter of 2011. For the year, credit losses were $18.7 billion, compared with $23.6 billion in 2010. Credit losses were up in the fourth quarter of 2011 compared with the third quarter of 2011 due to a slight increase in foreclosure acquisitions. Credit losses were down year over year due to the slowdown in the processing of foreclosures and an increase in the amounts received related to outstanding repurchase requests.

Total loss reserves, which reflect an estimate of the probable losses the company has incurred in its guaranty book of business, including concessions it granted borrowers upon modification of their loans, increased to $76.9 billion as of December 31, 2011, compared with $75.6 billion as of September 30, 2011. The total loss reserve coverage to total nonperforming loans was 31 percent as of December 31, 2011, compared with 30 percent as of September 30, 2011, and 26 percent as of December 31, 2010. The continued stress on a broad segment of borrowers from persistent high levels of unemployment and underemployment, and the prolonged decline in home prices have caused the company's total loss reserves to remain high for the past few years.

Net fair value losses were $751 million in the fourth quarter of 2011, compared with net fair value losses of $4.5 billion in the third quarter of 2011. For the year, net fair value losses were $6.6 billion, compared with $511 million in 2010. The fourth quarter decrease and full-year increase was driven primarily by fair value losses on Fannie Mae's risk management derivatives due to a significant decline in interest rates during the third quarter of 2011.

NET WORTH AND U.S. TREASURY FUNDING

The Acting Director of FHFA will request $ 4.571 billion of funds from Treasury on the company's behalf under the terms of the senior preferred stock purchase agreement between Fannie Mae and Treasury to eliminate the company's net worth deficit as of December 31, 2011. Fannie Mae's fourth-quarter dividend of $2.6 billion on its senior preferred stock held by Treasury was declared by FHFA and paid by the company on December 31, 2011.

In December 2011, Treasury provided the company $7.8 billion to cure its net worth deficit as of September 30, 2011. As a result of this draw, the aggregate liquidation preference of the senior preferred stock increased from $104.8 billion to $112.6 billion as of December 31, 2011. It will increase to $117.1 billion upon the receipt of funds from Treasury to eliminate the company's fourth-quarter 2011 net worth deficit, which will require an annualized dividend payment of $11.7 billion. This amount exceeds the company's reported annual net income for every year since its inception.

Through December 31, 2011, Fannie Mae has paid an aggregate of $19.8 billion to Treasury in dividends on the senior preferred stock.

OUTSTANDING BANK OF AMERICA REPURCHASE REQUESTS

Fannie Mae makes repurchase requests for lenders to repurchase loans or compensate Fannie Mae for losses sustained on loans that do not meet its underwriting or eligibility requirements, or for which the mortgage insurer has rescinded coverage. In the fourth quarter of 2011, Bank of America, the seller/servicer with which Fannie Mae has the most repurchase requests outstanding, slowed the pace of its repurchases. As a result of Bank of America's failure to honor its contractual obligations in a timely manner, the already high volume of Fannie Mae's outstanding repurchase requests with Bank of America increased substantially. Measured by unpaid principal balance, Bank of America accounted for approximately 52 percent of Fannie Mae's outstanding repurchase requests as of December 31, 2011, compared with 45 percent as of September 30, 2011 and 41 percent as of December 31, 2010, shortly after entering into an agreement with Fannie Mae to address its then outstanding repurchase requests. Similarly, Bank of America accounted for 59 percent of Fannie Mae's repurchase requests that had been outstanding for more than 120 days as of December 31, 2011, compared with 48 percent as of September 30, 2011 and 37 percent as of December 31, 2010. Fannie Mae is taking steps to address Bank of America's delays in honoring Fannie Mae's repurchase requests. For example, Fannie Mae did not renew its existing loan delivery contract with Bank of America at the end of January, which significantly restricted the types of loans they can deliver to Fannie Mae. Bank of America can continue delivering loans to Fannie Mae under the company's Refi Plus initiative, including HARP loans. Bank of America's failure to honor repurchase obligations in a timely manner has not caused Fannie Mae to change its estimate of the amounts it expects to collect from them ultimately, and Fannie Mae continues to work with Bank of America to resolve these issues. If Fannie Mae collects less than the amount it expects from Bank of America, Fannie Mae may be required to seek additional funds from Treasury under its senior preferred stock purchase agreement. Table 55 in Fannie Mae's annual report on Form 10-K for the year ended December 31, 2011 displays its top five mortgage seller/servicers by outstanding repurchase requests based on the unpaid principal balance of the loans underlying the repurchase requests issued as of December 31, 2011. Fannie Mae does not expect the change in its agreement with Bank of America to be material to Fannie Mae's business or results of operations, as Bank of America represented less than 5 percent of Fannie Mae's loan delivery volume in the quarter ended December 31, 2011.

BUSINESS SEGMENT RESULTS

Fannie Mae conducts its activities through three complementary businesses: its Single-Family business, its Multifamily business, and its Capital Markets group. The company's Single-Family and Multifamily businesses work with Fannie Mae's lender customers, who deliver mortgage loans that the company purchases and securitizes into Fannie Mae MBS. The Capital Markets group manages the company's investment activity in mortgage-related assets and other interest-earning non-mortgage investments, funding investments in mortgage-related assets primarily with proceeds received from the issuance of Fannie Mae debt securities in the domestic and international capital markets. The Capital Markets group also provides liquidity to the mortgage market through short-term financing and other activities.

Single-Family guaranty book of business was $2.84 trillion as of both December 31, 2011 and September 30, 2011. Similarly, Single-Family guaranty fee income for both the third and fourth quarter 2011 was $1.9 billion. The Single-Family business lost $4.5 billion in the fourth quarter of 2011, compared with $3.7 billion in the third quarter of 2011, due primarily to credit-related expenses of $5.4 billion, the substantial majority of which were attributable to loans purchased or guaranteed prior to 2009. For the year, the Single-Family business lost $23.9 billion, compared with a loss of $26.7 billion in 2010.

Multifamily guaranty book of business was $195.2 billion as of December 31, 2011, compared with $193.3 billion as of September 30, 2011. Multifamily recorded credit-related expenses of $116 million in the fourth quarter of 2011, compared with credit-related expenses of $102 million in the third quarter of 2011. Multifamily earned $177 million in the fourth quarter of 2011, compared with $72 million in the third quarter of 2011. For the year, Multifamily earned $583 million, compared with earnings of $216 million in 2010.

Capital Markets' net interest income for the fourth quarter of 2011 was $2.4 billion. Fair value losses were $637 million, compared with fair value losses of $4.7 billion in the third quarter of 2011. The Capital Markets mortgage investment portfolio balance decreased to $708.4 billion as of December 31, 2011, compared with $722.2 billion as of September 30, 2011, resulting from purchases of $55.9 billion, liquidations of $36.2 billion, and sales of $33.4 billion during the quarter. The Capital Markets group earned $2.6 billion in the fourth quarter of 2011, compared with $711 million lost in the third quarter of 2011. Capital Markets' third-quarter losses were driven by losses on the company's risk management derivatives in the third quarter of 2011. For the year, Capital Markets earned $9.0 billion, compared with $16.1 billion in 2010.

The company provides further discussion of its financial results and condition, credit performance, fair value balance sheets, and other matters in its annual report on Form 10-K for the year ended December 31, 2011, which was filed today with the Securities and Exchange Commission. Further information about the company's credit performance, the characteristics of its guaranty book of business, the drivers of its credit losses, its foreclosure-prevention efforts, and other measures is contained in the "2011 Credit Supplement" on Fannie Mae's Web site, www.fanniemae.com.

# # #

In this release, the company has presented a number of estimates, forecasts, expectations, and other forward-looking statements regarding the company's future financial results; the profitability of its loans; the impact of successful loan modifications; FHFA's future requests to Treasury on Fannie Mae's behalf; Fannie Mae's future serious delinquency rates, credit losses, credit-related expenses, defaults, and charge-offs; its draws from and dividends to be paid to Treasury; the performance, profitability and caliber of loans it is acquiring; the impact of the changing foreclosure environment; the impact of the company's actions on its delinquencies, defaults, loss severities, costs and credit losses; the future performance of modifications and factors that could influence that performance; the impact of the company's actions on the housing industry; the impact of the company's actions to improve the servicing on its loans; the company's expectations regarding its future loss reserves; the company's expectations regarding the impact of the change in its agreement with Bank of America; the company's expectations regarding amounts it will ultimately collect from Bank of America; and the potential impact on the company's Treasury draws of the company's future collections from Bank of America. These estimates, forecasts, expectations, and statements are forward-looking statements and are based on the company's current assumptions regarding numerous factors, including assumptions about future home prices and the future performance of its loans. The company's future estimates of these amounts, as well as the actual amounts, may differ materially from its current estimates as a result of home price changes, interest rate changes, unemployment, other macroeconomic variables, government policy matters, changes in generally accepted accounting principles, credit availability, social behaviors, the volume of loans it modifies, the effectiveness of its loss mitigation strategies, management of its real estate owned inventory and pursuit of contractual remedies, changes in the fair value of its assets and liabilities, impairments of its assets, the adequacy of its loss reserves, its ability to maintain a positive net worth, effects from activities the company takes to support the mortgage market and help homeowners, the conservatorship and its effect on the company's business, the investment by Treasury and its effect on the company's business, changes in the structure and regulation of the financial services industry, the company's ability to access the debt markets, disruptions in the housing, credit, and stock markets, government investigations and litigation, the performance of the company's servicers, conditions in the foreclosure environment, and many other factors. Changes in the company's underlying assumptions and actual outcomes, which could be affected by the economic environment, government policy, and many other factors, including those discussed in the "Risk Factors" section of and elsewhere in the company's annual report on Form 10-K for the year ended December 31, 2011, and elsewhere in this release, could result in actual results being materially different from what is set forth in the forward-looking statements.

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

Fannie Mae exists to expand affordable housing and bring global capital to local communities in order to serve the U.S. housing market. Fannie Mae has a federal charter and operates in America's secondary mortgage market to enhance the liquidity of the mortgage market by purchasing or guaranteeing mortgage loans originated by mortgage bankers and other lenders so that they may lend to home buyers. Our job is to help those who house America.

ANNEX I

FANNIE MAE

(In conservatorship)

Consolidated Balance Sheets

(Dollars in millions, except share amounts)

	As of December 31, 2011	As of December 31, 2010
ASSETS		
Cash and cash equivalents (includes $2 and $348, respectively, related to consolidated trusts)	$ 17,539	$ 17,297
Restricted cash (includes $45,900 and $59,619, respectively, related to consolidated trusts)	50,797	63,678
Federal funds sold and securities purchased under agreements to resell or similar arrangements	46,000	11,751
Investments in securities:		
Trading, at fair value (includes $8 and $21, respectively, related to consolidated trusts)	74,198	56,856
Available-for-sale, at fair value (includes $1,191 and $1,055, respectively, related to consolidated trusts)	77,582	94,392
Total investments in securities	151,780	151,248
Mortgage loans:		
Loans held for sale, at lower of cost or fair value (includes $66 and $661, respectively, related to consolidated trusts)	311	915
Loans held for investment, at amortized cost:		
Of Fannie Mae	380,134	407,228
Of consolidated trusts (includes $3,611 and $2,962, respectively, at fair value and loans pledged as collateral that may be sold or repledged of $798 and $2,522, respectively)	2,590,332	2,577,133
Total loans held for investment	2,970,466	2,984,361
Allowance for loan losses	(72,156)	(61,556)
Total loans held for investment, net of allowance	2,898,310	2,922,805
Total mortgage loans	2,898,621	2,923,720
Accrued interest receivable, net (includes $8,466 and $8,910, respectively, related to consolidated trusts)	10,000	11,279
Acquired property, net	11,373	16,173
Other assets (includes cash pledged as collateral of $1,109 and $884, respectively)	25,374	26,826
Total assets	$ 3,211,484	$ 3,221,972
LIABILITIES AND DEFICIT		
Liabilities:		
Accrued interest payable (includes $9,302 and $9,712, respectively, related to consolidated trusts)	$ 12,648	$ 13,764
Federal funds purchased and securities sold under agreements to repurchase	—	52
Debt:		
Of Fannie Mae (includes $838 and $893, respectively, at fair value)	732,444	780,044
Of consolidated trusts (includes $3,939 and $2,271, respectively, at fair value)	2,457,428	2,416,956
Other liabilities (includes $629 and $893, respectively, related to consolidated trusts)	13,535	13,673
Total liabilities	3,216,055	3,224,489
Commitments and contingencies (Note 19)	—	—
Fannie Mae stockholders' equity (deficit):		
Senior preferred stock, 1,000,000 shares issued and outstanding	112,578	88,600
Preferred stock, 700,000,000 shares are authorized—555,374,922 and 576,868,139 shares issued and outstanding, respectively	19,130	20,204
Common stock, no par value, no maximum authorization—1,308,762,703 and 1,270,092,708 shares issued, respectively; 1,157,767,400 and 1,118,504,194 shares outstanding, respectively	687	667
Accumulated deficit	(128,381)	(102,986)
Accumulated other comprehensive loss	(1,235)	(1,682)
Treasury stock, at cost, 150,995,303 and 151,588,514 shares, respectively	(7,403)	(7,402)
Total Fannie Mae stockholders' deficit	(4,624)	(2,599)
Noncontrolling interest	53	82
Total deficit	(4,571)	(2,517)
Total liabilities and deficit	$ 3,211,484	$ 3,221,972

See Notes to Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Consolidated Statements of Operations and Comprehensive Loss
(Dollars and shares in millions, except per share amounts)

	For the Year Ended December 31,		
	2011	**2010**	**2009**
Interest income:			
Trading securities	$ 1,087	$ 1,251	$ 3,859
Available-for-sale securities	3,277	5,290	13,618
Mortgage loans (includes $123,633, $132,591, and $6,143, respectively, related to consolidated trusts)	138,462	147,583	21,521
Other	117	146	357
Total interest income	142,943	154,270	39,355
Interest expense:			
Short-term debt (includes $9, $12, and $- , respectively, related to consolidated trusts)	310	631	2,306
Long-term debt (includes $108,641, $118,373, and $344, respectively, related to consolidated trusts)	123,352	137,230	22,539
Total interest expense	123,662	137,861	24,845
Net interest income	19,281	16,409	14,510
Provision for loan losses	(25,914)	(24,702)	(9,569)
Net interest (loss) income after provision for loan losses	(6,633)	(8,293)	4,941
Investment gains, net	506	346	1,458
Other-than-temporary impairments	(614)	(694)	(9,057)
Noncredit portion of other-than-temporary impairments recognized in other comprehensive income	306	(28)	(804)
Net other-than-temporary impairments	(308)	(722)	(9,861)
Fair value losses, net	(6,621)	(511)	(2,811)
Debt extinguishment losses, net	(232)	(568)	(325)
Fee and other income	1,163	1,084	7,984
Non-interest loss	(5,492)	(371)	(3,555)
Administrative expenses:			
Salaries and employee benefits	1,236	1,277	1,133
Professional services	736	942	684
Occupancy expenses	179	170	205
Other administrative expenses	219	208	185
Total administrative expenses	2,370	2,597	2,207
Provision for guaranty losses	804	194	63,057
Foreclosed property expense	780	1,718	910
Other expenses	866	927	8,219
Total expenses	4,820	5,436	74,393
Loss before federal income taxes	(16,945)	(14,100)	(73,007)
Benefit for federal income taxes	(90)	(82)	(985)
Net loss	(16,855)	(14,018)	(72,022)
Other comprehensive income:			
Changes in unrealized losses on available-for-sale securities, net of reclassification adjustments and taxes	622	3,504	11,136
Other	(175)	(60)	361
Total other comprehensive income	447	3,444	11,497
Total comprehensive loss	(16,408)	(10,574)	(60,525)
Less: Comprehensive loss attributable to the noncontrolling interest	—	4	53
Total comprehensive loss attributable to Fannie Mae	$ (16,408)	$ (10,570)	$ (60,472)
Net loss	$ (16,855)	$ (14,018)	$ (72,022)
Less: Net loss attributable to the noncontrolling interest	—	4	53
Net loss attributable to Fannie Mae	(16,855)	(14,014)	(71,969)
Preferred stock dividends	(9,614)	(7,704)	(2,474)
Net loss attributable to common stockholders	$ (26,469)	$ (21,718)	$ (74,443)
Loss per share—Basic and Diluted	$ (4.61)	$ (3.81)	$ (13.11)
Weighted-average common shares outstanding—Basic and Diluted	5,737	5,694	5,680

See Notes to Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Consolidated Statements of Cash Flows

(Dollars in millions)

	For the Year Ended December 31,		
	2011	**2010**	**2009**
Cash flows used in operating activities:			
Net loss	$ (16,855)	$ (14,018)	$ (72,022)
Reconciliation of net loss to net cash used in operating activities:			
Amortization of cost basis adjustments	(369)	126	2,568
Provisions for loan and guaranty losses	26,718	24,896	72,626
Valuation (gains) losses	(408)	(1,289)	3,425
(Gains) losses from partnership investments	(82)	74	6,735
Current and deferred federal income taxes	1,044	258	(1,919)
Purchases of loans held for sale	(737)	(81)	(109,684)
Proceeds from repayments of loans held for sale	68	88	2,413
Net change in trading securities, excluding non-cash transfers	(17,048)	(23,612)	11,976
Payments to servicers for foreclosed property expense and servicer incentive fees	(5,394)	(5,658)	(2,570)
Other, net	(2,175)	(8,179)	543
Net cash used in operating activities	(15,238)	(27,395)	(85,909)
Cash flows provided by investing activities:			
Purchases of trading securities held for investment	(2,951)	(8,547)	(48,659)
Proceeds from maturities of trading securities held for investment	2,591	2,638	12,918
Proceeds from sales of trading securities held for investment	1,526	21,556	39,261
Purchases of available-for-sale securities	(192)	(413)	(165,103)
Proceeds from maturities of available-for-sale securities	13,552	17,102	48,096
Proceeds from sales of available-for-sale securities	3,192	7,867	306,598
Purchases of loans held for investment	(78,099)	(86,724)	(52,148)
Proceeds from repayments of loans held for investment of Fannie Mae	25,190	20,715	30,958
Proceeds from repayments of loans held for investment of consolidated trusts	544,145	574,740	26,184
Net change in restricted cash	12,881	(15,025)	—
Advances to lenders	(70,914)	(74,130)	(79,163)
Proceeds from disposition of acquired property and short sales	47,248	39,682	22,667
Contributions to partnership investments	(178)	(351)	(688)
Proceeds from partnership investments	283	129	87
Net change in federal funds sold and securities purchased under agreements to resell or similar agreements	(34,249)	41,471	4,230
Other, net	363	(531)	(27,503)
Net cash provided by investing activities	464,388	540,179	117,735
Cash flows used in financing activities:			
Proceeds from the issuance of debt of Fannie Mae	766,598	1,155,993	1,930,907
Payments to redeem debt of Fannie Mae	(815,838)	(1,146,363)	(2,030,705)
Proceeds from issuance of debt of consolidated trusts	233,516	276,575	58
Payments to redeem debt of consolidated trusts	(647,695)	(808,502)	(601)
Payments of cash dividends on senior preferred stock to Treasury	(9,613)	(7,706)	(2,470)
Proceeds from senior preferred stock purchase agreement with Treasury	23,978	27,700	59,900
Net change in federal funds purchased and securities sold under agreements to repurchase	—	49	(54)
Other, net	146	(45)	18
Net cash used in financing activities	(448,908)	(502,299)	(42,947)
Net increase (decrease) in cash and cash equivalents	242	10,485	(11,121)
Cash and cash equivalents at beginning of period	17,297	6,812	17,933
Cash and cash equivalents at end of period	$ 17,539	$ 17,297	$ 6,812
Cash paid during the period for:			
Interest	$ 128,806	$ 140,651	$ 26,344
Income taxes	—	—	876
Non-cash activities (excluding impact of the transition to the consolidation accounting guidance):			
Net mortgage loans acquired by assuming debt	$ 448,437	$ 484,699	$ —
Net transfers from (to) mortgage loans held for investment of Fannie Mae to (from) mortgage loans held for investment of consolidated trusts	33,859	(121,852)	—
Transfers from advances to lenders to investments in securities	—	—	77,191
Transfers from advances to lenders to loans held for investment of consolidated trusts	69,223	68,385	—
Net transfers from mortgage loans to acquired property	56,517	66,081	5,707

See Notes to Consolidated Financial Statements

FANNIE MAE
(In conservatorship)

Consolidated Statements of Changes in Equity (Deficit)

(Dollars and shares in millions, except per share amounts)

	Fannie Mae Stockholders' Equity (Deficit)											
	Shares Outstanding											
	Senior Preferred	Preferred	Common	Senior Preferred	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock	Non Controlling Interest	Total Equity (Deficit)
Balance as of December 31, 2008	1	597	1,085	$ 1,000	$ 21,222	$ 650	$ 3,621	$ (26,790)	$ (7,673)	$ (7,344)	$ 157	$(15,157)
Cumulative effect from the adoption of the accounting guidance on other-than-temporary impairments, net of tax	—	—	—	—	—	—	—	8,520	(5,556)	—	—	2,964
Change in investment in noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(13)	(13)
Comprehensive loss:												
Net loss	—	—	—	—	—	—	—	(71,969)	—	—	(53)	(72,022)
Other comprehensive income, net of tax effect:												
Changes in net unrealized losses on available-for-sale securities (net of tax of $2,658)	—	—	—	—	—	—	—	—	4,936	—	—	4,936
Reclassification adjustment for other-than-temporary impairments recognized in net loss (net of tax of $3,441)	—	—	—	—	—	—	—	—	6,420	—	—	6,420
Reclassification adjustment for gains included in net loss (net of tax of $119)	—	—	—	—	—	—	—	—	(220)	—	—	(220)
Unrealized gains on guaranty assets and guaranty fee buy-ups	—	—	—	—	—	—	—	—	245	—	—	245
Amortization of net cash flow hedging gains	—	—	—	—	—	—	—	—	9	—	—	9
Prior service cost and actuarial gains, net of amortization for defined benefit plans	—	—	—	—	—	—	—	—	107	—	—	107
Total comprehensive loss												(60,525)
Senior preferred stock dividends	—	—	—	—	—	—	(2,470)	—	—	—	—	(2,470)
Increase to senior preferred liquidation preference	—	—	—	59,900	—	—	—	—	—	—	—	59,900
Conversion of convertible preferred stock into common stock	—	(17)	27	—	(874)	14	860	—	—	—	—	—
Other	—	—	1	—	—	—	72	2	—	(54)	—	20
Balance as of December 31, 2009	1	580	1,113	$ 60,900	$ 20,348	$ 664	$ 2,083	$ (90,237)	$ (1,732)	$ (7,398)	$ 91	$(15,281)
Cumulative effect from the adoption of the accounting guidance on transfers of financial assets and consolidation	—	—	—	—	—	—	—	6,706	(3,394)	—	(14)	3,298
Balance as of January 1, 2010, adjusted	1	580	1,113	60,900	20,348	664	2,083	(83,531)	(5,126)	(7,398)	77	(11,983)
Change in investment in noncontrolling interest	—	—	—	—	—	—	—	—	—	—	9	9
Comprehensive loss:												
Net loss	—	—	—	—	—	—	—	(14,014)	—	—	(4)	(14,018)
Other comprehensive income, net of tax effect:												
Changes in net unrealized losses on available-for-sale securities (net of tax of $1,644)	—	—	—	—	—	—	—	—	3,054	—	—	3,054
Reclassification adjustment for other-than-temporary impairments recognized in net loss (net of tax of $253)	—	—	—	—	—	—	—	—	469	—	—	469
Reclassification adjustment for gains included in net loss (net of tax of $10)	—	—	—	—	—	—	—	—	(19)	—	—	(19)
Unrealized gains on guaranty assets and guaranty fee buy-ups	—	—	—	—	—	—	—	—	1	—	—	1
Prior service cost and actuarial gains, net of amortization for defined benefit plans	—	—	—	—	—	—	—	—	(61)	—	—	(61)
Total comprehensive loss												(10,574)
Senior preferred stock dividends	—	—	—	—	—	—	(2,265)	(5,441)	—	—	—	(7,706)
Increase to senior preferred liquidation preference	—	—	—	27,700	—	—	—	—	—	—	—	27,700
Conversion of convertible preferred stock into common stock	—	(3)	5	—	(144)	3	141	—	—	—	—	—
Other	—	—	1	—	—	—	41	—	—	(4)	—	37
Balance as of December 31, 2010	1	577	1,119	88,600	20,204	667	—	(102,986)	(1,682)	(7,402)	82	(2,517)
Change in investment in noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(29)	(29)
Comprehensive loss:												
Net loss	—	—	—	—	—	—	—	(16,855)	—	—	—	(16,855)
Other comprehensive income, net of tax effect:												
Changes in net unrealized losses on available-for-sale securities (net of tax of $250)	—	—	—	—	—	—	—	—	465	—	—	465
Reclassification adjustment for other-than-temporary impairments recognized in net loss (net of tax of $99)	—	—	—	—	—	—	—	—	209	—	—	209
Reclassification adjustment for gains included in net loss (net of tax of $28)	—	—	—	—	—	—	—	—	(52)	—	—	(52)
Prior service cost and actuarial gains, net of amortization for defined benefit plans	—	—	—	—	—	—	—	—	(175)	—	—	(175)
Total comprehensive loss												(16,408)
Senior preferred stock dividends	—	—	—	—	—	—	(1,072)	(8,541)	—	—	—	(9,613)
Increase to senior preferred liquidation preference	—	—	—	23,978	—	—	—	—	—	—	—	23,978
Conversion of convertible preferred stock into common stock	—	(21)	39	—	(1,074)	20	1,054	—	—	—	—	—
Other	—	—	—	—	—	—	18	1	—	(1)	—	18
Balance as of December 31, 2011	1	556	1,158	$ 112,578	$ 19,130	$ 687	$ —	$ (128,381)	$ (1,235)	$ (7,403)	$ 53	$ (4,571)

See Notes to Consolidated Financial Statements

Exhibit 99.2

Fannie Mae
2011 Credit Supplement

FannieMae

February 29, 2012

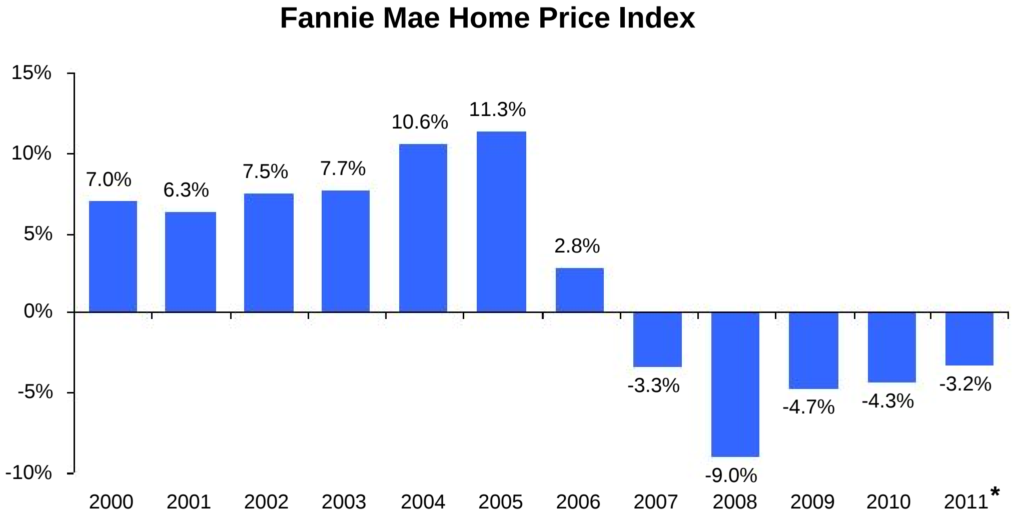
- **This presentation includes information about Fannie Mae, including information contained in Fannie Mae's Annual Report on Form 10-K for the year ended December 31, 2011, the "2011 Form 10-K." Some of the terms used in these materials are defined and discussed more fully in the 2011 Form 10-K. These materials should be reviewed together with the 2011 Form 10-K, copies of which are available on the "SEC Filings" page in the "Investors" section of Fannie Mae's Web site at www.fanniemae.com.**
- **Some of the information in this presentation is based upon information that we received from third-party sources such as sellers and servicers of mortgage loans. Although we generally consider this information reliable, we do not independently verify all reported information.**
- **This presentation includes forward-looking statements relating to future home price changes. These statements are based on our opinions, analyses, estimates, forecasts and other views on a variety of economic and other information, and changes in the assumptions and other information underlying these views could produce materially different results. The impact of future home price changes on our business, results or financial condition will depend on many other factors.**
- **Due to rounding, amounts reported in this presentation may not add to totals indicated (or 100%). A zero indicates less than one half of one percent. A dash indicates a null value.**

Table of Contents

Slide

FannieMae

Home Price Growth/Decline Rates in the U.S.



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
S&P/Case-Shiller Index	**9.8%**	**7.7%**	**10.6%**	**10.7%**	**14.6%**	**14.7%**	**-0.3%**	**-8.4%**	**-18.4%**	**-2.5%**	**-3.7%**	**-4.0%**

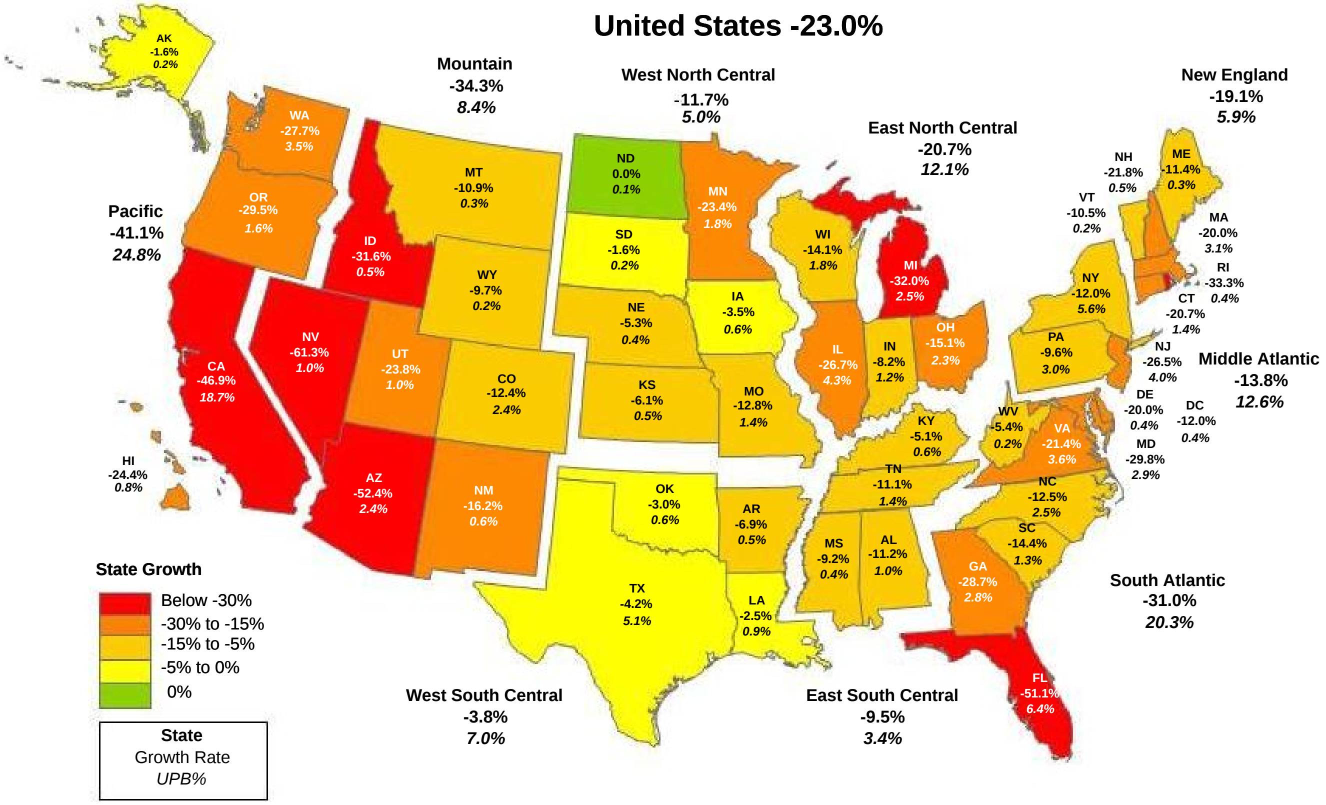
Growth rates are from period-end to period-end.

*Estimate based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of January 2012. Including subsequent data may lead to materially different results.

We expect peak-to-trough declines in home prices to be in the 23% to 30% range (comparable to a decline in the 32% to 40% range using the S&P/Case-Shiller index method).

Note: Our estimates differ from the S&P/Case-Shiller index in two principal ways: (1) our estimates weight expectations by number of properties, whereas the S&P/Case-Shiller index weights expectations based on property value, causing home price declines on higher priced homes to have a greater effect on the overall result; and (2) the S&P/Case-Shiller index includes sales of foreclosed homes while our estimates attempt to exclude foreclosed homes sales, because we believe that differing maintenance practices and the forced nature of the sales make foreclosed home prices less representative of market values. We believe, however, that the impact of sales of foreclosed homes is reflected in our estimates as a result of their impact on the pricing of non-distressed sales. We recently enhanced our home price estimates to identify and exclude a greater portion of foreclosed home sales. As a result, some period to period comparisons of home prices differ from those indicated by our prior estimates. We estimate the S&P/Case-Shiller comparison numbers by adjusting our internal home price estimates to compensate for weighting based on property value and the impact of foreclosed property sales. In addition to these differences, our estimates are based on our own internally available data combined with publicly available data, and are therefore based on data collected nationwide, whereas the S&P/Case-Shiller index is based on publicly available data, which may be limited in certain geographic areas of the country. Our comparative calculations to the S&P/Case-Shiller index provided above are not modified to account for this data pool difference.

Home Price Change Peak-to-Current as of 2011 Q4



Top %: State/Region Home Price Decline Rate percentage from applicable peak in that state/region through December 31, 2011.

Bottom %: Percent of Fannie Mae single-family conventional guaranty book of business by unpaid principal balance as of December 31, 2011.

Note: Regional home price decline percentages are a housing stock unit-weighted average of home price decline percentages of states within each region.

*Source: Fannie Mae. Estimates based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of January 2012. Including subsequent data may lead to materially different results.

FannieMae

Fannie Mae Acquisition Profile by Key Product Features

Credit Characteristics of Single-Family Business Volume (1)

Acquisition Year	2011	2010	2009	2008	2007	2006	2005	2004
Unpaid Principal Balance (billions)	$ 562.3	$ 595.0	$ 684.7	$ 557.2	$ 643.8	$ 515.8	$ 524.2	$ 568.8
Weighted Average Origination Note Rate	4.35%	4.64%	4.93%	6.00%	6.51%	6.45%	5.73%	5.63%
Origination Loan-to-Value Ratio								
<= 60%	29.1%	30.3%	32.6%	22.7%	16.7%	18.6%	21.4%	23.1%
>60% and <= 70%	15.5%	15.9%	17.0%	16.1%	13.5%	15.1%	16.3%	16.2%
>70% and <= 80%	37.3%	38.5%	39.9%	39.5%	44.7%	49.6%	46.2%	43.1%
>80% and <= 90%	8.9%	8.6%	6.9%	11.7%	9.1%	6.8%	7.4%	8.2%
>90% and <= 100% (2)	6.8%	5.2%	3.3%	10.0%	15.8%	9.7%	8.5%	9.3%
> 100% (2)	2.3%	1.6%	0.4%	0.1%	0.1%	0.2%	0.2%	0.2%
Weighted Average Origination Loan-to-Value Ratio	69.3%	68.4%	66.8%	72.0%	75.5%	73.4%	72.0%	71.4%
Weighted Average Origination Loan-to-Value Ratio Excluding HARP (3)	67.0%	66.0%	65.8%	—	—	—	—	—
FICO Credit Scores (4)								
0 to < 620	0.5%	0.4%	0.4%	2.8%	6.4%	6.2%	5.4%	5.6%
>= 620 and < 660	1.8%	1.6%	1.5%	5.7%	11.5%	11.2%	10.7%	11.5%
>=660 and < 700	7.0%	6.6%	6.5%	13.9%	19.2%	19.6%	18.9%	19.4%
>=700 and < 740	16.2%	16.1%	17.2%	21.7%	22.6%	23.0%	23.2%	23.9%
>=740	74.5%	75.1%	74.4%	55.8%	40.1%	39.7%	41.5%	39.2%
Missing	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.3%	0.4%
Weighted Average FICO Credit Score (4)	762	762	761	738	716	716	719	715
Product Distribution								
Fixed-rate	93.5%	93.7%	96.6%	91.7%	90.1%	83.4%	78.7%	78.8%
Adjustable-rate	6.5%	6.3%	3.4%	8.3%	9.9%	16.6%	21.3%	21.2%
Alt-A (5)	1.2%	0.9%	0.2%	3.1%	16.7%	21.8%	16.1%	11.9%
Subprime	—	—	—	0.3%	0.7%	0.7%	0.0%	—
Interest Only	0.7%	1.3%	1.0%	5.6%	15.2%	15.2%	10.1%	5.0%
Negative Amortizing	—	—	—	0.0%	0.3%	3.1%	3.2%	1.9%
Refinance	76.5%	77.4%	79.9%	58.6%	50.4%	48.3%	53.1%	57.3%
Total Refi Plus (3)	24.3%	23.4%	10.6%	—	—	—	—	—
HARP (3)	8.5%	9.0%	3.8%	—	—	—	—	—
HARP Weighted Average Origination Loan-to-Value Ratio (3)	94.1%	92.1%	90.7%	—	—	—	—	—
Investor	6.5%	4.6%	2.5%	5.6%	6.5%	7.0%	6.4%	5.4%
Condo/Co-op	8.8%	8.6%	8.2%	10.3%	10.4%	10.5%	9.8%	8.8%

(1) Percentage calculated based on unpaid principal balance of loans at time of acquisition. Single-family business volume refers to both single-family mortgage loans we purchased for our mortgage portfolio and single-family mortgage loans we guaranty into Fannie Mae MBS. Beginning with the third quarter of 2011, we prospectively report loans underlying long-term standby commitments in the period in which the commitment was established, rather than at the time of actual delivery.
(2) The increase for 2010 and 2011 is the result of our Refi Plus™ initiative, which involves the refinance of existing Fannie Mae loans with loan-to-value ratios up to 125%.
(3) Refi Plus and Home Affordable Refinance Program (HARP) started in April 2009.
(4) FICO credit scores as reported by the seller of the mortgage loan at the time of delivery.
(5) Newly originated Alt-A loans acquired in 2009, 2010, and 2011 consist of the refinance of existing Alt-A loans under our Refi Plus initiative.

FannieMae

Fannie Mae Credit Profile by Key Product Features

Credit Characteristics of Single-Family Conventional Guaranty Book of Business

As of December 31, 2011	Negative Amortizing Loans	Interest Only Loans	Loans with FICO < 620[3]	Loans with FICO ≥ 620 and < 660[3]	Loans with Origination LTV Ratio > 90%	Loans with FICO < 620 and Origination LTV Ratio > 90%[3]	Alt-A Loans	Subprime Loans	Sub-total of Key Product Features[1]	Overall Book
Unpaid Principal Balance (billions)[2]	$9.1	$130.2	$87.5	$184.9	$275.6	$19.0	$182.2	$5.8	$713.6	$2,761.5
Share of Single-Family Conventional Guaranty Book	0.3%	4.7%	3.2%	6.7%	10.0%	0.7%	6.6%	0.2%	25.8%	100.0%
Average Unpaid Principal Balance[2]	$111,563	$241,567	$120,420	$133,263	$154,490	$118,106	$158,541	$146,954	$150,663	$156,194
Serious Delinquency Rate	7.57%	15.27%	13.47%	10.16%	8.08%	18.67%	12.43%	23.18%	9.59%	3.91%
Origination Years 2005-2008	55.4%	82.4%	60.2%	56.1%	44.9%	65.3%	71.0%	85.2%	56.3%	30.4%
Weighted Average Origination Loan-to-Value Ratio	70.6%	74.8%	76.7%	77.0%	97.5%	98.2%	73.4%	77.0%	81.4%	71.4%
Origination Loan-to-Value Ratio > 90%	0.3%	8.9%	21.7%	20.2%	100.0%	100.0%	6.7%	6.7%	38.6%	10.0%
Weighted Average Mark-to-Market Loan-to-Value Ratio	100.8%	117.9%	91.1%	91.8%	110.5%	114.8%	101.4%	111.2%	99.7%	79.3%
Mark-to-Market Loan-to-Value Ratio > 100% and <= 125%	12.9%	24.8%	18.2%	17.4%	36.0%	34.2%	19.2%	23.7%	24.0%	10.4%
Mark-to-Market Loan-to-Value Ratio > 125%	34.9%	36.5%	14.8%	15.6%	19.6%	27.0%	23.9%	28.2%	18.7%	7.5%
Weighted Average FICO [3]	707	725	587	641	713	591	717	620	692	738
FICO < 620 [3]	6.8%	1.4%	100.0%	—	6.9%	100.0%	0.9%	49.8%	12.3%	3.2%
Fixed-rate	1.0%	31.0%	80.3%	82.9%	88.5%	77.6%	66.6%	65.2%	76.0%	89.3%
Primary Residence	68.7%	85.3%	96.6%	94.1%	95.5%	99.0%	77.6%	96.8%	89.9%	89.5%
Condo/Co-op	13.5%	16.1%	4.8%	6.5%	10.1%	5.8%	10.4%	4.3%	9.5%	9.4%
Credit Enhanced [4]	55.1%	17.0%	29.1%	27.4%	72.2%	85.9%	16.3%	59.4%	35.3%	14.0%
% of 2007 Credit Losses[5]	0.9%	15.0%	18.8%	21.9%	17.4%	6.4%	27.8%	1.0%	72.3%	100.0%
% of 2008 Credit Losses[5]	2.9%	34.2%	11.8%	17.4%	21.3%	5.4%	45.6%	2.0%	81.3%	100.0%
% of 2009 Credit Losses[5]	2.0%	32.6%	8.8%	15.5%	19.2%	3.4%	39.6%	1.5%	75.0%	100.0%
% of 2010 Credit Losses[5]	1.9%	28.6%	8.0%	15.1%	15.9%	2.7%	33.2%	1.1%	68.4%	100.0%
% of 2011 Credit Losses[5]	0.8%	22.3%	8.1%	15.2%	16.2%	2.4%	24.4%	0.9%	62.2%	100.0%

(1) Loans with multiple product features are included in all applicable categories. The subtotal is calculated by counting a loan only once even if it is included in multiple categories.
(2) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information for over 99% of its single-family conventional guaranty book of business as of December 31, 2011.
(3) FICO credit scores as reported by the seller of the mortgage loan at the time of delivery.
(4) Unpaid principal balance of all loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae had access to loan level information. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.
(5) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2011 Form 10-K.

FannieMae

Fannie Mae Credit Profile by Origination Year and Key Product Features

Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year

As of December 31, 2011	Overall Book	Origination Year: 2011	2010	2009	2008	2007	2006	2005	2004 and Earlier
Unpaid Principal Balance (billions) (1)	$2,761.5	$447.6	$517.7	$460.7	$192.7	$269.0	$186.8	$190.5	$496.5
Share of Single-Family Conventional Guaranty Book	100.0%	16.2%	18.7%	16.7%	7.0%	9.7%	6.8%	6.9%	18.0%
Average Unpaid Principal Balance (1)	$156,194	$202,870	$203,020	$194,685	$174,124	$174,199	$158,845	$144,931	$91,672
Serious Delinquency Rate	3.91%	0.04%	0.24%	0.55%	5.64%	12.62%	11.81%	7.27%	3.31%
Weighted Average Origination Loan-to-Value Ratio	71.4%	69.8%	69.3%	68.2%	75.1%	78.5%	75.4%	73.1%	70.5%
Origination Loan-to-Value Ratio > 90% (2)	10.0%	10.0%	7.7%	4.9%	13.1%	21.3%	12.6%	9.3%	9.0%
Weighted Average Mark-to-Market Loan-to-Value Ratio	79.3%	70.4%	71.3%	72.7%	92.2%	112.0%	111.1%	95.1%	60.9%
Mark-to-Market Loan-to-Value Ratio > 100% and <= 125%	10.4%	3.3%	4.5%	5.9%	23.9%	26.8%	22.7%	17.8%	5.7%
Mark-to-Market Loan-to-Value Ratio > 125%	7.5%	0.2%	0.3%	0.4%	10.9%	29.0%	29.4%	18.2%	2.8%
Weighted Average FICO (3)	738	761	762	759	729	704	707	715	717
FICO < 620 (3)	3.2%	0.5%	0.4%	0.5%	3.5%	8.5%	7.0%	5.2%	5.7%
Interest Only	4.7%	0.6%	1.0%	0.9%	6.2%	15.9%	17.4%	10.6%	2.1%
Negative Amortizing	0.3%	—	—	—	—	0.1%	1.2%	1.4%	0.8%
Fixed-rate	89.3%	93.6%	94.8%	97.3%	86.6%	78.4%	76.7%	78.6%	87.9%
Primary Residence	89.5%	88.5%	90.6%	92.0%	87.2%	88.3%	86.4%	86.9%	90.5%
Condo/Co-op	9.4%	8.8%	8.6%	8.7%	12.1%	11.3%	11.6%	10.7%	7.8%
Credit Enhanced (4)	14.0%	9.8%	7.2%	7.2%	28.0%	32.1%	21.4%	16.5%	12.1%
% of 2007 Credit Losses (5)	100.0%	—	—	—	—	1.9%	21.3%	23.6%	53.2%
% of 2008 Credit Losses (5)	100.0%	—	—	—	0.5%	27.9%	34.9%	19.3%	17.3%
% of 2009 Credit Losses (5)	100.0%	—	—	—	4.8%	36.0%	30.9%	16.4%	11.9%
% of 2010 Credit Losses (5)	100.0%	—	—	0.4%	7.0%	35.8%	29.2%	15.9%	11.7%
% of 2011 Credit Losses (5)	100.0%	0.1%	1.1%	1.9%	7.1%	29.1%	27.4%	18.1%	15.1%
Cumulative Default Rate (6)	—	0.0%	0.06%	0.17%	2.52%	9.03%	8.60%	5.13%	—

(1) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information for over 99% of its single-family conventional guaranty book of business as of December 31, 2011.
(2) The increase for 2010 and 2011 is the result of our Refi Plus loans, which started in April 2009, and involve the refinance of existing Fannie Mae loans with loan-to-value ratios up to 125%.
(3) FICO credit scores as reported by the seller of the mortgage loan at the time of delivery.
(4) Unpaid principal balance of all loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae has access to loan-level information. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.
(5) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2011 Form 10-K.
(6) Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and include loan foreclosures, preforeclosure sales, sales to third parties 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. For 2000 to 2004 cumulative default rates, refer to slide 15.

FannieMae

Fannie Mae Credit Profile by State

Credit Characteristics of Single-Family Conventional Guaranty Book of Business by State

As of December 31, 2011	Overall Book	AZ	CA	FL	NV	Select Midwest States [5]
Unpaid Principal Balance (billions)[1]	$2,761.5	$66.9	$516.6	$175.3	$28.8	$284.1
Share of Single-Family Conventional Guaranty Book	100.0%	2.4%	18.7%	6.3%	1.0%	10.3%
Average Unpaid Principal Balance[1]	$156,194	$149,921	$222,280	$139,647	$161,348	$122,247
Serious Delinquency Rate	3.91%	3.65%	2.46%	11.80%	7.42%	4.39%
Origination Years 2005-2008	30.4%	45.1%	25.3%	53.0%	50.9%	28.7%
Weighted Average Origination Loan-to-Value Ratio	71.4%	74.7%	65.0%	73.7%	75.1%	75.2%
Origination Loan-to-Value Ratio > 90%	10.0%	12.2%	4.7%	11.4%	10.4%	13.8%
Weighted Average Mark-to-Market Loan-to-Value Ratio	79.3%	108.6%	80.8%	107.9%	137.6%	83.7%
Mark-to-Market Loan-to-Value Ratio >100% and <=125%	10.4%	18.3%	10.4%	16.9%	15.3%	15.7%
Mark-to-Market Loan-to-Value Ratio >125%	7.5%	29.9%	11.7%	32.1%	51.7%	7.3%
Weighted Average FICO[2]	738	739	748	724	733	733
FICO < 620[2]	3.2%	2.6%	1.7%	4.8%	2.6%	4.1%
Interest Only	4.7%	9.5%	7.0%	8.8%	13.4%	2.9%
Negative Amortizing	0.3%	0.4%	1.0%	0.8%	1.0%	0.1%
Fixed-rate	89.3%	83.8%	86.2%	83.5%	77.2%	89.1%
Primary Residence	89.5%	81.5%	87.7%	82.2%	78.8%	93.3%
Condo/Co-op	9.4%	4.6%	11.9%	14.1%	6.1%	10.9%
Credit Enhanced[3]	14.0%	13.5%	6.1%	15.7%	14.3%	17.9%
% of 2007 Credit Losses [4]	100.0%	1.8%	7.2%	4.7%	1.2%	46.6%
% of 2008 Credit Losses [4]	100.0%	8.0%	25.2%	10.9%	4.9%	21.1%
% of 2009 Credit Losses [4]	100.0%	10.8%	24.4%	15.5%	6.5%	14.8%
% of 2010 Credit Losses [4]	100.0%	10.0%	22.6%	17.5%	6.1%	13.6%
% of 2011 Credit Losses [4]	100.0%	7.1%	20.2%	16.4%	4.6%	17.3%

(1) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information for over 99% of its single-family conventional guaranty book of business as of December 31, 2011.
(2) FICO credit scores as reported by the seller of the mortgage loan at the time of delivery.
(3) Unpaid principal balance of all loans with credit enhancement as a percentage of unpaid principal balance of single-family conventional guaranty book of business for which Fannie Mae has access to loan-level information. Includes primary mortgage insurance, pool insurance, lender recourse and other credit enhancement.
(4) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2011 Form 10-K.
(5) Select Midwest states are Illinois, Indiana, Michigan and Ohio.

FannieMae

Fannie Mae Alt-A Credit Profile by Key Product Features

Credit Characteristics of Alt-A Single-Family Conventional Guaranty Book of Business by Origination Year

As of December 31, 2011	Alt-A (1)	2011 (2)	2010 (2)	2009 (2)	2008	2007	2006	2005	2004 and Earlier
Unpaid principal balance (billions) (3)	$182.2	$6.1	$4.1	$1.5	$4.4	$44.5	$47.3	$33.1	$41.2
Share of Alt-A	100.0%	3.4%	2.3%	0.8%	2.4%	24.4%	26.0%	18.2%	22.6%
Weighted Average Origination Loan-to-Value Ratio	73.4%	73.7%	78.9%	74.8%	68.2%	75.1%	74.3%	72.8%	71.0%
Origination Loan-to-Value Ratio > 90% (4)	6.7%	23.9%	28.2%	20.3%	2.6%	8.5%	4.9%	3.3%	4.9%
Weighted Average Mark-to-Market Loan-to-Value Ratio	101.4%	75.0%	83.2%	81.7%	88.4%	117.0%	118.4%	105.3%	69.4%
Mark-to-Market Loan-to-Value Ratio > 100% and <=125%	19.2%	13.0%	19.9%	18.9%	19.7%	25.0%	23.2%	19.7%	8.8%
Mark-to-Market Loan-to-Value Ratio > 125%	23.9%	1.2%	0.7%	1.5%	10.8%	34.2%	35.3%	26.3%	5.7%
Weighted Average FICO (5)	717	744	734	735	724	710	711	722	718
FICO < 620 (5)	0.9%	2.6%	3.2%	3.6%	0.3%	0.6%	0.6%	0.4%	1.5%
Adjustable-rate	33.4%	2.2%	4.4%	3.7%	21.6%	33.9%	38.5%	43.8%	28.6%
Interest Only	27.4%	—	—	0.1%	7.2%	37.0%	37.4%	29.6%	13.7%
Negative Amortizing	2.6%	—	—	—	—	—	3.8%	6.0%	2.3%
Investor	17.8%	22.5%	12.0%	5.4%	18.6%	19.1%	16.7%	20.0%	16.0%
Condo/Co-op	10.4%	6.8%	9.5%	8.8%	6.8%	9.3%	11.2%	12.9%	9.7%
California	21.1%	25.3%	19.9%	16.0%	20.4%	21.1%	18.6%	20.1%	24.4%
Florida	11.9%	4.0%	3.5%	3.4%	9.8%	13.1%	14.1%	13.6%	9.1%
Credit Enhanced (6)	16.3%	2.1%	2.3%	1.5%	14.2%	18.0%	16.0%	15.6%	19.6%
2010 Serious Delinquent Rate	13.87%	—	0.44%	2.24%	10.29%	20.39%	19.41%	13.22%	6.44%
2011 Serious Delinquent Rate	12.43%	0.21%	2.11%	4.25%	10.70%	18.46%	17.55%	12.19%	6.65%
% of 2007 Credit Losses (7)	27.8%	—	—	—	—	0.7%	9.8%	9.7%	7.7%
% of 2008 Credit Losses (7)	45.6%	—	—	—	0.0%	12.4%	20.1%	9.7%	3.4%
% of 2009 Credit Losses (7)	39.6%	—	—	—	0.4%	13.4%	15.8%	7.3%	2.6%
% of 2010 Credit Losses (7)	33.2%	—	0.0%	0.0%	0.5%	11.8%	12.8%	5.7%	2.3%
% of 2011 Credit Losses (7)	24.4%	—	0.1%	0.1%	0.3%	7.0%	9.2%	5.4%	2.4%
Cumulative Default Rate (8)	—	0.0%	0.58%	1.64%	7.21%	16.89%	16.08%	10.27%	—

(1) "Alt-A mortgage loan" generally refers to a mortgage loan that can be underwritten with reduced or alternative documentation than that required for a full documentation mortgage loan but may also include other alternative product features. In reporting our Alt-A exposure, we have classified mortgage loans as Alt-A if the lenders that deliver the mortgage loans to us have classified the loans as Alt-A based on documentation or other product features. We have loans with some features that are similar to Alt-A mortgage loans that we have not classified as Alt-A because they do not meet our classification criteria.We have classified private-label mortgage-related securities held in our investment portfolio as Alt-A if the securities were labeled as such when issued.

(2) Newly originated Alt-A loans acquired in 2009, 2010, and 2011 consist of the refinance of Alt-A existing loans under our Refi Plus initiative.

(3) Excludes non-Fannie Mae securities held in portfolio and those Alt-A and subprime wraps for which Fannie Mae does not have loan-level information. Fannie Mae had access to detailed loan-level information for over 99% of its single-family conventional guaranty book of business as of December 31, 2011.

(4) The increase for 2009, 2010, and 2011 is the result of Refi Plus loans, which started in April 2009 and can have loan-to-value ratios up to 125%.

(5) FICO credit scores as reported by the seller of the mortgage loan at the time of delivery.

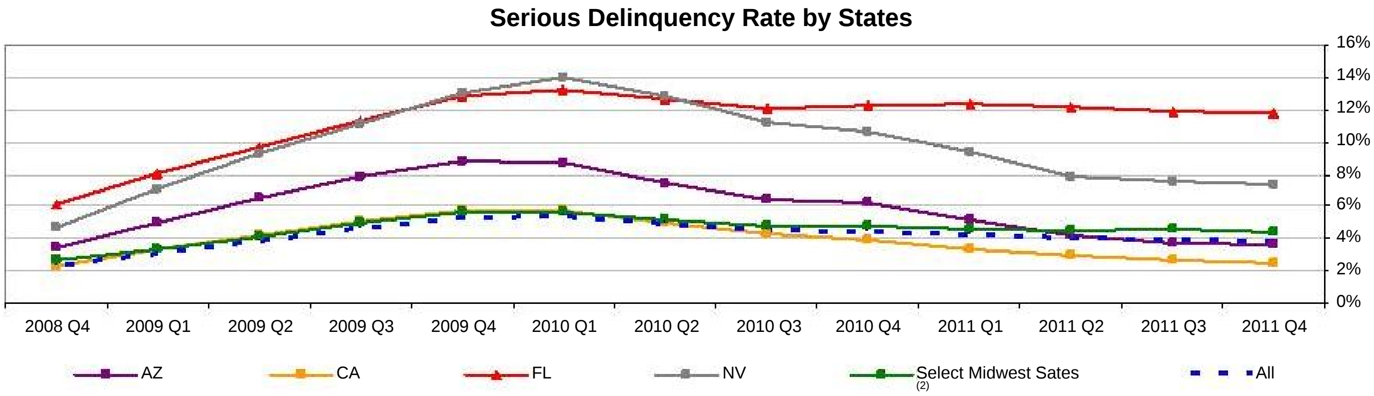
(6) Defined as unpaid principal balance of Alt-A loans with credit enhancement as a percentage of unpaid principal balance of all Alt-A loans. At December 31, 2011, 10.1% of unpaid principal balance of Alt-A loans carried only primary mortgage insurance (no deductible), 4.8% had only pool insurance (which is generally subject to a deductible), 1.1% had primary mortgage insurance and pool insurance, and 0.4% carried other credit enhancement such as lender recourse.

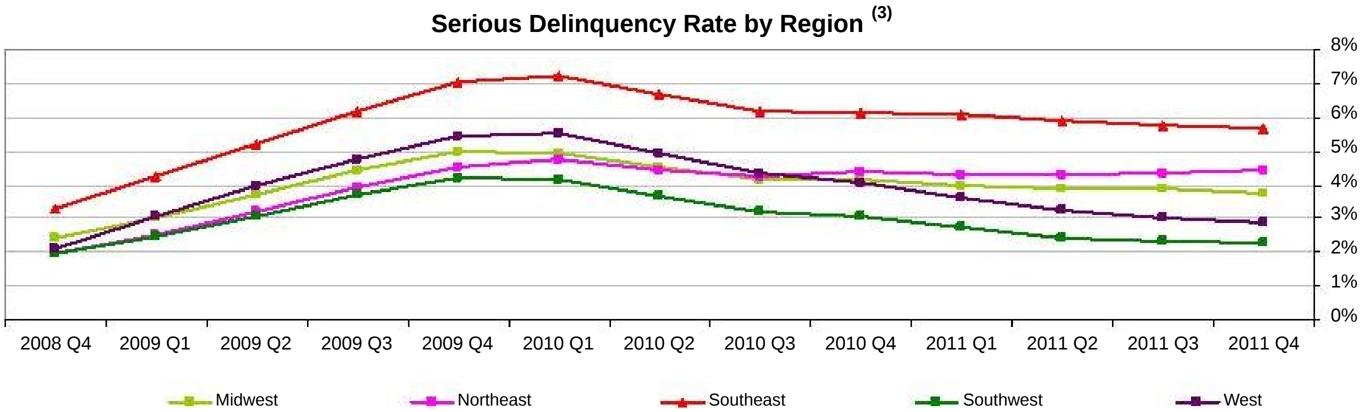
(7) Expressed as a percentage of credit losses for the single-family guaranty book of business. For information on total credit losses, refer to Fannie Mae's 2011 Form 10-K.

(8) Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and includes loan foreclosures, preforeclosure sales, sales to third parties 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.

FannieMae

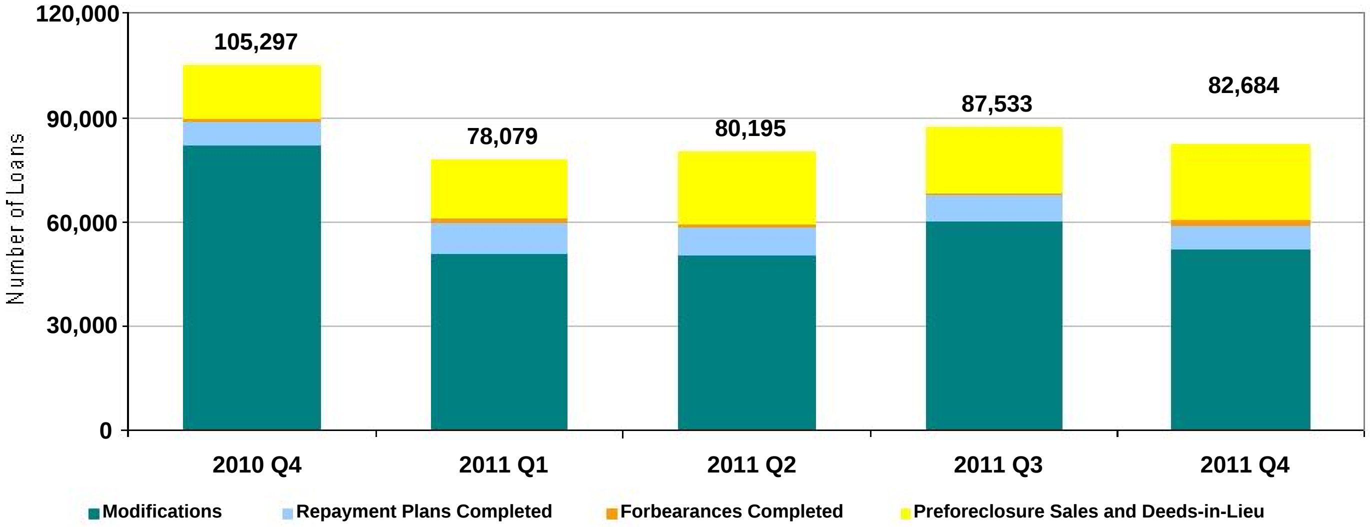
Fannie Mae Single-Family Serious Delinquency Rates by State and Region [1]





(1) Calculated based on the number of loans in Fannie Mae's single-family conventional guaranty book of business within each specified category.
(2) Select Midwest states are Illinois, Indiana, Michigan, and Ohio.
(3) For information on which states are included in each region, refer to footnote 9 to Table 41 in Fannie Mae's 2011 Form 10-K.

Fannie Mae Single-Family Completed Workouts by Type



- Modifications involve changes to the original mortgage loan terms, which may include a change to the product type, interest rate, amortization term, maturity date and/or unpaid principal balance. Modifications include completed modifications made under the Administration's Home Affordable Modification Program (HAMP), which was implemented in March 2009, but do not reflect loans currently in trial modifications. Information on Fannie Mae loans under the Home Affordable Modification Program is provided on Slide 12.
- Repayment plans involve plans to repay past due principal and interest over a reasonable period of time through temporarily higher monthly payments. Loans with completed repayment plans are included for loans that were at least 60 days delinquent at initiation.
- Forbearances involve an agreement to suspend or reduce borrower payments for a period of time. Loans with forbearance plans are included for loans that were at least 90 days delinquent at initiation.
- Deeds in lieu of foreclosure involve the borrower's voluntarily signing over title to the property.
- In a preforeclosure sale, the borrower, working with the servicer, sells the home prior to foreclosure to pay off all or part of the outstanding loan, accrued interest and other expenses from the sale proceeds.

Home Affordable Modification Program (HAMP)

Fannie Mae Loans Under HAMP

As of December 31, 2011 reporting period	Active HAMP Trials	Active Permanent HAMP Modifications[1]
Total	21,698	245,415
Modification Structure		
Rate Reduction	93%	100%
Term Extension	67%	67%
Forbearance	21%	27%
Median Monthly Interest and Principal Payment Reduction	$428	$488
% of December 31, 2011 Seriously Delinquent Loans	2%	

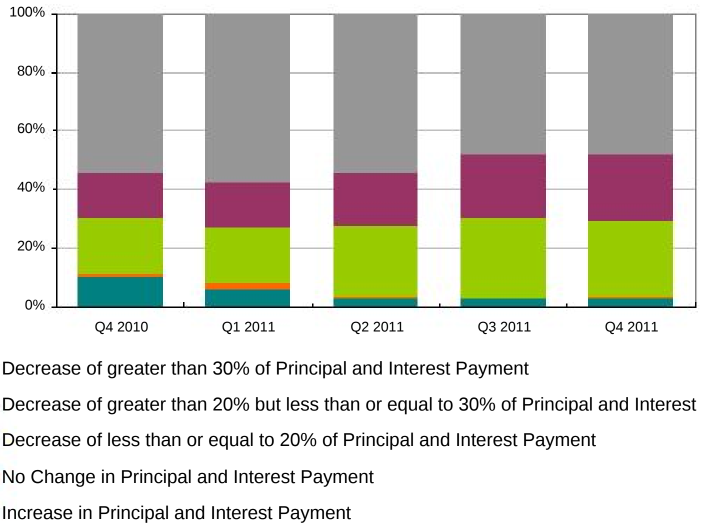
Data Source: United States Treasury Department as reported by servicers to the system of record for the Home Affordable Modification Program, except for the percentage of seriously delinquent loans.

(1) Active Permanent HAMP modifications exclude modifications on loans that subsequently canceled because the loans were 90+ days delinquent or paid off.

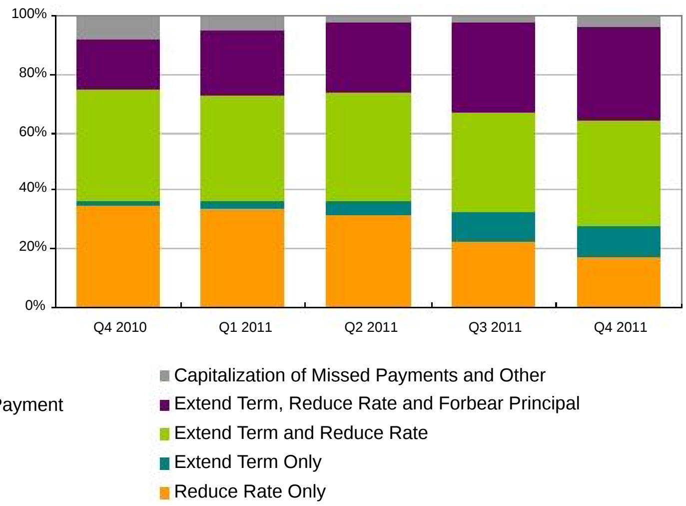
- Provides immediate payment relief to borrowers who are delinquent or in imminent risk of payment default.

Fannie Mae Single-Family Loan Modifications by Monthly Payment Change and Type

Change in Monthly Principal and Interest Payment of Modified Single-Family Loans(1)(2)



Modification Type of Single-Family Loans(1)(2)



(1) Excludes loans that were classified as subprime adjustable rate mortgages that were modified into fixed rate mortgages and were current at the time of modification. Modifications include permanent modifications, but do not reflect loans currently in trial modifications.

(2) Represents the change in the monthly principal and interest payment at the effective date of the modification. The monthly principal and interest payment on modified loans may vary, and may increase, during the remaining life of the loan.

Performance of Fannie Mae Modified Loans

Re-performance Rates of Modified Single-Family Loans[1]

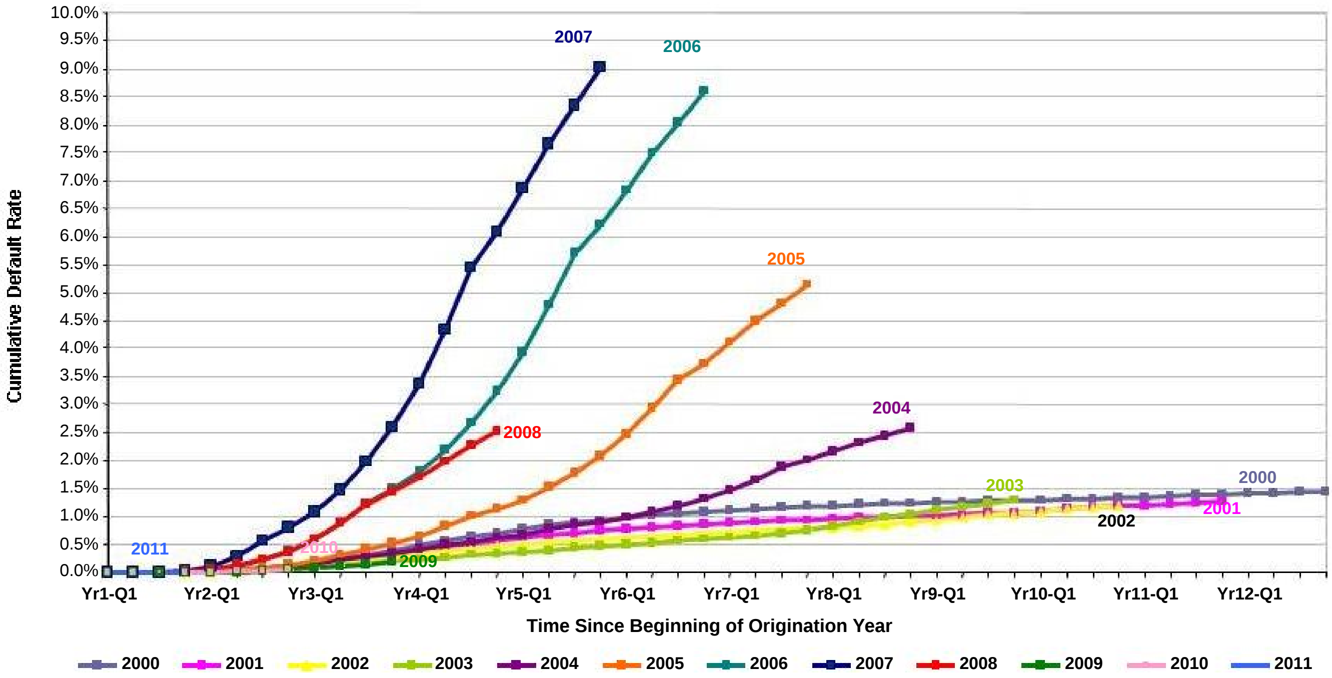
% Current and Performing[2]	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3
3 months post modification	57%	78%	80%	79%	78%	81%	84%	84%	83%
6 months post modification	47%	69%	71%	73%	75%	77%	78%	79%	n/a
9 months post modification	45%	62%	65%	71%	73%	72%	75%	n/a	n/a
12 months post modification	42%	58%	65%	70%	70%	69%	n/a	n/a	n/a
15 months post modification	40%	60%	63%	66%	67%	n/a	n/a	n/a	n/a
18 months post modification	41%	58%	60%	65%	n/a	n/a	n/a	n/a	n/a
21 months post modification	40%	56%	59%	n/a	n/a	n/a	n/a	n/a	n/a
24 months post modification	39%	55%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(1) Excludes loans that were classified as subprime adjustable rate mortgages that were modified into fixed rate mortgages and were current at the time of modification. Modifications include permanent modifications, but do not reflect loans currently in trial modifications.
(2) Includes loans that are paid off.

FannieMae

Fannie Mae Single-Family Cumulative Default Rates

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



Note: Defaults include loan liquidations other than through voluntary pay-off or repurchase by lenders and include loan foreclosures, preforeclosure sales, sales to third parties and deeds in lieu of foreclosure. CumulativeDefault Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year.

Data as of December 31, 2011 are not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.

Fannie Mae Single-Family Real Estate Owned (REO) in Selected States

State	Average Days From Last Paid Installment to Foreclosure (2) (3)	REO Acquisitions and Dispositions (Number of Properties)					REO Inventory as of December 31, 2011	REO Inventory as of December 31, 2010
		2011	2010	2009	2008	2007		
Beginning Balance	NA	162,489	86,155	63,538	33,729	25,125	NA	NA
Arizona	401	16,172	20,691	12,854	5,532	751	4,385	9,400
California	529	27,589	34,051	19,565	10,624	1,681	14,147	20,164
Florida	890	13,748	29,628	13,282	6,159	1,714	8,677	18,621
Nevada	513	8,406	9,418	6,075	2,906	530	2,833	4,895
Select Midwest States(1)	534	33,777	45,411	28,464	23,668	16,678	29,614	35,354
All other States	499	100,004	122,879	65,377	45,763	27,767	58,872	74,055
Total Acquisitions	NA	199,696	262,078	145,617	94,652	49,121	NA	NA
Total Dispositions	NA	(243,657)	(185,744)	(123,000)	(64,843)	(40,517)	NA	NA
Ending Inventory	NA	118,528	162,489	86,155	63,538	33,729	NA	NA

(1) Select Midwest States are Illinois, Indiana, Michigan and Ohio.
(2) Measured from the last monthly period for which the borrowers fully paid their mortgages to when the related properties were added to our REO inventory for foreclosures completed during 2011.
(3) Fannie Mae incurs additional costs associated with property taxes, hazard insurance, and legal fees while a delinquent loan remains in the foreclosure process. Additionally, the longer a loan remains in the foreclosure process, the longer it remains in our guaranty book of business as a seriously delinquent loan. The average number of days from delinquency to foreclosure for all states combined were 327, 325, 407, 479, and 529 in the years 2007 through 2011, respectively.

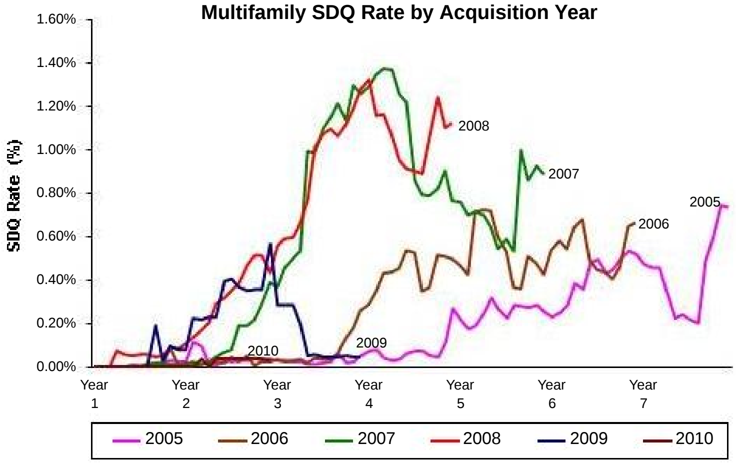
REO Net Sales Prices Compared With Unpaid Principal Balances of Mortgage Loans						
2011	2010	2009	2008	2007	2006	2005
55%	57%	55%	68%	78%	83%	87%

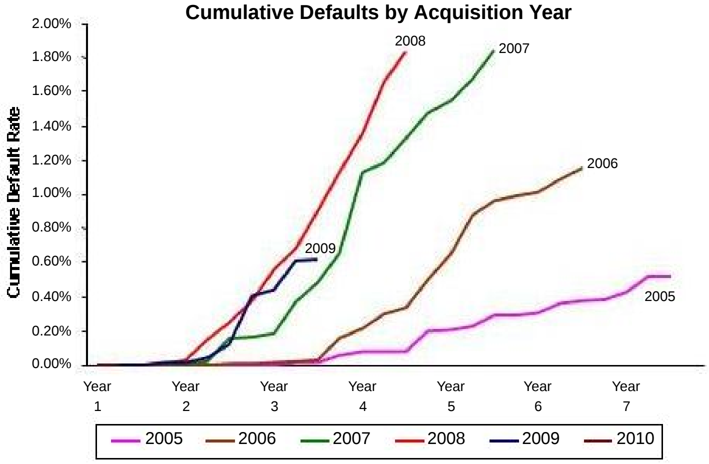
Fannie Mae Multifamily Credit Profile by Loan Attributes

As of December 31, 2011	Loan Counts	Unpaid Principal Balance (Billions)	% of Multifamily Guaranty Book of Business (UPB)	% Seriously Delinquent (2)	% of 2011 Multifamily Credit Losses	% of 2010 Multifamily Credit Losses
Total Multifamily Guaranty Book of Business(1)	40,305	$192.7	100%	0.59%	100%	100%
Credit Enhanced Loans:						
Credit Enhanced	36,131	$173.1	90%	0.55%	83%	68%
Non-Credit Enhanced	4,174	$19.6	10%	0.88%	17%	32%
Originating loan-to-value ratio: (3)						
Less than or equal to 70%	25,265	$102.0	53%	0.23%	18%	8%
Greater than 70% and less than or equal to 80%	11,879	$81.8	42%	0.82%	70%	89%
Greater than 80%	3,161	$9.0	5%	2.51%	12%	3%
Delegated Underwriting and Servicing (DUS®) Loans: (4)						
DUS ® - Small Balance Loans (5)	7,827	$15.0	8%	0.45%	9%	7%
DUS® - Non Small Balance Loans	11,380	$140.0	72%	0.51%	72%	61%
DUS® - Total	**19,207**	**$154.9**	**80%**	**0.50%**	**81%**	**68%**
Non-DUS - Small Balance Loans (5)	19,822	$16.7	9%	1.38%	12%	10%
Non-DUS - Non Small Balance Loans	1,276	$21.1	11%	0.57%	7%	22%
Non-DUS - Total	**21,098**	**$37.8**	**20%**	**0.92%**	**19%**	**32%**
Maturity Dates:						
Loans maturing in 2012	1,388	$9.2	5%	0.59%	7%	15%
Loans maturing in 2013	3,182	$18.1	9%	0.43%	7%	10%
Loans maturing in 2014	2,624	$14.6	8%	0.82%	5%	11%
Loans maturing in 2015	3,205	$16.5	9%	0.57%	6%	4%
Loans maturing in 2016	3,139	$16.7	9%	0.78%	8%	14%
Other maturities	26,767	$117.6	61%	0.56%	68%	46%
Loan Size Distribution:						
Less than or equal to $750K	11,875	$3.8	2%	1.24%	5%	2%
Greater than $750K and less than or equal to $3M	14,592	$21.5	11%	1.04%	16%	16%
Greater than $3M and less than or equal to $5M	4,713	$17.2	9%	0.66%	11%	17%
Greater than $5M and less than or equal to $25M	8,038	$81.1	42%	0.64%	50%	48%
Greater than $25M	1,087	$69.3	36%	0.33%	18%	17%

(1) Excludes loans that have been defeased. Defeasance is prepayment of a loan through substitution of collateral.
(2) We classify multifamily loans as seriously delinquent when payment is 60 days or more past due.
(3) Weighted Average Original loan-to-value ratio is 66% as of December 31, 2011.
(4) Under the Delegated Underwriting and Servicing, or DUS ®, product line, Fannie Mae purchases 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 our pre-review.
(5) Multifamily loans under $3 million and up to $5 million in high cost of living areas.

Fannie Mae Multifamily Credit Profile by Acquisition Year





As of December 31, 2011	Unpaid Principal Balance (Billions)	% of Multifamily Guaranty Book of Business (UPB)	% Seriously Delinquent [(2)]	# of Seriously Delinquent loans [(2)]	% of 2011 Multifamily Credit Losses	% of 2010 Multifamily Credit Losses
Total Multifamily Guaranty Book of Business [(1)]	$192.7	100%	0.59%	385	100%	100%
By Acquisition Year:						
2011	$24.2	13%	–	–	–	–
2010	$17.1	9%	0.04%	1	–	–
2009	$18.2	9%	0.05%	2	6%	2%
2008	$30.6	16%	1.12%	92	31%	17%
2007	$38.3	20%	0.89%	162	33%	38%
2006	$17.4	9%	0.66%	35	7%	17%
2005	$14.8	8%	0.73%	25	3%	2%
Prior to 2005	$32.2	17%	0.66%	68	20%	25%

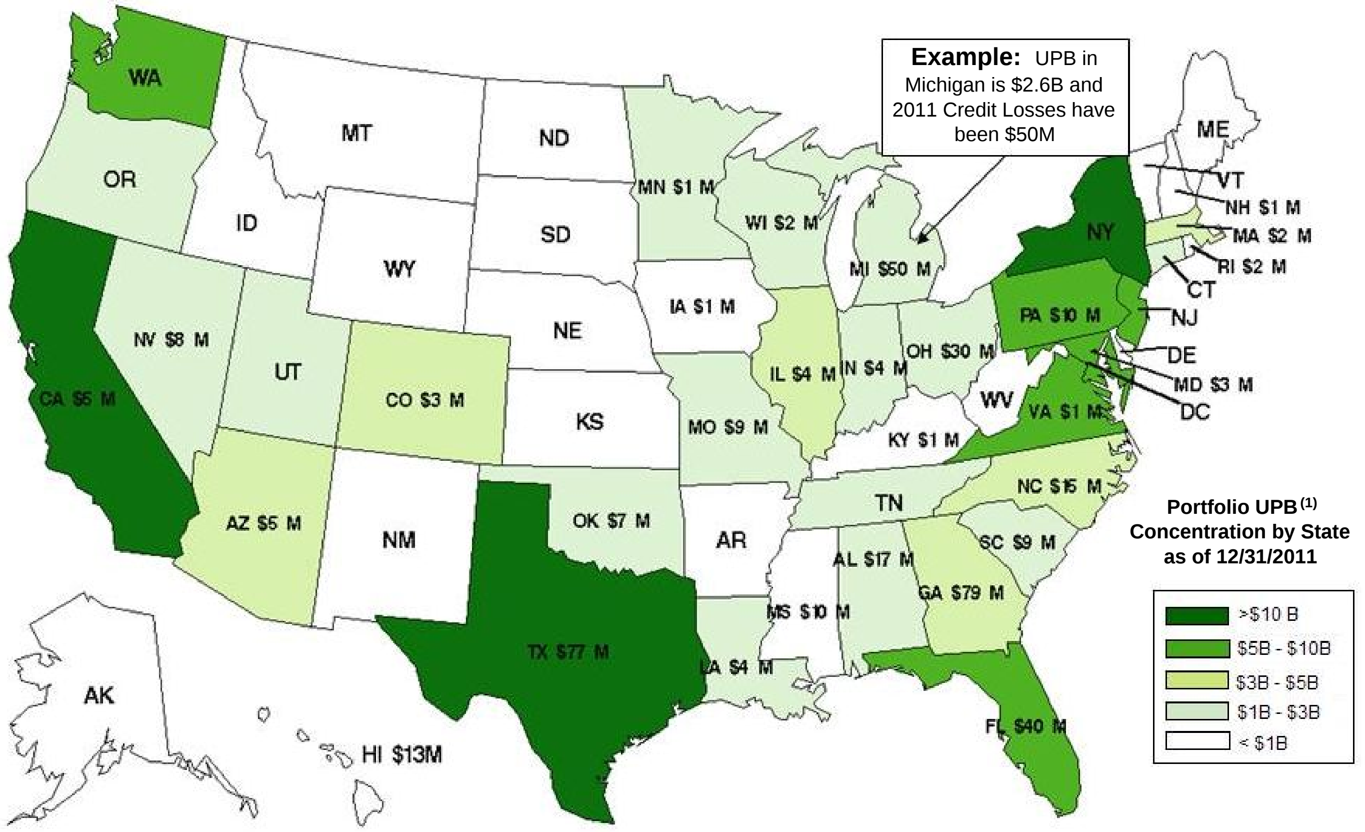
(1) Excludes loans that have been defeased. Defeasance is prepayment of a loan through substitution of collateral.
(2) We classify multifamily loans as seriously delinquent when payment is 60 days or more past due.

Fannie Mae Multifamily Credit Profile

As of December 31, 2011	Unpaid Principal Balance (Billions)	% of Multifamily Guaranty Book of Business (UPB)	% Seriously Delinquent [2]	% of 2011 Multifamily Credit Losses	% of 2010 Multifamily Credit Losses
Total Multifamily Guaranty Book of Business [1]	$192.7	100%	0.59%	100%	100%
Region: [3]					
Midwest	$15.9	8%	1.10%	23%	10%
Northeast	$41.3	21%	0.48%	3%	5%
Southeast	$38.7	20%	0.80%	42%	40%
Southwest	$32.0	17%	0.77%	26%	40%
Western	$64.8	34%	0.32%	6%	6%
Top Five States by UPB:					
California	$51.0	26%	0.13%	1%	2%
New York	$24.6	13%	0.35%	0%	1%
Texas	$15.6	8%	1.20%	19%	12%
Florida	$9.6	5%	2.46%	10%	13%
Virginia	$7.3	4%	–	0%	0%
Asset Class: [4]					
Conventional/Co-op	$171.1	89%	0.64%	96%	99%
Seniors Housing	$14.4	7%	0.13%	-	-
Manufactured Housing	$4.8	2%	0.03%	0%	0%
Student Housing	$2.5	1%	0.47%	4%	1%
Targeted Affordable Segment:					
Privately Owned with Subsidy [5]	$27.0	14%	0.24%	14%	6%
DUS & Non-DUS Lenders:					
DUS Lender: Bank (Direct, Owned Entity, or Subsidiary)	$84.9	44%	0.46%	34%	53%
DUS Lender Non-Bank Financial Institution	$92.0	48%	0.67%	63%	40%
Non-DUS Lender: Bank (Direct, Owned Entity, or Subsidiary)	$14.5	8%	0.84%	1%	4%
Non-DUS Lender: Non-Bank Financial Institution	$1.1	1%	0.41%	1%	3%
Non-DUS Lender: Public Agency/Non Profit	$0.2	0%	0.14%	0%	0%

(1) Excludes loans that have been defeased. Defeasance is prepayment of a loan through substitution of collateral.
(2) We classify multifamily loans as seriously delinquent when payment is 60 days or more past due.
(3) For information on which states are included in each region, refer to Fannie Mae's 2011 Form 10-K.
(4) Asset Class Definitions: Conventional/Co-Op Housing: Privately owned multifamily properties or multifamily properties in which the residents collectively own the property through their shares in the cooperative corporation. Seniors Housing: Multifamily rental properties for senior citizens. Manufactured Housing: A residential real estate development consisting of housing sites for manufactured homes, related amenities, utility services, landscaping, roads and other infrastructure. Student Housing: Multifamily rental properties in which 80% or more of the units are leased to undergraduate and/or graduate students.
(5) The Multifamily Affordable Business Channel focuses on financing properties which are under a regulatory agreement that provides long-term affordability, such as properties with rent subsidies or income restrictions.

Fannie Mae Multifamily 2011 Credit Losses by State ($ Millions)



Numbers: Represent 2011 credit losses for each state which total $410 million[(2)] as of December 31, 2011. States with no numbers had less than $1 million in credit losses in 2011.
Shading: Represents Unpaid Principal Balance (UPB) for each state which total $192.7 billion as of December 31, 2011.

(1) Excludes loans that have been defeased. Defeasance is prepayment of a loan through substitution of collateral.
(2) Excludes $19 million of credit-related income from other Multifamily Mortgage Business investments.