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): May 2, 2023

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

Fannie Mae

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

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

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

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

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

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

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

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

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

Emerging growth company ☐

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

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

Item 2.02 Results of Operations and Financial Condition.

On May 2, 2023, Fannie Mae filed its quarterly report on Form 10-Q for the quarter ended March 31, 2023 and is issuing a press release reporting its financial results for the periods covered by the Form 10-Q. Copies of the press release and a financial supplement are furnished as Exhibits 99.1 and 99.2, respectively, to this report and are incorporated herein by reference. Copies may also be found on Fannie Mae's website, www.fanniemae.com, in the "About Us" section under "Investor Relations/Quarterly and Annual Results." Information appearing on the company's website is not incorporated into this report.

Item 9.01 Financial Statements and Exhibits.

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

Exhibit Number	Description of Exhibit
99.1	Press release, dated May 2, 2023
99.2	Financial Supplement for Q1 2023, dated May 2, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

FEDERAL NATIONAL MORTGAGE ASSOCIATION

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

Date: May 2, 2023

Fannie Mae

Contact: Pete Bakel 202-752-2034 **Resource Center: 1-800-232-6643**
Exhibit 99.1
Date: May 2, 2023

Fannie Mae Reports Net Income of $3.8 Billion for First Quarter 2023

- $3.8 billion net income for the first quarter 2023, with net worth reaching $64.0 billion as of March 31, 2023
- Net income increased $2.3 billion in the first quarter of 2023 compared with the fourth quarter of 2022, primarily driven by a $3.2 billion decrease in provision for credit losses
- $78 billion in liquidity provided to the mortgage market in the first quarter of 2023
- Acquired approximately 170,000 single-family purchase loans, of which more than 45% were for first-time homebuyers, and approximately 45,000 single-family refinance loans during the first quarter of 2023
- Financed approximately 91,000 units of multifamily rental housing in the first quarter of 2023, a significant majority of which were affordable to households earning at or below 120% of area median income, providing support for both workforce and affordable housing
- Home prices grew 1.0% on a national basis in the first quarter of 2023, compared with a 1.2% decline in the fourth quarter of 2022
- The U.S. weekly average 30-year fixed-rate mortgage rate decreased from 6.42% as of the end of 2022 to 6.32% as of the end of the first quarter of 2023

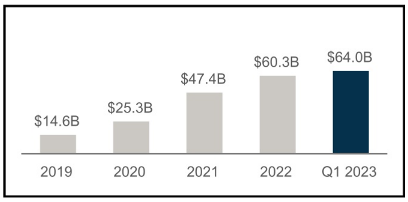
"We delivered strong first quarter results in a volatile market and remain committed to being a source of stability for the housing finance system throughout all economic cycles. We are able to do so because of the changes we've made to improve the resilience of our business, our focus on risk management, and strong liquidity. This allows us to continue to facilitate affordable, equitable, and sustainable access to homeownership and rental housing."

Priscilla Almodovar, Chief Executive Officer

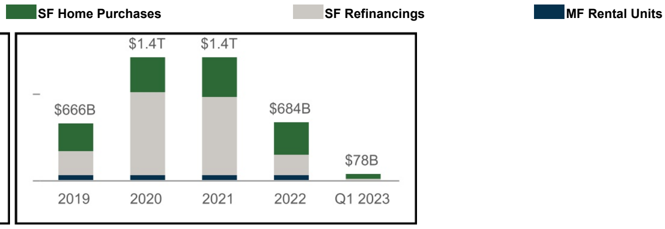
Q1 2023 Key Results

$64.0 Billion Net Worth

Increase of $3.8 billion in the first quarter of 2023

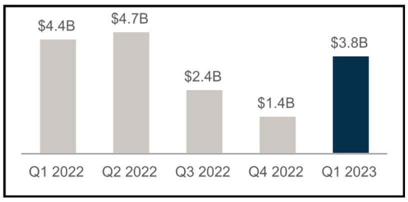


$78 Billion Supporting Housing Activity

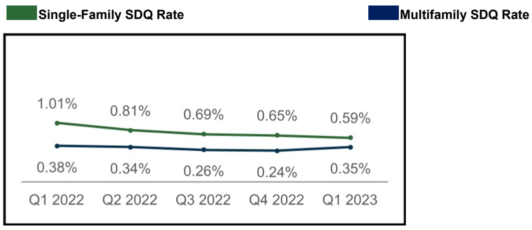


$3.8 Billion Net Income for Q1 2023

Increase of $2.3 billion compared with fourth quarter 2022



Serious Delinquency Rates



Summary of Financial Results

(Dollars in millions)	Q123	Q422	Variance	% Change	Q122	Variance	% Change
Net interest income	**$ 6,786**	$ 7,092	$ (306)	(4)%	**$ 7,399**	$ (613)	(8)%
Fee and other income	**63**	43	20	47 %	**83**	(20)	(24)%
Net revenues	**6,849**	7,135	(286)	(4)%	**7,482**	(633)	(8)%
Investment gains (losses), net	**(67)**	26	(93)	NM	**(102)**	35	34 %
Fair value gains (losses), net	**204**	(17)	221	NM	**480**	(276)	(58)%
Administrative expenses	**(868)**	(856)	(12)	(1)%	**(808)**	(60)	(7)%
Provision for credit losses	**(132)**	(3,283)	3,151	96 %	**(240)**	108	45 %
TCCA fees	**(855)**	(854)	(1)	— %	**(824)**	(31)	(4)%
Credit enhancement expense(1)	**(341)**	(349)	8	2 %	**(278)**	(63)	(23)%
Change in expected credit enhancement recoveries	**120**	424	(304)	(72)%	**60**	60	100 %
Other expenses, net(2)	**(130)**	(306)	176	58 %	**(197)**	67	34 %
Income before federal income taxes	**4,780**	1,920	2,860	149 %	**5,573**	(793)	(14)%
Provision for federal income taxes	**(1,008)**	(494)	(514)	(104)%	**(1,165)**	157	13 %
Net income	**$ 3,772**	$ 1,426	$ 2,346	165 %	**$ 4,408**	$ (636)	(14)%
Total comprehensive income	**$ 3,772**	$ 1,437	$ 2,335	162 %	**$ 4,401**	$ (629)	(14)%
Net worth	**$ 64,049**	$ 60,277	$ 3,772	6 %	**$ 51,758**	$ 12,291	24 %

NM - Not meaningful

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

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

Financial Highlights

Net income increased $2.3 billion in the first quarter of 2023, compared with the fourth quarter of 2022, primarily driven by a $3.2 billion decrease in provision for credit losses.

- Net interest income decreased $306 million in the first quarter of 2023, compared with the fourth quarter of 2022, primarily driven by a decrease in amortization income partially offset by an increase in income from the other investments portfolio. Amortization income declined due to the continued higher interest-rate environment in the first quarter of 2023, which continued to slow refinancing activity driving lower loan prepayment volumes. Substantially all of the company's single-family conventional guaranty book of business as of March 31, 2023 had an interest rate below the current market rate, resulting in a low likelihood these loans would refinance at current rates. Higher income from the other investments portfolio was due to an increase in short-term yields.

- Provision for credit losses was $132 million in the first quarter of 2023, compared with $3.3 billion in the fourth quarter of 2022. The provision for credit losses for the first quarter of 2023 was driven by a multifamily provision, partially offset by a modest single-family credit benefit.
  - The multifamily provision was primarily due to declines in property values and continued uncertainty related to seniors housing loans, including uncertainty related to adjustable-rate loans, partially offset by a benefit from lower actual and projected interest rates.
  - The single-family credit benefit was primarily driven by improvements in actual and forecasted home prices, substantially offset by provision on newly acquired loans.

  The provision for credit losses for the fourth quarter of 2022 was driven by:
  - A single-family provision primarily driven by decreases in forecasted home prices.
  - A multifamily provision primarily driven by an increase in expected credit losses on the company's seniors housing portfolio, which has been disproportionately impacted by recent market conditions, as well as higher actual and projected interest rates.

Single-Family Business Financial Results

(Dollars in millions)	Q123	Q422	Variance	% Change	Q122	Variance	% Change
Net interest income	$ **5,672**	$ 5,990	$ (318)	(5)%	$ **6,255**	$ (583)	(9)%
Fee and other income	**48**	20	28	140 %	**61**	(13)	(21)%
Net revenues	**5,720**	6,010	(290)	(5)%	**6,316**	(596)	(9)%
Investment gains (losses), net	**(71)**	48	(119)	NM	**(66)**	(5)	(8)%
Fair value gains (losses), net	**166**	(15)	181	NM	**527**	(361)	(69)%
Administrative expenses	**(720)**	(705)	(15)	(2)%	**(683)**	(37)	(5)%
Benefit (provision) for credit losses	**47**	(2,192)	2,239	NM	**(270)**	317	NM
TCCA fees	**(855)**	(854)	(1)	— %	**(824)**	(31)	(4)%
Credit enhancement expense	**(287)**	(284)	(3)	(1)%	**(210)**	(77)	(37)%
Change in expected credit enhancement recoveries	**95**	199	(104)	(52)%	**69**	26	38 %
Other expenses, net	**(116)**	(225)	109	48 %	**(164)**	48	29 %
Income before federal income taxes	**3,979**	1,982	1,997	101 %	**4,695**	(716)	(15)%
Provision for federal income taxes	**(847)**	(504)	(343)	(68)%	**(986)**	139	14 %
Net income	$ **3,132**	$ 1,478	$ 1,654	112 %	$ **3,709**	$ (577)	(16)%
Average charged guaranty fee on new conventional acquisitions, net of TCCA fees*	51.6 bps	49.3 bps	2.3 bps	5 %	47.9 bps	3.7 bps	8 %
Average charged guaranty fee on conventional guaranty book of business, net of TCCA fees*	46.6 bps	46.5 bps	0.1 bps	— %	46.0 bps	0.6 bps	1 %

NM - Not meaningful

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

Key Business Highlights

- Single-family conventional acquisition volume was $67.5 billion in the first quarter of 2023, a decrease of 21% compared with $85.3 billion in the fourth quarter of 2022. Purchase acquisition volume, of which more than 45% was for first-time homebuyers, decreased to $56.5 billion in the first quarter of 2023 from $70.8 billion in the fourth quarter of 2022. Refinance acquisition volume was $11.0 billion in the first quarter of 2023, a decline from $14.5 billion in the fourth quarter of 2022, due to the continued higher mortgage interest-rate environment. Over 90% of the company's single-family conventional guaranty book of business as of March 31, 2023 had an interest rate below 5.50%, more than 80 basis points below the average interest rate for a single-family 30-year fixed-rate mortgage as of that date, resulting in a low likelihood these loans would refinance at current rates.
- Average single-family conventional guaranty book of business in the first quarter of 2023 declined by $322 million from the fourth quarter of 2022 driven by acquisition volumes being lower than loan paydowns during the quarter. Overall credit characteristics of the single-family conventional guaranty book of business remained strong, with a weighted-average mark-to-market loan-to-value ratio of 53% and a weighted-average FICO credit score at origination of 752 as of March 31, 2023.
- Average charged guaranty fee, net of TCCA fees, on the single-family conventional guaranty book remained relatively flat at 46.6 basis points as of March 31, 2023, compared with 46.5 basis points as of December 31, 2022. Average charged guaranty fee on newly acquired single-family conventional loans, net of TCCA fees, increased 2.3 basis points to 51.6 basis points for the first quarter of 2023, compared with 49.3 basis points for the fourth quarter of 2022.
- Single-family serious delinquency rate decreased to 0.59% as of March 31, 2023, the lowest level since 2005, from 0.65% as of December 31, 2022. The company expects the credit performance of the loans in its single-family guaranty book of business will decline compared to recent performance, which could lead to an increase in the single-family serious delinquency rate later this year. Single-family seriously delinquent loans are loans that are 90 days or more past due or in the foreclosure process.

Multifamily Business Financial Results

(Dollars in millions)	Q123	Q422	Variance	% Change	Q122	Variance	% Change
Net interest income	**$ 1,114**	$ 1,102	$ 12	1 %	**$ 1,144**	$ (30)	(3)%
Fee and other income	**15**	23	(8)	(35)%	**22**	(7)	(32)%
Net revenues	**1,129**	1,125	4	— %	**1,166**	(37)	(3)%
Fair value gains (losses), net	**38**	(2)	40	NM	**(47)**	85	NM
Administrative expenses	**(148)**	(151)	3	2 %	**(125)**	(23)	(18)%
Benefit (provision) for credit losses	**(179)**	(1,091)	912	84 %	**30**	(209)	NM
Credit enhancement expense	**(54)**	(65)	11	17 %	**(68)**	14	21 %
Change in expected credit enhancement recoveries	**25**	225	(200)	(89)%	**(9)**	34	NM
Other expenses, net*	**(10)**	(103)	93	90 %	**(69)**	59	86 %
Income (loss) before federal income taxes	**801**	(62)	863	NM	**878**	(77)	(9)%
Benefit (provision) for federal income taxes	**(161)**	10	(171)	NM	**(179)**	18	10 %
Net income (loss)	**$ 640**	$ (52)	$ 692	NM	**$ 699**	$ (59)	(8)%
Average charged guaranty fee rate on multifamily guaranty book of business, at period end	78.1 bps	78.5 bps	(0.4) bps	(1)%	79.3 bps	(1.2) bps	(2)%

NM - Not meaningful

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

Key Business Highlights

- New multifamily business volume was $10.2 billion in the first quarter of 2023, compared with $18.6 billion in the fourth quarter of 2022. This decline in new multifamily business volume was driven by less overall market activity. FHFA has capped the company's multifamily loan purchases for 2023 at $75 billion. FHFA requires that a minimum of 50% of loan purchases must be mission-driven, focused on specified affordable and underserved market segments.
- The multifamily guaranty book of business grew by approximately 1% in the first quarter of 2023 to $445.4 billion. The average charged guaranty fee on the multifamily book declined slightly to 78.1 basis points as of March 31, 2023, compared with 78.5 basis points as of December 31, 2022.
- The multifamily serious delinquency rate increased to 0.35% as of March 31, 2023, compared with 0.24% as of December 31, 2022, largely driven by a seniors housing portfolio. Multifamily seriously delinquent loans are loans that are 60 days or more past due.
- The credit profile of Fannie Mae's multifamily guaranty book of business, as a whole, is strong. However, the company's seniors housing loans, especially those that are adjustable-rate mortgages, remain stressed. Approximately 38% of the $16.5 billion seniors housing loans in the company's multifamily guaranty book of business as of March 31, 2023 were adjustable-rate mortgages, compared with 11% for the entire multifamily guaranty book. In a rising mortgage interest rate environment, multifamily borrowers with adjustable-rate mortgages will have higher monthly payments, which may lower their debt service coverage ratios.

Additional Matters

Fannie Mae's Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Operations and Comprehensive Income for the first quarter of 2023 are available in the accompanying Annex; however, investors and interested parties should read the company's First Quarter 2023 Form 10-Q, which was filed today with the Securities and Exchange Commission and is available on Fannie Mae's website, www.fanniemae.com. The company provides further discussion of its financial results and condition, credit performance, and other matters in its First Quarter 2023 Form 10-Q. Additional information about the company's financial and credit performance is contained in Fannie Mae's "Q1 2023 Financial Supplement" at www.fanniemae.com.

# # #

In this release, the company has presented forward-looking statements regarding the credit performance of the loans in the company's guaranty book of business, economic and housing market conditions and their impact, as well as the company's business plans and their impact. Actual outcomes could be materially different from what is set forth in these forward-looking statements due to a variety of factors, including those described in "Forward-Looking Statements" in the company's First Quarter 2023 Form 10-Q and in "Forward-Looking Statements" and "Risk Factors" in the company's 2022 Form 10-K.

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

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

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

	As of	
	March 31, 2023	December 31, 2022
ASSETS		
Cash and cash equivalents	**$ 60,330**	$ 57,987
Restricted cash and cash equivalents (includes $24,639 and $23,348, respectively, related to consolidated trusts)	**30,507**	29,854
Securities purchased under agreements to resell (includes $5,500 and $3,475, respectively, related to consolidated trusts)	**26,950**	14,565
Investments in securities, at fair value	**51,089**	50,825
Mortgage loans:		
Loans held for sale, at lower of cost or fair value	**512**	2,033
Loans held for investment, at amortized cost:		
Of Fannie Mae	**51,645**	52,081
Of consolidated trusts	**4,069,513**	4,071,669
Total loans held for investment (includes $3,599 and $3,645, respectively, at fair value)	**4,121,158**	4,123,750
Allowance for loan losses	**(11,335)**	(11,347)
Total loans held for investment, net of allowance	**4,109,823**	4,112,403
Total mortgage loans	**4,110,335**	4,114,436
Advances to lenders	**2,748**	1,502
Deferred tax assets, net	**12,615**	12,911
Accrued interest receivable, net (includes $9,236 and $9,241 related to consolidated trusts and net of allowance of $68 and $111, respectively)	**9,780**	9,821
Other assets	**13,106**	13,387
Total assets	**$ 4,317,460**	$ 4,305,288
LIABILITIES AND EQUITY		
Liabilities:		
Accrued interest payable (includes $9,545 and $9,347, respectively, related to consolidated trusts)	**$ 10,182**	$ 9,917
Debt:		
Of Fannie Mae (includes $1,132 and $1,161, respectively, at fair value)	**139,164**	134,168
Of consolidated trusts (includes $15,972 and $16,260, respectively, at fair value)	**4,091,602**	4,087,720
Other liabilities (includes $1,729 and $1,748, respectively, related to consolidated trusts)	**12,463**	13,206
Total liabilities	**4,253,411**	4,245,011
Commitments and contingencies (Note 13)	**—**	—
Fannie Mae stockholders' equity:		
Senior preferred stock (liquidation preference of $181,776 and $180,339, respectively)	**120,836**	120,836
Preferred stock, 700,000,000 shares are authorized—555,374,922 shares issued and outstanding	**19,130**	19,130
Common stock, no par value, no maximum authorization—1,308,762,703 shares issued and 1,158,087,567 shares outstanding	**687**	687
Accumulated deficit	**(69,239)**	(73,011)
Accumulated other comprehensive income	**35**	35
Treasury stock, at cost, 150,675,136 shares	**(7,400)**	(7,400)
Total stockholders' equity (See Note 1: Senior Preferred Stock Purchase Agreement and Senior Preferred Stock for information on the related dividend obligation and liquidation preference)	**64,049**	60,277
Total liabilities and equity	**$ 4,317,460**	$ 4,305,288

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

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

	For the Three Months Ended March 31,	
	2023	2022
Interest income:		
Investments in securities	$ 981	$ 166
Mortgage loans	32,137	27,142
Other	452	32
Total interest income	33,570	27,340
Interest expense:		
Short-term debt	(119)	(1)
Long-term debt	(26,665)	(19,940)
Total interest expense	(26,784)	(19,941)
Net interest income	6,786	7,399
Provision for credit losses	(132)	(240)
Net interest income after provision for credit losses	6,654	7,159
Investment losses, net	(67)	(102)
Fair value gains, net	204	480
Fee and other income	63	83
Non-interest income	200	461
Administrative expenses:		
Salaries and employee benefits	(480)	(407)
Professional services	(184)	(209)
Other administrative expenses	(204)	(192)
Total administrative expenses	(868)	(808)
TCCA fees	(855)	(824)
Credit enhancement expense	(341)	(278)
Change in expected credit enhancement recoveries	120	60
Other expenses, net	(130)	(197)
Total expenses	(2,074)	(2,047)
Income before federal income taxes	4,780	5,573
Provision for federal income taxes	(1,008)	(1,165)
Net income	3,772	4,408
Other comprehensive loss	—	(7)
Total comprehensive income	$ 3,772	$ 4,401
Net income	$ 3,772	$ 4,408
Dividends distributed or amounts attributable to senior preferred stock	(3,772)	(4,401)
Net income attributable to common stockholders	$ —	$ 7
Earnings per share:		
Basic	$ 0.00	$ 0.00
Diluted	0.00	0.00
Weighted-average common shares outstanding:		
Basic	5,867	5,867
Diluted	5,867	5,893

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

EXHIBIT 99.2

Fannie Mae®

Financial Supplement
Q1 2023

May 2, 2023

- Some of the terms and other information in this presentation are defined and discussed more fully in Fannie Mae's Form 10-Q for the quarter ended March 31, 2023 ("Q1 2023 Form 10-Q") and Form 10-K for the year ended December 31, 2022 ("2022 Form 10-K"). This presentation should be reviewed together with the Q1 2023 Form 10-Q and the 2022 Form 10-K, which are available at www.fanniemae.com in the "About Us—Investor Relations—SEC Filings" section. Information on or available through the company's website is not part of this supplement.
- Some of the information in this presentation is based upon information from third-party sources such as sellers and servicers of mortgage loans. Although Fannie Mae generally considers this information reliable, Fannie Mae does not independently verify all reported information.
- Due to rounding, amounts reported in this presentation may not sum to totals indicated (i.e., 100%), or amounts shown as 100% may not reflect the entire population.
- Unless otherwise indicated, data is as of March 31, 2023 or for the first three months of 2023. Data for prior years is as of December 31 or for the full year indicated.
- Note references are to endnotes, appearing on pages 22 to 24.
- Terms used in presentation

  CAS: Connecticut Avenue Securities®

  CIRT™: Credit Insurance Risk Transfer™

  CRT: Credit risk transfer

  DSCR: Weighted-average debt service coverage ratio

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

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

  HARP®: Home Affordable Refinance Program®, registered trademarks of the Federal Housing Finance Agency, which allowed eligible Fannie Mae borrowers with high LTV ratio loans to refinance into more sustainable loans

  LTV ratio: Loan-to-value ratio

  MSA: Metropolitan statistical area

  MTMLTV ratio: Mark-to-market loan-to-value ratio, which refers to the current unpaid principal balance of a loan at period end, divided by the estimated current home price at period end

  OLTV ratio: Origination loan-to-value ratio, which refers to the unpaid principal balance of a loan at the time of origination of the loan, divided by the home price or property value at origination of the loan

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

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

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

  UPB: Unpaid principal balance

Table of Contents

Overview

Corporate Financial Highlights

Summary of Q1 2023 Financial Results

(Dollars in millions)	Q1 2023	Q4 2022	Variance	Q1 2022	Variance
Net interest income	**$6,786**	$7,092	$(306)	$7,399	$(613)
Fee and other income	**63**	43	20	83	(20)
Net revenues	**6,849**	7,135	(286)	7,482	(633)
Investment gains (losses), net	**(67)**	26	(93)	(102)	35
Fair value gains (losses), net	**204**	(17)	221	480	(276)
Administrative expenses	**(868)**	(856)	(12)	(808)	(60)
Provision for credit losses	**(132)**	(3,283)	3,151	(240)	108
TCCA fees	**(855)**	(854)	(1)	(824)	(31)
Credit enhancement expense	**(341)**	(349)	8	(278)	(63)
Change in expected credit enhancement recoveries	**120**	424	(304)	60	60
Other expenses, net[1]	**(130)**	(306)	176	(197)	67
Income before federal income taxes	**4,780**	1,920	2,860	5,573	(793)
Provision for federal income taxes	**(1,008)**	(494)	(514)	(1,165)	157
Net income	**$3,772**	$1,426	$2,346	$4,408	$(636)
Total comprehensive income	**$3,772**	$1,437	$2,335	$4,401	$(629)
Net worth	**$64,049**	$60,277	$3,772	$51,758	$12,291
Net worth ratio[2]	**1.5 %**	1.4 %		1.2 %	

Q1 2023 Key Highlights

$3.8 billion Net Income in Q1 2023, with Net Worth Reaching $64.0 billion as of March 31, 2023

Net income increased $2.3 billion in the first quarter of 2023, compared with the fourth quarter of 2022, primarily driven by a $3.2 billion decrease in provision for credit losses.

Net interest income

Net interest income decreased $306 million in the first quarter of 2023, compared with the fourth quarter of 2022, primarily driven by a decrease in amortization income partially offset by an increase in income from the other investments portfolio.

- Amortization income declined due to the continued higher interest-rate environment in the first quarter of 2023, which continued to slow refinancing activity driving lower loan prepayment volumes. Substantially all of the company's single-family conventional guaranty book of business as of March 31, 2023 had an interest rate below the current market rate, resulting in a low likelihood these loans would refinance at current rates.
- Higher income from the other investments portfolio was due to an increase in short-term yields.

Provision for credit losses

Provision for credit losses was $132 million in the first quarter of 2023, compared with $3.3 billion in the fourth quarter of 2022. The provision for credit losses for the first quarter of 2023 was driven by a multifamily provision, partially offset by a modest single-family credit benefit.

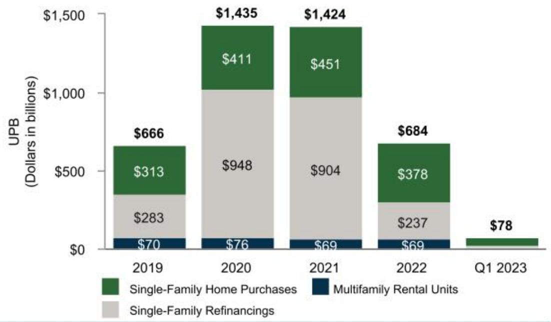
- The multifamily provision was primarily due to declines in property values and continued uncertainty related to seniors housing loans, including uncertainty related to adjustable-rate loans, partially offset by a benefit from lower actual and projected interest rates.
- The single-family credit benefit was primarily driven by improvements in actual and forecasted home prices, substantially offset by provision on newly acquired loans.

Guaranty Book of Business Highlights

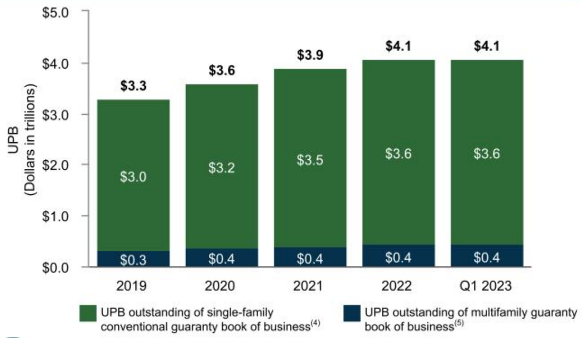
Market Liquidity Provided

Total liquidity provided in the first quarter of 2023 was $78B

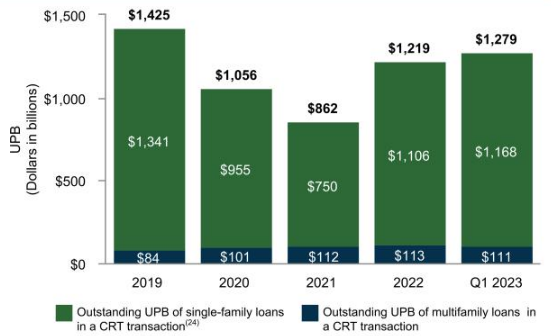
Unpaid Principal Balance	Units
$57B	170K Single-Family Home Purchases
$11B	45K Single-Family Refinancings
$10B	91K Multifamily Rental Units



Outstanding Guaranty Book of Business at Period End

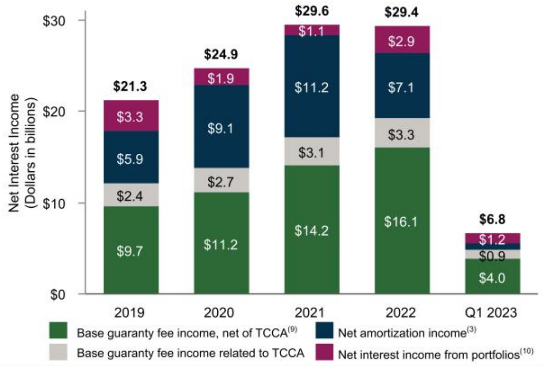


Guaranty Book of Business in a CRT

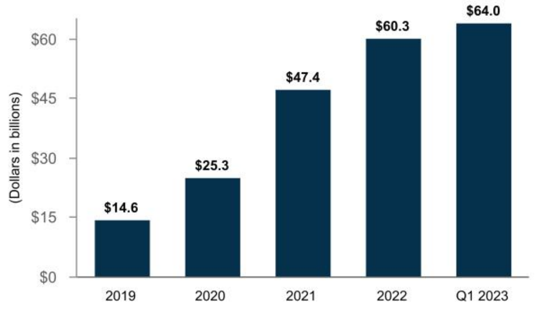


Interest Income and Liquidity Management

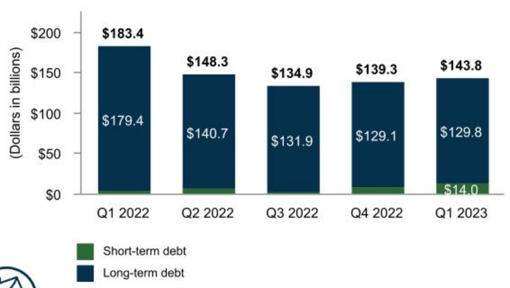
Components of Net Interest Income



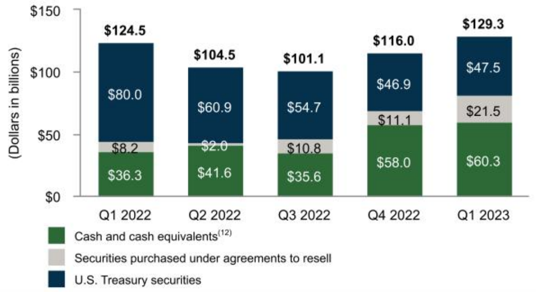
Net Worth of Fannie Mae



Aggregate Indebtedness of Fannie Mae[11]

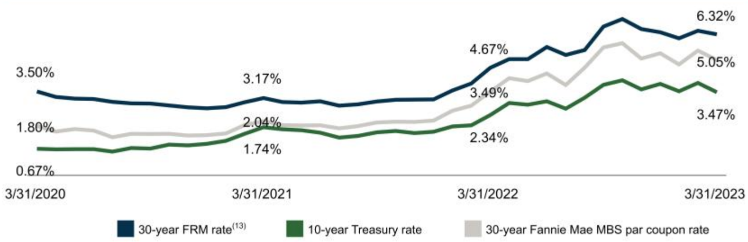


Other Investments Portfolio ("OIP")

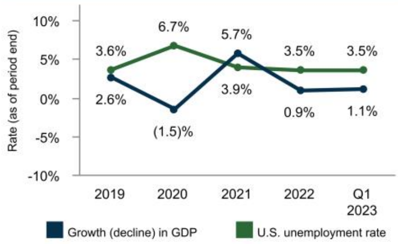


Key Market Economic Indicators

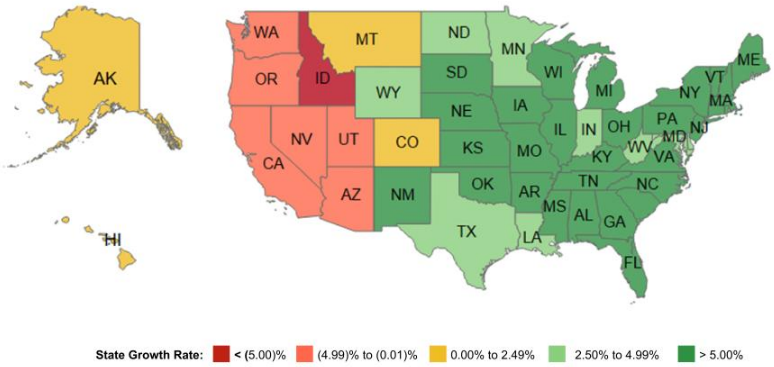
Benchmark Interest Rates



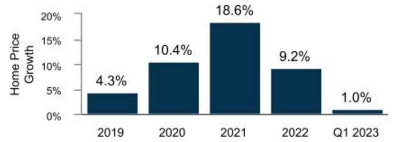
U.S. GDP Growth (Decline) Rate and Unemployment Rate[14]



One Year Home Price Growth Rate Q1 2023[15] United States 4.7%



Single-Family Home Price Growth Rate[15]



Top 10 States by UPB[15]

State	One Year Home Price Growth Rate Q1 2023	Share of Single-Family Conventional Guaranty Book
CA	(1.4)%	19%
TX	2.8%	7%
FL	8.2%	6%
NY	5.9%	4%
WA	(4.8)%	4%
CO	0.1%	3%
NJ	9.2%	3%
IL	5.7%	3%
VA	6.4%	3%
AZ	(0.7)%	3%

Single-Family Business

Single-Family Highlights

Q1 2023

$5,672M
Net interest income

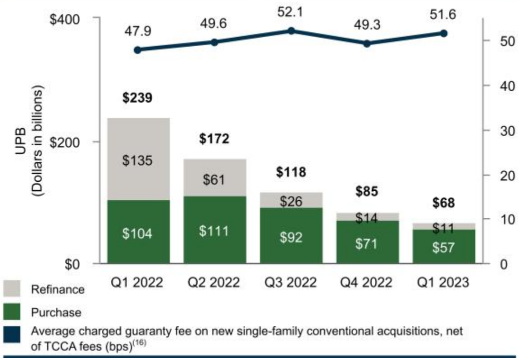
$(71)M
Investment losses, net

$166M
Fair value gains, net

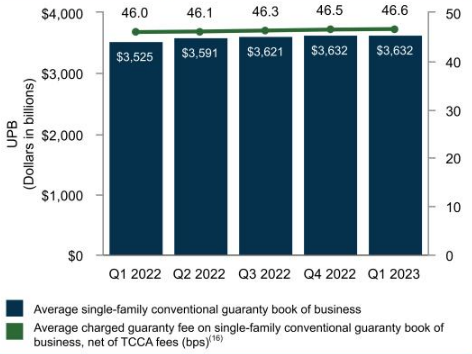
$47M
Benefit for credit losses

$3,132M
Net income

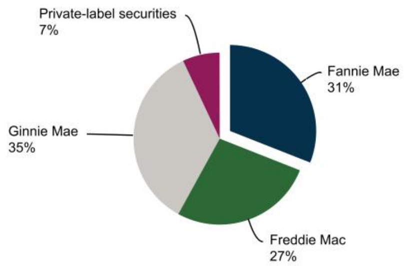
Single-Family Conventional Loan Acquisitions[4]



Single-Family Conventional Guaranty Book of Business[4]



Q1 2023 Single-Family Mortgage-Related Securities Share of Issuances



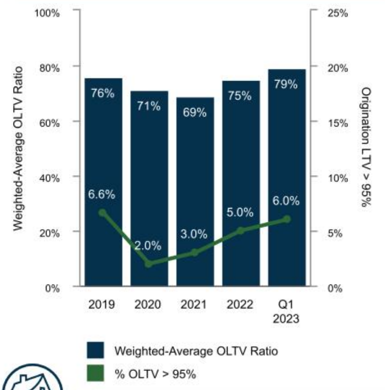
Highlights

- Single-family conventional acquisition volume was $67.5 billion in Q1 2023, a decrease of 21% compared with $85.3 billion in Q4 2022.
- Purchase acquisition volume, of which more than 45% was for first-time homebuyers, decreased to $56.5 billion in Q1 2023 from $70.8 billion in Q4 2022.
- Refinance acquisition volume was $11.0 billion in Q1 2023, a decline from $14.5 billion in Q4 2022, due to the continued higher mortgage interest-rate environment.
- Average single-family conventional guaranty book of business in Q1 2023 decreased $322 million from Q4 2022 driven by acquisition volumes being lower than loan paydowns during the quarter.
- Single-family serious delinquency rate decreased to 0.59% as of March 31, 2023, from 0.65% as of December 31, 2022.

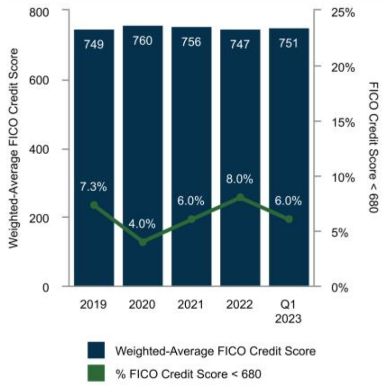
Credit Characteristics of Single-Family Conventional Loan Acquisitions

Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period							Q1 2023 Acquisition Credit Profile by Certain Loan Features			
Categories are not mutually exclusive	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full Year 2022	Q1 2023	OLTV Ratio >95%	Home-Ready®(18)	FICO Credit Score < 680(7)	DTI Ratio > 43%(17)
Total UPB (Dollars in billions)	$239.5	$172.3	$117.7	$85.3	$614.8	$67.5	$4.1	$2.7	$4.2	$25.4
Weighted-Average OLTV Ratio	71%	75%	78%	78%	75%	79%	97%	88%	72%	80%
OLTV Ratio > 95%	4%	5%	6%	6%	5%	6%	100%	32%	3%	7%
Weighted-Average FICO® Credit Score(7)	748	746	746	749	747	751	745	747	656	746
FICO Credit Score < 680(7)	9%	9%	8%	7%	8%	6%	3%	7%	100%	7%
DTI Ratio > 43%(17)	29%	32%	35%	37%	32%	38%	41%	57%	41%	100%
Fixed-rate	99%	99%	98%	98%	99%	98%	100%	100%	99%	98%
Primary Residence	90%	91%	91%	91%	91%	91%	100%	100%	96%	92%
HomeReady®(18)	2%	3%	3%	4%	3%	4%	21%	100%	4%	6%

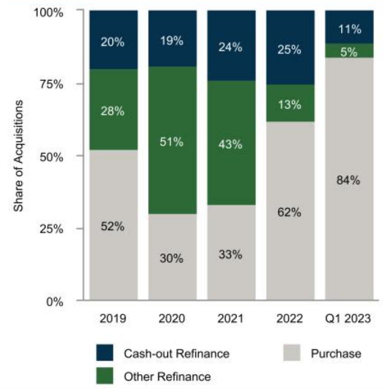
Origination Loan-to-Value Ratio



FICO Credit Score(7)



Acquisitions by Loan Purpose



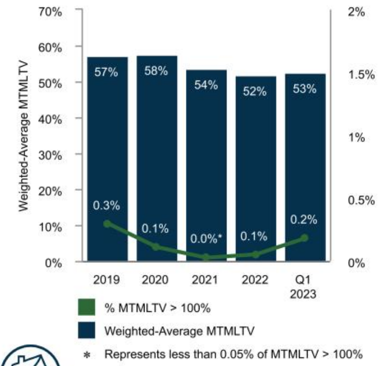
Credit Characteristics of Single-Family Conventional Guaranty Book of Business

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

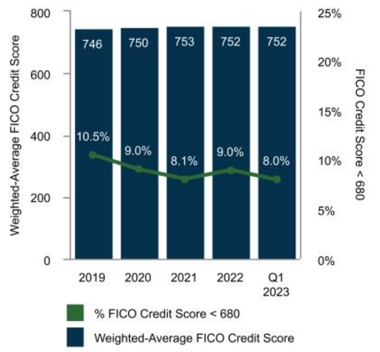
As of March 31, 2023

		Origination Year						Certain Loan Features				
Categories are not mutually exclusive	Overall Book	2008 & Earlier	2009-2019	2020	2021	2022	2023	OLTV Ratio > 95%	Home-Ready[8][18]	FICO Credit Score < 680[7]	Refi Plus Including HARP[19]	DTI Ratio > 43%[17]
Total UPB (Dollars in billions)	$3,628.4	$72.5	$929.7	$914.4	$1,148.6	$520.8	$42.4	$169.5	$107.9	$286.6	$120.3	$882.0
Average UPB	$206,288	$78,114	$137,129	$248,650	$267,160	$294,696	$308,926	$173,940	$179,641	$161,199	$102,038	$227,560
Share of SF Conventional Guaranty Book	100%	2%	26%	25%	32%	14%	1%	5%	3%	8%	3%	25%
Loans in Forbearance by UPB[21]	0.3%	0.6%	0.3%	0.2%	0.3%	0.3%	0.0%	0.5%	0.5%	1.0%	0.3%	0.5%
Share of Loans with Credit Enhancement[22]	43%	9%	47%	32%	52%	41%	43%	84%	82%	40%	40%	48%
Serious Delinquency Rate[8]	0.59%	2.48%	0.76%	0.27%	0.32%	0.27%	0.00%	1.39%	1.04%	2.25%	0.81%	0.91%
Weighted-Average OLTV Ratio	72%	75%	75%	71%	70%	76%	79%	102%	87%	74%	85%	75%
OLTV Ratio > 95%	5%	9%	7%	3%	3%	5%	6%	100%	34%	7%	28%	6%
Weighted-Average Mark-to-Market LTV Ratio[6]	53%	31%	37%	51%	58%	73%	79%	68%	67%	51%	32%	56%
Weighted-Average FICO Credit Score[7]	752	697	747	762	755	747	752	735	742	652	727	741
FICO Credit Score < 680[7]	8%	38%	11%	4%	7%	9%	6%	11%	9%	100%	23%	11%

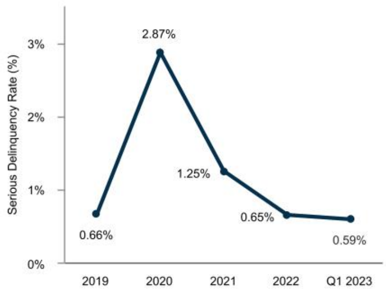
Mark-to-Market Loan-to-Value (MTMLTV) Ratio[6]



FICO Credit Score[7]

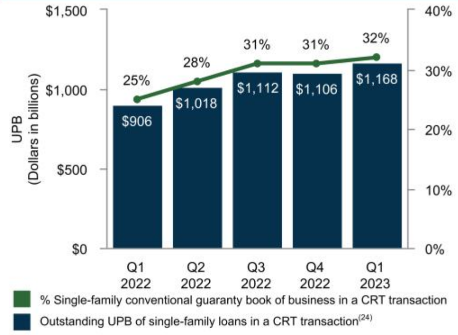


SDQ Rate[8]



Single-Family Credit Risk Transfer

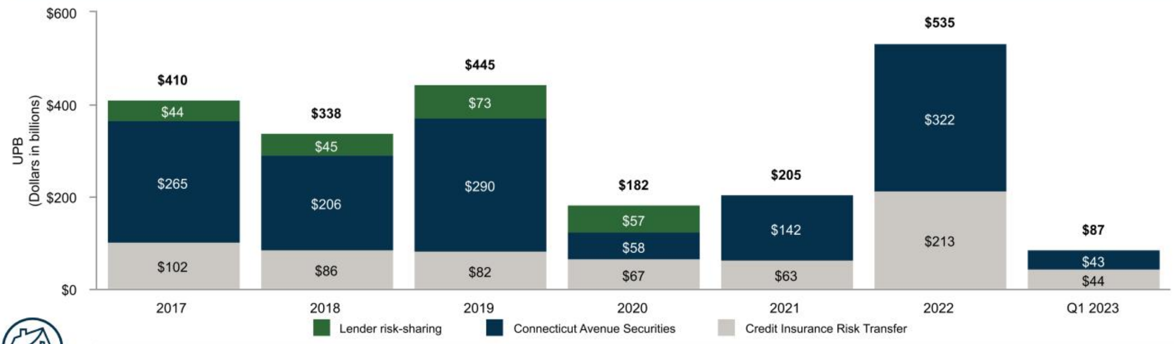
Single-Family Credit Risk Transfer



Single-Family Loans with Credit Enhancement

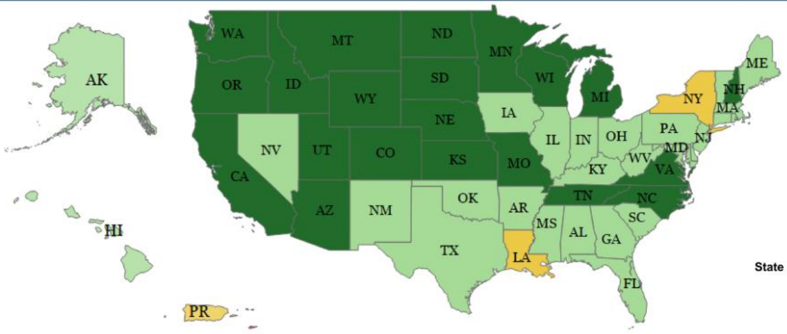
Credit Enhancement Outstanding UPB (Dollars in billions)	2021 Outstanding UPB	2021 % of Book[27] Outstanding	2022 Outstanding UPB	2022 % of Book[27] Outstanding	**Q1 2023** Outstanding UPB	**Q1 2023** % of Book[27] Outstanding
Primary mortgage insurance and other[25]	$697	20%	$754	21%	**$753**	**21%**
Connecticut Avenue Securities[26]	512	14	726	20	**754**	**21**
Credit Insurance Risk Transfer[24]	168	5	323	9	**358**	**10**
Lender risk-sharing[26]	70	2	57	2	**56**	**1**
Less: loans covered by multiple credit enhancements	(253)	(7)	(351)	(10)	**(355)**	**(10)**
Total single-family loans with credit enhancement	$1,194	34%	$1,509	42%	**$1,566**	**43%**

Single-Family Credit Risk Transfer Issuance



Single-Family Problem Loan Statistics

Single-Family Serious Delinquency Rate by State as of March 31, 2023[8]

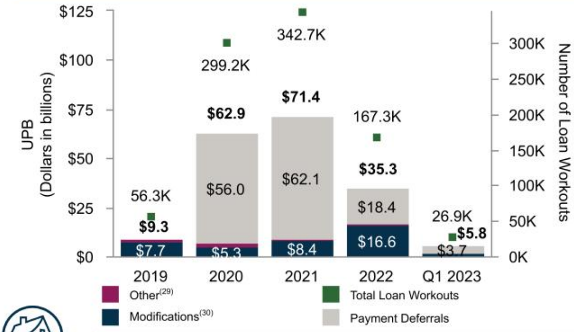


State SDQ Rate:
- Less than 0.50%
- 0.50% to 0.99%
- 1.00% to 1.99%
- 2.00% and above

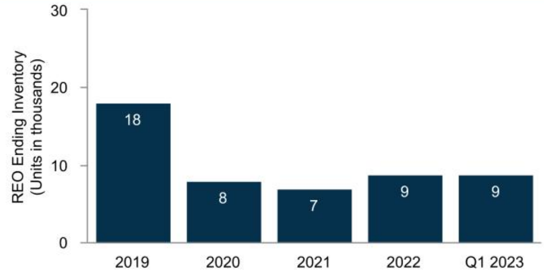
Top 10 States by UPB

State	Serious Delinquency Rate[8]	Average Months to Foreclosure[28]
CA	0.43%	26
TX	0.63%	33
FL	0.81%	49
NY	1.02%	78
WA	0.38%	50
CO	0.37%	17
NJ	0.76%	53
IL	0.79%	31
VA	0.41%	25
AZ	0.43%	18

Single-Family Loan Workouts

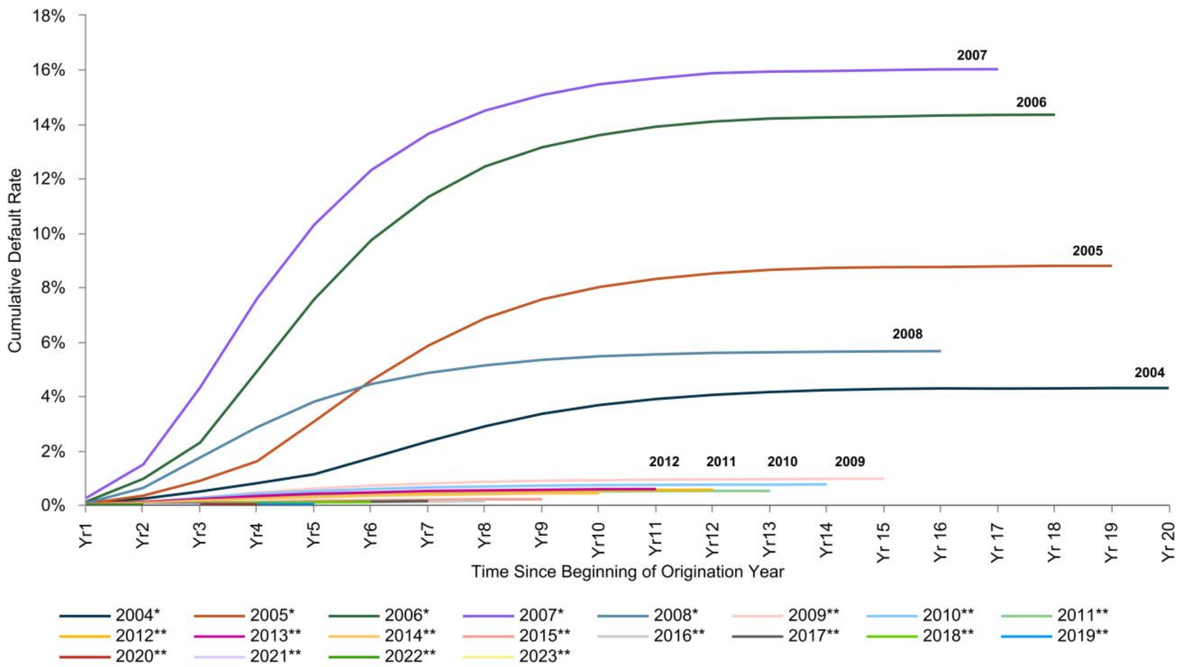


Single-Family REO Ending Inventory



Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Year[40]



* Loans originated prior to 2009 represent only 2% of the single-family conventional guaranty book of business as of March 31, 2023.
** As of March 31, 2023, cumulative default rates on the loans originated in each individual year from 2009-2023 were less than 1%.

Multifamily Business

Fannie Mae

Multifamily Highlights

Q1 2023

$1,114M
Net interest income

$15M
Fee and other income

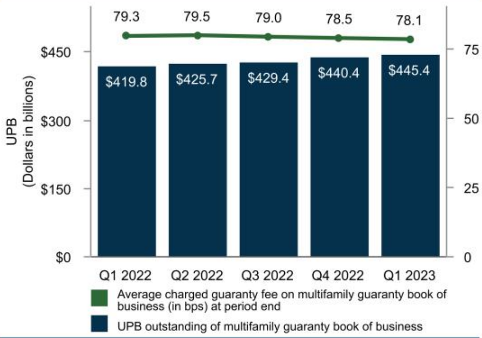
$(179)M
Provision for credit losses

$25M
Change in expected credit enhancement recoveries

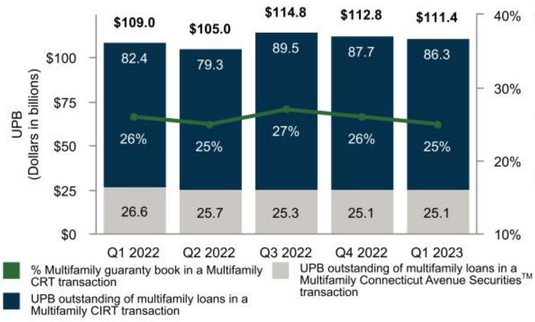
$640M
Net income

Multifamily New Business Volume

Multifamily Guaranty Book of Business[5]



Multifamily Credit Risk Transfer



Highlights

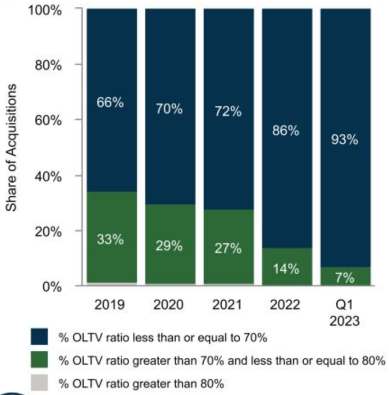
- New multifamily business volume was $10.2 billion in Q1 2023.
- The multifamily guaranty book of business grew by approximately 1% in Q1 2023 to $445.4 billion. The average charged guaranty fee on the multifamily book declined slightly to 78.1 basis points as of March 31, 2023, compared with 78.5 basis points as of December 31, 2022.
- The multifamily serious delinquency rate increased to 0.35% as of March 31, 2023, compared with 0.24% as of December 31, 2022, largely driven by a seniors housing portfolio.
- The credit profile of the multifamily guaranty book of business, as a whole, is strong. However, the company's seniors housing loans, especially those that are adjustable-rate mortgages, remain stressed. Approximately 38% of the $16.5 billion seniors housing loans in the company's multifamily guaranty book of business as of March 31, 2023 were adjustable-rate mortgages, compared with 11% for the entire multifamily guaranty book of business.

Credit Characteristics of Multifamily Loan Acquisitions

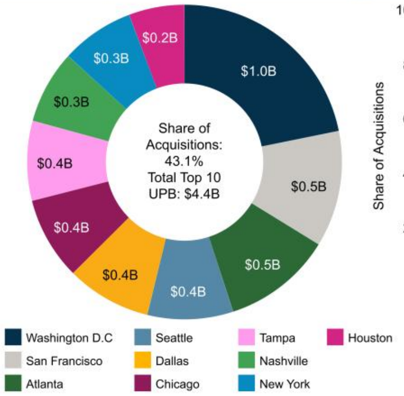
Certain Credit Characteristics of Multifamily Loans by Acquisition Period(5)

Categories are not mutually exclusive	2019	2020	2021	2022	**Q1 2023**
Total UPB (Dollars in billions)	$70.2	$76.0	$69.5	$69.2	**$10.2**
Weighted-Average OLTV Ratio	66%	64%	65%	59%	**58%**
Loan Count	4,113	5,051	4,203	3,572	**546**
% Lender Recourse(31)	100%	99%	100%	100%	**100%**
% DUS(32)	100%	99%	99%	99%	**100%**
% Full Interest-Only	33%	38%	40%	53%	**66%**
Weighted-Average OLTV Ratio on Full Interest-Only Acquisitions	59%	58%	59%	56%	**56%**
Weighted-Average OLTV Ratio on Non-Full Interest-Only Acquisitions	69%	68%	68%	63%	**62%**
% Partial Interest-Only(33)	56%	50%	50%	39%	**28%**

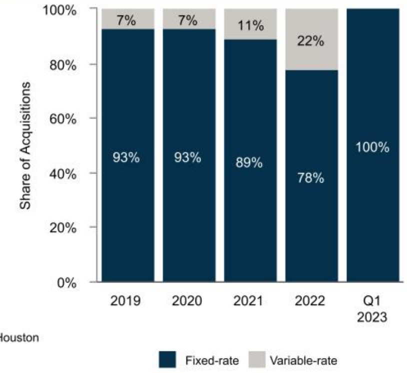
Origination Loan-to-Value Ratio(5)



Top 10 MSAs by Q1 2023 Acquisition UPB(5)



Acquisitions by Note Type(5)



Credit Characteristics of Multifamily Guaranty Book of Business

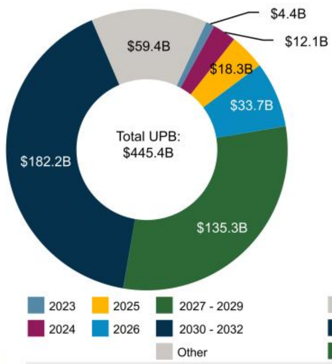
Certain Credit Characteristics of Multifamily Guaranty Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segment[5]

As of March 31, 2023

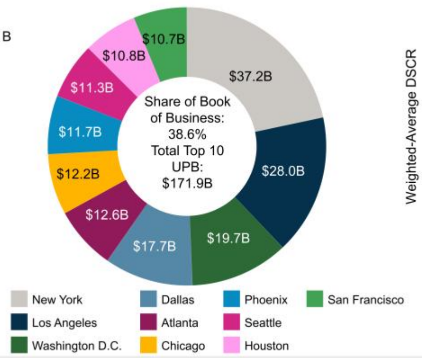
Categories are not mutually exclusive	Overall Book	Acquisition Year: 2008 & Earlier	2009-2019	2020	2021	2022	2023	Asset Class or Targeted Affordable Segment: Conventional /Co-op[34]	Seniors Housing[34]	Student Housing[34]	Manufactured Housing[34]	Privately Owned with Subsidy[38]
Total UPB (Dollars in billions)	$445.4	$5.7	$222.7	$71.1	$66.8	$68.9	$10.2	$394.5	$16.5	$14.3	$20.1	$53.2
% of Multifamily Guaranty Book	100%	1%	50%	16%	15%	16%	2%	89%	4%	3%	4%	12%
Loan Count	28,036	2,155	13,083	4,663	4,033	3,556	546	25,055	589	577	1,815	3,805
Average UPB (Dollars in millions)	$15.9	$2.6	$17.0	$15.2	$16.6	$19.4	$18.7	$15.7	$28.1	$24.8	$11.1	$14.0
Weighted-Average OLTV Ratio	64%	68%	65%	64%	64%	59%	58%	64%	66%	66%	64%	67%
Weighted-Average DSCR[36]	2.1	2.6	2.0	2.6	2.4	1.9	1.5	2.2	1.4	1.9	2.3	2.0
% with DSCR < 1.0[36]	3%	6%	5%	2%	1%	—%*	—%	1%	38%	4%	—%*	4%
% Fixed rate	89%	22%	92%	95%	91%	78%	100%	91%	62%	79%	92%	85%
% Full Interest-Only	39%	32%	33%	39%	41%	54%	66%	41%	14%	33%	29%	28%
% Partial Interest-Only[33]	48%	19%	52%	50%	49%	39%	28%	47%	63%	61%	57%	45%
% Small Balance Loans[35]	37%	90%	36%	36%	26%	25%	30%	37%	12%	21%	50%	43%
% DUS[32]	99%	93%	99%	99%	99%	99%	100%	99%	99%	100%	100%	98%
Serious Delinquency Rate[37]	0.35%	0.37%	0.63%	0.12%	0.04%	0.02%	—%	0.17%	3.87%	1.57%	0.02%	0.12%
% Criticized[41]	6%	13%	9%	3%	3%	4%	—%	4%	56%	10%	1%	9%

* represents less than 0.5%

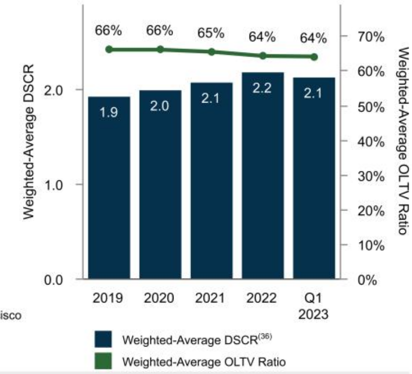
UPB by Maturity Year As of March 31, 2023[5]



Top 10 MSAs by UPB As of March 31, 2023[5]

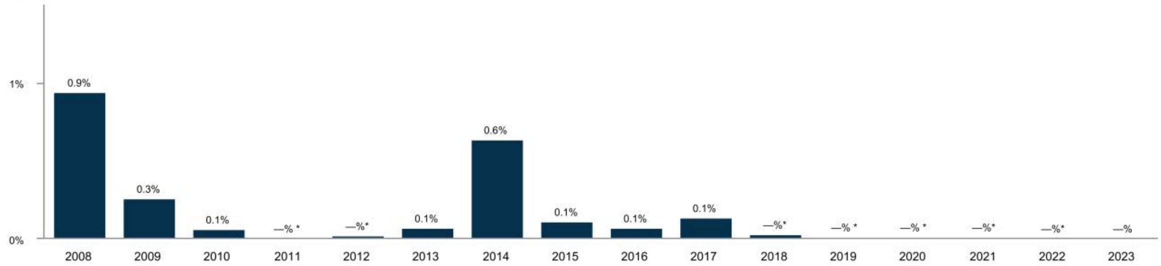


Certain Credit Characteristics of Guaranty Book[5]



Multifamily Credit Loss and Serious Delinquency Rates

Cumulative Total Credit Loss Rate, Net by Acquisition Year Through Q1 2023[39]



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

Serious Delinquency Rate[37]

Endnotes

Endnotes

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

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

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

(4) Single-family conventional loan population consists of: (a) single-family conventional mortgage loans of Fannie Mae and (b) single-family conventional mortgage loans underlying Fannie Mae MBS other than loans underlying Freddie Mac securities that Fannie Mae has resecuritized. It excludes non-Fannie Mae single-family mortgage-related securities held in the retained mortgage portfolio for which Fannie Mae does not provide a guaranty. Conventional refers to mortgage loans and mortgage-related securities that are not guaranteed or insured, in whole or in part, by the U.S. government or one of its agencies.

(5) The multifamily guaranty book of business consists of: (a) multifamily mortgage loans of Fannie Mae; (b) multifamily mortgage loans underlying Fannie Mae MBS; and (c) other credit enhancements that the company provided on multifamily mortgage assets. It excludes non-Fannie Mae multifamily mortgage-related securities held in the retained mortgage portfolio for which Fannie Mae does not provide a guaranty.

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

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

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

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

(10) "Net interest income from portfolios" consists of: interest income from assets held in the company's retained mortgage portfolio and other investments portfolio; interest income from other assets used to support lender liquidity; and interest expense on the company's outstanding corporate debt and Connecticut Avenue Securities® debt. For purposes of this Financial Supplement chart, income (expense) from hedge accounting is included in the "net interest income from portfolios" category; however, the company does not consider income (expense) from hedge accounting to be a component of net interest income from portfolios. The company had $232 million in hedge accounting expense in the first quarter of 2023.

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

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

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

(14) U.S. Gross Domestic Product ("GDP") annual growth (decline) rates for periods prior to 2023 are based on the annual "percentage change from fourth quarter to fourth quarter one year ago" calculated by the Bureau of Economic Analysis and are subject to revision. GDP rate for Q1 2023 is the annualized GDP rate based on the First Quarter 2023 (Advance Estimate) published by the Bureau of Economic Analysis on April 27, 2023.

Endnotes

(15) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of March 2023. Including subsequent data may lead to materially different results. Home price growth rate is not seasonally adjusted. UPB estimates are based on data available through the end of March 2023, and the top 10 states are reported by UPB in descending order. One-year home price growth rate is for the 12-month period ending March 31, 2023.

(16) Represents, on an annualized basis, the sum of the base guaranty fees charged during the period for the company's single-family conventional guaranty arrangements plus the recognition of any upfront cash payments relating to these guaranty arrangements based on an estimated average life at the time of acquisition. In Q4 2022, the company enhanced the method it uses to estimate average loan life at acquisition. Charged fees reported for prior periods have been updated in this Financial Supplement to reflect this updated methodology. Excludes the impact of a 10 basis point guaranty fee increase implemented pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by the company.

(17) Excludes loans for which this information is not readily available. From time to time, the company revises its guidelines for determining a borrower's DTI ratio. The amount of income reported by a borrower and used to qualify for a mortgage may not represent the borrower's total income; therefore, the DTI ratios reported may be higher than borrowers' actual DTI ratios.

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

(19) "Refi Plus" refers to loans acquired under Fannie Mae's Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers who were current on their loans and who applied prior to the initiative's December 31, 2018 sunset date. Refi Plus had no limits on maximum LTV ratio and provided mortgage insurance flexibilities for loans with LTV ratios greater than 80%.

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

(21) Consists of loans that are in an active forbearance as of March 31, 2023.

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

(23) Intentionally left blank.

(24) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately $1.3 billion outstanding as of March 31, 2023.

(25) Refers to loans included in an agreement used to reduce credit risk by requiring primary mortgage insurance, collateral, letters of credit, corporate guarantees, or other agreements to provide an entity with some assurance that it will be compensated to some degree in the event of a financial loss. Excludes loans covered by credit risk transfer transactions unless such loans are also covered by primary mortgage insurance.

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

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

(28) Measured from the borrowers' last paid installment on their mortgages to when the related properties were added to the company's REO inventory for foreclosures completed during the three months ended March 31, 2023. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.

Endnotes

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

(30) There were approximately 16,200 loans in a trial modification period that was not complete as of March 31, 2023.

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

(32) Under the Delegated Underwriting and Servicing ("DUS") program, Fannie Mae acquires individual, newly originated mortgages from specially approved DUS lenders using DUS underwriting standards and/or DUS loan documents. Because DUS lenders generally share the risk of loss with Fannie Mae, they are able to originate, underwrite, close and service most loans without a pre-review by the company.

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

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

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

(36) Our estimates of current DSCRs are based on the latest available income information covering a 12 month period, from quarterly and annual statements for these properties including the related debt service. When an annual statement is the latest statement available, it is used. When operating statement information is not available, the underwritten DSCR is used. Co-op loans are excluded from this metric.

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

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

(39) Cumulative net credit loss rate is the cumulative net credit losses (gains) through March 31, 2023 on the multifamily loans that were acquired in the applicable period, as a percentage of the total acquired unpaid principal balance of multifamily loans that were acquired in the applicable period. Net credit losses include expected benefit of freestanding loss-sharing arrangements, primarily multifamily DUS lender risk-sharing transactions. Credit loss rate for 2014 acquisitions was primarily driven by the write-off of a seniors housing portfolio in Q1 2023.

(40) Defaults include loan foreclosures, short sales, sales to third parties at the time of foreclosure and deeds-in-lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family conventional loans in the guaranty book of business originated in the identified year. Data as of March 31, 2023 is not necessarily indicative of the ultimate performance of the loans and performance may change, perhaps materially, in future periods.

(41) Criticized loans represent loans classified as "Special Mention," "Substandard" or "Doubtful." Loans classified as "Special Mention" refers to loans that are otherwise performing but have potential weaknesses that, if left uncorrected, may result in deterioration in the borrower's ability to repay in full. Loans classified as "Substandard" have a well-defined weakness that jeopardizes the timely full repayment. "Doubtful" refers to a loan with a weakness that makes collection or liquidation in full highly questionable and improbable based on existing conditions and values.