

Fannie Mae Financial Supplement Q4 and Full Year 2018

February 14, 2019



- Some of the terms and other information in this presentation are defined and discussed more fully in Fannie Mae’s Form 10-K for the year ended December 31, 2018 (“2018 Form 10-K”). This presentation should be reviewed together with the 2018 Form 10-K, which is 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 we generally consider this information reliable, we do not independently verify all reported information.
- Due to rounding, amounts reported in this presentation may not add to totals indicated (or 100%).
- Unless otherwise indicated, data 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
 - DTI ratio: Debt-to-income ratio
 - DUS®: Fannie Mae’s Delegated Underwriting and Servicing program
 - GDP: U.S. gross domestic product
 - HARP®: Home Affordable Refinance Program, which allows 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
 - OLTV ratio: origination loan-to-value ratio
 - Refi Plus™: our Refi Plus initiative, which offers refinancing flexibility to eligible Fannie Mae borrowers
 - REO: real estate owned
 - TCCA: Temporary Payroll Tax Cut Continuation Act of 2011
 - UPB: unpaid principal balance
 - DSCR: Debt Service Coverage Ratio



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Financial Overview

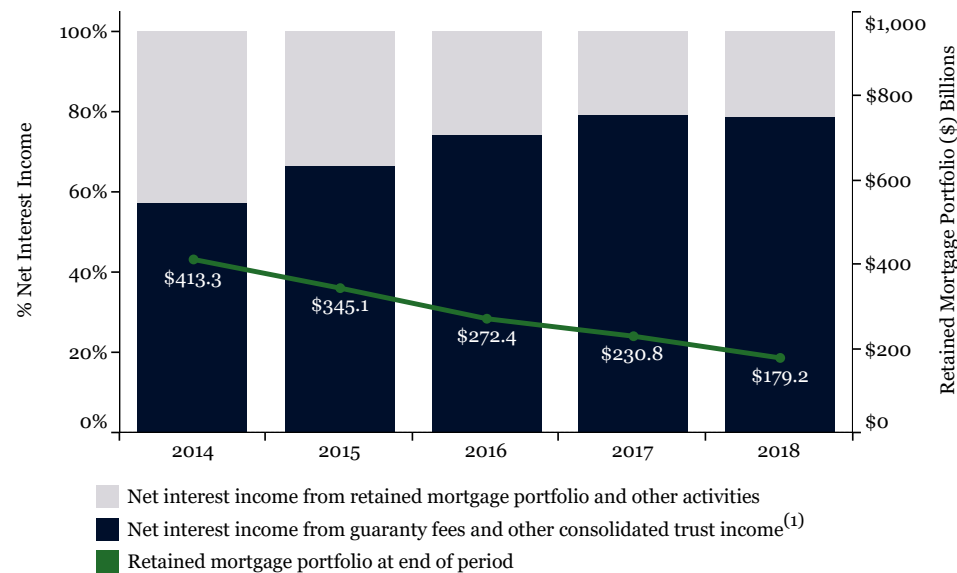


Corporate Financial Highlights

Summary of 2018 Financial Results

	2018	2017	Variance
Net interest income	\$20,951	\$20,733	\$218
Fee and other income	979	2,227	(1,248)
Net revenues	21,930	22,960	(1,030)
Investment gains, net	952	1,522	(570)
Fair value gains (losses), net	1,121	(1,211)	2,332
Administrative expenses	(3,059)	(2,737)	(322)
Credit-related income			
Benefit for credit losses	3,309	2,041	1,268
Foreclosed property expense	(617)	(521)	(96)
Total credit-related income	2,692	1,520	1,172
Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) fees	(2,284)	(2,096)	(188)
Other expenses, net	(1,253)	(1,511)	258
Income before federal income taxes	20,099	18,447	1,652
Provision for federal income taxes	(4,140)	(15,984)	11,844
Net income	\$15,959	\$2,463	\$13,496
Other comprehensive loss	(348)	(206)	(142)
Total comprehensive income	\$15,611	\$2,257	\$13,354

Sources of Net Interest Income and Retained Mortgage Portfolio Balance



Key Highlights

- Fannie Mae reported net income of \$16.0 billion for 2018 and \$3.2 billion for Q4 2018, reflecting the strength of the company's underlying business fundamentals.
- The increase in pre-tax income in 2018, compared with 2017, was driven primarily by a shift to fair value gains from fair value losses and an increase in credit-related income, partially offset by a decrease in fee and other income.
- The \$16.0 billion net income for 2018 compares with \$2.5 billion in 2017. The increase was driven primarily by the absence of a \$9.9 billion one-time charge for federal income taxes recorded in 2017 and the lower corporate tax rate in effect as a result of the Tax Cuts and Jobs Act of 2017.



Market Liquidity

Key Highlights: Liquidity Provided

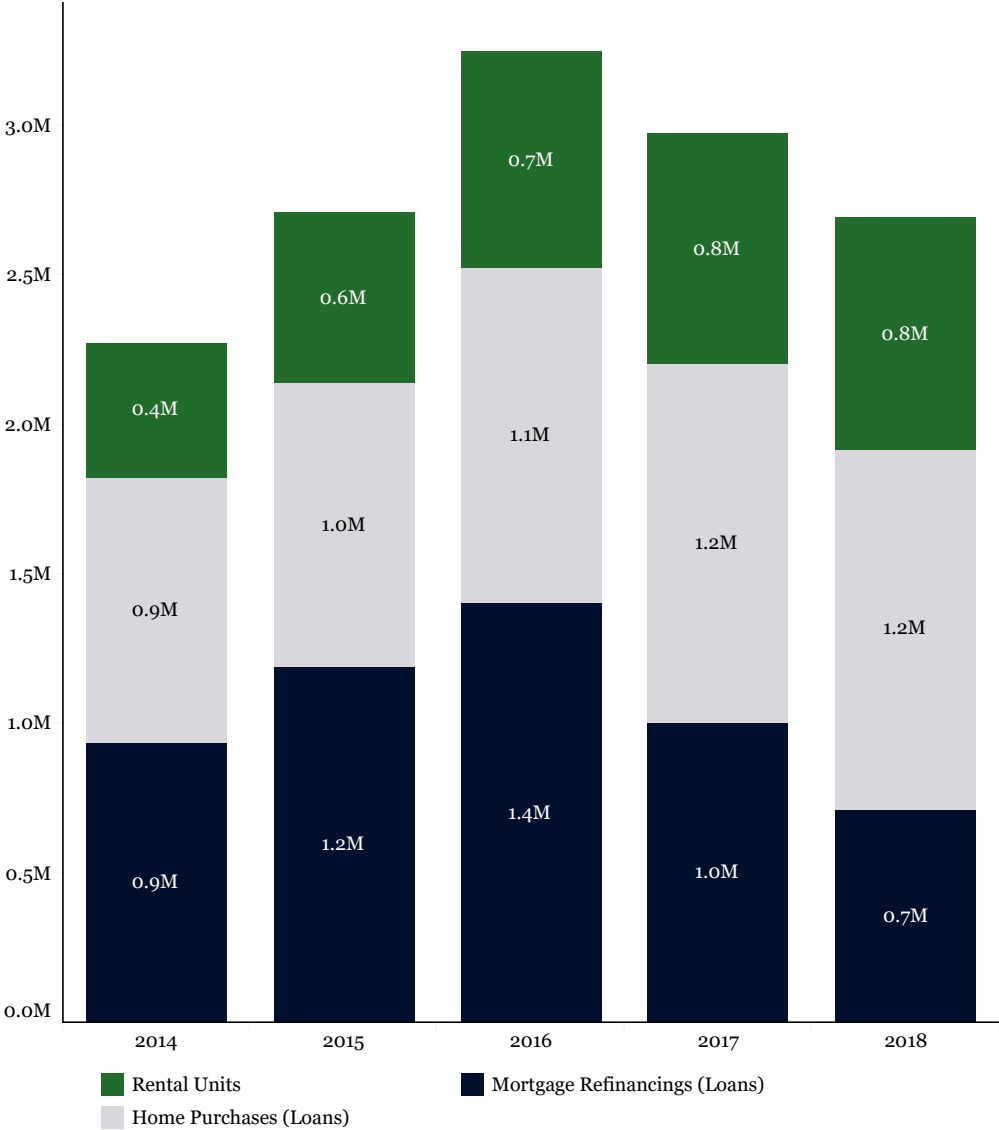
Fannie Mae provided \$512 billion in liquidity to the mortgage market in 2018, through its purchases of loans and guarantees of loans and securities, which enabled the financing of approximately 1.9 million loans acquired, of which 1.2 million were home purchases and 0.7 million were refinancings.

1.2M
Home Purchases

713K
Refinancings

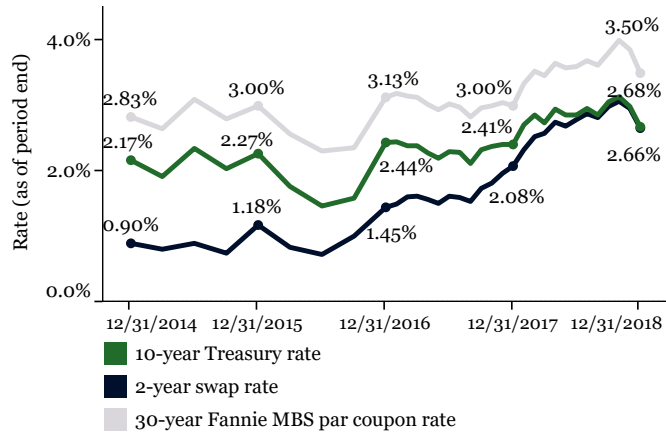
777K
Rental Units

Providing Liquidity to the Mortgage Market

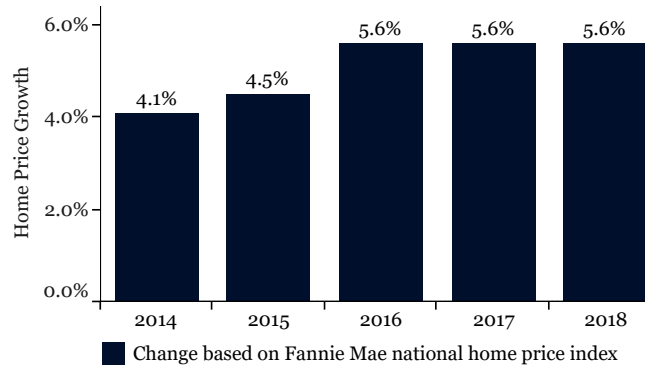


Key Market Economic Indicators

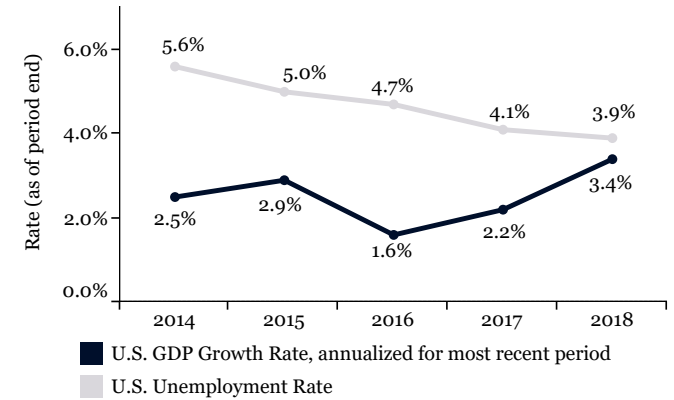
Benchmark Interest Rates



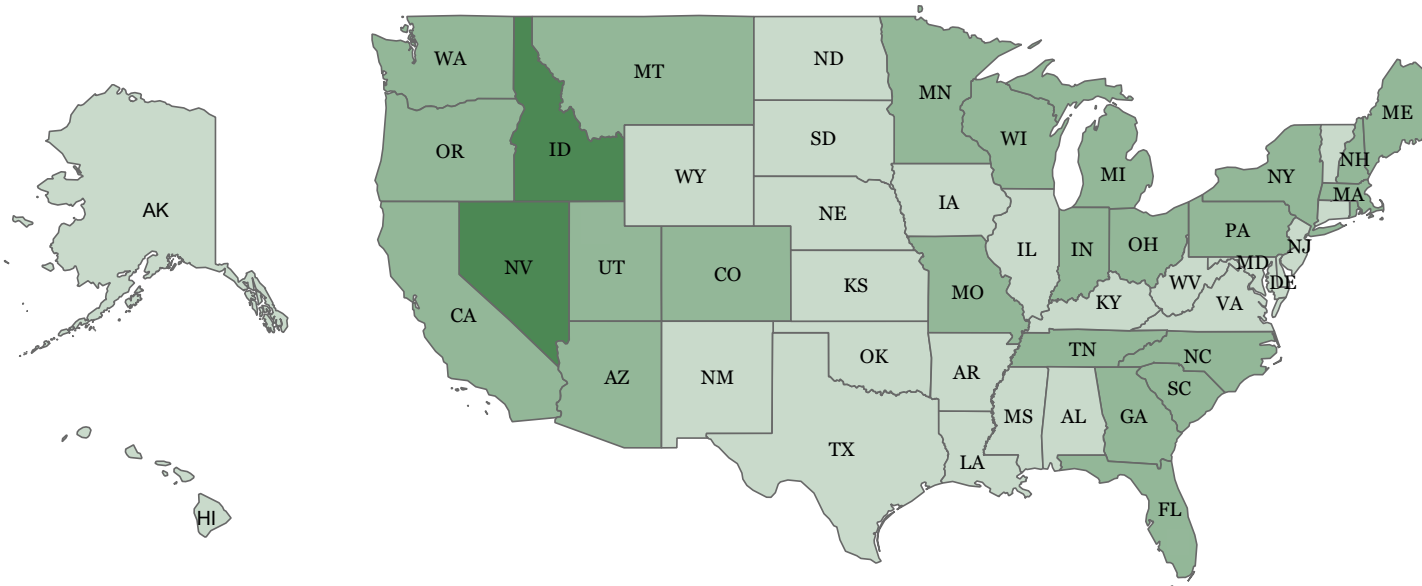
Single-Family Home Price Growth Rate⁽²⁾



U.S. GDP Growth Rate and Unemployment Rate⁽³⁾



One Year Home Price Change as of Q4 2018⁽²⁾ United States 5.6%



Top 10 States by UPB⁽²⁾

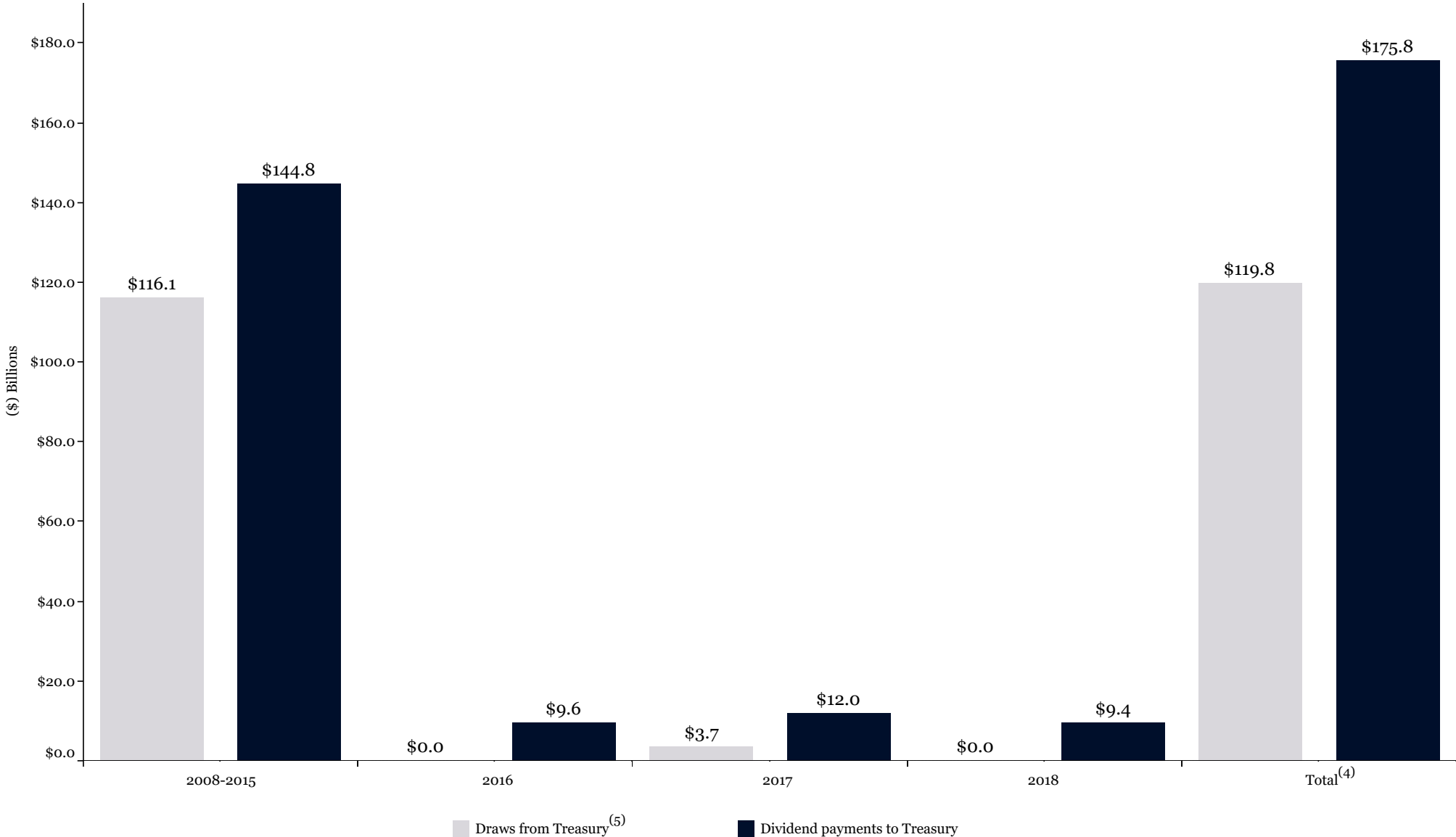
State	State Home Price Growth Rate	Share of Fannie Mae Single-Family Conventional Guaranty Book
CA	6.7%	19.3%
TX	3.6%	6.4%
FL	7.5%	5.7%
NY	5.8%	4.9%
WA	7.8%	3.7%
IL	3.5%	3.6%
NJ	4.3%	3.5%
VA	3.6%	3.4%
CO	7.2%	3.1%
PA	5.2%	3.0%

State Growth Rate
 0 to 4.9%
 5 to 9.9%
 10% and above



Treasury Draws and Dividend Payments

Treasury Draws and Dividend Payments: 2008 - 2018



Single-Family Business



Single-Family Highlights

2018

\$18,162M
Net interest income

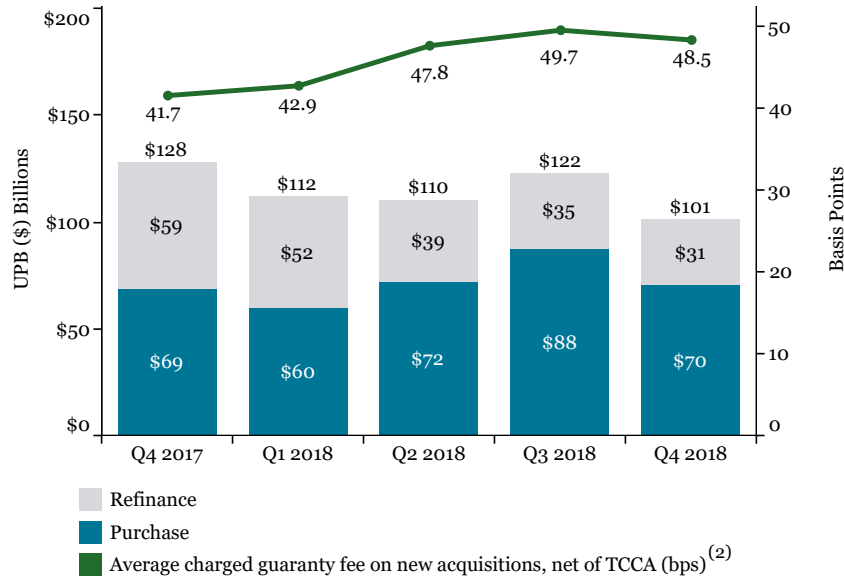
\$2,709M
Credit-related income

\$1,210M
Fair value gains,
net

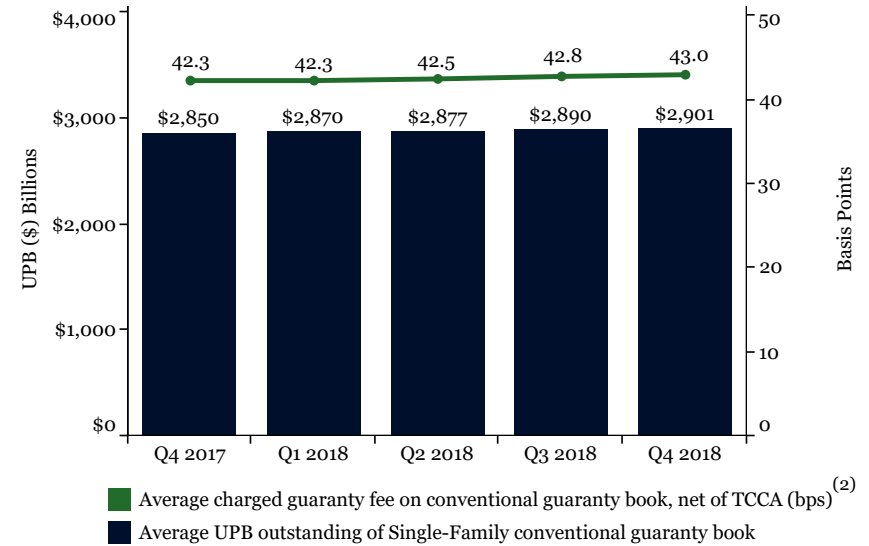
\$850M
Investment gains, net

\$13,746M
Net income

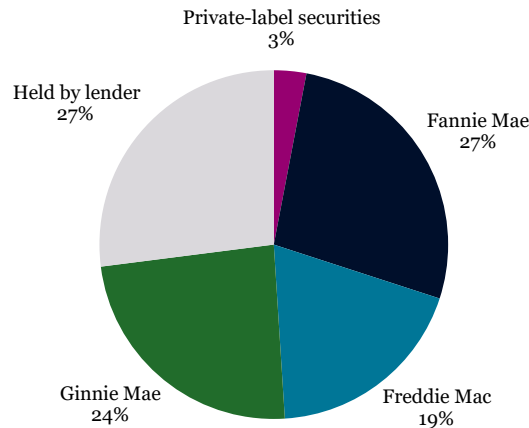
Single-Family Conventional Loan Acquisitions⁽¹⁾



Conventional Guaranty Book of Business⁽¹⁾



2018 Market Share: Single-Family Mortgage Acquisitions



Key Highlights

- Single-family net income was \$13.7 billion in 2018, compared with \$1.5 billion in 2017. The increase was driven primarily by the absence of a one-time charge for federal income taxes recorded in 2017 that resulted from the enactment of the Tax Cuts and Jobs Act of 2017.
- Single-family net income was \$2.7 billion in Q4 2018, compared with \$3.5 billion in Q3 2018. The decrease was driven primarily by fair value losses in Q4 compared with fair value gains in Q3, driven by a decrease in interest rates in Q4.
- The single-family guaranty book of business continued to grow in Q4 2018, while the average charged guaranty fee (net of TCCA fees) on the single-family guaranty book in Q4 was relatively consistent with the prior quarter at 43 basis points.



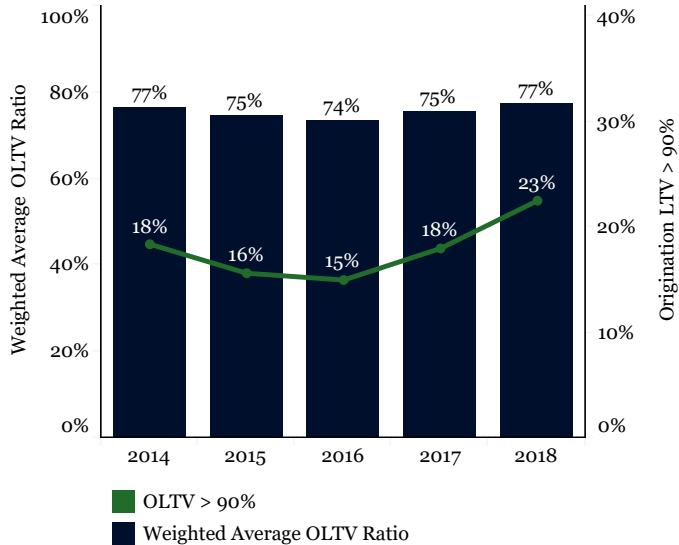
Certain Credit Characteristics of Single-Family Loan Acquisitions

Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period

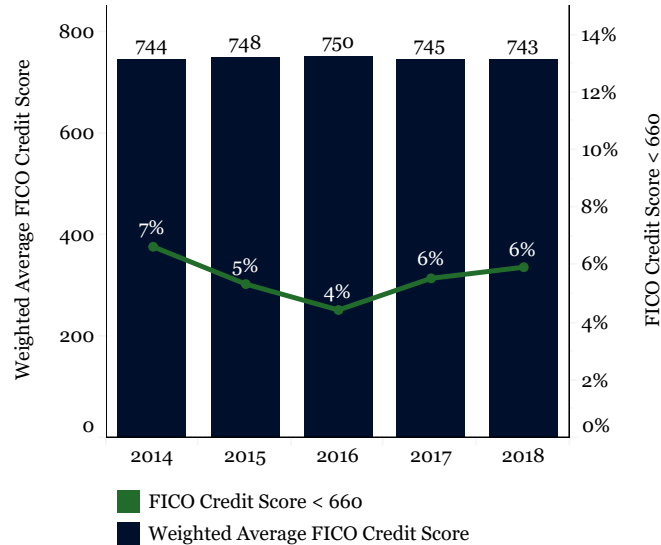
2018 Acquisition Credit Profile by Certain Product Features

Categories are not mutually exclusive	Q4 2017	Full Year 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Full Year 2018	Loans with OLV Ratio > 90%	Loans with FICO Credit Score < 660 ⁽³⁾	Loans with DTI Ratio > 45% ⁽⁴⁾
Total Unpaid Principal Balance (UPB) (\$B)	\$127.9	\$501.8	\$112.2	\$110.5	\$122.3	\$101.1	\$446.1	\$100.5	\$26.5	\$110.5
Total UPB excluding Refi Plus (\$B)	\$125.2	\$487.7	\$110.3	\$109.1	\$121.4	\$100.3	\$441.1	\$99.9	\$25.2	\$110.5
Weighted Average Origination LTV (OLTV) Ratio	76%	75%	75%	77%	78%	78%	77%	96%	75%	77%
Origination LTV Ratio > 90%	18%	18%	19%	23%	24%	25%	23%	100%	18%	23%
Weighted Average FICO [®] Credit Score ⁽³⁾	743	745	743	743	743	742	743	738	641	734
FICO Credit Score < 660 ⁽³⁾	6%	6%	6%	6%	6%	6%	6%	5%	100%	7%
DTI Ratio > 45% ⁽⁴⁾	19%	10%	23%	26%	25%	26%	25%	25%	29%	100%
Fixed-rate	98%	97%	98%	98%	98%	99%	98%	100%	100%	99%
Condo/Co-op	10%	10%	9%	10%	10%	10%	10%	9%	7%	10%

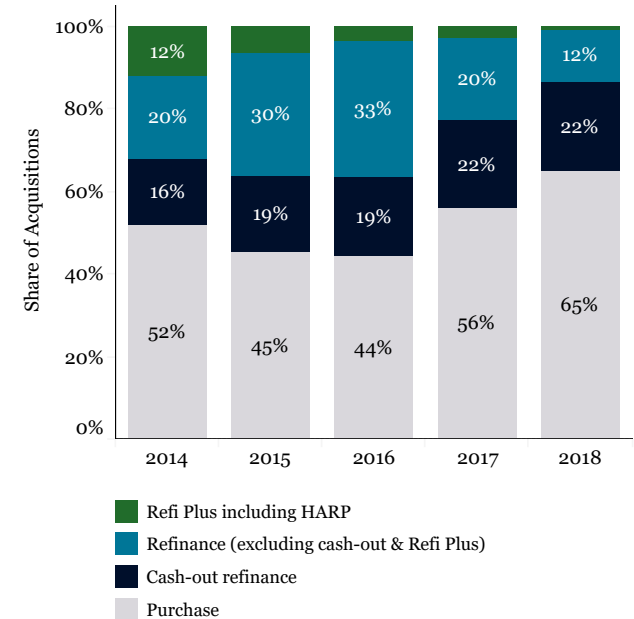
Origination Loan-to-Value Ratio



FICO Credit Score⁽³⁾



Acquisitions by Loan Purpose



Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business

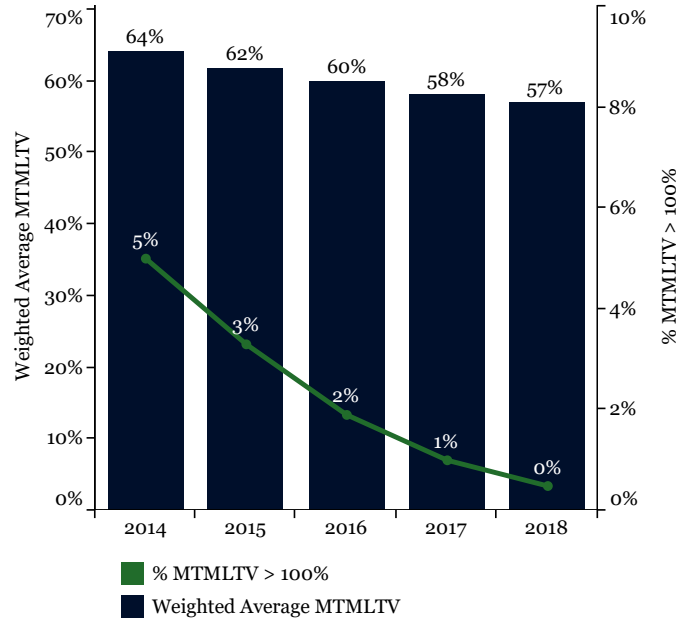
Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year and Product Features⁽⁵⁾

As of December 31, 2018 ⁽¹⁾

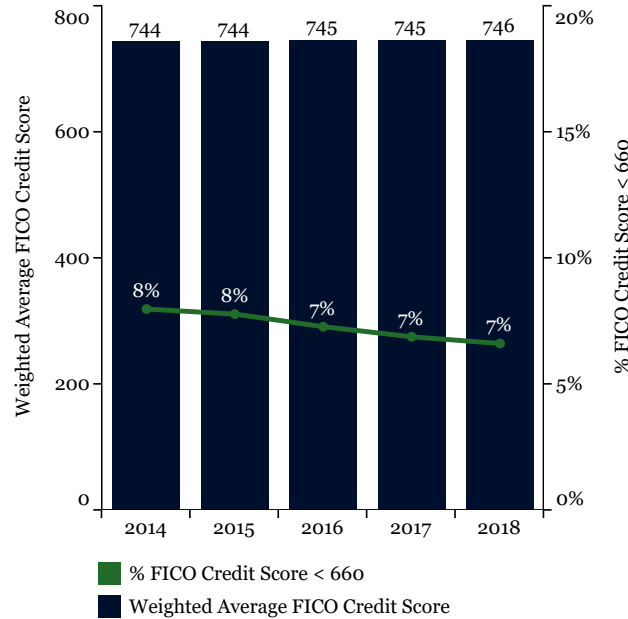
Categories are not mutually exclusive

	Origination Year							Certain Product Features			
	Overall Book	2004 & Earlier	2005-2008	2009-2015	2016	2017	2018	Refi Plus Including HARP	Alt-A ⁽⁶⁾	Loans with FICO Credit Score < 660 ⁽³⁾	Origination LTV Ratio > 90%
Total Unpaid Principal Balance (UPB) (\$B)	\$2,903.3	\$79.5	\$135.9	\$1,409.2	\$463.4	\$432.0	\$383.4	\$330.3	\$56.1	\$192.6	\$516.5
Average Unpaid Principal Balance	\$170,076	\$71,374	\$123,457	\$156,287	\$213,468	\$216,565	\$228,998	\$133,970	\$133,830	\$134,921	\$179,134
Share of Single-Family Conventional Guaranty Book	100%	3%	5%	49%	16%	15%	13%	11%	2%	7%	18%
Serious Delinquency Rate ⁽⁷⁾	0.76%	2.69%	4.61%	0.43%	0.26%	0.23%	0.05%	0.69%	3.35%	3.48%	1.18%
Weighted Average Origination LTV Ratio	75%	74%	76%	75%	74%	76%	78%	86%	80%	79%	100%
Origination LTV Ratio > 90%	18%	14%	15%	17%	16%	19%	23%	38%	19%	24%	100%
Weighted Average Mark-to-Market LTV Ratio ⁽⁸⁾	57%	38%	61%	48%	60%	68%	75%	53%	58%	60%	77%
Weighted Average FICO Credit Score ⁽³⁾	746	700	695	752	751	744	742	730	709	629	733
Share of Loans with Credit Enhancement ⁽⁹⁾	47%	7%	18%	37%	64%	71%	55%	11%	8%	36%	76%
Fixed-rate	98%	88%	92%	98%	99%	98%	99%	99%	89%	98%	99%

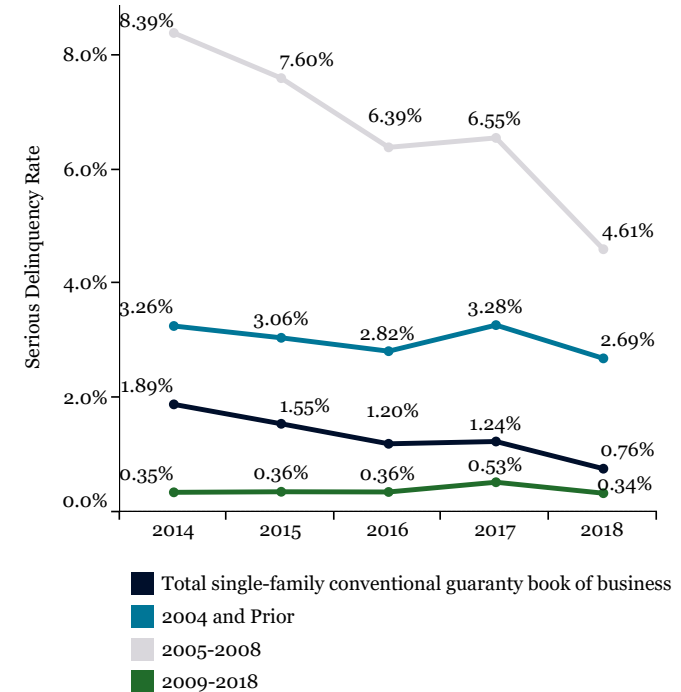
Weighted Average Mark-To-Market Loan-to-Value (MTMLTV) Ratio ⁽¹⁰⁾



FICO Credit Score ⁽³⁾

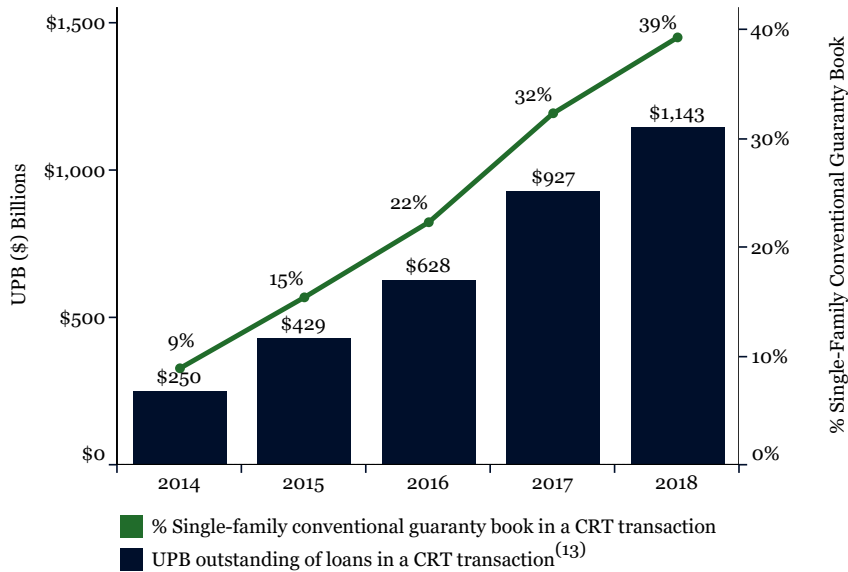


Serious Delinquency Rate by Vintage ⁽⁷⁾



Single-Family Credit Risk Transfer

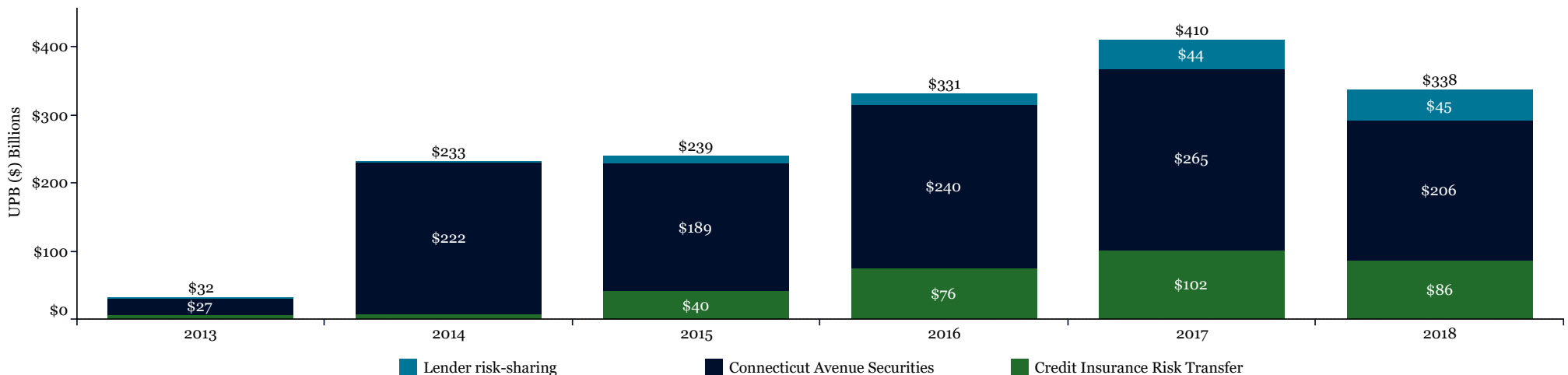
Single-Family Loans Included in Credit Risk Transfer Transactions, Balance of Covered Loans



Single-Family Loans with Credit Enhancement

Credit Enhancement Outstanding UPB in (\$ Billions)	2016		2017		2018	
	Outstanding UPB	Percent of Book Outstanding	Outstanding UPB	Percent of Book Outstanding	Outstanding UPB	Percent of Book Outstanding
Primary mortgage insurance & other ⁽¹¹⁾	\$509	18%	\$566	20%	\$618	21%
Connecticut Avenue Securities [®] (CAS) ⁽¹²⁾	\$503	18%	\$681	24%	\$798	27%
Credit Insurance Risk Transfer [™] (CIRT [™]) ⁽¹³⁾	\$101	4%	\$181	6%	\$243	8%
Lender risk-sharing ⁽¹²⁾	\$23	1%	\$65	2%	\$102	4%
(Less: loans covered by multiple credit enhancements)	(\$211)	(8%)	(\$335)	(12%)	(\$394)	(13%)
Total UPB of single-family loans with credit enhancement	\$925	33%	\$1,158	40%	\$1,367	47%

Single-Family Credit Risk Transfer Issuance

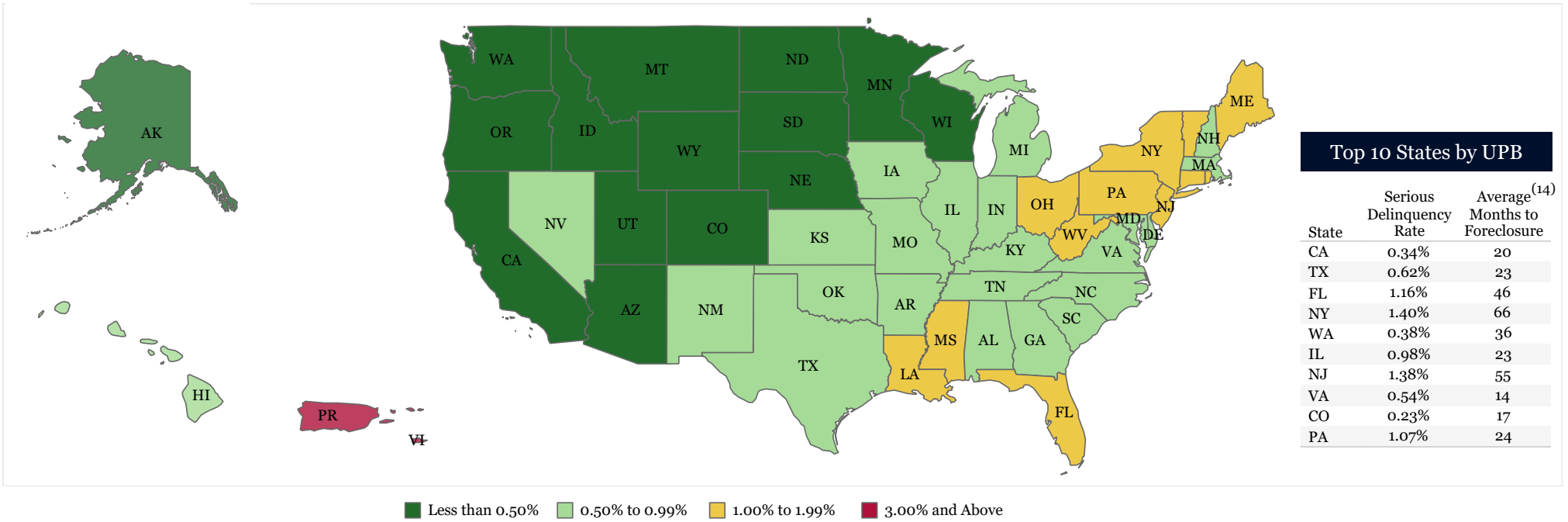


Note: CRT issuance volumes are driven by recent acquisition activity.

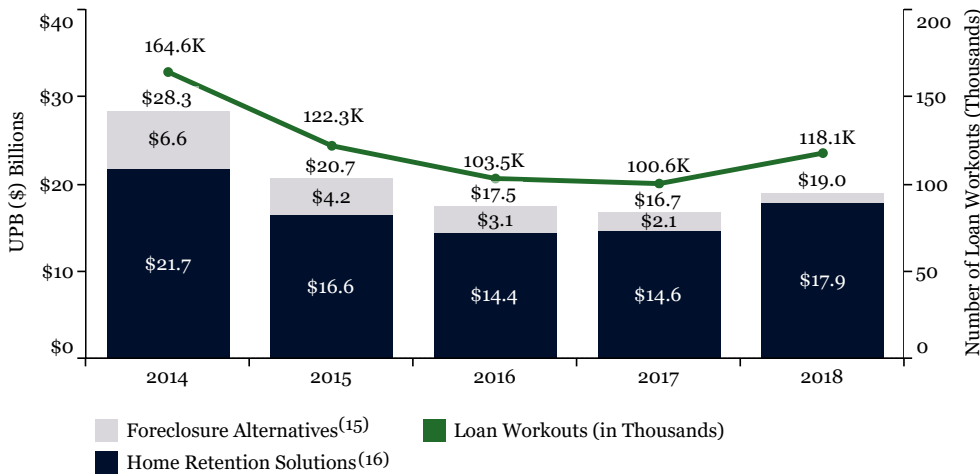


Single-Family Problem Loan Statistics

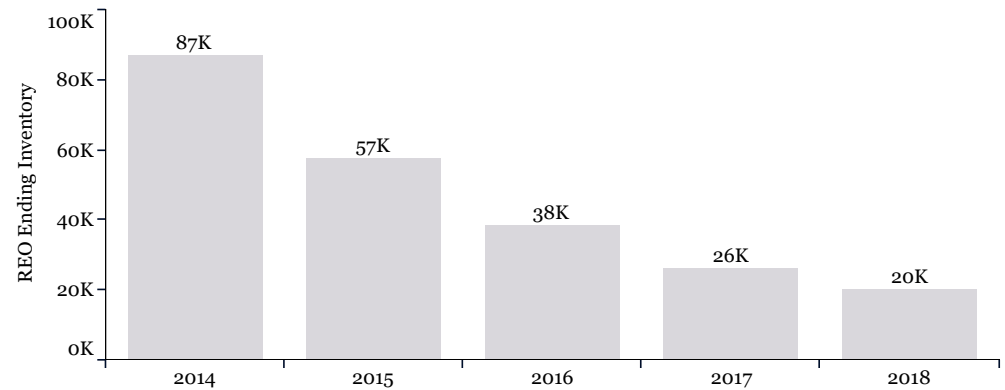
Single-Family Serious Delinquency Rate by State as of December 31, 2018⁽¹⁰⁾



Single-Family Loan Workouts



REO Ending Inventory



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

% of Single-Family Conventional Guaranty Book of Business⁽¹⁷⁾

% of Single-Family Credit Losses⁽¹⁸⁾ For the Period Ended

Certain Product Features

Categories are not mutually exclusive

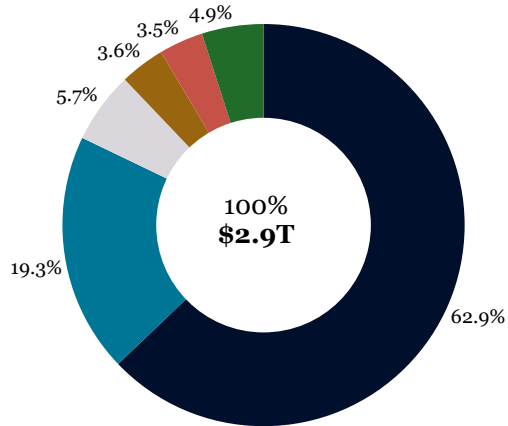
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
Alt-A ⁽⁹⁾	4.2%	3.7%	3.1%	2.5%	1.9%	17.4%	29.3%	24.9%	21.9%	22.4%
Interest Only	2.5%	2.1%	1.7%	1.2%	0.8%	10.2%	18.0%	12.2%	15.7%	15.4%
Origination LTV Ratio > 90%	15.9%	16.3%	16.4%	16.7%	17.8%	15.3%	16.4%	21.9%	23.9%	21.4%
FICO Credit Score < 660 and Origination LTV Ratio > 90% ⁽³⁾	2.0%	2.0%	1.8%	1.7%	1.6%	6.6%	6.5%	8.8%	9.0%	8.8%
FICO Credit Score < 660 ⁽³⁾	8.0%	7.8%	7.3%	7.0%	6.6%	29.7%	29.7%	35.8%	33.0%	34.0%
Refi Plus including HARP	19.1%	17.6%	15.4%	13.2%	11.4%	10.4%	7.8%	14.0%	15.9%	13.2%

Vintage

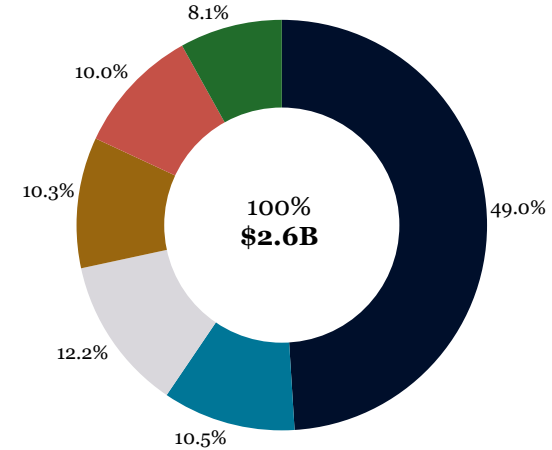
	2014	2015	2016	2017	2018	2014	2015	2016	2017	2018
2009 - 2018	80.5%	84.1%	87.4%	90.3%	92.6%	13.3%	10.3%	19.0%	23.1%	20.4%
2005 - 2008	12.2%	10.1%	8.1%	6.2%	4.7%	74.7%	77.6%	64.7%	64.8%	65.8%
2004 & Prior	7.3%	5.8%	4.5%	3.5%	2.7%	12.0%	12.1%	16.4%	12.2%	13.8%

% of Single-Family Conventional Guaranty Book of Business by State as of December 31, 2018

% of Q4 2018 Single-Family Credit Losses by State



All Other States
 Florida
 New Jersey
 California
 Illinois
 New York



All Other States
 Florida
 New Jersey
 California
 Illinois
 New York



Multifamily Business



Multifamily Highlights

2018

\$2,789M
Net interest income

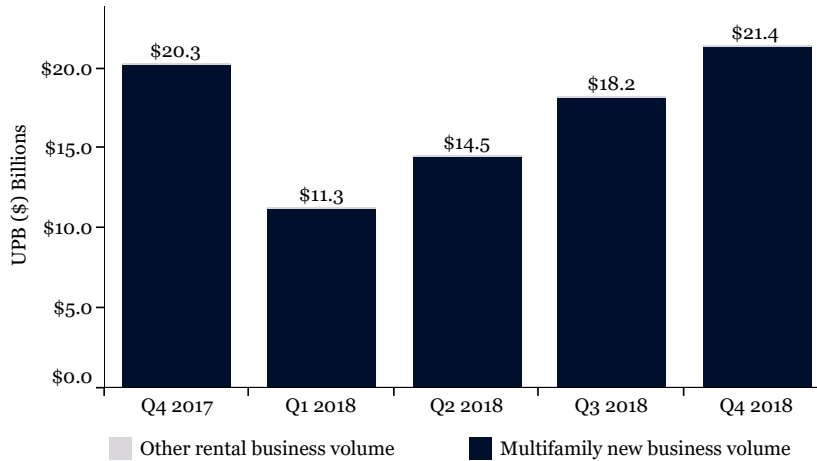
\$529M
Fee and other
income

\$89M
Fair value losses

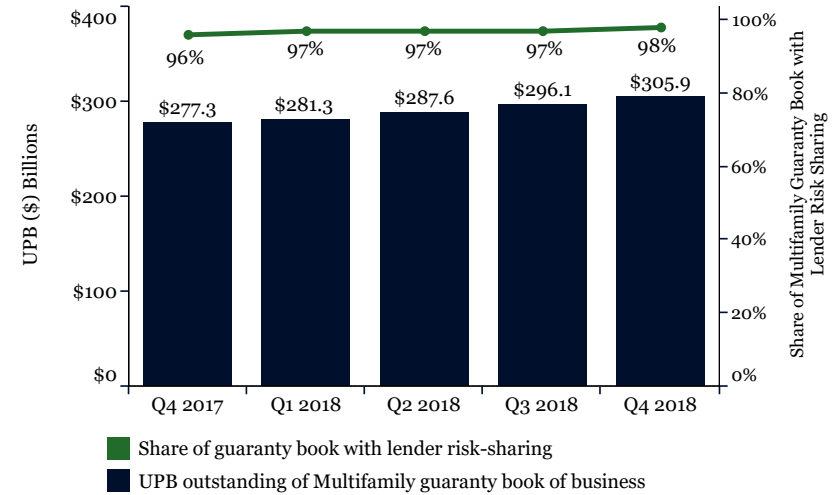
\$17M
Credit-related
expense

\$2,213M
Net income

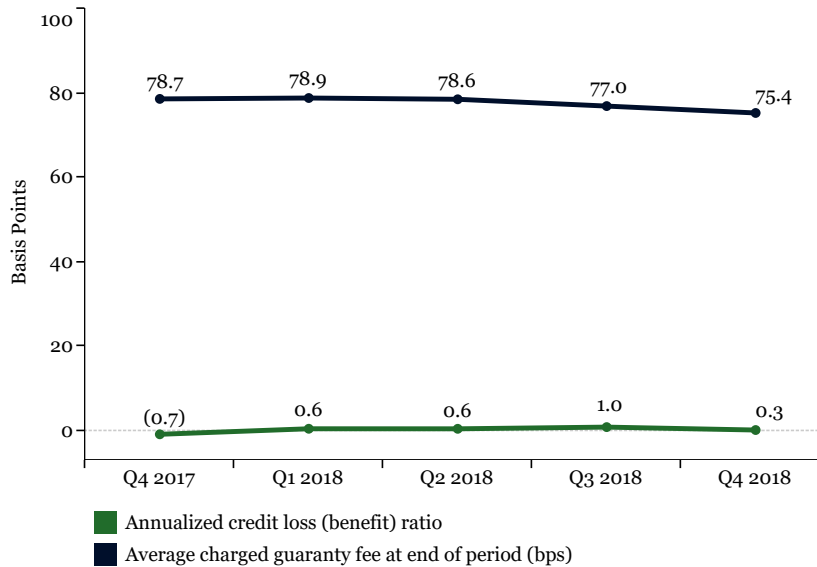
Acquisitions



Guaranty Book of Business⁽¹⁾



Multifamily Guaranty Fee and Credit Loss (Benefit) Ratio⁽²⁾



Key Highlights

- Multifamily net income was \$2.2 billion in 2018 and \$580 million in Q4 2018. Net income increased in 2018 driven primarily by the absence of a one-time charge for federal income taxes recorded in 2017 that resulted from the enactment of the Tax Cuts and Jobs Act of 2017.
- Fannie Mae continued to share credit risk with lenders on nearly 100% of the company's new business through its Delegated Underwriting and Servicing (DUS[®]) program. In addition, the company completed its third and fourth multifamily Credit Insurance Risk Transfer[™] (CIRT[™]) transactions in 2018, which covered approximately \$22 billion in loans.
- The multifamily guaranty book of business continued to grow in Q4 2018 reaching over \$300 billion, while the average charged guaranty fee on the multifamily book decreased slightly to 75.4 basis points as of December 31, 2018.

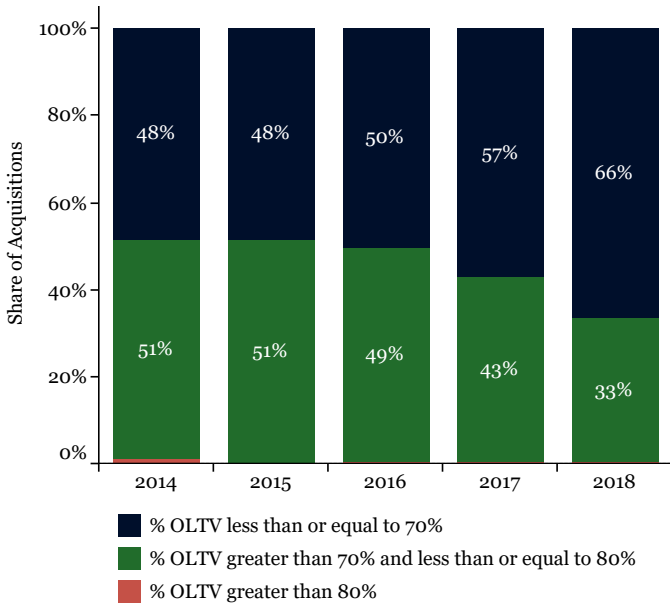


Certain Credit Characteristics of Multifamily Acquisitions

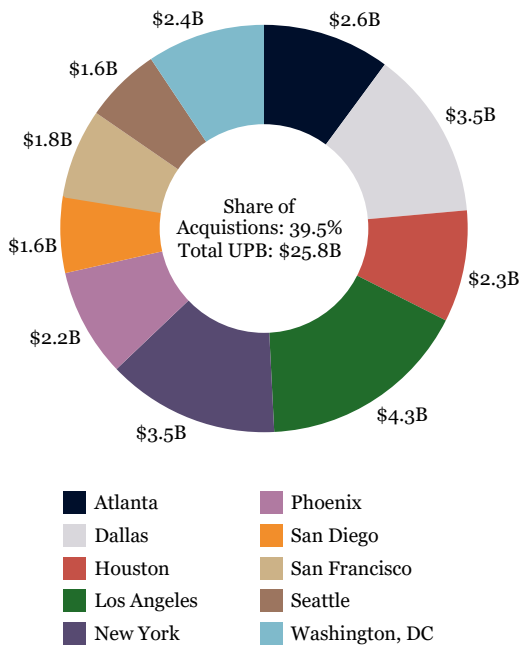
Certain Credit Characteristics of Multifamily Loans by Acquisition Period

Categories are not mutually exclusive	2014	2015	2016	2017	2018
Total Unpaid Principal Balance (UPB) (\$B)	\$28.9	\$42.4	\$55.3	\$67.1	\$65.4
Weighted Average Origination LTV Ratio	68%	68%	68%	67%	65%
Loan Count	2,361	2,869	3,335	3,861	3,723
% Lender Recourse ⁽³⁾	99%	99%	99%	100%	100%
% DUSTM ⁽⁴⁾	99%	99%	99%	98%	99%

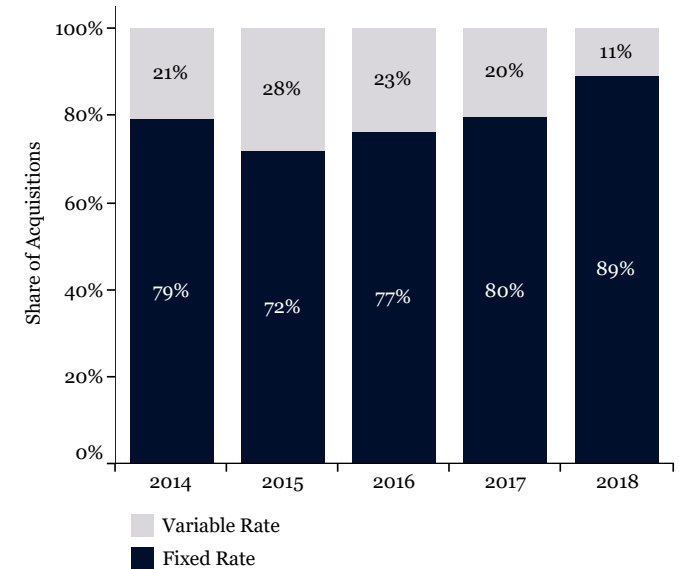
Origination Loan-to-Value Ratio



Top 10 MSAs by 2018 Acquisition UPB



Acquisitions by Note Type

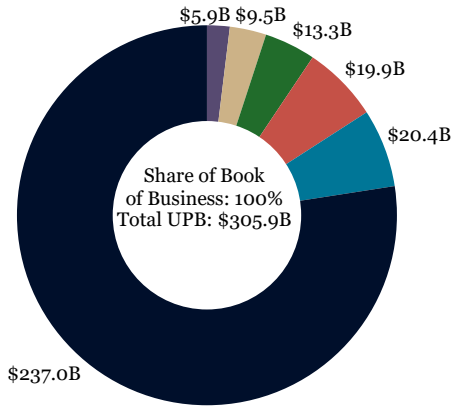


Certain Credit Characteristics of Multifamily Guaranty Book of Business

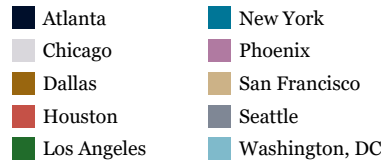
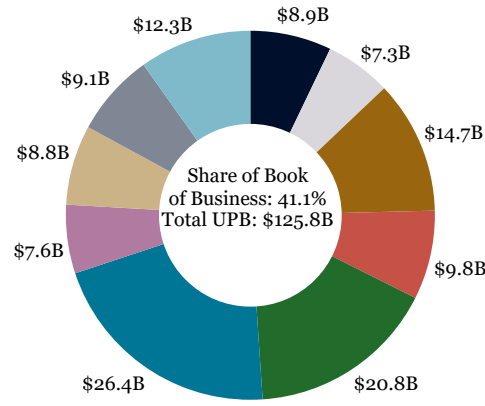
Certain Credit Characteristics of Multifamily Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segment

As of December 31, 2018 ⁽¹⁾ Categories are not mutually exclusive	Acquisition Year							Asset Class or Targeted Affordable Segment				
	Overall Book	2004 & Earlier	2005 - 2008	2009 - 2015	2016	2017	2018	Conventional / Co-op ⁽⁵⁾	Senior ⁽⁵⁾	Student ⁽⁵⁾	Manufactured ⁽⁵⁾	Privately Owned with Subsidy ⁽⁶⁾
Total Unpaid Principal Balance (UPB) (\$B)	\$305.9	\$5.4	\$8.4	\$112.1	\$49.8	\$64.9	\$65.3	\$267.3	\$15.8	\$11.7	\$11.2	\$35.4
Average Unpaid Principal Balance (\$M)	\$11.2	\$4.8	\$2.2	\$9.4	\$16.8	\$17.4	\$17.6	\$10.6	\$23.6	\$19.7	\$11.1	\$9.4
Weighted Average Origination LTV Ratio	66%	70%	66%	66%	68%	67%	65%	66%	67%	67%	67%	69%
Weighted Average DSCR ⁽⁷⁾	2.0	3.0	2.2	2.0	2.0	1.9	1.9	2.0	2.0	1.8	2.1	2.2
% Fixed-rate	85%	18%	49%	91%	82%	82%	89%	86%	62%	83%	88%	71%
Loan Count	27,380	1,135	3,882	11,951	2,970	3,723	3,719	25,111	668	594	1,007	3,754
% of Book	100%	2%	3%	37%	16%	21%	21%	87%	5%	4%	4%	12%
% of Small Balance Loans ⁽⁸⁾	39%	67%	87%	39%	19%	18%	16%	41%	2%	14%	27%	40%
% Lender Recourse ⁽³⁾	98%	95%	77%	96%	99%	100%	100%	97%	100%	99%	100%	96%
% DUS ⁽⁴⁾	98%	97%	86%	98%	99%	97%	99%	98%	98%	100%	100%	95%
Serious Delinquency Rate ⁽⁹⁾	0.06%	0.00%	0.39%	0.09%	0.00%	0.06%	0.01%	0.07%	0.00%	0.00%	0.00%	0.10%

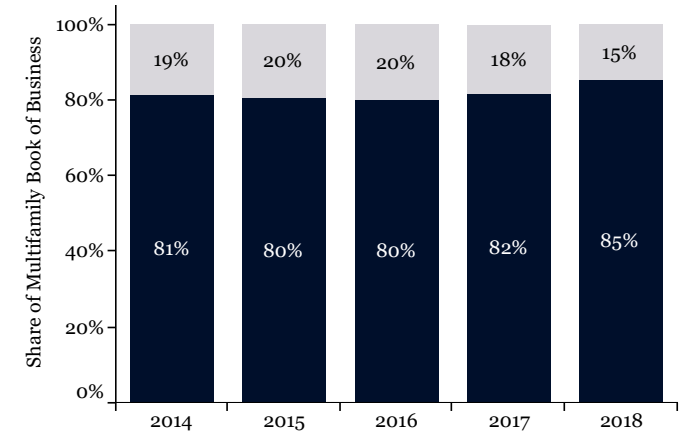
UPB by Maturity Year



Top 10 MSAs by UPB

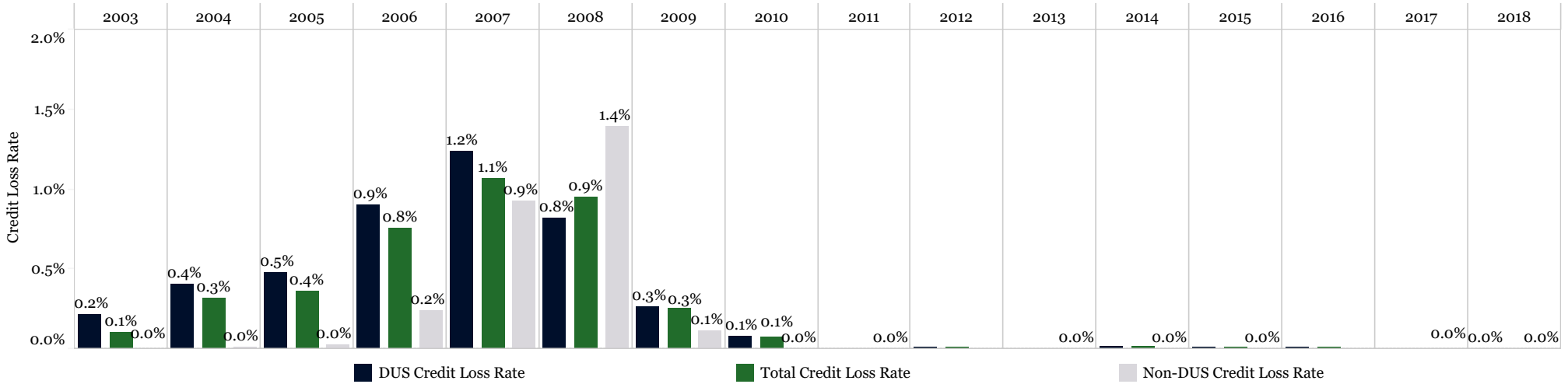


Multifamily Book of Business by Note Type

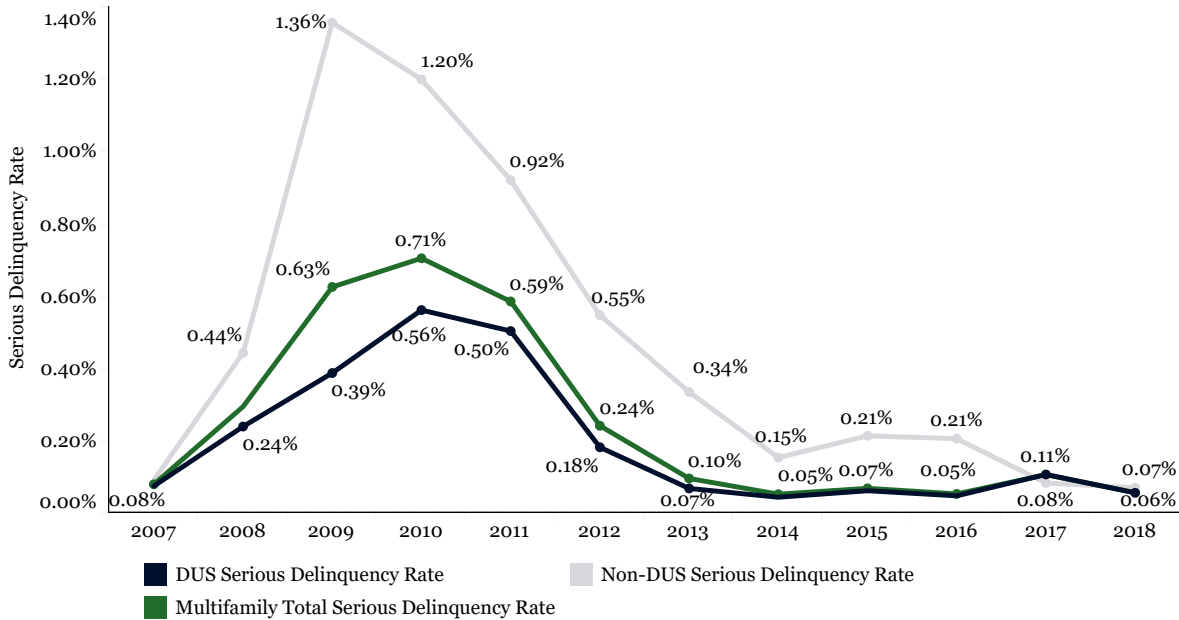


Multifamily Serious Delinquency Rates and Credit Losses

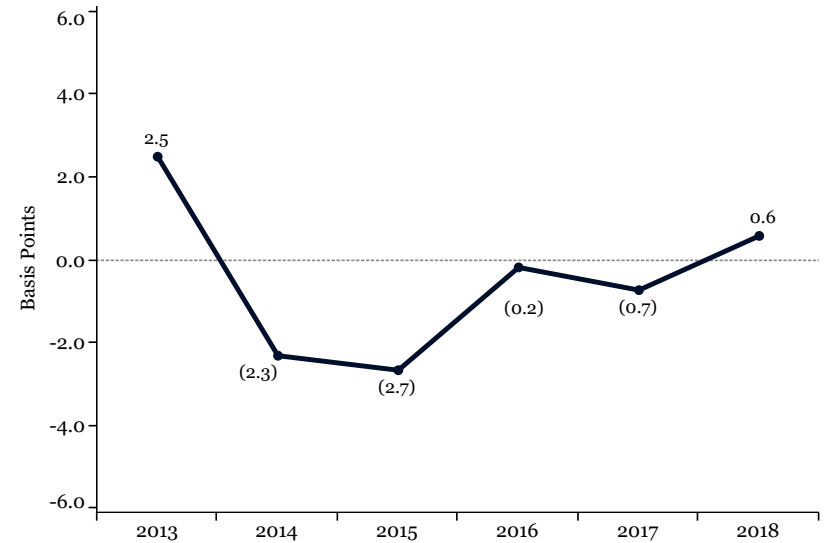
DUS/Non-DUS Cumulative Credit Loss Rates by Acquisition Year Through 2018 ^{(4) (10)}



Serious Delinquency Rates ^{(4) (9)}



Credit Loss (Benefit) Ratio ^{(2) (11)}



Endnotes



Financial Overview Endnotes

- (1) Guaranty fee income includes the impact of a 10 basis point guaranty fee increase implemented in 2012 pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011, the incremental revenue from which is remitted to Treasury and not retained by the company.
- (2) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of December 2018. Including subsequent data may lead to materially different results. Home price change is not seasonally adjusted. UPB estimates are based on data available through the end of December 2018, and the top 10 states are reported by UPB in descending order.
- (3) Source: Bureau of Economic Analysis. GDP growth rate for 2018 is the annualized growth rate for Q3 2018, the most recent period for which data are available.
- (4) Under the terms of the senior preferred stock purchase agreement, dividend payments we make to Treasury do not offset our prior draws of funds from Treasury, and we are not permitted to pay down draws we have made under the agreement except in limited circumstances.
- (5) Treasury draws are shown in the period for which requested, not when the funds were received by us. Draw requests have been funded in the quarter following a net worth deficit.



Single-Family Business Endnotes

- (1) Single-family conventional loan population consists of: (a) single-family conventional mortgage loans of Fannie Mae; (b) single-family conventional mortgage loans underlying Fannie Mae MBS; and (c) other credit enhancements that we provide on single-family mortgage assets, such as long-term standby commitments. It excludes non-Fannie Mae single-family mortgage-related securities held in our retained mortgage portfolio for which we do 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.
- (2) Calculated based on the average guaranty fee rate for our single-family guaranty arrangements during the period plus the recognition of any upfront cash payments over an estimated average life. Excludes the impact of a 10 basis point guaranty fee increase implemented in 2012 pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by us.
- (3) FICO credit score is as of loan origination, as reported by the seller of the mortgage loan.
- (4) Population excludes HARP and other Refi Plus loans acquired under our Refi Plus™ initiative.
- (5) 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 our single-family conventional guaranty book of business. Loans with multiple product features are included in all applicable categories.
- (6) For a description of our Alt-A loan classification criteria, refer to the glossary in Fannie Mae's 2018 Form 10-K. We discontinued the purchase of newly originated Alt-A loans in 2009, except for those that represent the refinancing of a loan we acquired prior to 2009, which has resulted in our acquisitions of Alt-A mortgage loans remaining low and the percentage of the book of business attributable to Alt-A to continue to decrease over time.
- (7) "Serious delinquency rate" refers to single-family conventional loans that are 90 days or more past due or in the foreclosure process in the applicable origination year, product feature, or state, divided by the number of loans in our single-family conventional guaranty book of business in that origination year, product feature, or state.
- (8) 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, which we calculate using an internal valuation model that estimates periodic changes in home value. Excludes loans for which this information is not readily available.
- (9) Percentage of loans in our 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 our compensation to some degree in the event of a financial loss relating to the loan. Because we include loans in reference pools for our Connecticut Avenue Securities and Credit Insurance Risk Transfer credit risk transfer transactions on a lagged basis, we expect the percentage of our 2018 single-family loan acquisitions with credit enhancement will increase in the future.
- (10) The aggregate estimated mark-to-market LTV ratio is based on the unpaid principal balance of the loan as of the end of each period divided by the estimated value of the property as of the end of the period.
- (11) 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.
- (12) 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.
- (13) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately \$7 billion at issuance and approximately \$4 billion outstanding as of December 31, 2018.
- (14) Measured from the borrowers' last paid installment on their mortgages to when the related properties were added to our REO inventory for foreclosures completed during the twelve months of 2018. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.
- (15) Consists of (a) short sales, in which the borrower, working with the servicer and Fannie Mae, sells the home prior to foreclosure for less than the amount owed to pay off the loan, accrued interest and other expenses from the sale proceeds and (b) deeds-in-lieu of foreclosure, which involve the borrower's voluntarily signing over title to the property.
- (16) Consists of (a) modifications, which do not include trial modifications, loans to certain borrowers who have received bankruptcy relief that are accounted for as troubled debt restructurings, or repayment plans or forbearances that have been initiated but not completed; (b) repayment plans, reflects only those plans associated with loans that were 60 days or more delinquent; and (c) forbearances, not including forbearances associated with loans that were less than 90 days delinquent when entered.
- (17) Based on the unpaid principal balance (UPB) of the single-family conventional guaranty book of business as of period end.
- (18) Credit losses consist of (a) charge-offs net of recoveries and (b) foreclosed property expense (income). Percentages exclude the impact of recoveries that have not been allocated to specific loans.
- (19) 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 December 31, 2018 is not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.



Multifamily Business Endnotes

- (1) Our 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 we provide on multifamily mortgage assets. It excludes non-Fannie Mae multifamily mortgage-related securities held in our retained mortgage portfolio for which we do not provide a guaranty.
- (2) Credit loss (benefit) ratio represents the credit loss or benefit for the period divided by the average unpaid principal balance of the multifamily guaranty book of business for the period. Credit benefits are the result of recoveries on previously charged-off amounts.
- (3) Represents the percentage of loans with lender risk-sharing agreements in place, measured by unpaid principal balance.
- (4) 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 our pre-review.
- (5) See <https://www.fanniemae.com/multifamily/products> for definitions. Loans with multiple product features are included in all applicable categories.
- (6) 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.
- (7) Weighted average DSCR is calculated using the most recent property financial operating statements. When operating statement information is not available, the DSCR at the time of acquisition is used. If both are unavailable, the underwritten DSCR is used. Co-op loans are excluded from this metric.
- (8) Multifamily loans with an original unpaid balance of up to \$3 million nationwide or up to \$5 million in high cost markets.
- (9) Multifamily loans are classified as seriously delinquent when payment is 60 days or more past due.
- (10) Cumulative credit loss rate is the cumulative credit losses (gains) through December 31, 2018 on the multifamily loans that were acquired in the applicable period, as a percentage of the total acquired unpaid principal balance of multifamily loans in the applicable period.
- (11) Credit loss (benefit) ratio is annualized for the most recent period.

