MARCH 2008

- Fannie Mae’s Book of Business grew at a compound annualized rate of 6.6 percent in March.
- Fannie Mae MBS and Other Guarantees rose at a compound annualized rate of 5.9 percent during the month.
- Total Fannie Mae MBS Issuances were $50.1 billion in March.
- Gross Mortgage Portfolio grew 2.0 percent in March. Net Retained Commitments were $8.1 billion.
- The Conventional Single-Family Serious Delinquency Rate rose four basis points in February to 1.10 percent (latest data available). The Multifamily Serious Delinquency Rate remained stable at 0.10 percent in February.
- The Effective Duration Gap on Fannie Mae’s portfolio averaged plus three months in March.

MORTGAGE MARKET HIGHLIGHTS

- Total residential mortgage debt outstanding (MDO) grew at a compound annual rate of 5.2 percent during the fourth quarter of 2007 to a level of $11.97 trillion. The MDO grew at an annual rate of 7.0 percent during 2007.
### TABLE 5. MORTGAGE PORTFOLIO COMPOSITION ($ in Millions) 1

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</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>$1,342</td>
<td>$588</td>
<td>$3,627</td>
<td>$3,155</td>
<td>$7,796</td>
<td>$2,805</td>
<td>$202</td>
<td>$2,052</td>
<td>$1,108</td>
<td>$785</td>
<td>$24,909</td>
<td>$69</td>
<td>$1,683</td>
<td>$2,441</td>
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<tr>
<td>Securitizations</td>
<td>$1,411</td>
<td>$2,519</td>
<td>$2,677</td>
<td>$2,872</td>
<td>$3,185</td>
<td>$5,284</td>
<td>$3,812</td>
<td>$1,999</td>
<td>$11,747</td>
<td>$2,643</td>
<td>$207,848</td>
<td>$3,309</td>
<td>$4,602</td>
<td>$10,449</td>
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<tr>
<td>End Balance</td>
<td>$277,848</td>
<td>$275,253</td>
<td>$274,360</td>
<td>$274,507</td>
<td>$274,468</td>
<td>$274,638</td>
<td>$267,397</td>
<td>$264,959</td>
<td>$256,679</td>
<td>$255,947</td>
<td>$323,016</td>
<td>$253,404</td>
<td>$32,651</td>
<td>$247,620</td>
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### TABLE 6. LIQUID INVESTMENTS ($ in Millions) 1

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</thead>
<tbody>
<tr>
<td>Liquid Investments</td>
<td>$66,830</td>
<td>$57,355</td>
<td>$55,650</td>
<td>$55,244</td>
<td>$59,231</td>
<td>$59,813</td>
<td>$41,918</td>
<td>$41,462</td>
<td>$35,478</td>
<td>$89,164</td>
<td>$89,164</td>
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</table>

### TABLE 7. DEBT ACTIVITY ($ in Millions) 1

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<tr>
<td>End Balance Outstanding</td>
<td>$160,901</td>
<td>$159,782</td>
<td>$162,161</td>
<td>$167,006</td>
<td>$169,128</td>
<td>$188,336</td>
<td>$156,527</td>
<td>$155,049</td>
<td>$151,599</td>
<td>$236,267</td>
<td>$236,267</td>
<td>$257,986</td>
<td>$239,469</td>
<td>$217,267</td>
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### TABLE 8. INTEREST RATE RISK DISCLOSURES

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<tbody>
<tr>
<td>Effective Duration Gap (in months) 11</td>
<td>(1)</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
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### TABLE 9. SERIOUS DELINQUENCY RATES

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</thead>
<tbody>
<tr>
<td>Rate Level</td>
<td>3.0%</td>
<td>3.5%</td>
<td>3.4%</td>
<td>3.5%</td>
<td>3.7%</td>
<td>3.9%</td>
<td>4.3%</td>
<td>4.5%</td>
<td>4.9%</td>
<td>5.3%</td>
</tr>
</tbody>
</table>

Numbers may not sum due to rounding. See Endnotes and Glossary on Page 3
1. The end balances and business activity in this report represent unpaid principal balances ("UPB"), which do not reflect market valuation adjustments, allowance for loan losses, impairments, un amortized premiums and discounts and the impact of consolidation of variable interest entities. Amounts and rates shown for the periods after September 2007 reflect definitions changes and may, therefore, not be comparable to amounts and rates shown for prior periods. Please see notes 3, 5, 6, 8, 10 and 11 and the Glossary for more information about these adjustments.

2. The end balances and business activity in this report represent unpaid principal balances ("UPB"), which do not reflect market valuation adjustments, allowance for loan losses, impairments, un amortized premiums and discounts and the impact of consolidation of variable interest entities. Amounts and rates shown for the periods after September 2007 reflect definitions changes and may, therefore, not be comparable to amounts and rates shown for prior periods. Please see notes 3, 5, 6, 8, 10 and 11 and the Glossary for more information about these adjustments.

3. For October 2007, liquidations have been increased by $890 million, primarily to exclude from the end balance advances to lenders. The effect of this adjustment has been excluded in calculating growth and liquidation rates for October 2007.

4. Includes Fannie Mae mortgage-backed securities ("Fannie Mae MBS") issued from Fannie Mae's mortgage portfolio. See Table 5 for monthly activity and balances for Fannie Mae MBS held in portfolio.

5. For October 2007, "Total Fannie Mae MBS Liquidations" have been reduced by $1.2 billion, primarily to reflect Fannie Mae's reclassification of Ginnie Mae wraps from "Other Fannie Mae Guarantees" to "Fannie Mae MBS." The effect of this adjustment has been excluded in calculating growth and liquidation rates for October 2007.

6. For October 2007, "Total Fannie Mae MBS Liquidations" have been reduced by $1.2 billion, primarily to reflect Fannie Mae's reclassification of Ginnie Mae wraps from "Other Fannie Mae Guarantees" to "Fannie Mae MBS." The effect of this adjustment has been excluded in calculating growth and liquidation rates for October 2007.

7. Represents new Fannie Mae MBS created from mortgage loans or non-Fannie Mae mortgage securities held in the mortgage portfolio. These amounts, included in the issuance balance in table 4, have been transferred from mortgage loans or non-Fannie Mae mortgage securities to Fannie Mae MBS, and may be included in sales.

8. Federal funds purchased totaled $1.5 billion in October 2007. The $2.2 billion reclassification is reflected in the end balances and business activity in this report.


10. Includes capitalized interest.

11. For October 2007, "Total Fannie Mae MBS Liquidations" have been reduced by $1.2 billion, primarily to reflect Fannie Mae's reclassification of Ginnie Mae wraps from "Other Fannie Mae Guarantees" to "Fannie Mae MBS." The effect of this adjustment has been excluded in calculating growth and liquidation rates for October 2007.

12. The end balances and business activity in this report represent unpaid principal balances ("UPB"), which do not reflect market valuation adjustments, allowance for loan losses, impairments, un amortized premiums and discounts and the impact of consolidation of variable interest entities. Amounts and rates shown for the periods after September 2007 reflect definitions changes and may, therefore, not be comparable to amounts and rates shown for prior periods. Please see notes 3, 5, 6, 8, 10 and 11 and the Glossary for more information about these adjustments.

13. The end balances and business activity in this report represent unpaid principal balances ("UPB"), which do not reflect market valuation adjustments, allowance for loan losses, impairments, un amortized premiums and discounts and the impact of consolidation of variable interest entities. Amounts and rates shown for the periods after September 2007 reflect definitions changes and may, therefore, not be comparable to amounts and rates shown for prior periods. Please see notes 3, 5, 6, 8, 10 and 11 and the Glossary for more information about these adjustments.

GLOSSARY & OTHER INFORMATION

General

Risk Disclosures. In addition to the interest rate risk disclosures provided in Table 8, Fannie Mae's most recent available information relating to subordinated debt, liquidity management, corporate risk ratings and credit risks is included in its most recent Form 10-K or Form 10-Q filed with the Securities and Exchange Commission.

Compounded Growth Rate. Monthly growth rates are compounded to provide an annualized rate of growth.

Table 1

Total Book of Business. Sum of the Gross Mortgage Portfolio balance and Total Fannie Mae MBS and Other Guarantees balance, less Fannie Mae MBS held in the mortgage portfolio.

New Business Acquisitions. Sum of MBS issuances and Mortgage Portfolio purchases less Fannie Mae MBS purchases and securitizations of mortgage loans previously held in portfolio.

Table 2

Portfolio Commitments. Represents mandatory commitments entered into during the month. Fannie Mae enters into forward commitments to purchase mortgage securities and mortgage loans, or to sell mortgage securities, for the mortgage portfolio. Purchase commitments typically require mandatory delivery and are subject to the payment of pre-closes fees for non-delivery.

Commitments to Purchase. Represents mandatory commitments to purchase mortgage loans and mortgage securities, net of loans for which a cash pay-off has been paid. Pay-offs occur when loans are not delivered against mandatory commitments.

Net Retained Commitments. Represents mandatory commitments to purchase, less commitments to sell, net of mortgage loans for which a cash pay-off has been paid.

Table 3

Gross Mortgage Portfolio. End balance represents the unpaid principal balance ("UPB") of the mortgage portfolio that Fannie Mae holds for investment and liquidity purposes.

Purchases. Acquisition of mortgage loans and mortgage securities for the mortgage portfolio.

Sales. Sales of mortgage securities from the mortgage portfolio.

Table 4

Fannie Mae Guaranteed Securities and Mortgage Loans.

Includes Fannie Mae MBS, private label fair, whole loan REMICs, and for periods after September 2007, Ginnie Mae wraps. Also includes Multifamily discount MBS (MBM) that Fannie Mae guarantees, regardless of whether those MBS are held in the mortgage portfolio or held by investors other than Fannie Mae. If an MBS has been resecuritized into another MBS, the principal amount is excluded once in this total.

Table 5

Mortgage Portfolio Composition. Shows the primary components of Fannie Mae's mortgage portfolio and activity relating to Fannie Mae MBS held in the mortgage portfolio.

Non-Fannie Mae Agency Securities. Represents mortgage-related securities issued by Freddie Mac and Ginnie Mae.

Table 6

Foreign Exchange Adjustments. Represents net changes in foreign exchange derivatives for October 2007. Also, beginning with October 2007, foreign funds purchased are not included in "Original Maturity < 1 Year." Federal funds purchased totaled $1.5 billion in October 2007.

Table 7

Liquid Investments. Liquid investments serve as a source of liquidity for Fannie Mae and as an investment vehicle for surplus capital. This balance includes high-quality securities that are short-term or readily marketable, such as commercial paper, asset-backed securities, federal funds sold, and corporate floating rate notes.

The balance shown includes cash balances but does not include cash balances or cash equivalents pledged as collateral that may be sold or repaid by the counterparty.

Table 8

Effective Duration Gap. The effective duration gap estimates the net sensitivity of the fair values of Fannie Mae’s assets and liabilities to movements in interest rates. This statistic is expressed as a number of months, based on the daily average for the reported month. Beginning with June, the methodology has been updated such that a duration gap of zero implies that the change in the fair value of fixed-rate assets from an interest rate move will be offset by an equal move in the fair value of liabilities, including debt and derivatives, that result in no change in the fair value of the net assets. The calculation excludes any sensitivity of the guaranty business.

Table 9

Marketable Security. A marketable security is a security that is available for sale in the normal course of business and is reasonably expected to be sold in the near term.

Table 10

Non-Fannie Mae Agency Securities. Represents mortgage-related securities issued by Freddie Mac and Ginnie Mae.

Table 11

Non-Fannie Mae Agency Securities. These are commonly referred to as "private-label securities."

Table 12

Non-Fannie Mae Agency Securities. Represents mortgage-related securities issued by Freddie Mac and Ginnie Mae.

Table 13

For more information about Fannie Mae’s debt activity, please visit www.fanniemae.com/markets/debt/debt_activity.