



Fannie Mae[®]

**Financial Supplement
Q4 and Full Year 2019**

February 13, 2020

- Some of the terms and other information in this presentation are defined and discussed more fully in our Form 10-K for the year ended December 31, 2019 (“2019 Form 10-K”). This presentation should be reviewed together with the 2019 Form 10-K, which is available at www.fanniemae.com in the “About Us—Investor Relations—SEC Filings” section. Information on or available through our 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 sum to totals indicated (ie. 100%), or amounts shown as 100% may not reflect the entire population.
- 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 26.
- Terms used in presentation
 - Amortized OLTV ratio:** amortized origination loan-to-value ratio, which refers to the current unpaid principal balance of a loan at period end, divided by the home price at origination of the loan
 - CAS:** Connecticut Avenue Securities[®]
 - CIRT[™]:** Credit Insurance Risk Transfer[™]
 - CRT:** credit risk transfer
 - DSCR:** 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
 - GDP:** U.S. Gross Domestic Product
 - 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
 - HomeReady[®]:** low down payment mortgage designed for creditworthy low-income borrowers. For additional information, see <https://www.fanniemae.com/singlefamily/homeready>
 - LTV ratio:** loan-to-value ratio
 - MCAS[™]:** Multifamily Connecticut Avenue Securities[™]
 - 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 at origination of the loan
 - Refi Plus[™]:** our Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers
 - REO:** real estate owned
 - TCCA:** Temporary Payroll Tax Cut Continuation Act of 2011
 - UPB:** unpaid principal balance



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Financial Overview

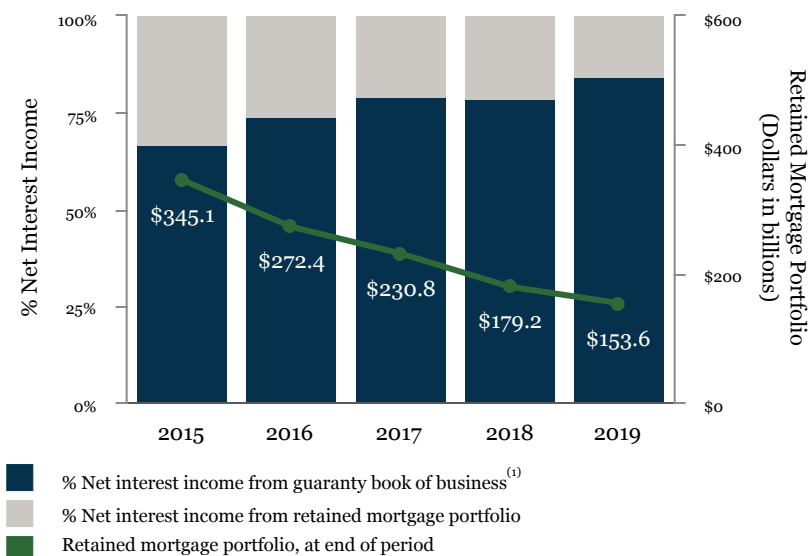


Corporate Financial Highlights

Summary of 2019 Financial Results

(Dollars in millions)	2019	2018	Variance
Net interest income	\$20,962	\$20,951	\$11
Fee and other income	1,176	979	197
Net revenues	22,138	21,930	208
Investment gains, net	1,770	952	818
Fair value gains (losses), net	(2,214)	1,121	(3,335)
Administrative expenses	(3,023)	(3,059)	36
Credit-related income			
Benefit for credit losses	4,011	3,309	702
Foreclosed property expense	(515)	(617)	102
Total credit-related income	3,496	2,692	804
TCCA fees	(2,432)	(2,284)	(148)
Other expenses, net	(2,158)	(1,253)	(905)
Income before federal income taxes	17,577	20,099	(2,522)
Provision for federal income taxes	(3,417)	(4,140)	723
Net income	\$14,160	\$15,959	\$(1,799)
Total comprehensive income	\$13,969	\$15,611	\$(1,642)

Sources of Net Interest Income and Retained Mortgage Portfolio Balance



Key Highlights

- Fannie Mae reported net income of \$14.2 billion for 2019 compared with net income of \$16.0 billion for 2018. The decrease in our net income for 2019 was driven primarily by a shift to fair value losses in 2019 from fair value gains in 2018 as a result of decreasing interest rates throughout most of 2019.

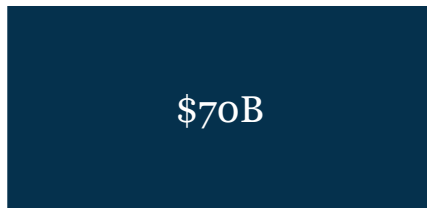
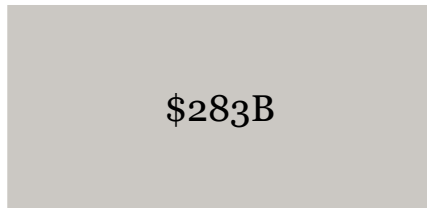
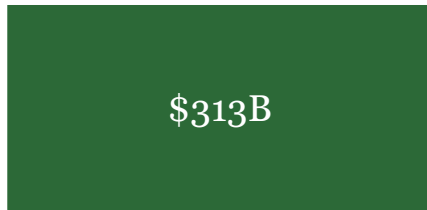


Market Liquidity

Key Highlights: Liquidity Provided In 2019

Fannie Mae provided over \$650 billion in liquidity to the mortgage market in 2019 through its purchases and guarantees of mortgage loans, which enabled the financing of approximately 3 million single-family home purchases, single-family refinancings, or multifamily rental units.

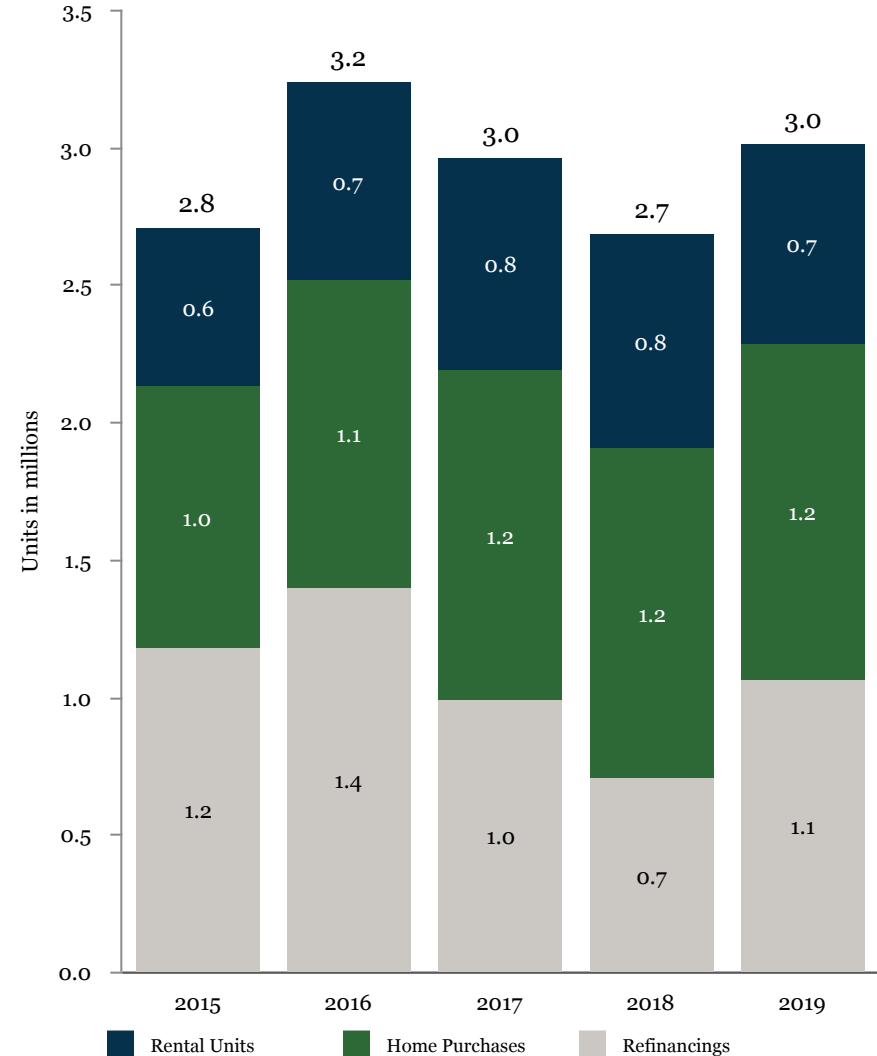
Unpaid Principal Balance



Units

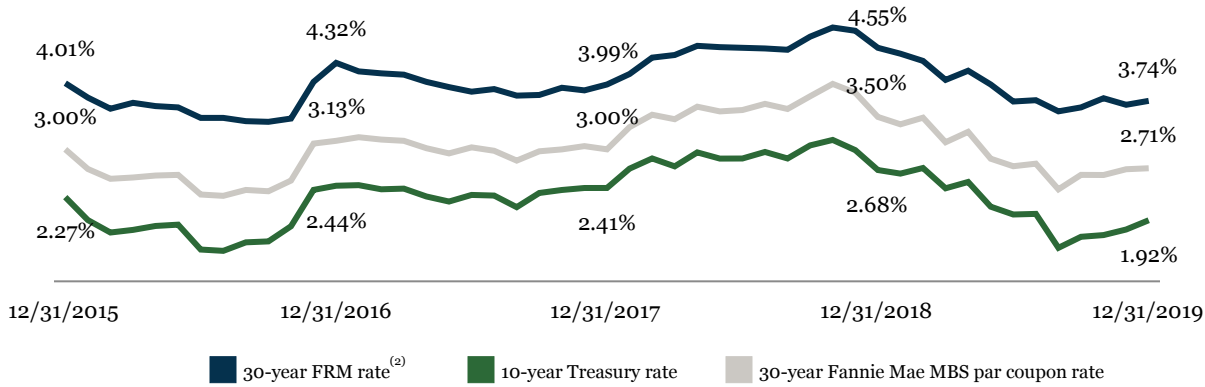


Providing Liquidity to the Mortgage Market

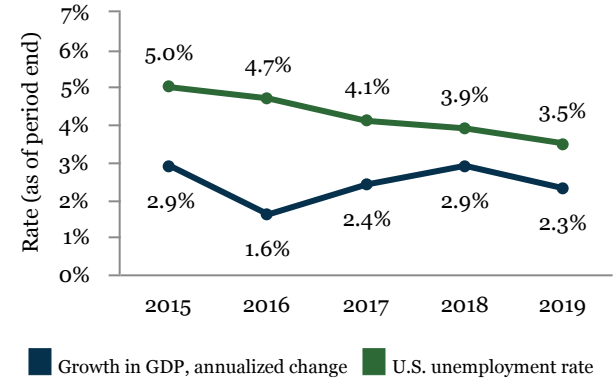


Key Market Economic Indicators

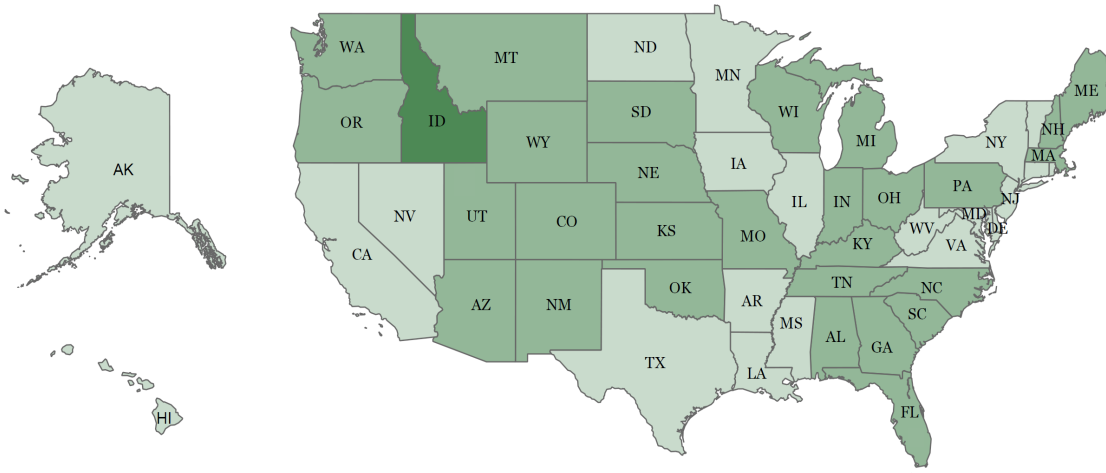
Benchmark Interest Rates



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

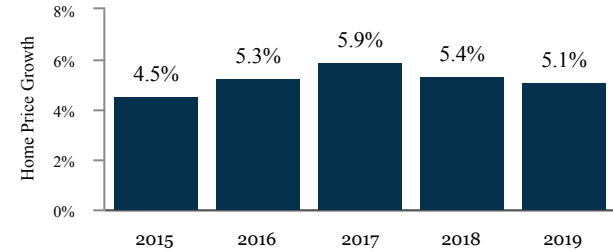


One Year Price Change 2019⁽⁴⁾ United States 5.1%



State Growth Rate: ■ 0.0 to 4.9% ■ 5.0 to 9.9% ■ 10% and above

Single-Family Home Price Growth Rate⁽⁴⁾



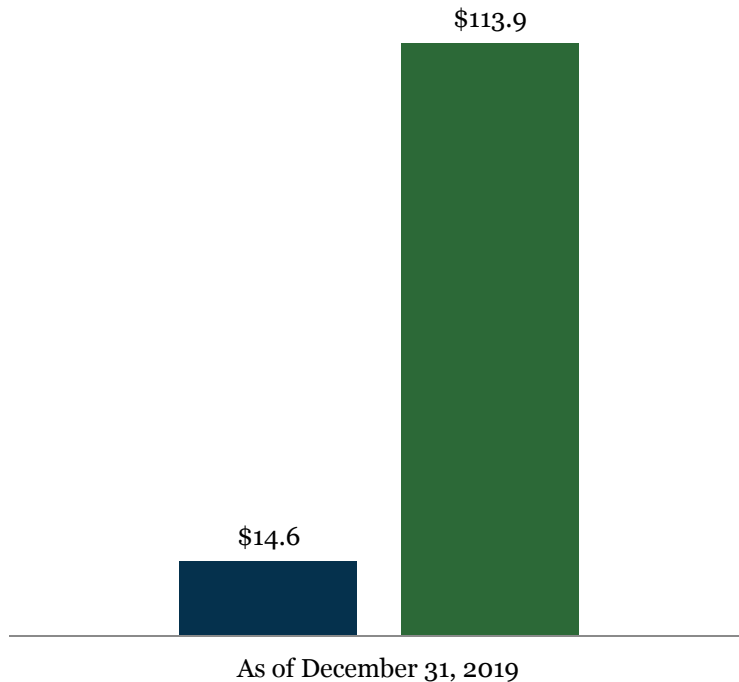
Top 10 States by UPB⁽⁴⁾

State	State Home Price Growth Rate	Share of Single-Family Conventional Guaranty Book
CA	3.92%	19.1%
TX	3.99%	6.5%
FL	5.83%	5.8%
NY	4.25%	4.9%
WA	6.50%	3.8%
IL	2.64%	3.5%
NJ	2.69%	3.5%
VA	4.57%	3.4%
CO	5.03%	3.2%
PA	5.00%	2.9%



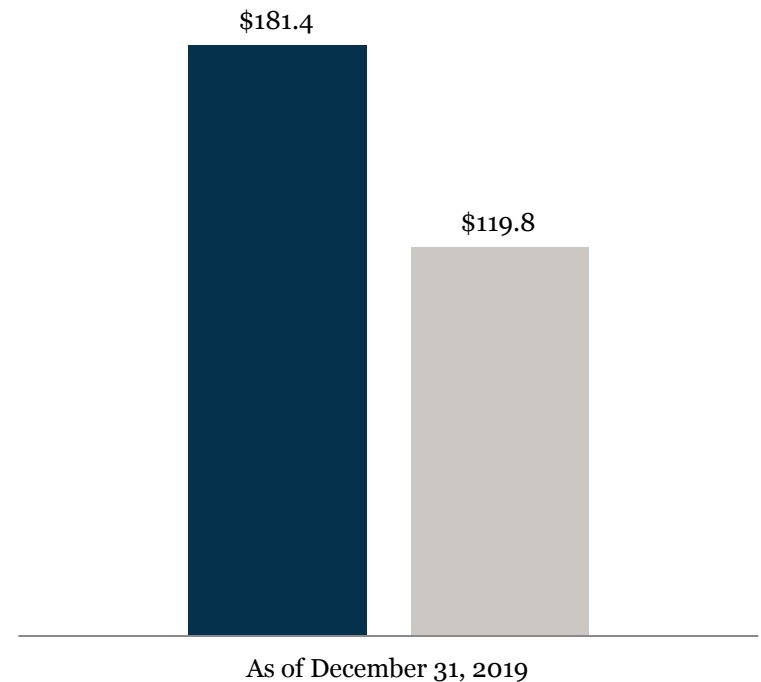
Net Worth, Treasury Funding and Senior Preferred Stock Dividends

Net Worth and Treasury Funding Commitment (Dollars in billions)



■ Net worth
■ Remaining Treasury funding commitment

Dividend Payments and Draws (Dollars in billions)



■ Cumulative dividend payments to Treasury⁽⁵⁾
■ Cumulative draws from Treasury⁽⁶⁾



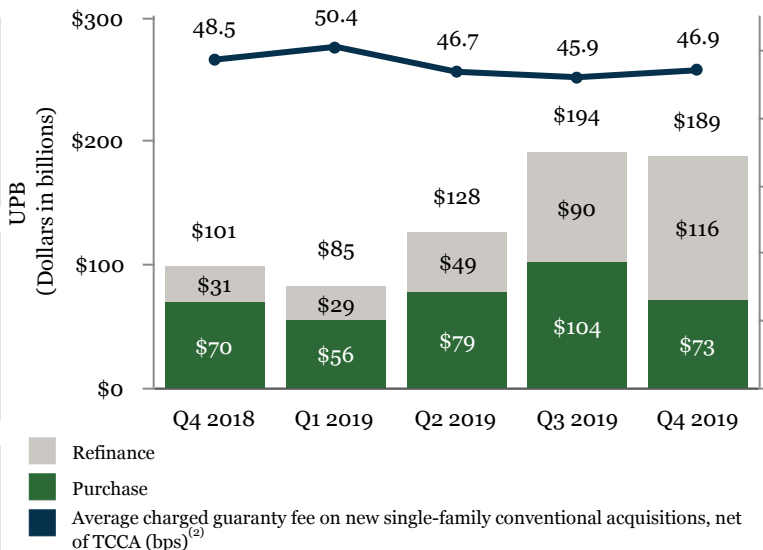
Single-Family Business



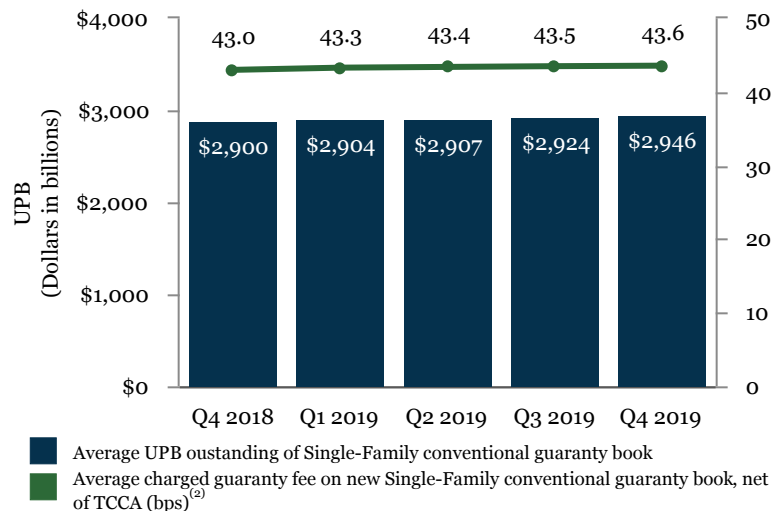
Single-Family Highlights

2019

Single-Family Conventional Loan Acquisitions⁽¹⁾



Single-Family Conventional Guaranty Book of Business⁽¹⁾



\$18,013M
Net interest income

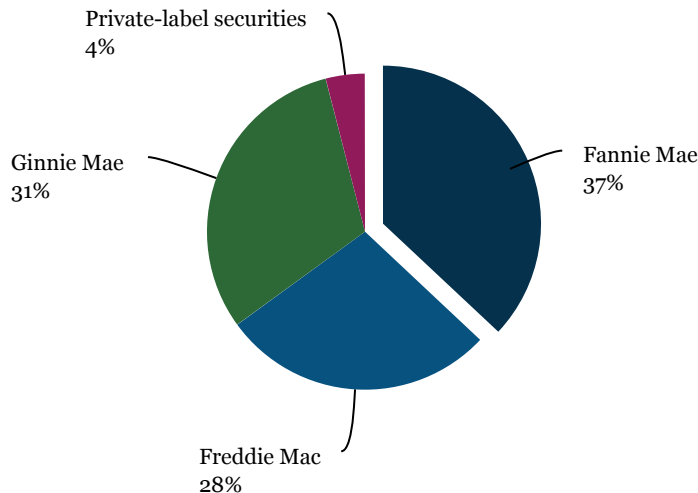
\$1,589M
Investment gains, net

\$(2,216)M
Fair value losses, net

\$3,515M
Credit-related income

\$11,837M
Net income

2019 Market Share: New Single-Family Mortgage-Related Securities Issuances



Key Highlights

- Single-family net income was \$11.8 billion in 2019 compared with \$13.7 billion in 2018. The decrease in single-family net income in 2019 was driven primarily by a shift to fair value losses in 2019 from fair value gains in 2018 as a result of decreasing interest rates throughout most of 2019.
- We made changes to credit risk transfer structures in 2019, increasing our capital relief and reducing our risk. We also began obtaining credit protection on single-family reference pools containing seasoned loans, increasing the percentage of the single-family book covered by credit risk transfer, reducing our capital requirements, and further reducing risk.



Certain Credit Characteristics of Single-Family Conventional Loan Acquisitions

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

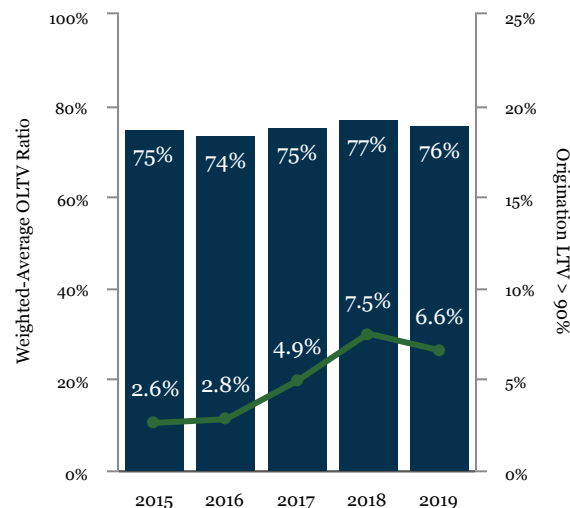
Categories are not mutually exclusive

	Q4 2018	Full Year 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Full Year 2019
Total UPB (Dollars in billions)	\$101.1	\$446.1	\$85.0	\$128.1	\$194.3	\$188.5	\$595.9
Weighted Average OLTV Ratio	78%	77%	78%	78%	77%	74%	76%
OLTV Ratio > 95%	9%	7%	10%	8%	7%	4%	7%
Weighted-Average FICO [®] Credit Score ⁽³⁾	742	743	742	746	751	753	749
FICO Credit Score < 680 ⁽³⁾	11%	11%	11%	8%	6%	6%	7%
DTI Ratio > 43% ⁽⁴⁾	36%	34%	35%	30%	26%	25%	28%
Fixed-rate	99%	98%	98%	99%	100%	99%	99%
Owner Occupied	89%	89%	90%	91%	93%	92%	92%
HomeReady ⁽⁵⁾	9%	7%	9%	9%	7%	4%	7%

2019 Acquisition Credit Profile by Certain Loan Features

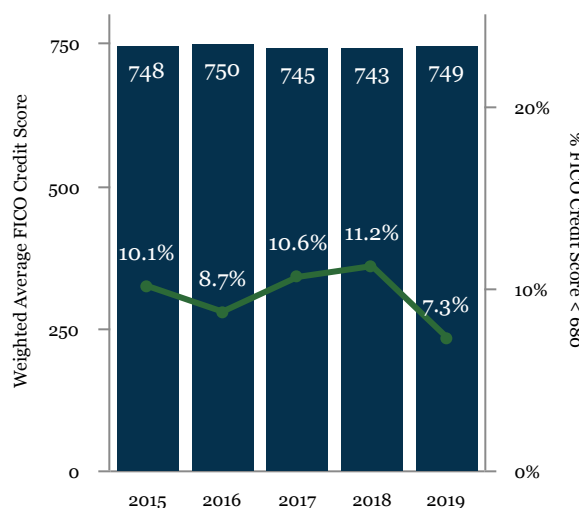
OLTV Ratio > 95%	Home-Ready ⁽⁵⁾	FICO Credit Score < 680 ⁽³⁾	DTI Ratio > 43% ⁽⁴⁾
\$39.2	\$39.5	\$43.4	\$165.2
97%	90%	75%	78%
100%	39%	7%	8%
736	738	656	740
8%	10%	100%	9%
32%	43%	35%	100%
100%	100%	100%	99%
100%	100%	95%	91%
40%	100%	9%	10%

Origination Loan-to-Value Ratio



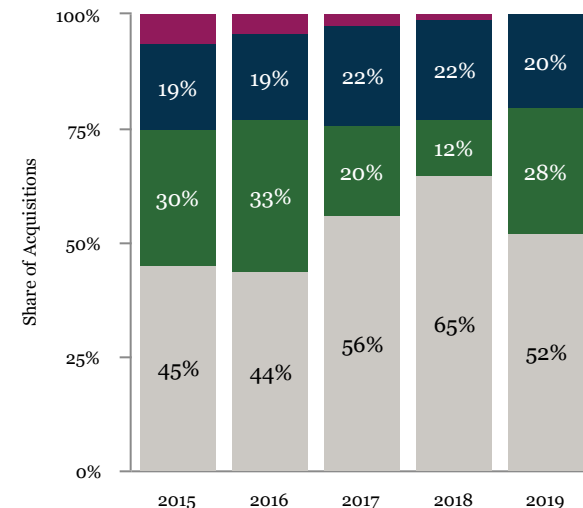
■ % OLTV > 95%
■ Weighted-Average OLTV Ratio

FICO Credit Score⁽³⁾



■ % FICO Credit Score < 680
■ Weighted-Average FICO Credit Score

Acquisitions by Loan Purpose



■ Refi Plus⁽⁶⁾ including HARP
■ Cash-out Refinance
■ Other Refinance
■ Purchase



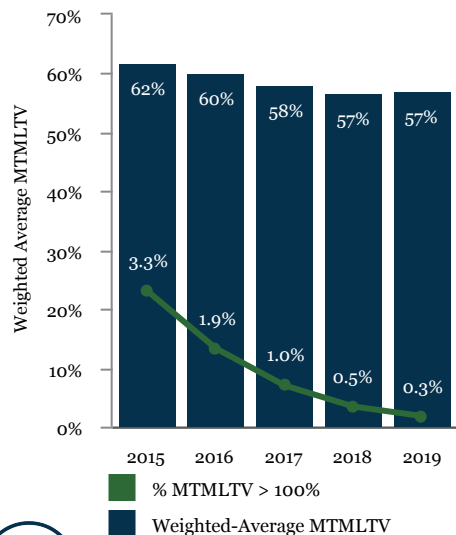
Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business

Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Year and Loan Features⁽¹⁾⁽⁷⁾

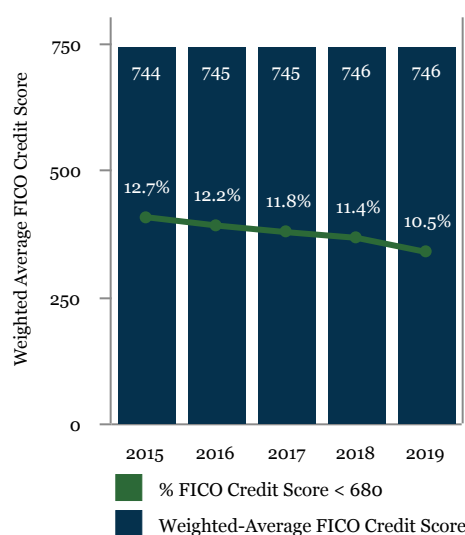
As of December 31, 2019

Categories are not mutually exclusive	Origination Year							Certain Loan Features				
	Overall Book	2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	OLTV Ratio > 95%	Home-Ready ⁽⁸⁾⁽⁵⁾	FICO Credit Score < 680 ⁽³⁾	Refi Plus ⁽⁶⁾ Including HARP	DTI Ratio > 43% ⁽⁴⁾
Total UPB (Dollars in billions)	\$2,951.9	\$64.5	\$104.9	\$1,588.1	\$361.9	\$321.9	\$510.6	\$202.6	\$86.6	\$311.2	\$279.6	\$688.5
Average UPB	\$173,804	\$70,063	\$116,537	\$160,296	\$206,838	\$213,258	\$255,650	\$161,585	\$185,492	\$142,525	\$127,574	\$187,176
Share of Single-Family Conventional Guaranty Book	100%	2%	4%	54%	12%	11%	17%	7%	3%	11%	9%	24%
Share of Loans with Credit Enhancement ⁽⁸⁾	53%	6%	16%	50%	70%	78%	47%	76%	91%	46%	46%	54%
Serious Delinquency Rate ⁽⁹⁾	0.66%	2.48%	4.11%	0.40%	0.40%	0.36%	0.04%	1.37%	0.44%	2.57%	0.68%	1.07%
Weighted-Average OLTV Ratio	76%	74%	76%	75%	76%	78%	76%	107%	90%	78%	86%	77%
OLTV Ratio > 95%	7%	6%	9%	7%	6%	9%	7%	100%	41%	12%	30%	10%
Amortized OLTV Ratio ⁽¹⁰⁾	67%	50%	62%	62%	71%	75%	76%	96%	88%	69%	70%	70%
Weighted-Average Mark-to-Market LTV Ratio ⁽¹¹⁾	57%	35%	57%	48%	64%	71%	75%	77%	82%	59%	50%	60%
Weighted-Average FICO Credit Score ⁽³⁾	746	700	696	752	745	741	749	725	737	647	730	733
FICO Credit Score < 680 ⁽³⁾	11%	36%	38%	9%	10%	12%	7%	19%	11%	100%	21%	15%
Fixed-rate	98%	89%	93%	98%	98%	98%	100%	100%	100%	99%	99%	98%

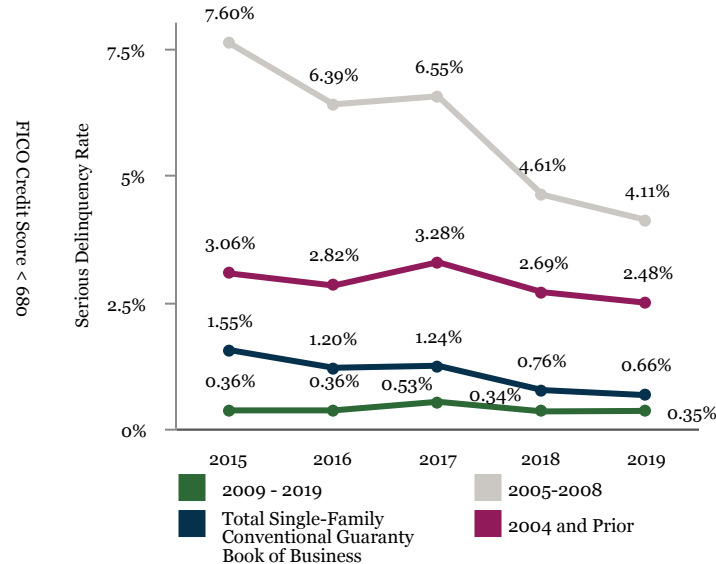
Mark-to-Market Loan-to-Value (MTMLTV) Ratio⁽¹¹⁾



FICO Credit Score⁽³⁾

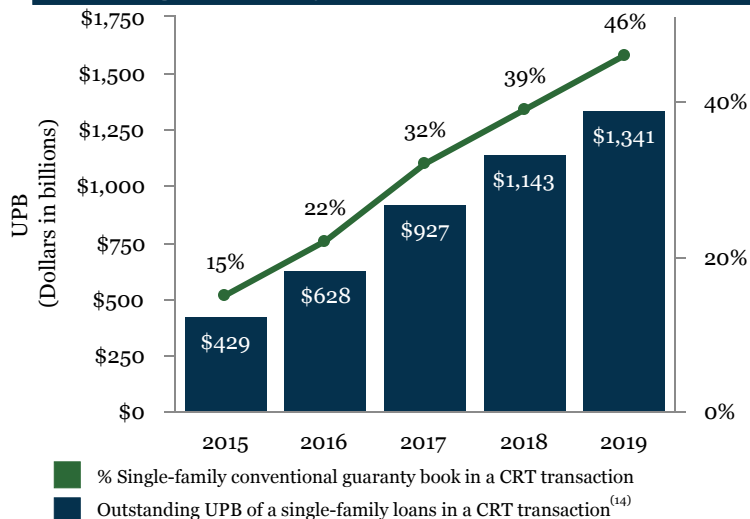


Serious Delinquency Rate by Vintage⁽⁹⁾



Single-Family Credit Risk Transfer

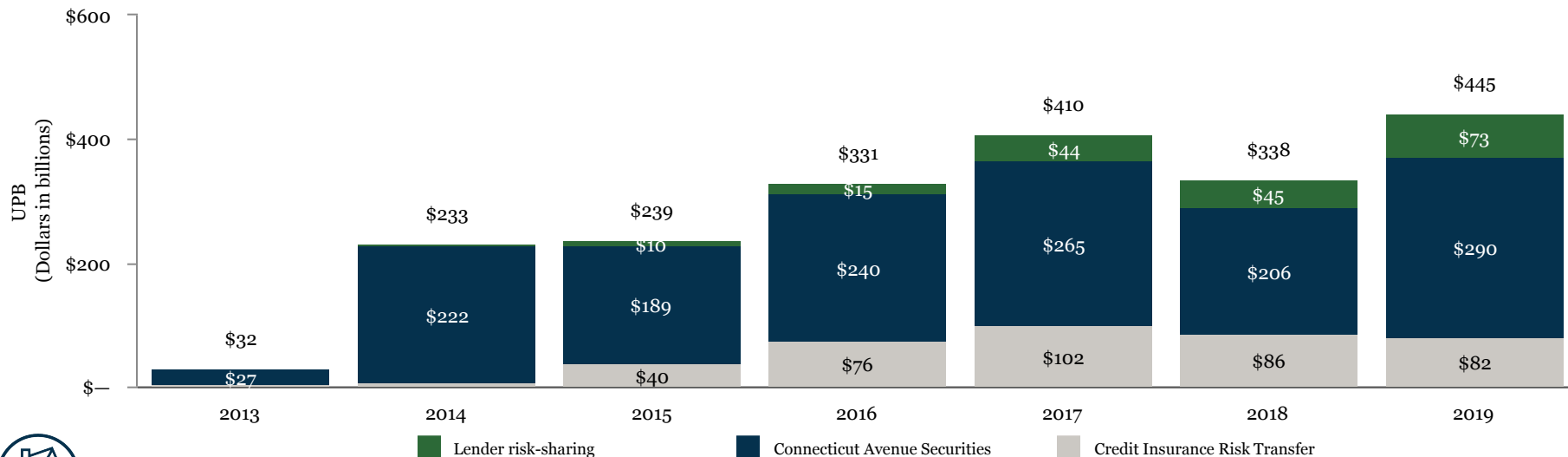
Single-Family Credit Risk Transfer



Single-Family Loans with Credit Enhancement

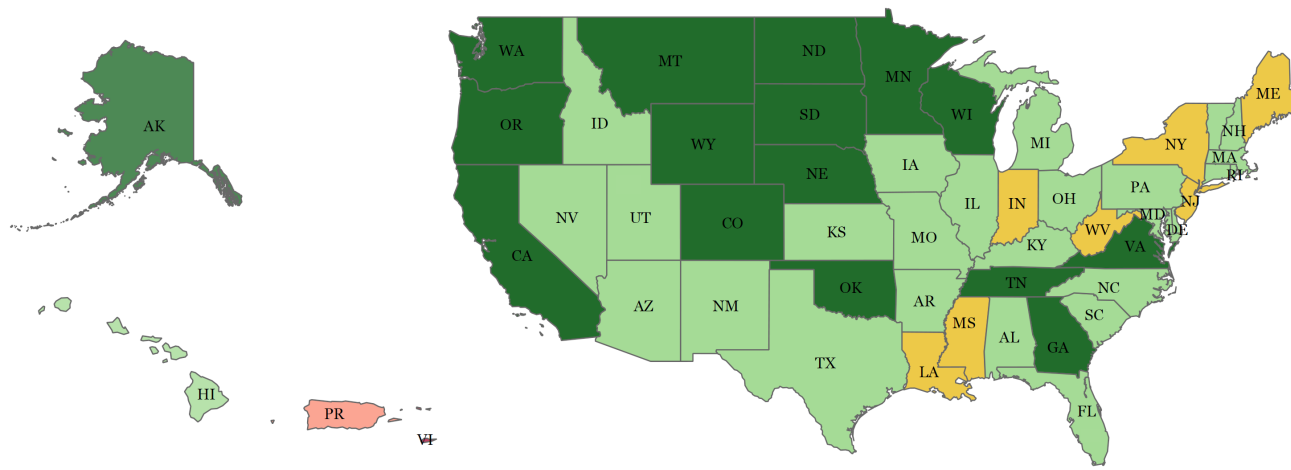
Credit Enhancement Outstanding UPB (dollars in billions)	2017		2018		2019	
	Outstanding UPB	% of Book ⁽¹⁵⁾ Outstanding	Outstanding UPB	% of Book ⁽¹⁵⁾ Outstanding	Outstanding UPB	% of Book ⁽¹⁵⁾ Outstanding
Primary mortgage insurance & other ⁽¹²⁾	\$566	20%	\$618	21%	\$653	22%
Connecticut Avenue Securities ⁽¹³⁾	\$681	24%	\$798	27%	\$919	31%
Credit Insurance Risk Transfer ⁽¹⁴⁾	\$181	6%	\$243	8%	\$275	10%
Lender risk-sharing ⁽¹³⁾	\$65	2%	\$102	4%	\$147	5%
(Less: loans covered by multiple credit enhancements)	(\$335)	(12)%	(\$394)	(13)%	(\$438)	(15)%
Total single-family loans with credit enhancement	\$1,158	40%	\$1,367	47%	\$1,556	53%

Single-Family Credit Risk Transfer Issuance



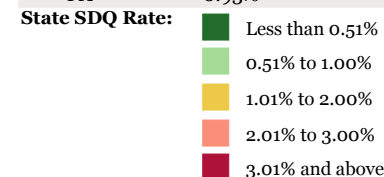
Single-Family Problem Loan Statistics

Single-Family Serious Delinquency Rate by State as of December 31, 2019⁽⁹⁾

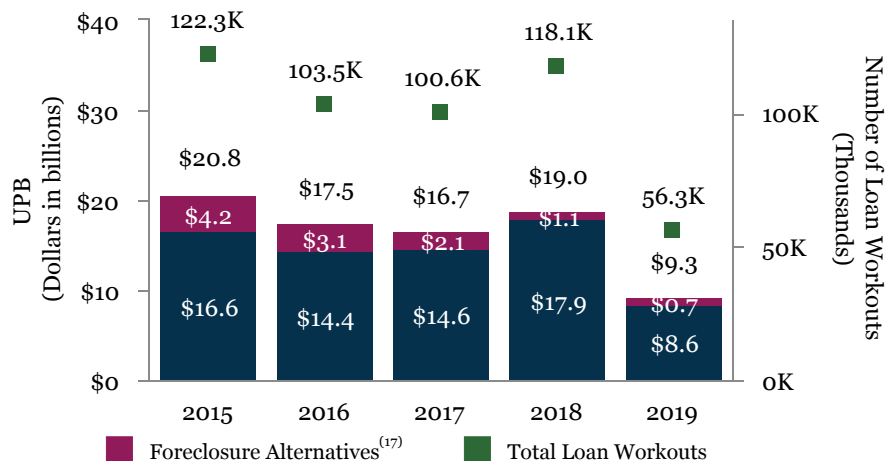


Top 10 States by UPB

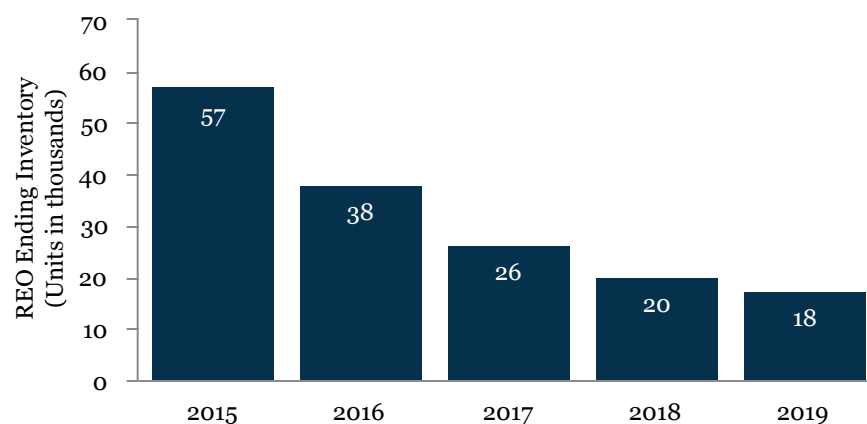
State	Serious Delinquency Rate ⁽⁹⁾	Average Months to Foreclosure ⁽¹⁶⁾
CA	0.32%	20
TX	0.56%	19
FL	0.84%	43
NY	1.18%	64
WA	0.33%	29
IL	0.91%	21
NJ	1.13%	39
VA	0.47%	15
CO	0.24%	16
PA	0.93%	24



Single-Family Loan Workouts



Single-Family REO Ending Inventory



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

% of Single-Family Conventional Guaranty Book of Business⁽¹⁵⁾

% of Single-Family Credit Losses⁽¹⁹⁾ For the Period Ended

Certain Product Features

Categories are not mutually exclusive

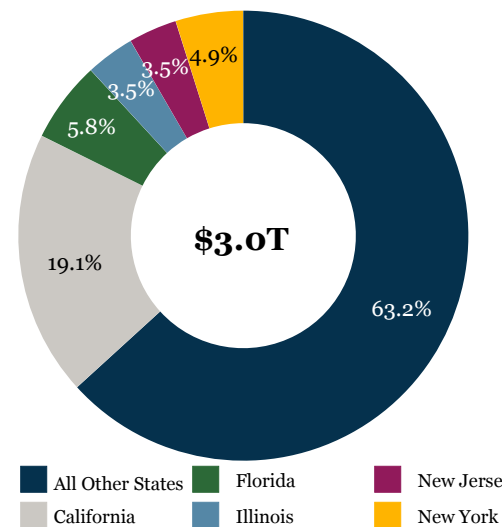
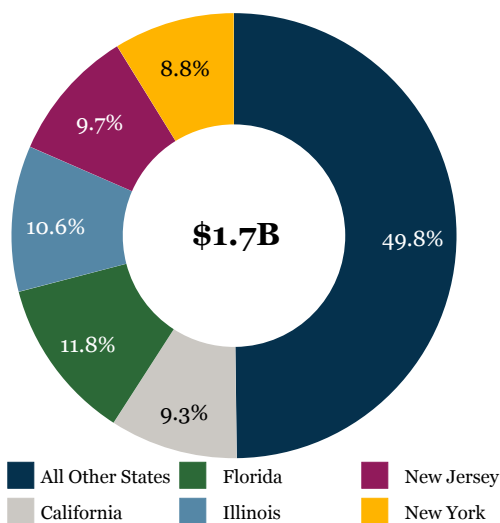
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Alt-A ⁽²⁰⁾	3.7%	3.1%	2.5%	1.9%	1.5%	29.3%	24.9%	21.9%	22.4%	16.6%
Interest-only	2.1%	1.7%	1.2%	0.8%	0.5%	18.0%	12.2%	15.7%	15.4%	11.5%
Origination LTV Ratio >95%	7.6%	6.9%	6.6%	6.8%	6.9%	11.1%	15.2%	16.9%	14.9%	16.0%
FICO Credit Score < 680 and OLTV Ratio > 95% ⁽³⁾	1.9%	1.7%	1.6%	1.4%	1.3%	6.2%	8.1%	8.7%	8.7%	9.4%
FICO Credit Score < 680 ⁽³⁾	12.7%	12.2%	11.8%	11.4%	10.5%	42.5%	48.7%	45.4%	46.3%	43.1%
Refi Plus including HARP	17.6%	15.4%	13.2%	11.4%	9.5%	7.8%	14.0%	15.9%	13.2%	15.8%

Vintage

	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
2009 - 2019	85%	87%	90%	92%	94%	10%	19%	23%	20%	27%
2005 - 2008	10%	8%	6%	5%	4%	78%	65%	65%	66%	61%
2004 & Prior	5%	5%	4%	3%	2%	12%	16%	12%	14%	12%

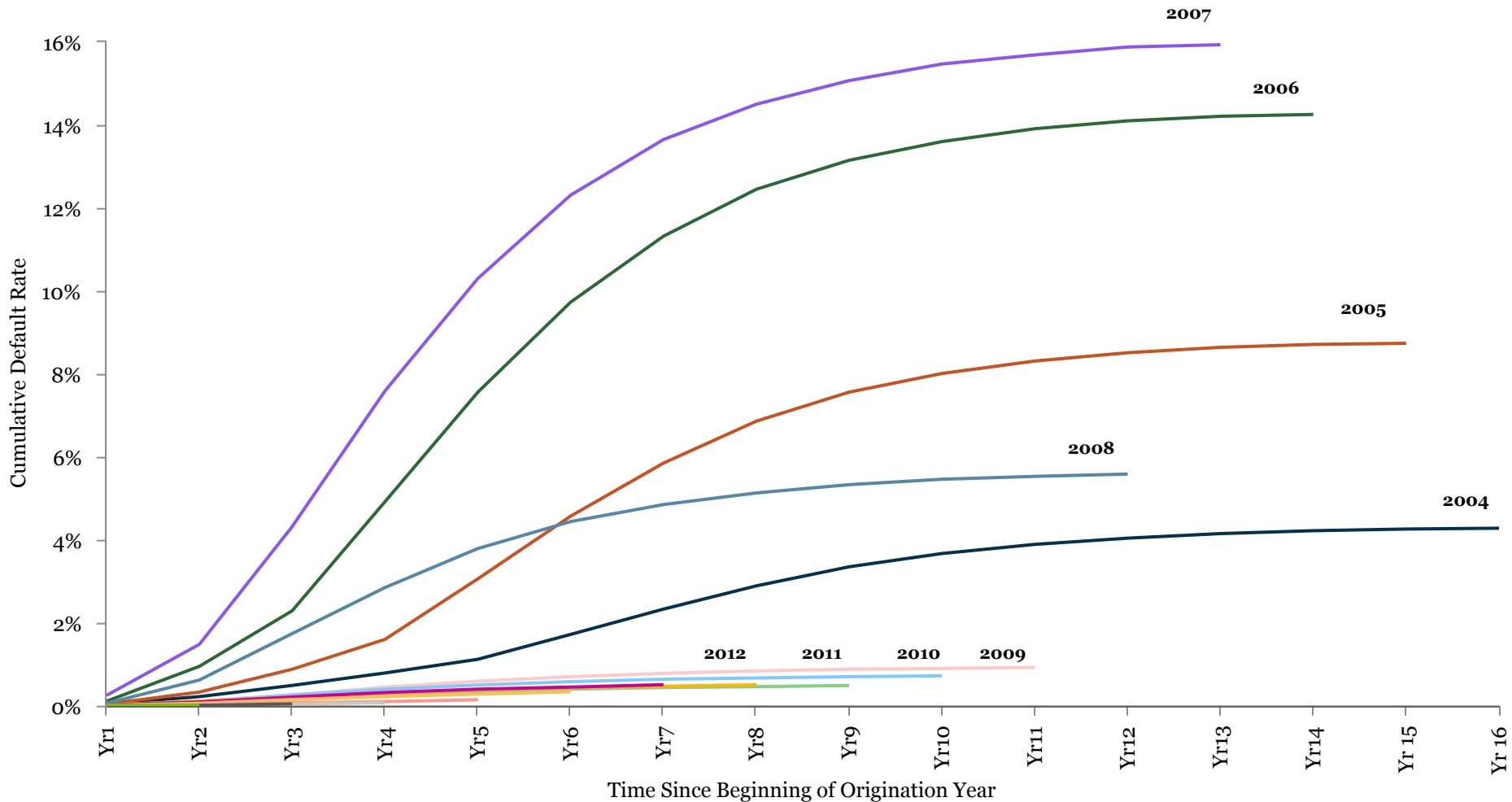
% of 2019 Single-Family Credit Losses by State⁽¹⁹⁾⁽²¹⁾

% of Single-Family Conventional Guaranty Book of Business by State as of December 31, 2019



Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Year⁽²²⁾



* As of December 31, 2019, cumulative default rates on the loans originated in each individual year from 2009-2019 were less than 1%



Multifamily Business



Multifamily Highlights

2019

\$2,949M
Net interest income

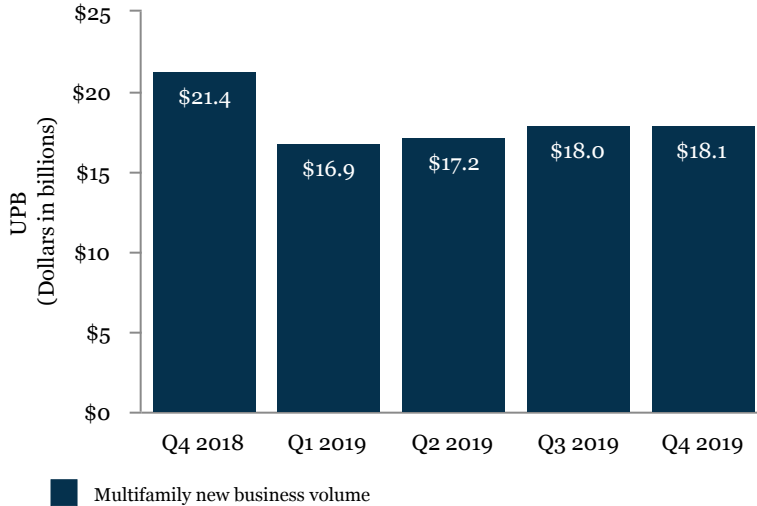
\$723M
Fee and other income

\$2M
Fair value gains, net

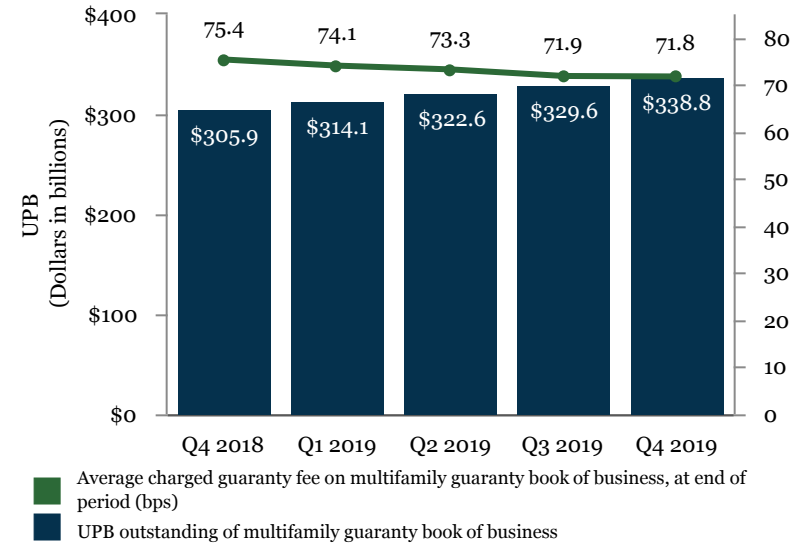
\$(19)M
Credit-related expense

\$2,323M
Net income

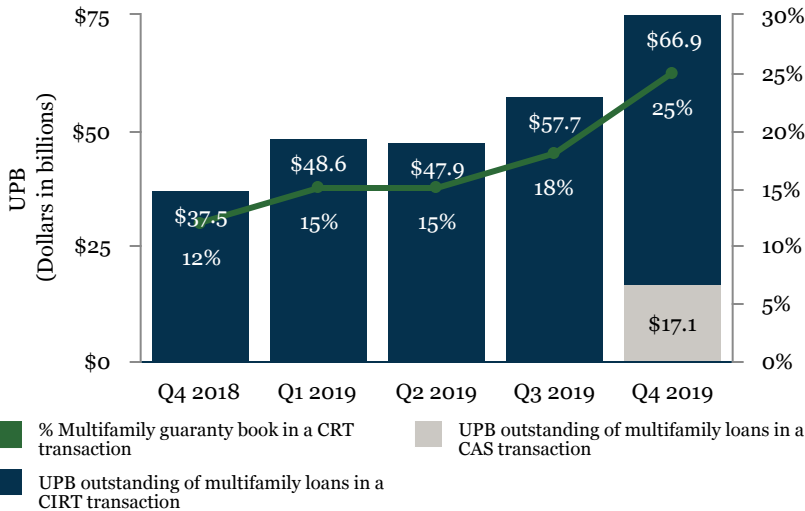
Multifamily Loan Acquisitions



Multifamily Guaranty Book of Business⁽¹⁾



Multifamily Credit Risk Transfer



Key Highlights

- Multifamily net income was \$2.3 billion in 2019, compared with \$2.2 billion in 2018. The increase in net income in 2019 was attributable primarily to an increase in yield maintenance revenue driven by higher prepayment volumes and an increase in guaranty fee income as a result of growth on our multifamily guaranty book of business, partially offset by a decrease in charged guaranty fees on the multifamily guaranty book.
- We enhanced our multifamily risk transfer capabilities through our first MCAS transaction in the fourth quarter of 2019, while remaining committed to lender risk-sharing through our DUS program. These and other multifamily credit enhancements through 2019 have reduced our conservatorship capital requirement for credit risk on multifamily loans acquired in 2018 by more than 70%.

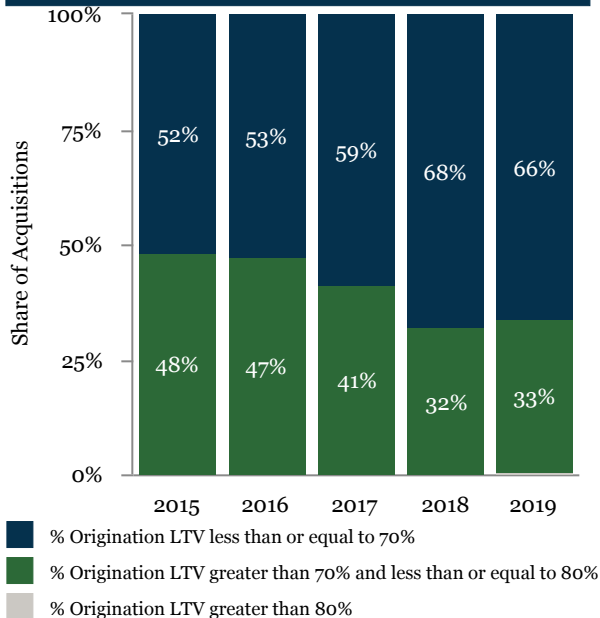


Certain Credit Characteristics of Multifamily Loan Acquisitions

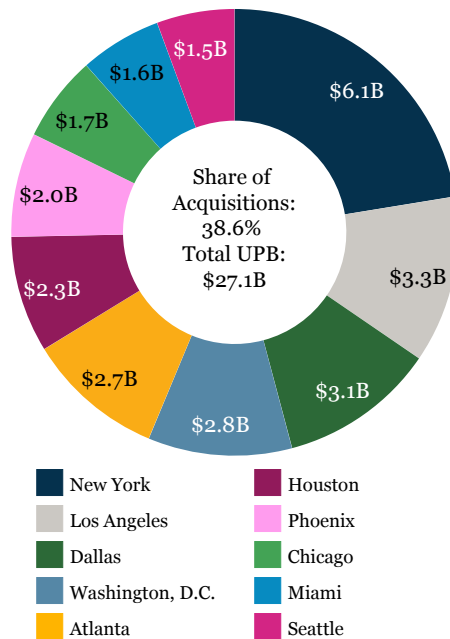
Certain Credit Characteristics of Multifamily Loans by Acquisition Period⁽¹⁾

Categories are not mutually exclusive	2015	2016	2017	2018	2019
Total UPB (Dollars in billions)	\$42.4	\$55.3	\$67.1	\$65.4	\$70.2
Weighted Average OLTV Ratio	68%	68%	67%	65%	66%
Loan Count	2,869	3,335	3,861	3,723	4,113
% Lender Recourse ⁽²⁾	99%	99%	100%	100%	100%
% DUS ⁽³⁾	99%	99%	98%	99%	100%
% Full Interest-Only	20%	23%	26%	33%	33%
Weighted Average OLTV Ratio on Full Interest-Only Acquisitions	58%	57%	58%	58%	59%
Weighted Average OLTV Ratio on Non-Full Interest-Only Acquisitions	70%	71%	70%	68%	69%
% Partial Interest-Only ⁽⁴⁾	57%	60%	57%	53%	56%

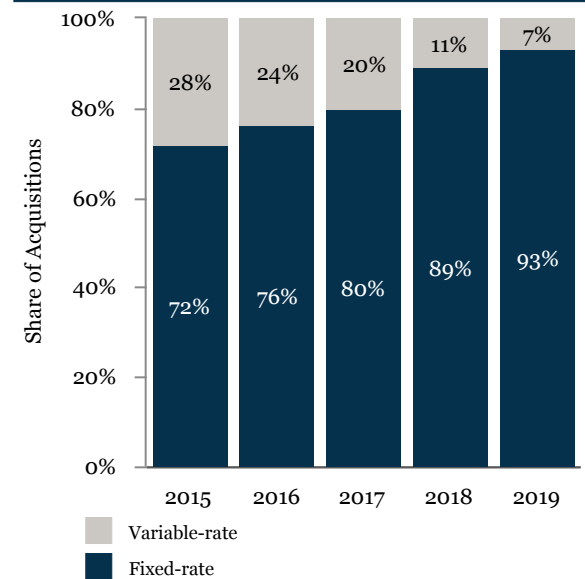
Origination Loan-to-Value Ratio⁽¹⁾



Top 10 MSAs by 2019 Acquisition UPB⁽¹⁾



Acquisitions by Note Type⁽¹⁾



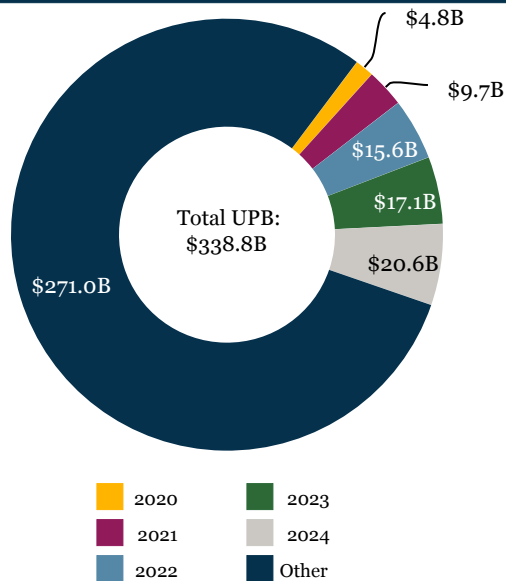
Certain Credit Characteristics of Multifamily Guaranty Book of Business

Certain Credit Characteristics of Multifamily Guaranty Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segment⁽¹⁾

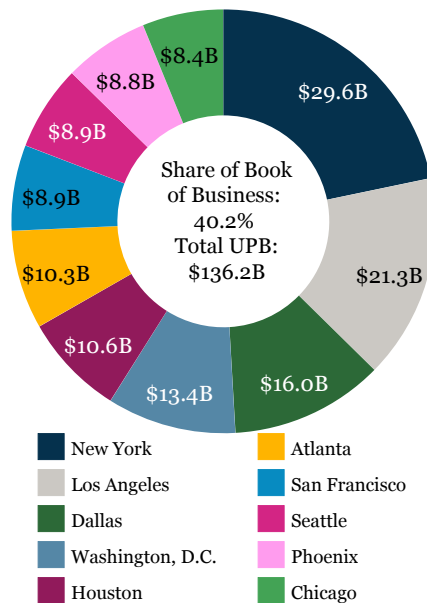
As of December 31, 2019

Categories are not mutually exclusive	Overall Book	Acquisition Year						Asset Class or Targeted Affordable Segment				
		2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	Conventional /Co-op ⁽³⁾	Seniors Housing ⁽⁵⁾	Student Housing ⁽⁵⁾	Manufactured Housing ⁽⁵⁾	Privately Owned with Subsidy ⁽⁶⁾
Total UPB (Dollars in billions)	\$338.8	\$4.2	\$6.7	\$132.6	\$61.1	\$64.0	\$70.2	\$295.5	\$17.4	\$13.7	\$12.2	\$38.5
% of Multifamily Book	100%	1%	2%	39%	18%	19%	21%	87%	5%	4%	4%	11%
Loan Count	27,303	839	3,338	11,954	3,438	3,622	4,112	24,809	690	651	1,153	3,667
Average UPB (\$M)	\$12.4	\$5.0	\$2.0	\$11.1	\$17.8	\$17.7	\$17.1	\$11.9	\$25.2	\$21.1	\$10.6	\$10.5
Weighted Average OLTV Ratio	66%	72%	66%	67%	67%	65%	66%	66%	66%	67%	67%	69%
Weighted Average DSCR ⁽⁷⁾	1.9	2.8	2.0	2.0	2.0	1.9	1.9	2.0	1.8	1.7	2.0	2.0
% Fixed rate	88%	12%	46%	91%	85%	90%	93%	90%	63%	84%	90%	76%
% Full Interest-Only	27%	26%	32%	20%	28%	34%	33%	29%	12%	24%	16%	24%
% Partial Interest-Only ⁽⁴⁾	51%	6%	13%	47%	56%	53%	56%	49%	54%	65%	59%	36%
% Small Balance Loans ⁽⁸⁾	48%	75%	92%	50%	29%	27%	34%	49%	13%	28%	51%	56%
% Lender Recourse ⁽²⁾	98%	97%	81%	97%	100%	100%	100%	98%	100%	99%	100%	97%
% DUS ⁽³⁾	98%	97%	85%	98%	97%	99%	100%	98%	98%	100%	100%	95%
Serious Delinquency Rate ⁽⁹⁾	0.04%	0.00%	0.23%	0.03%	0.09%	0.01%	0.00%	0.04%	0.05%	0.00%	0.00%	0.06%

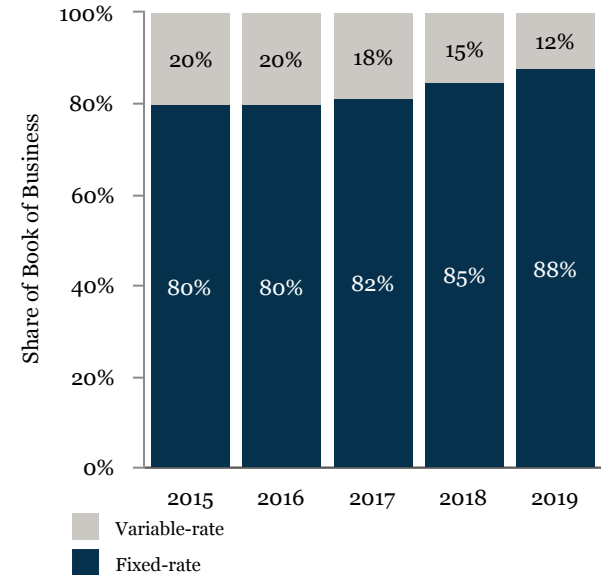
UPB by Maturity Year⁽¹⁾



Top 10 MSAs by UPB⁽¹⁾

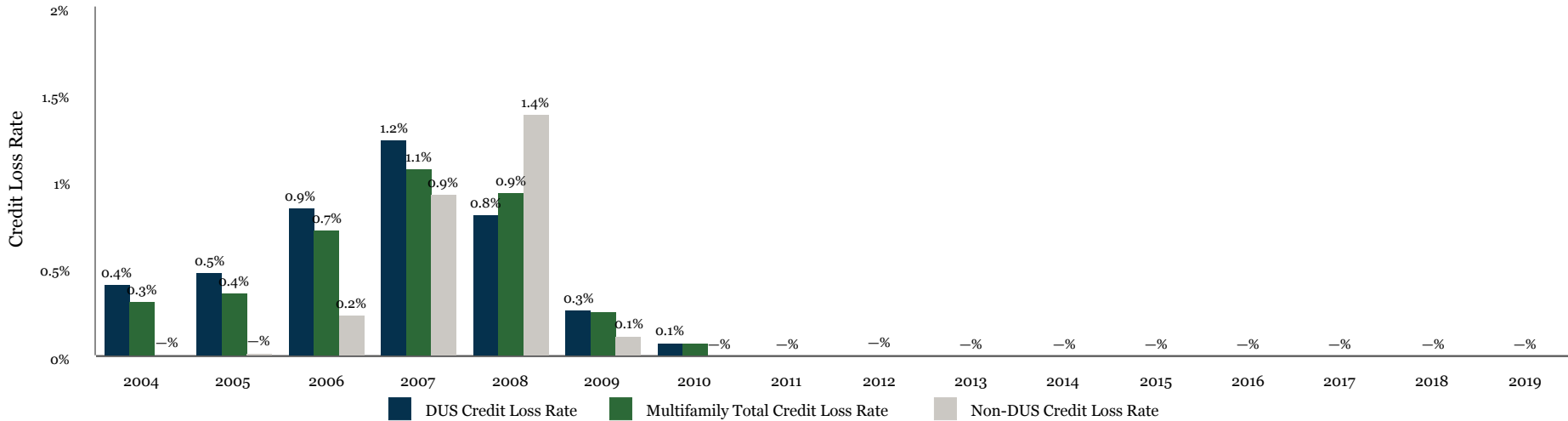


Multifamily Guaranty Book of Business by Note Type⁽¹⁾

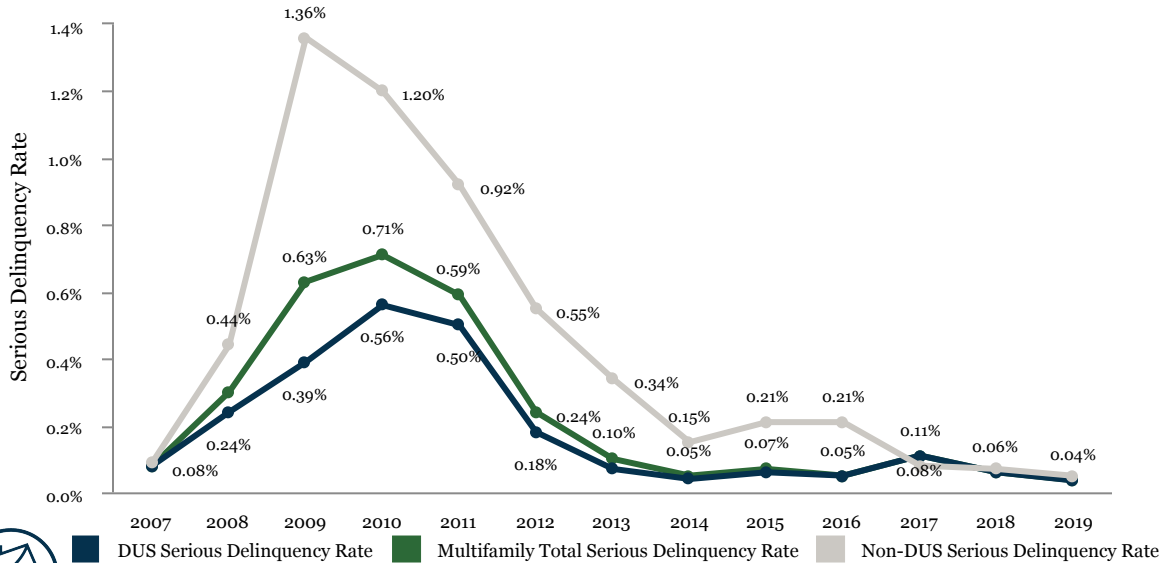


Multifamily Serious Delinquency Rates and Credit Losses

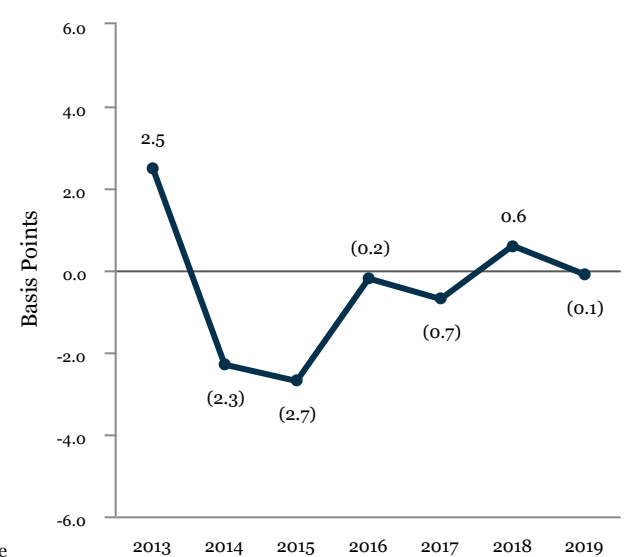
DUS/Non-DUS Cumulative Credit Loss Rates by Acquisition Year Through YTD 2019⁽³⁾⁽¹⁰⁾



Serious Delinquency Rates⁽³⁾⁽⁹⁾



Credit Loss (Benefit) Ratio⁽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) 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.
- (3) Source: Bureau of Economic Analysis. GDP growth rate for 2019 is the Advance Estimate published on January 30, 2020.
- (4) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of December 2019. 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 2019, and the top 10 states are reported by UPB in descending order.
- (5) Aggregate amount of dividends we have paid to Treasury on the senior preferred stock from 2008 through December 31, 2019. 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.
- (6) Aggregate amount of funds we have drawn from Treasury pursuant to the senior preferred stock purchase agreement from 2008 through December 31, 2019.



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 other than loans underlying Freddie Mac securities that Fannie Mae has resecuritized; 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) Represents the sum of the average guaranty fee rate for the company's single-family conventional guaranty arrangements during the period plus the recognition of any upfront cash payments relating to these guaranty arrangements over an estimated average life at the time of acquisition. 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.
- (3) FICO credit score is as of loan origination, as reported by the seller of the mortgage loan.
- (4) Excludes loans for which this information is not readily available. From time to time, we revise our 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 we report may be higher than borrowers' actual DTI ratios.
- (5) 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 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%.
- (6) "Refi Plus" refers to loans we acquired under our 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%.
- (7) 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.
- (8) 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 2019 single-family loan acquisitions with credit enhancements will increase in the future.
- (9) "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.
- (10) Amortized OLTV ratio is calculated based on the current UPB of a loan at period end, divided by the home price at origination of the loan.



Single-Family Business Endnotes

- (11) 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 we calculate using an internal valuation model that estimates periodic changes in home value. Excludes loans for which this information is not readily available.
- (12) 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.
- (13) 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.
- (14) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately \$7 billion at issuance and approximately \$3 billion outstanding as of December 31, 2019.
- (15) Based on the unpaid principal balance (UPB) of the single-family conventional guaranty book of business as of period end.
- (16) 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 2019. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.
- (17) 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.
- (18) 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.
- (19) 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.
- (20) For a description of our Alt-A loan classification criteria, refer to the glossary in Fannie Mae's 2019 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.
- (21) Total amount of single-family credit losses includes those not directly associated with specific loans. Single-family credit losses by state exclude the impact of recoveries that have not been allocated to specific loans.
- (22) 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, 2019 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. Data reflects the latest available information.
- (2) Represents the percentage of loans with lender risk-sharing agreements in place, measured by unpaid principal balance.
- (3) 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.
- (4) 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.
- (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) In Q1 2019, the DUS program updated the definition of small multifamily loans to any loan with an original unpaid balance of up to \$6 million nationwide. The updated definition has been applied to all loans in the current multifamily guaranty book of business, including loans that were acquired under the previous small loan definition.
- (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, 2019 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 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. Credit loss (benefit) ratio is annualized for the most recent period.

