Fannie Mae®

Financial Supplement
Q2 2020

July 30, 2020

- Some of the terms and other information in this presentation are defined and discussed more fully in our Form 10-Q for the quarter ended June 30, 2020 (“Q2 2020 Form 10-Q”) and Form 10-K for year ended December 31, 2019 ("2019 Form 10-K"). This presentation should be reviewed together with the Q2 2020 Form 10-Q, and the 2019 Form 10-K, which are 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 (i.e. 100%), or amounts shown as 100% may not reflect the entire population.
- Unless otherwise indicated "Q2 YTD 2020" data is as of June 30, 2020 or for the first six months of 2020. Data for prior years is as of December 31 or for the full year indicated.
- Note references are to endnotes, appearing on pages 24 to 28.
- Terms used in presentation

  CAS: Connecticut Avenue Securities®

  CIRT™: Credit Insurance Risk Transfer™

  CRT: credit risk transfer

  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 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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Overview

Our Mission, Our Response

Fannie Mae is working to help our people, our customers, the mortgage market, and those who rely on it to continue to operate and recover from the COVID-19 pandemic

People

- Nearly all employees working remotely; our business resiliency plans and technology systems continue to support the company-wide telework arrangement
- Continue to provide enhanced support for employees and families
- Continued to pay most contractors (e.g. cafeteria staff) and accelerated payments to identified small businesses

Customers

- Provided more than $453 billion in liquidity to the SF and MF mortgage markets from March through June 2020, including more than $241 billion through whole loan conduit, to support lenders, including community lenders
- Providing mortgage originators temporary flexibilities for employment verification, appraisals and more
- Limited the duration of P&I advances by SF servicers to four months

Homeowners and Renters

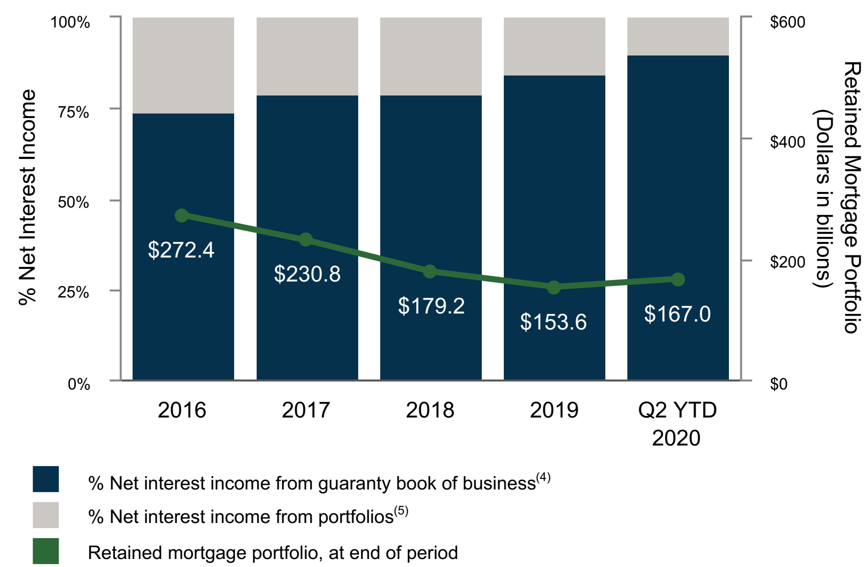
- Suspended foreclosures and foreclosure-related evictions for homeowners
- Providing mortgage payment relief through forbearance; at June 30, 2020 approximately 972,000 SF loans were in forbearance
- No late fees for homeowners in a forbearance plan
- Providing homeowners repayment plans, payment deferral and loan modification options to help them after forbearance period ends
- Homeowners who comply with their forbearance plan and were current prior to receiving COVID-19-related forbearance are reported as current to credit bureaus
- Offering MF borrowers mortgage forbearance with the condition that they suspend all renter evictions for nonpayment of rent
- Updated **KnowYourOptions.com** and launched **#HeretoHelp** educational effort to inform and explain options available to homeowners and renters

Corporate Financial Highlights

Summary of Q2 2020 Financial Results

(Dollars in millions)	Q2 2020	Q1 2020	Variance
Net interest income[1]	**$5,777**	$5,347	$430
Fee and other income	**90**	120	(30)
Net revenues	**5,867**	5,467	400
Investment gains (losses), net	**149**	(158)	307
Fair value losses, net	**(1,018)**	(276)	(742)
Administrative expenses	**(754)**	(749)	(5)
Provision for credit losses	**(12)**	(2,583)	2,571
Foreclosed property expense	**(10)**	(80)	70
Total credit-related income (expense)	**(22)**	(2,663)	2,641
TCCA fees	**(660)**	(637)	(23)
Credit enhancement expense[2]	**(360)**	(376)	16
Change in expected credit enhancement recoveries[3]	**273**	188	85
Other expenses, net	**(261)**	(218)	(43)
Income before federal income taxes	**3,214**	578	2,636
Provision for federal income taxes	**(669)**	(117)	(552)
Net income	**$2,545**	$461	$2,084
Total comprehensive income	**$2,532**	$476	$2,056

Sources of Net Interest Income and Retained Mortgage Portfolio Balance



Key Highlights

Fannie Mae reported net income of $2.5 billion for the second quarter of 2020, compared with net income of $461 million for the first quarter of 2020. The increase in net income was due primarily to a decline in credit-related expense in the second quarter of 2020 compared with the first quarter of 2020. The company's credit-related expense in the first quarter of 2020 was driven by a substantial increase in its allowance for loan losses due to the economic dislocation caused by the COVID-19 pandemic. The allowance for loan losses remained relatively flat in the second quarter of 2020.

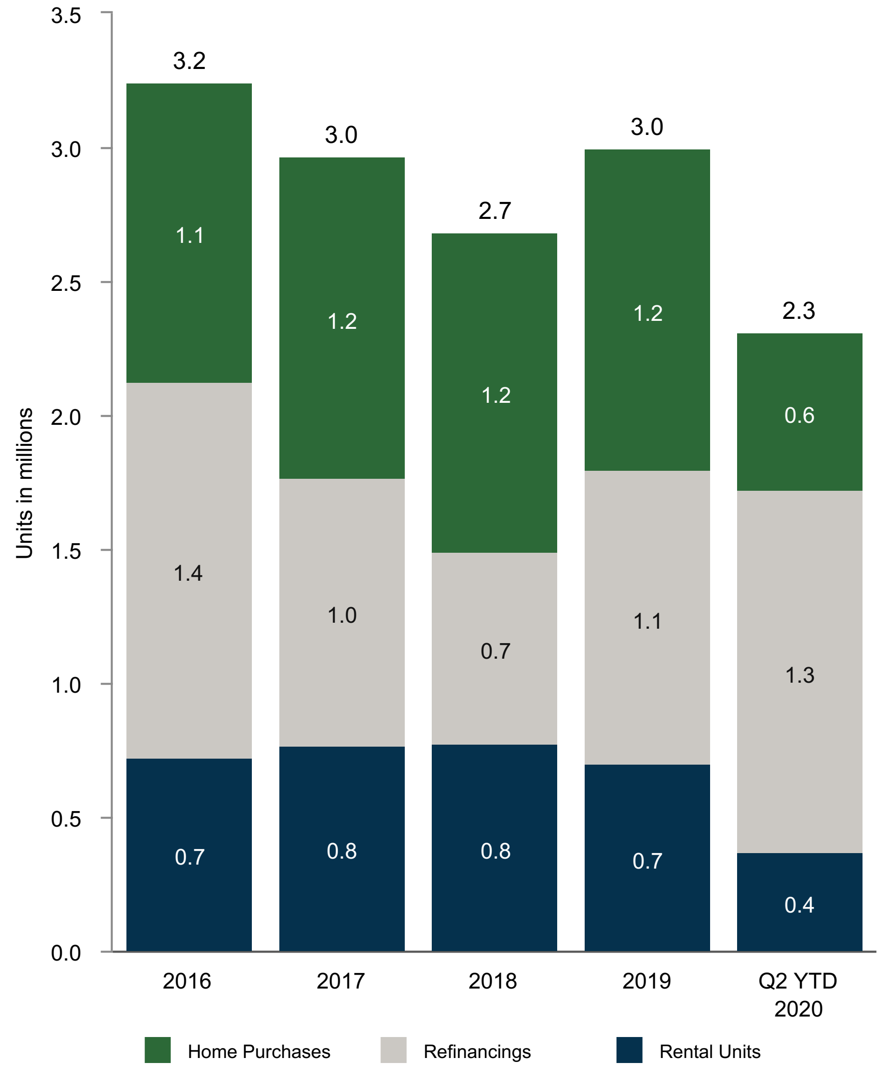
Market Liquidity

Key Highlights:
Liquidity Provided in Q2 2020

Fannie Mae provided $371 billion in liquidity to the mortgage market in the second quarter of 2020, including $202 billion through its whole loan conduit, enabling the financing of approximately 1.5 million home purchases, refinancings, or rental units.

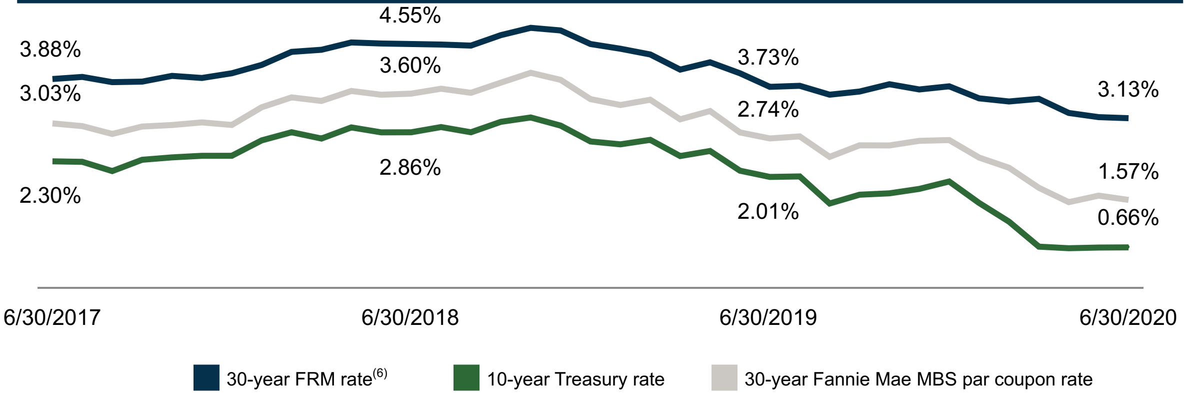
Unpaid Principal Balance	Units
$92B	337K Single-Family Home Purchases
$259B	913K Single-Family Refinancings
$20B	214K Multifamily Rental Units

Providing Liquidity to the Mortgage Market

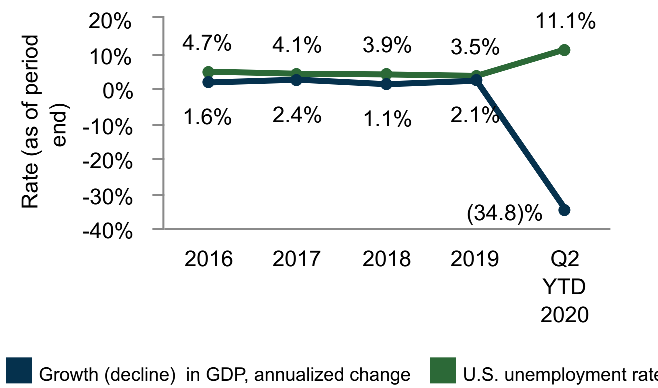


Key Market Economic Indicators

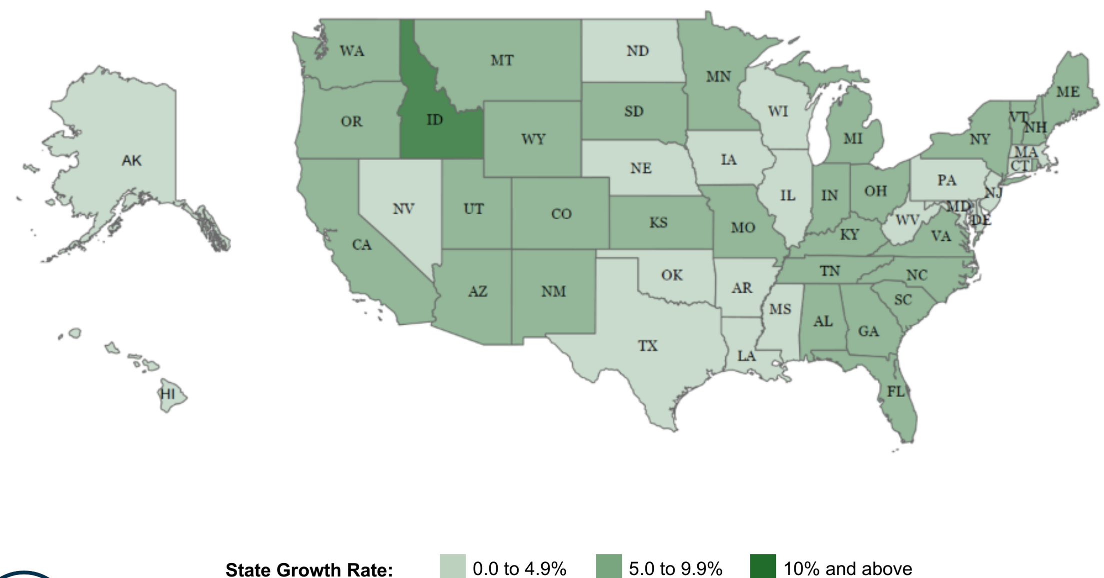
Benchmark Interest Rates



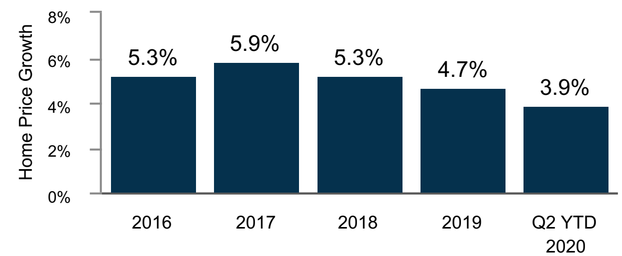
U.S. GDP Growth (Decline) Rate and Unemployment Rate[7]



One Year Home Price Growth Rate Q2 2020[8] United States 5.4%



Single-Family Home Price Growth Rate[8]

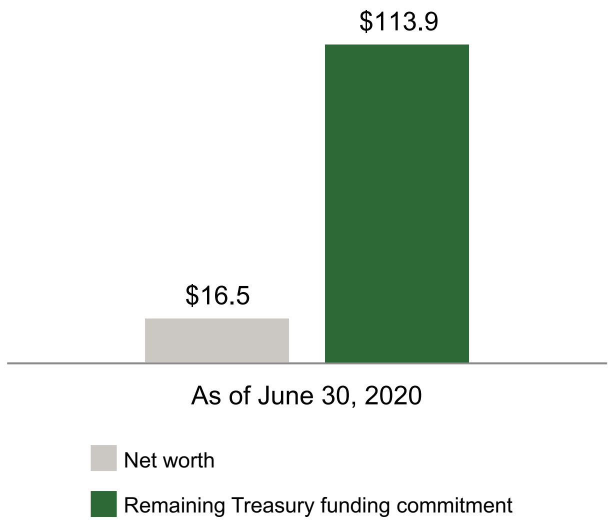


Top 10 States by UPB[8]

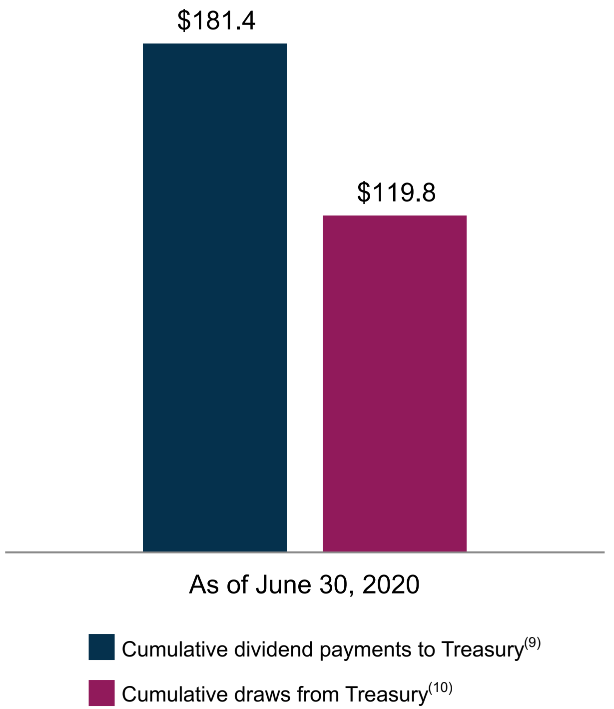
State	One Year Home Price Growth Rate Q2 2020	Share of Single-Family Conventional Guaranty Book
CA	5.05%	19.1%
TX	3.76%	6.6%
FL	6.07%	5.9%
NY	5.63%	4.7%
WA	8.18%	3.8%
IL	2.62%	3.5%
NJ	3.17%	3.4%
VA	5.29%	3.3%
CO	5.82%	3.3%
PA	4.89%	2.9%

Net Worth, Treasury Funding and Senior Preferred Stock Dividends

Net Worth and Treasury Funding Commitment (Dollars in billions)



Dividend Payments and Draws (Dollars in billions)



Single-Family Business

Single-Family Highlights

Q2 2020

$4,939M
Net interest income

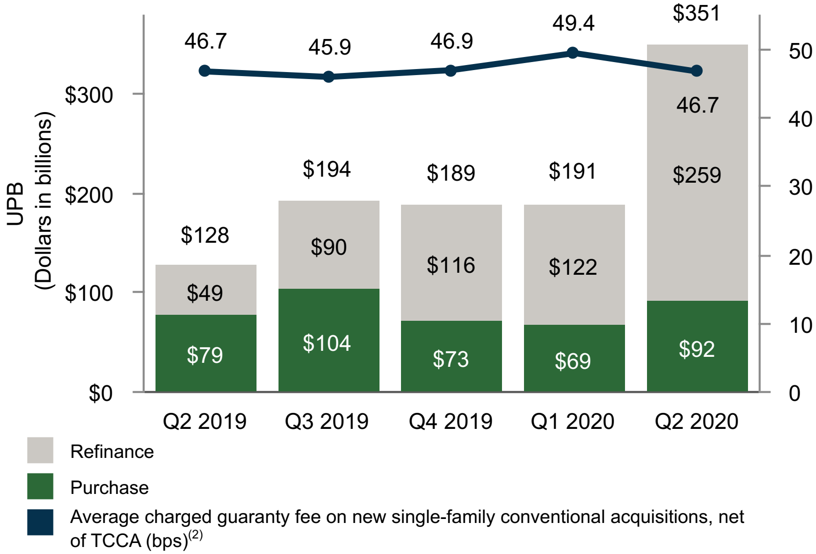
$96M
Investment gains, net

$(1,030)M
Fair value losses, net

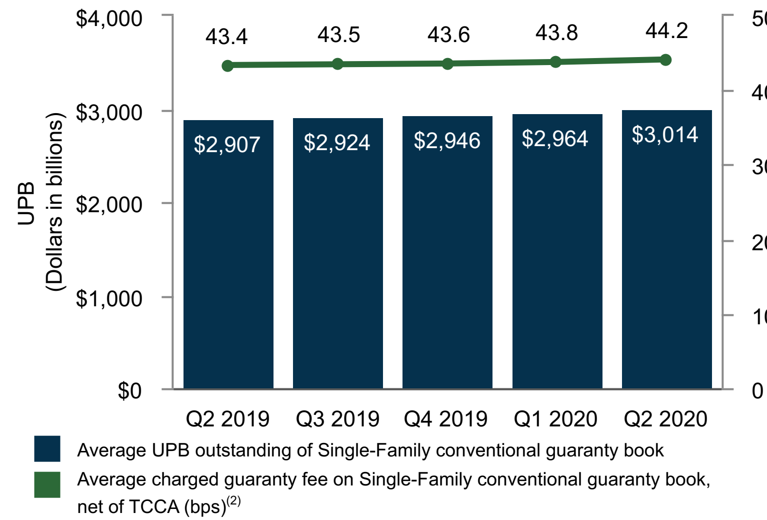
$216M
Credit-related income

$2,100M
Net income

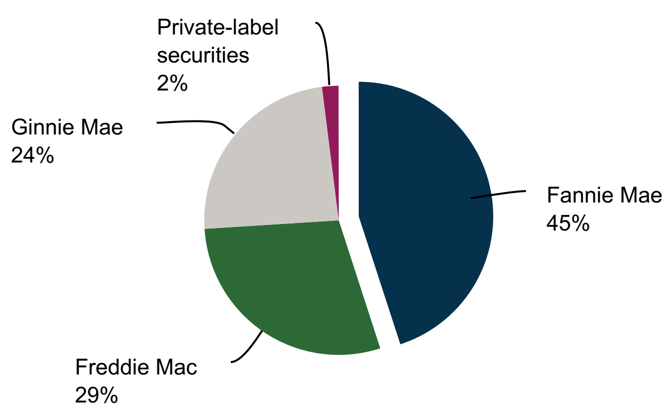
Single-Family Conventional Loan Acquisitions[1]



Single-Family Conventional Guaranty Book of Business[1]



Q2 2020 Market Share: New Single-Family Mortgage-Related Securities Issuances



Key Highlights

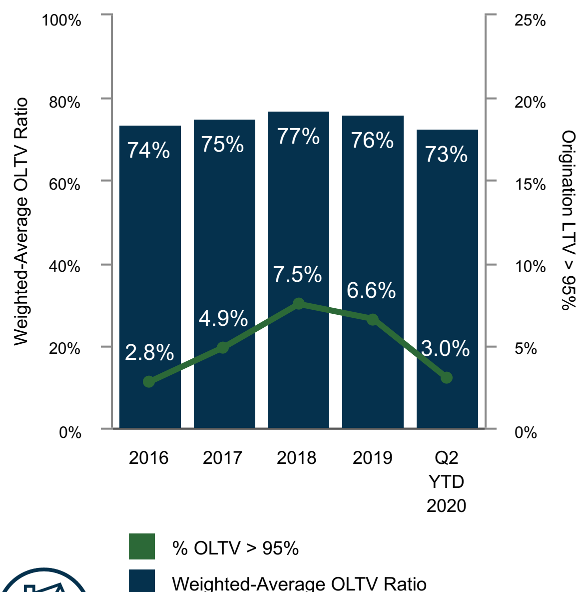
- The average single-family conventional guaranty book of business increased by $50 billion to more than $3 trillion during the second quarter of 2020.
- Single-family serious delinquency rate increased to 2.65% as of June 30, 2020 from 0.66% as of March 31, 2020, due to economic dislocation caused by the COVID-19 pandemic, which increased borrower participation in forbearance plans. Our single-family serious delinquency rate excluding loans in forbearance was 0.59% as of June 30, 2020.
- As of June 30, 2020, 5.7% of Fannie Mae's single-family guaranty book of business based on loan count were in forbearance, the vast majority of which were related to COVID-19; 25% of these loans in forbearance were still current.

Certain Credit Characteristics of Single-Family Conventional Loan Acquisitions

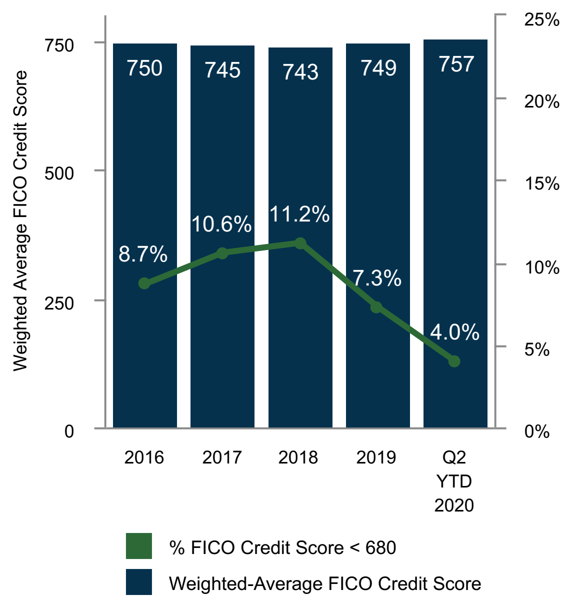
Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period / Q2 YTD 2020 Acquisition Credit Profile by Certain Loan Features

Categories are not mutually exclusive	Q2 2019	Q3 2019	Q4 2019	Full Year 2019	Q1 2020	Q2 2020	OLTV Ratio >95%	Home-Ready®[5]	FICO Credit Score < 680[3]	DTI Ratio > 43%[4]
Total UPB (Dollars in billions)	$128.1	$194.3	$188.5	$595.9	$190.5	**$351.3**	$15.7	$13.3	$25.2	$118.0
Weighted Average OLTV Ratio	78%	77%	74%	76%	74%	**72%**	97%	87%	72%	74%
OLTV Ratio > 95%	8%	7%	4%	7%	3%	**3%**	100%	31%	0%	3%
Weighted-Average FICO® Credit Score[3]	746	751	753	749	753	**759**	746	745	657	747
FICO Credit Score < 680[3]	8%	6%	6%	7%	6%	**4%**	1%	6%	100%	6%
DTI Ratio > 43%[4]	30%	26%	25%	28%	25%	**20%**	20%	39%	26%	100%
Fixed-rate	99%	100%	99%	99%	99%	**100%**	100%	99%	100%	100%
Owner Occupied	91%	93%	92%	92%	92%	**93%**	100%	100%	95%	91%
HomeReady®[5]	9%	7%	4%	7%	3%	**2%**	26%	100%	3%	4%

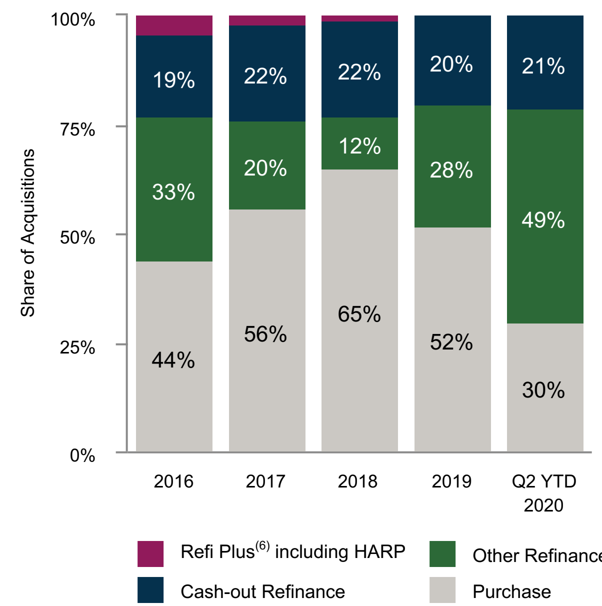
Origination Loan-to-Value Ratio



FICO Credit Score[3]



Acquisitions by Loan Purpose



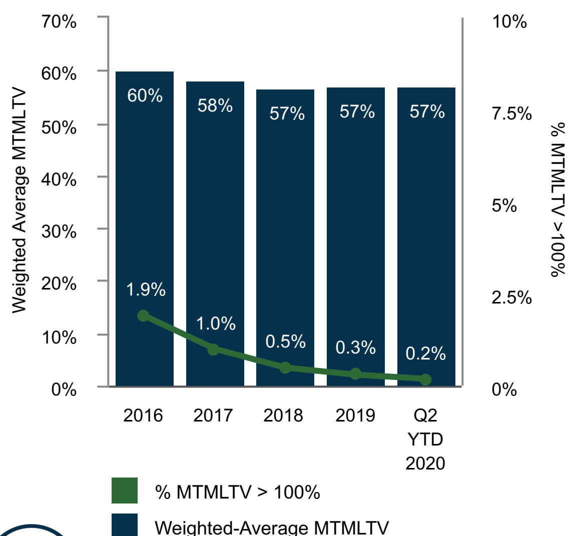
Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business

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

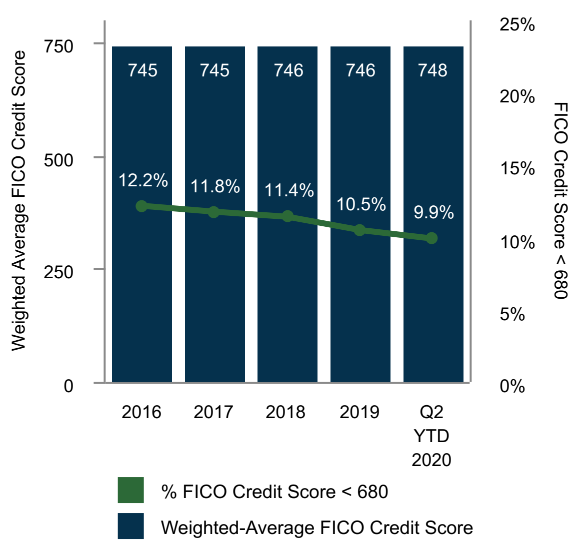
As of June 30, 2020

		Origination Year							Certain Loan Features				
Categories are not mutually exclusive	Overall Book	2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	2020	OLTV Ratio > 95%	Home-Ready®[5]	FICO Credit Score < 680[3]	Refi Plus Including HARP[6]	DTI Ratio > 43%[4]
Total UPB (Dollars in billions)	$3,052.1	$58.9	$97.0	$1,391.3	$298.9	$246.0	$493.2	$466.8	$194.5	$88.0	$302.4	$252.5	$707.8
Average UPB	$178,018	$68,292	$116,477	$154,100	$196,657	$200,661	$246,719	$278,465	$160,267	$180,947	$142,605	$123,737	$190,936
Share of Single-Family Conventional Guaranty Book	100%	2%	3%	46%	10%	8%	16%	15%	6%	3%	10%	8%	24%
Loans in Forbearance by UPB	6.7%	9.5%	15.0%	6.0%	8.5%	10.8%	7.9%	2.1%	9.6%	11.2%	14.2%	8.1%	11.5%
Share of Loans with Credit Enhancement[8]	49%	6%	15%	49%	69%	77%	55%	27%	77%	90%	45%	45%	51%
Serious Delinquency Rate[9]	2.65%	5.00%	8.37%	2.11%	3.07%	3.92%	2.47%	0.34%	4.35%	3.93%	6.95%	2.99%	4.53%
Weighted-Average OLTV Ratio	75%	74%	76%	75%	76%	78%	76%	72%	107%	89%	78%	86%	77%
OLTV Ratio > 95%	6%	6%	10%	7%	6%	10%	7%	3%	100%	40%	11%	30%	9%
Amortized OLTV Ratio[10]	67%	48%	62%	61%	70%	74%	75%	72%	95%	87%	68%	68%	69%
Weighted-Average Mark-to-Market LTV Ratio[11]	57%	34%	55%	46%	61%	68%	72%	72%	75%	80%	57%	48%	60%
Weighted-Average FICO Credit Score[3]	748	700	695	752	744	739	749	757	726	737	648	729	734
FICO Credit Score < 680[3]	10%	36%	39%	9%	11%	13%	7%	4%	18%	11%	100%	21%	14%

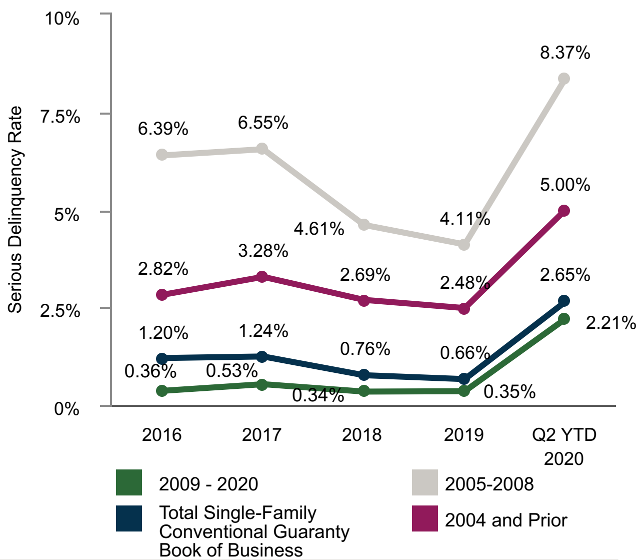
Mark-to-Market Loan-to-Value (MTMLTV) Ratio[11]



FICO Credit Score[3]

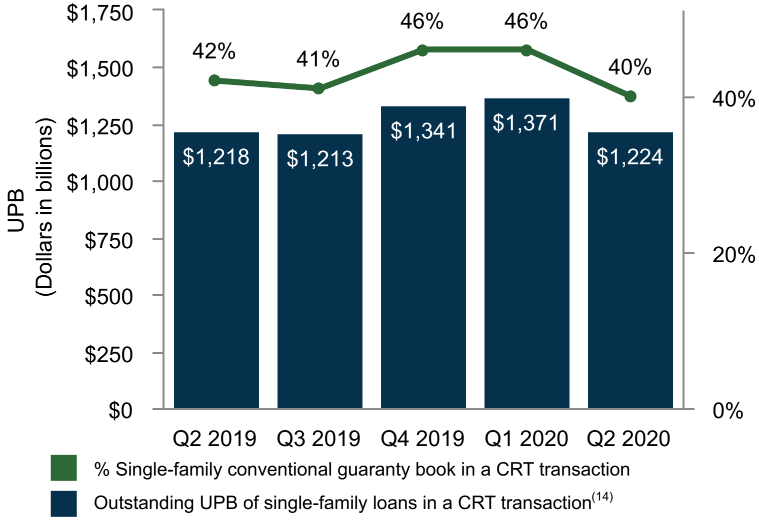


Serious Delinquency Rate by Vintage[9]



Single-Family Credit Risk Transfer

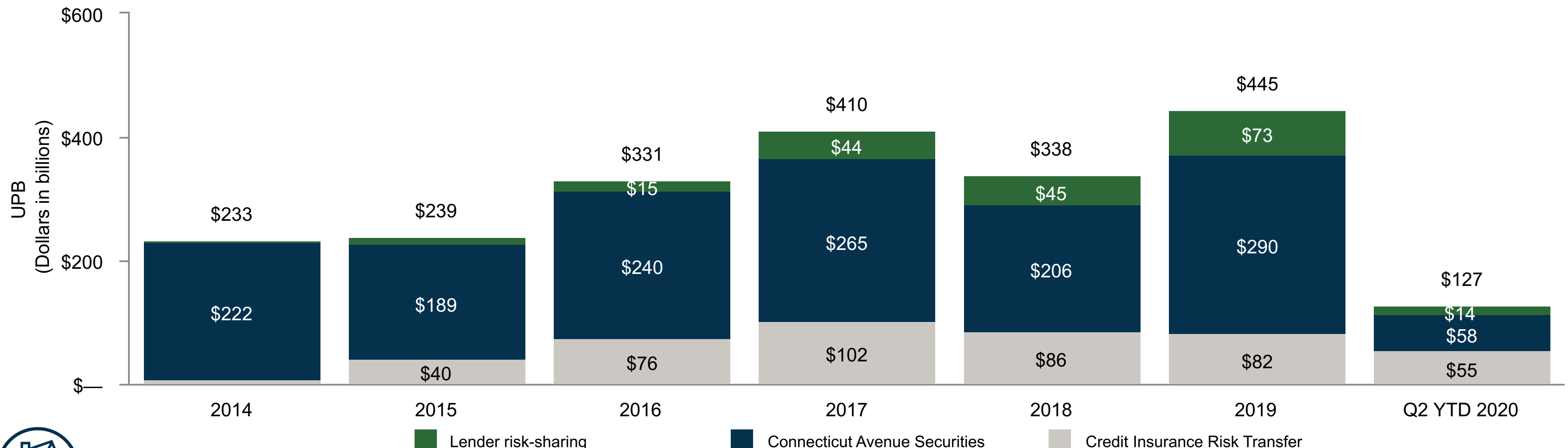
Single-Family Credit Risk Transfer



Single-Family Loans with Credit Enhancement

	2018		2019		Q2 YTD 2020	
Credit Enhancement **Outstanding UPB (dollars in billions)**	Outstanding UPB	% of Book[15] Outstanding	Outstanding UPB	% of Book[15] Outstanding	Outstanding UPB	% of Book[15] Outstanding
Primary mortgage insurance & other[12]	$618	21%	$653	22%	**$662**	**22%**
Connecticut Avenue Securities[13]	$798	27%	$919	31%	**$813**	**27%**
Credit Insurance Risk Transfer[14]	$243	8%	$275	10%	**$279**	**9%**
Lender risk-sharing[13]	$102	4%	$147	5%	**$132**	**4%**
(Less: loans covered by multiple credit enhancements)	($394)	(13)%	($438)	(15)%	**($394)**	**(13)%**
Total single-family loans with credit enhancement	$1,367	47%	$1,556	53%	**$1,492**	**49%**

Single-Family Credit Risk Transfer Issuance

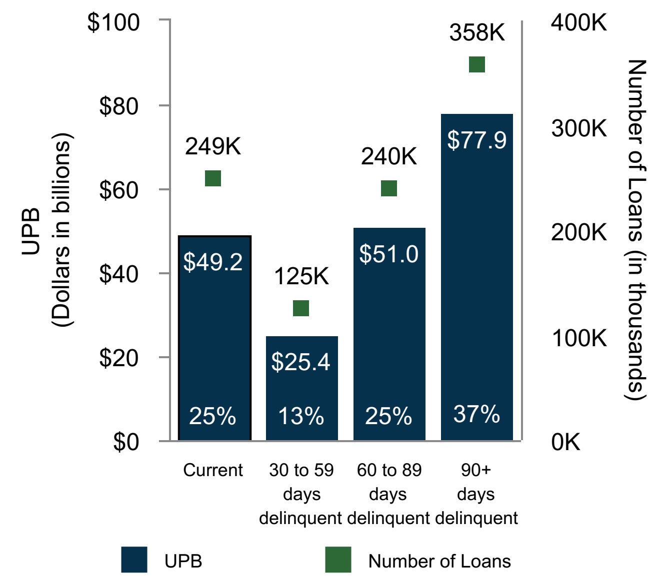


Single-Family Conventional Guaranty Book of Business in Forbearance

Top 10 States with Forbearance by UPB as of June 30, 2020

	Loans in Forbearance					Conventional Guaranty Book of Business[1]	
State	UPB (Dollars in millions)	% of State Conventional Book by UPB[16]	% of Total Conventional Book by UPB	Loan Count	% of Total Conventional Book by Loan Count	UPB (Dollars in millions)	Loan Count
Total	**$203,485**	**6.7%**	**6.7%**	**972,088**	**5.7%**	$3,052,111	17,144,993
CA	$42,749	7.3%	1.4%	145,950	0.9%	$581,748	2,300,819
FL	$18,177	10.2%	0.6%	95,791	0.6%	$178,997	1,109,371
NY	$17,914	12.4%	0.6%	67,884	0.4%	$144,778	724,566
TX	$14,834	7.4%	0.5%	82,848	0.5%	$200,199	1,230,393
NJ	$11,332	10.8%	0.4%	50,085	0.3%	$104,823	517,351
IL	$6,383	6.0%	0.2%	37,150	0.2%	$105,631	715,061
GA	$6,198	7.4%	0.2%	35,099	0.2%	$83,228	518,277
VA	$5,610	5.6%	0.2%	24,753	0.1%	$101,043	498,966
MD	$5,541	7.1%	0.2%	24,588	0.1%	$77,915	378,776
WA	$5,449	4.7%	0.2%	21,883	0.1%	$116,673	526,551

Delinquency Status of Loans in Forbearance as of June 30, 2020[25]

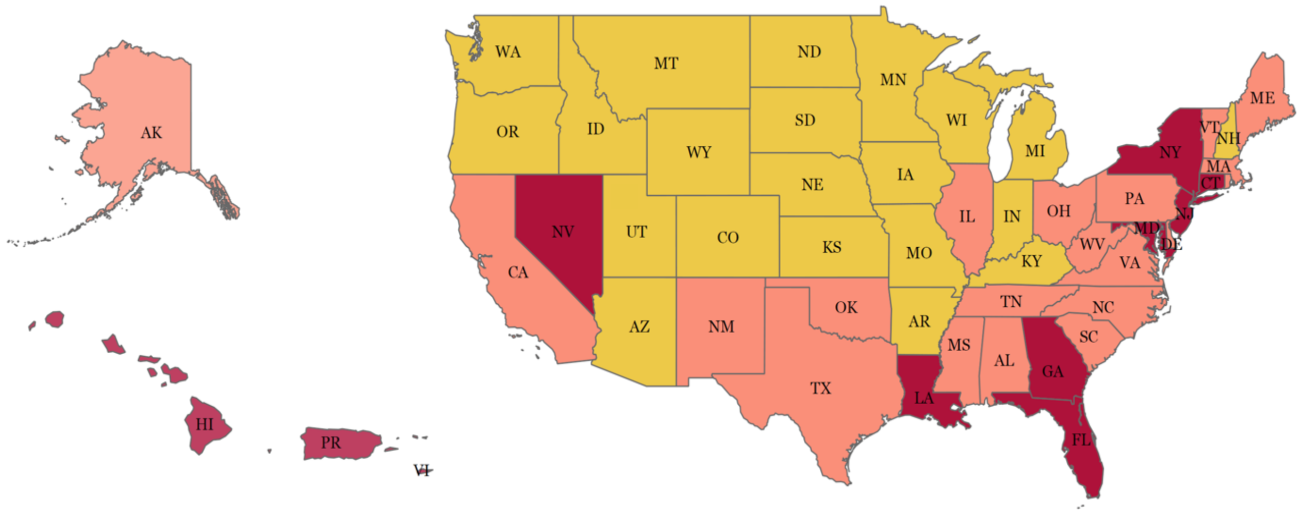


Certain Credit Characteristics of Single-Family Loans in Forbearance[17]

As of June 30, 2020		Origination Year						
Categories are not mutually exclusive	**Total**	2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	2020
Total UPB (Dollars in billions)	**$203.5**	$5.6	$14.6	$82.9	$25.5	$26.5	$38.8	$9.6
Average UPB	**$209,328**	$95,684	$162,690	$189,120	$233,919	$240,037	$284,652	$319,480
Share of Single-Family Conventional Guaranty Book based on UPB	**6.7%**	0.2%	0.5%	2.7%	0.8%	0.9%	1.3%	0.3%
MTMLTV Ratio >80% without Mortgage Insurance	**1.7%**	1.6%	11.1%	1.1%	0.7%	1.0%	1.0%	0.9%
DTI Ratio > 43%[4]	**40.0%**	33.8%	47.6%	33.4%	39.3%	52.6%	43.8%	39.9%
FICO Score < 680[3]	**21.1%**	47.7%	43.3%	18.7%	21.4%	23.4%	14.8%	10.6%
OLTV Ratio >95%	**9.1%**	7.7%	9.3%	9.6%	7.4%	11.4%	9.2%	3.8%

Single-Family Problem Loan Statistics

Single-Family Serious Delinquency Rate by State as of June 30, 2020[9]

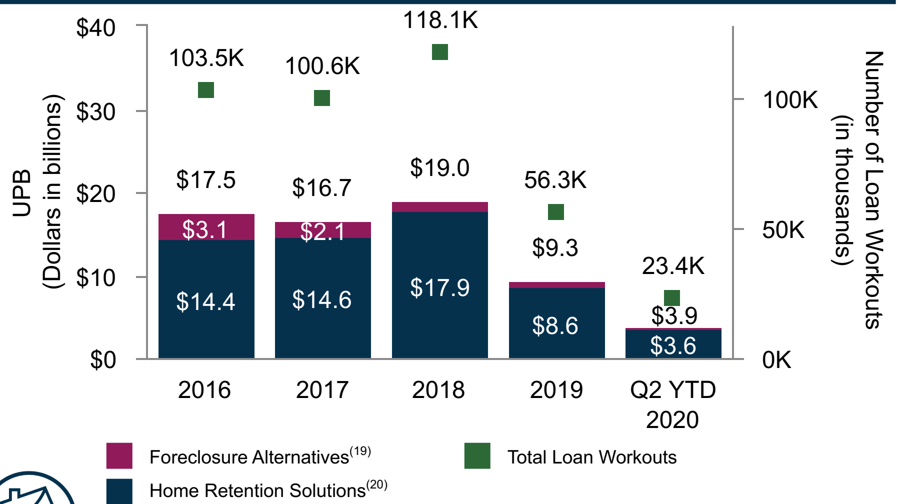


Top 10 States by UPB

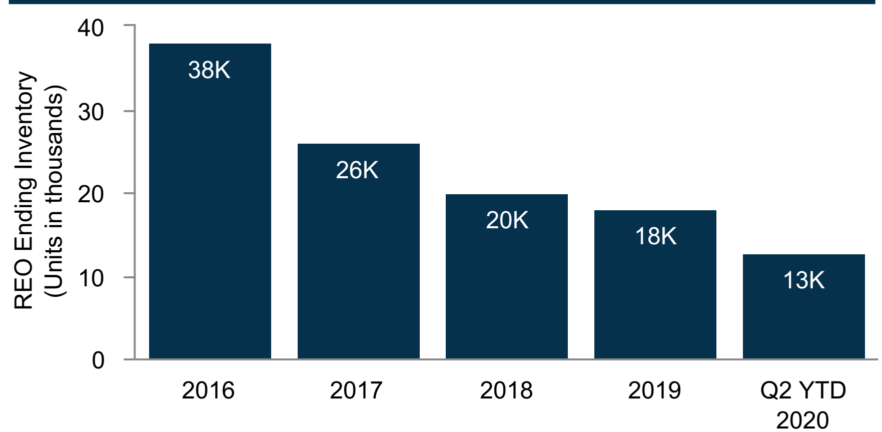
State	Serious Delinquency Rate[9]	Average Months to Foreclosure[18]
CA	2.54%	21
TX	2.80%	18
FL	3.98%	39
NY	4.96%	61
WA	1.70%	42
IL	2.71%	19
NJ	4.81%	29
VA	2.14%	16
CO	1.63%	11
PA	2.78%	23

State SDQ Rate:
- 1.01% to 2.00%
- 2.01% to 3.00%
- 3.01% and above

Single-Family Loan Workouts



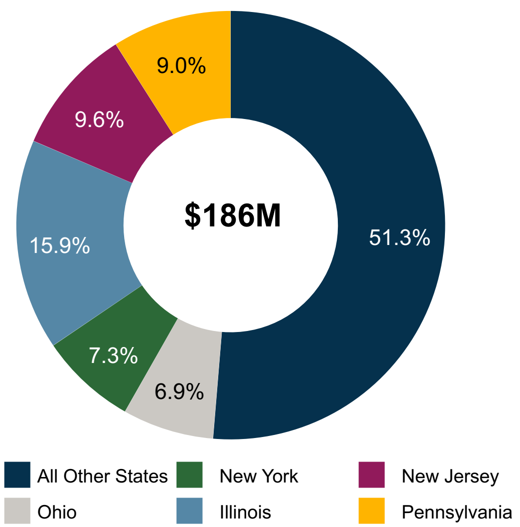
Single-Family REO Ending Inventory



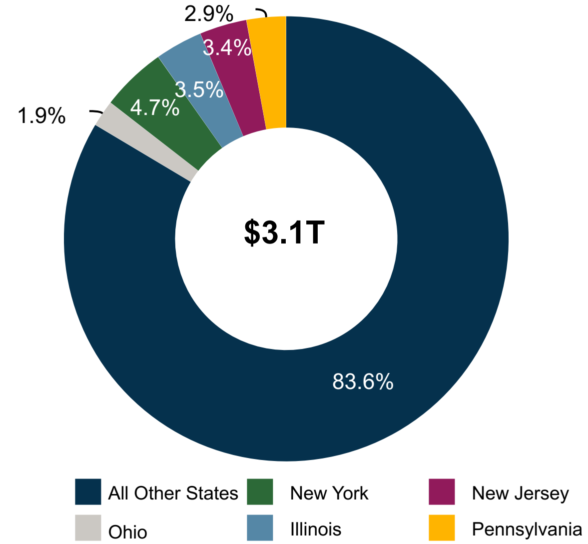
Credit Loss Concentration of Single-Family Conventional Guaranty Book of Business

Certain Product Features Categories are not mutually exclusive	% of Single-Family Conventional Guaranty Book of Business[15] 2016	2017	2018	2019	Q2 YTD 2020	% of Single-Family Credit Losses[21] For the Period Ended 2016	2017	2018	2019	Q2 YTD 2020
Credit losses by period (Dollars in millions)	$3,338	$2,963	$2,457	$1,719	**$186**	100.0%	100.0%	100.0%	100.0%	**100.0%**
Alt-A[22]	3.1%	2.5%	1.9%	1.5%	**1.3%**	24.9%	21.9%	22.4%	16.6%	**12.5%**
Interest-only	1.7%	1.2%	0.8%	0.5%	**0.4%**	12.2%	15.7%	15.4%	11.5%	**3.7%**
Origination LTV Ratio >95%	6.9%	6.6%	6.8%	6.9%	**6.4%**	15.2%	16.9%	14.9%	16.0%	**14.2%**
FICO Credit Score < 680 and OLTV Ratio > 95%[3]	1.7%	1.6%	1.4%	1.3%	**1.1%**	8.1%	8.7%	8.7%	9.4%	**7.6%**
FICO Credit Score < 680[3]	12.2%	11.8%	11.4%	10.5%	**9.9%**	48.7%	45.4%	46.3%	43.1%	**47.6%**
Refi Plus including HARP	15.4%	13.2%	11.4%	9.5%	**8.3%**	14.0%	15.9%	13.2%	15.8%	**26.9%**
Vintage	2016	2017	2018	2019	Q2 YTD 2020	2016	2017	2018	2019	Q2 YTD 2020
2009 - 2020	87%	90%	92%	94%	**95%**	19%	23%	20%	27%	**51%**
2005 - 2008	8%	6%	5%	4%	**3%**	65%	65%	66%	61%	**33%**
2004 & Prior	5%	4%	3%	2%	**2%**	16%	12%	14%	12%	**16%**

% of Q2 YTD 2020 Single-Family Credit Losses by State [21][23]

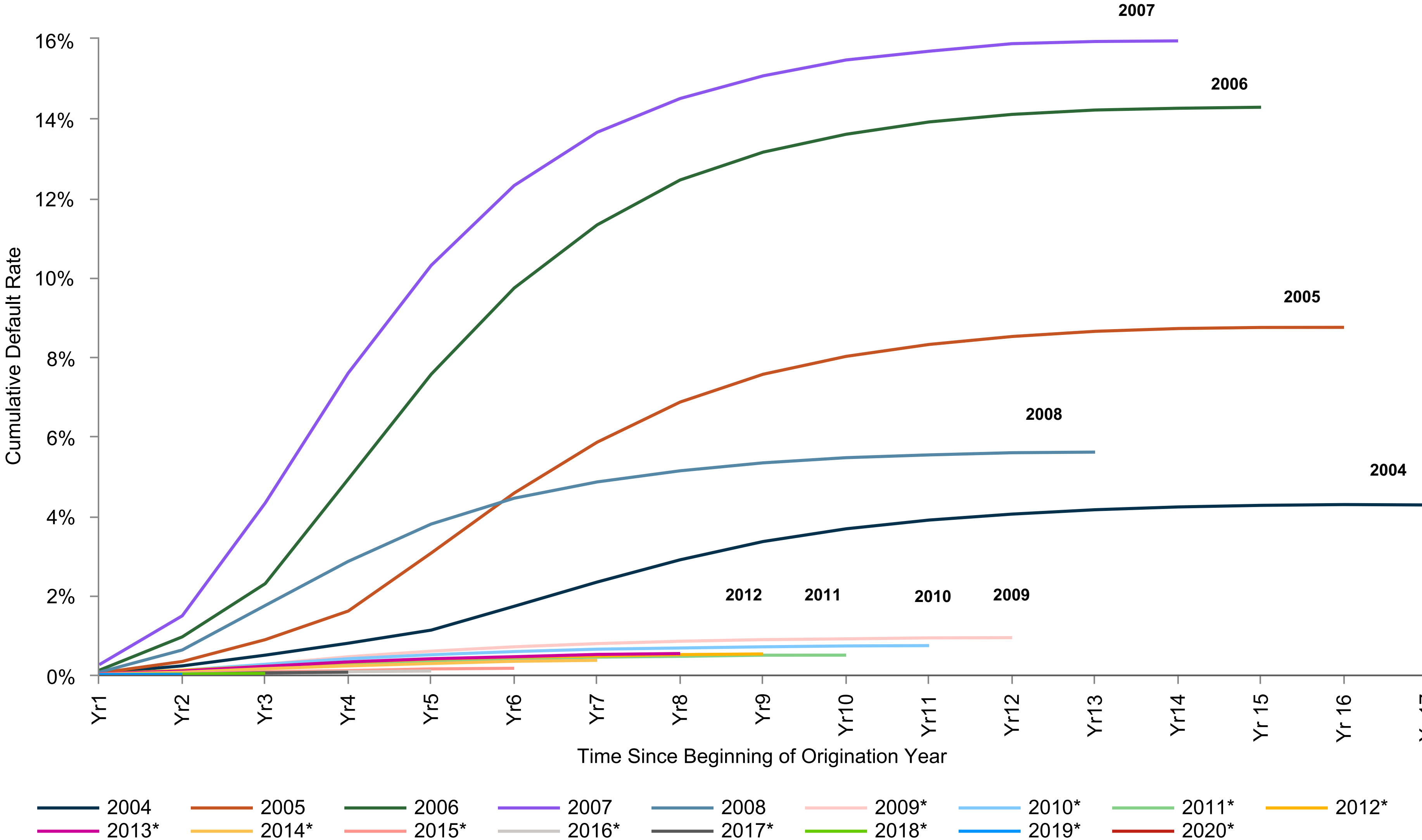


% of Single-Family Conventional Guaranty Book of Business by State as of June 30, 2020



Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Year(24)



* As of June 30, 2020, cumulative default rates on the loans originated in each individual year from 2009-2020 were less than 1%

Multifamily Business

Fannie Mae®

Multifamily Highlights

Q2 2020

$838M
Net interest income

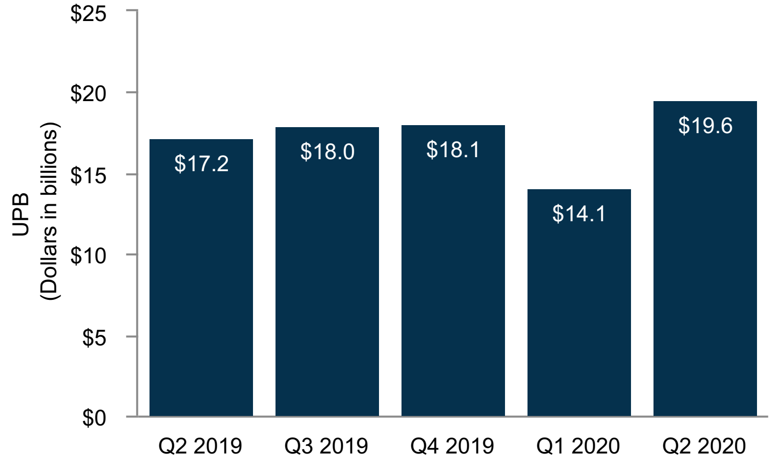
$19M
Fee and other income

$12M
Fair value gains, net

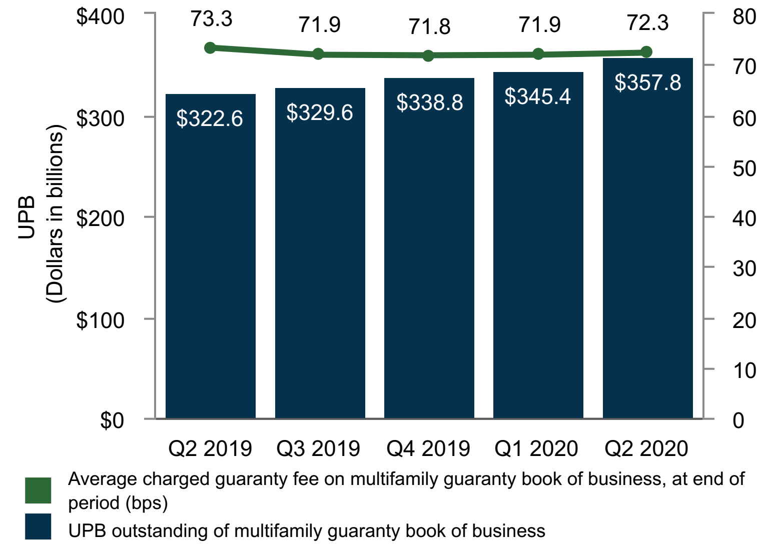
$(238)M
Credit-related expense

$445M
Net income

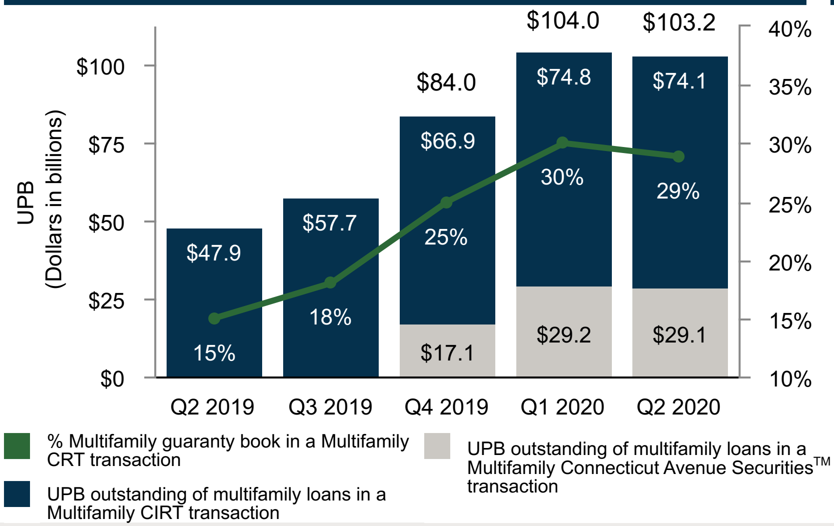
Multifamily New Business Volume



Multifamily Guaranty Book of Business[1]



Multifamily Credit Risk Transfer



Key Highlights

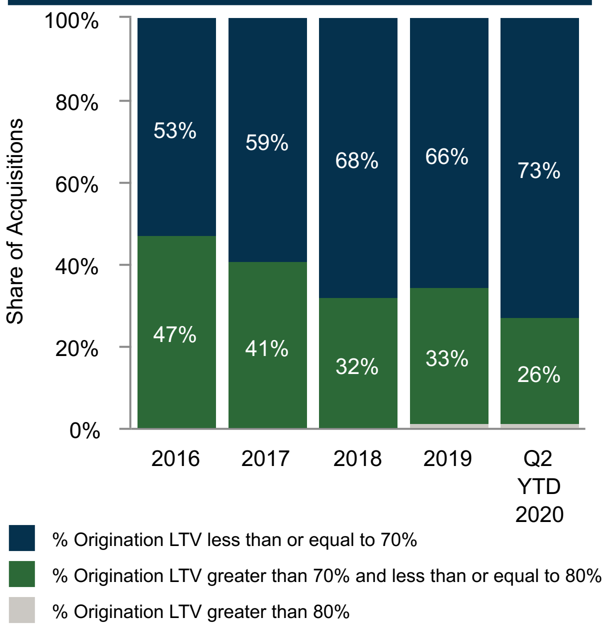
- Multifamily guaranty book of business increased by more than $12 billion during the second quarter of 2020 to nearly $360 billion.
- Multifamily serious delinquency rate increased to 1.00% as of June 30, 2020 from 0.05% as of March 31, 2020, due to the economic dislocation caused by the COVID-19 pandemic, which increased borrower participation in forbearance plans. Our multifamily serious delinquency rate excluding loans in forbearance was 0.09% as of June 30, 2020.
- As of June 30, 2020, based on unpaid principal balance, 1.2% of Fannie Mae's multifamily guaranty book of business was in forbearance, the vast majority of which were related to COVID-19. Seniors Housing loans, which constituted 5% of the company's multifamily guaranty book of business as of June 30, 2020, comprised nearly half of the total multifamily UPB of loans in forbearance.

Certain Credit Characteristics of Multifamily Loan Acquisitions

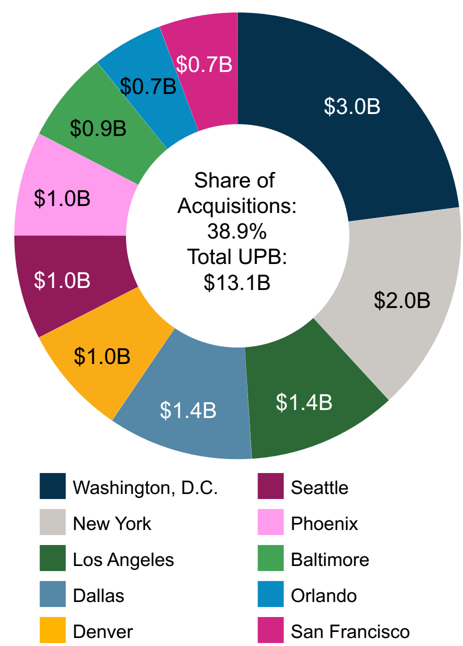
Certain Credit Characteristics of Multifamily Loans by Acquisition Period[1]

Categories are not mutually exclusive	2016	2017	2018	2019	Q2 YTD 2020
Total UPB (Dollars in billions)	$55.3	$67.1	$65.4	$70.2	**$33.7**
Weighted Average OLTV Ratio	68%	67%	65%	66%	**65%**
Loan Count	3,335	3,861	3,723	4,113	**2,148**
% Lender Recourse[2]	99%	100%	100%	100%	**100%**
% DUS[3]	99%	98%	99%	100%	**99%**
% Full Interest-Only	23%	26%	33%	33%	**38%**
Weighted Average OLTV Ratio on Full Interest-Only Acquisitions	57%	58%	58%	59%	**59%**
Weighted Average OLTV Ratio on Non-Full Interest-Only Acquisitions	71%	70%	68%	69%	**68%**
% Partial Interest-Only[4]	60%	57%	53%	56%	**50%**

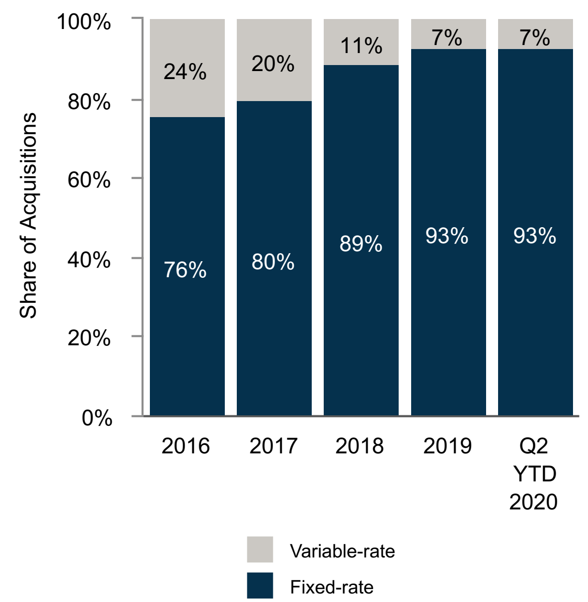
Origination Loan-to-Value Ratio[1]



Top 10 MSAs by Q2 YTD 2020 Acquisition UPB[1]



Acquisitions by Note Type[1]



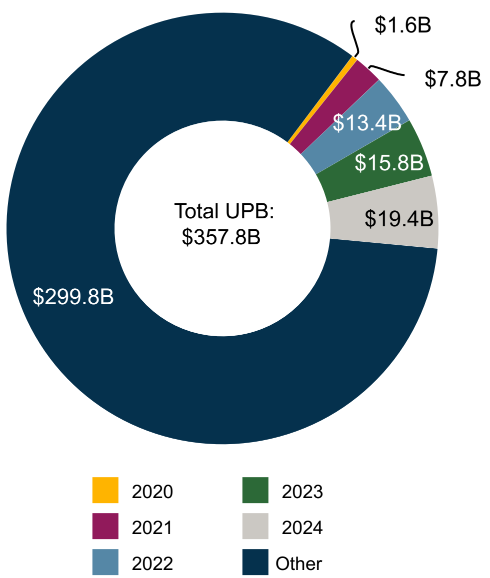
Certain Credit Characteristics of Multifamily Guaranty Book of Business

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

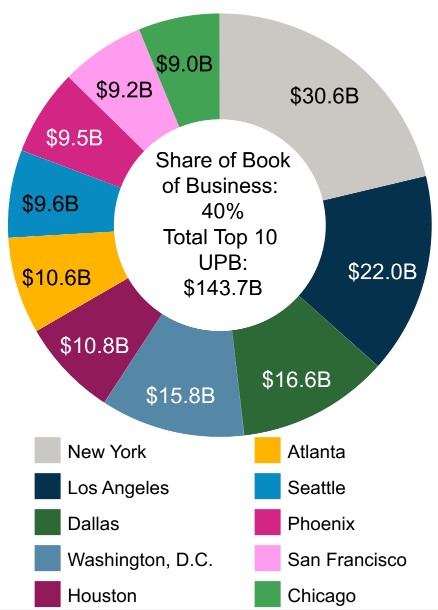
As of June 30, 2020

		Acquisition Year							Asset Class or Targeted Affordable Segment				
Categories are not mutually exclusive	Overall Book	2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	2020	Conventional /Co-op[5]	Seniors Housing[5]	Student Housing[5]	Manufactured Housing[5]	Privately Owned with Subsidy[6]
Total UPB (Dollars in billions)	$357.8	$3.9	$6.3	$121.6	$59.2	$63.1	$70.0	$33.7	$311.9	$17.4	$14.4	$14.1	$35.5
% of Multifamily Book	100%	1%	2%	34%	16%	18%	20%	9%	87%	5%	4%	4%	10%
Loan Count	27,622	737	3,095	10,666	3,313	3,562	4,101	2,148	24,958	696	686	1,282	3,545
Average UPB (Dollars in millions)	$13.0	$5.3	$2.0	$11.4	$17.9	$17.7	$17.1	$15.7	$12.5	$25.1	$20.9	$11.0	$10.0
Loans in Forbearance by UPB	1.2%	0.1%	0.3%	1.6%	2.7%	0.5%	0.4%	0.2%	0.6%	11.2%	3.4%	0.0%	0.0%
Weighted Average OLTV Ratio	66%	72%	66%	67%	67%	65%	66%	65%	66%	66%	67%	66%	69%
Weighted Average DSCR[7]	2.0	3.1	2.4	2.0	2.0	1.8	1.9	2.1	2.0	1.8	1.8	2.0	2.1
% Fixed rate	89%	11%	45%	91%	87%	91%	93%	93%	91%	64%	87%	90%	76%
% Full Interest-Only	29%	32%	27%	21%	28%	34%	33%	38%	30%	12%	24%	20%	21%
% Partial Interest-Only[4]	51%	8%	23%	48%	56%	53%	56%	50%	50%	56%	66%	59%	40%
% Small Balance Loans[8]	47%	74%	92%	51%	30%	28%	35%	34%	48%	14%	27%	51%	55%
% DUS[3]	99%	97%	86%	99%	98%	100%	100%	99%	99%	98%	100%	100%	98%
Serious Delinquency Rate[9]	1.00%	0.02%	0.45%	1.56%	1.53%	0.68%	0.40%	0.12%	0.62%	6.61%	3.51%	0.00%	0.21%

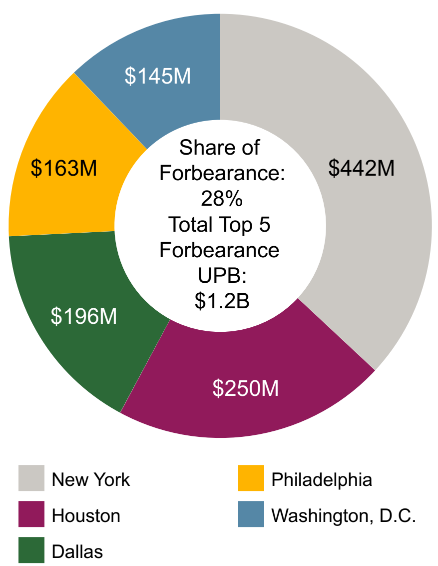
UPB by Maturity Year[1]



Top 10 MSAs by UPB[1]

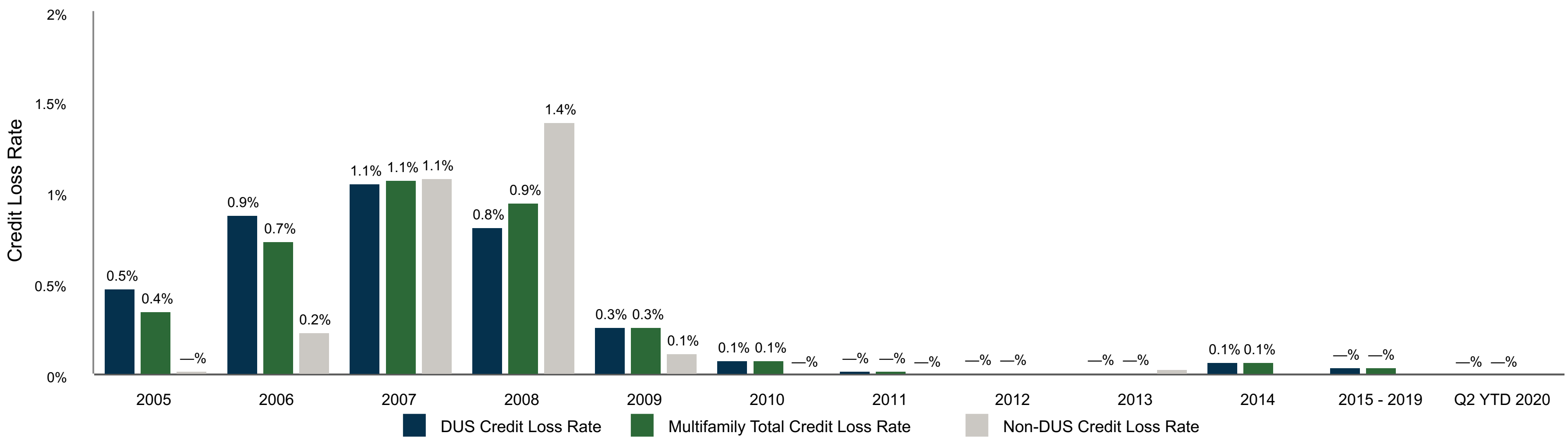


Top 5 MSAs by Forbearance UPB

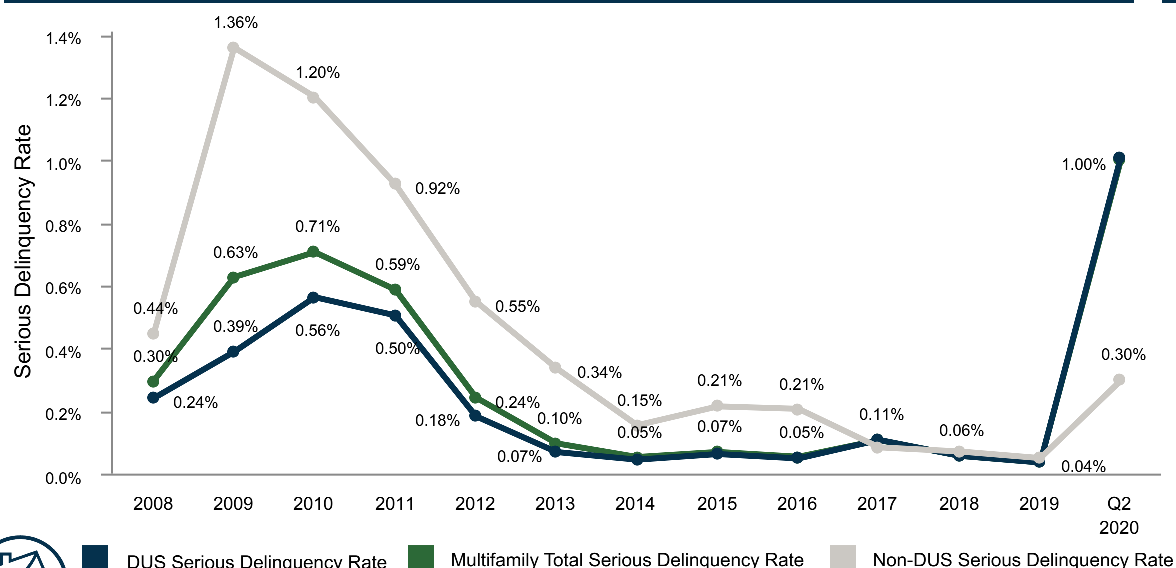


Multifamily Serious Delinquency Rates and Credit Losses

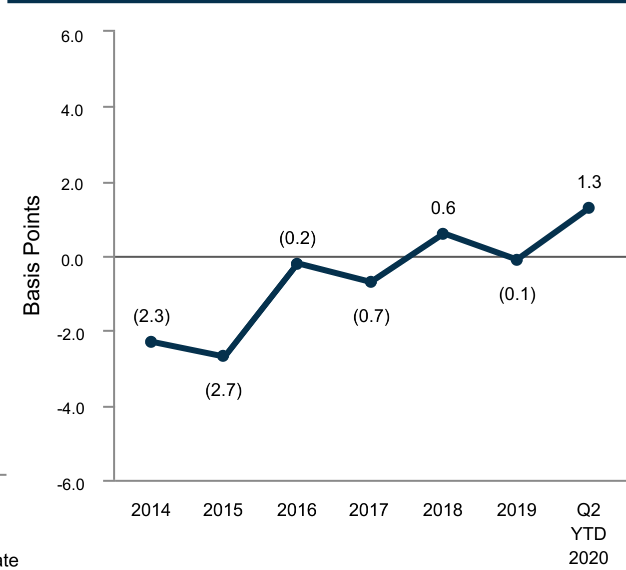
DUS/Non-DUS Cumulative Credit Loss Rates by Acquisition Year Through Q2 YTD 2020(3)(10)



Serious Delinquency Rates(3)(9)



Credit Loss (Benefit) Ratio, Net(11)



Endnotes

Financial Overview Endnotes

(1) Prior period amounts have been adjusted to reflect the current year change in presentation related to yield maintenance fees. As of January 1, 2020, all yield maintenance fees have been reported in interest income. For consolidated loans, the portion of the fee passed through to the holders of the trust certificates are classified as interest expense.

(2) Previously included in Other expenses, net. Consists of costs associated with the company's freestanding credit enhancements, which primarily include CAS and CIRT programs, enterprise-paid mortgage insurance (“EPMI”), and certain lender risk-sharing programs. Excluded from this expense are costs related to CAS transactions accounted for as debt instruments and credit risk transfer programs accounted for as derivative instruments.

(3) Consists of change in benefits recognized from the company's freestanding credit enhancements, including any realized amounts.

(4) 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.

(5) Includes interest income from assets held in the company’s retained mortgage portfolio and other investments portfolio, as well as other assets used to generate lender liquidity. Also includes interest expense on the company’s outstanding corporate debt and Connecticut Avenue Securities® debt.

(6) 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.

(7) U.S. Gross Domestic Product ("GDP") annual growth (decline) rate for periods prior to Q2 YTD 2020 are based on the quarterly series calculated by the Bureau of Economic Analysis and are subject to revision. GDP growth (decline) rate for Q2 YTD 2020 is based on Fannie Mae’s forecast.

(8) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of June 2020. 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 June 2020, 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 June 30, 2020.

(9) Aggregate amount of dividends Fannie Mae has paid to Treasury on the senior preferred stock from 2008 through June 30, 2020. Under the terms of the senior preferred stock purchase agreement, dividend payments made to Treasury do not offset prior draws of funds from Treasury.

(10) Aggregate amount of funds the company has drawn from Treasury pursuant to the senior preferred stock purchase agreement from 2008 through June 30, 2020.

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 Fannie Mae provided on single-family mortgage assets, such as long-term standby commitments. 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.

(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, 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.

(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 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%.

(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 the single-family conventional guaranty book of business. Loans with multiple product features are included in all applicable categories.

(8) 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 our compensation to some degree in the event of a financial loss relating to the loan.

(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 the single-family conventional guaranty book of business in that origination year, product feature, or state. Loans in forbearance are reported as delinquent according to the contractual terms of the loans.

(10) Amortized origination loan-to-value ratio is calculated based on the current UPB of a loan at period end, divided by the home price at origination of the loan.

(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 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.

(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.

Single-Family Business Endnotes

(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 June 30, 2020.

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

(16) Calculated based on the unpaid principal balance of loans in forbearance divided by the total unpaid principal balance of loans by state at period end.

(17) Calculated based on the unpaid principal balance of loans in forbearance with the specific credit characteristic and vintage divided by the total unpaid principal balance of loans in forbearance in that origination year at period end. Share of Single-Family Conventional Guaranty Book based on UPB was calculated based upon the unpaid principal balance of loans in forbearance by vintage divided by the total unpaid principal balance of the single-family conventional guaranty book of business at period end.

(18) 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 six months ended June 30, 2020. Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.

(19) 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.

(20) Consists of loan modifications and completed repayment plans and forbearances. Repayment plans reflect only those plans associated with loans that were 60 days or more delinquent. Forbearances reflect only completed forbearance arrangements that involve loans that were 90 days or more delinquent. Excludes trial modifications, loans to certain borrowers who have received bankruptcy relief that are classified as troubled debt restructurings, and repayment and forbearance plans that have been initiated but not completed.

(21) 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.

(22) For a description of our Alt-A loan classification criteria, refer to the glossary in Fannie Mae's 2019 Form 10-K. The company discontinued the purchase of newly originated Alt-A loans in 2009, except for those that represent the refinancing of a loan acquired prior to 2009, which has resulted in the 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.

(23) 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. Presents the five states with the highest credit losses for the applicable period among the company's top ten states by percentage of outstanding single-family conventional guaranty book of business.

(24) 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 June 30, 2020 is not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.

(25) Pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), for purposes of reporting to the credit bureaus, servicers must report a borrower receiving a COVID-19-related payment accommodation, such as a forbearance plan or loan modification, as current if the borrower was current prior to receiving the accommodation and the borrower makes all required payments in accordance with the accommodation. For purposes of the company's disclosures regarding delinquency status,loans receiving COVID-19-related payment forbearance are reported as delinquent according to the contractual terms of the loan. Percentages reflect the amount of single-family loans in forbearance by delinquency status.

Multifamily Business Endnotes

(1) 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. Data reflects the latest available information as of June 30, 2020.

(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 a pre-review by the company.

(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 debt service coverage ratio, or 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. Due to the time lag in borrowers providing their financial operating statements to Fannie Mae, the impact of the COVID-19 pandemic is largely not yet reflected in the DSCRs reported. 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 net credit loss rate is the cumulative net credit losses (gains) through June 30, 2020 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. Net credit losses include expected benefit of freestanding credit enhancements, primarily multifamily DUS lender-risk sharing transactions.

(11) Credit loss (benefit) ratio, net represents the annualized net credit loss or benefit for the period divided by the average unpaid principal balance of the multifamily guaranty book of business for the period. Net credit benefits are the result of recoveries on previously charged-off amounts. Net credit losses include expected benefit of freestanding credit enhancements, primarily multifamily DUS lender-risk sharing transactions.