Federal National Mortgage Association
Fannie Mae

Enterprise Regulatory Capital Framework Disclosures

For the Quarterly Period Ended September 30, 2026

Federal National Mortgage Association - Fannie Mae
Capital Disclosures Report
For the quarterly period ended September 30, 2026

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Disclosure Map

Disclosure Requirement	Description	Capital Disclosures page reference	2025 Form 10-K page reference	Q3 2026 Form 10-Q page reference
Introduction	Conservatorship and Treasury Agreements	5	5	N/A
	GSE and Conservatorship Risk	5	23	N/A
	Risk Management—Overview	5	123	N/A
	Forward-Looking Statements	5	18	53
	Risk Factors	5	21	N/A
Capital Structure	Equity	6	F-51	N/A
Capital Adequacy	Conservatorship	8	5	N/A
	GSE and Conservatorship Risk	8	23	N/A
	Capital Management	8	N/A	43
	Capital Requirements	8	11	N/A
	Regulatory Capital Requirements	8	N/A	102
	Market Risk Management, including Interest-Rate Risk Management	8	135	N/A
Capital Buffers	Regulatory Capital Requirements	11	F-55	N/A
	Capital Requirements	11	N/A	43
Credit Risk: General Disclosures	Single-Family Mortgage Credit Risk Management	12, 13	76	21
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	Mortgage Credit Risk Management	12	125	N/A
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	Summary of Significant Accounting Policies	13	F-8	N/A
	Mortgage Loans	13	F-25	65
	Allowance for Credit Losses	13	F-38	79
	Off-Balance Sheet Arrangements	13	N/A	42
	Guaranty Book of Business	13	N/A	16
	Financial Guarantees	13	N/A	82
	Liquidity and Capital Management	13	N/A	39
	Investments in Securities	13	N/A	81
	Derivative Instruments	13	N/A	83
	Netting Arrangements	13	N/A	93
	Institutional Counterparty Credit Risk Management	13	125	N/A
	Analysis of Net Interest Income	13	N/A	8
	Consolidated Credit Ratios and Select Credit Information	13	N/A	38
Counterparty Credit Risk	Institutional Counterparty Credit Risk Management	16	125	N/A
	Derivative Instruments	17	N/A	83
	Netting Arrangements	17	N/A	93

Disclosure Requirement	Description	Capital Disclosures page reference	2025 Form 10-K page reference	Q3 2026 Form 10-Q page reference
Credit Risk Mitigation	Summary of Significant Accounting Policies - Collateral	18	F-16	N/A
	Institutional Counterparty Credit Risk Management	18	125	N/A
	Single-Family Mortgage Credit Risk Management	18	76	N/A
	Multifamily Mortgage Credit Risk Management	18	103	N/A
	Concentrations of Credit Risk	18	F-57	N/A
	Mortgage Insurers	18	126	N/A
Credit Risk Transfers and Securitization	Single-Family Credit Enhancement and Transfer of Mortgage Credit Risk	20, 21	83	25
	Multifamily Transfer of Mortgage Credit Risk	20, 21	106	35
	Model Risk Management	20	140	N/A
	Operational and Model Risk	20	34	N/A
	Single-Family Mortgage Credit Risk Management	20	76	N/A
	Multifamily Mortgage Credit Risk Management	20	103	N/A
	Summary of Significant Accounting Policies - Investments in Securities	21	F-11	N/A
	Special Purpose Vehicles Associated with Our Credit Risk Transfer Programs	21	F-24	N/A
	Financial Guarantees	21	F-40	N/A
Equities	Multifamily Primary Business Activities	25	95	N/A
	Summary of Significant Accounting Policies - Income Taxes	25	F-14	N/A
	Types of Variable Interest Entities ("VIEs")	25	F-23	N/A
Interest Rate Risk for Non-Trading Activities	Market Risk Management, including Interest-Rate Risk Management	27	135	N/A
	Key Market Economic Indicators	27	50	N/A
	Measurement of Market Value Sensitivity of our Net Portfolio	27	N/A	47
Operational Risk	Operational and Model Risk	28	34	N/A
	Operational Risk Management	28	140	N/A
	Cybersecurity	28	44	N/A
Tier 1 Leverage Ratio	No references included	29	N/A	N/A
Market Risk	Unconsolidated VIEs	32	N/A	64
	Financial Guarantees	32	N/A	82
	Fair Value Measurement	32	F-65	N/A
	Model Risk Management	33	140	N/A
	Operational and Model Risk	33	34	N/A
Glossary	Conservatorship and Treasury Agreements	34	5	N/A
	Legislation and Regulation	34	10	N/A

Introduction

Fannie Mae is a leading source of financing for residential mortgages in the United States. We are a government-sponsored, stockholder-owned corporation, chartered by Congress to provide liquidity and stability to the U.S. housing market and to promote access to mortgage credit. We primarily do this by buying residential mortgage loans that are originated by lenders. We place these loans into trusts and issue guaranteed mortgage-backed securities ("MBS" or "Fannie Mae MBS") that global investors buy from us. We do not originate mortgage loans or lend money directly to borrowers. We provide a guaranty on the MBS that we issue. If a borrower fails to make a payment on a mortgage loan that is included in a Fannie Mae MBS, we pay the shortfall amount to the MBS investor. In exchange for providing this guaranty, we receive a guaranty fee. Guaranty fees are the primary source of our revenues.

We have been in conservatorship since 2008. The Federal Housing Finance Agency ("FHFA") is our conservator. During conservatorship, our Board has no fiduciary duties to the company or its stockholders, as they owe their fiduciary duties of care and loyalty solely to FHFA as conservator. Since March 17, 2025, the FHFA Director has served as the Chair of our Board, and FHFA's General Counsel has also served as a member of our Board. Conservatorship and our agreements with the U.S. Department of the Treasury ("Treasury") significantly restrict our business activities and stockholder rights. For more information about the impact of conservatorship and these agreements on our business, stockholders, and our uncertain future, see "Business—Conservatorship and Treasury Agreements" and "Risk Factors—GSE and Conservatorship Risk" in our annual report on Form 10-K for the year ended December 31, 2025 (the "2025 Form 10-K").

We manage the risks that arise from our business activities through our enterprise risk management program. Our risk management activities are aligned with the requirements of FHFA's Enterprise Risk Management Program Advisory Bulletin, which are consistent with the general principles set forth by the Committee of Sponsoring Organizations of the Treadway Commission's ("COSO") Enterprise Risk Management—Integrating with Strategy and Performance framework. For more information on our risk management program and activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")—Risk Management—Overview" in our 2025 Form 10-K.

As a government-sponsored enterprise ("GSE"), we are subject to the regulatory capital rules issued by FHFA pursuant to the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (the "GSE Act"). Additionally, we are required to provide timely public disclosures each calendar quarter of the information specified in Subparts D and F of the enterprise regulatory capital framework ("ERCF"). This Capital Disclosures report fulfills this requirement for Q3 2026 and should be read in conjunction with our 2025 Form 10-K and our Form 10-Q for the quarter ended September 30, 2026 (the "Q3 2026 Form 10-Q").

FHFA's ERCF establishes both leverage and risk-based minimum capital requirements, which are described in more detail in "Section 2, Capital Adequacy."

Our capital disclosures in this report are not required to be, and have not been, audited by our independent registered public accounting firm. Some measures of exposures contained in this report may not be consistent with accounting principles generally accepted in the U.S. ("U.S. GAAP") and may not be comparable with measures reported in our Q3 2026 Form 10-Q.

This report includes forward-looking statements, including statements regarding future requirements under the ERCF and our expectations regarding our credit risk transfer transactions and their effect. Actual outcomes could be materially different from what is set forth in these forward-looking statements due to a variety of factors, including those described in "MD&A—Forward-Looking Statements" in our Q3 2026 Form 10-Q and in "Business—Forward-Looking Statements" and "Risk Factors" in our 2025 Form 10-K.

1. Capital Structure

The ERCF establishes leverage and risk-based minimum capital requirements related to the amount and form of capital we must hold. The ERCF requirements include two statutory capital elements, which are defined in the GSE Act, and three regulatory capital elements, which are based largely on definitions of capital used in U.S. banking regulators' regulatory capital framework:

a. Statutory capital elements:
    i. core capital, which is comprised of outstanding common stock, outstanding perpetual, noncumulative preferred stock(1), paid-in capital, and retained earnings (accumulated deficit); and
    ii. total capital, which is comprised of core capital, a general allowance for foreclosure losses, and other amounts from sources of funds available to absorb losses (that the Director of FHFA by regulation determines are appropriate to include in determining total capital).
b. Regulatory capital elements:
    i. common equity tier 1 ("CET1") capital;
    ii. tier 1 capital; and
    iii. adjusted total capital.

Fannie Mae has a variety of issued and outstanding capital instruments, including:

- Senior preferred stock - There were one million shares of the senior preferred stock authorized, issued, and outstanding as of September 30, 2026. Shares of the senior preferred stock have no par value and have a stated value and initial liquidation preference equal to $1,000 per share, for an aggregate initial liquidation preference of $1 billion. The total book value of senior preferred stock of $120.8 billion represents the amount that has been paid to us under Treasury's funding commitment of $119.8 billion plus the initial liquidation preference. The senior preferred stock is non-participating and non-voting.
- Preferred stock - The preferred stock ranks junior to the senior preferred stock as to both dividends and distributions upon dissolution, liquidation or winding down of the company. Each series of our preferred stock has no par value, is non-participating, is non-voting and has a liquidation preference equal to the stated value per share. Holders of preferred stock are entitled to receive non-cumulative, quarterly dividends when, and if, declared by our Board of Directors, but have no right to require redemption of any shares of preferred stock. Payment of dividends on preferred stock is not mandatory but has priority over payment of dividends on common stock, which are also declared by the Board of Directors. If dividends on the preferred stock are not paid or set aside for payment for a given dividend period, dividends may not be paid on our common stock for that period. Shares of preferred stock authorized, issued and outstanding totaled 556 million, with a book value of $19.1 billion, as of September 30, 2026.
- Common stock - The common stock ranks junior to the senior preferred stock and the preferred stock as to both dividends and distributions upon dissolution, liquidation or winding down of the company. Shares of common stock outstanding, net of shares held as treasury stock, totaled 1.2 billion, with a book value of $687 million, as of September 30, 2026.

For more information about our outstanding capital instruments, refer to "Note 12, Equity" in our 2025 Form 10-K.

(1) These capital classification measures exclude the funds provided to us by Treasury pursuant to the senior preferred stock purchase agreement, as the senior preferred stock does not qualify as core capital due to its cumulative dividend provisions.

The following exhibit provides a reconciliation from stockholders' equity on the U.S. GAAP condensed consolidated balance sheets to regulatory and statutory capital components as of September 30, 2026.

Exhibit 1.1: Capital Instruments & Reconciliations

		As of September 30, 2026 (Dollars in millions)
GAAP	Common stock	$ 687
	Treasury stock	(7,400)
	Retained earnings[2]	(12,382)
	Accumulated other comprehensive income ("AOCI")	(1,234)
	Junior preferred stock[3]	19,130
	Senior preferred stock	120,836
	Stockholders' equity under U.S. GAAP	119,637
Regulatory Capital	Less: Senior & junior preferred stock	139,966
	Common stockholders' equity	(20,329)
	Less:	
	Goodwill[4]	—
	Other intangible assets[4]	—
	Deferred tax assets ("DTAs")[5]	9,707
	AOCI-related adjustments	—
	Other deductions	—
	Common equity tier 1 ("CET1") capital (deficit)	(30,036)
	Qualifying junior preferred stock	19,130
	Other adjustments and deductions	—
	Tier 1 capital (deficit)	(10,906)
	Qualifying subordinated debt and other instruments	—
	Qualifying allowance for credit losses	—
	Other adjustments and deductions	—
	Tier 2 capital	—
	Adjusted total capital (deficit)	(10,906)
Statutory Capital	Par value or stated value of outstanding common stock	687
	Par value or stated value of outstanding perpetual, non-cumulative preferred stock	19,130
	Paid-in capital	—
	Retained earnings[2]	(12,382)
	Treasury stock	(7,400)
	Total core capital (deficit)	35
	General allowance for foreclosure losses[6]	9,648
	Other[7]	—
	Total statutory capital	$ 9,683

(2) Referred to as "Accumulated deficit" on our condensed consolidated balance sheets as of September 30, 2026.

(3) Referred to as "Preferred Stock" on our condensed consolidated balance sheets as of September 30, 2026.

(4) Net of associated deferred tax liabilities ("DTLs").

(5) DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10% CET1 deduction threshold.

(6) Primarily includes allowance for loan losses, accrued interest receivable and preforeclosure taxes and insurance receivables.

(7) From sources of funds available to absorb losses that the Director of FHFA by regulation determines are appropriate to include in determining total capital.

2. Capital Adequacy

Capital management is integral to our risk and governance processes. Our ability to manage capital resources under baseline and stress environments supports our capacity to absorb expected and unexpected future losses and to carry out our statutory mission. Our capital adequacy assessment process informs the capital management actions that we may take to align with our regulatory requirements, forecasts, risks, strategic goals, and other business objectives. Additionally, operating under the conservatorship of FHFA affects our business and capital management. For more information on how conservatorship impacts us, refer to "Business—Conservatorship and Treasury Agreements—Conservatorship" and "Risk Factors—GSE and Conservatorship Risk" in our 2025 Form 10-K.

We actively monitor our capital levels as part of the capital adequacy assessment process. Periodic capital adequacy monitoring enables the identification and assessment of actual changes and potential impacts to capital levels and requirements. The objective of this monitoring process is to understand our current and forecasted capital levels and requirements.

In accordance with the Capital Planning and Stress Capital Buffer Determination requirements of the ERCF, we conduct annual capital planning exercises, which include:

- An assessment of the expected uses and sources of capital over the planning horizon;
- Estimates of projected revenues, expenses, losses, reserves, and capital levels, including regulatory capital ratios, under internal base and stress scenarios, along with regulatory required scenarios such as Dodd-Frank Act Stress Tests;
- A description of all planned capital actions over the planning horizon; and
- A detailed description of our process for assessing capital adequacy.

The compliance date for the minimum capital requirements will be the date of termination of our conservatorship or such later date as FHFA may order. Under the risk-based capital requirements, we must maintain minimum CET1 capital, tier 1 capital, and adjusted total capital ratios equal to at least 4.5%, 6.0%, and 8.0%, respectively, of risk-weighted assets ("RWA"). In addition to our risk-based capital requirements, we are also subject to a leverage capital requirement, which requires us to maintain a tier 1 capital ratio equal to at least 2.5% of adjusted total assets.

As of September 30, 2026, we had a deficit in available capital for purposes of our risk-based adjusted total capital requirement under the ERCF. For more information about our capital requirements, capital management and our capital metrics under the ERCF, see "MD&A—Liquidity and Capital Management—Capital Management—Capital Requirements" and "Note 15, Regulatory Capital Requirements" in our Q3 2026 Form 10-Q, and "Business—Legislation and Regulation—Capital Requirements" in our 2025 Form 10-K.

Risk-Weighted Assets

Under the ERCF, we are required to determine our RWA under both the standardized approach and the advanced approaches; however, the advanced approaches requirement is not effective until the later of January 1, 2028 or such later date as FHFA may order. Currently, we calculate our RWA using the standardized approach set forth in the ERCF. Under the standardized approach, our total RWA equals the sum of our credit risk, market risk and operational risk RWA.

Our credit risk exposure exists primarily in connection with our guaranty book of business and our institutional counterparties. Mortgage credit risk arises from the risk of loss resulting from the failure of a borrower to make required mortgage payments. Institutional counterparty credit risk is the risk of loss resulting from the failure of an institutional counterparty to fulfill its contractual obligations to us.

Market risk is the risk of loss resulting from changes in the economic environment. This risk arises from fluctuations in interest and exchange rates. This risk also includes the risk to earnings or capital arising from movements in market rates or prices such as foreign exchange rates, equity prices, credit spreads, and/or commodity prices. Market risk includes interest-rate risk and spread risk, which are discussed in "MD&A—Risk Management—Market Risk Management, including Interest-Rate Risk Management" in our

2025 Form 10-K. We can experience losses from changes in the spreads between our financial assets, including mortgage purchase and sale commitments, and our financial liabilities, including the derivatives we use to hedge our position.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and third parties, or disruptions from external events. Operational risk includes cyber and other information security risk.

The following exhibit provides a summary of our RWA as of September 30, 2026.

Exhibit 2.1: RWA Summary

	As of September 30, 2026
	Standardized Approach RWA
	(Dollars in millions)
Credit risk	$ 1,305,393
Market risk	78,519
Operational risk	82,853
Total	$ 1,466,765

Regulatory Capital Summary

The following exhibit presents our capital metrics as of September 30, 2026.

Exhibit 2.2: Capital Metrics under the Enterprise Regulatory Capital Framework

	As of September 30, 2026
	(Dollars in billions)
Adjusted total assets	$ 4,419
Risk-weighted assets	1,467

	Amounts			Ratios[8]		
	Available Capital (Deficit)	Minimum Capital Requirement	Total Capital Requirement (including Buffers)	Available Capital (Deficit) Ratio	Minimum Capital Ratio Requirement	Total Capital Requirement Ratio (including Buffers)
Risk-based capital:						
Total capital (statutory)	10	$ 117	$ 117	0.7 %	8.0 %	8.0 %
Common equity tier 1 capital	(30)	66	143	(2.0)	4.5	9.7
Tier 1 capital	(11)	88	165	(0.7)	6.0	11.2
Adjusted total capital	(11)	117	194	(0.7)	8.0	13.2
Leverage capital:						
Core capital (statutory)	*	110	110	—	2.5	2.5
Tier 1 capital	(11)	110	132	(0.2)	2.5	3.0

* Represents amounts less than $500 million.

(8) Ratios are calculated as a percentage of risk-weighted assets for risk-based capital metrics and as a percentage of adjusted total assets for leverage capital metrics.

The following exhibit presents credit RWA by risk and exposure type as of September 30, 2026.

Exhibit 2.3: Credit RWA Summary

	As of September 30, 2026	
	Exposure Amount	RWA Amount
	(Dollars in millions)	
Exposures to the U.S. Government	$ 87,249	$ 440
Exposures to supranational entities and multilateral development banks	—	—
Exposures to GSEs	1,025,978	6,294
Exposures to depository institutions and credit unions, except for equity exposure	28,006	5,602
Exposures to U.S. public sector entities (“PSEs”)	74	38
Corporate exposures	18	18
Residential mortgage exposures[9]	2,726,414	923,411
a. Single-family	2,326,574	802,755
i. Performing loans	2,225,993	722,512
ii. Non-modified re-performing loans	24,071	14,271
iii. Modified re-performing loans	54,039	33,403
iv. Non-performing loans	22,471	32,569
b. Multifamily	399,840	120,656
i. Fixed-rate exposures	374,340	104,266
ii. Adjustable-rate exposures	25,500	16,390
Past due exposures of more than 90 days past due and nonaccrual	—	—
Other assets[10]	21,464	9,230
Insurance assets	3,133	3,133
Default fund contributions to central counterparties (“CCP”)	5,255	1,228
CRT and other securitization exposures[11]	1,375,966	348,124
Over-the-counter (“OTC”) derivative contracts	254	289
Cleared transactions	1,420	28
Unsettled transactions	—	—
Equity exposures	5,937	5,949
Repo-style transactions	35,111	69
Forward agreements	—	—
Commitments	84	60
Other off-balance sheet exposures[12]	1,480	1,480
Total	$ 5,317,843	$ 1,305,393

(9) Excludes mortgage loans that are part of Credit Risk Transfer (“CRT”) transactions and we have elected the Credit Risk Transfer Approach (“CRTA”) capital treatment under the ERCF.

(10) Primarily includes cash in process of collection and other assets subject to a 100% risk weight.

(11) Includes mortgage loans that are part of CRT transactions for which we have elected the CRTA capital treatment under the ERCF. RWA is net of the benefit from these transactions.

(12) Primarily includes guarantees to unconsolidated trusts and other guaranty arrangements.

3. Capital Buffers

The ERCF includes a requirement that we hold prescribed capital buffers that can be drawn down in periods of financial stress. These capital buffers represent the amount of capital we are required to hold above the minimum leverage and risk-based capital requirements. Our compliance with these capital buffers will be required upon exit from conservatorship. In general, once we are required to be in compliance with the capital buffers, if our capital levels fall below the prescribed buffer amounts, we must restrict capital distributions, such as stock repurchases and dividends, as well as discretionary bonus payments to executives, until the buffer amounts are restored.

The prescribed capital conservation buffer amount ("PCCBA") represents the amount of CET1 capital that we are required to hold above the risk-based capital requirements. The PCCBA consists of three separate components: a stability capital buffer, a stress capital buffer, and a countercyclical capital buffer. The stability capital buffer is calculated annually based on Fannie Mae's share of U.S. residential mortgage debt outstanding. The buffer becomes effective in the first quarter of the applicable reporting year.

The prescribed leverage buffer amount ("PLBA") represents the amount of tier 1 capital we are required to hold above the minimum tier 1 leverage capital requirement. Pursuant to the ERCF, the PLBA is 50% of the stability capital buffer.

For more information about our capital buffers, refer to "Note 13, Regulatory Capital Requirements" in our 2025 Form 10-K as well as "MD&A—Liquidity and Capital Management—Capital Management—Capital Requirements" in our Q3 2026 Form 10-Q.

The following exhibit presents our PCCBA, PLBA, eligible retained income, and maximum payout ratio as of September 30, 2026.

Exhibit 3.1: PCCBA, PLBA, Eligible Retained Income, and Maximum Payout Ratio

	As of September 30, 2026	
	Amount	
	(Dollars in millions)	
Stress capital buffer	$	33,260
Stability capital buffer		43,917
Countercyclical capital buffer		—
Prescribed capital conservation buffer amount (PCCBA)	**$**	**77,177**
Prescribed leverage buffer amount (PLBA)	$	21,958
Eligible retained income[13]		15,088
Maximum payout ratio[14]		0 percent

(13) Eligible retained income is the greater of: (1) net income for the four preceding calendar quarters, net of distributions and associated tax effects not already reflected in net income and (2) average of our net income over the preceding four quarters.

(14) While it is not applicable until the date of termination of our conservatorship, our maximum payout ratio represents the percentage of eligible retained income that we are permitted to pay out in the form of distributions or discretionary bonus payments under the ERCF. The maximum payout ratio for a given quarter is the lowest of the payout ratios determined by our capital conservation buffer and our leverage buffer.

4. Credit Risk: General Disclosures

Credit risk is the risk of loss arising from another party's failure to meet its contractual obligations. For financial securities or instruments, credit risk is the risk of not receiving principal, interest, or other financial obligations on a timely basis. Our credit risk exposure exists primarily in connection with our guaranty book of business and our institutional counterparties.

For information related to counterparty credit risk, refer to "Section 5, Counterparty Credit Risk."

Our credit risk exposure includes the following types of mortgage credit risk: single-family mortgage credit risk and multifamily mortgage credit risk.

Mortgage Credit Risk Management

Our strategy for managing single-family and multifamily mortgage credit risk consists of the following primary components:

- our acquisition and servicing policies along with our underwriting and servicing standards;
- guaranty book diversification and monitoring;
- the transfer of mortgage credit risk through risk transfer transactions and the use of credit enhancements; and
- management of problem loans.

For more information related to mortgage credit risk and mortgage credit risk management, see "MD&A—Single-Family Business—Single-Family Mortgage Credit Risk Management," "MD&A—Multifamily Business—Multifamily Mortgage Credit Risk Management," and "Note 11, Concentrations of Credit Risk" in our Q3 2026 Form 10-Q, and "MD&A—Single-Family Business—Single-Family Mortgage Credit Risk Management," "MD&A—Multifamily Business—Multifamily Mortgage Credit Risk Management," "MD&A—Risk Management—Mortgage Credit Risk Management," and "Note 14, Concentrations of Credit Risk" in our 2025 Form 10-K.

Additional Mortgage Credit Risk Management Considerations

Past Due Loans - We consider loans that are 30 days or more past due, or in the foreclosure process, "past due."

Nonaccrual Loans - We recognize interest income on an accrual basis except when we believe the collection of principal and interest in full is not reasonably assured, at which time a loan is placed on nonaccrual status. A nonaccrual loan is returned to accrual status when the full collection of principal and interest is reasonably assured.

Allowance for Loan Losses - We maintain an allowance for expected credit losses for held-for-investment ("HFI") loans held by Fannie Mae and by consolidated MBS trusts, excluding loans for which we have elected the fair value option. This allowance reflects an estimate of expected credit losses on single-family and multifamily HFI loans held by Fannie Mae and by consolidated MBS trusts. Estimates of credit losses are based on expected cash flows derived from internal models that estimate loan performance under simulated ranges of economic environments. Our modeled loan performance is based on our historical experience of loans with similar risk characteristics, adjusted to reflect current conditions and reasonable and supportable forecasts. Changes to our estimate of expected credit losses, including changes due to the passage of time, are recorded through the "(Provision) benefit for credit losses" in our consolidated statements of operations and comprehensive income.

Charge-offs - We record write-offs as a reduction to the allowance for loan losses when amounts are deemed uncollectible. When losses are confirmed through the receipt of assets in satisfaction of a loan, such as the underlying collateral upon foreclosure or cash upon completion of a short sale, we record a write-off in an amount equal to the excess of a loan's amortized cost over fair value of assets received. For loans charged-off prior to foreclosure, the allowance may include an estimate of expected recoveries, in accordance with U.S. GAAP, which may result in a small or negative allowance for delinquent loans.

For information on changes to our allowance for loan losses and write-offs for the period, refer to "Note 5, Allowance for Credit Losses" in our Q3 2026 Form 10-Q. For additional information on our accounting policies and allowance methodology related to mortgage loans, see "Note 1, Summary of Significant Accounting Policies," "Note 4, Mortgage Loans," and "Note 5, Allowance for Credit Losses" in our 2025 Form 10-K.

Sources of Credit Risk and Related Exposure

We have credit risk exposure related to the following:

- **Mortgage Loan Credit Risk Exposures** – see "MD&A—Single-Family Business—Single-Family Mortgage Credit Risk Management," "MD&A—Multifamily Business—Multifamily Mortgage Credit Risk Management," "Note 4, Mortgage Loans," and "Note 11, Concentrations of Credit Risk" in our Q3 2026 Form 10-Q.
- **Off-Balance Sheet Exposures** – see "MD&A—Liquidity and Capital Management—Liquidity Management—Off-Balance Sheet Arrangements," "MD&A—Guaranty Book of Business" and "Note 7, Financial Guarantees" in our Q3 2026 Form 10-Q.
- **Debt Securities and OTC Derivatives** – see "MD&A—Liquidity and Capital Management," "Note 6, Investments in Securities," "Note 9, Derivative Instruments," and "Note 12, Netting Arrangements" in our Q3 2026 Form 10-Q.
- **Counterparty Exposures** – see "MD&A—Risk Management—Institutional Counterparty Credit Risk Management" and "Note 14, Concentrations of Credit Risk" in our 2025 Form 10-K.

For average credit risk exposures, see "MD&A—Consolidated Results of Operations—Net Interest Income—Analysis of Net Interest Income" in our Q3 2026 Form 10-Q, which presents the average balances of our interest-earning assets and interest-bearing liabilities (excluding the average balance of off-balance sheet exposures). Also refer to "MD&A—Consolidated Credit Ratios and Select Credit Information" in our Q3 2026 Form 10-Q for the average balance of our guaranty book of business, which is a measure of credit risk to which we are exposed.

The following exhibit presents a summary of the delinquency status of our HFI mortgage loans (excluding those carried at fair value), along with the associated unpaid principal balance ("UPB") and allowance as of September 30, 2026.

Exhibit 4.1: Delinquency Status of Single-Family and Multifamily Loans

	As of September 30, 2026			
	Single-Family		Multifamily	
	UPB Amount	Allowance for Loan Losses	UPB Amount	Allowance for Loan Losses
	(Dollars in millions)			
Current	$ 3,480,721	$ 5,760	$ 530,990	$ 2,608
30 to 89 days delinquent	47,407	563	1,117	106
90+ days delinquent and on nonaccrual	23,367	368	2,162	—
90+ days delinquent and still accruing	88	3	68	7
Total	$ 3,551,583	$ 6,694	$ 534,337	$ 2,721

For the nine months ended September 30, 2026, gross write-offs for loan losses were $535 million for single-family and $604 million for multifamily.

The following exhibit presents a geographic distribution of our past due HFI mortgage loans (excluding those carried at fair value) based on UPB and the associated allowances for the respective geographic regions as of September 30, 2026.

Exhibit 4.2: Geographic Distribution of Past Due Loans

	As of September 30, 2026			
	Single-Family		Multifamily	
Geographic Region:[15]	UPB Amount of Past Due Loans	Allowances for Past Due Loans[16]	UPB Amount of Past Due Loans	Allowances for Past Due Loans[16]
	(Dollars in millions)			
Midwest	$ 9,273	$ 141	$ 525	$ (23)
Northeast	11,815	51	603	(24)
Southeast	18,179	372	1,114	82
Southwest	15,248	241	892	68
West	16,347	129	213	10
Total	$ 70,862	$ 934	$ 3,347	$ 113

The following exhibit presents the regional geographic concentration of single-family and multifamily loans in our guaranty book of business, measured by the UPB of the loans as of September 30, 2026.

Exhibit 4.3: Geographic Concentration

	As of September 30, 2026	
Geographic Region:[15]	Percentage of Single-Family Conventional Guaranty Book of Business	Percentage of Multifamily Guaranty Book of Business
Midwest	14 %	12 %
Northeast	16	16
Southeast	23	27
Southwest	20	21
West	27	24
Total	100 %	100 %

(15) Midwest consists of IL, IN, IA, MI, MN, NE, ND, OH, SD, and WI. Northeast consists of CT, DE, ME, MA, NH, NJ, NY, PA, PR, RI, VT, and VI. Southeast consists of AL, DC, FL, GA, KY, MD, MS, NC, SC, TN, VA, and WV. Southwest consists of AZ, AR, CO, KS, LA, MO, NM, OK, TX, and UT. West consists of AK, CA, GU, HI, ID, MT, NV, OR, WA, and WY.

(16) For loans charged-off prior to foreclosure, the allowance may include an estimate of expected recoveries, in accordance with U.S. GAAP, which may result in a small or negative allowance for delinquent loans.

The following exhibit presents the UPB of HFI and held-for-sale ("HFS") mortgage loans by remaining contractual maturity as of September 30, 2026.

Exhibit 4.4: Remaining Contractual Maturity of Mortgage Loans[17]

	As of September 30, 2026				
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 15 Years	Due after 15 Years	Total
	(Dollars in millions)				
Single-family fixed rate	$ 125,487	$ 527,185	$ 1,340,280	$ 1,526,640	$ 3,519,592
Single-family adjustable-rate	3,208	4,633	12,744	18,934	39,519
Multifamily fixed rate	22,666	276,918	210,426	4,206	514,216
Multifamily adjustable-rate	888	11,197	10,380	84	22,549
Total unpaid principal balance of outstanding mortgage loans[18]	$ 152,249	$ 819,933	$ 1,573,830	$ 1,549,864	$ 4,095,876

(17) We report the scheduled repayments in the maturity category in which the payment is due, such that a loan's balance may be presented across multiple maturity categories.

(18) The unpaid principal balance of single-family loans is based on the amount of contractual unpaid principal balance due and excludes any write-offs for amounts deemed uncollectible.

5. Counterparty Credit Risk

Institutional counterparty credit risk is the risk of loss resulting from the failure of an institutional counterparty to fulfill its contractual obligations to us. Our primary exposure to institutional counterparty credit risk exists with our:

- credit guarantors, including mortgage insurers, reinsurers, and multifamily lenders with risk-sharing arrangements;
- mortgage lenders that sell loans to us and mortgage lenders and other counterparties that service our loans; and
- institutions that issue investments included in our corporate liquidity portfolio.

We also have direct counterparty exposure to: derivatives counterparties; central counterparty clearing institutions; custodial depository institutions; mortgage originators; investors and dealers; debt security dealers; and document custodians. We also have counterparty credit risk exposure to Freddie Mac arising from our resecuritization of Freddie Mac-issued securities, and to the MERS® System.

We routinely enter into a high volume of transactions with counterparties in the financial services industry resulting in a significant credit concentration with respect to this industry. We also may have multiple exposures to particular counterparties, as many of our institutional counterparties perform several types of services for us. Accordingly, if one of these counterparties were to become insolvent or otherwise default on its obligations to us, it could harm our business and financial results in a variety of ways. Our overall objective in managing institutional counterparty credit risk is to maintain individual and portfolio-level counterparty exposures within acceptable ranges based on our risk-based rating system. We seek to achieve this objective through the following:

- establishment and observance of counterparty eligibility standards appropriate to each exposure type and level;
- establishment of risk limits;
- requiring collateralization of exposures where appropriate; and
- exposure monitoring and management.

Counterparty Credit Limits – Fannie Mae also has established processes for the management, identification, and valuation of collateral received from or posted by counterparties. Principal types of collateral taken include cash, U.S. Treasury securities, agency debt and agency mortgage-backed securities. For a discussion of how we establish risk limits for counterparty credit exposures, refer to “MD&A—Risk Management—Institutional Counterparty Credit Risk Management” in our 2025 Form 10-K.

The following exhibit presents the gross and net positive fair values and collateral values of derivative contracts and securities financing transactions as of September 30, 2026.

Exhibit 5.1: Derivative Contracts and Securities Financing Transactions

	As of September 30, 2026		
	Gross Amount	Netting Adjustment	Net Positive Fair Value
	(Dollars in millions)		
Derivative Assets:			
OTC and cleared risk management derivatives	$ 416	$ (206)	$ 210
Mortgage commitment derivatives	241	—	241
Total risk management derivative assets	$ 657	$ (206)	$ 451
Credit enhancement derivatives[19]	48	—	48
Securities financing transactions	33,450	—	33,450
Total	$ 34,155	$ (206)	$ 33,949

	As of September 30, 2026
	Collateral Value[20]
	(Dollars in millions)
Collateral type:	
Cash collateral received[21]	$ 2
Securities financing transactions	33,450
Total collateral	$ 33,452

Fannie Mae's collateral requirements vary based on the provisions present within individual agreements. Under many of our International Swaps and Derivatives Association ("ISDA") agreements, in the event of a counterparty credit downgrade, the posted collateral is subject to an additional collateral haircut. Additionally, if the counterparty credit rating is downgraded to a certain level, the party that has not been downgraded maintains the ability to terminate all trades.

We account for certain forms of credit risk transfer transactions as derivatives. For more information on our derivative transactions, refer to "Note 9, Derivative Instruments" in our Q3 2026 Form 10-Q. For more information on netting arrangements, refer to "Note 12, Netting Arrangements" in our Q3 2026 Form 10-Q.

(19) Represents fair value of derivatives associated with risk sharing programs and not subject to enforceable master netting arrangements.

(20) Excludes collateral received that has not been recognized and not offset in our consolidated balance sheets.

(21) Represents cash collateral received associated with risk management derivatives.

6. Credit Risk Mitigation

We enter into various transactions where we pledge and accept collateral, the most common of which are our derivative and Credit Insurance Risk Transfer™ ("CIRT™" and "MCIRT™") transactions. Required collateral levels vary depending on the credit rating and type of counterparty. We also pledge and receive collateral under our repurchase and reverse repurchase agreements. In order to reduce potential exposure to counterparties for securities purchased under agreements to resell, a third-party custodian typically maintains the collateral and any margin. We monitor the fair value of the collateral received from our counterparties, and we may require additional collateral from those counterparties in accordance with contractual terms. For a discussion of our credit risk mitigation practices regarding collateral valuation and the types of collateral engaged, see "Note 1, Summary of Significant Accounting Policies—Collateral" in our 2025 Form 10-K.

We rely on our institutional counterparties to provide services and credit enhancements that are critical to our business. For more information on the guarantors and other providers of credit risk mitigation that we engage, see "MD&A—Risk Management—Institutional Counterparty Credit Risk Management," "MD&A—Single-Family Business—Single-Family Mortgage Credit Risk Management," "MD&A—Multifamily Business—Multifamily Mortgage Credit Risk Management," and "Note 14, Concentrations of Credit Risk" in our 2025 Form 10-K.

Our charter generally requires credit enhancement on single-family conventional mortgage loans we purchase or securitize with a loan-to-value ratio over 80% at the time of acquisition. We generally achieve this through primary mortgage insurance. Primary mortgage insurance transfers varying portions of the credit risk associated with a mortgage loan to a third-party insurer. For us to receive a payment in settlement of a claim under a primary mortgage insurance policy, the insured loan must be in default and the borrower's interest in the property securing the loan must have been extinguished, generally in a foreclosure action, short sale or a deed-in-lieu of foreclosure. Eligibility standards for mortgage insurers are established under private mortgage insurer eligibility requirements and we regularly monitor our exposure to individual mortgage insurers. The financial ability and willingness of our approved mortgage insurers to pay claims is an important determinant of our overall credit risk exposure. For additional information on mortgage insurers, see "MD&A—Risk Management—Institutional Counterparty Credit Risk Management—Mortgage Insurers" in our 2025 Form 10-K.

Credit Risk Transfer ("CRT") transactions provide another form of credit risk mitigation. We manage the concentration, market, and counterparty risks associated with CRT transactions through counterparty risk requirements and collateral requirements. For additional information on counterparty risk and collateral, refer to "Section 5, Counterparty Credit Risk."

Collateral levels for repurchase agreement transactions and certain CRT transactions, where applicable, are consistent with the ERCF requirements and are detailed in the exhibit below as of September 30, 2026.

Exhibit 6.1: Eligible Financial Collateral Coverage[22]

Enterprise exposure

	As of September 30, 2026	
	Enterprise Exposure	Associated Credit Risk RWA
	(Dollars in millions)	
Single-family Credit Insurance Risk Transfer	$ 417,249	$ 107,728
Multifamily Credit Insurance Risk Transfer	115,267	23,529
Reverse repurchase style transactions	35,111	69
Total	$ 567,627	$ 131,326

Eligible financial collateral

	As of September 30, 2026
	(Dollars in millions)
Total eligible financial coverage collateral (pre-haircut)	$ 39,890
Total eligible financial coverage collateral (post-haircut)	37,480

With the exception of mortgage insurance, CRT exposures, the guarantees we receive from affiliates of certain derivative counterparties, and multifamily lender front-end risk-sharing arrangements, Fannie Mae does not have any other exposures whose credit risk is mitigated by eligible guarantees or credit derivatives obtained from external third parties.

(22) Exposures based on definitions under ERCF. Includes collateral from reverse repurchase transactions and credit insurance risk transfer transactions.

7. Credit Risk Transfers and Securitization

One of the key components of our credit risk management strategy is the transfer of mortgage credit risk to third parties. Credit risk transfer transactions, including Connecticut Avenue Securities® ("CAS") and Multifamily Connecticut Avenue Securities® ("MCAS™") issuances, generally transfer a portion of credit losses on a reference pool of mortgage loans to investors. We also use Credit Insurance Risk Transfer™ ("CIRT™" and "MCIRT™") deals to transfer a portion of the credit risk on a pool of loans to an insurance provider that retains the risk, or to an insurance provider that simultaneously cedes all of its risk to one or more reinsurers.

For more information on our credit risk management strategy regarding CRTs, see "MD&A—Single-Family Business—Single-Family Mortgage Credit Risk Management—Single-Family Credit Enhancement and Transfer of Mortgage Credit Risk" and "MD&A—Multifamily Business—Multifamily Mortgage Credit Risk Management—Multifamily Transfer of Mortgage Credit Risk" in our Q3 2026 Form 10-Q and 2025 Form 10-K.

Our issuance of CRT securities does not create any new mortgage credit exposure for us. CRT transactions reduce our mortgage credit risk by transferring a portion of our single-family and multifamily mortgage credit risk on reference pools of mortgage loans to the private market; they are generally designed to transfer a portion of the losses we expect would be incurred in an economic downturn or a stressed credit environment. CIRT and MCIRT transactions do give rise to incremental counterparty credit risk, which reduces the capital relief provided by the transactions, because we are subject to the risk that the CIRT and MCIRT counterparties (insurers and reinsurers) may not meet their payment obligations to us following a credit loss event. CAS and MCAS transactions, however, do not present a similar risk as the CAS and MCAS trusts receive the proceeds upon issuance that will reimburse us for defined credit events on the related loans. All CRT transactions have model, pricing, and structuring risks given their inherent complexity.

The metrics we use to measure the credit risk, interest-rate and spread securitization exposures of CRT transactions are generated using internal models. Our internal models, consistent with standard practice for models used in our industry, require numerous assumptions. There are inherent limitations in any methodology used to estimate the exposure to credit risk and changes in interest rates for transactions where CRT is applied. The reliability of our loss and prepayment estimates and interest-rate risk metrics depends on the availability and quality of historical data for each of the types of securities in our net portfolio. When market conditions change rapidly and dramatically, the assumptions of our models may no longer accurately capture or reflect the changing conditions. On a regular basis, management makes judgments about the appropriateness of the risk assessments indicated by the models. For more information on our models, see "MD&A—Risk Management—Model Risk Management" and "Risk Factors—Operational and Model Risk" in our 2025 Form 10-K.

For a discussion of how we mitigate mortgage credit risk retained through securitization exposures, see "MD&A—Single-Family Business—Single-Family Mortgage Credit Risk Management" and "MD&A—Multifamily Business—Multifamily Mortgage Credit Risk Management" in our 2025 Form 10-K.

Fannie Mae had no affiliated entities in CRT securitization transactions as of September 30, 2026.

CRT Accounting Treatment – We perform regular evaluations and assessments of our CRT objectives, risks, processes, and policies. We transfer mortgage credit risk to investors through both CAS special purpose vehicles ("SPVs") and MCAS SPVs. CAS and MCAS SPVs are separate legal entities that issue notes that are fully collateralized by cash deposited into a collateral account held by the respective CAS or MCAS SPV, which is invested in short-term highly rated investments. To the extent that collateral held by the CAS or MCAS SPV and the earnings thereon are insufficient relative to the payments due to holders of the CAS or MCAS notes, we may be required to make payments to the CAS or MCAS SPVs. The CAS and MCAS SPVs qualify as variable interest entities ("VIEs"). We do not have the power to direct significant activities of the CAS or MCAS SPVs while the CAS and MCAS SPVs are outstanding, and, therefore, we do not consolidate CAS or MCAS SPVs. For information regarding the methods and key assumptions applied in valuing retained or purchased interests, treatment of synthetic securitizations, and recognizing liabilities on the balance sheet for arrangements that could require the company to provide financial support for securitized assets, see "Note 1, Summary of Significant Accounting Policies—Investments in Securities," "Note 3, Consolidations and Transfers of Financial Assets—Types of VIEs—Special Purpose Vehicles Associated with Our Credit Risk Transfer Programs" and "Note 7, Financial Guarantees," in our 2025 Form 10-K.

For information on our CRT transactions and their characteristics, see "MD&A—Single-Family Business—Single-Family Mortgage Credit Risk Management—Single-Family Credit Enhancement and Transfer of Mortgage Credit Risk" and "MD&A—Multifamily Business—Multifamily Mortgage Credit Risk Management—Multifamily Transfer of Mortgage Credit Risk" in our Q3 2026 Form 10-Q and 2025 Form 10-K.

We do not recognize a sale associated with the issuance of CRT securities (i.e., CAS) or reinsurance (i.e., CIRT) as the reference pools of loans remain on our balance sheet. The assessment and valuation of a CRT transaction do not result in the recognition of retained or purchased interest nor any gain-on-sale. Furthermore, there are no retained or purchased CRT resecuritization exposures on our balance sheet. Additionally, our process for valuing exposures intended to be securitized through CRT transactions is the same as our process for valuing other exposures.

Private-label securitization exposures are assigned 1,250% risk weights for calculating RWA. For CRT exposures, we utilize the CRTA for calculating RWA.

The following exhibit sets forth the exposure amounts, past due amounts and losses recognized on loans included in private-label securities, reference pools for CRT transactions, and other securitizations as of September 30, 2026. We do not have any traditional single-family or multifamily securitization exposures as defined under the ERCF.

Exhibit 7.1: CRT and Securitizations by Exposure Types

	As of September 30, 2026						
	Total Exposure	On-Balance Sheet Exposure	Off-Balance Sheet Exposure	Retained	Acquired	Past Due Amount[24]	Loss Recognized
	(Dollars in millions)						
Traditional:							
Single-family securitization	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Multifamily securitization	—	—	—	—	—	—	—
Private-label securities	280	280	—	248	32	42	26
Other securitizations[23]	114	—	114	113	1	18	—
Synthetic / Reinsurance CRT:							
Single-family CRT[25]	1,230,293	1,230,293	—	1,230,293	—	13,245	340
Multifamily CRT	145,279	145,279	—	145,279	—	1,020	22
Total CRT and securitization exposure	$ 1,375,966	$ 1,375,852	$ 114	$1,375,933	$ 33	$ 14,325	$ 388

(23) Primarily consists of unconsolidated single-family whole loan Real Estate Mortgage Investment Conduits (REMICs).

(24) Past due amounts presented in this exhibit are 60 days or more past due.

(25) The past due and loss recognized amounts for Single-family CRT include CRT with and without capital relief.

The following exhibit provides information on the RWA related to CRT and securitization exposures as of September 30, 2026.

Exhibit 7.2: CRT and Securitizations by Capital Treatment

	As of September 30, 2026				
			RWA by Calculation Methodology		
	Total Exposure	RWA	SSFA[26]	CRTA	1,250% Risk Weighted
	(Dollars in millions)				
Traditional:					
Single-family securitization	$ —	$ —	$ —	$ —	$ —
Multifamily securitization	—	—	—	—	—
Private-label securities	280	3,500	—	—	3,500
Other securitizations[27]	114	1,425	—	—	1,425
Synthetic / Reinsurance CRT:					
Single-family CRT	1,230,293	318,982	—	318,982	—
Multifamily CRT	145,279	24,217	—	24,217	—
Total CRT and securitization exposure	$ 1,375,966	$ 348,124	$ —	$ 343,199	$ 4,925

The following exhibit provides information on our securitization and reinsurance CRT exposures by risk-weight bands and capital impact of RWA as of September 30, 2026.

Exhibit 7.3: Securitization and Resecuritization CRT Exposures Risk and Risk-Weight Bands

	As of September 30, 2026			
	Total Exposure	SSFA Risk-Weighted Assets[28]	CRTA Risk-Weighted Assets	Capital Impact of RWA[29]
	(Dollars in millions)			
Securitization / Reinsurance CRT:				
Zero to 20%	$ 673,012	$ —	$ 89,814	$ 4,042
21% to 50%	555,621	—	168,758	7,594
51% to 100%	146,939	—	84,625	3,808
Over 100%	394	4,925	2	222
Resecuritization:				
Zero to 20%	—	—	—	—
21% to 50%	—	—	—	—
51% to 100%	—	—	—	—
Over 100%	—	—	—	—
Total CRT and securitization/ resecuritization	$ 1,375,966	$ 4,925	$ 343,199	$ 15,666

(26) Refers to the Simplified Supervisory Formula Approach ("SSFA").

(27) Primarily consists of unconsolidated single-family whole loan Real Estate Mortgage Investment Conduits (REMICs).

(28) Includes exposures risk-weighted at 1,250%.

(29) Required CET1 capital amount associated with the exposure.

The following exhibit provides information as of September 30, 2026 on our exposures intended to be securitized in the subsequent fiscal quarter, exposures securitized year-to-date, and the associated year-to-date gain/loss on sale.

Exhibit 7.4: CRT and Securitization Pipeline & Activity

	As of September 30, 2026		
	Carrying Value of Assets Pending Securitization[30]	Assets Securitized YTD	Recognized Gain/ Loss on Sale YTD
	(Dollars in millions)		
Traditional:			
Single-family securitization	$ —	$ —	$ —
Multifamily securitization	—	—	—
Private-label securities	—	—	—
Other	—	—	—
Synthetic / Reinsurance CRT:			
Single-family CRT	57,446	127,527	—
Multifamily CRT	—	34,739	—
Total CRT and securitization exposure	$ 57,446	$ 162,266	$ —

(30) Represents our estimate, as of September 30, 2026, of the UPB of loans we expect will be included in reference pools for single-family and multifamily CRT transactions in the fourth quarter of 2026. Actual amounts may change, perhaps materially, depending on a number of factors, including our risk appetite, future market conditions, the cost of the transactions, FHFA guidance or requirements, the capital relief provided by the transactions, and the overall credit risk transfer capacity of the market.

8. Equities

We make equity investments in Low Income Housing Tax Credit ("LIHTC") partnerships. Our LIHTC investments primarily represent limited partnership interests in entities that have been organized by a fund manager who acts as the general partner. These LIHTC partnerships seek out equity investments in LIHTC operating partnerships that have been established to identify, develop and operate affordable multifamily housing that is leased to qualifying residential tenants. Fannie Mae does not consolidate these entities because our limited partnership interest does not provide us with a controlling financial interest. Since we do not have a controlling financial interest in the entities, our consolidated balance sheets reflect only our investment rather than the full amount of the partnership's assets and liabilities. We elect the proportional amortization method and amortize the cost of a LIHTC investment each reporting period in proportion to the tax credits and other tax benefits received.

For additional information on our LIHTC investments, refer to "MD&A—Multifamily Business—Primary Business Activities," "Note 1, Summary of Significant Accounting Policies—Income Taxes," and "Note 3, Consolidations and Transfers of Financial Assets—Types of VIEs," in our 2025 Form 10-K.

The following exhibit provides information on unrealized gains and losses for publicly-traded and non-publicly traded equity investments as of September 30, 2026.

Exhibit 8.1: Equity Investments

	As of September 30, 2026		
	Public	Non-Public[31]	Total
	(Dollars in millions)		
Carrying value	$ 1	$ 5,936	$ 5,937
Unrealized gains/losses	—	—	—
Unrealized gains/losses not recognized on the balance sheet or through earnings	—	—	—
Fair value	1	5,936	5,937
Unrealized gains/losses included in risk-based capital	—	—	—
YTD cumulative realized gains/losses from sales and liquidation	—	—	—

(31) Primarily consists of LIHTC partnerships, community investments and other partnership investments; for these investments, carrying value approximates fair value.

The following exhibit provides information on the capital treatment of equity investments as of September 30, 2026.

Exhibit 8.2: Capital Treatment of Equity Investments

	As of September 30, 2026		
	Exposure	RWA	Capital Impact of RWA[32]
Risk Weight:		(Dollars in millions)	
0%	$ —	$ —	$ —
20%	—	—	—
100%	5,933	5,933	267
300%	—	—	—
400%	4	16	1
600%	—	—	—
Total equity investments	$ 5,937	$ 5,949	$ 268

(32) Required CET1 capital amount associated with the exposure.

9. Interest Rate Risk for Non-Trading Activities

We are subject to interest-rate risk, which is the risk that movements in interest rates will adversely affect the value of our assets or liabilities or our future earnings or capital. Our exposure to interest-rate risk primarily arises from two sources: (1) our “net portfolio,” which we define as: our retained mortgage portfolio assets, our corporate liquidity portfolio, outstanding debt of Fannie Mae, mortgage commitments and risk management derivatives; and (2) our consolidated MBS trusts.

For more information on the nature of interest rate risk for non-trading activities, and the key assumptions used, see “MD&A—Risk Management—Market Risk Management, including Interest-Rate Risk Management” and “MD&A—Key Market Economic Indicators” in our 2025 Form 10-K.

For information on Fannie Mae’s market value sensitivity based on interest-rate shocks, see “MD&A—Risk Management—Market Risk Management, including Interest-Rate Risk Management—Measurement of Market Value Sensitivity of our Net Portfolio—Results of Market Value Sensitivity Measures” in our Q3 2026 Form 10-Q.

10. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and third parties, or disruptions from external events. Refer to “Risk Factors—Operational and Model Risk,” “MD&A—Risk Management—Operational Risk Management,” and “Cybersecurity” in our 2025 Form 10-K for information on the operational risks we face, how we identify, monitor, and manage these risks (including cybersecurity risks), and how insurance is used to mitigate operational risk.

As previously discussed, Fannie Mae calculates its RWA using the standardized approach, whereby operational risk RWA is calculated by multiplying adjusted total assets by 15 basis points, and then multiplying by 12.5.

11. Tier 1 Leverage Ratio

Under the ERCF, the tier 1 leverage ratio is calculated as available tier 1 capital divided by adjusted total assets. Fannie Mae is required to maintain tier 1 capital in excess of the amount required under its tier 1 leverage ratio requirement by at least the amount of its prescribed leverage buffer amount. The following exhibit provides a view of our adjusted total assets and tier 1 leverage as of September 30, 2026.

Exhibit 11.1: Tier 1 Leverage Ratio

		As of September 30, 2026 (Dollars in millions)
Part 1: Summary comparison of accounting assets and adjusted total assets		
1 Total consolidated assets as reported in published financial statements	$	4,317,887
2 Adjustment for fiduciary assets recognized on balance sheet but excluded from total leverage exposure		—
3 Adjustment for derivative exposures		1,553
4 Adjustment for repo-style transactions		1,661
5 Adjustment for off-balance sheet exposures (that is, conversion to credit equivalent amounts of off-balance sheet exposures)		97,769
6 Other adjustments		(59)
7 Adjusted total assets (sum of lines 1 to 6)	$	4,418,811
Part 2: Tier 1 leverage ratio		
On-balance sheet exposures		
1 On-balance sheet assets (excluding on-balance sheet assets for repo-style transactions and derivative exposures, but including cash collateral received in derivative transactions and including allowance for credit losses)	$	4,288,575
2 LESS: Amounts deducted from tier 1 capital		9,707
3 Total on-balance sheet exposures (excluding on-balance sheet assets for repo-style transactions and derivative exposures, but including cash collateral received in derivative transactions) (sum of lines 1 and 2)	$	4,278,868
Derivative exposures		
4 Current exposure for derivative exposures (that is, net of cash variation margin)	$	(2,230)
5 Add-on amounts for potential future exposure (PFE) for derivative exposures		1,553
6 Gross-up for cash collateral posted if deducted from the on-balance sheet assets, except for cash variation margin		2,437
7 LESS: Deductions of receivable assets for cash variation margin posted in derivative transactions, if included in on-balance sheet assets		—
8 LESS: Exempted CCP leg of client-cleared transactions		—
9 Effective notional principal amount of sold credit protection		48
10 LESS: Effective notional principal amount offsets and PFE adjustments for sold credit protection		—
11 Default Fund Contribution		5,255
12 Total derivative exposures (sum of lines 4 to 11)	$	7,063
Repo-style transactions		
13 On-balance sheet assets for repo-style transactions, except include the gross value of receivables for reverse repurchase transactions. Exclude from this item the value of securities received in a security-for-security repo-style transaction where the securities lender has not sold or re-hypothecated the securities received. Include in this item the value of securities that qualified for sales treatment that must be reversed	$	33,450
14 LESS: Reduction of the gross value of receivables in reverse repurchase transactions by cash payables in repurchase transactions under netting agreements		—
15 Counterparty credit risk for all repo-style transactions		1,661
16 Exposure for repo-style transactions where a banking organization acts as an agent		—
17 Total exposures for repo-style transactions (sum of lines 13 to 16)	$	35,111
Other off-balance sheet exposures		
18 Off-balance sheet exposures at gross notional amounts	$	184,651
19 LESS: Adjustments for conversion to credit equivalent amounts and off-balance sheet exposures held in retained portfolio		86,882
20 Off-balance sheet exposures (sum of lines 18 and 19)	$	97,769
Capital and adjusted total assets		
21 Tier 1 capital (deficit)		(10,906)
22 Adjusted total assets (sum of lines 3, 12, 17, and 20)	$	4,418,811
Tier 1 leverage ratio		
23 Tier 1 leverage ratio (in percent)		(0.2)%

12. Market Risk

We are subject to market risk, which includes interest-rate risk and spread risk. Interest-rate risk is the risk that movements in interest rates will adversely affect the value of our assets or liabilities or our future earnings or capital. Spread risk is the risk from changes in an instrument's value that relate to factors other than changes in interest rates. We can experience losses from changes in the spreads between our financial assets, including mortgage purchase and sale commitments, and our financial liabilities, including the derivatives we use to hedge our position. Our internal management practices include procedures to identify, assess, respond to, and monitor our market risk. The process for monitoring and managing market risk includes stressing factors such as interest rates and spreads in order to evaluate the impact on fair value and earnings.

We monitor current market conditions, including the interest-rate environment, to assess the impact of these conditions on individual positions and our interest-rate risk profile. In addition to qualitative factors, we use various quantitative risk metrics to remain within pre-defined risk tolerance levels that we consider acceptable. We regularly disclose two interest-rate risk metrics that estimate the market value sensitivity of our net portfolio: (1) market value sensitivity to changes in interest-rate levels and the slope of the yield curve and (2) duration gap.

Under the ERCF, market risk reflects spread risk only. We calculate market risk RWA for the retained mortgage portfolio under the standardized approach in the ERCF. In accordance with ERCF requirements, we use one of the three standardized approaches for spread risk (Single-Point, Spread Duration, or Internal Estimates) depending principally on instrument type. For more information on our instrument types refer to the following exhibit.

The following exhibit provides the covered position exposure amounts and RWA for each of the three types of ERCF standardized approaches as of September 30, 2026. The population of covered positions includes those with spread risk exposure regardless of intent or accounting treatment.

Exhibit 12.1: Covered Position Exposure Amounts and RWA

	As of September 30, 2026	
	Exposure Amount	Standardized Market Risk RWA
	(Dollars in millions)	
Single Point Approach:		
Mortgage exposures that are not secured by an MBS guaranteed by the Enterprise		
Non-performing loans	$ 13,510	$ 8,022
Re-performing loans	25,026	14,859
Reverse mortgage loans	1,568	314
Reverse mortgage securities	659	338
Spread Duration Approach:		
Multifamily mortgage exposures	3,399	121
Private-label securities	280	538
MBS (non-interest only) guaranteed by an Enterprise or by Ginnie Mae	13,246	7,124
Internal Estimates:		
Covered Positions that are not subject to the Single Point or Spread Duration Approaches		
Single-family MBS guaranteed by the Enterprise	84,287	60,767
Single-family MBS guaranteed by Ginnie Mae	2,463	1,639
Single-family MBS guaranteed by Freddie Mac	9,093	6,558
Multifamily interest-only securities guaranteed by an Enterprise or Ginnie Mae	308	193
Commercial MBS	—	—
CRT exposures	—	—
Other securitization exposures	82	41
Performing loans, not securitized	10,973	7,305
Commitments and TBA	(43,117)	(31,802)
Other trading assets and liabilities	633	2,502
Total	$ 122,410	$ 78,519

On- and Off-Balance Sheet Exposure Types – For additional information on our aggregate amount of on-balance sheet and off-balance sheet securitization positions by exposure type and composition of material covered positions, refer to “Note 3, Consolidations and Transfers of Financial Assets—Unconsolidated VIEs” and “Note 7, Financial Guarantees” in our Q3 2026 Form 10-Q.

Our valuation framework incorporates key elements for governance, methodology, valuation adjustments, and model validation.

Valuation governance provides: (1) an overview of governance bodies and committees; (2) an outline of the structure emphasizing independence of the valuation review process; (3) detail on governance processes and financial instruments covered; and (4) the end-to-end valuation process, including the control framework and roles and responsibilities for first and second lines of defense in the valuation processes. For more information on our valuation techniques, refer to “Note 16, Fair Value—Fair Value Measurement” in our 2025 Form 10-K.

The internal model approach is intended to capture at a granular level the risk associated with changes in the discounting spread used to value the future cash flows of the assets in our retained mortgage portfolio. The future cash flows are projected by models that reflect the expected prepayment behavior associated with the different characteristics of the assets (amortization terms, vintages, mortgage rates, etc.) in our current economic outlook. However, internal models do not incorporate basis risk across positions. Basis risk is the risk that the value of a futures contract or an over-the-counter hedge will not perfectly offset an underlying position.

Consistent with our model risk management framework, regulatory expectations and industry practice, an independent second line model risk function subjects our material market risk models to rigorous validation testing for conceptual soundness and fitness for use.

The calculation of market risk capital for our retained mortgage portfolio quantifies the amount of market value losses that its assets could experience under spread widening consistent with the size of the largest spread movements observed since the recession of 2008, assuming that other risk factors such as benchmark interest rates, mortgage rates, and home prices remain the same as in the current economic outlook.

Per our model risk management framework and policies, relevant market risk models using internal-derived models are subject to model performance management to ensure conformance between model estimates and actual portfolio value changes.

The metrics used to measure our spread risk exposure are generated using internal models. Our internal models, consistent with standard practice for models used in our industry, require numerous assumptions. There are inherent limitations in any methodology used to estimate the exposure to changes in spreads. The reliability of our prepayment estimates and spread risk metrics depends on the availability and quality of historical data for each of the types of securities in our retained mortgage portfolio. When market conditions change rapidly and dramatically, the assumptions of our models may no longer accurately capture or reflect the changing conditions. On a regular basis, management makes judgments about the appropriateness of the risk assessments indicated by the models and will make adjustments as necessary to properly assess our market risk exposure. While we monitor our spread risk exposure and manage the risk where feasible and appropriate, we do not seek to fully mitigate this risk and accept some level of spread risk. For more information on our models, see “MD&A—Risk Management—Model Risk Management” and “Risk Factors—Operational and Model Risk” in our 2025 Form 10-K.

The metrics used to measure spread exposure of resecuritization positions are generated using internal models in combination with external models that project how the securitization cash flows are allocated to the resecuritization positions.

Glossary

This section defines terms included in this report.

CAS – Connecticut Avenue Securities® - A type of security that allows Fannie Mae to transfer a portion of the credit risk from loan reference pools, consisting of certain mortgage loans in our guaranty book of business, to third-party investors.

CIRT™ – Credit Insurance Risk Transfer™ - Insurance transactions whereby we obtain actual loss coverage on pools of loans either directly from an insurance provider that retains the risk, or from an insurance provider that simultaneously cedes all of its risk to one or more reinsurers.

CRTA – Credit Risk Transfer Approach - A calculation methodology, defined in the ERCF, used to determine the risk-weight for a retained CRT exposure.

FHFA – The Federal Housing Finance Agency - FHFA is an independent agency of the federal government with general supervisory and regulatory authority over Fannie Mae, Freddie Mac and the Federal Home Loan Banks. FHFA also has been acting as our conservator since September 2008. For more information on FHFA's authority as our conservator and as our regulator, see "Business—Conservatorship and Treasury Agreements" and "Business—Legislation and Regulation" in our 2025 Form 10-K.

GSE – refers to the government-sponsored enterprises Fannie Mae or Freddie Mac.

LIHTC – refers to a federal program that encourages private equity investment in creating and preserving affordable units throughout the country by awarding federal tax credits to affordable housing developers, who then exchange those tax credits with corporate investors in return for capital contributions.

MCAS™ – Multifamily Connecticut Avenue Securities® - Connecticut Avenue Securities that are structured as notes issued by trusts to transfer a portion of the credit risk on our multifamily guaranty book of business to third-party investors.

MCIRT™ – Multifamily Credit Insurance Risk Transfer™ - Insurance transactions that transfer a portion of the credit risk associated with a reference pool of multifamily mortgage loans to insurers, reinsurers, or investors.

Multifamily loan – A mortgage loan secured by a property containing five or more residential dwelling units.

Net portfolio – Collectively consists of our retained mortgage portfolio assets, our corporate liquidity portfolio, outstanding debt of Fannie Mae, mortgage commitments, and risk management derivatives.

Private-label securities – Mortgage-related securities issued by entities other than agency issuers Fannie Mae, Freddie Mac or Ginnie Mae.

Retained mortgage portfolio – Mortgage-related assets we own (excluding the portion of assets that back mortgage-related securities owned by third parties).

Risk-weighted assets – Is a measure of an entity's assets adjusted for credit, market, and operational risk as specified in ERCF.

Senior preferred stock – Shares of Variable Liquidation Preference Senior Preferred Stock, Series 2008-2, issued to the U.S. Treasury under the senior preferred stock purchase agreement.

Single-family loan – A mortgage loan secured by a property containing four or fewer residential dwelling units.

SSFA – Simplified Supervisory Formula Approach - a calculation methodology, defined in the ERCF, used to determine the risk-weight for a securitization exposure.

Synthetic securitization – A synthetic securitization means a transaction in which: (1) all or a portion of the credit risk of one or more underlying exposures is retained or transferred to one or more third parties through the use of one or more credit derivatives or guarantees; (2) the credit risk associated with the underlying exposures has been separated into at least two tranches reflecting different levels of seniority; (3) performance of the securitization exposures depends upon the performance of the underlying exposures; and (4) all or substantially all of the underlying exposures are financial exposures.

Variable Interest Entity (VIE) – A VIE is an entity that has a total equity investment at risk that is not sufficient to finance its activities without additional subordinated financial support provided by another party, or where the group of equity holders does not have: (1) the ability to make significant decisions about the entity's activities; (2) the obligation to absorb the entity's expected losses; or (3) the right to receive the entity's expected residual returns.

Write-off – Loan amounts written off as uncollectible bad debts. These loan amounts are removed from our consolidated balance sheet and charged against our loss reserves when the balance is deemed uncollectible. Also includes write-offs related to the redesignation of loans from held for investment to held for sale.