Fannie Mae Progress Report

SECOND QUARTER 2014
As of June 30, 2014

OUR PURPOSE

- We continue to focus on supporting the housing market recovery and helping to build a sustainable housing finance system.

- Our priorities are aligned with the public interest.

- We are committed to providing liquidity to the mortgage market; assisting troubled borrowers; enabling families to buy, refinance, or rent a home; and building a book of business that will help protect Americans' investment in the company.

OUR RESULTS
SECOND QUARTER 2014

- Our second quarter results were strong.

- Net income in Q2 2014 declined compared with Q1 2014, due primarily to a decline in the amount of income recognized from settlement agreements related to private-label mortgage-related securities sold to us. The decline was partially offset by an increase in the company's benefit for credit losses due primarily to higher home prices in Q2 2014.

- We expect to remain profitable for the foreseeable future.

Net income for Q2 2014
Comprehensive income for Q2 2014

$3.7 BILLION
$3.7 BILLION

SINGLE-FAMILY BOOK OF BUSINESS
AS OF JUNE 30, 2014

- We have established responsible credit standards while making it possible for families to purchase, refinance, or rent a home.

- Beginning in 2008, we significantly strengthened our underwriting and eligibility standards and changed our pricing to promote sustainable homeownership and stability in the housing market.

- As a result, the credit quality of our book of business has improved.

New book of business is strong, profitable, and a growing share of our overall book.

Single-Family Loans prior to 2009
Single-Family Loans 2009 through Q2 2014

79% NEW
21% LEGACY

Single-Family Loans prior to 2009
Single-Family Loans 2009 through Q2 2014

79% NEW
21% LEGACY
LIQUIDITY AND SUPPORT TO THE MARKET

- We funded the mortgage market with more than $4.2 trillion in liquidity since 2009, enabling families to buy, refinance, or rent a home:

DRIVING DOWN THE SERIOUS DELINQUENCY (SDQ) RATE

- Our single-family SDQ rate has declined 17 consecutive quarters.

5.47%  2.05%

- Fannie Mae’s single-family SDQ rate was 2.05 percent.
- Our single-family SDQ rate is substantially lower than private market levels.
- Approximately 96 percent of Fannie Mae’s 17.5 million single-family conventional loans are current.

TREASURY DRAWS AND DIVIDEND PAYMENTS

- Fannie Mae expects to have paid Treasury approximately $130.5 billion in dividends as of September 30, 2014.

This report includes our expectations regarding future financial results, profitability, our ability to pay taxpayers, our future dividend payments to Treasury, and the growth, profitability, and caliber of the loans in our new single-family book of business. These expectations are forward-looking statements based on our assumptions regarding numerous factors, including future home prices, unemployment rates, other macroeconomic and housing market variables, future legislative or regulatory requirements, borrower behavior, and many other factors, including those discussed in the “Risk Factors” section of and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our quarterly report on Form 10-Q for the quarter ended June 30, 2014. These forward-looking statements are representative only as of the date they are made, and we undertake no obligation to update any forward-looking statement as a result of new information, future events or otherwise, except as required under the federal securities laws.