

**BUSINESS BALANCES AND GROWTH** (\$ in Millions)

	Mortgage Portfolio, Gross <sup>1</sup>		Outstanding MBS <sup>2</sup>		Book of Business	
	End Balance	Growth Rate <sup>3</sup>	End Balance	Growth Rate <sup>3</sup>	End Balance	Growth Rate <sup>3</sup>
<b>YTD 2001</b>	<b>\$ 707,015</b>	<b>15.9%</b>	<b>\$ 858,867</b>	<b>21.5%</b>	<b>\$ 1,564,034</b>	<b>19.0%</b>
January 2002	\$ 717,580	19.5%	\$ 862,622	5.4%	\$ 1,580,202	13.1%
February 2002	731,630	26.2%	872,742	15.0%	1,604,372	20.0%
March 2002	733,894	3.8%	896,310	37.7%	1,630,204	21.1%
April 2002	739,277	9.2%	910,563	20.8%	1,649,840	15.5%
May 2002	741,084	3.0%	925,419	21.4%	1,666,503	12.8%
June 2002	740,744	-0.5%	945,497	29.4%	1,686,241	15.2%
July 2002	743,025	3.8%	960,114	20.2%	1,703,140	12.7%
August 2002	746,101	5.1%	974,021	18.8%	1,720,122	12.6%
September 2002	751,423	8.9%	990,393	22.1%	1,741,816	16.2%
October 2002	751,347	-0.1%	1,018,303	39.6%	1,769,650	21.0%
November 2002	760,759	16.1%	1,019,031	.9%	1,779,790	7.1%
December 2002	790,800	59.2%	1,029,456	13.0%	1,820,255	31.0%
<b>YTD 2002</b>	<b>\$ 790,800</b>	<b>11.9%</b>	<b>\$ 1,029,456</b>	<b>19.9%</b>	<b>\$ 1,820,255</b>	<b>16.4%</b>

**BUSINESS VOLUMES** (\$ in Millions)

	Single-family Issues	Multifamily Issues	MBS			Portfolio Purchases	Business Volume
			Total Lender-originated Issues <sup>4</sup>	Fannie Mae MBS Purchases <sup>5</sup>	MBS Issues Acquired by Others		
<b>YTD 2001</b>	<b>\$ 511,521</b>	<b>\$ 13,801</b>	<b>\$ 525,322</b>	<b>\$ 180,583</b>	<b>\$ 344,739</b>	<b>\$ 270,584</b>	<b>\$ 615,323</b>
January 2002	\$ 59,452	\$ 1,154	\$ 60,606	\$ 27,252	\$ 33,354	\$ 36,392	\$ 69,746
February 2002	58,453	1,028	59,481	26,122	33,359	33,249	66,609
March 2002	53,214	615	53,829	13,738	40,091	21,305	61,395
April 2002	46,402	967	47,369	12,506	34,863	23,175	58,038
May 2002	40,856	597	41,453	8,396	33,057	17,432	50,489
June 2002	42,641	579	43,220	8,231	34,989	16,310	51,299
July 2002	41,523	826	42,349	10,618	31,731	17,586	49,317
August 2002	49,941	548	50,489	14,447	36,042	23,123	59,165
September 2002	63,426	597	64,023	19,204	44,819	33,518	78,338
October 2002	80,624	699	81,323	19,043	62,280	32,853	95,132
November 2002	80,375	951	81,326	33,535	47,791	47,807	95,599
December 2002	94,054	3,777	97,831	51,947	45,884	67,891	113,775
<b>YTD 2002</b>	<b>\$ 710,961</b>	<b>\$ 12,336</b>	<b>\$ 723,299</b>	<b>\$ 245,039</b>	<b>\$ 478,260</b>	<b>\$ 370,641</b>	<b>\$ 848,901</b>

**MORTGAGE PORTFOLIO COMMITMENTS, PURCHASES, AND SALES** (\$ in Millions)

	Retained Commitments	Purchases				Net Yield <sup>6</sup>	Mortgage Portfolio Sales
		Single-family	Multifamily	Total Purchases			
<b>YTD 2001</b>	<b>\$ 296,498</b>	<b>\$ 262,441</b>	<b>\$ 8,143</b>	<b>\$ 270,584</b>	<b>6.56%</b>	<b>\$ 8,981</b>	
January 2002	\$ 21,289	\$ 35,682	\$ 710	\$ 36,392	6.23%	\$ 195	
February 2002	17,902	32,928	321	33,249	6.34%	431	
March 2002	11,592	20,290	1,015	21,305	6.42%	2,505	
April 2002	19,582	22,594	582	23,175	6.15%	936	
May 2002	18,181	16,695	737	17,432	6.49%	223	
June 2002	22,165	15,897	414	16,310	6.52%	2,470	
July 2002	29,724	17,173	413	17,586	6.27%	51	
August 2002	41,263	22,650	473	23,123	5.97%	2	
September 2002	57,039	33,112	406	33,518	5.75%	1,383	
October 2002	67,342	32,297	556	32,853	5.61%	951	
November 2002	52,766	47,131	676	47,807	5.52%	142	
December 2002	29,214	66,703	1,188	67,891	5.42%	293	
<b>YTD 2002</b>	<b>\$ 388,059</b>	<b>\$ 363,149</b>	<b>\$ 7,492</b>	<b>\$ 370,641</b>	<b>5.92%</b>	<b>\$ 9,582</b>	

<sup>1</sup> Restated to exclude mark-to-market adjustments, deferred balances and allowance for losses. Includes \$509 billion of Fannie Mae MBS as of December 31, 2002.

<sup>2</sup> MBS held by investors other than Fannie Mae's portfolio. Includes private label securities guaranteed by Fannie Mae effective December 31, 2002.

<sup>3</sup> Growth rates are compounded.

<sup>4</sup> Excludes MBS issued from Fannie Mae's portfolio, which was \$1,674 million in December 2002.

<sup>5</sup> Included in total portfolio purchases.

<sup>6</sup> Yields shown on a taxable-equivalent basis.

**DECEMBER 2002**

Fannie Mae's regular monthly financial disclosures for December reflect the company's posture of low-risk growth during an extraordinary year of record mortgage originations.

**HIGHLIGHTS FOR DECEMBER INCLUDE:**

- Total business volume rose to \$113.8 billion, the highest on record.
- Annualized portfolio growth reached over 59 percent, an increase from 16 percent in November. This increase reflects the large settlement of outstanding commitments made during the last few months.
- Mortgage portfolio purchases increased to nearly \$68 billion, \$20 billion more than the previous month. Future portfolio growth should continue to be strong as outstanding commitments for mortgage purchases were \$85.1 billion at month-end.
- Retained commitments were \$29.2 billion, reflecting narrower mortgage to debt spreads during the month.
- The net interest margin averaged 115 basis points, up two basis points from November.
- Risk measures continued to be favorable. Fannie Mae's portfolio duration gap moved to negative five months while mortgage delinquency rates remain near their historic lows.

**ANNUAL RESULTS**

- Operating Earnings per Share were \$6.31 in 2002, 21 percent ahead of 2001. This is the second consecutive year of growth in operating earnings per share over 20 percent.

LIQUIDATIONS (\$ in Millions)				
	Mortgage Portfolio Liquidations		Outstanding MBS Liquidations	
	Amount	Annual Rate	Amount	Annual Rate
<b>YTD 2001</b>	<b>\$ 164,412</b>	<b>24.73%</b>	<b>\$ 200,540</b>	<b>25.91%</b>
January 2002	\$ 25,642	43.20%	\$ 29,889	41.67%
February 2002	18,779	31.10%	23,671	32.74%
March 2002	16,551	27.10%	19,026	25.81%
April 2002	16,868	27.48%	21,544	28.62%
May 2002	15,414	24.99%	18,357	24.00%
June 2002	14,193	22.99%	17,383	22.30%
July 2002	15,265	24.69%	17,153	21.60%
August 2002	20,059	32.33%	22,137	21.47%
September 2002	26,824	42.99%	29,797	36.40%
October 2002	31,990	51.09%	35,321	42.20%
November 2002	38,265	60.73%	47,184	55.58%
December 2002	37,569	58.11%	42,714	50.04%
<b>YTD 2002</b>	<b>\$ 277,419</b>	<b>37.35%</b>	<b>\$ 324,177</b>	<b>34.37%</b>

## DELINQUENCY RATES

Conventional At-Risk Portfolio and MBS	
Single-family <sup>1</sup>	Multifamily <sup>2</sup>
0.49%	0.32%
0.48%	0.32%
0.46%	0.31%
0.43%	0.31%
0.42%	0.30%
0.42%	0.10%
0.42%	0.10%
0.42%	0.10%
0.44%	0.09%
0.45%	0.09%
0.46%	0.13%

## AVERAGE INVESTMENTS AND NET INTEREST MARGIN (\$ in Millions)

	Average Investment Balances			Average Investment Yield	Average Borrowing Cost	Average Interest Margin
	Net Mortgages	Liquid Investments	Total Net Investments			
<b>YTD 2001</b>	<b>\$ 658,195</b>	<b>\$ 58,811</b>	<b>\$ 717,006</b>	<b>6.90%</b>	<b>6.00%<sup>3</sup></b>	<b>1.11%<sup>3</sup></b>
January 2002	\$ 702,151	\$ 73,969	\$ 776,120	6.48%	5.55%	1.11%
February 2002	718,291	62,925	781,216	6.48%	5.55%	1.15%
March 2002	726,369	58,601	784,970	6.50%	5.47%	1.19%
April 2002	729,248	66,039	795,287	6.45%	5.45%	1.18%
May 2002	733,400	72,043	805,443	6.38%	5.41%	1.16%
June 2002	735,741	69,478	805,219	6.38%	5.40%	1.14%
July 2002	736,718	67,460	804,178	6.38%	5.40%	1.16%
August 2002	737,600	62,434	800,034	6.40%	5.45%	1.14%
September 2002	742,119	63,856	805,975	6.33%	5.34%	1.17%
October 2002	746,529	64,923	811,452	6.30%	5.35%	1.13%
November 2002	749,432	76,959	826,391	6.17%	5.24%	1.13%
December 2002	773,717	85,206	858,923	6.03%	5.02%	1.15%
<b>YTD 2002</b>	<b>\$ 735,943</b>	<b>\$ 68,658</b>	<b>\$ 804,601</b>	<b>6.35%</b>	<b>5.38%<sup>3</sup></b>	<b>1.15%<sup>3</sup></b>

## INTEREST RATE RISK DISCLOSURES

Effective Duration Gap (in months)	Rate Level Shock (50bp) <sup>4</sup>		Rate Slope Shock (25bp) <sup>4</sup>		
	1 Year Portfolio Net Interest Income at Risk	4 Year Portfolio Net Interest Income at Risk	1 Year Portfolio Net Interest Income at Risk	4 Year Portfolio Net Interest Income at Risk	
January 2002	2	6.1%	4.8%	2.0%	4.1%
February 2002	-2	5.1%	4.3%	2.3%	4.4%
March 2002	5	3.8%	6.1%	1.0%	3.1%
April 2002	0	3.5%	4.7%	1.8%	4.0%
May 2002	-1	1.9%	3.4%	1.9%	4.4%
June 2002	-4	1.2%	2.4%	3.0%	5.7%
July 2002	-9	3.8%	5.1%	4.5%	6.6%
August 2002	-14	6.5%	6.7%	6.7%	8.2%
September 2002	-10	4.4%	3.9%	5.3%	6.4%
October 2002	-6	2.7%	2.0%	6.0%	7.5%
November 2002	2	6.3%	4.9%	3.5%	5.9%
December 2002	-5	0.6%	1.6%	4.7%	6.6%

The information presented in this report is unaudited and includes, in the opinion of management, all adjustments (consisting of normally recurring accruals) necessary for a fair presentation. The data should be read in conjunction with audited financial statements and notes to financial statements that are available from the corporation. For more information regarding Fannie Mae, or for a more detailed quarterly report on Fannie Mae's activity, please visit [www.fanniemae.com](http://www.fanniemae.com) or contact us at (202) 752-7115.

<sup>1</sup> Includes loans three or more months delinquent or in foreclosure process as a percent of the number of loans.

<sup>2</sup> Includes loans two or more months delinquent as a percent of loan dollars.

<sup>3</sup> Includes the amortization of purchased option premium which is shown as other expense in the income statement, effective in January 2001.

<sup>4</sup> Expresses projected net interest income under the more adverse of the interest rate and yield curve scenarios as a percentage of projected net interest income without the rate shocks.