EXHIBIT K

FannieMae

Board Meeting

July 20, 2012
10:30 a.m. - 1:00 p.m.

Fannie Mae Headquarters
Washington , DC

Agenda

Tab

Redacted for Non-Responsiveness

12:15 p.m.	IV.	Management Report (45 minutes) a. Financial Update **(McFarland)**	D.

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FannieMae

EXECUTIVE SUMMARY

BOARD OF DIRECTORS

MAY 2012 FINANCIAL UPDATE

ISSUE: Review the May 2012 Financial Update report.

ACTION: No action required. Informational only.

HISTORICAL SUMMARY: May comprehensive income of $3.3B is more than double April results, reflecting a $3.0B credit-related benefit in May, partially offset by $1.3B fair value losses due to decreasing interest rates.

For Single-Family acquisitions, volumes are up month over month, but are stabilizing following the surge in March and dip in April as lenders advanced deliveries ahead of the 10 bps guaranty fee increase mandated by the Temporary Payroll Tax Cut Continuation Act (TCCA), which became effective April 1st. Additionally, Multifamily May commitments are in line with the year to date average and remain elevated compared to this time last year due to the current low interest rate environment.

Current quarter comprehensive income is projected at $6.2B, which is double Q1 comprehensive income of $3.1B. Similarly, the full year 2012 projection continues to be favorable to Plan. Favorability of both periods over Plan is primarily driven by lower credit-related expenses resulting from an improved book profile, higher national house prices and REO values, as well as the low interest rate environment impact on the individually impaired reserve.

Based on results to date and current projections for the remainder of 2012, the full year comprehensive income is expected to be sufficient to cover the dividend obligations for the year.

The current five year forecast is for the years 2012-2016 and cumulative forecasted comprehensive income is expected to be $56.6B, which is $12.3B higher than the May BOD forecast for that period primarily due to an improved credit outlook.

Lastly, administrative expenses are trending below plan; however, incremental investments may be required to meet Scorecard and Continuity Planning objectives.

May 2012 Financial Update

Board of Directors

July 19, 2012

Table of Contents

Executive Summary

- May comprehensive income of $3.3B is more than double April results. This reflects a $3.0B credit-related benefit in May, partially offset by $1.3B fair value losses due to decreasing interest rates
- Single-Family acquisition volumes are up month over month, but are stabilizing following the surge in March and dip in April as lenders advanced deliveries ahead of the 10 bps guaranty fee increase mandated by the Temporary Payroll Tax Cut Continuation Act (TCCA), which became effective April 1st
- Multifamily May commitments are in line with the YTD average and remain elevated compared to this time last year due to the current low interest rate environment
- Q2 comprehensive income projected at $6.2B which is double Q1 comprehensive income of $3.1B and is primarily driven by the quarter's credit-related benefit, slightly offset by fair value losses due to the declining interest rate environment
- Full year 2012 projection continues to be favorable to Plan, primarily driven by lower credit-related expenses resulting from an improved book profile, higher national house prices and REO values, as well as the low interest rate environment impact on the individually impaired reserve. 2012 comprehensive income is expected to be sufficient to cover the dividend obligations for the full year
- Current five year forecast is for the years 2012-2016. Cumulative forecasted comprehensive income is $56.6B, which is $12.3B higher than the May BOD forecast for that period due to an improved credit outlook
- Administrative expenses are trending below plan; however, incremental investments may be required to meet Scorecard and Continuity Planning objectives

Consolidated Financials

May credit-related benefit drives $3.3B in comprehensive income . . .

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[redacted]

2012 YTD comprehensive income favorable to Plan and prior year . . .

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Improved credit environment drives projected FY 2012 comprehensive income favorable to Plan and prior year . . .

($'s in billions)

	Full Year 2012				
	Current Projection[1]	2012 Plan	Variance Fav / (Unfav)	Prior Year	Variance Fav / (Unfav)
Net revenues	$ 22.1	$ 20.3	$ 1.8	$ 20.4	$ 1.6
Fair value (losses) / gains, net	(1.5)	0.4	(2.0)	(6.6)	5.1
Charge-offs	(17.5)	(19.8)	2.3	(17.4)	(0.1)
Foreclosed property expenses	(1.5)	(2.2)	0.7	(1.9)	0.4
Credit losses	(19.0)	(22.1)	3.0	(19.3)	0.3
Reduction in allowance	11.7	4.0	7.7	(10.7)	22.4
SOP 03-3	1.7	2.2	(0.5)	2.5	(0.8)
Credit-related expenses	(5.5)	(15.9)	10.3	(27.5)	22.0
Administrative expenses	(2.5)	(2.5)	0.0	(2.4)	(0.1)
Other expenses	(1.3)	(1.5)	0.2	(0.9)	(0.4)
Total expenses and other losses	$ (10.9)	$ (19.4)	$ 8.5	$ (37.4)	$ 26.5
Income / (loss) before federal income taxes	11.2	1.0	10.3	(16.9)	28.2
Taxes and non-controlling interests	(0.0)	(0.0)	0.0	0.1	(0.1)
Net income / (loss) attributable to Fannie Mae	$ 11.2	$ 0.9	$ 10.3	$ (16.9)	$ 28.1
Accumulated other comprehensive income change	0.4	0.5	(0.1)	0.4	(0.0)
Comprehensive income / (loss) attributable to Fannie Mae	$ 11.6	$ 1.5	$ 10.2	$ (16.4)	$ 28.0
Cumulative infusion received, plus new draw	$ 116.1	$ 126.2	$ 10.1	$ 116.1	-
Dividends	$ (11.6)	$ (11.8)	$ 0.2	$ (9.6)	$ (2.0)

[1] July 2012 Board Forecast reflects actual results through May and mark-to-market activity through June 06, 2012

Numbers may not foot due to rounding.

Forecast vs. Plan:

- **Net revenues $1.8B favorable** . . . lower funding costs, partially offset by lower income from mortgage portfolio. The impact of 10 bps price increase is expected to be $150M in 2012
- **Fair value gains / (losses), net $2.0B unfavorable** . . . losses on risk management derivatives as interest rates declined in April and May
- **Credit-related expenses $10.3B favorable** . . . lower severity and fewer delinquencies driven by improved REO values and actual home prices, along with better prepayment expectations due to low interest rate environment

Forecast vs. Prior Year:

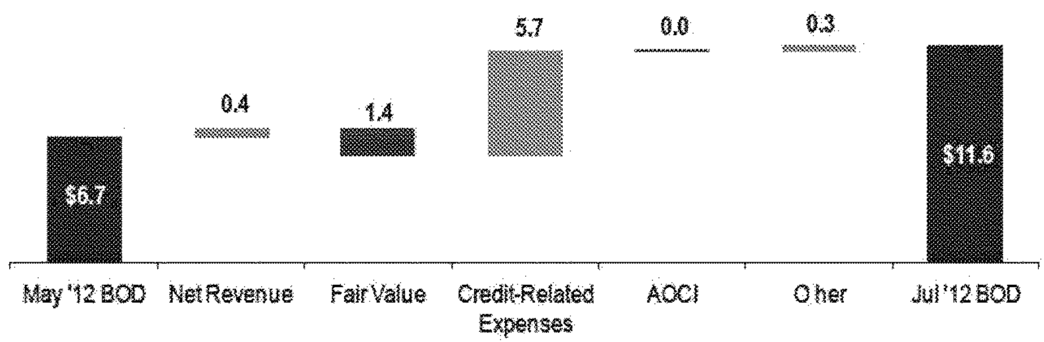
- **Net revenues $1.6B favorable** . . . lower funding costs and lower non-accrued interest resulting from fewer SDQ loans, partially offset by lower interest income from mortgage portfolio
- **Fair value gains / (losses), net $5.1B favorable** . . . prior year results driven by derivatives losses due to decreasing rates in Q3 2011
- **Credit-related expenses $22.0B favorable** . . . no additional allowance required in 2012 as a result of fewer delinquencies. Allowance projected to have peaked in Q4 2011

Current projection favorable to Plan primarily due to actual trends realized year to date in credit-related expenses

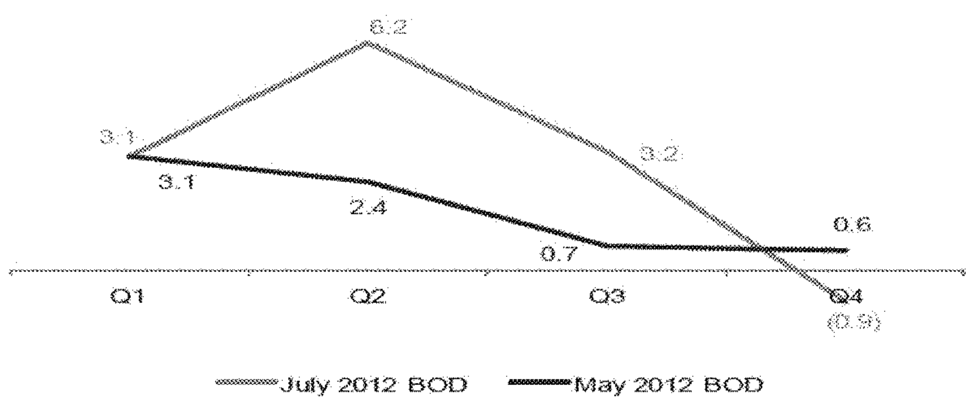
FY 2012 comprehensive income projection improved by $4.9B to $11.6B . . .

($'s in billions)

2012 Comprehensive Income Walk by Activity



2012 Comprehensive Income / (Loss) by Quarter



Numbers may not foot due to rounding.

Commentary:

- **Net revenues $0.4B favorable** . . . lower funding costs due to decreased interest rates
- **Fair value $1.4B unfavorable** . . . losses on derivatives as a result of declining interest rates
- **Credit-related expenses $5.7B favorable** . . . improved severity as a result of better REO values and national house prices, along with better book profile driving lower collective and individually impaired reserves. The total allowance is still projected to have reached its highest levels in Q4 2011
- **Comprehensive income favorable through Q3** . . . year to date improvement in realized national house prices and REO values as well as fewer delinquencies caused the allowance to decline sooner in 2012 and to a lower balance than anticipated in the prior forecast
- **Q4 projected comprehensive loss** . . . the expected seasonal impact of house prices and delinquency trends on the allowance build/reduction results in a net loss

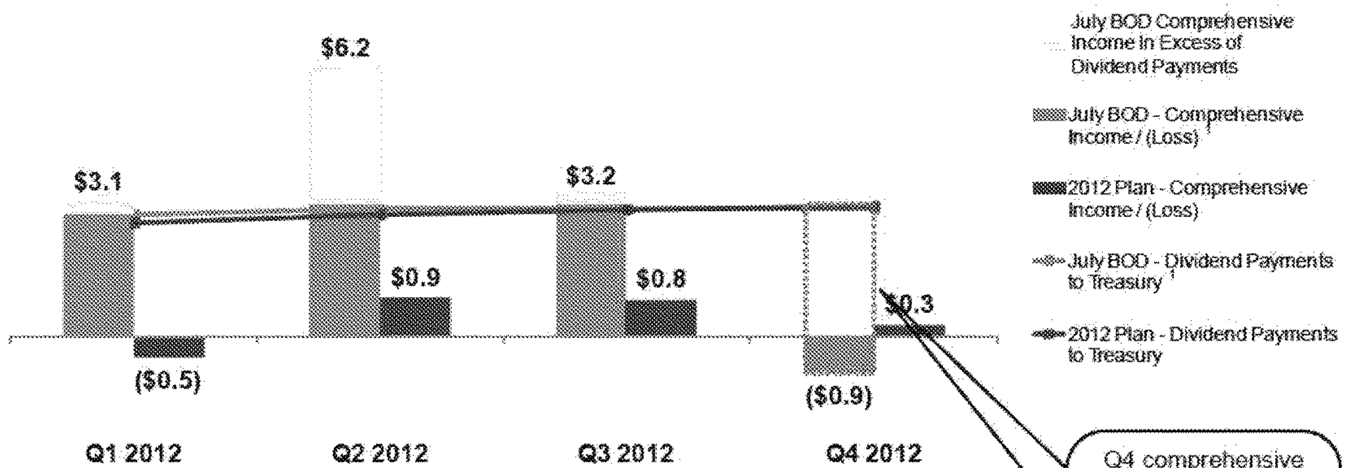
Full year 2012 improvement largely due to the larger than anticipated reduction in the allowance experienced year to date

DRAFT

Lower credit-related expenses projected to eliminate the need to draw in 2012. . .

($'s in billions)

2012 Comprehensive Income / (Loss) & Dividend Payment



	Cumulative Treasury Draw			
	Q1 2012	Q2 2012	Q3 2012	Q4 2012
July BOD[1]	$116.1	$116.1	$116.1	$116.1
2012 Plan	$115.9	$119.2	$121.2	$123.4

[1] July 2012 Board Forecast reflects actual results through May and mark-to-market through June 6, 2012

Commentary:

- **Q1 Actuals** . . . comprehensive income of $3.1B was sufficient to cover the quarter's dividend obligation of $2.8B
- **Q2 and Q3 Projections** . . . comprehensive income driven by a larger than expected allowance reduction earlier in 2012 than anticipated
- **Q4 Projection** . . . comprehensive loss is reflective of the expected impact of seasonal house prices and delinquency trends on the allowance build/reduction as home price growth is slowest, and delinquency transitions tend to be highest towards year end

Current projection foresees comprehensive income through remainder of 2012 sufficient to cover Q2 to Q4 dividend obligations

Allowance reduction drives full year 2012 and 2013 comprehensive income . . .

($'s in billions)

	Full Year 2012 [1]				Full Year 2013 [1]			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net interest income - portfolio and other	$ 3.7	$ 3.9	$ 3.5	$ 3.3	$ 3.2	$ 3.4	$ 3.2	$ 3.1
Net interest income - MBS guaranty fee	1.5	1.5	1.6	1.7	1.7	1.5	1.6	1.7
Net interest income	$ 5.2	$ 5.5	$ 5.2	$ 5.0	$ 4.9	$ 4.9	$ 4.9	$ 4.8
Guaranty fees	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Fee and other income	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Net revenues	$ 5.6	$ 5.8	$ 5.4	$ 5.2	$ 5.1	$ 5.2	$ 5.1	$ 5.0
Fair value gains / (losses), net	0.3	(2.1)	0.1	0.1	0.1	0.1	0.1	0.1
Credit losses	(5.1)	(4.2)	(4.5)	(5.2)	(4.6)	(5.0)	(5.1)	(4.4)
Reduction / (build) in allowance	2.3	7.3	2.6	(0.5)	1.7	2.0	2.4	1.4
SOP 03-3	0.4	0.4	0.5	0.4	0.5	0.5	0.5	0.4
Credit-related (expenses) / benefit	$ (2.3)	$ 3.5	$ (1.4)	$ (5.3)	$ (2.4)	$ (2.5)	$ (2.2)	$ (2.6)
Administrative expenses	(0.6)	(0.6)	(0.6)	(0.7)	(0.6)	(0.6)	(0.6)	(0.6)
Other expenses	(0.2)	(0.3)	(0.4)	(0.4)	(0.3)	(0.4)	(0.4)	(0.4)
Total (expenses) / income and other (losses) / gains	$ (2.9)	$ 0.5	$ (2.3)	$ (6.2)	$ (3.2)	$ (3.3)	$ (3.0)	$ (3.5)
Income / (loss) before federal income taxes	2.7	6.4	3.1	(1.0)	2.0	1.8	2.1	1.5
Taxes and non-controlling interests	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net income / (loss) attributable to Fannie Mae	$ 2.7	$ 6.4	$ 3.1	$ (1.0)	$ 2.0	$ 1.8	$ 2.1	$ 1.5
Accumulated other comprehensive income change	0.4	(0.2)	0.1	0.1	0.0	0.0	0.0	0.0
Comprehensive income / (loss) attributable to Fannie Mae	$ 3.1	$ 6.2	$ 3.2	$ (0.9)	$ 2.0	$ 1.9	$ 2.1	$ 1.6
Cumulative infusion received, plus new draw	$ 116.1	$ 116.1	$ 116.1	$ 116.1	$ 117.1	$ 118.2	$ 119.0	$ 120.5
Dividends	$ (2.8)	$ (2.9)	$ (2.9)	$ (2.9)	$ (2.9)	$ (2.9)	$ (3.0)	$ (3.0)
Ending net worth	$ 0.3	$ 3.5	$ 3.8	$ 0.0	$ (0.9)	$ (1.1)	$ (0.8)	$ (1.4)

[1] July 2012 Board Forecast reflects actual results through May and mark-to-market activity through June 06, 2012

Numbers may not foot due to rounding.

Quarterly trend:

- **Net revenues . . .** trend downward throughout 2012 and 2013 resulting from lower portfolio income due to liquidation of the portfolio. The benefit to NII from lower funding costs is slightly diminished quarter-over-quarter as the cost of debt increases approximately 20 bps from Q1 2012 to Q4 2013. FY 2012 impact of TCCA-mandated 10 bps guaranty fee price increase is $150M and FY 2013 impact is $570M (both offset in other expenses)
- **Fair value gains / (losses) . . .** $2.1B loss in Q2 based on mark-to-market through June 6, 2012. The remainder of the forecast is for mark-to-market gains as sold options expire
- **Credit-related expenses . . .** credit losses are expected to be relatively stable from 2012 to 2013 as delays in foreclosures are pushing out defaults into later years. The quarterly allowance decreases slightly from 2012 to 2013, as 2012 year to date trends are not expected to continue into 2013. The home price trough is expected to occur in Q1 2013 which is then followed by a period of slow home price growth

Earnings in 2012 projected to be sufficient to cover 2012 dividend obligation, however this is not expected to recur in any of the quarters in 2013

2013 trends are a continuation of those projected for the remainder of 2012 . . .

Portfolio and Other

	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13	FY '12	FY '13	Variance
NIM - Portfolio and Other (bps)[1]	190	213	199	192	190	200	199	196	198	196	(2)
Gross Mortgage Portfolio ($)	692	668	644	625	606	584	564	548	625	548	(77)
% Distressed Assets of Total Portfolio	37%	38%	39%	40%	41%	42%	43%	43%	40%	43%	3%

Guaranty Book

	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13	FY '12	FY '13	Variance
SF Avg Charge Fee on Acq (bps)	29	39	41	41	40	40	41	41	37	41	3.2
SF Guaranty Book of Business ($)	2,858	2,914	2,903	2,849	2,826	2,803	2,802	2,809	2,849	2,809	(40)

SF Credit

	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13	FY '12	FY '13	Variance
Average SF SDQ #	672	630	616	603	586	542	515	503	630	537	(94)
SF Trial Mods #	43	41	38	40	36	36	34	30	119	155	36
Total SF Defaults #	70	67	72	75	66	74	77	65	214	279	66
SF Net Sales / UPB	57.4%	60.4%	62.0%	61.9%	60.1%	59.2%	60.2%	61.8%	60.4%	60.3%	0%
SF REO Inv #	114	110	114	123	118	123	129	125	123	118	(5)

[1]Includes mortgage and non-mortgage assets, FNM debt, and non-accrued interest.

Commentary:

- **Total SF defaults** . . . quarterly variations in activity follow seasonality observed in historical periods
- **SF net sales / UPB** . . . trailing indicator that follows home price forecast which is expected to bottom in Q1 2013; subsequent periods are expected to increase in conjunction with increasing home prices

Quarterly indicators consistent with longer-term trends, except in quarters impacted by seasonality

The Company is projected to achieve sustainable profitability beginning 2012 . . .

($'s in billions)

	July 2012 Board Forecast					
	2012 [1]	2013	2014	2015	2016	Cumulative 2012-2016
Net revenues	**$ 22.1**	**$ 20.5**	**$ 19.8**	**$ 19.3**	**$ 18.4**	**$ 100.0**
Fair value (losses) / gains, net	(1.5)	0.5	0.5	0.5	0.4	0.3
Credit losses	(19.0)	(19.0)	(17.7)	(13.3)	(9.5)	(78.5)
Reduction / (build) in allowance	11.7	7.5	11.0	9.0	7.7	47.1
SOP 03-3	1.7	1.9	1.6	1.1	0.8	7.1
Credit-related expenses	(5.5)	(9.6)	(5.1)	(3.2)	(1.0)	(24.4)
Administrative expenses	(2.5)	(2.5)	(2.5)	(2.3)	(2.1)	(11.8)
Other expenses	(1.3)	(1.5)	(1.7)	(1.9)	(2.0)	(8.3)
Total expenses and other losses	**$ (10.9)**	**$ (13.0)**	**$ (8.8)**	**$ (6.9)**	**$ (4.6)**	**$ (44.2)**
Income before federal income taxes	11.2	7.4	11.0	12.4	13.8	55.8
Taxes and non-controlling interests	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)
Net income attributable to Fannie Mae	**$ 11.2**	**$ 7.4**	**$ 11.0**	**$ 12.4**	**$ 13.8**	**$ 55.8**
Accumulated other comprehensive income change	0.4	0.1	0.1	0.1	0.1	0.7
Comprehensive income attributable to Fannie Mae	**$ 11.6**	**$ 7.5**	**$ 11.0**	**$ 12.5**	**$ 13.9**	**$ 56.6**
Cumulative infusion received, plus new draw	$ 116.1	$ 120.4	$ 121.5	$ 121.5	$ 121.5	$ 121.5
Dividends	$ (11.6)	$ (11.8)	$ (12.1)	$ (12.2)	$ (12.2)	$ (60.0)
Other Metrics:						
Ending allowance	$ 65.2	$ 57.7	$ 46.6	$ 37.6	$ 29.9	$ 29.9
Guaranty book of business	$ 3,042	$ 2,991	$ 2,945	$ 2,923	$ 2,916	$ 2,916
Mortgage securities	$ 256	$ 217	$ 186	$ 161	$ 131	$ 131
Mortgage loans	$ 369	$ 331	$ 295	$ 264	$ 238	$ 238
Gross mortgage portfolio	**$ 625**	**$ 548**	**$ 481**	**$ 424**	**$ 369**	**$ 369**

[1] July 2012 Board Forecast reflects actual results through May 2012 and mark-to-market activity through June 06, 2012

Numbers may not foot due to rounding.

Commentary:

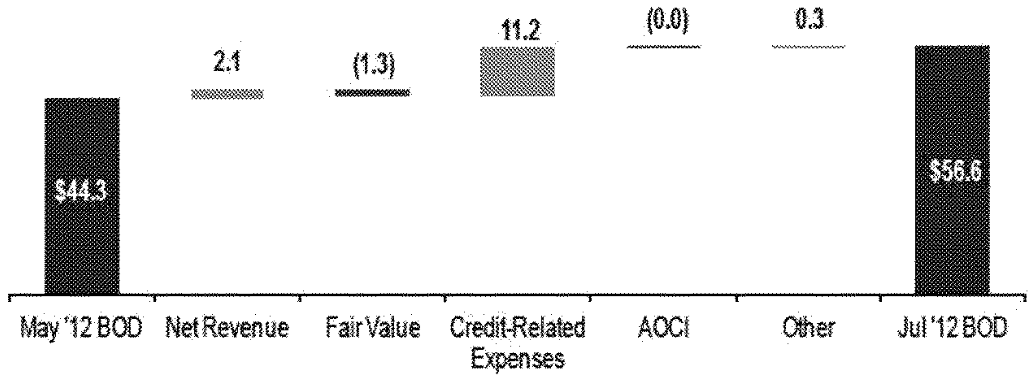
- **Net revenues in 2013 lower than 2012 . . .** decreasing portfolio drives down overall revenues
- **Credit-related expenses in 2013 higher than 2012 . . .** allowance declines at a slower rate in 2013 than 2012 as 2012 year to date trends are not expected to continue

Five year forecast is expected to be a period of slow home price growth with sustained lower severity

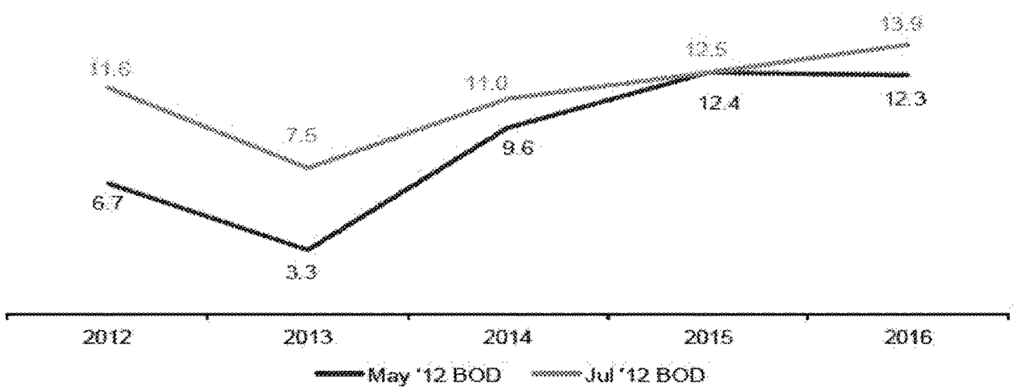
5 year forecast increased by $12.3B primarily driven by lower credit-related expenses . . .

($'s in billions)

Cumulative 2012- 2016 Comprehensive Income Walk by Activity



Cumulative 2012- 2016 Comprehensive Income by Year



Numbers may not foot due to rounding.

Commentary:

- **Net revenues $2.1B favorable . . .** variance due to lower funding costs as a result of decreased interest rates, in addition to lower non-accrued interest
- **Fair value $1.3B unfavorable . . .** increased expense from risk management activity resulting from lower hedging requirements
- **Credit-related expenses $11.2B favorable . . .** improvement in credit losses of $12B due to lower severity with better REO values and REO execution, as well as a higher percentage of pre-foreclosure sales and lower defaults with an improved book profile
- **Comprehensive income through 2016 favorable . . .** primarily driven by reduction in credit-related expenses

Improvement in the five year forecast primarily due to lower severities and fewer defaults

New Business

Single-Family May volumes recover from depressed April levels. . .

Redacted for Non-Responsiveness

[redacted]

Multifamily commitment activity remains elevated as interest rates hit record lows. . .

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[redacted]

Capital Markets whole loan conduit commitment volumes experienced 12-month high . . .

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[redacted]

Capital Markets balance sheet management on target . . .

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Net Revenues

Net revenues are $0.9B better than Plan . . .

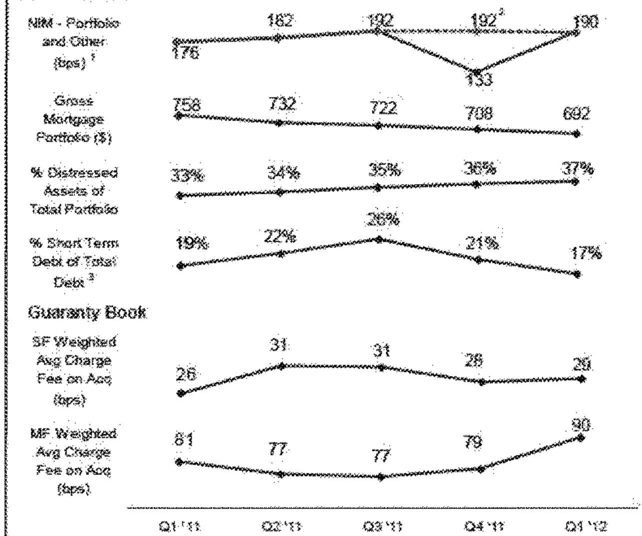
($'s in billions)

May 2012 Year-To-Date	Actual Results	Plan	Variance Fav / (Unfav)	Prior Year	Variance Fav / (Unfav)
Net interest income - portfolio and other	$ 6.4	$ 5.8	$ 0.6	$ 6.1	$ 0.4
Net interest income - MBS guaranty fee	2.5	2.5	(0.0)	2.2	0.3
Net interest income	$ 8.9	$ 8.3	$ 0.6	$ 8.2	$ 0.7
Guaranty fees	0.1	0.1	0.0	0.1	0.0
Fee and other income	0.5	0.3	0.3	0.3	0.2
Net revenues	$ 9.6	$ 8.7	$ 0.9	$ 8.6	$ 0.9
Avg net interest margin - portfolio and other (bps)	201	183	18	176	24
Gross mortgage portfolio, ending ($B)	676	681	(5)	738	(62)
% distressed assets, ending	38%	37%	-1%	35%	-3%
% short-term debt, ending	14%	13%	1%	21%	-8%
SF weighted avg charge fee on new acq (bps)[1]	32	32	0	27	5
MF weighted avg charge fee on new acq (bps)	87	65	22	80	6

Numbers may not foot due to rounding.

[1] Includes HARP, RP Flex and government acquisitions, UPB weighted; Includes TCCA impact of 10 bps price increase

Net Revenue Key Metrics



	Apr'12	May'12	Variance
NIM - Portfolio and Other (bps)	226	210	(15)
Gross Mortgage Portfolio ($)	683	676	(7)
% Distressed Assets of Total Portfolio	38%	38%	0%
% Short Term Debt of Total Debt	15%	14%	-1%
SF Weighted Avg Charge Fee on Acq (bps)	39	38	(0)
MF Weighted Avg Charge Fee on Acq (bps)	81	81	0

[1] Includes mortgage and non-mortgage assets, FNM debt, and non-accrued interest
[2] Reflects NIM excluding the $1.2B out-of-period adjustment recorded in Q4 '11
[3] Excludes the current portion of long-term debt
Includes HARP, RP Flex and government acquisitions, UPB weighted; Includes TCCA impact of 10bps price increase

Commentary:

- **Net interest income – portfolio and other $0.6B favorable to Plan . . .** due to lower funding costs from increased short term debt mix, in addition to lower non-accrued interest driven by fewer delinquent loans
- **NIM – portfolio and other decreased to 210 bps in May . . .** higher May prepayment volumes compared to April but still lower volumes compared to the YTD average
- **Multifamily weighted average charge fee of 87 bps tracking ahead of Plan . . .** expect charge guaranty fees will decline modestly, but will remain ahead of Plan for the remainder of the year as increased competition exerts downward pressure on pricing

Portfolio net interest income drives favorability to Plan as a result of lower funding costs

FY 2012 net revenue of $22.1B trending better than Plan . . .

($'s in billions)

	Full Year 2012				
	Current Projection [1]	Plan	Variance Fav / (Unfav)	Prior Year	Variance Fav / (Unfav)
Net interest income - portfolio and other	$ 14.5	$ 13.4	$ 1.1	$ 13.8	$ 0.7
Net interest income - MBS guaranty fee	6.3	6.0	0.3	5.5	0.8
Net interest income	**$ 20.8**	**$ 19.5**	**$ 1.4**	**$ 19.3**	**$ 1.5**
Guaranty fees	0.2	0.2	0.0	0.2	(0.0)
Fee and other income	1.1	0.7	0.4	0.9	0.1
Net revenues	**$ 22.1**	**$ 20.3**	**$ 1.8**	**$ 20.4**	**$ 1.6**
Avg NIM - portfolio and other (bps)	198	182	16	171	28
Gross mortgage portfolio, ending ($B)	625	634	(9)	708	(84)
% distressed assets, ending	40%	38%	2%	36%	-4%
% short-term debt, ending	14%	13%	0%	21%	-7%
SF weighted avg charge fee on new acq (bps) [2]	36	32	4	29	8
MF weighted avg charge fee on new acq (bps)	75	65	10	79	(3)

[1] July 2012 Board Forecast reflects actuals through May 2012
[2] Includes HARP, RP Flex and government acquisitions, UPB weighted; Includes TCCA impact of 10 bps price increase

Numbers may not foot due to rounding.

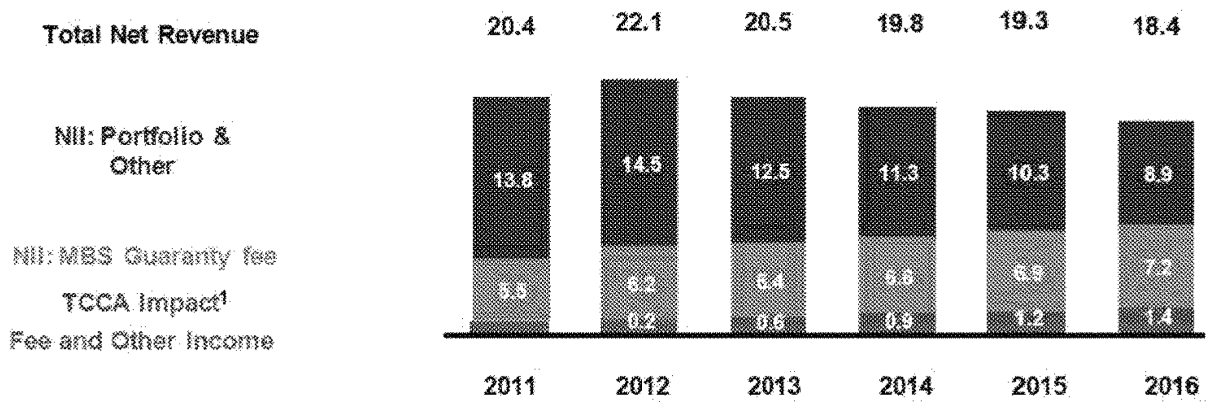
Commentary:

- **Net interest income – portfolio and other $1.1B higher than Plan . . .** lower funding costs resulting from higher short-term debt mix than Plan and lower interest rates, partially offset by lower portfolio income
- **Net interest income – portfolio and other $0.7B higher than prior year . . .** lower funding costs and lower non-accrued interest resulting from fewer SDQ loans, partially offset by lower income from mortgage portfolio as a result of the portfolio liquidation
- **Net interest income – MBS guaranty fee $0.8B higher than prior year . . .** higher effective guaranty fees as older vintages are replaced by new business with higher charge fee and higher amortization income from up-front cash associated with risk-based pricing. FY 2012 impact of 10 bps increase mandated by the Temporary Payroll Tax Cut Continuation Act is estimated at $150M

Lower funding costs, offset by decreasing portfolio, drive full year favorability to Plan and prior year

Net revenues forecast to decline year over year . . .

($'s in billions)



[1] Temporary Payroll Tax Cut Continuation Act (TCCA): requires that all singlefamily loans acquired between 4/1/2012 and 12/31/2021 include a 10 bps increase in guaranty fee

	2011	2012	2013	2014	2015	2016
NII: Portfolio & Other						
Avg net interest margin - portfolio and other (bps)	171	198	196	201	206	200
Gross mortgage portfolio, ending ($B)...............	708	625	548	481	424	369
Distressed assets, ending ($B).........................	258	250	238	216	195	178
% Distressed assets, ending............................	36%	40%	43%	45%	46%	48%
% Short-term debt, ending...............................	21%	14%	14%	14%	14%	14%
NII: MBS Guaranty Fee						
SF weighted avg charge fee on new acq (bps)[2]....	29	36	41	42	43	43
MF weighted avg charge fee on new acq (bps)....	79	75	60	60	60	60

[2] Includes HARP, RP Flex and government acquistions, UPB weighted; Includes TCCA impact of 10 bps price increase

Numbers may not foot due to rounding.

Commentary:

- **NII: Portfolio & Other . . .** decline driven by portfolio liquidation in accordance with portfolio cap, in addition to the increased percentage of distressed assets resulting from the liquidation of performing assets and the repurchase of non-performing loans
- **NII: MBS Guaranty Fee . . .** increase as a result of higher effective guaranty fees as the legacy book is replaced by new business at higher charge fee and higher amortization income from up-front cash associated with risk based pricing. SF average charge fee reflects increase due to the 10 bps Treasury increase

Total net revenues are decreasing net of 10 bps guaranty fee increase primarily driven by lower income from portfolio liquidation

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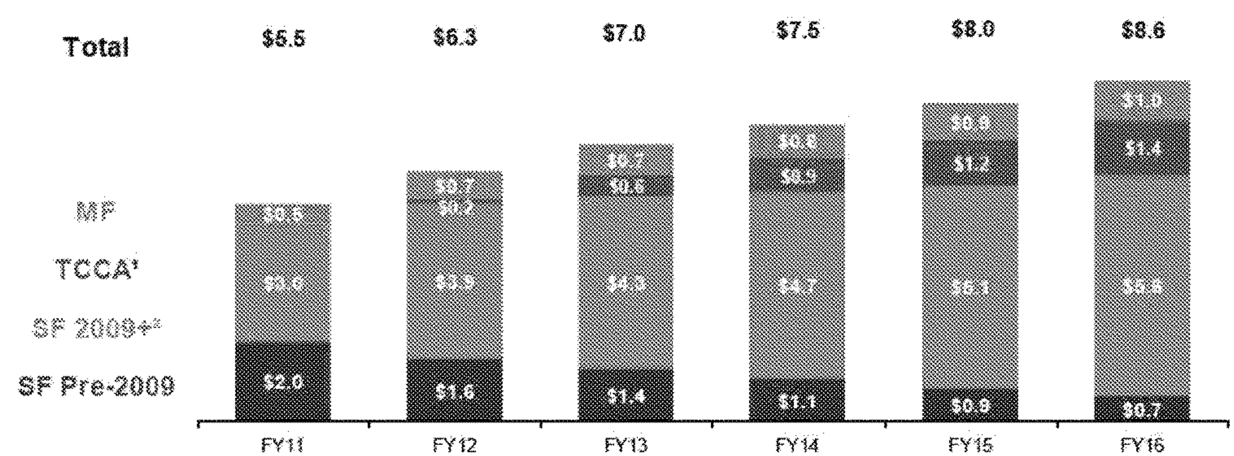
Total guaranty book remains stable at $3.0T year over year . . .

($'s in billions)

Guaranty Fee in NII by Vintage



Guaranty Book of Business

	FY11	FY12	FY13	FY14	FY15	FY16
Single-Family	$2,842	$2,849	$2,809	$2,772	$2,759	$2,761
Multifamily	$195	$198	$199	$204	$206	$210
Total	$3,038	$3,047	$3,008	$2,976	$2,966	$2,971

[1] Temporary Payroll Tax Cut Continuation Act (TCCA): requires that all single-family loans acquired between 4/1/2012 and 12/31/2021 include a 10 bps increase in guaranty fee
[2] Includes HARP and Refi Plus

Commentary:

- **SF Guaranty fees** . . . higher charge fees on new acquisitions after 2008 contribute to the increase in guaranty fees; in addition, all remaining upfront cash fees on pre-2009 loans were recognized on 1/1/10 as a result of consolidation accounting
- **MF Guaranty fees** . . . increase in fees driven by higher charge fee on new business as overall book remains flat at $200B

SF 2009+ vintage continues to contribute a larger portion to overall guaranty fees reflecting higher average charge fees on new acquisitions

[redacted]

Credit

May YTD Single-Family credit-related expenses favorable to Plan . . .

Redacted for Non-Responsiveness

[redacted]

Single-Family 2012 credit-related expenses projected to be $10.1B favorable to Plan . . .

($'s in billions & #'s in thousands)

	Full Year 2012				
	Current Projection[1]	Plan	Variance Fav / (Unfav)	Prior Year	Variance Fav / (Unfav)
Single-Family Credit-Related Expenses:					
Charge-offs	$ (17.2)	$ (19.5)	$ 2.3	$ (17.0)	$ (0.2)
Foreclosed property expenses	(1.5)	(2.2)	0.7	(1.9)	0.4
Credit losses[2]	(18.7)	(21.6)	3.0	(18.9)	0.2
Reduction / (build) in allowance	11.4	3.8	7.6	(10.8)	22.2
SOP 03-3	1.7	2.2	(0.5)	2.5	(0.8)
Total credit-related expenses	**$ (5.5)**	**$ (15.6)**	**$ 10.1**	**$ (27.2)**	**$ 21.7**
Ending SDQ loans (#)	597	622	25	691	94
Total initiated trial modifications (#)	179	164	(15)	217	37
Completed modifications (HAMP and non-HAMP) (#)	154	121	(33)	214	60
Total defaults (#)	284	296	12	291	7
Credit loss severity (%)	41%	42%	1%	39%	-2%
Ending REO inventory (#)	123	134	11	119	(4)
Ending REO inventory ($)	$ 11	$ 11	$ 0	$ 10	$ (1)
Single-Family Ending Allowance:					
FAS 5 ending allowance	$ 21.3	$ 26.9	$ 5.5	$ 28.1	$ 6.7
FAS 114 ending allowance	42.5	44.8	2.3	47.2	4.7
Total ending allowance	**$ 63.8**	**$ 71.7**	**$ 7.8**	**$ 75.3**	**$ 11.4**

[1] Reflects the July 2012 Board Forecast and includes actual results through May 2012
[2] Prior year actual results exclude the impact of the write-off of HSA loans in Q4 2011

Numbers may not foot due to rounding.

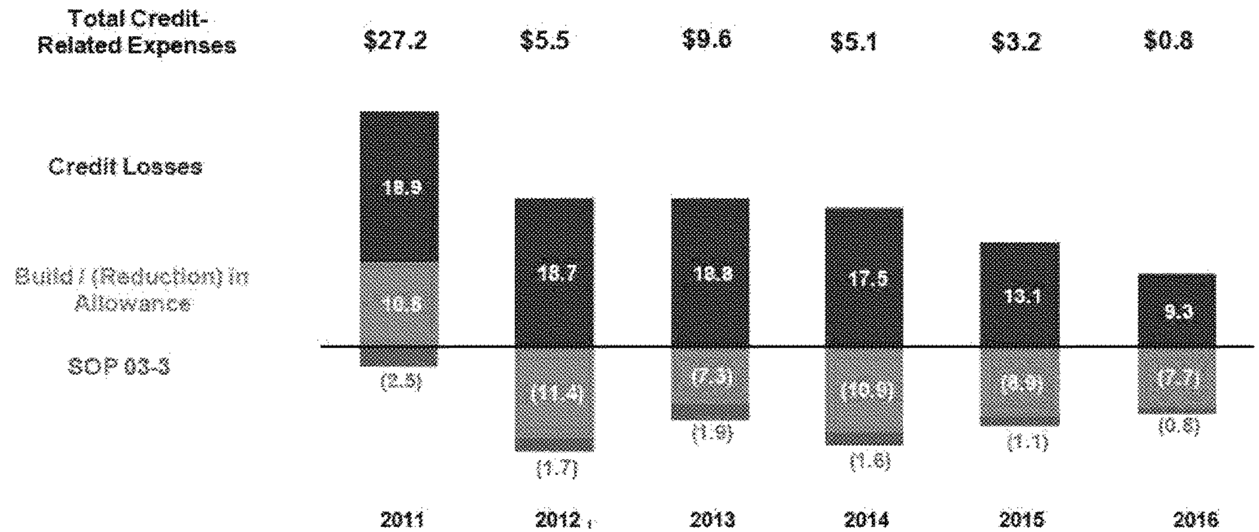
Commentary:

- **Charge-offs $2.3B favorable to Plan . . .** fewer defaults and improved severity due to better REO values and REO sales execution experienced year to date
- **Reduction in allowance $7.6B favorable to Plan . . .** both reserves benefit from higher REO values and an improved book profile reflecting higher realized home prices and fewer delinquencies. The reduction in individually impaired reserve (FAS 114) is further enhanced by impact of higher prepayment expectations resulting from the low interest rate environment
- **Reduction / (build) in allowance $22.2B favorable to prior year . . .** improvement due to lower severities and fewer delinquencies

Favorability in 2012 current projection is primarily reflective of the allowance decreasing sooner and faster than originally anticipated

2016 Single-Family credit-related expenses down $26.4B from 2011 . . .

($'s in billions & #'s in thousands)



	2011	2012[1]	2013	2014	2015	2016
FAS 5 Ending Allowance	$ 28.1	$ 21.3	$ 18.0	$ 14.2	$ 11.1	$ 7.8
FAS 114 Ending Allowance	47.2	42.5	38.5	31.4	25.7	21.3
Total Ending Allowance ($)	**$ 75.3**	**$ 63.8**	**$ 56.5**	**$ 45.6**	**$ 36.8**	**$ 29.1**
Ending SDQ Loan (#)	691	597	501	385	295	229
Ending SDQ Rate (%)	3.9%	3.4%	2.8%	2.2%	1.7%	1.3%
Total Initiated Modifications (#)	217	179	149	71	46	36
Completed Modifications (#)[2]	214	154	136	77	43	33
Total Defaults (#)	291	284	282	284	243	196
Credit Loss Severity (%)	39%	41%	40%	37%	33%	30%
Ending REO Inventory (#)	119	123	125	127	113	94
Ending REO Inventory ($)	$ 10	$ 11	$ 13	$ 14	$ 13	$ 12

[1] Includes actual results through May
[2] Completed modification numbers include actuals results through May 2012

Numbers may not foot due to rounding.

Commentary:

- **Credit losses . . .** Credit losses remain steady through 2014 as delays in foreclosures have caused more of the defaults to be pushed out to later years in the forecast period. Defaults of the loans originated prior to 2009 comprise 92% of total defaults over the five year forecast period 2012-2016 and drive approximately 91% of credit losses during that period
- **Allowance . . .** projected to decrease from Q4 2011 peak and reduce to $64B by year-end 2012; remains elevated at year-end 2016 due high volume loans in the individually impaired reserve

Continuously declining delinquencies along with improving home prices and severities cause credit-related expenses to decline year over year

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Single-Family credit activities are expected to reduce credit losses . . .

Credit Loss Reduction (2009 - 2016)

	Actual[1]	Forecast	2009-2015	Prior Forecast	2016	2009-2016
Modifications	$24.1	$8.2	$32.2	**$32.6**	($0.6)	$31.6
Preferred Loss Mitigation Strategies (PLMS)	1.3	1.3	2.6	**6.2**	0.8	3.4
Make-Whole Receipts[2] (Pursuing recoveries)	10.9	7.0	17.9	**18.5**	0.7	18.7
Total	**$36.3**	**$16.5**	**$52.7**	**$57.3**	**$0.9**	**$53.7**

Note: Based on June 2012 Corporate Forecast. Data is approximate and may change based on market conditions and other factors. Above may not foot due to rounding. Above reductions are already reflected in the current forecast.

[1]Actuals represent 2009 – April 2012 activity.

[2]Actuals represent make-whole receipts. Forecast figure reflects receipts as well as make-whole equivalents for forecasted repurchase requests

Commentary:

- **2009-2015 change from prior forecast:**
  - **Forecast loss reduction driven by completed modifications is slightly lower . . .** reflecting reduced probability of default
  - **Forecast loss reduction driven by PLMS is significantly lower . . .** continued improvement in REO values negatively affects the marginal effectiveness of PLMS
- **Extension of forecast through 2016:**
  - **Forecast loss reduction driven by completed modifications is further reduced…** as the benefits from the incremental modification counts in 2016 are offset by additional failed modifications from the older vintages
  - **Forecast loss reduction driven by PLMS and Make-Whole receipts are higher . . .** driven primarily by the additional volumes

Lower credit loss reduction primarily due to the continuing improvement in REO values

May Multifamily credit losses eclipse April with lowest level of the year…

Redacted for Non-Responsiveness

[redacted]

Multifamily 2012 credit forecast shows improvement from Plan . . .

($'s in millions)

	Full Year 2012				
	Current Projection[1]	Plan	Variance Fav / (Unfav)	Prior Year	Variance Fav / (Unfav)
Multifamily Credit-Related Expenses:					
Charge-offs	$ (321)	$ (358)	$ 37	$ (374)	$ 53
Foreclosed property expenses	(11)	(50)	39	(16)	5
Credit losses	(331)	(408)	77	(390)	58
Reduction in allowance	324	205	119	102	222
SOP 03-3	2	-	2	8	(6)
Total credit-related expenses	**$ (5)**	**$ (203)**	**$ 197**	**$ (280)**	**$ 275**
Multifamily Credit Metrics:					
FAS 5 ending allowance	$ 781	$ 690	$ (91)	$ 922	$ 141
FAS 114 ending allowance	569	719	150	750	181
Total ending allowance	**$ 1,350**	**$ 1,409**	**$ 59**	**$ 1,672**	**$ 322**
Average SDQ rate (%)	0.36%	0.50%	0.14%	0.57%	0.21%
Total loss severity (%)	41%	44%	3%	41%	0%
Annualized credit loss ratio (bps)	17	21	4	20	3
Ending REO inventory (#)	228	281	53	262	34

[1] Reflects the July 2012 Board Forecast reflects and includes actual results through May 2012

Numbers may not foot due to rounding.

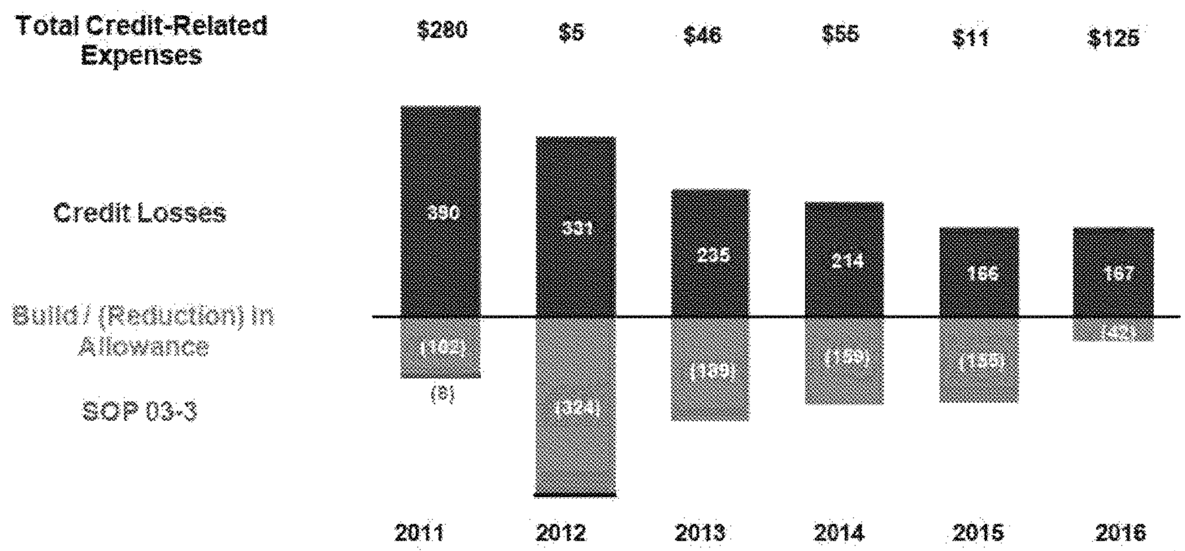
Commentary:

- While local economic weaknesses continue to exist in areas of the multifamily sector, FY 2012 credit performance is projected to be better than Plan as improving market conditions and fewer delinquencies result in lower credit losses and higher allowance reduction

Allowance reduction accelerated in 2012 behind increased charge-offs in Q1

Multifamily credit performance expected to improve through forecast horizon . . .

($'s in millions)



	2011	2012	2013	2014	2015	2016
FAS 5 Ending Allowance	$ 922	$ 781	$ 666	$ 657	$ 584	$ 539
FAS 114 Ending Allowance	750	$ 569	$ 495	$ 345	$ 263	$ 266
Total Ending Allowance ($)	**$ 1,672**	**$ 1,350**	**$ 1,161**	**$ 1,002**	**$ 847**	**$ 805**
Average SDQ Rate (%)	0.57%	0.36%	0.30%	0.17%	0.13%	0.13%
Total Net Loss Severity (%)	41%	41%	40%	36%	32%	30%
Annualized Credit Loss Ratio (bps)	20	17	12	10	8	8
Ending REO Inventory (#)	262	228	197	176	145	122

Numbers may not foot due to rounding.

Commentary:

- **Credit losses . . .** expected to decline in out years as we see fewer new delinquencies
- **MF allowance . . .** (approx. 0.8% of book) remains lower than commercial competitors due to better overall credit performance
- **Both FAS 5 and FAS 114 allowance expected to decrease through 2015** . . . while FAS 114 allowance declined approx. $180M in Q1, reduction is expected to slow due to fewer exits and continued anticipation of loan modifications at below market terms in the coming years (troubled debt restructuring, TDR)

Improvement expected through forecast horizon, though future individually impaired loans may slow allowance reductions in later years

Administrative Expenses & Headcount

May YTD Administrative expenses favorable to Plan and prior year . . .

Redacted for Non-Responsiveness

[redacted]

May 2012 actual headcount is significantly below Plan and 2011 year end . . .

Redacted for Non-Responsiveness

[redacted]

Appendix

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Macro Economic Assumptions [1]

Redacted for Non-Responsiveness

[redacted]

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Fannie Mae Home Price Forecasts vs. Actuals

Redacted for Non-Responsiveness

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Benchmarking – MacroMarkets Forecast Survey

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Fannie Mae traditional share up in May due primarily to Wells Fargo . . .

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[redacted]

Single-Family Credit Sensitivities to Current Forecast

	Assumption		Sensitivity Impact to Net Worth ($B)	
	2012 - 2016 Current Forecast	Sensitivity [1]	2012	2012 - 2016
Current Forecast of Single-Family Credit-Related Expenses			**($5.5)**	**($24.2)**
NSO: Modification Effectiveness	41%	increase to 46%	$0.6 [2]	$3.9 [2]
NSO: Modification Volumes	372K	10% increase	$0.0	$0.6
REO Sales Execution Ratio	100%	2% increase	$0.2	$1.9
PLMS Sales Execution Ratio	68%	5% increase	$1.7	$2.8
NUC Recovery Rates	75%	increase to 85%	N/A	$1.9
REO Acquisition Volumes	875k	10% decrease through Q2 2013, corresponding increase in outer	$0.2	$0.2
Average REO Default Expense per Loan	$13K	10% increase	($0.1)	($1.1)
Home Price Index: June 2012 Home Price Scenario [3]	-24%	peak-to-trough of -21% with trough in Q1 2012	N/A	$5.0 to $7.0
Home Price Index: Severe Home Price Scenario	-24%	down 5 scenario, peak-to-trough of -31% with trough in Q1 2015	($4.6)	($41.1)

[1] Sensitivity assumes existing and forecasted modifications from 2009 to 2016
[2] Reflects impact to credit losses, which may differ from impact to net worth
[3] The sensitivity is for the June 2012 HPF only and all other July 2012 BOD forecast assumptions are held constant. The provided range is an estimate that is not calculated through the standard production process.

Net Revenue / Fair Value Sensitivities to Current Forecast

Exogenous Factors

	Sensitivity Impact to Net Worth ($B)	
	2012	2012 - 2016
Current Forecast of Net Revenues	**$22.1**	**$100.0**
Down 100 bps Rate Shock on Net Interest Income	0.4	$7.4
<u>Borrower Behavior</u>:		
Higher non-accrued interest due to faster transition to SDQ for significantly underwater loans one month earlier	($0.5)	($1.2)
Current Forecast of Fair Value Gains / (Losses)	**($1.5)**	**$0.3**
Instantaneous Down 100 bps Rate Movement on Fair Value	($2.0)	($2.0)
Instantaneous Up 100 bps Spread Movement on Fair Value	($2.4)	($2.4)

Detailed Current 5 Year Forecast

($'s in billions)

	July 2012 Board Forecast					
	2012 [1]	2013	2014	2015	2016	Cumulative 2012-2016 [1]
Statement of Operations:						
Net interest income - portfolio and other	$ 14.5	$ 12.5	$ 11.3	$ 10.3	$ 8.9	$ 57.5
Net interest income - MBS guaranty fee	6.3	7.0	7.5	8.0	8.6	37.4
Net interest income	20.8	19.5	18.8	18.4	17.5	95.0
Guaranty fee income	0.2	0.2	0.2	0.2	0.2	0.9
Fee and other income	1.1	0.8	0.7	0.8	0.8	4.1
Net revenues	**$ 22.1**	**$ 20.5**	**$ 19.8**	**$ 19.3**	**$ 18.4**	**$ 100.0**
Investment gains, net	0.2	-	-	-	-	0.2
Net other-than-temporary impairments	(0.4)	-	-	-	-	(0.4)
Fair value (losses) / gains, net	(1.5)	0.5	0.5	0.5	0.4	0.3
Income from partnership investments	0.0	0.0	0.1	0.0	0.1	0.3
Administrative expenses	(2.5)	(2.5)	(2.5)	(2.3)	(2.1)	(11.8)
Charge-offs	(17.5)	(17.2)	(16.0)	(11.9)	(8.5)	(71.2)
Foreclosed property expenses	(1.5)	(1.8)	(1.7)	(1.4)	(0.9)	(7.3)
Reduction in allowance	11.7	7.5	11.0	9.0	7.7	47.1
SOP 03-3	1.7	1.9	1.6	1.1	0.8	7.1
Credit-related expenses	(5.5)	(9.6)	(5.1)	(3.2)	(1.0)	(24.4)
Other expenses	(1.1)	(1.5)	(1.8)	(1.9)	(2.0)	(8.3)
Total expenses and other losses	**$ (10.9)**	**$ (13.0)**	**$ (8.8)**	**$ (6.9)**	**$ (4.6)**	**$ (44.2)**
Income before federal income taxes	11.2	7.4	11.0	12.4	13.8	55.8
(Provision) / benefit for federal income taxes	(0.0)	0.0	0.0	(0.0)	(0.0)	(0.0)
Net (loss) / income attributable to noncontrolling interests	(0.0)	(0.0)	-	-	-	(0.0)
Net income attributable to Fannie Mae	**$ 11.2**	**$ 7.4**	**$ 11.0**	**$ 12.4**	**$ 13.8**	**$ 55.8**
Accumulated other comprehensive income change	0.4	0.1	0.1	0.1	0.1	0.7
Comprehensive income attributable to Fannie Mae	**$ 11.6**	**$ 7.5**	**$ 11.0**	**$ 12.5**	**$ 13.9**	**$ 56.6**
Net Worth Roll-Forward:						
Beginning net worth	**$ (4.6)**	**$ 0.0**	**$ (1.4)**	**$ (0.3)**	**$ 0.2**	**$ (4.6)**
Net income attributable to Fannie Mae	11.2	7.4	11.0	12.4	13.8	55.8
Accumulated other comprehensive income change	0.4	0.1	0.1	0.1	0.1	0.7
Preferred infusion	4.6	2.8	2.2	0.3	-	9.9
Dividends	(11.6)	(11.8)	(12.1)	(12.2)	(12.2)	(60.0)
Other equity	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)
Ending net worth	**$ 0.0**	**$ (1.4)**	**$ (0.3)**	**$ 0.2**	**$ 1.9**	**$ 1.9**
Other Metrics:						
Cumulative infusion received, plus new draw	$ 116.1	$ 120.4	$ 121.5	$ 121.5	$ 121.5	$ 121.5
Ending allowance	$ 65.2	$ 57.7	$ 46.6	$ 37.6	$ 29.9	$ 29.9

[1] July 2012 Board Forecast reflects actual results through May 2012 and mark-to-market activity through June 06, 2012

Numbers may not foot due to rounding.

[redacted]

Forecast Development: Net Income / (Loss) and Credit-Related Expenses

($'s in billions)

Forecast Development - Net Income / (Loss)

Date of Estimation (Select BOD Meetings):	FY 2011	FY 2012	FY 2013	FY 2014	FY2015	FY2016	Cumulative 2011-2015	Cumulative 2012-2016
January 2009	$(1.1)	$ 3.5	$ 2.6	N/A	N/A	N/A	N/A	N/A
May 2009	$(4.0)	$ 19.9	$ 21.8	N/A	N/A	N/A	N/A	N/A
September 2009	$(11.2)	$ 7.9	$ 16.8	N/A	N/A	N/A	N/A	N/A
November 2009	$(2.0)	$ 9.7	$ 14.2	$ 10.7	N/A	N/A	N/A	N/A
January 2010	$(7.9)	$ 1.4	$ 8.5	$ 9.8	N/A	N/A	N/A	N/A
May 2010	$(10.4)	$ 10.4	$ 14.1	$ 14.9	N/A	N/A	N/A	N/A
October 2010	$(15.9)	$(1.5)	$ 8.7	$ 8.4	N/A	N/A	N/A	N/A
January 2011	$(21.6)	$(5.1)	$ 7.4	$ 7.7	N/A	N/A	N/A	N/A
March 2011	$(20.0)	$(5.4)	$ 7.0	$ 7.0	N/A	N/A	N/A	N/A
May 2011	$(24.7)	$(5.7)	$ 5.1	$ 8.4	$ 8.7	N/A	$(8.2)	N/A
July 2011	$(25.9)	$(5.1)	$ 4.7	$ 7.4	$ 9.1	N/A	$(9.8)	N/A
September 2011	$(21.1)	$(2.1)	$ 2.6	$ 8.3	$ 10.1	N/A	$(2.2)	N/A
November 2011	$(17.7)	$ 0.6	$ 4.0	$ 9.3	$ 11.1	N/A	$ 7.4	N/A
January 2012	$(16.0)	$ 0.9	$ 6.5	$ 12.6	$ 13.2	N/A	$ 17.2	N/A
March 2012	$(16.9)	$ 3.7	$ 5.2	$ 11.6	$ 13.7	N/A	$ 17.3	N/A
May 2012	$(16.9)	$ 6.2	$ 3.2	$ 9.5	$ 12.4	$ 12.2	$ 14.4	$ 43.5
July 2012	$(16.9)	$ 11.2	$ 7.4	$ 11.0	$ 12.4	$ 13.8	$ 25.1	$ 55.8

Forecast Development - Total Credit-Related Expenses

Date of Estimation (Select BOD Meetings):	FY 2011	FY 2012	FY 2013	FY 2014	FY2015	FY2016	Cumulative 2011-2015	Cumulative 2012-2016
January 2009	$(8.4)	$(0.8)	$(0.3)	N/A	N/A	N/A	N/A	N/A
May 2009	$(16.1)	$ 8.3	$ 10.6	N/A	N/A	N/A	N/A	N/A
September 2009	$(17.2)	$ 0.9	$ 9.4	N/A	N/A	N/A	N/A	N/A
November 2009	$(9.1)	$ 3.7	$ 7.7	$ 3.0	N/A	N/A	N/A	N/A
January 2010	$(18.0)	$(8.4)	$(1.0)	$(1.8)	N/A	N/A	N/A	N/A
May 2010	$(22.6)	$(1.6)	$ 3.4	$ 4.3	N/A	N/A	N/A	N/A
October 2010	$(28.1)	$(13.4)	$(2.0)	$(1.3)	N/A	N/A	N/A	N/A
January 2011	$(33.6)	$(17.7)	$(4.0)	$(3.2)	N/A	N/A	N/A	N/A
March 2011	$(33.3)	$(17.7)	$(4.0)	$(3.2)	N/A	N/A	N/A	N/A
May 2011	$(37.2)	$(18.3)	$(7.0)	$(2.7)	$(2.0)	N/A	$(67.2)	N/A
July 2011	$(37.5)	$(19.3)	$(8.7)	$(4.8)	$(2.7)	N/A	$(73.1)	N/A
September 2011	$(32.0)	$(17.1)	$(11.7)	$(5.1)	$(2.8)	N/A	$(68.6)	N/A
November 2011	$(29.7)	$(16.0)	$(11.8)	$(5.8)	$(3.4)	N/A	$(66.8)	N/A
January 2012	$(28.1)	$(15.9)	$(9.6)	$(2.6)	$(1.0)	N/A	$(57.2)	N/A
March 2012	$(27.5)	$(12.4)	$(11.2)	$(4.0)	$(0.8)	N/A	$(56.0)	N/A
May 2012	$(27.5)	$(11.2)	$(13.4)	$(6.2)	$(2.6)	$(2.1)	$(61.0)	$(35.6)
July 2012	$(27.5)	$(5.5)	$(9.6)	$(5.1)	$(3.2)	$(1.0)	$(50.9)	$(24.4)

Numbers may not foot due to rounding.

The tables to the left reflect annual projections of the Expected Case forecasts presented to the Board of Directors through July 2012.

1 Increase in cumulative net loss and credit-related expenses primarily driven by worsening home price forecast during 2009 (-21% to -27% peak-to-trough).

2 Improvement in expected home price path to -21% peak-to-trough resulted in lower projected SDQs and defaults.

3 Other factors contributing to variations in the forecasts include (1) refinement of HAMP estimates, (2) impact of consolidation accounting, (3) updates to non-accrued interest projections and (4) changing book profile.

4 Increase in credit-related expenses primarily driven by deterioration in home price expectations and an increase in modification volumes, partially offset by higher net interest income driven by a decline in rates and a shift to less long term debt issuance.

5 Driven by continued foreclosure delays (aging delinquencies) and changes in the home price forecast, partially offset by higher modification volumes.

6 Driven by lower funding costs on long and short term debt due to a significant overall decline in rates.

7 Driven by reduced default volumes due to better expected performance of underwater and modified loans, in addition to reduced MI haircut due to lower projected MI claims.

[redacted]

New Business – Definitions

Redacted for Non-Responsiveness

[redacted]