Fannie Mae®

Environmental, Social, and Governance Report 2021

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SECTION 1

Introduction

Letter From the President

Welcome to Fannie Mae's first annual report on our environmental, social, and governance (ESG) strategy and progress.

Fannie Mae was founded in 1938 with the public purpose of encouraging homeownership. Over the years, we have continuously sought to expand housing opportunities. Today, our mission is to advance equitable and sustainable access to homeownership and quality affordable rental housing across America.

Our housing mission gives us a unique **social** responsibility. This report describes a wide range of activities we are pursuing to provide leadership in creating housing opportunities that are affordable and stable. It also describes newer activities specifically focused on making housing more equitable. As our country addresses historic, structural, and ongoing racial inequities, Fannie Mae is working to knock down barriers to housing for Black and other underserved renters and homeowners. This report also describes what we're doing to strengthen diversity and inclusion in our own workforce, in our business partnerships, and across the housing industry.

Strong **governance** underpins everything we do. It is what makes it possible for us to work with our lending and servicing partners to serve renters and homeowners and provide confidence to investors and other stakeholders. As one of the largest guarantors of mortgage risk in the United States, strong risk management is not just important to Fannie Mae's business — it is Fannie Mae's business. More broadly, our management team works closely with our Board of Directors and the Federal Housing Finance Agency to ensure strong oversight of our housing mission, safety and soundness, strategy, and business ethics.

In this report, you can find how our commitment to the **environment** informs our leadership in green financing for multifamily and single-family housing. We are also striving to prepare for and respond to climate change. We monitor and seek to mitigate climate risk, and we are building resiliency and sustainability into our business operations. This year, for the first time, we are proud to share climate disclosures informed by the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

This report is more than a static view of our ESG approach and results to date. Rather, it represents a springboard to the future and progress we still seek to make. We are proud of this report, the work it describes, and the people and partners who are advancing our shared goals. Most of all, we are inspired by the opportunity to serve America's renters and homeowners.

David C. B

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At a Glance

Fannie Mae at a glance

As of Dec. 31, 2021, loans Fannie Mae owned or guaranteed accounted for approximately:

28%

of U.S. single-family mortgage debt outstanding

21%

of U.S. multifamily mortgage debt outstanding

In 2021, Fannie Mae acquired mortgages supporting:

1.5M

single-family home purchases

& 3.3M

single-family refinancings

of which **over a third** were to low-to-moderate-income households

622K

multifamily units

of which a **significant majority** reported rents affordable for low-to-moderate-income households[1]

Supporting the transition to greener buildings

Our financing can be used to improve the sustainability of single-family and multifamily properties by increasing energy and water efficiency and reducing greenhouse gas emissions.

Surpassed

$100B

in Green Bond issuances since 2012

backed by loans that were estimated to achieve:

10.9B kBtu

of projected source energy savings[2]

717K $mtCO_2e$

of projected greenhouse gas emissions prevented[2]

9.0B gallons

of projected water savings[2,3]

Fostering engagement, advancement, and inclusivity

We value a diverse workforce and an inclusive workplace, and we leverage Fannie Mae's position in the marketplace to promote diversity and inclusion in the housing finance industry.

Racial or ethnic minorities
as of December 2021

58% of our workforce

24% of officer-level employees[4]

Women
as of December 2021

44% of our workforce

35% of officer-level employees[4]

500+

participants

in 2021 in our **Future Housing Leaders® (FHL)** program, which is designed to help create a pipeline of diverse talent for the housing industry

[1] Based on rents reported at loan origination. Rents may change following loan origination.

[2] Sum of single-year projected savings for each loan. Savings are likely to continue beyond one year. $MtCO_2e$ is metric tons of carbon dioxide equivalent.

[3] Multifamily Green Bonds only.

[4] Officers are employees with job titles that include Fellow, Vice President, Senior Vice President, Executive Vice President, President, and CEO.

Helping homeowners, homebuyers, and renters

We help make access to housing in the United States more attainable, affordable, and stable for low- and moderate-income borrowers and renters.

Affordable housing initiatives

188K+

HomeReady® loans

acquired in 2021, a lending product designed to help serve creditworthy low-income borrowers

$9.6B

in financing

provided in 2021 for **Multifamily Affordable Housing** properties encumbered by a regulatory restriction, land use restriction, extended use agreement, or similar restriction that limits rents or imposes income limits on renters

$2.0B

invested

in Low-Income Housing Tax Credit (LIHTC) equity since 2018, supporting the creation or preservation of **over 50,000 rental units**

Enabling access to mortgages

700K+

first-time homebuyer mortgages

acquired, representing nearly half of Fannie Mae home purchase mortgage acquisitions in 2021

A groundbreaking change:

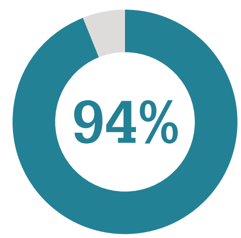
Created the ability to **consider timely rent payments** in mortgage underwriting. This helps renters with a history of on-time payments but limited credit history receive approval recommendations through our automated underwriting system

Helping people stay in their homes

23K+

sessions

of housing counseling were provided to borrowers and renters at no cost to them via partners in 2021



of the over 1.4 million loans that entered forbearance in 2020, 2021, and 2022 had resolved their forbearance by September 30, 2022, through a workout option, reinstatement, or by paying off the loan

2.3M

unique visitors

engaged with resources for relief and assistance in 2021 through our **Here to Help** and **Know Your Options™** websites

About Fannie Mae

Who we are

The Federal National Mortgage Association, better known as Fannie Mae, is a purpose-driven company by charter and by choice. Our charter is an act of Congress and establishes our purposes: to provide liquidity and stability to the residential mortgage market and to promote access to mortgage credit (including activities relating to mortgages on housing for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities). Congress also declared that our operations should be financed by private capital "to the maximum extent feasible." With these Congressional mandates in mind, we have, principally using private capital, continuously sought to provide liquidity in the secondary market and expand housing opportunities for all people throughout the U.S.

We do not originate loans or lend money directly to borrowers in the primary mortgage market. Rather, we work primarily with lenders who originate loans to borrowers. We securitize those loans into Fannie Mae mortgage-backed securities (MBS) that we guarantee. Our revenues are primarily driven by guaranty fees we receive for assuming the credit risk on loans underlying the MBS we issue. As of December 31, 2021, we owned or guaranteed mortgage assets representing an estimated 28% of single-family mortgage debt outstanding and 21% of multifamily mortgage debt outstanding in the U.S.[5]

The work we do helps to make the popular 30-year fixed-rate mortgage possible, enabling predictable mortgage payments over the life of the loan and giving homeowners stability and peace of mind.

[5] Based on internal estimates using data from the Federal Reserve Board of Governors' "Financial Accounts of the United States" (Z.1) release, Q4 2021.

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Our business segments

We have two reportable business segments: Single-Family and Multifamily.

Single-Family

Our Single-Family Business acquires mortgage loans secured by properties containing one to four residential dwelling units, delivered by over a thousand lenders across the United States. Fannie Mae's position in the housing finance value chain means that we help set standards that apply nationally to conventional mortgage financing. Those standards include lender requirements in order to conduct business with us, credit and eligibility criteria for loans that we purchase and the underlying properties, servicer requirements for ongoing administration of the loans, and standards for borrower assistance and loss mitigation.

In 2021, the low interest-rate environment drove strong demand for both purchase and refinance mortgages. Our Single-Family Business provided $1.35 trillion in liquidity to the mortgage market in 2021, enabling the financing of 1.5 million home purchases and 3.3 million refinancings. Over a third of the mortgages we acquired in 2021 were to low-to-moderate-income borrowers.[6] Nearly half of the home purchase mortgages we acquired in 2021 were to first-time homebuyers.

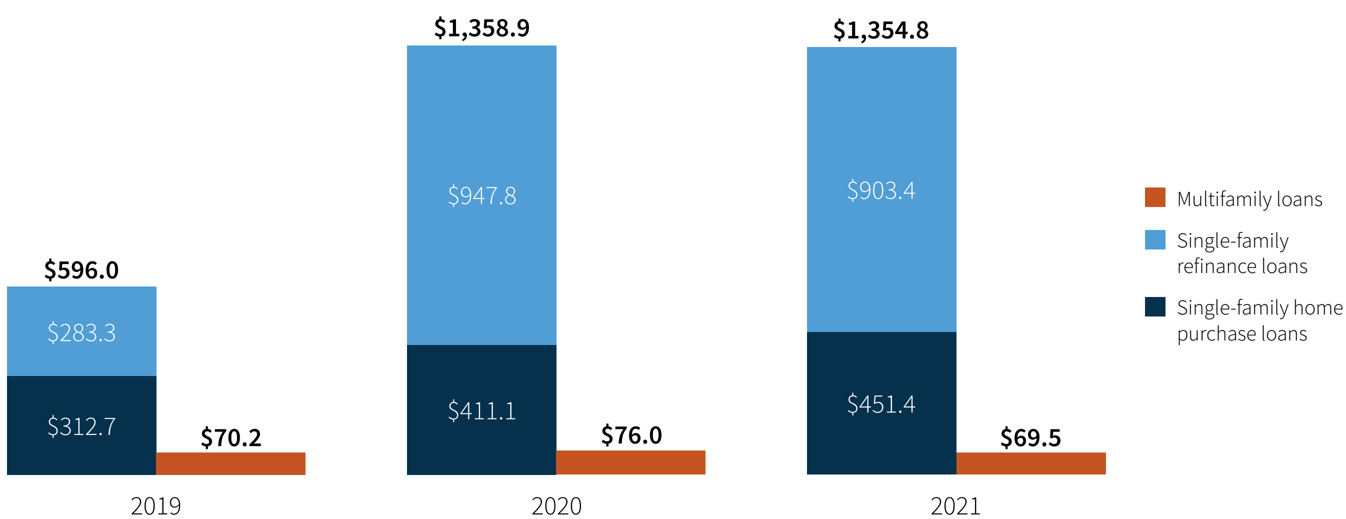
Multifamily

Our Multifamily Business provides mortgage market liquidity primarily for properties with five or more residential units, which may be apartment communities, cooperative properties, senior housing, dedicated student housing, or manufactured housing (MH) communities. Multifamily housing is an essential part of the U.S. housing supply: there are 44 million renter households in the U.S., and 45% of those households live in multifamily units.[7] Fundamental to our Multifamily Business is the concept of risk-sharing with lenders, who typically retain one-third of the risk of losses on loans they sell to Fannie Mae.

Overall, our Multifamily Business provided over $69 billion in multifamily mortgage market liquidity in 2021. A significant majority of units financed were affordable to low-to-moderate-income households.[8]

MORTGAGE LOANS ACQUIRED DURING THE YEAR BY UNPAID PRINCIPAL BALANCE AT ACQUISITION

(dollars in billions)



6 Low-income borrowers are those with income of 80% of area median income (AMI) or below; low-to-moderate-income borrowers are those with income of 100% of AMI or below. Percentages are based on number of loans and not unpaid principal balance.

7 U.S. Census Bureau, 2019 American Community Survey 1-Year Estimates. For the year 2020, due to the impact of the COVID-19 pandemic on data collection, the Census Bureau released experimental estimates and products from the 1-year American Community Survey data instead of the traditional 1-year estimates. At the time this report was prepared, that was the latest data release. To avoid discontinuity, we have used 2019 1-year American Community Survey data throughout this report.

8 Based on rents reported at origination. Rents may change following loan origination. For additional information on affordable housing acquisitions, see Table 3. Multifamily Housing Mortgage Acquisitions by Year, by Select Characteristics in the Data Tables section of the Appendix.

About This Report

This is Fannie Mae's first enterprise-wide Environmental, Social, and Governance (ESG) Report. It seeks to provide transparent ESG-related information on Fannie Mae's business and operations. Some of the information included in this report has been previously disclosed in other voluntary and mandated reporting, including on our website and in our annual report on Form 10-K filed with the Securities and Exchange Commission (SEC). (See Additional Resources in the Appendix.)

Scope of the report

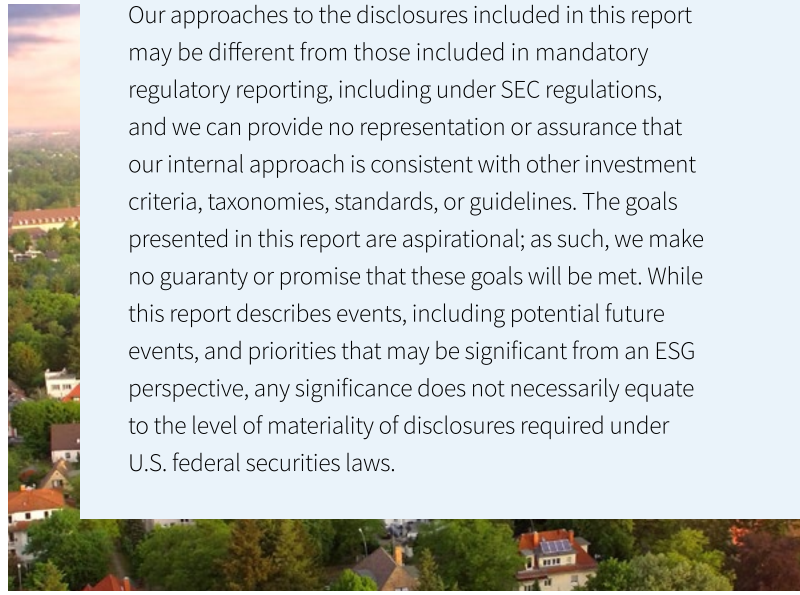
The information included in this report is as of and for the year ended December 31, 2021, unless otherwise noted. This report focuses on our key ESG priorities identified through internal and external stakeholder engagement and additional topics relevant to investors, ESG reporting standards, and ESG ratings organizations.

Alignment to independent reporting standards

The report includes specified information prepared in accordance with the SASB Standards for Mortgage Finance (our primary SASB industry), Commercial Banks, and Investment Banking and Brokerage as set forth in Note 1: Basis of Presentation in the SASB Index of this report.[9] In addition, we refer to the Task Force on Climate-related Financial Disclosures (TCFD) framework to inform this report's preparation. Please see the SASB and TCFD indexes in the Appendix of this report for more information.

Limited assurance

Fannie Mae engaged Deloitte & Touche LLP ("Deloitte") to perform a review engagement on management's assertion related to the specified information referenced in the SASB Index as of and for the years ended December 31, 2021, 2020, and 2019. Deloitte's report can be found on p. 62 of this ESG Report.



Our approaches to the disclosures included in this report may be different from those included in mandatory regulatory reporting, including under SEC regulations, and we can provide no representation or assurance that our internal approach is consistent with other investment criteria, taxonomies, standards, or guidelines. The goals presented in this report are aspirational; as such, we make no guaranty or promise that these goals will be met. While this report describes events, including potential future events, and priorities that may be significant from an ESG perspective, any significance does not necessarily equate to the level of materiality of disclosures required under U.S. federal securities laws.

[9] We have modified certain metrics to reflect the ESG risks and opportunities inherent in Fannie Mae's position in the secondary mortgage market. The SASB Index in the Appendix of this report explains these modifications as well as changes from our 2020 SASB Report.

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Our Approach to ESG

Our ESG strategy builds upon our mission to facilitate equitable and sustainable access to homeownership and quality affordable rental housing across America. This includes working to address the underlying historical causes of the barriers to stable, affordable housing for underserved populations, and helping to mitigate risks to the housing system due to environmental challenges such as climate change.

Our ESG priorities

Fannie Mae has an ongoing process for monitoring new and evolving ESG trends and relevant topics. Since 2018, we have conducted periodic assessments to deepen our understanding of the overall landscape, prioritize the issues that are most relevant to our business and stakeholders from an ESG perspective, and adapt our ESG strategy and disclosures accordingly.

In 2021, we completed an updated assessment of the ESG topics most relevant to Fannie Mae. Topics were evaluated based on their relevance to our business from an ESG perspective, their impact on society, and our capacity to impact the issue at scale, among other factors. The topics below emerged from the assessment as priorities for Fannie Mae's ESG strategy.

Read more about Fannie Mae's ESG priorities on our website.

Fannie Mae's priority ESG topics (in alphabetical order):

- Business ethics
- Climate resilience
- Climate risk
- Community engagement
- Data privacy & security
- Diversity & inclusion
- ESG integration
- Green homes
- Housing affordability
- Housing stability
- Human capital management
- Racial equity in housing finance
- Regulatory engagement
- Risk management

SECTION 2

Social

Housing Affordability

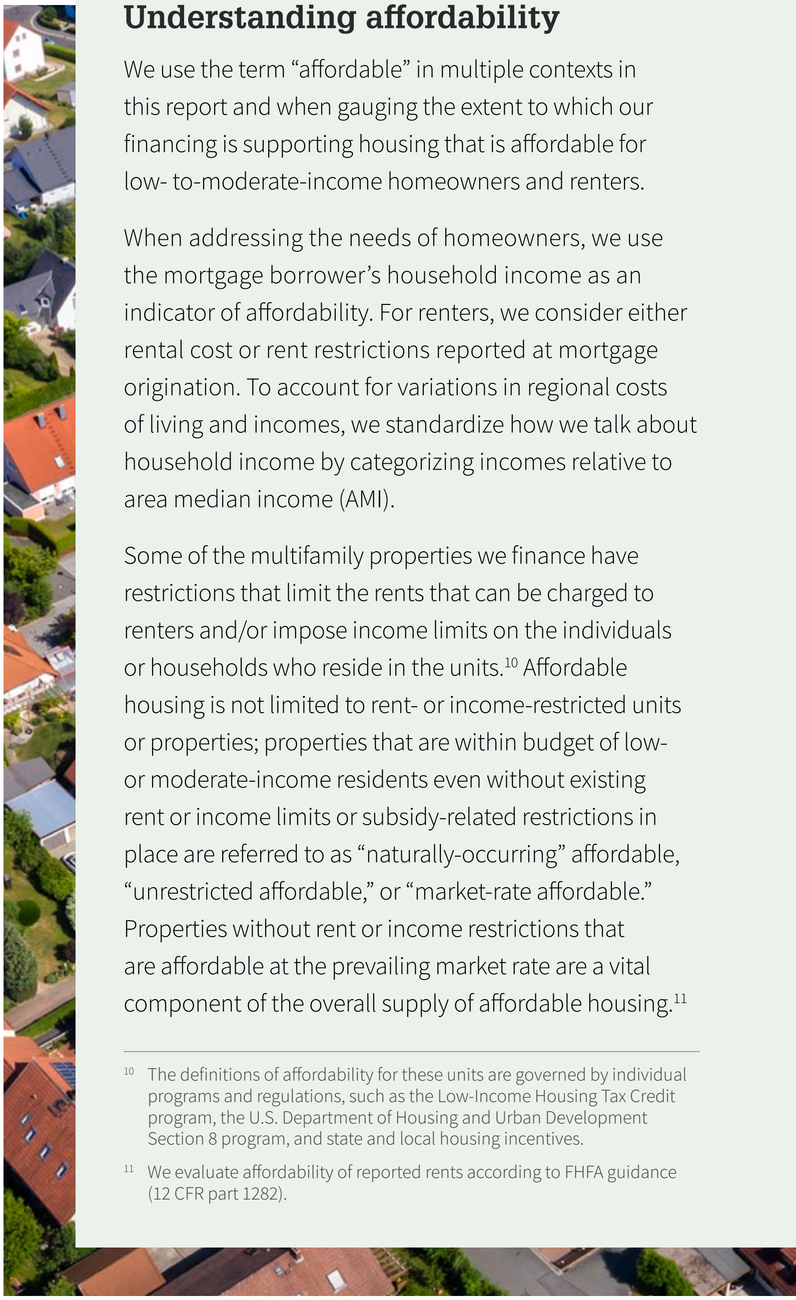
Fannie Mae supports the housing market by purchasing and guaranteeing mortgage loans made by lenders and issuing MBS backed by those mortgage loans that attract global investors. These activities help to enable affordable housing for individuals and communities. True to our public mission, we continue to innovate ways to create and preserve affordable housing and promote a stronger and more efficient housing finance system.

To support affordable housing, Fannie Mae works to understand and address the barriers renters and homeowners face. We offer programs and tools designed to address these barriers and help people secure affordable and stable housing.

Single-family housing affordability

Even before a rising interest rate environment further diminished affordability across the U.S. in 2022, homeownership has been out of reach for many people for a variety of reasons. Some common contributing factors include lack of savings to cover down payments and closing costs, limited traditional credit history, less familiarity with the process of buying a home, and competition for a limited supply of quality affordable housing.

With these challenges in mind, we have developed products and programs designed to assist first-time homebuyers and very-low-to-moderate-income borrowers. Fannie Mae helps by supporting options for lower down payments and lower-priced mortgages, providing free homebuyer education, and pioneering the use of positive rent payment history in the underwriting assessment to help borrowers who have limited credit histories.



Understanding affordability

We use the term “affordable” in multiple contexts in this report and when gauging the extent to which our financing is supporting housing that is affordable for low- to-moderate-income homeowners and renters.

When addressing the needs of homeowners, we use the mortgage borrower’s household income as an indicator of affordability. For renters, we consider either rental cost or rent restrictions reported at mortgage origination. To account for variations in regional costs of living and incomes, we standardize how we talk about household income by categorizing incomes relative to area median income (AMI).

Some of the multifamily properties we finance have restrictions that limit the rents that can be charged to renters and/or impose income limits on the individuals or households who reside in the units.[10] Affordable housing is not limited to rent- or income-restricted units or properties; properties that are within budget of low- or moderate-income residents even without existing rent or income limits or subsidy-related restrictions in place are referred to as “naturally-occurring” affordable, “unrestricted affordable,” or “market-rate affordable.” Properties without rent or income restrictions that are affordable at the prevailing market rate are a vital component of the overall supply of affordable housing.[11]

[10] The definitions of affordability for these units are governed by individual programs and regulations, such as the Low-Income Housing Tax Credit program, the U.S. Department of Housing and Urban Development Section 8 program, and state and local housing incentives.

[11] We evaluate affordability of reported rents according to FHFA guidance (12 CFR part 1282).

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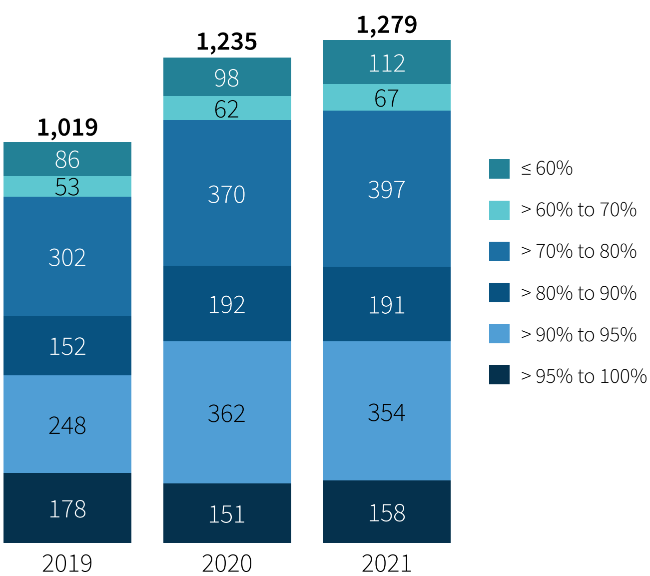
Increasing access to low down payment financing

Securing financing is often a major barrier for low-income and first-time homebuyers. Loans with as little as 3% down are eligible under Fannie Mae's guidelines. **HomeReady®** is an affordable lending product designed to help our lender partners serve creditworthy low-income borrowers. Benefits include the flexibility of a low down payment, decreased mortgage insurance coverage costs, and lower costs of borrowing enabled by Fannie Mae limiting or eliminating risk-based pricing fees known as loan-level price adjustments (LLPAs) on HomeReady loans. With HomeReady, borrowers complete an educational course to prepare them for the next steps toward homeownership. This includes learning how to save and prepare for a home purchase, work with lenders and real estate professionals, and understand the mortgage process.[12] (For more information on homebuyer education, see the Education and counseling section of the Housing Stability chapter.)

NUMBER OF OWNER-OCCUPIED HOME-PURCHASE MORTGAGES ACQUIRED, BY LTV AT ORIGINATION

(in thousands)

Population includes single-family loans on consolidated balance sheet



Addressing credit history barriers

To support prospective first-time homebuyers with limited credit history, starting in 2021, Fannie Mae began enabling lenders to incorporate a borrower's **positive rent payment history** in the mortgage credit evaluation process through our proprietary automated underwriting system, Desktop Underwriter® (DU®). With permission from mortgage applicants, lenders can electronically pull and submit a report with 12 months of bank account data to the underwriting platform. DU identifies rental payments appearing in the bank statement data. Only consistent rent payments are considered to improve eligibility. Any records of missed or inconsistent rent payments do not negatively affect the applicant's ability to qualify for a loan eligible for sale to Fannie Mae.

In 2021, Fannie Mae also modified how DU evaluates the credit score on an application with multiple applicants. Loans underwritten through DU generally are subject to a minimum 620 credit score requirement. We now generally use the average of all borrowers' median credit scores, instead of the lowest median credit score, when assessing whether a loan with multiple applicants meets our minimum 620 credit score requirement.

Advancing manufactured housing

MH serves as a significant source of affordable housing available to low- and moderate-income borrowers. Approximately 6.7 million U.S. households live in manufactured homes.[13] The cost to purchase or rent a manufactured home tends to be lower than for site-built homes. However, certain factors can make purchasing a manufactured home more difficult, including limited production, a unique sales distribution model, difficulty obtaining financing, and local zoning restrictions.[14]

Fannie Mae markets MH loan products as a suite of options (MH Advantage®, standard MH, and single-wide MH). In 2021,

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[12] The income limit for HomeReady eligibility is 80% of AMI. Both first-time and repeat homebuyers are eligible. Homebuyer education for HomeReady eligibility is required only if all occupying borrowers are first-time homebuyers. For additional information, see fanniemae.com/education. Eligibility requirements for HomeReady also apply to our related product HFA Preferred™.

[13] U.S. Census Bureau, 2019 American Community Survey 1-Year Estimates.

[14] For more information on the manufactured housing market in the U.S., see Fannie Mae's Duty to Serve Underserved Markets Plan, 2022–2024.

Fannie Mae began acquiring loans secured by single-wide manufactured homes. These are typically the most affordable manufactured homes, with an average sales price for a newly produced structure of $72,600 in 2021.[15]

In 2021, Fannie Mae provided $6.6 billion in liquidity to the single-family manufactured housing market.[16]

Preserving supply for homebuyers

Limited supply of affordable properties is another obstacle to owning a home. The cost of renovation and repair may limit the attractiveness of otherwise affordable properties. Fannie Mae's **HomeStyle® Renovation** loans improve affordability and flexibility by allowing financing based on the value of the home after improvements are made, enabling homeowners to access additional upfront funds to finance improvements as part of a home purchase or refinancing.

Fannie Mae also invests in improvements to our real estate owned (REO) properties and provides exclusive access to newly listed homes to owner-occupant buyers or community-minded organizations. REO refers to residential properties owned by Fannie Mae as a result of servicer-completed foreclosures or deeds-in-lieu of foreclosure. Rather than sell our REO properties as-is, we conduct repairs on a majority of the properties we acquire — including installation of energy- and water-efficient products and remediation when required to address

[15] U.S. Census Bureau, Manufactured Housing Survey, June 2022.

[16] This figure includes loans eligible under Fannie Mae's Duty to Serve initiative and those financed outside of Duty to Serve eligibility.

Supporting high-needs rural areas

Financing housing in rural areas presents some unique challenges. Though single-family homes tend to be less expensive in rural areas, household incomes are significantly lower than the national average, and unemployment rates have historically been higher, meaning many households are cost-burdened. The number of local financial institutions serving the needs of rural borrowers has also declined significantly over the past 30 years, resulting in more limited access to financial services for the estimated 23% of the U.S. population living in rural areas.[17] Manufactured housing is also especially prevalent in high-needs rural regions for both owners and renters.

We are directing tax credit equity into these rural and high-needs rural markets. We also work with our lender network to bring in more debt capital and partner with industry leaders to improve the supply of affordable housing. In high-needs rural regions, we are pursuing strategic investments to expand the capacity of community development financial institutions.

As part of Fannie Mae's Duty to Serve initiatives, we channel liquidity to these markets by focusing outreach efforts and setting a target for acquiring rural loans from small financial institutions, as well as a target for purchasing loans in high-needs rural regions like rural Appalachia and the Lower Mississippi Delta.

[17] This estimate uses FHFA's Duty to Serve rural definition, Census 2010 tract land area information, and the American Community Survey 2015 – 2019 five-year estimates of the population.

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environmental or health issues, such as lead-based paint and water-supply upgrades — which help make the homes more sustainable and support sales to owner-occupant buyers. Our **First Look™** program provides homebuyers and nonprofit organizations access to properties on **HomePath®**, our online platform for REO sales, without competition from investors for the first 30 days a property is listed for sale. **Community First by Fannie Mae™** provides exclusive purchase access to approved public entities and community-minded organizations that leverage REO properties to support their housing-related missions.

Multifamily housing affordability

Scarce supply of affordable rental units is one of the primary barriers to housing affordability for renters, resulting in competition for available units and renters stuck in high-cost or low-quality housing.

Fannie Mae is focused on supporting the preservation, rehabilitation, and creation of more affordable rental homes for renters. We develop products that incentivize preservation of affordable units for low- and very-low-income households. We also support the development and preservation of housing in the underserved manufactured housing and rural markets, and our products and programs reflect our commitment to these markets.

Of the approximately 622,000 multifamily units we financed in 2021, a significant majority were affordable for households earning at or below 100% of the median income in their area.[18] For more information on our multifamily affordable housing progress, see our 2021 Annual Housing Activities Report and Annual Mortgage Report.

Preserving affordable multifamily rental units

Fannie Mae takes an active role in preserving and improving affordable housing for low-income renters. We work to make it easier for lenders to finance the production and preservation of rental housing by providing standardized, consistent, and scalable multifamily financing products, as well as flexible, tailored products that accommodate innovative and affordability-generating deal financing structures.

Housing with rent- or income-based restrictions remains an essential source of affordable housing for many. Fannie Mae's financing for Multifamily Affordable Housing, which includes loans on properties with a minimum level of rent- and income-restricted units and properties receiving other federal and state subsidies, totaled $9.6 billion in 2021, up from $7.9 billion in 2020.

[18] Reflects new multifamily units financed by first liens; excludes second liens on multifamily units for which we had financed the first lien, as well as manufactured housing rentals. The number of units financed in 2021 has been updated in this report from the number reported in our 2021 Form 10-K to exclude previously included second liens and manufactured housing rentals. Affordability is based on rents reported at origination. Rents may change following loan origination. For additional information on affordable housing acquisitions, see Table 3. Multifamily Housing Mortgage Acquisitions by Year, by Select Characteristics in the Data Tables section of the Appendix.

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Social Bonds and our Sustainable Bond Framework

While Fannie Mae has long issued MBS that support affordable housing in line with our mission, in 2021 we began offering Multifamily Social MBS to help identify MBS backed by loans that satisfy specific socially oriented lending criteria. These bonds are aligned with our Sustainable Bond Framework, which received a second-party opinion from Sustainalytics. (See more in the Green Homes chapter.)

Loans eligible for Multifamily Social MBS designation include those financing restricted affordable housing, unrestricted affordable housing, manufactured housing communities, and **Healthy Housing Rewards**™ properties. MBS issued in alignment with Fannie Mae's Sustainable Bond Framework also align with the International Capital Market Association (ICMA) Social Bond Principles categories of Affordable Housing, Access to Essential Services, and Socioeconomic Advancement and Empowerment. In 2021, we issued $10.5 billion in Social Bonds, measured by unpaid principal balance at issuance; these bonds are backed by loans that finance restricted affordable housing and manufactured housing communities. See Table 4. Multifamily Social Bond Issuance in the Data Tables section of the Appendix.

The **Low-Income Housing Tax Credit** (LIHTC) program is a federal program incentivizing equity investments in affordable rental housing for low- and very-low-income households. The program awards tax credits to affordable housing developers, who then exchange the tax credits for equity contributions from investors, including corporate investors like Fannie Mae, to create and preserve affordable housing. The LIHTC program provides a reliable source of capital for affordable rental housing and underserved markets and is currently the primary mechanism for subsidizing affordable housing production and rehabilitation in the U.S.

From our reentry into **LIHTC equity investment** in 2018 through 2021, Fannie Mae has provided approximately $2.0 billion in LIHTC equity investments, supporting the creation or preservation of over 50,000 rental units at nearly 700 properties in 47 states and the District of Columbia. We specifically target our investment activities toward underserved markets and underserved tenant populations. More than 250 of these properties were in rural communities, including approximately 60 properties in high-needs rural regions. Tenants served through our investments include Native American tribal members, people who have experienced homelessness, youth aging out of foster care, LGBTQ seniors, and people who have experienced domestic violence. Properties targeting these tenants may include supportive services such as counseling, after-school programs, and job training in addition to providing high-quality affordable housing.

Fannie Mae also provides debt financing for properties whose affordability stems from others' LIHTC equity investments. Over the past three years, we have increased our loan purchase targets on LIHTC properties and focused efforts on the innovative **MBS as Tax-Exempt Bond Collateral** (M.TEB) mortgage loan solution. This offering allows Fannie Mae-issued multifamily MBS to support new issuance or refunding of municipal tax-exempt bonds, which helps to subsidize LIHTC affordable properties.

Our **Sponsor-Initiated Affordability** (SIA) program seeks to address the gap in affordable housing supply, offering a pricing incentive for multifamily borrowers to voluntarily set aside at least 20% of units for households with income less than 80% of AMI through the life of the Fannie Mae loan. With SIA, Fannie Mae provides toolkits and guidance for property owners, offering an entry point for those who are new to the domain of housing affordability and a loan-level compliance framework for borrowers.

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Housing Stability

Our funding helps preserve the 30-year, fixed-rate mortgage, an industry standard for many homebuyers. This popular mortgage loan helps homeowners by offering stable, predictable mortgage payments over the life of the loan. We create underwriting, eligibility, and risk management standards to help protect borrowers.

Fannie Mae also works to support housing stability by investing in homeownership and financial education as well as working to prevent displacement and insecurity — and market disruption — when disasters strike.

Responsible underwriting

Fannie Mae's *Selling* and *Servicing Guides* set out the current eligibility and ongoing administration requirements for loans we can acquire. We built and support the automated underwriting system, DU, that lenders can use to determine whether a specific loan is eligible for sale to Fannie Mae. DU performs a comprehensive evaluation of the primary and contributory risk factors of a mortgage. Using an automated underwriting system helps bring greater consistency for loans being sold to Fannie Mae, rather than having over a thousand lenders manually underwrite loans using the Guide standards.

Serving very-low-, low-, and moderate-income households and first-time homebuyers is a fundamental part of Fannie Mae's mission, and we design our underwriting standards, business practices, and procedures to balance the company's multiple objectives of serving consumers of modest means, meeting our liquidity mission, and appropriately addressing credit risk. We believe that Fannie Mae's rigorous underwriting standards help ensure that borrowers are prepared to meet the obligations of homeownership.

Sustainable Communities Innovation Challenge

We recognize that stable, affordable housing has benefits that extend to all aspects of life. Our **Sustainable Communities Innovation Challenge** forges partnerships in sectors adjacent to housing — such as employment, education, and health — to explore and launch innovative ways to support sustainable and affordable housing for households with low-to-moderate incomes. Through this initiative, Fannie Mae awarded over $7 million from 2018 through 2022 to support innovative projects with 13 organizations that are tackling the challenges of affordable housing from different angles. Awardees receive expert mentorship and virtual learning sessions to support implementation and ongoing project management, as well as technical assistance to increase capacity to scale their projects.

Education and counseling

SASB FN-CB-240a.4

Fannie Mae takes an expansive approach to education to support current and aspiring homeowners and renters in maintaining stable housing. Our vision is to deliver a continuum of educational and counseling resources, where multiple approaches at distinct points in an individual's renting and homeownership journey can build upon each other for cumulative effect. Fannie Mae requires certain borrowers to complete homeownership education prior to loan closing.[19] This includes learning how to save and prepare for a home purchase, work with lenders and real estate professionals, and understand the mortgage process.

Fannie Mae also partners with organizations that provide fundamental financial capability education and resources delivered early in participants' financial life cycles. We also

[19] For certain Fannie Mae loans, at least one borrower on a loan must complete homeownership education prior to loan closing: if all borrowers on the loan are relying solely on nontraditional credit to qualify, regardless of loan product or first-time homebuyer status with HomeReady and HFA Preferred purchase transactions when all occupying borrowers are first-time homebuyers; or for purchase transactions with loan-to-value (LTV), combined LTV, or home equity combined LTV ratios greater than 95% when all borrowers are first-time homebuyers. Qualified providers must be independent of the lender, with homeownership education content that is aligned with National Industry Standards or offered by a housing counseling agency approved by HUD. HomeView can be used to satisfy homeownership education requirements.

provide on-demand educational resources for potential borrowers seeking to achieve homeownership and deliver just-in-time interactive learning for borrowers in the process of taking out a mortgage. And our post-purchase educational and counseling offerings can help borrowers remain confident and aware of their options in times of distress.

In 2021, we launched the **Your Own Story** educational campaign with a dedicated website to provide homebuyers with accessible, interactive information on how to achieve sustainable homeownership. In 2022, we launched Fannie Mae **HomeView™**, a free online education course designed to help consumers navigate the mortgage and homebuying processes confidently and responsibly.

See Table 7. Education & Counseling in the Data Tables section of the Appendix.

SASB FN-CB-240a.4

Support in a crisis

Fannie Mae offers multiple channels to help borrowers and renters know their options and pursue a path that reduces disruption to their housing and finances when they experience a temporary inability to make mortgage or rent payments or find their lives upended by a natural disaster.

For those affected by natural disasters, we developed the **Fannie Mae Disaster Response Network™ (DRN)**, which offers comprehensive support to help people navigate the aftermath of disasters. In the difficult moments following a disaster, homeowners and renters can miss out on vital financial resources, become the targets of scams, and become overwhelmed navigating the process of rebuilding their homes and lives. The DRN responds to these moments of crisis by connecting those who faced disasters with a dedicated counselor to help them develop a needs assessment, create a personalized recovery plan, and request financial relief from the Federal Emergency Management Agency (FEMA), insurance providers, and other sources. Counselors continue to check in with clients for up to 18 months, serving as their dedicated partners in navigating their unique situations. Anyone who calls the DRN experiencing the impacts of a disaster or COVID-19 can receive support; the DRN facilitates services for residents whether Fannie Mae owns their mortgages or not.

For borrowers struggling with mortgage payments, Fannie Mae offers free housing counseling through partnerships with nonprofit housing counseling organizations. In addition, we created **KnowYourOptions.com**, a consumer website that provides resources for consumers to understand and weigh their options for resolving loan delinquencies.

Fannie Mae's loss mitigation strategy sets standards for timely resolution when borrowers experience financial distress. Our policies require servicers to intervene early to address mortgage loan delinquency and provide alternatives to foreclosure. First and foremost, the servicer is required to engage with the borrower on options for resolving the delinquency. The servicer is required to determine whether a borrower qualifies for a home retention solution before considering foreclosure or foreclosure alternatives.

If no home retention solutions are viable, Fannie Mae works to avoid foreclosure. Pre-foreclosure sales ("short sales") and deeds-in-lieu of foreclosure are available options to minimize disruption to homeowners' lives and damage to their credit histories.[20] To promote consistency across servicers and improved outcomes for borrowers, Fannie Mae offers Servicing Management Default Underwriter™ (SMDU™), an application that automates loss mitigation decisions.

See Table 6. Single-Family Loan Modifications, Foreclosure Alternatives, and Foreclosures in the Data Tables section of the Appendix.

Protecting owners and renters of manufactured housing

Residents in MH communities often own their homes but rent the land (known as the pad or site) on which their homes sit. **Tenant Site Lease Protections** (TSLPs) contribute to more stable housing, whether MH community residents own or rent their dwelling. TSLPs address site lease terms, minimum grace periods for rent payments, unit sale and associated site lease assignment rights, advance notice of rent increases, and advance notice of a planned sale or closure of the MH community. For loans committed in and after 2022, we require that TSLPs be implemented on 100% of site leases — both owner-occupied and renter-occupied.

[20] Fannie Mae Single-Family *Servicing Guide*, July 2021.

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Support for homeowners, renters, and the market during COVID-19

As the COVID-19 pandemic unfolded, Fannie Mae took action to help people maintain their housing, including through halting foreclosures, providing forbearance plans to homeowners struggling to make mortgage payments as a result of the pandemic, and prohibiting evictions for nonpayment of rent in multifamily properties that received loan forbearance.

Our Single-Family Business introduced new and expanded home retention options for homeowners, including a new payment deferral option. We also introduced temporary policy flexibilities, including new servicing policies intended to prioritize home retention and the suspension of most foreclosure-related activities.

During 2020, 2021, and 2022, we provided forbearance plans on more than 1.4 million single-family loans. As of September 30, 2022, approximately 94% of these loans had resolved their forbearance plan by receiving a loan workout option, by reinstatement, or by paying off the loan.[21]

We also added flexibilities in 2020 and in 2021 to the eligibility requirements for the **Fannie Mae Flex Modification** for single-family borrowers impacted by COVID-19. These flexibilities allowed more borrowers to access the program, through which loan servicers may offer eligible homeowners mortgage payment relief by extending their mortgage terms to 480 months, aiming for an appreciable principal and interest payment reduction, and assessing borrowers for the possibility of a lower interest rate. Further streamlining our approach to loan modifications, including through utilizing SMDU, Fannie Mae enabled servicers to respond efficiently and keep more borrowers in their homes.

During the pandemic, we also leveraged our position in the secondary market to support multifamily borrowers and help prevent renter evictions. Beginning in March 2020, we allowed multifamily lenders to grant forbearance to borrowers with Fannie Mae-financed multifamily properties if they experienced a financial hardship related to COVID-19. In exchange, the borrowers committed to provide specified renter protections, including rent repayment flexibility and suspended evictions for nonpayment of rent. When the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted in March 2020, we updated our forbearance program with additional renter protections and notification requirements, such as requiring property managers to give renters at least a 30-day notice to vacate.

In both our Multifamily and Single-Family Businesses, Fannie Mae's educational and counseling programs helped keep the housing finance market stable by supporting people to take informed action despite uncertainty. In 2020 and 2021, Fannie Mae mortgage borrowers accessed over 2,400 homeownership and financial counseling sessions through the DRN, and renters in Fannie Mae-financed properties accessed over 21,000 counseling sessions.

We also boosted awareness through our **Here to Help** direct-to-consumer media campaign, which equipped lenders, servicers, borrowers, renters, and property managers with the latest, most accurate information on policy updates and relief options. In 2021, we estimate Here to Help and KnowYourOptions.com information reached 2.3 million unique visitors.

[21] For more details see Fannie Mae's Financial Supplements available at https://www.fanniemae.com/about-us/investor-relations/quarterly-and-annual-results.

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Racial Equity in Housing Finance

We believe that housing finance should be fair and equitable. Unfortunately, the U.S. housing finance system is marked by a history of racial discrimination and persistent racial disparities, particularly affecting Black consumers.

Although the practice of racial redlining was outlawed over 50 years ago, its effects endure. Even today, Black renters experience higher housing cost burdens, fees, and discrimination. The homeownership rate as of 2019 was approximately 42% for Black households, compared with 72% for non-Hispanic white households, barely changed from about 50 years ago.[22] We estimate the variance in homeownership rates translates to a homeownership gap of about 4.7 million Black households.

Home equity is an important source of wealth, and this gap is a key driver of lower levels of net worth for Black households compared to non-Hispanic white households.[23] This perpetuates a cycle — lower rates of homeownership lead to less accumulation of wealth, leading to lower levels of homeownership for the next generations and other disparate economic outcomes that accumulate over time. A recent study found that the median non-Hispanic white household held $188,200 in wealth, which was 7.8 times that of the median Black household.[24]

Consistent with the public purposes set forth in our charter, Fannie Mae is committed to doing what is in our power to build a more equitable housing finance system that yields better outcomes for future generations. Our approach is to first acknowledge the obstacles to affordable and stable housing that disproportionately affect people of historically underserved groups due to race or ethnicity, then identify appropriate interventions where Fannie Mae can leverage our products, policies, practices, and influence to support more equitable outcomes.

We developed a framework we call the Consumer Housing Journey to capture insights from our research into the experience of renters, homebuyers, and homeowners.[25] Our first use case for the Consumer Housing Journey was a data-driven exploration of the housing obstacles faced by Black consumers. This framework enables us to identify areas of opportunity for Fannie Mae to help more consumers become successful renters and homeowners.

To date, Fannie Mae's work has focused on barriers related to knowledge of tenant rights, homebuying, and homeownership; lack of money for down payments and closing costs; lower credit scores and credit invisibility; and the supply of affordable rental units.

[22] U.S. Census Bureau, 2019 American Community Survey 1-Year Estimates.

[23] Dettling, Lisa J., Joanne W. Hsu, Lindsay Jacobs, Kevin B. Moore, and Jeffrey P. Thompson with assistance from Elizabeth Llanes. 2017. "Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence from the Survey of Consumer Finances."

[24] Fannie Mae computations from 1992–2019 Survey of Consumer Finances data.

[25] To read more on the Black Housing Journey, see Fannie Mae's Equitable Housing Finance Plan.

Addressing gaps in knowledge and familiarity

The homebuyer education and counseling programs described in our Housing Stability chapter help address gaps in access to information that may be more prevalent in communities with lower rates of homeownership or more challenges to tenants' rights. We are investing in initiatives to target specific audiences with deeper engagements and actionable research, including through partnerships with other organizations.

Addressing high cost burdens for renters

Historically underserved consumers, including Black and Latino people, are typically overrepresented in the renter population and have higher cost burdens. Fannie Mae is amplifying existing programs that we believe can increase the supply of and access to affordable rental units, including our LIHTC programs and SIA program, which we describe in the Housing Affordability chapter.

Equitable Housing Finance Plan

Looking ahead, Fannie Mae's Equitable Housing Finance Plan outlines specific steps we are taking to further our commitment to advancing racial equity in housing finance.

We are developing actions to help address the enduring effects of systemic discrimination against Black homeowners and renters. While our actions seek to address the obstacles faced by Black homeowners and renters as they seek affordable housing and access to housing finance, we expect they will benefit borrowers and renters in all population groups. Some programs are more narrowly targeted, such as working to increase the number of loans we purchase from lenders implementing Special Purpose Credit Programs (SPCPs) specifically intended to benefit borrowers in areas with a legacy of redlining. Through an SPCP, a financial institution may create and market loan products tailored to loan applicants from underserved groups who might not otherwise meet the institution's typical standards for eligibility. The SPCP legal framework was created with the recognition that prohibiting discrimination was not sufficient to deal with past harms, but SPCPs have rarely been used in the mortgage market. As our Equitable Housing Finance Plan matures and evolves, we plan to expand our focus to the challenges of housing stability and access to the mortgage finance system faced by additional populations, including Latino people and fellow groups historically underserved due to their race, ethnicity, geographic location, or other attributes.

The initial iteration of our plan focuses on three areas where we believe we can make the most impact:

- Housing Preparation: helping consumers prepare early for sustainable homeownership and access to quality rental housing through establishing strong financial and credit foundations.
- Renting or Buying: removing unnecessary obstacles in shopping for, acquiring, renting, or financing the purchase of a home.
- Moving In and Maintaining: improving the services that help sustain homeownership so that homeowners and renters can withstand disruptions or crises and remain stably housed.

Our Equitable Housing Finance Plan represents a deeper level of strategic coordination and program maturity, but it builds upon established programs Fannie Mae has fostered over decades.

Addressing the high cost of down payments and closing costs

Among populations with lower homeownership rates and higher housing cost burdens, as is the case for many minority households, affording closing costs can be a major barrier to buying a home they could otherwise afford.[26] Fannie Mae's products and underwriting guidelines that enable lower down payment financing, as described in the Housing Affordability chapter, can help these consumers start to build wealth through homeownership.

Addressing lower credit scores and credit invisibility

As part of our mission to improve racial equity in housing finance, we are trying new ways to identify prospective borrowers who meet our credit standards and removing obstacles that disproportionately affect some groups of borrowers. One example of this approach is our expansion of underwriting capabilities beyond the limits of traditional credit reporting, including through our positive rental payment history initiative described in the Housing Affordability chapter.

We continue to explore ways to increase eligibility while preserving safety and soundness, such as implementing cash flow underwriting into DU for borrowers without a credit score.[27]

Appraisal bias

Read about Fannie Mae's commitment to minimize the harmful effects of racial bias in home appraisals.

Fair lending and fair housing

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Fannie Mae is committed to complying with both the letter and spirit of applicable laws and regulations related to fair housing and lending (Fair Lending Laws). The Fair Lending Laws include the Equal Credit Opportunity Act, the Fair Housing Act, and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (the "GSE Act"), and their implementing regulations, as well as similar state and local laws. These laws prohibit discrimination in housing and lending on the basis of certain characteristics.[28]

Fannie Mae operates in the secondary mortgage market and does not originate loans or lend money directly to borrowers or lenders. However, we require our lender partners, who lend money directly to borrowers, to comply with:

- Our *Selling Guides*, which prescribe the requirements lenders must follow in order to sell loans to us.
- All federal, state, and local laws and regulations that apply to their origination practices, including the Fair Housing Act and the anti-discrimination provisions of the Equal Credit Opportunity Act.
- All other related state and federal regulations.

[26] For more information on closing costs as an obstacle to homeownership, see Nuno Mota and Mark Palim, "Barriers to Entry: Closing Costs for First-Time and Low-Income Homebuyers," Fannie Mae Working Paper, 2021.

[27] 2022–2024 Equitable Housing Finance Plan, p. 9.

[28] Characteristics include, but are not limited to, race, color, national origin, sex, religion, marital status, age (provided the applicant has the capacity to contract), receipt of public assistance, familial status (children under the age of 18 living with parents or legal custodians, pregnant women, people securing custody of children under the age of 18), disability, sexual orientation/gender identity, or military status.

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When delivering loans to Fannie Mae, lenders provide representations and warranties that assert their compliance with our *Selling Guide* and all applicable laws, including anti-discrimination laws and regulations. Thereafter, lenders must attest to us on an annual basis that they have policies and procedures in place, including regular training for employees and contractors, to facilitate and monitor compliance with these laws. Those who service loans for Fannie Mae are also required to abide by applicable laws and regulations dealing with loan servicing, as well as the provisions of our *Servicing Guides*.

In addition to the lender and servicer requirements related to compliance with Fair Housing Laws, Fannie Mae has developed a Fair Lending Program designed to prevent, identify, measure, mitigate, and manage enterprise-wide fair lending risks. The program promotes fair and responsible housing practices on an enterprise-wide level covering both Fannie Mae's Single-Family and Multifamily Businesses, including underwriting standards, business practices, pricing policies, fee structures, and procedures. The Fair Lending Program is administered by Fannie Mae's Fair Lending Group under the direction of the Fair Lending Officer. The Fair Lending Group reviews new and ongoing policies and initiatives, such as policies that impact the eligibility of loans sold to Fannie Mae, mortgage servicing policies, appraisal guidelines, and marketing materials, not only for compliance with the Fair Lending Laws but also with a view toward increasing equity in the home lending and rental markets. The group also conducts enterprise monitoring of fair lending risk as well as periodic testing and targeted reviews to evaluate fair lending compliance. The Fair Lending Group develops and delivers fair lending training to employees, taking into consideration their job responsibilities and Fannie Mae's fair lending risks. Fair lending is also covered as part of our enterprise-wide training provided to all employees.

SASB FN-MF-270b.3

In February 2022, Fannie Mae settled a lawsuit brought by the National Fair Housing Alliance and other organizations alleging that Fannie Mae's foreclosed properties were maintained and marketed in a discriminatory manner. Fannie Mae denied the plaintiffs' allegations but agreed to pay $53 million to resolve the case, of which more than $35 million will be invested in Black and Latino communities to address homeownership, access to credit, property rehabilitation, and residential development.

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SPOTLIGHT

Diversifying the industry

We are committed to growing the representation of historically underrepresented groups within the housing industry broadly. According to a recent study commissioned by Fannie Mae, Black and Latino people are underrepresented in the housing industry.[29]

Below are some of the programs and partnerships we have established to advance our commitment to diversity and inclusion in the housing industry:

- **ACCESS®:** Established in 1992, Fannie Mae's **ACCESS** program provides opportunities for diverse-owned broker dealer firms to distribute our fixed-income securities to the capital markets. In 2021, we included ACCESS dealers in our debt issuance transactions, credit risk transfer transactions, MBS trading transactions, and other capital markets activities.
- **Appraiser Diversity Initiative:** We created the **Appraiser Diversity Initiative** in 2018 to help promote diversity in the real estate appraisal field. We have partnered with the National Urban League, the Appraisal Institute, and Freddie Mac on this initiative to attract new entrants to the residential appraisal field and foster increased diversity through outreach, scholarships, and mentoring.
- **Future Housing Leaders®:** In 2018, we created **Future Housing Leaders** (FHL) to help create a pipeline of diverse talent for the housing industry. FHL connects college students from historically underrepresented groups to paid summer internships and early career opportunities in the housing industry.

We are also committed to ensuring the inclusion and utilization of diverse suppliers, vendors, and business partners in Fannie Mae's procurement of goods and services, as outlined in our Equal Opportunity in Employment and Contracting Statement.

[29] Polygon Research, 2021. Data source: U.S. Census Bureau, Current Population Survey September 2021 microdata (not seasonally adjusted).

SECTION 3

Employees

Human Capital

We believe a motivated and inclusive workforce generates more creative ideas, better business decisions, and better products that serve the mission embedded in our charter and the needs of our diverse country. To that end, Fannie Mae's human capital efforts focus on three key areas: recruiting skilled talent, retaining and developing this talent, and fostering an inclusive workplace.

Attracting and rewarding a talented workforce

We believe many current and prospective employees are attracted by our mission and the compelling nature of our work. We seek to foster and develop talent and create an employee base that feels empowered to speak up, explore new opportunities, and embrace challenges.

As of December 2021, people of color constituted 58% of our overall workforce and 24% of our officer-level employees, and women constituted 44% of our overall workforce and 35% of our officer-level employees.[30] Over half of Fannie Mae's Board members are women and/or racial or ethnic minorities. (See Tables 9 and 10 in the Data Tables section of the Appendix.)

Compensation and employee benefits

We offer a competitive total rewards package, which delivers a variety of cash and non-cash rewards designed to motivate employees and improve company performance. All regular Fannie Mae employees are eligible for benefits.

We organize our rewards into three categories: mind, body, and finances.

Mind: Fannie Mae offers programs to support employees' emotional well-being. Beyond the robust mental health benefits embedded in our medical insurance plans, our Employee Assistance Program provides confidential counseling, relationship support, and other resources.

Body: Our health insurance plans — medical, dental, and vision — offer a wide range of options that are competitive and cost effective. Eligibility for these, and certain other benefits, includes qualified domestic partners of any gender and their children.

Finances: We also provide benefits that allow employees to invest in their financial and personal well-being.

To help advance employee retirement goals, eligible employees are automatically enrolled in a 401(k) plan, which matches contributions up to 6% of eligible earnings and provides flexible pre- and post-tax contribution choices and a broad spectrum of investment options.

We also provide support for families, including adoption and surrogacy assistance of up to $10,000, paid parental leave for new parents, and a scholarship program for eligible employees' dependents. To align with our mission and support employee homeownership, we provide eligible employees with a one-time grant of $10,000 to assist with the purchase of a primary residence.

[30] Officers are employees with job titles that include Fellow, Vice President, Senior Vice President, Executive Vice President, President, and CEO.

Fannie Mae is committed to pay equity. We regularly review our pay practices and compensation structure for any potential pay disparities across gender or race. We analyze whether pay disparities may exist for comparable work (after controlling for objective factors that determine pay, such as job level and function, time in job, location, and performance) and how such disparities can be addressed.

Engaging and developing our employees

We believe that investing in our employees is key to our success as a business and our value proposition as an employer. To this end, we offer a dedicated virtual training platform, development programs, and reimbursements for educational expenses.

Fannie Mae University (FMU), our platform for employee development, is the access point for all learning. It supports employees in building knowledge and skills by offering thousands of web-based courses, videos, and other resources. FMU is organized by several education tracks, including the School of Housing, School of Leadership & Culture, School of Analytics, School of Digital, and School of Continuing and Professional Development. In 2021, FMU created a Race & Housing program to better educate employees on how policies over the past century have contributed to disparate housing market experiences and outcomes today.

For employees who seek out higher education, our Assistance for Collegiate Education program may reimburse a maximum of $10,000 per calendar year of an eligible employee's education expenses. Degree programs must relate to either Fannie Mae's business and/or an employee's current position.

Performance reviews are a fundamental part of our employees' development. Employees receive annual performance reviews, and the results are factored into compensation decisions. We also set the expectation for managers to have regular development discussions with

their team members to ensure that growth is a continual priority, and we support our employees in continuing their career growth through internal mobility.

We measure the success of our investments in our team through regular employee surveys. We believe a workforce that feels valued, engaged, respected, and part of a bigger purpose is more likely to stay and invest in our work and shared mission. We survey our workforce multiple times a year to monitor engagement and identify ways to improve our programs and work culture. In 2021, we conducted three employee engagement surveys. As of the final survey of 2021, more than eight in ten employee respondents would recommend Fannie Mae to friends and family as a great place to work.

Fostering an inclusive workplace

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At the center of everything we do is our commitment to fostering an environment where all employees are treated with dignity and respect and are able to perform work in an inclusive environment, free from discrimination, harassment, and retaliation. We support these critical concepts by establishing and promoting policies that articulate the importance of, and value we place on, diversity and inclusion, by establishing a comprehensive diversity and inclusion strategy, by providing training to help our employees internalize the concepts in our policies, and by facilitating opportunities for engagement and partnership.

Policies, statements, and other governing documents

Fannie Mae's policies, statements, and other governing documents are accessible to employees on our intranet.

Our Equal Opportunity in Employment and Contracting statement and our Employment Policy outline our prohibition against discrimination, harassment, and retaliation in the workplace and our commitment to the principles of equal opportunity for all employees. They articulate our commitment to providing reasonable accommodations to individuals with disabilities and to those who require workplace accommodations due to their sincerely held religious beliefs, observances, or practices. They prohibit workplace discrimination on any basis protected by federal, state, or local law, including race, color, religion, sex, national origin, disability or disability status, genetic information, age, sexual orientation, gender identity/gender expression, marital or parental status, family responsibilities, political affiliation, personal appearance, veteran status, or matriculation. They also prohibit discrimination on characteristics not covered under the law, such as bullying and systems of social stratification (including caste or class-based discrimination). These principles are also embedded in our Employee Code of Conduct (the "Employee Code"), which all employees must commit to upon hire and annually thereafter. (See our chapter on Business Ethics for additional details on the Employee Code of Conduct.)

Structures

Our D&I commitments are facilitated by the Office of Minority and Women Inclusion (OMWI) and supported by our Diversity Advisory Council (DAC) and our Employee Inclusive Culture Council (EICC). We also support robust Employee Resource Groups.

Our Office of Minority and Women Inclusion supports D&I efforts enterprise-wide. OMWI is committed to promoting workforce diversity and fostering inclusion at all levels, as well as providing opportunities for diverse suppliers and business partners to support our mission. OMWI is responsible for leading and overseeing our D&I strategy, including tracking performance metrics and driving engagement and collaboration. In partnership with others across the enterprise, OMWI is focused on continuously improving and maturing our D&I program.

Our annually updated Diversity and Inclusion Strategic Plan includes outlines of key actions to cultivate an inclusive environment in which all employees have the opportunity to realize their full potential and receive support for their professional development goals. Key actions focus on inclusive leadership principles, talent development, enterprise-wide accessibility, and a consistent communications strategy that reinforces the practices of driving inclusion to achieve innovative solutions. Examples of actions include developing and implementing tools and resources to mitigate potential biases in employment decisions and creating targeted development actions for identified talent through succession plans and talent discussions.

Our Diversity Advisory Council is an advisory working group of officers whose mission is to aid in the successful delivery of the company's D&I Strategic Plan at the divisional and enterprise levels through the identification of opportunities and corresponding actions. The DAC assists in monitoring and advising on the progress of the company's D&I Strategic Plan and associated practices and initiatives, shares learnings between business areas, and works to disseminate D&I information.

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In 2021, we established the Employee Inclusive Culture Council, a cross section of employees who steer inclusive practices throughout the company. EICC members serve one-year terms, and their work focuses on defining the right behaviors in support of our mission and values, helping to align corporate initiatives and programs to the desired culture, and developing cultural communications and sustainability strategies.

Our Employee Resource Groups — grassroots organizations of employees aligned around a dimension of identity protected by law (i.e., age, disability, race, religion, national origin, sex, LGBTQ, veteran status) — are instrumental in supporting our diverse team members and fostering a culture of shared understanding. These voluntary groups are open to all employees.

Training and other programs

Fannie Mae's D&I training program provides comprehensive coursework for employees to build important skills and competencies to promote inclusion. Employees can access resources and register for development sessions through our internal learning platform, FMU. Virtual and in-person professional development and training opportunities are available.

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Employee volunteerism and giving

Our company's policies and programs encourage volunteerism on many levels and support employee interests through philanthropic giving. This includes matching up to $5,000 per year in charitable gifts to eligible U.S.-based nonprofit organizations and offering up to 10 hours of paid leave each month for employees to participate in volunteer activities. Through the company's matching gifts program, employees, Board members, and the company collectively donated over $6 million to eligible nonprofits in 2021.

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SECTION 4

Environment

Climate Risk & Resilience

We are focused on understanding and addressing the physical and transition risks presented by climate change. We are also focused on how climate change and responses to climate change could affect the homeowners and renters we serve.

From a safety and soundness perspective, our climate strategy is designed to help us understand and address our financial exposure to climate-related risks as we respond to the real-world impacts of climate change. To meet this need, our climate strategy is built around three pillars:

- Exposure: quantify and continue to refine methods for quantifying our financial and business exposure to climate-related risks and opportunities.
- Mitigation: develop continuous mitigation capabilities to address these risks and leverage opportunities.
- Awareness: communicate with our employees and stakeholders (e.g., regulators, lenders, investors, and consumers) about these important issues.

As we execute and evolve our strategy, much of our work has particular emphasis on addressing a few key immediate challenges and gaps across resiliency, insurance, and awareness. We are working to enhance the resiliency of current and future U.S. housing stock, with a long-term aim of making properties better able to either withstand or recover quickly from climate-related events. Additionally, we aim to raise awareness so that homeowners, renters, and property owners are adequately insured, especially regarding flooding, to reduce the likelihood of significant financial loss or housing instability. Finally, we seek to promote homeowner and renter education and awareness of the risks and the options they have both before and after they move into a property.

Task Force on Climate-related Financial Disclosures

We continue to integrate climate considerations into our organization. Our approach to identifying, assessing, mitigating, and reporting on climate-related risks is informed by the recommendations of the TCFD. See the Corporate Governance and Risk Management chapters and our TCFD Index for more details.

We are also keenly aware of the intersection of climate risk with other ESG focus areas, including housing affordability and racial equity. The costs of insurance, resiliency and retrofit measures, and rebuilding could put quality housing out of reach for many more people. As part of our mission, we aim to promote and facilitate responses to climate change that preserve and enhance affordability and equity. These perspectives inform both our understanding of climate-related risks and our approach to mitigating them.

Identifying and assessing climate-related risks

We align our classification of climate risk impacting the housing system and our organization with TCFD's categorization of physical and transition risks. Physical risks resulting from climate change

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are those arising from event-driven (acute) and long-term shifts (chronic) in climate patterns. Transition risks are those resulting from actions taken to transition to a lower-carbon economy.

Given the long-term nature of both climate change and housing finance, we are currently evaluating the potential impacts of these climate risks over the short, medium, and long term to assess the potential impacts to our business and financial results.

Physical and transition risk analysis

Our physical and transition risk analysis is nascent and evolving. We are working to improve our physical and transition risk analysis in order to inform business decisions. Together with our regulator and conservator, FHFA, we are working to understand the impact that climate change may have on U.S. housing.

In the future, we also aim to leverage scenarios from the Network for Greening the Financial System (NGFS) to provide a common reference point for understanding how climate change, climate policy, and technology trends could evolve in different future scenarios across both physical and transition risks. These scenarios are grouped into four main buckets: Orderly, Disorderly, Hot house world, and Too little, too late.[31]

Mitigating climate-related risk to Fannie Mae

Fannie Mae's primary financial exposure to climate change results from the increase in default risk and potential losses in our book of business should climate-related events lead to borrower default. As an example of one such hazard, 2.9% of single-family loans and 6.3% of multifamily loans Fannie Mae owned or guaranteed as of December 31, 2021, were located in a FEMA-defined Special Flood Hazard Area (SFHA).[32]

As a congressionally chartered entity, Fannie Mae is obligated to support residential mortgage liquidity nationwide. With very rare exceptions (e.g., at-risk properties in communities not participating in the National Flood Insurance Program and homes in Hawaii in lava zones 3–9), Fannie Mae does not currently disqualify any single-family or multifamily property on the basis of its geographic location in the United States (including Puerto Rico, the U.S. Virgin Islands, and Guam).

CLIMATE-RELATED PHYSICAL AND TRANSITION RISKS

Risk type	Description	
Physical risk	Acute	Event-driven risks related to shorter-term extreme weather events, such as from flooding (coastal, fluvial, and pluvial), wildfires, and major storms (e.g., hurricanes, tornadoes).
	Chronic	Risks resulting from longer-term weather patterns and related effects, such as sea level rise (which may contribute to nuisance flooding), sustained higher temperatures (resulting in more severe and/or extended droughts, heat waves, etc.), as well as related effects such as decreased arability of farmland, decreased habitability of land, and decreased availability of fresh water.
Transition risk	Policy & legal risks	Risks of new or evolving requirements at the international, national, and/or state level (e.g., changing federal/state regulations, home and flood insurance, litigation).
	Technology risks	Risks of new technologies and investments related to the transition to a lower-carbon economy (which may include disruption to existing industries, organizations, etc.).
	Market risks	Risks of policies to encourage a shift to a lower-carbon economy (resulting in, e.g., changes in consumer perceptions of value on home location, price, and other characteristics).
	Reputational risks	Risks of changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy.

31 For further information, see the NGFS Scenarios Portal.

32 Table 13. Single-Family and Multifamily Loans Requiring Flood Insurance at Origination in the Data Tables section of Appendix of this report uses Special Feature Codes as reported by lenders at origination. The numbers here are based on updated flood maps to provide an estimate of exposure as of December 31, 2021.

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Mitigating potential future climate-related financial losses

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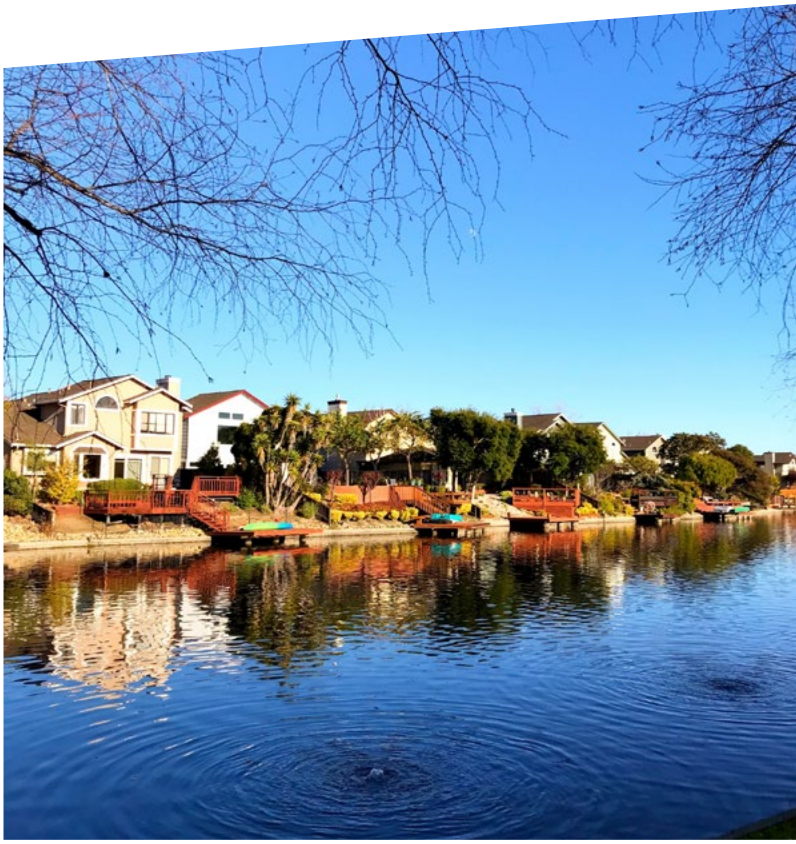
For physical hazards, insurance is our most important buffer and mitigation measure.[33] Currently, for single-family loans, Fannie Mae requires coverage for the following hazards: flood, windstorm, hurricane, hail damages, or any other perils that normally are included under an extended coverage policy endorsement. Flooding, however, is typically only covered via a separate policy primarily provided by the National Flood Insurance Program. We require flood insurance only for loans in a special flood hazard area, coastal barrier resources system, or otherwise protected area. We confirm compliance with this requirement at loan acquisition and work with servicers to ensure compliance on an ongoing basis as flood maps are updated. However, a significant number of homes outside of those areas are also at risk of flooding. We are working to increase awareness of flood and other climate-related risks and available mitigation measures for these risks, such as insurance.

For our Multifamily Business, each property must be covered by compliant property insurance and liability insurance for the term of the mortgage loan, including for windstorms and floods (if the property is located in a special flood hazard area and to the extent flood insurance is available in that area) and earthquakes (where applicable). If the borrower fails to maintain any required insurance on a property, the lender must obtain the required coverage at the borrower's expense. Should a lender fail to satisfy any servicing requirements, Fannie Mae may take steps allowed in the lender's contract to mitigate the risk of loss from the failure. Fannie Mae typically assesses each lender's insurance compliance on a biennial basis and requires lenders to remedy deficient findings.

Although not a climate-related risk, earthquakes are also a known hazard, and we are reevaluating our approach to insurance requirements as we work to mitigate this risk



nationwide. For more information, see the sections Increasing awareness of climate-related risk and Protecting current and future housing stock below.

Fannie Mae's Incident Management Center (IMC), within our Enterprise Resiliency & Security team, assesses Fannie Mae assets for potential impacts from natural disasters. When a disaster occurs, the IMC works with governmental agencies to map the impacted geographical area, identifying potentially impacted assets in real time to assist servicers with disaster relief and risk-mitigation efforts.

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[33] Fannie Mae's single-family guidelines for general property insurance coverage and flood insurance can be found in the Single-Family *Selling* and *Servicing Guides*. Multifamily insurance requirements and guidance related to individual exposures are outlined in the Multifamily *Selling and Servicing Guide*. To protect both Fannie Mae and consumers, we permit only insurance companies meeting specified Fannie Mae requirements.

Mitigating climate-related risk to households and communities

Fannie Mae is committed to helping homeowners, renters, and their communities prevent, prepare for, and respond to natural disasters and other climate-related risks. This includes working to increase awareness of climate-related risks, protecting current and future housing stock, and supporting disaster and recovery and rebuild efforts.

Increasing awareness of climate-related risks

We have been placing a large initial emphasis on making homebuyers and renters aware of flood risk. In 2022, we launched a risk pilot program in select markets focused on educating homeowners inside and outside FEMA-defined SFHAs about the risks of flooding. We hope to increase homeowners' understanding of flood risk and hazards, as well as educate them on the importance of taking flood-risk mitigation measures.

In addition, we have been updating the disclosure process and documents for our REO sales to increase transparency on and access to flood-related information. Under current residential real estate disclosure rules, which vary from state to state, potential homebuyers rarely receive information related to historical flooding and flood risk during the homebuying process. To help reduce this information gap, Fannie Mae requires property listing agents to disclose known flood events to prospective purchasers of our REO properties where a listing agent has knowledge or reports of prior flooding events.

Protecting current and future housing stock

One important way to mitigate climate-related risk is to ensure that more properties are built or renovated to withstand extreme weather and other effects of climate change. We are working to support these efforts in several ways, including through specialized loan products and collaboration to strengthen building standards.

Fannie Mae's **HomeStyle Energy** loans provide homeowners with affordable options for financing upgrades that can improve the sustainability and resiliency of their homes. In addition to energy upgrades such as new insulation or renewable energy systems, the loans can be used to finance resiliency improvements such as storm surge barriers, upgraded roofing, or wildfire home hardening. We are also working to help expand the construction of certified green homes. (For additional information, see the Green Homes chapter.)

Improving building standards helps to ensure that climate risks are taken into account during construction and that best practices are shared across communities and the housing industry. For example, Fannie Mae is currently partnering with the Insurance Institute for Business & Home Safety to highlight existing and emerging building standards and to tie the work of builders and consumers to investors who want to support resilient housing.

Supporting disaster recovery and rebuild efforts

When disasters occur, it is vital for individuals and communities to have the tools they need to recover and seize opportunities to rebuild with greater resilience against future threats. Our dedicated Disaster Response and Rebuild Team works to advance our comprehensive disaster relief efforts focused on long-term rebuilding and resiliency. These engagements not only let us offer support in a time of need but also forge partnerships and help us learn about local needs, which can further strengthen our efforts for the future.

Our comprehensive disaster and hardship response includes policies and guidance in our *Selling* and *Servicing Guides*, as well as other solutions designed to assist individuals, families, and communities during times of crisis, such as after climate-related natural disasters. For more information on assistance programs for homeowners, renters, servicers, and others, see the Support in a crisis section in the Housing Stability chapter.

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SPOTLIGHT

Improving the sustainability of our operations

Although the environmental impacts of our corporate operations are small in comparison to those of the broader housing system, managing them is an important element of our overall ESG strategy. By conserving resources and minimizing our footprint, we not only demonstrate our commitment to environmental sustainability but also reduce costs, enhance our resilience, and create safer, healthier, and more productive environments for our employees.

As a financial services company, a key area of our operational environmental impacts is associated with our physical offices. These include impacts of the energy and resources used to build and operate them, as well as employees commuting to and from their homes. Although these impacts have been greatly reduced due to the ongoing COVID-19 pandemic, we have continued working to implement best practices and further reduce our footprint.

A key part of our approach to reduce our footprint is transitioning the majority of our offices to certified green buildings, which employ leading-edge design, technology, and building practices to reduce energy and water use and minimize other negative environmental impacts. Starting in 2017, we began consolidating our offices in both Washington, D.C., and Dallas, Texas. In Dallas, we consolidated three offices with total square footage of approximately 450,000 square feet to our single Plano office, which is LEED Silver certified and has a square footage of approximately 180,000 — a reduction of about 60%. In Washington, D.C., we consolidated five offices with a total area of approximately one million square feet to a new headquarters housed in a LEED Gold building that reduced square footage occupied by about 30%. We have also moved several thousand employees to new offices in Reston, Virginia, to a building that we expect will receive a LEED Gold designation for design and construction and Silver designation for commercial interiors. With these changes, the majority of our employees are now based out of just three main office buildings and four regional office buildings.

Since most of our offices are leased, we often do not have direct control over many aspects of their operation. However, where possible, we prioritize the use of energy- and resource-efficient technologies and practices beyond those incorporated into base building design. For example, at our three largest facilities, we have installed building monitoring and control systems that track real-time usage of spaces and adjust light usage accordingly.

In addition to these efforts, we have secured or are working to secure Fitwel certifications for each of our key locations. Originally developed by the Centers for Disease Control and Prevention and the U.S. General Services Administration, Fitwel is a building certification that focuses on improving, enhancing, and safeguarding the health and well-being of building occupants.

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Green Homes

Fannie Mae is leveraging our leading role in the mortgage finance market to encourage property owners and developers to make environmentally beneficial improvements to their properties. At the core of our approach is our support for single-family and multifamily green financing.

Green mortgage financing

We offer financing to lenders for loans that help property owners and developers invest in greener technologies and building practices. This includes properties where owners are making energy and water efficiency improvements, or installing renewable energy generation systems, and/or that have received one of the third-party green building certifications recognized by Fannie Mae.

Multifamily Green Financing

Since 2012, Fannie Mae's Green Financing program has supported multifamily owners as they increase the energy and water efficiency of multifamily housing by integrating green mortgage loan products into the standard financing process. We currently offer two Multifamily Green Financing products: **Green Rewards Mortgage Loans** and **Green Building Certification Mortgage Loans**. These products offer financial incentives for owners to improve the environmental performance of their properties. In addition, reduced utility costs may improve net cash flow for property owners and/or increase affordability for renters.

Green Rewards Mortgage Loans encourage investments in efficiency improvements or renewable energy generation for existing multifamily properties. Owners commit to installing improvements — within 12 months of loan origination — that are projected to achieve specified reductions in the property's energy usage and water usage that sum to at least 30%, of which a minimum of 15% must be projected energy savings. Fannie Mae supports owners in navigating the process of efficiency upgrades by paying for an energy and water audit, as well as a Technical Solar Assessment for owners committing to install a solar photovoltaic (PV) system. These reports, prepared by qualified third-party consultants, identify and quantify specific efficiency and renewable energy improvements owners can make to qualify for a Green Rewards Mortgage Loan. Fannie Mae requires that all products, fixtures, and appliances be ENERGY STAR®- or WaterSense®-certified, if available.

Green Building Certification Mortgage Loans are loans on properties that have been built, retrofitted, or operated to high standards of efficiency and received a third-party green building certification recognized by Fannie Mae. We conduct an annual market analysis and a technical evaluation of green building certifications to determine which certifications are eligible for inclusion in the Green Building Certification program. For more information on the certifications we currently recognize and other requirements, see Fannie Mae Form 4250.

Single-Family Green Financing

Fannie Mae's Single-Family Business offers products that support both improvements of existing buildings and development of more efficient new homes.

Recognizing that enhancing environmental performance of existing homes often requires significant investments, Fannie Mae's **HomeStyle Energy** mortgage loan improves affordability and flexibility by allowing financing based on the value of the home after improvements are made, enabling homeowners to access additional upfront funds while potentially decreasing utility and repair costs in the future. These loans can be used as part of a purchase or refinancing to pay for improvements that reduce utility costs and improve the comfort of a home, such as adding new insulation or installing renewable energy systems. Furthermore, HomeStyle Energy can be used to refinance existing energy-related debt, allowing homeowners to reduce the financing costs of previous improvements to their home. The mortgage product can also be used to finance features that increase resilience against natural disasters, such as storm surge barriers, earthquake retrofitting, or brush and tree removal in fire zones. In 2021, Fannie Mae acquired $505 million in HomeStyle Energy mortgage loans.

Fannie Mae also works to incentivize green building in new homes, including financing for homes that have specific green building certifications. For more information, see Single-Family Green Bonds below.

Green Bonds

Fannie Mae securitizes certain loans we acquire through our Green Financing programs into Green Mortgage-Backed Securities (Green MBS).

We began issuing Green Bonds in 2012, and through 2021 we have issued $101.6 billion in Green MBS and $13.4 billion in Green resecuritizations. In 2021, we became the first issuer to reach $100 billion in green bond issuances. According to the Climate Bonds Initiative, Fannie Mae was the largest cumulative issuer of green bonds in the world through December 2021.

Multifamily Green Bonds

We issue Multifamily Green Bonds through two types of securities: **Multifamily Green MBS** and **Green Fannie Mae Guaranteed Mortgage Structures (GeMS™)**. These bonds benefit from many of the same features as our other Multifamily MBS offerings, including certain prepayment protections, credit policies, and Fannie Mae's guaranty of timely principal and interest payments. The underlying mortgage loans must also conform to Fannie Mae's Multifamily Green Bond Framework, which lays out our requirements and commitment to accountability, transparency, and impact reporting in green financing.

Fannie Mae Multifamily Green MBS is similar to our Multifamily MBS, in that it is generally backed by one loan and one property. For loans to be included in Fannie Mae Multifamily Green MBS, the underlying loan must be either a Green Rewards Mortgage Loan or a Green Building Certification Mortgage Loan.

Green GeMS are pools of Green MBS that are resecuritized in a structured product known as a real estate mortgage investment conduit (REMIC). All of the loans in the Green MBS backing a Green GeMS transaction are Green Rewards or Green Building Certification Mortgage Loans. Investors typically invest in Green GeMS because they seek a more diversified investment product than a Green MBS backed by a single loan. Green GeMS offer investors geographic or property-type diversity, larger-size investments, and customized cash flows to fit investor preferences.

Fannie Mae began issuing Green MBS-backed GeMS deals in 2017. These GeMS deals have ranged in size from $500 million to $1.1 billion, are U.S. dollar-denominated, and are backed by the same Fannie Mae guaranty of timely payment of principal and interest as the underlying MBS pools.

In 2021, Fannie Mae issued approximately $13.5 billion in Multifamily Green MBS and resecuritized $2.4 billion of Green MBS into Green GeMS securities.

Single-Family Green Bonds

Fannie Mae began issuing Single-Family Green MBS in 2020. In line with our Single-Family Green Bond Framework, these Green Bonds are backed by pools of mortgage loans secured exclusively by newly constructed single-family homes with green building certifications.[34] To be eligible, these homes must meet or exceed the national program requirements for ENERGY STAR Certified Homes, Version 3.0, which are, on average, 20% more efficient than single-family homes built to each state's code.[35]

[34] More information can be found on our website's Single Family Green MBS page.

[35] "About the ENERGY STAR Residential New Construction Program." 2019. Energystar.gov. 2019. https://www.energystar.gov/partner_resources/residential_new/about

Fannie Mae has engaged PEG, LLC, an industry leader in residential energy efficiency and engineering, to provide independent validation of the green building certifications of the properties backing the loans prior to being included in our Single-Family Green Bonds. We have taken this extra step to promote accountability and rigor.

In 2021, we expanded our network of lender partners and our resulting geographic footprint, issuing $513 million in Single-Family Green MBS and bringing our total issuance to $606.7 million since the program's inception.

See Table 11. Green Bond Issuance in the Data Tables section of the Appendix for more information.

Delivering meaningful and measurable impact

Fannie Mae has identified a set of core environmental and social outcome metrics to assess the estimated impacts of our Green Bonds, and we employ a robust methodology to measure these impacts.

Environmental impact

Based on third-party projections, we estimate the loans on properties underlying Fannie Mae's 2021 Green Bond issuances will save approximately 1.5 billion kilo British thermal units (kBtu) of energy. As a result, we estimate the loans on properties underlying our 2021 Green Bonds will prevent approximately 84,000 metric tons of carbon dioxide equivalent ($mtCO_2e$) in greenhouse gas emissions.

In addition, based on third-party projections, we estimate the loans on properties underlying our 2021 Multifamily Green Bonds will save approximately 473 million gallons of water.

Our estimates of the positive environmental impacts of the loans backing the Green Bonds that we issue are based on a projected one-year impact, even though many of the environmental benefits of these loans may continue to be realized for more than one year.[36]

Social impact

We believe the loans backing the Green Bonds we issue also generate positive social impact, including by reducing the energy costs faced by households. Based on third-party estimates, we project that our 2021 Green Bonds could result in average annual utility cost savings of approximately $264 for single-family households and $219 for multifamily households.[37]

See Table 12. Projected Green Bond Impacts in the Data Tables section of the Appendix and visit our Bond Impact Reporting webpage for more information.

Providing transparency to investors

We align our Green Bonds and eligibility requirements with industry standards and bodies, such as ENERGY STAR, WaterSense, the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), and others. We annually

[36] For a description of our methodology for estimating the positive environmental impact of the loans backing our Green Bonds, see the impact methodology on our Green Bonds webpage.

[37] Multifamily estimates based on Green Rewards loans only. See the impact methodology on our Green Bonds webpage for more detail.

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reassess our Single-Family and Multifamily Green products and their eligibility criteria to evaluate opportunities to increase our impact.

Our Green Bonds are aligned with the ICMA Green Bond Principles — voluntary guidelines designed to promote transparency, disclosure, and integrity in the global green bond market. We have also obtained independent, research-based evaluations from CICERO Shades of Green, a leading global provider of green ratings for bonds. In 2020, both our Multifamily and Single-Family Green Bond Frameworks received an overall Light Green rating and a governance score of Good. In recognition of the value provided by increasing the efficiency of existing properties, CICERO gave our Green Rewards Mortgage Loan product a higher Light to Medium Green rating. Additional details on CICERO's ratings of Fannie Mae Green Bonds are available on our Green Bonds webpage.

In addition, we are committed to providing comprehensive disclosures about our securitization process and the projected environmental and social impacts of our Green Bonds. This includes making green impact metrics, including at the level of individual securities, available through our Green Bonds webpage and our DUS Disclose® platform, and detailed product information available via our DUS Disclose, PoolTalk®, and Data Dynamics® platforms. For more detail about Fannie Mae's existing Green Bond disclosures, please see our Green Bond Disclosures At a Glance guide.

Leading and influencing the market for green homes

In addition to the direct impacts we create, we also leverage Fannie Mae's position to advance the wider market for green homes.

We seek to expand knowledge of best practices in green finance. Through active engagement in conferences, trainings, and roundtables, as well as published reports, Fannie Mae continues to invest in educating the market about the benefits of green building and efficiency improvements and the tools available to support stakeholders pursuing these opportunities.

We also reassess our standards regularly and pursue opportunities for developing best practices. For example, in 2020 we were the first in the market to introduce an audit protocol and standardized due diligence for multifamily solar PV system installation as part of our Multifamily Green Rewards Mortgage Loan product. Installing solar panels requires evaluating and navigating a range of building, cost, tax, legal, and local regulatory considerations, as well as other factors. Our Technical Solar Assessment standardizes the collection of relevant data to support consideration of these factors, which helps reduce risk for the borrower, lender, and Fannie Mae. In addition, when we raise our minimum requirements for green building certifications, this has ripple effects for certification organizations; at least two have imposed minimum requirements and/or launched new certifications as a result of Fannie Mae raising its minimum requirements for green building certifications we accept.

Lack of high-quality, reliable data and tracking capabilities has been a limiting factor for green finance to date; these data and capabilities are needed to support ongoing analysis and decision-making related to environmental performance and green attributes of residential properties. Many existing data sets on single-family and multifamily properties do not include extensive data on home energy efficiency or the components driving a home's energy consumption. With this challenge in mind, since 2018, Fannie Mae's Green Measurement and Verification (M&V) Service has provided support to multifamily lenders and borrowers to simplify the verification and annual energy and water reporting process that is required for our green mortgage loans. Through this program, expert energy analysts from Bright Power work with borrowers to facilitate the collection of whole property energy and water data. Among other benefits, the Green M&V Service helps provide robust data that enables a better understanding of the performance and impact of efficiency measures put in place for multifamily properties. This work helps us further enhance performance and improve our Green Financing programs. In the spirit of advancing the market generally, we published a white paper detailing our experience implementing the M&V Service, outlining the current opportunities and limitations of data collected for the Fannie Mae Multifamily Green Mortgage Loan portfolio, much of which may be applicable for multifamily utility efficiency programs more broadly.

SECTION 5

Governance

Corporate Governance & ESG Oversight

Fannie Mae maintains a corporate governance structure with a focus on upholding high standards of corporate conduct and compliance. Our Corporate Governance Guidelines and bylaws establish the structure, roles, and responsibilities of our Board of Directors and leadership team, along with other key governance policies and practices. Our governance framework also includes clear guidelines for oversight of our ESG strategy and performance.

Because Fannie Mae is currently in conservatorship, its Board of Directors serves on behalf of Fannie Mae's conservator, FHFA, and exercises its authority as directed by and with the approval of, where required, the conservator. See our annual report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 15, 2022 ("2021 Form 10-K") for more information on our Board of Directors and executive officers, including the composition of our Board and specified corporate governance matters, as of the 2021 Form 10-K filing date.

ESG and climate oversight

The Senior Vice President of ESG is responsible for the overall direction of our ESG strategy and oversight of our work to integrate ESG priorities throughout our business. The ESG team is dedicated to partnering with internal and external stakeholders to develop and implement our ESG strategy in accordance with the policies and priorities set by our senior management and Board of Directors.

Climate change oversight and management

Our Chief Climate Officer is responsible for developing our capabilities for managing risks and opportunities associated with the impact of climate change on housing and on our business. The Chief Climate Officer, who reports to the Chief Financial Officer, sets strategic direction, drives first-line integration and risk management, and develops the people, processes, and technology to identify, assess, manage, and monitor climate-related risks in alignment with the Enterprise Risk Management framework.

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The Climate Impact team, led by the Chief Climate Officer, is the centralized group responsible for understanding the risks climate change poses for Fannie Mae and coordinating Fannie Mae's efforts to mitigate those risks. The team works closely with our first-line Single-Family and Multifamily Business teams and second-line ERM function.

ERM develops and leads enterprise implementation of Fannie Mae's Climate-Related Risk Management Framework and supporting processes. ERM also provides oversight on and effective challenge to the Climate Impact team and first-line risk owners. Additionally, several management-level committees, including the Enterprise Risk Committee, oversee the company's climate-related risk activities.

The table below provides more information on oversight and management of ESG and climate matters by our Board of Directors, senior management, selected corporate functions, and specialist teams.

OVERSIGHT OF ESG AT FANNIE MAE

	Board oversight	Management oversight and accountability
ESG strategy	The **Community Responsibility and Sustainability Committee** oversees development and implementation of strategy related to ESG and climate, including access to credit, affordable housing, climate risk and resilience, racial equity in housing finance, fair lending, and sustainability, including our green financing activities.	The **Management Committee** oversees the development and implementation of the company's ESG strategy and goals. The Management Committee recommends annual management performance goals to the Board, including goals relating to ESG, and oversees management's progress in achieving those goals. ESG strategy is led by the SVP of ESG, within our Chief Administrative Office. Climate strategy is led by our Chief Climate Officer, within the office of the Chief Financial Officer. The **ESG Advisory Council** is a cross-functional senior management council whose primary roles are to promote transparency of ESG efforts across Fannie Mae, enable effective prioritization and resource allocation across ESG efforts, and inform decision-making for high-priority ESG issues.
Risk management	The **Risk Policy and Capital Committee** oversees the company's risk management framework, which includes climate-related risks.	The **Enterprise Risk Committee** oversees enterprise-wide risk management activities, including for strategic, reputational, compliance, credit (including counterparty), market, funding and liquidity, and operational (including model) risks. Fannie Mae has several other management-level committees that escalate to the Enterprise Risk Committee and cover specific areas of risk applicable to the company. The **Enterprise Risk Management** (ERM) division is responsible for developing and maintaining the company's integrated risk management program, including establishing appropriate policies and frameworks and cultivating a proactive corporate risk culture. ERM, Compliance & Ethics, and support functions such as Finance and Human Resources are charged with independent monitoring and oversight of risk associated with their areas of expertise.
ESG reporting & disclosures	The **Audit Committee** provides oversight of ESG-related reporting and disclosures, as well as any external assurance over that reporting.	The **Disclosure Committee** reviews our annual ESG Report and evaluates the effectiveness of our controls relating to ESG reporting. Development of the ESG Report is coordinated by the ESG team, in close partnership with the Climate Impact team and other relevant teams throughout our business.

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Risk Management

Effective risk management is essential to Fannie Mae's ability to provide liquidity, stability, and access to credit to the U.S. housing market and to fulfill our mission to facilitate equitable and sustainable access to homeownership and quality affordable rental housing across America. To ensure the safety and soundness necessary to advance our mission through all market cycles, we undertake activities that support integrated risk management across our business, promoting risk awareness and ensuring a consistent and disciplined approach to operating within an appropriate risk tolerance.

Risk culture and capabilities

Risk management is a responsibility shared by every Fannie Mae employee. That's why we work to build and maintain a proactive risk culture and to provide employees with the knowledge and resources they need to recognize and respond to risks that arise in our business. This includes policies, procedures, tools, trainings, and other resources we use to embed risk management across the company, such as our enterprise-wide digital Governance, Risk, and Compliance platform for enabling efficient and effective management of risk and compliance.

For more information on Fannie Mae's risk management, including a description of our enterprise risk management program and our primary areas of risk exposure, see the "Management's Discussion and Analysis of Financial Condition and Results of Operations — Risk Management" section of our 2021 Form 10-K.

Climate risk management

As the risks associated with climate change become an increasing focus for our business, we are taking steps to integrate climate risk considerations into our Enterprise Risk Management framework. We are focused on developing and implementing a comprehensive, integrated approach to the identification, assessment, and management of climate-related risks and opportunities. This section outlines how we are doing this in the context of our wider approach to risk management. For additional information on how we are measuring and responding to climate risks associated with our business, see the Climate Risk & Resilience chapter. For additional information on climate risk governance, see the Corporate Governance & ESG Oversight chapter.

Risk definition and taxonomy

Fannie Mae maintains a corporate risk taxonomy, which serves as a comprehensive listing of risk categories that align with our seven major risk categories.[38] We view climate risk as a cross-cutting risk driver that can manifest through a variety of the existing risk categories across our risk taxonomy.

We plan to employ the TCFD categorization of physical and transition climate risks (see the Climate Risk & Resilience chapter). In 2021, ERM, in collaboration with the Climate Impact team, completed an integration of physical and transition climate risks into the corporate risk taxonomy. This effort establishes a foundation to inform more granular risk identification and assessment across the company.

Establishing our climate risk management framework

Our ERM and Climate Impact teams continue to establish and evolve Fannie Mae's approach to climate-related risk management. Our efforts in developing and advancing our climate risk management framework aim to align with TCFD's recommendations and incorporate the elements of governance, strategy, risk management, and metrics and targets.

We are focused on formalizing our climate risk management framework into corporate policies and standards, enhancing our climate risk capabilities, continuing to enhance reporting and disclosure, and adapting risk identification and assessment methodologies to support assessment of climate risks across short-, medium-, and long-term time horizons.

Internal climate training and support

Our strong risk management and governance depends upon employees being well-informed and aware of the risks facing our business and the housing industry. Led by the Climate Impact team, several climate management and awareness-building initiatives are in place to help increase understanding of climate-related matters and ensure business units are integrating climate-related risks and opportunities into their day-to-day considerations and actions, such as growing our Climate Action Working Group that involves teams across the enterprise.

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38 For more information on the major risk categories, see our 2021 Report on Form 10-K, pp. 143–144.

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Business Ethics

SASB FN-IB-510b.4

Earning and maintaining stakeholders' trust is essential to our mission. We maintain high standards for ethical conduct for our employees, our Board, and our partners.

Employee Code of Conduct

The Fannie Mae Employee Code of Conduct (the "Employee Code") outlines the standards and behaviors we expect of all employees and is firmly rooted in our mission and values. In addition to guiding principles, the Employee Code establishes specific expectations for issues, including legal and regulatory compliance, non-discrimination, workplace safety, anti-fraud, antitrust, conflicts of interest, and more. The Employee Code is supplemented by related internal policies, standards, and procedures, as well as the Employee Handbook, which together provide detailed guidance for identifying and managing compliance, legal, and ethical issues across our business.

SASB FN-IB-510a.2

Each employee is responsible for understanding and upholding the Employee Code in their day-to-day work, including acting to prevent and/or immediately report inappropriate conduct. The Employee Code outlines several avenues by which employees may report suspicions of misconduct:

a. Employees may report questions or concerns to any member of their management team, Human Resources, and/or to our Compliance and Ethics team via the Fannie Mae Ethics hotline or webline.

b. Employees may report their concerns anonymously through our internal reporting hotline, webline, email, or regular mail.

c. Employees have the option to confidentially report potential wrongdoing directly to the Audit Committee of Fannie Mae's Board of Directors. Employees are also informed that they may raise potential violations or other inappropriate conduct externally to FHFA's Office of Inspector General.

SASB FN-IB-510a.2

Employees are required to take annual Employee Code of Conduct training and, as part of that training, certify that they have read and understand the Employee Code.

Director Code of Conduct

Fannie Mae's Code of Conduct for the Board of Directors (the "Director Code") outlines duties and responsibilities of members of the Board, provides guidance to help them recognize and deal with ethical issues, provides mechanisms to report unethical conduct, and helps foster a culture of honesty and accountability. Each member of the Board must annually certify their compliance with the Director Code. The Nominating and Corporate Governance Committee of the Board of Directors is charged with the implementation and regulation of the Director Code.

Requirements for contractors and consultants

We also maintain Service Requirements for Contractors and Consultants (SRCC), which require workers employed by our vendor partners to demonstrate ethical behavior in the performance of services for Fannie Mae. The SRCC further outlines expected behaviors and guidance for supplier personnel, such as valuing and respecting others, avoiding conflicts of interest, supporting a productive and safe workplace, and raising compliance and ethics concerns. Supplier personnel are informed of the various channels through which they may contact our Compliance and Ethics team and/or our vendor partners to report any concerns.

SASB FN-IB-510b.4

Data Privacy & Security

Breaches in data and information security can lead to major disruptions that have the potential to cause significant business harm. Given our size and our role in the financial services industry, Fannie Mae has been, and likely will continue to be, the target of cyber attacks, computer viruses, malicious code, and other information security threats. In addition, factors such as the increasing variety and sophistication of these threats, our migration to cloud-based systems, and the large number of our employees working remotely further heighten our risk. As of our 2021 Form 10-K filing date of February 15, 2022, we had not experienced any material losses relating to cyberattacks.

Cybersecurity risk management

SASB FN-CB-230a.2

Fannie Mae continually works to secure and protect the financial information of millions of borrowers, as well as information related to lenders, servicers, employees, investors, and website visitors. Our cybersecurity risk management program aligns with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management framework and the National Institute of Standards and Technology (NIST) Framework for Improving Critical Infrastructure Cybersecurity. Our approach also continues to evolve based on the changing needs of our business, the evolving threat environment, and regulatory guidance. Our cybersecurity risk management program includes evaluation of third parties that could be a source of cybersecurity risk, including customers that use our systems and third-party service providers.

We continuously examine the effectiveness and maturity of our cyber defenses through various means, including internal audits, targeted testing, incident response exercises, maturity assessments, and industry benchmarking. We also continue to strengthen our partnerships with the appropriate government and law enforcement agencies and with other businesses and cybersecurity services in order to understand the full spectrum of cybersecurity risks in the environment, enhance our defenses, and improve our resiliency. In addition, we have obtained insurance coverage relating to cybersecurity risks.

Cybersecurity risk is overseen by the Board of Directors and its Risk Policy and Capital Committee.[39] The Board has also delegated oversight authority for specified cybersecurity risk matters to certain management-level committees. Management also discusses cybersecurity developments with the Chair of the Risk Policy and Capital Committee and other Board members between Board and committee meetings, as appropriate.

Policies and procedures

Helping protect data and information is a responsibility that is shared by everyone at Fannie Mae. Our Employee Code and related policies — including our Confidential Information and Privacy Policy, Information Security Policy, Technology Use Standard, and Cyber Risk Policy — establish clear expectations, procedures, and other requirements for how we help protect and manage information.

[39] The Board's Strategic Initiatives and Technology Committee also oversaw cybersecurity risk from 2021 until its dissolution in August 2022.

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Fannie Mae's Information Security team is responsible for detecting, investigating, and responding to information security threats and incidents that have a potential impact on Fannie Mae's information and technology environment. Information Security involves the company's Privacy Office for events involving the potential disclosure of confidential information that may result in regulatory, reputational, and/or financial impact on Fannie Mae. The Privacy Office initiates the Privacy Event Response Team (PERT) in the case of a privacy threat or incident that could have a significant impact on Fannie Mae. PERT is a cross-functional team charged with leading, analyzing, escalating, and communicating to help ensure that clients, regulators, and/or other parties are appropriately notified of privacy-related security incidents, where required by applicable law, contract, or regulation.

Employee training

We require annual training regarding the use of technology for employees, contractors, and consultants. It is also part of the onboarding process for all new employees, contractors, and consultants. This training covers protecting Fannie Mae confidential information and data, policy and standard controls, information security best practices, and identifying and reporting potential cyber threats.

For more information on risks related to cyber security and Fannie Mae's management of these risks, see the cybersecurity-related risk factor in "Risk Factors" and the "MD&A—Risk Management—Operational Risk Management—Cybersecurity Risk Management" and "Corporate Governance—Risk Management Oversight—Board's Role in Cybersecurity Risk Oversight" sections of our 2021 Form 10-K (pp. 46–47, 161, 184–185), 2020 Form 10-K (pp. 49–50, 164–165, 183–184), and 2019 Form 10-K (pp. 37–38, 129, 148).

SASB FN-CB-230a.2

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Regulatory Engagement

As a federally chartered corporation and as a financial institution, Fannie Mae is subject to government regulation and oversight. FHFA, our primary regulator, regulates our safety and soundness and our fulfillment of our mission. FHFA also acts as our conservator. See our 2021 Form 10-K for a discussion of matters related to regulation, legislation, and conservatorship.

As a government-sponsored enterprise, Fannie Mae is subject to special regulatory requirements to fulfill annual goals for supporting affordable housing and to set and achieve goals related to mortgage financing in underserved markets. The Financial Safety and Soundness Act of 1992, as amended, (the "GSE Act") requires that FHFA establish affordable housing goals for Fannie Mae that a specified amount of mortgage loans we acquire meet standards relating to affordability, primarily measured by household income, or location. The GSE Act also establishes Duty to Serve requirements for Fannie Mae to facilitate a secondary market for mortgages on housing for very low-, low-, and moderate-income households in three underserved markets: manufactured housing, affordable housing preservation, and rural housing.[40]

Fannie Mae, in conservatorship, does not engage any registered lobbyists. The company also does not make political contributions.

Contributions to government and taxation

Fannie Mae contributes funding to the federal government in a number of ways, including:

- **Treasury Capital Magnet Fund and HUD Housing Trust Fund.** We are required by federal legislation to set aside in each fiscal year an amount equal to 4.2 basis points for each dollar of the unpaid principal balance of our total new business purchases and to pay this amount to the following funds: Treasury's Capital Magnet Fund, which finances affordable housing, economic development activities, and community service facilities, and HUD's Housing Trust Fund, which finances the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing. We paid $603 million to these funds in 2021 based on our new business purchases in 2020.
- **Federal income taxes.** Fannie Mae's effective tax rate of 20.7% for 2021 is very close to the statutory federal corporate income tax rate of 21%. Fannie Mae is exempt by federal statute from state and local income taxes. For more information about Fannie Mae's federal income taxes, refer to Note 9 — Income Taxes in the notes to the consolidated financial statements in our 2021 Form 10-K.
- **Dividend payments to Treasury.** Fannie Mae has made $181.4 billion in cumulative dividend payments to Treasury since entering conservatorship in 2008. This exceeds the $119.8 billion in cumulative amounts Fannie Mae has drawn from Treasury. Under the terms of the senior preferred stock purchase agreement with Treasury, dividend payments we make to Treasury do not offset our draws of funds from Treasury. Under the current dividend provisions of the senior preferred stock, we are not required to pay further dividends on the senior preferred stock until our net worth exceeds the amount of adjusted total capital necessary for us to meet the capital requirements and buffers under the Enterprise Regulatory Capital Framework issued to us by FHFA.
- **TCCA fees.** Pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011, as amended by the Infrastructure Investment and Jobs Act of 2021 ("TCCA"), since April 2012 we have collected 10 basis points in guaranty fees on the single-family residential mortgages delivered to us and remitted these fees to Treasury. In 2021, our TCCA payment to Treasury amounted to $3.0 billion.
- **FHFA expenses.** Under federal legislation, FHFA establishes an annual assessment to Fannie Mae for FHFA's costs and expenses. In 2021, Fannie Mae recorded an annual assessment of $140 million for FHFA expenses.

[40] For more information and to read our most recent Underserved Markets Plan document, please visit our website.

SECTION 6

Appendix

Additional Resources

The resources provided below are included for readers seeking to learn more about some of the reports, policies, procedures, and practices referenced throughout this report. For more information on our environmental, social, and governance efforts, please visit Fannie Mae's ESG website.

Reporting and data

Fannie Mae Third Quarter 2022 Form 10-Q

Fannie Mae 2021 Form 10-K

Fannie Mae 2020 Form 10-K

Fannie Mae 2019 Form 10-K

Annual Housing Activities Report (AHAR) and Annual Mortgage Report (AMR) 2021

Green Bond Impact Reporting

Data Dynamics

DUS Disclose

PoolTalk

Policies, practices, and plans

Single-Family *Selling Guide*

Single-Family *Servicing Guide*

Multifamily *Selling and Servicing Guide*

Sustainable Bond Framework

Single-Family Green Bond Framework

Multifamily Green Bond Framework

Employee Code of Conduct

Service Requirements for Contractors and Consultants

Code of Conduct for the Board of Directors

Equal Opportunity Statement & Anti-Retaliation

Online Privacy Notice for Fannie Mae

Duty to Serve Underserved Markets Plan 2022–2024

Equitable Housing Finance Plan

Mortgage product information

Single-Family Mortgage Products

Multifamily Mortgage Products and Specialty Financing

Pilot Activities

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Data Tables

† This table was not subject to Deloitte & Touche LLP's review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

Note on loan-related metrics

Loan-related metrics in this report's data tables are based primarily on mortgage loans on Fannie Mae's consolidated balance sheet, unless otherwise noted.[41] References in this report to mortgage loans on Fannie Mae's consolidated balance sheet refer to those in Fannie Mae consolidated trusts and those in Fannie Mae's retained mortgage portfolio that are reported as Held for Investment or Held for Sale. The loan-related metrics exclude certain loan populations for which we do not have relevant data, amounting to $13.5 billion in unpaid principal balance (UPB) as of December 31, 2021; the largest of these is reverse mortgages, with $13.2 billion in UPB (less than 0.4% of the total UPB of single-family mortgage loans on Fannie Mae's consolidated balance sheet as of December 31, 2021).

Data tables in this report related to our Multifamily Business generally include a small population of off-balance sheet credit enhancements Fannie Mae has provided. Our climate-related data tables also include small off-balance sheet populations of long-term standby commitments, credit enhancements, and government-insured mortgage loans.

Within this document, we report loan value in terms of unpaid principal balance, with no adjustments for fair value, cost basis adjustments, expected credit losses, or charge-offs.

[41] This data population is slightly different from our 2020 SASB Report. For details on this difference, please see our SASB Index in the Appendix of this report.

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TABLE 1. SINGLE-FAMILY AND MULTIFAMILY LOAN ACQUISITIONS

SASB FN-MF-000.B	Number of Loans & Units For the Year Ended December 31,			Unpaid Principal Balance at Acquisition For the Year Ended December 31,		
	2021	2020	2019	2021	2020	2019
	(Loans & Units in thousands)			(Dollars in millions)		
Single-Family:	**4,812.3**	**4,856.6**	**2,293.2**	**$ 1,354,758**	**$ 1,358,851**	**$ 595,959**
Home purchase loans	1,486.9	1,481.3	1,224.5	$ 451,392	$ 411,055	$ 312,659
Refinance loans	3,325.4	3,375.3	1,068.7	$ 903,366	$ 947,796	$ 283,300
Multifamily:						
Loans	4.2	5.1	4.1	$ 69,460	$ 76,022	$ 70,185
Units financed[42]	622.5	744.2	651.4			

[42] Reflects new multifamily units financed by first liens; excludes second liens on multifamily units for which we had financed the first lien, as well as manufactured housing rentals. Numbers of units financed in 2021, 2020, and 2019 have been updated in this report from the numbers reported in the company's prior Form 10-K filings to exclude previously included second liens and manufactured housing rentals. Second liens and manufactured housing rentals are included in loan count and unpaid principal balance.

TABLE 2. SINGLE-FAMILY HOUSING MORTGAGE ACQUISITIONS BY YEAR, BY SELECT CHARACTERISTICS†

	Number of Loans For the Year Ended December 31, (Loans in thousands)			Unpaid Principal Balance at Acquisition For the Year Ended December 31, (Dollars in millions)		
	2021	2020	2019	2021	2020	2019
Single-Family Owner-Occupied Loans (1–4 housing units)[43]	**4,272.0**	**4,192.6**	**1,962.1**	**$ 1,212,242**	**$ 1,172,685**	**$ 513,628**
Home Purchase Loans	**1,279.2**	**1,235.2**	**1,018.7**	**$ 396,665**	**$ 347,644**	**$ 262,422**
Income ≤ 50% of area median income (AMI)	96.0	92.5	69.0	$ 14,713	$ 13,151	$ 8,686
% of owner-occupied home purchase loans	7.5 %	7.5 %	6.8 %	3.7 %	3.8 %	3.3 %
Income > 50% to 60% AMI	80.3	81.1	64.6	$ 15,873	$ 14,737	$ 10,465
% of owner-occupied home purchase loans	6.3 %	6.6 %	6.3 %	4.0 %	4.2 %	4.0 %
Income > 60% to 80% AMI	194.0	192.5	156.9	$ 46,436	$ 41,728	$ 30,490
% of owner-occupied home purchase loans	15.2 %	15.6 %	15.4 %	11.7 %	12.0 %	11.6 %
Income > 80% to 100% AMI	189.0	180.7	151.6	$ 53,533	$ 45,952	$ 34,882
% of owner-occupied home purchase loans	14.8 %	14.6 %	14.9 %	13.5 %	13.2 %	13.3 %
Income > 100% to 120% AMI	165.2	156.9	128.4	$ 52,718	$ 44,917	$ 33,378
% of owner-occupied home purchase loans	12.9 %	12.7 %	12.6 %	13.3 %	12.9 %	12.7 %
Income >120% AMI	554.8	531.4	448.2	$ 213,391	$ 187,159	$ 144,520
% of owner-occupied home purchase loans	43.4 %	43.0 %	44.0 %	53.8 %	53.8 %	55.1 %
First-time homebuyers	703.4	639.9	523.8	$ 211,668	$ 172,420	$ 127,710
% of owner-occupied home purchase loans	55.0 %	51.8 %	51.4 %	53.4 %	49.6 %	48.7 %

† This table was not subject to Deloitte & Touche LLP's review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

[43] Household income as a percentage of AMI in this table is as of loan origination.

TABLE 3. MULTIFAMILY HOUSING MORTGAGE ACQUISITIONS BY YEAR, BY SELECT CHARACTERISTICS[44 †]

	For the Year Ended December 31,[45]		
	2021	2020	2019
Multifamily Affordable Housing[46]			
Number of loans for Multifamily Affordable Housing (thousands)	0.6	0.6	0.5
Value of loans for Multifamily Affordable Housing (UPB at acquisition, $ millions)	$ 9,585	$ 7,946	$ 8,200
Number of units with rent and income **restrictions** considered affordable (thousands)[47]			
Income ≤ 50% AMI	24.1	20.9	14.2
Income > 50% to 60% AMI	36.3	34.0	30.7
Income > 60% to 80% AMI	10.3	11.0	7.5
Income > 80% to 100% AMI	0.1	0.2	0.1
Income > 100% to 120% AMI	0.4	0.3	0.6
Income > 120% AMI	*	0.1	0.1
Number of units with **reported rents** considered affordable (thousands)[48]			
Income ≤ 50% AMI	80.4	91.5	72.9
Income > 50% to 60% AMI	103.5	129.0	101.9
Income > 60% to 80% AMI	193.9	211.9	194.9
Income > 80% to 100% AMI	100.5	104.0	111.4
Income > 100% to 120% AMI	37.7	39.4	43.9
Manufactured Housing (MH) Communities			
Number of loans for MH Communities (thousands)[49]	0.3	0.4	0.3
Value of loans for MH Communities (UPB at acquisition, $ millions)	$ 3,157	$ 5,243	$ 2,423
Number of MH pads financed (thousands)	66.2	106.5	55.3

* Represents value less than 50 units.

† This table was not subject to Deloitte & Touche LLP's review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

44 Multifamily figures in this table include both mortgage loans on our consolidated balance sheet and a small population of credit enhancements provided by Fannie Mae (off balance sheet).

45 Based on the date of loan acquisition by Fannie Mae.

46 Financing for rent-restricted properties and properties receiving other federal and local subsidies. Affordable housing acquisitions reported here include loans with properties for which 20% or more of the units financed are restricted to be affordable at or below 80% AMI.

47 Affordable as defined by the individual program, e.g., LIHTC or HUD Section 8, based on rent and income restrictions reported at origination. This metric counts any units that are reported as restricted, with no excluded property types.

48 Affordable as defined by FHFA in CFR 1282.19, based on rents reported at loan origination. Rents may change following loan origination. Reported rents are prior to any use of tenant-based vouchers. This metric excludes manufactured, senior, student, and co-op housing. Senior, student, and co-op property types are included in FHFA Housing Goals calculations, as reported in our Annual Housing Activities Report.

49 In cases where multiple loans for MH communities are grouped into one structured transaction, they are counted here as a single loan.

TABLE 4. MULTIFAMILY SOCIAL BOND ISSUANCE[50]

SASB FN-IB-410a.2

	For the Year Ended December 31, 2021	2020	2019
Number of Social Bonds issued	829	—	—
Number of loans (thousands)[51]	0.9	—	—
Value of Social Bonds issued (UPB at issuance, $ millions)	$ 10,456	$ —	$ —
Total number of housing units financed by loans that back Social Bonds (thousands)[†]	134.6	—	—
Number of units financed by loans that back Social Bonds with restricted affordability (thousands)[52 †]			
Households ≤ 50% AMI[†]	24.1	—	—
Households > 50% to 60% AMI[†]	35.4	—	—
Households > 60% to 80% AMI[†]	15.5	—	—

[†] This table was not subject to Deloitte & Touche LLP's review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

[50] Fannie Mae released its first labeled Social Bonds in 2021. Fannie Mae also offers social re-securitizations within our GeMS program; see our website for issuance-level data and more information.

[51] Within this table, loans are classified by the year in which they were securitized into a Social Bond, rather than the year Fannie Mae acquired them.

[52] Affordable as defined by the individual program, e.g., LIHTC or HUD Section 8, based on rent and income restrictions reported at origination. This metric counts any units that are reported as restricted, with no excluded property types. See our Sustainable Bond Framework for more information.

TABLE 5. CERTAIN CHARACTERISTICS OF OUTSTANDING SINGLE-FAMILY MORTGAGE LOANS[53]

MGMT FN-MF-270a.1[54]	Number of Loans As of December 31,			Unpaid Principal Balance As of December 31,		
	2021	2020	2019	2021	2020	2019
	(Loans in thousands)			(Dollars in millions)		
Hybrid or Option ARM[55]	**48.2**	**62.0**	**77.3**	**$ 5,366**	**$ 7,549**	**$ 10,242**
FICO ≤ 660	5.2	6.5	7.9	$ 463	$ 636	$ 821
As a % of total outstanding single-family mortgage loans	*	*	0.1 %	*	*	*
FICO > 660	40.7	52.5	65.8	$ 4,834	$ 6,821	$ 9,301
As a % of total outstanding single-family mortgage loans	0.2 %	0.3 %	0.4 %	0.1 %	0.2 %	0.3 %
FICO not available[56]	2.3	2.9	3.6	$ 68	$ 92	$ 120
As a % of total outstanding single-family mortgage loans	*	*	*	*	*	*
Higher Rate[57]	**403.0**	**437.5**	**447.9**	**$ 68,072**	**$ 66,633**	**$ 64,045**
FICO ≤ 660	82.5	100.1	110.1	$ 11,733	$ 14,288	$ 15,825
As a % of total outstanding single-family mortgage loans	0.5 %	0.6 %	0.7 %	0.3 %	0.5 %	0.5 %
FICO > 660	320.0	336.8	337.2	$ 56,288	$ 52,285	$ 48,153
As a % of total outstanding single-family mortgage loans	1.8 %	2.0 %	2.0 %	1.6 %	1.6 %	1.6 %
FICO not available	0.5	0.6	0.6	$ 52	$ 60	$ 67
As a % of total outstanding single-family mortgage loans	*	*	*	*	*	*

* Represents a value of less than 0.05%

53 Loans are classified according to Classic FICO scores determined at the time of loan origination and reported to Fannie Mae by lenders. FICO is based upon the FICO associated with the loan origination and not attributed to individual borrowers in cases where there is more than one borrower. Numbers in table may not appear to sum due to rounding.

54 Fannie Mae has defined management criteria responsive to SASB FN-MF-270a.1. For more information, please see Note 1: Basis of Presentation in the SASB Index of the Appendix.

55 Hybrid ARMs are defined per the SASB Standards as mortgages with interest rate resets, or initial fixed-rate periods, of less than five years. Option ARMs, as defined by the SASB Standards, are any ARM loan with terms that allow for negative amortization or interest-only payments. Fannie Mae no longer acquires loans with negative amortization or interest-only payment options. ARMs with a negative amortization feature have not been acquired since 2007. ARMs with interest-only payment options have not been acquired since 2014.

56 The FICO Not Available category includes loans using manual underwriting for borrowers without a credit score, as permitted by the *Selling Guide*. Additionally, this category includes loans acquired under negotiated exceptions for nonprofit entity borrowers who may rent the property on affordable rental terms to individuals, as only individual borrowers have FICO scores. Finally, this category may also include loans with data outside the expected range of FICO scores, attributable to data entry issues.

57 We define "higher rate" consistent with the meaning of higher-priced mortgage loan as defined by Regulation Z (12 CFR 1026), implementing the Truth in Lending Act, as amended, and as reported by lenders as of origination. For loan applications taken on or after October 1, 2009, and for loans closed on or after January 1, 2010, (regardless of application date), loans with a spread between annual percentage rate (APR) and average prime offer rate (APOR) at rate lock-in date greater than or equal to 150 bps for first-lien loans or 350 bps for junior-lien loans are classified as higher rate. Prior to these dates, mortgages with a spread between APR and comparable U.S. Treasury yields at rate lock-in date greater than or equal to 300 bps for first-lien loans or 500 bps for junior-lien loans are classified as higher rate. Loans are classified based on their original terms. Subsequent modifications may have changed the APR or adjusted other relevant terms of the loans, which are not reflected in this table. As of year-end 2021, 2020, and 2019, Fannie Mae had modified 41,584; 39,796; and 34,469, respectively, of the loans classified here as higher rate (figures not subject to Deloitte & Touche LLP's review). These loans may not be higher rate as of the periods displayed, based on modified terms.

TABLE 5. CERTAIN CHARACTERISTICS OF OUTSTANDING SINGLE-FAMILY MORTGAGE LOANS (CONT'D)

MGMT FN-MF-270a.1	Number of Loans As of December 31,			Unpaid Principal Balance As of December 31,		
	2021	2020	2019	2021	2020	2019
	(Loans in thousands)			(Dollars in millions)		
Total Outstanding Single-Family Mortgage Loans	**17,512.1**	**17,293.5**	**16,977.2**	**$ 3,482,509**	**$ 3,200,140**	**$ 2,950,792**
FICO ≤ 660	1,100.8	1,233.0	1,353.7	$ 157,123	$ 167,251	$ 183,582
As a % of total outstanding single-family mortgage loans	6.3 %	7.1 %	8.0 %	4.5 %	5.2 %	6.2 %
FICO > 660	16,379.6	16,019.4	15,573.3	$ 3,323,827	$ 3,030,934	$ 2,764,722
As a % of total outstanding single-family mortgage loans	93.5 %	92.6 %	91.7 %	95.4 %	94.7 %	93.7 %
FICO not available	31.7	41.2	50.2	$ 1,559	$ 1,956	$ 2,488
As a % of total outstanding single-family mortgage loans	0.2 %	0.2 %	0.3 %	*	0.1 %	0.1 %

Prepayment penalty:
Prior to 2013, we purchased a small population of loans with prepayment penalties as part of negotiated transactions. In 2013, we announced that loans with prepayment penalties are no longer eligible for purchase in connection with the Ability-to-Repay/Qualified Mortgage Rule provisions published by the Consumer Financial Protection Bureau. Any loan previously acquired with a prepayment penalty has seasoned beyond the effective date of the penalty. As a result, we exclude these loans from our reporting of this metric.

* Represents a value of less than 0.05%

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TABLE 6. SINGLE-FAMILY LOAN MODIFICATIONS, FORECLOSURE ALTERNATIVES, AND FORECLOSURES[58]

SASB FN-MF-270a.2

	Number of Loans For the Year Ended December 31, 2021	2020	2019	Unpaid Principal Balance For the Year Ended December 31, 2021	2020	2019
	(Loans in thousands)			(Dollars in millions)		
Non-Liquidation Workouts						
Repayment Plans	**3.5**	**6.6**	**5.4**	**$ 599**	**$ 1,102**	**$ 748**
FICO ≤ 660	0.7	2.0	2.5	96	253	325
FICO > 660	2.8	4.6	2.9	502	846	419
FICO not available[59]	*	*	0.1	1	3	3
Payment Deferrals[60]	**297.4**	**259.1**	**—**	**62,060**	**55,988**	**—**
FICO ≤ 660	56.8	37.2	—	9,434	6,471	—
FICO > 660	239.9	221.5	—	52,577	49,482	—
FICO not available	0.7	0.4	—	49	34	—
Modifications	**40.3**	**30.8**	**46.6**	**8,432**	**5,347**	**7,699**
FICO ≤ 660	10.8	11.4	18.9	1,881	1,777	2,801
FICO > 660	29.4	19.3	27.8	6,544	3,560	4,898
FICO not available	0.1	0.1	**	7	9	**
Total Modifications, Deferrals, and Repayment Plans	**341.2**	**296.6**	**52.1**	**$ 71,091**	**$ 62,436**	**$ 8,447**

* Represents a value of less than 50 loans or less than $500,000 in UPB.
** Data not available.

[58] Loans are classified according to Classic FICO scores determined at the time of loan origination and reported to Fannie Mae by lenders. FICO is based upon the FICO associated with the loan origination and not attributed to individual borrowers in cases where there is more than one borrower. FICO score at loan origination does not impact borrower eligibility determinations for loss mitigation or foreclosure outcomes. Rather, these events are assessed in accordance with our *Servicing Guide* and applicable law. Numbers in table may not appear to sum due to rounding.

[59] The FICO Not Available category includes loans using manual underwriting for borrowers without a credit score, as permitted by the *Selling Guide*. Additionally, this category includes loans acquired under negotiated exceptions for nonprofit entity borrowers who may rent the property on affordable rental terms to individuals, as only individual borrowers have FICO scores. Finally, this category may also include loans with data outside the expected range of FICO scores, attributable to data entry issues.

[60] The payment deferral workout option allows the borrower to defer past-due payments, without interest, to the maturity date or earlier payoff of the mortgage. In our 2020 SASB Report, payment deferrals were combined with the "modifications" data.

TABLE 6. SINGLE-FAMILY LOAN MODIFICATIONS, FORECLOSURE ALTERNATIVES, AND FORECLOSURES (CONT'D)

SASB FN-MF-270a.2

	Number of Loans For the Year Ended December 31,			Unpaid Principal Balance For the Year Ended December 31,		
	2021	2020	2019	2021	2020	2019
	(Loans in thousands)			(Dollars in millions)		
Settled Liquidation Workouts						
Pre-Foreclosure Sales	**1.2**	**2.1**	**2.8**	**$ 218**	**$ 413**	**$ 544**
FICO ≤ 660	0.3	0.6	0.8	62	117	147
FICO > 660	0.8	1.5	2.1	156	296	397
FICO not available	*	**	**	*	**	**
Deed-in-Lieu of Foreclosure	**0.4**	**0.6**	**1.1**	**48**	**83**	**160**
FICO ≤ 660	0.1	0.1	0.3	11	17	40
FICO > 660	0.3	0.5	0.9	38	66	120
FICO not available	*	**	**	*	**	**
Total Pre-Foreclosure Sales and Deeds-in-Lieu of Foreclosure	**1.5**	**2.7**	**4.0**	**$ 267**	**$ 496**	**$ 704**
Foreclosures[61]	**6.2**	**7.2**	**21.3**	**641**	**837**	**2,707**
FICO ≤ 660	2.0	2.3	7.0	195	258	845
FICO > 660	4.1	4.8	14.1	444	576	1,851
FICO not available	0.1	0.1	0.3	2	4	12

* Represents a value of less than 50 loans or less than $500,000 in UPB.
** Data not available.

[61] Foreclosures include properties that are sold to third parties at foreclosure and those that Fannie Mae acquires as REO. Foreclosures data in the 2020 SASB Report did not include third-party sales. Foreclosures reported here include only completed foreclosures and do not include loans referred to foreclosure or in the process of foreclosure. There were approximately 20,000 loans in the foreclosure process as of December 31, 2021 (figure not subject to Deloitte & Touche LLP's review).

TABLE 7. EDUCATION & COUNSELING[62]

SASB FN-CB-240a.4

	For the Year Ended December 31,		
	2021	2020	2019
	(Thousands)		
Number of loans acquired for which Fannie Mae required pre-purchase homebuyer education[63]	211.5	199.0	164.8
Number of sessions of housing counseling provided to Fannie Mae borrowers and renters via nonprofit partners[64†]	23	15	8

[†] Number of sessions of housing counseling was not subject to Deloitte & Touche LLP's review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

[62] Fannie Mae requires programs that are aligned with National Industry Standards for Homeownership Education and Counseling or the HUD Counseling Program, or provided by a HUD-approved counseling agency. For more information, see Fannie Mae's Single-Family *Selling Guide* section B2-2-06.

[63] For certain Fannie Mae loans, at least one borrower on a loan must complete homeownership education prior to loan closing: if all borrowers on the loan are relying solely on nontraditional credit to qualify, regardless of loan product or first-time homebuyer status; HomeReady and HFA Preferred purchase transactions when all occupying borrowers are first-time homebuyers; or purchase transactions with loan-to-value (LTV), combined LTV, or home equity combined LTV ratios greater than 95% when all borrowers are first-time homebuyers. Qualified providers must be independent of the lender, with homeownership education content that is aligned with National Industry Standards or is offered by a housing counseling agency approved by HUD. HomeView can be used to satisfy homeownership education requirements.

[64] Counseling sessions reported are for loans held by Fannie Mae or one of its consolidated trusts. Sessions include those provided through the Disaster Response Network and additional partners for borrowers and, beginning in March 2020, renters experiencing hardship. Individual borrowers and renters may account for more than one session.

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TABLE 8. SINGLE-FAMILY MORTGAGE LOAN ACQUISITIONS BY RACE OR ETHNICITY OF BORROWER(S)[65]

SASB FN-MF-270b.1	Number of Loans			Unpaid Principal Balance at Acquisition			Weighted Average Original LTV Ratio[66]		
	For the Year Ended December 31,			For the Year Ended December 31,			For the Year Ended December 31,		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
	(Loans in thousands)			(Dollars in millions)					
Borrower Race or Ethnicity:									
American Indian or Alaskan Native	**34.6**	**29.1**	**13.9**	**$ 9,293**	**$ 7,751**	**$ 3,456**	**71.9 %**	**73.7 %**	**77.6 %**
FICO ≤ 660	1.9	1.2	1.0	461	261	209	70.9	73.0	75.1
FICO > 660	32.7	28.0	12.9	8,831	7,489	3,246	72.0	73.7	77.8
FICO not available	*	*	*	1	*	1	77.1	70.7	80.0
Asian	**451.5**	**438.5**	**179.4**	**162,516**	**153,845**	**58,698**	**66.9**	**67.7**	**73.9**
FICO ≤ 660	7.7	5.3	4.7	2,501	1,601	1,356	70.4	71.5	73.9
FICO > 660	443.8	433.1	174.6	160,002	152,234	57,326	66.8	67.6	73.9
FICO not available	*	*	0.1	13	10	17	76.7	74.1	75.1
Black or African American	**218.2**	**172.5**	**100.7**	**57,679**	**45,280**	**24,290**	**76.0**	**78.0**	**81.4**
FICO ≤ 660	16.3	9.7	9.7	3,951	2,287	2,042	73.1	76.1	78.0
FICO > 660	201.8	162.8	91.0	53,721	42,986	22,242	76.2	78.0	81.7
FICO not available	*	*	*	7	7	5	78.7	78.0	78.7
Hispanic or Latino	**541.8**	**481.9**	**249.5**	**153,216**	**134,201**	**64,269**	**73.4**	**74.6**	**79.0**
FICO ≤ 660	28.9	19.1	17.4	7,466	4,612	3,908	71.0	73.3	76.3
FICO > 660	512.8	462.7	232.0	145,724	129,566	60,333	73.5	74.7	79.1
FICO not available	0.1	0.1	0.1	26	23	28	76.7	78.0	76.5

* Represents a value of less than 50 loans or less than $500,000 in UPB.

[65] We operate in the secondary mortgage market, primarily working with lenders and servicers. We do not originate loans or lend money directly to consumers in the primary mortgage market. Fannie Mae requires lenders and servicers of loans to comply with applicable laws and regulations, including the Fair Housing Act, Equal Credit Opportunity Act, and related anti-discrimination regulations. Fannie Mae conducts its underwriting analysis uniformly and without regard to race, gender, or other prohibited factors in our automated underwriting system, Desktop Underwriter (DU). Numbers in table may not appear to sum due to rounding.

Borrowers are asked to report both race and ethnicity on their loan application. Borrower categories for applications are based on whether any of the four possible borrowers identify as Hispanic or Latino, or a race other than white. Individual race and ethnicity categories are not mutually exclusive and do not sum to 100%. For example, if there are two borrowers on a mortgage, one of whom identifies as Black and one as Asian, the loan information would be counted as part of both Black and Asian categories. Similarly, if a borrower identifies with more than one race or ethnicity, the borrower will be included in each group, with the exception of borrowers who identify as non-Hispanic white.

Loans are classified in this table according to Classic FICO scores determined at the time of loan origination and reported to Fannie Mae by lenders. FICO is based upon the FICO associated with the loan origination and not attributed to individual borrowers in cases where there is more than one borrower. The FICO Not Available category includes loans using manual underwriting for borrowers without a credit score, as permitted by the *Selling Guide*. Additionally, this category includes loans acquired under negotiated exceptions for nonprofit entity borrowers who may rent the property on affordable rental terms to individuals, as only individual borrowers have FICO scores. Finally, this category may also include loans with data outside the expected range of FICO scores, attributable to data entry issues.

[66] The weighted average original loan-to-value ratio is calculated based upon the race and ethnicity category for each borrower for the applicable loan, so data for a single loan may appear in multiple rows.

TABLE 8. SINGLE-FAMILY MORTGAGE LOAN ACQUISITIONS BY RACE OR ETHNICITY OF BORROWER(S) (CONT'D)

SASB FN-MF-270b.1	Number of Loans			Unpaid Principal Balance at Acquisition			Weighted Average Original LTV Ratio		
	For the Year Ended December 31,			For the Year Ended December 31,			For the Year Ended December 31,		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
	(Loans in thousands)			(Dollars in millions)					
Native Hawaiian or Other Pacific Islander	**18.6**	**19.2**	**9.5**	**$ 6,151**	**$ 6,249**	**$ 2,921**	**70.3 %**	**71.4 %**	**76.1 %**
FICO ≤ 660	1.0	0.6	0.6	312	187	163	69.9	69.6	72.7
FICO > 660	17.6	18.6	9.0	5,838	6,061	2,757	70.3	71.5	76.3
FICO not available	*	*	*	1	1	1	70.9	75.9	64.8
White — Non-Hispanic or Latino	**2,949.6**	**3,157.8**	**1,501.5**	**791,086**	**848,658**	**377,582**	**69.2**	**71.5**	**76.3**
FICO ≤ 660	97.6	70.3	59.1	22,638	15,709	12,292	70.1	72.2	74.2
FICO > 660	2,851.1	3,086.7	1,441.6	768,262	832,803	365,128	69.2	71.5	76.3
FICO not available	0.9	0.8	0.9	186	146	161	75.1	75.9	75.4
All Minority Borrowers[67]	**1,203.6**	**1,089.5**	**529.9**	**369,614**	**331,191**	**146,898**	**70.9**	**71.8**	**77.3**
FICO ≤ 660	52.5	33.9	31.8	13,769	8,442	7,288	71.3	73.6	76.2
FICO > 660	1,150.8	1,055.4	497.9	355,798	322,709	139,559	70.9	71.8	77.3
FICO not available	0.2	0.2	0.2	48	40	51	76.9	76.8	76.0
Information Not Provided[68]	**659.1**	**609.3**	**261.8**	**194,060**	**179,009**	**71,481**	**66.9**	**69.4**	**74.6**
FICO ≤ 660	24.2	15.0	12.3	6,119	3,665	2,807	67.8	69.5	71.4
FICO > 660	634.8	594.2	249.4	187,913	175,327	68,648	66.9	69.4	74.8
FICO not available	0.1	0.1	0.1	29	17	27	70.8	70.9	76.4

* Represents a value of less than 50 loans or less than $500,000 in UPB.

[67] This category consists of borrowers who are not non-Hispanic white. It may not equal the total of the relevant categories in this table since borrowers who fall under multiple racial/ethnic categories would only appear once in this subtotal.

[68] This category consists of mortgages where borrower race and/or ethnicity information was not provided at loan origination.

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TABLE 9. REPRESENTATION BY RACIAL OR ETHNIC GROUPS AND GENDER AS A PERCENTAGE OF JOB CATEGORY[69]

SASB FN-IB-330a.1	Executive Management As of the Final Pay Period of:			Non-Executive Management As of the Final Pay Period of:			Professionals As of the Final Pay Period of:			All Other Employees As of the Final Pay Period of:			All Job Categories As of the Final Pay Period of:		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Racial or Ethnic Group:															
American Indian or Alaskan Native	**— %**	**— %**	**— %**	**0.2 %**	**0.3 %**	**0.6 %**	**0.2 %**	**0.2 %**	**0.2 %**	**— %**	**— %**	**— %**	**0.2 %**	**0.2 %**	**0.3 %**
Women	—	—	—	0.1	0.1	0.1	0.1	*	0.1	—	—	—	0.1	0.1	0.1
Men	—	—	—	0.1	0.2	0.5	0.1	0.2	0.1	—	—	—	0.1	0.2	0.2
Asian	**5.6**	**2.9**	**3.0**	**30.1**	**28.9**	**27.3**	**38.7**	**38.0**	**37.2**	**3.5**	**9.0**	**7.3**	**36.5**	**35.7**	**34.8**
Women	2.8	2.9	3.0	9.7	8.9	8.6	16.4	16.3	16.4	1.2	6.0	5.5	14.8	14.7	14.8
Men	2.8	—	—	20.4	20.0	18.7	22.3	21.7	20.8	2.4	3.0	1.8	21.6	21.0	20.0
Black or African American	**13.9**	**14.7**	**9.1**	**8.2**	**8.5**	**8.8**	**12.9**	**13.6**	**14.1**	**54.1**	**56.0**	**56.4**	**12.5**	**13.2**	**13.8**
Women	5.6	5.9	3.0	4.5	5.0	5.3	7.7	8.0	8.3	50.6	52.0	50.9	7.6	8.0	8.4
Men	8.3	8.8	6.1	3.7	3.5	3.5	5.2	5.6	5.8	3.5	4.0	5.5	4.9	5.2	5.4
Hispanic or Latino	**2.8**	**—**	**6.1**	**3.9**	**4.3**	**4.1**	**6.1**	**5.7**	**5.6**	**14.1**	**10.0**	**9.1**	**5.8**	**5.5**	**5.4**
Women	2.8	—	—	1.7	1.9	2.0	2.5	2.4	2.5	12.9	9.0	8.2	2.5	2.4	2.5
Men	—	—	6.1	2.2	2.4	2.1	3.6	3.3	3.1	1.2	1.0	0.9	3.3	3.1	2.9
Native Hawaiian or Pacific Islander	**—**	**—**	**—**	**0.3**	**0.3**	**0.2**	**0.2**	**0.2**	**0.3**	**—**	**—**	**—**	**0.2**	**0.2**	**0.2**
Women	—	—	—	0.1	0.1	0.1	*	*	0.1	*	—	—	—	0.1	0.1
Men	—	—	—	0.2	0.2	0.1	0.2	0.2	0.2	—	—	—	0.2	0.2	0.2

* Represents less than 0.05% of employees by job category.

69 This table counts employees as of the last day of the last pay period of the calendar year: December 18 in 2021, December 31 in 2020, and December 20 in 2019. Data may be rounded up or down by up to 0.1 percentage point to ensure column totals equal 100% for each job category by year. Where an employee has chosen not to self-identify their race/ethnicity, Fannie Mae determines this information by visual survey and/or other available information to complete of certain mandatory government reports, such as EEO-1.

Fannie Mae aligns its workforce to EEO-1 job categories as defined by the EEO-1 Component 1 Job Classification Guide. Those included in the Executive Management category include those aligned with the EEO-1 category Executive/Senior Level Officials & Managers and are Fannie Mae leaders in SVP, EVP, President, or CEO roles (historically ~30–40 employees). As a result, this group is affected more significantly by small fluctuations in workforce demographics (i.e., individuals who leave and join within specific racial/ethnic groups). Those included in the Non-Executive Management category include those aligned with the EEO-1 category First/Mid-Level Officials & Managers; those in the Professionals category include those aligned with the EEO-1 category Professionals; and those in the All Other Employees category include those aligned with the EEO-1 categories Technicians, Sales Workers, Administrative Support, Craft Workers, Operatives, Laborers & Helpers, and Service Workers. Demographic shifts across job categories may be attributed to changes in business initiatives and demand for specific roles and skills (i.e., technical, cloud, digital) and their requisite supply in the talent market. Fannie Mae has no employees outside of the United States.

TABLE 9. REPRESENTATION BY RACIAL OR ETHNIC GROUPS AND GENDER AS A PERCENTAGE OF JOB CATEGORY (CONT'D)

SASB FN-IB-330a.1	Executive Management As of the Final Pay Period of:			Non-Executive Management As of the Final Pay Period of:			Professionals As of the Final Pay Period of:			All Other Employees As of the Final Pay Period of:			All Job Categories As of the Final Pay Period of:		
	2021	**2020**	**2019**	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**	**2021**	**2020**	**2019**
Racial or Ethnic Group:															
White Non-Hispanic or Latino	**77.8 %**	**79.5 %**	**78.8 %**	**55.2 %**	**56.1 %**	**57.1 %**	**39.3 %**	**40.4 %**	**40.3 %**	**25.9 %**	**23.0 %**	**23.6 %**	**42.5 %**	**43.3 %**	**43.3 %**
Women	16.7	20.6	18.2	22.7	22.4	23.5	16.7	17.0	16.9	21.2	20.0	21.8	17.9	18.0	18.2
Men	61.1	58.9	60.6	32.5	33.7	33.6	22.7	23.4	23.4	4.7	3.0	1.8	24.6	25.3	25.2
Two or More Races	**—**	**2.9**	**3.0**	**2.0**	**1.6**	**1.9**	**2.5**	**1.9**	**2.3**	**2.4**	**2.0**	**3.6**	**2.4**	**1.9**	**2.2**
Women	—	—	—	0.9	0.7	0.7	1.2	0.9	1.1	2.4	2.0	3.6	1.2	0.9	1.1
Men	—	2.9	3.0	1.1	0.9	1.2	1.3	1.0	1.2	—	—	—	1.3	1.0	1.2
Total Number of Employees	**36**	**34**	**33**	**1,444**	**1,443**	**1,381**	**5,844**	**6,074**	**5,985**	**85**	**100**	**110**	**7,409**	**7,651**	**7,509**
Women	10	10	8	574	564	556	2,605	2,715	2,721	75	89	99	3,264	3,378	3,384
Men	26	24	25	870	879	825	3,239	3,359	3,264	10	11	11	4,145	4,273	4,125

TABLE 10. BOARD OF DIRECTORS REPRESENTATION BY RACIAL OR ETHNIC GROUP AND GENDER[70†]

	As of the Form 10-K Filing Date for Reporting Covering		
	2021	**2020**	**2019**
Number of Board Members			
By Racial or Ethnic Group:			
American Indian or Alaskan Native	—	—	—
Asian	—	—	—
Black or African American	3	2	2
Hispanic or Latino	1	1	1
Native Hawaiian or Pacific Islander	—	—	—
White	8	8	10
By Gender			
Women	5	5	5
Men	7	6	8

† This table was not subject to Deloitte & Touche LLP's review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

70 Data for each year is provided as of the filing date of the company's Form 10-K for the applicable year, which was February 15, 2022, for the 2021 Form 10-K, February 12, 2021, for the 2020 Form 10-K and February 13, 2020, for the 2019 Form 10-K. Information in 2021 column does not reflect changes in Board membership that occurred following the company's 2021 Form 10-K filing; these changes are described in Current Reports on Form 8-K filed by Fannie Mae on April 8, 2022, and September 29, 2022.

TABLE 11. GREEN BOND ISSUANCE[71]

SASB FN-IB-410a.2	For the Year Ended December 31,		
	2021	**2020**	**2019**
Number of Green Bonds	**550**	**569**	**991**
Multifamily Green Bonds	515	557	991
Single-Family Green Bonds	35	12	—
Multifamily Green GeMS	3	4	3
Number of Loans (thousands)[72]	**2.1**	**0.9**	**1.0**
Multifamily Green Bonds	0.5	0.6	1.0
Single-Family Green Bonds	1.5	0.3	—
Value of Green Bonds Issued (UPB at Issuance, $ millions)	**$ 13,980**	**$ 13,093**	**$ 22,780**
Multifamily Green Bonds	13,467	12,999	22,780
Single-Family Green Bonds	513	94	—
Multifamily Green GeMS	2,391	1,938	2,910
Number of Units (thousands)†	**97.2**	**102.6**	**213.9**
Multifamily Green Bonds†	95.6	102.3	213.9
Single-Family Green Bonds†	1.5	0.3	—

† The number of units financed by Green Bonds was not subject to Deloitte & Touche LLP's review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

[71] Total rows do not count Multifamily Green GeMS, since these are resecuritizations. Numbers in table may not appear to sum due to rounding.

[72] Within this table, loans are classified by the year in which they are securitized into a Green Bond, rather than the year Fannie Mae acquired them.

TABLE 12. PROJECTED GREEN BOND IMPACTS[73†]

	For the Year Ended December 31,		
	2021	2020	2019
Projected Energy Saved (kBtu in millions)	**1,459**	**1,639**	**3,566**
Multifamily Green Bonds	1,422	1,631	3,566
Single-Family Green Bonds	37	8	—
Projected Water Saved (Gallons in millions)[74]	**473**	**807**	**1,799**
Projected Greenhouse Gas Emissions Prevented (mtCO_2e in thousands)	**84.0**	**105.0**	**241.2**
Multifamily Green Bonds	82.3	104.6	241.2
Single-Family Green Bonds	1.7	0.4	—
Projected Utility Cost Savings per Household[75]			
Multifamily tenants[76]	$ 219	$ 235	$ 254
Single-family homeowners[77]	$ 264	$ 269	$ —

† This table was not subject to Deloitte & Touche LLP's review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

[73] This table presents single-year projected impacts for the loans underlying Green Bonds issued in the years indicated. For a description of our methodology for estimating the positive environmental impact of the loans backing our Green Bonds, see the impact methodology on our Green Bonds webpage.

[74] Multifamily Green Bonds only.

[75] Estimated cost savings for a one-year period.

[76] Multifamily Green Rewards loans only.

[77] Single-Family Green Bonds only.

TABLE 13. SINGLE-FAMILY AND MULTIFAMILY LOANS REQUIRING FLOOD INSURANCE AT ORIGINATION[78]

SASB FN-MF-450a.1

	Number of Loans As of December 31,			Unpaid Principal Balance As of December 31,		
	2021	2020	2019	2021	2020	2019
	(Loans in thousands)			(Dollars in millions)		
Single-Family Loans						
Flood-insured loans	562.9	585.4	600.4	$ 109,252	$ 105,117	$ 101,713
Total single-family loans	17,534.4	17,320.0	17,007.9	3,484,276	3,202,619	2,953,719
Flood insured as % of single-family total	3.2 %	3.4 %	3.5 %	3.1 %	3.3 %	3.4 %
Multifamily Loans[79]						
Flood-insured loans	2.0	2.0	1.8	$ 34,927	$ 34,205	$ 31,981
Total multifamily loans	28.9	28.7	28.0	413,171	384,656	338,842
Flood insured as % of multifamily total	6.8 %	6.9 %	6.6 %	8.5 %	8.9 %	9.4 %

	Number of Properties As of December 31,			Carrying Value As of December 31,		
	2021	2020	2019	2021	2020	2019
	(Properties in thousands)			(Dollars in millions)		
Single-Family REO						
Properties in flood zones	0.3	0.4	0.8	$ 46	$ 56	$ 124
Total single-family REO properties	7.0	7.7	16.9	949	1,065	2,185
In flood zones as % of single-family REO total	4.5 %	4.7 %	4.9 %	4.9 %	5.3 %	5.7 %
Multifamily REO						
Properties in flood zones	*	*	*	$ 13	$ 14	$ 3
Total multifamily REO properties	*	*	*	302	114	72
In flood zones as % of multifamily REO total	6.5 %	14.3 %	8.3 %	4.3 %	12.6 %	3.9 %

* Represents a value of less than 50 properties. There were 2, 2, and 1 multifamily REO properties in flood zones in 2021, 2020, and 2019, respectively. There were 31, 14, and 12 total multifamily REO properties in 2021, 2020, and 2019, respectively.

78 Single-Family and Multifamily categories encompass properties requiring flood insurance, per Fannie Mae *Selling Guides* and federal law (National Flood Insurance Act of 1968, as amended). Furthermore, federal law creates a special category of land located in coastal areas. Irrespective of whether such areas are also in the 100-year flood plain, Fannie Mae requires flood insurance for all residences located in these areas.

Loan and REO data reflect flood zones as at loan origination as reported by lenders. Flood maps may change over time. Servicers are responsible for ensuring borrowers remain in compliance with flood insurance requirements. Please see the Mitigating potential future climate-related financial losses section of our Climate Risk & Resilience chapter for more information on our flood insurance requirements.

Loan data in this table includes Fannie Mae's retained mortgage portfolio (including loans held for sale), loans underlying MBS in consolidated trusts, and some off-balance sheet items, such as long-term standby commitments, credit enhancements, and government-insured mortgages.

Numbers in table may not appear to sum due to rounding.

79 For multifamily loans, one loan can cover multiple properties. If one property under that loan requires flood insurance, the unpaid principal balance value in this table reflects only the value allocated to the affected property, not the entire loan.

Assurance Report

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed management of Fannie Mae's (in conservatorship) (the "Company") assertion that the specified information included in Note 1: Basis of Presentation ("Note 1") within the accompanying Fannie Mae 2021 Enterprise Environmental, Social and Governance (ESG) Report ("ESG Report") as of or for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 are presented in accordance with the criteria set forth in Note 1 (the "criteria"). The Company's management is responsible for its assertion. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C section 105, Concepts Common to All Attestation Engagements, and AT-C section 210, Review Engagements. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with the Code of Professional Conduct issued by the AICPA. We applied the Statements on Quality Control Standards established by the AICPA and, accordingly, maintain a comprehensive system of quality control.

The procedures we performed were based on our professional judgment. In performing our review, we conducted inquiries and performed analytical procedures. For a selection of the specified information, we performed tests of mathematical accuracy of computations, compared the specified information to underlying records, or observed the data collection process in regard to the accuracy of the data in the specified information.

The preparation of the specified information referenced in Note 1 requires management to establish and interpret the criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect the reported information. Measurement of certain metrics could include estimates and assumptions that are subject to inherent measurement uncertainty. Obtaining sufficient, appropriate review evidence to support our conclusion does not reduce the inherent uncertainty in the amounts and metrics. The selection by management of different but acceptable measurement methods, input data, or assumptions, may have resulted in materially different amounts or specified information being reported.

Our review was limited to the specified information in Note 1 as of or for the years ended December 31, 2021, 2020 and 2019. All other information including information relating to forward looking statements, goals, and progress against goals, was not subject to our review and, accordingly, we do not express a conclusion or any form of assurance on such information.

As discussed in Note 1, in 2021, Fannie Mae has changed the reporting from the 2020 SASB Report related to FN-MF-270a.2, FN-MF-270b.1, FN-MF-450a.1, FN-MF-000.B, FN-IB-330a.1, and MGMT FN-MF-270a.1 metrics.

Based on our review, we are not aware of any material modifications that should be made to management of Fannie Mae's assertion that the specified information included Note 1 as of or for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 are presented in accordance with the criteria set forth in Note 1, in order for it to be fairly stated.

Deloitte & Touche LLP

December 13, 2022

SASB Index

SASB Standards are independent standards for ESG disclosures maintained by the International Sustainability Standards Board (ISSB). The SASB reporting standards are sector-specific, covering ESG reporting criteria for 77 industries. Fannie Mae's position in the secondary mortgage market makes some of the risks and opportunities in our business model unique compared to companies that originate loans or lend money directly to borrowers in the primary mortgage market. In an effort to provide transparency on topics representative of other important facets of our business, we identified the following relevant SASB industry-specific Standards for inclusion within this report: Mortgage Finance (FN-MF) — our primary SASB industry, Commercial Banks (FN-CB), and Investment Banking and Brokerage (FN-IB).

The index in Note 1: Basis of Presentation ("Note 1") below provides a consolidated list of metrics (the "specified information") and the related criteria used to measure and evaluate the specified information. The criteria is based on the SASB Standards. Where applicable, Fannie Mae has made certain modifications to SASB Mortgage Finance metrics to align with our operations in the secondary mortgage market. Furthermore, Fannie Mae has omitted certain SASB Mortgage Finance metrics. The nature and rationale for each modified or omitted metric is described within the table below. One of the metrics is not fully covered by the SASB Standards; accordingly, Fannie Mae has reported this metric in accordance with management's defined criteria which is informed by the SASB Standards.

Management's assertion

Management of Fannie Mae is responsible for the completeness, accuracy, and validity of the specified information included below in Note 1. Management is also responsible for the collection, quantification, and presentation of the specified information and for the selection or development of the criteria, which management believes provide an objective basis for measuring and reporting on the specified metrics. Management of Fannie Mae asserts that the specified information as of or for the years ended December 31, 2021, December 31, 2020, and December 31, 2019 is presented in accordance with the criteria set forth in Note 1.

Changes from our 2020 SASB Report

For transparency, we note changes from reporting in Fannie Mae's 2020 SASB Report. Unless otherwise noted, these methodological changes are reflected in the 2021, 2020, and 2019 data included in this report. Several changes affected multiple metrics and are not noted separately below. To better align with peers, we shifted our data population to single-family mortgages on our consolidated balance sheet, from our guaranty book of business, excluding off-balance sheet items (e.g., government-insured loans and long-term standby commitments) in this report; this change affects FN-MF-270a.1, FN-MF-270a.2, FN-MF-270b.1, and FN-MF-000.B. For increased transparency, we broke out FICO Not Available as a separate category; this change affects FN-MF-270a.1 and FN-MF-270a.2. We used this category in previous reporting for FN-MF-270b.1.

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NOTE 1: BASIS OF PRESENTATION

SASB Criteria	Specified Information			
SASB Code and Metric	**Modified or Omitted**	**Metric**	**Response / Location**	**Changes from 2020 SASB Report**
Lending practices				
FN-MF-270a.2 — (1) Number and (2) value of (a) residential mortgage modifications, (b) foreclosures, and (c) short sales or deeds-in-lieu of foreclosure, by FICO scores above and below 660.	Modified to clarify terms, replacing "residential" with "single-family" and "short sales" with "pre-foreclosure sales."	(1) Number and (2) value of (a) single-family mortgage modifications, (b) foreclosures, and (c) pre-foreclosure sales, or deeds-in-lieu of foreclosure, by FICO scores above and below 660.	Data Tables < Table 6. Single-Family Loan Modifications, Foreclosure Alternatives, and Foreclosures	For a more complete view of foreclosures, we include foreclosures that sold at auction without entering REO, a change from prior reporting on the basis of REO acquisitions only.
FN-MF-270a.3 — Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators.	Omitted; metric is not applicable, as Fannie Mae does not originate loans or lend directly to borrowers.	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators.	n/a	
FN-MF-270a.4 — Description of remuneration structure of loan originators.	—	Description of remuneration structure of loan originators.	Fannie Mae does not provide compensation to loan originators. The discussion below summarizes Fannie Mae's guidance and minimum standards for lenders/sellers. **Single-Family** Sellers are required to comply with all federal, state, and local laws that apply to any of its origination, selling, or servicing practices. This includes ensuring that their loan originator compensation practices comply with the loan originator compensation provisions of the Truth in Lending Act and Regulation Z, and that loan originators comply with these requirements when presenting loan options to consumers (see Single-Family *Selling Guide* A3-2-01, Compliance With Laws and A3-2-02, Responsible Lending Practices). **Multifamily** Lenders delivering multifamily loans to Fannie Mae are required to charge a minimum origination fee based on the size of the loan being delivered. Lenders must collect the minimum origination fee and retain at least 50% of the fee. Any portion of the origination fee in excess of the Retained Portion may be used by the lender to pay correspondent or broker fees for the origination of the mortgage loan.	

NOTE 1: BASIS OF PRESENTATION (CONT'D)

SASB Criteria	Specified Information			
SASB Code and Metric	**Modified or Omitted**	**Metric**	**Response / Location**	**Changes from 2020 SASB Report**
Discriminatory lending				
FN-MF-270b.1 — (1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of mortgages issued to (a) minority and (b) all other borrowers, by FICO scores above and below 660.	Modified to specify "single-family" mortgages and replace "issued" with "acquired," as Fannie Mae does not lend directly to borrowers.	(1) Number, (2) value, and (3) weighted average Loan-to-Value (LTV) ratio of single-family mortgages acquired by Fannie Mae related to (a) minority and (b) all other borrowers, by FICO scores above and below 660.	Data Tables < Table 8. Single-Family Mortgage Loan Acquisitions by Race or Ethnicity of Borrower(s)	In our 2020 SASB Report, this metric was based only on owner-occupied single-family loans, with certain exclusions aligned with the FHFA Housing Goals calculation methodology. To better align with peers, in this report, this metric is based on all single-family loans in the stated population irrespective of occupancy status.
FN-MF-270b.2 — Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage lending.	Modified to replace "lending" with "practices," as Fannie Mae does not originate loans or lend directly to borrowers. Includes individual resolutions of more than $100,000.	Total amount of monetary losses as a result of legal proceedings associated with discriminatory mortgage practices.	Fannie Mae tracks our settlements or judgments exceeding $100,000 (not including attorneys' fees) in cases involving allegations of discriminatory mortgage practices. Between 2019 and 2021, there were no monetary losses meeting these criteria.	
FN-MF-270b.3 — Description of policies and procedures for ensuring nondiscriminatory mortgage origination.	Modified to specify "single-family" mortgage origination, since our multifamily borrowers are primarily Single-Asset Entities and Limited Liability Companies.	Description of policies and procedures for ensuring nondiscriminatory single-family mortgage origination.	Racial Equity in Housing Finance < Fair lending and fair housing	
Environmental risk to mortgaged properties				
FN-MF-450a.1 — (1) Number and (2) value of mortgage loans in 100-year flood zones.	Modified to specify "loans requiring flood insurance," which may also include some coastal areas not within a 100-year flood plain. Flood zone data are as of loan origination.	(1) Number and (2) value of mortgage loans requiring flood insurance by (a) single-family and (b) multifamily properties.	Data Tables < Table 13. Single-Family and Multifamily Loans Requiring Flood Insurance at Origination	For a more accurate view of exposure, we provide UPB allocated to individual properties where a multifamily loan has multiple properties, not all of which are located in flood zones. In 2020 reporting, the full loan UPB was reported as being in a flood zone. For more transparency, we have added reporting on our REO properties' exposure to flood zones.

NOTE 1: BASIS OF PRESENTATION (CONT'D)

SASB Criteria	Specified Information			
SASB Code and Metric	**Modified or Omitted**	**Metric**	**Response / Location**	**Changes from 2020 SASB Report**
Environmental risk to mortgaged properties (cont'd)				
FN-MF-450a.2 — (1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather-related natural catastrophes, by geographic region.	Omitted; see metric section for additional details.	(1) Total expected loss and (2) Loss Given Default (LGD) attributable to mortgage loan default and delinquency due to weather-related natural catastrophes, by geographic region.	Total expected losses and LGD are not disclosed in this year's report as we continue to work toward producing projected loss estimates specific to weather-related events. Estimating expected losses and LGD attributable to weather-related factors is complex, evolving in nature, and requires a number of key assumptions related to drivers of credit performance. We understand the importance of evaluating the risk of potential loss attributable to weather-related natural catastrophes to our business. We established a Climate Impact team to assess climate-related risks and identify best practices and strategies to mitigate the impacts such events can have on our guaranty book, sellers, servicers, and borrowers. We are exploring the ability to estimate and communicate our exposure across a variety of natural catastrophes in a way that is both reasonable and consistent with industry best practices.	
FN-MF-450a.3 — Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting.	—	Description of how climate change and other environmental risks are incorporated into mortgage origination and underwriting.	Climate Risk & Resilience < Mitigating potential future climate-related financial losses	
Activity metric				
FN-MF-000.A — (1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial.	Omitted; metric is not applicable, as Fannie Mae does not originate loans or lend directly to borrowers.	(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial.	N/A	
FN-MF-000.B — (1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial.	Modified to clarify terms, replacing "residential" with "single-family" and "commercial" with "multifamily."	(1) Number and (2) value of mortgages purchased by category: (a) single-family and (b) multifamily.	Data Tables < Table 1. Single-Family and Multifamily Loan Acquisitions	To better align with the SASB Standard, we have added the number of multifamily loans. We excluded units financed by supplemental financing from the number of multifamily units financed.
Data security				
FN-CB-230a.2 — Description of approach to identifying and addressing data security risks.	—	Description of approach to identifying and addressing data security risks.	Data Privacy & Security	

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NOTE 1: BASIS OF PRESENTATION (CONT'D)

SASB Criteria	Specified Information			
SASB Code and Metric	**Modified or Omitted**	**Metric**	**Response / Location**	**Changes from 2020 SASB Report**
Financial inclusion & capacity building				
FN-CB-240a.4 — Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers.	Modified to measure participants in terms of loans requiring homebuyer education and clarify that the underserved groups being served include first-time homebuyers in loan products targeted at low-income borrowers or with LTVs higher than 95% and borrowers with non-traditional credit. This metric does not include homebuyer education that was provided but not required.	Number of loans acquired for which Fannie Mae required pre-purchase homebuyer education	Data Tables < Table 7. Education & Counseling Housing Stability < Education & counseling	We added this metric in this year's report.
Systemic risk management				
FN-CB-550a.2 — Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	—	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities.	2021 Form 10-K < Stress Testing (p. 20) and Enterprise Regulatory Capital Framework (p. F–63) 2020 Form 10-K < Stress Testing (p. 24) and Enterprise Regulatory Capital Framework (p. F–63) 2019 Form 10-K < Stress Testing (p. 18) Our climate-related stress testing is nascent, and we are working to improve it to better inform our strategy. Together with our regulator and conservator, the FHFA, we are working to understand the impact that climate change may have on U.S. housing.	
Employee diversity and inclusion				
FN-IB-330a.1 — Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	—	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees.	Data Tables < Table 9. Representation by Racial or Ethnic Groups and Gender as a Percentage of Job Category Human Capital < Fostering an inclusive workplace	We added a column totaling across all job categories.
Incorporation of environmental, social, and governance factors in investment banking & brokerage activities				
FN-IB-410a.2 — (1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by loan type.	Modified to clarify the metric used to track loans explicitly integrating ESG factors.	(1) Number and (2) value of mortgage loans underlying (a) green and (b) social labeled bonds.	Data Tables < Table 4. Multifamily Social Bond Issuance Data Tables < Table 11. Green Bond Issuance	We added this metric in this year's report.

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NOTE 1: BASIS OF PRESENTATION (CONT'D)

SASB Criteria	Specified Information			
SASB Code and Metric	**Modified or Omitted**	**Metric**	**Response / Location**	**Changes from 2020 SASB Report**
Business ethics				
FN-IB-510a.2 — Description of whistleblower policies and procedures.	—	Description of whistleblower policies and procedures.	Business Ethics < Employee code of conduct	
Professional integrity				
FN-IB-510b.4 — Description of approach to ensuring professional integrity, including duty of care.	—	Description of approach to ensuring professional integrity, including duty of care.	Business Ethics	

Management's Criteria	Specified Information		
Defined Criteria	**Management Defined Metric**	**Response / Location**	**Changes from 2020 Reporting**
(1) Number and (2) value of single-family mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660. Management considered SASB FN-MF-270a.1 when determining the criteria for this metric. **a. Hybrid or option adjustable-rate mortgages (ARMs) are defined as ARMs with initial interest rate resets of less than five years or including negative amortization or interest-only payment schedules.** **b. Prepayment penalties are defined as mortgage contracts that include a clause that assesses a penalty if the mortgage is paid in full within a certain time period.** **c. Higher-rate mortgages are defined as higher-priced mortgage loans per Regulation Z (12 CFR 1026), implementing the Truth in Lending Act.** **d. Total loans comprises single-family mortgage loans on Fannie Mae's consolidated balance sheet.**	(1) Number and (2) value of single-family mortgages of the following types: (a) Hybrid or Option Adjustable-rate Mortgages (ARM), (b) Prepayment Penalty, (c) Higher Rate, (d) Total, by FICO scores above or below 660.	Data Tables < Table 5. Certain Characteristics of Outstanding Single-Family Mortgage Loans	To better align with regulatory reporting, we shifted the definition of higher-rate mortgage to align with the Truth in Lending Act — comparing against the Average Prime Offer Rate (APOR) rather than Treasuries starting in 2010, and classifying based on spreads reported at origination rather than recalculating spreads for loans that are modified.

TCFD Index

Management Defined Metric	Response / Location
Governance	
a) Describe the Board's oversight of climate-related risks and opportunities.	Corporate Governance & ESG Oversight < ESG and climate oversight
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Corporate Governance & ESG Oversight < ESG and climate oversight
Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate Risk & Resilience < Identifying and assessing climate-related risks
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate Risk & Resilience < Mitigating climate-related risk to Fannie Mae
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Not disclosed
Risk management	
a) Describe the organization's processes for identifying and assessing climate-related risks.	Climate Risk & Resilience < Identifying and assessing climate-related risks Risk Management < Climate risk management
b) Describe the organization's processes for managing climate-related risks.	Risk Management < Climate risk management
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Risk Management < Climate risk management
Metrics and targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Data Tables < Table 13. Single-Family and Multifamily Loans Requiring Flood Insurance at Origination
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Not disclosed
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Not disclosed

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Disclaimers

The information provided in this report reflects our approach to ESG at the date of this report and is subject to change without notice. We do not undertake to update any information in this report. There currently is no clear legal, regulatory, or other definition or market consensus as to what constitutes a "green," "social," "sustainable," or similarly labeled project or investment, and any references to "sustainable bonds," "green bonds," "social bonds," "ESG," or similar terms in this report are intended as references to the internally-defined criteria of our businesses only, as applicable, and not to any jurisdiction-specific regulatory definition. Our approaches to the disclosures included in this report may be different from those included in mandatory regulatory reporting, including under SEC regulations, and we can provide no representation or assurance that our internal approach is consistent with other investment criteria, taxonomies, standards, or guidelines. The goals presented in this report are aspirational; as such, we make no guarantee or promise that these goals will be met. Some statistics and metrics in these disclosures are based on assumptions. Additionally, many of the figures in this report are unaudited. While this report describes events, including potential future events, and topics that may be significant from an ESG perspective, any significance does not necessarily equate to the level of materiality of disclosures required under U.S. federal securities laws. No reports, documents, websites, or third-party publications that are cited or referred to in this document shall be deemed to form part of this report. Fannie Mae is not responsible for the information contained on third-party websites, nor do we guaranty their accuracy and completeness. The information and data provided by a link to a website or publication is being referenced as of the date of this report, may be superseded by a later website or publication, and is subject to change without notice.

Forward-looking statements. This report contains a number of forward-looking statements, including statements regarding future economic and housing conditions, Fannie Mae's future business plans, strategies, objectives, programs, products, and activities, the impact and benefits of Fannie Mae's plans, strategies, programs, products, and activities, and the risks to Fannie Mae's business and the factors that will impact them. These forward-looking statements are based on the company's current assumptions regarding numerous factors and are subject to change. Actual outcomes may differ materially from those reflected in these forward-looking statements due to a variety of factors, including, but not limited to, those described in "Forward-Looking Statements" and "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2021, and our quarterly report on Form 10-Q for the quarter ended September 30, 2022. Any forward-looking statements made by Fannie Mae speak only as of the date on which they were made. Fannie Mae is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, subsequent events, or otherwise.

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Projected energy, emissions, and water usage savings are Fannie Mae's estimates of the potential savings at the related mortgaged properties that may result from the implementation of the efficiency improvements required by the indicated green financing programs. There can be no assurance that any particular savings will be achieved at any given mortgaged property. Fannie Mae disclaims any liability for the failure of any mortgaged property to achieve any particular energy, emissions, or water usage savings. The estimates are solely as of the date hereof and Fannie Mae shall have no obligation to provide updated estimated or actual savings information.

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