

Message

From: Tagoe, Naa Awaa [/O=FHFA/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=NTAGOE]
Sent: 7/3/2012 11:25:48 AM
To: Ugoletti, Mario [mario.ugoletti@fhfa.gov]
Subject: FW: 2Q12 Forecast as of 2 July 2012
Attachments: 2Q12 Forecast 070212.pdf

From: Carroll, Barry
Sent: Monday, July 02, 2012 3:41 PM
To: Tagoe, Naa Awaa; Calhoun, Peter; Williams, John
Subject: 2Q12 Forecast as of 2 July 2012

Attached is the latest 2Q12E weekly forecast information for your review.

Fannie Mae

- 2Q12E Net Income – \$6.0B
- 2Q12E Net Worth - \$3.3B
- 2Q12E Treasury Draw – no Treasury draw required (Cumulative Senior Preferred Treasury Draw would remain at \$116.1B.)

2Q12 estimated net income continues to be driven by a benefit for credit losses. The benefit for credit losses is primarily attributed to the following:

- reduced severities driven by improved REO disposition values,
- reduced probabilities of default in the portfolio due to improved home prices,
- and continued improvement in the SDQ rate.

The 2Q12E benefit for credit losses figure reflects April and May results and is still a preliminary estimate that is subject to change.

2Q12E positive net worth is driven by net income, which more than offset dividends paid to the Treasury.

The \$1.1B week-over-week improvement in 2Q12 estimated net income is driven by the increase in benefit for credit losses.

Freddie Mac (No material changes from prior week's forecast)

- 2Q12E Net Income – \$2.4B
- 2Q12E Net Worth – \$0.5B
- 2Q12E Treasury Draw - no Treasury draw required (Cumulative Senior Preferred Treasury Draw would remain at \$71.3B.)

2Q12 estimated net income continues to be mostly driven by a sizable decrease in provisioning for credit losses and reduced derivative losses. The reduction in provisioning for credit losses is driven by lower loss severity resulting from improved REO disposition rates as well as a decrease in overall default rates. The 2Q12E provision for credit losses figure reflects April and May results and is still a preliminary estimate that is subject to change.

2Q12E positive net worth is driven by net income, which more than offset dividends paid to the Treasury.

The financial results were relatively flat compared to the prior week.

Thanks,
Barry



Enterprises' Financial Results

2Q12 Forecast

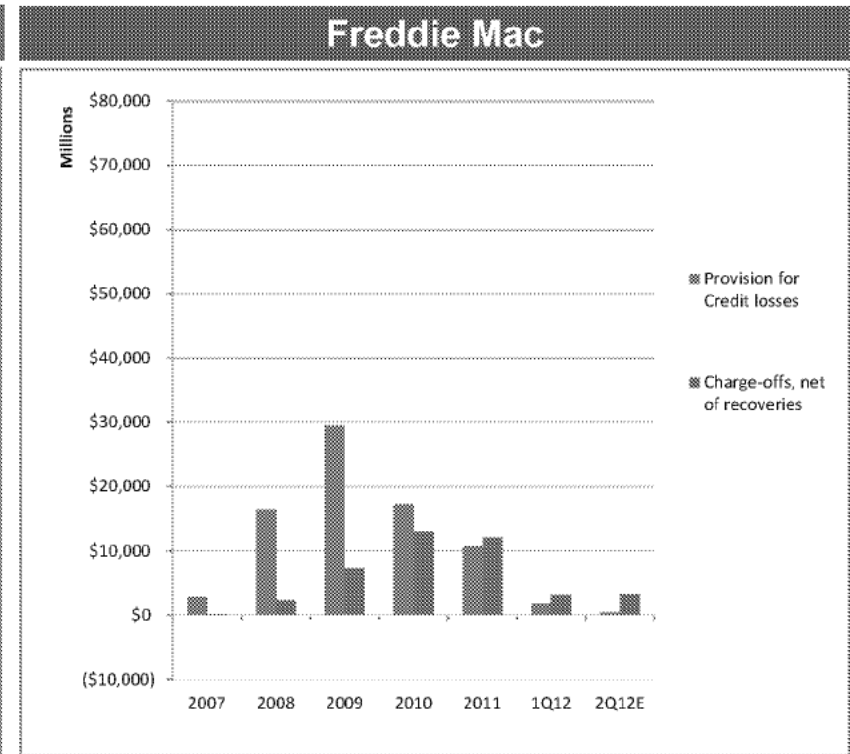
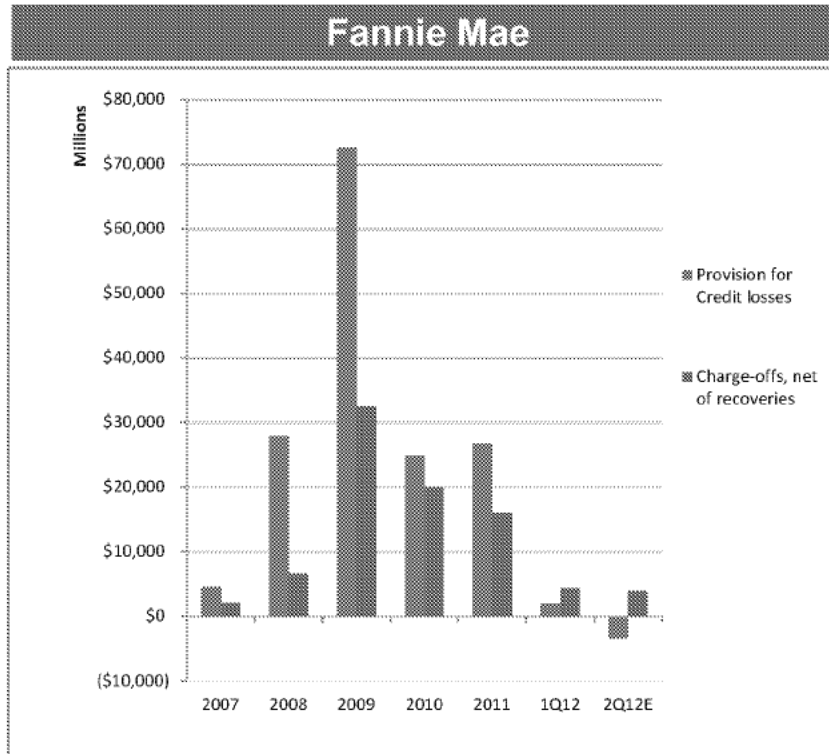
July 2, 2012

GAAP Earnings Forecast



		Fannie Mae						Freddie Mac							
		2Q11	3Q11	4Q11	2011	1Q12	2Q12E	2Q12E	2Q11	3Q11	4Q11	2011	1Q12	2Q12E	2Q12E
						As of 06/22/12						As of 06/19/12		As of 06/26/12	
(\$ in billions)															
Revenues	Net interest income	\$5.0	\$5.2	\$4.2	\$19.3	\$5.2	\$5.4	\$5.5	\$4.6	\$4.6	\$4.7	\$18.4	\$4.5	\$4.3	\$4.3
	Guarantee fee income	0.0	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.0	0.1	0.2	0.0	0.1	0.1
	Fee and other income	0.2	0.2	0.3	0.9	0.3	0.3	0.3	(0.3)	0.4	0.4	0.6	0.1	0.1	0.1
	Total Revenues	5.2	5.5	4.5	20.4	5.6	5.8	5.8	4.4	5.0	5.1	19.3	4.7	4.5	4.5
Mark-to-Market Gains (Losses)	Derivatives gains (losses)	(1.7)	(4.3)	(0.8)	(6.6)	(0.0)	(2.3)	(2.5)	(3.8)	(4.8)	(0.8)	(9.8)	(1.1)	(0.8)	(0.9)
	Trading gains (losses)	0.1	(0.2)	0.1	0.3	0.3	(0.1)	0.0	0.3	(0.5)	(0.5)	(1.0)	(0.4)	(0.5)	(0.5)
	Other gains (losses)	0.0	(0.1)	0.0	(0.1)	0.1	0.0	0.0	0.1	0.1	0.3	0.8	0.2	0.4	0.4
	Total Mark-to-Market Gains (Losses)	(1.5)	(4.6)	(0.6)	(6.3)	0.4	(2.3)	(2.4)	(3.5)	(5.2)	(0.9)	(9.9)	(1.2)	(0.8)	(0.9)
Credit Expenses	Provision for credit losses	(6.5)	(4.1)	(5.5)	(26.6)	(2.0)	2.2	(3.3)	(2.5)	(3.6)	(2.6)	(10.7)	(1.8)	(0.5)	(0.5)
	REO (Foreclosed Property Exp.)	0.5	(0.7)	(0.0)	(0.8)	(0.3)	(0.2)	(0.2)	(0.0)	(0.2)	(0.1)	(0.6)	(0.2)	(0.0)	(0.0)
	SOP 03-3 losses, net	(0.0)	(0.0)	(0.0)	(0.1)	0.0	0.4	0.4	0.1	0.1	0.1	0.5	0.1	0.1	0.1
	Security impairments on AFS securities	(0.1)	(0.3)	0.1	(0.3)	(0.1)	(0.1)	(0.1)	(0.4)	(0.2)	(0.6)	(2.3)	(0.6)	(0.3)	(0.3)
Total Credit-related Expenses/Losses	(6.1)	(5.1)	(5.5)	(27.8)	(2.4)	2.2	3.4	(2.8)	(3.9)	(3.2)	(13.1)	(2.5)	(0.7)	(0.7)	
Stockholders' Equity	Administrative expenses	(0.6)	(0.6)	(0.6)	(2.4)	(0.6)	(0.6)	(0.6)	(0.4)	(0.4)	(0.4)	(1.5)	(0.3)	(0.4)	(0.4)
	Total other expenses /losses	(0.0)	(0.3)	(0.2)	(0.9)	(0.3)	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.2)	(0.2)
	Pre-Tax Income (Loss)	(3.0)	(5.1)	(2.4)	(16.9)	2.7	4.9	6.0	(2.4)	(4.5)	0.6	(5.7)	0.6	2.4	2.3
	Tax (expense)/benefit	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.2	0.1	0.0	0.4	0.0	0.0	0.0
CAPITAL	Extraordinary losses, net of tax effect/ Noncontrolling int	(0.0)	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Net Income (Loss)	(\$2.9)	(\$5.1)	(\$2.4)	(\$16.9)	\$2.7	\$4.9	\$6.0	(\$2.1)	(\$4.4)	\$0.6	(\$5.3)	\$0.6	\$2.4	\$2.4
	Beginning Stockholder's Equity	(\$8.5)	(\$5.2)	(\$7.9)	(\$2.6)	(\$4.6)	\$0.2	\$0.2	\$1.2	(\$1.5)	(\$6.0)	(\$0.4)	(\$0.1)	(\$0.0)	(\$0.0)
	Senior preferred Treasury draw (prior period)	8.5	5.1	7.8	24.0	4.6	-	-	0.0	1.5	6.0	8.0	0.1	0.0	0.0
Stockholders' Equity	Net Income	(2.9)	(5.1)	(2.4)	(16.9)	2.7	4.9	6.0	(2.1)	(4.4)	0.6	(5.3)	0.6	2.4	2.4
	Less: Dividends	(2.3)	(2.5)	(2.6)	(9.6)	(2.8)	(2.9)	(2.9)	(1.6)	(1.6)	(1.7)	(6.5)	(1.8)	(1.8)	(1.8)
	Change in AOCI	0.0	(0.2)	0.5	0.4	0.4	(0.1)	(0.0)	1.0	0.0	0.9	4.0	1.2	(0.1)	(0.0)
	Other	0.0	0.0	-	0.0	-	(0.0)	(0.0)	0.0	0.0	0.0	0.0	(0.0)	0.0	0.0
Ending Stockholder's Equity	(\$5.2)	(\$7.9)	(\$4.6)	(\$4.6)	\$0.2	\$2.2	\$3.2	(\$1.5)	(\$6.0)	(\$0.1)	(\$0.1)	(\$0.0)	\$0.6	\$0.5	
Noncontrolling Interest	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	\$0.0	\$0.0	\$0.0	
Net Worth	(\$5.1)	(\$7.8)	(\$4.6)	(\$4.6)	\$0.3	\$2.2	\$3.3	(\$1.5)	(\$6.0)	(\$0.1)	(\$0.1)	(\$0.0)	\$0.6	\$0.5	
Senior Preferred Treasury Draw (period)	\$5.1	\$7.8	\$4.6	\$25.9	\$0.0	\$0.0	\$0.0	\$1.5	\$6.0	\$0.1	\$7.6	\$0.0	\$0.0	\$0.0	
Cumulative Senior Preferred Treasury Draw	\$103.8	\$111.6	\$116.1	\$116.1	\$116.1	\$116.1	\$116.1	\$65.2	\$71.2	\$71.3	\$71.3	\$71.3	\$71.3	\$71.3	

Provision for credit losses and charge-offs, net



	Provision for credit losses	Charge-offs	Recoveries	Charge-offs, net of recoveries	Provisions less charge-offs, net	Provision for credit losses	Charge-offs	Recoveries	Charge-offs, net of recoveries	Provisions less charge-offs, net
2007	(\$4,564)	\$2,189	(\$157)	\$2,032	(\$2,532)	(\$2,854)	\$376	(\$239)	\$137	(\$2,717)
2008	(\$27,951)	\$6,973	(\$384)	\$6,589	(\$21,362)	(\$16,432)	\$3,072	(\$779)	\$2,293	(\$14,139)
2009	(\$72,626)	\$33,387	(\$899)	\$32,488	(\$40,138)	(\$29,530)	\$9,402	(\$2,088)	\$7,314	(\$22,216)
2010	(\$24,896)	\$23,081	(\$3,082)	\$19,999	(\$4,897)	(\$17,218)	\$16,322	(\$3,363)	\$12,959	(\$4,259)
2011	(\$26,718)	\$21,308	(\$5,277)	\$16,031	(\$10,687)	(\$10,702)	\$14,810	(\$2,765)	\$12,045	\$1,343
1Q12	(\$2,000)	\$4,847	(\$520)	\$4,327	\$2,327	(\$1,825)	\$3,678	(\$515)	\$3,163	\$1,338
2Q12E (as of 6/29/12)	\$3,325			\$3,988	\$7,313	(\$483)			\$3,200	\$2,717
						(as of 6/26/12)				