Ginnie Mae
Our Guaranty Matters

ANNUAL REPORT
2025

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Ginnie Mae
Our Guaranty Matters

A Message From the U.S. Secretary of Housing and Urban Development

U.S. Department of Housing and Urban Development Secretary, Scott Turner

The U.S. Department of Housing and Urban Development (HUD) is helping the American people by responsibly supporting housing affordability, fostering economic growth, and removing barriers to American homeownership.

In fiscal year 2025, HUD supported the origination of more than 1.4 million loans nationwide through Ginnie Mae's securitization program. Nearly half of these loans went to first-time homebuyers, and of these, over thirty percent were made to low- and moderate-income borrowers. Within the Ginnie Mae portfolio, HUD's Federal Housing Administration (FHA) insured seventy-two percent of securitized loans, the U.S. Department of Veterans Affairs guaranteed seventeen percent, and the U.S. Department of Agriculture's Rural Development guaranteed eleven percent. These programs demonstrate how Ginnie Mae amplifies the impact of the insuring and guaranteeing agencies by supporting hardworking Americans with access to affordable credit.

HUD and Ginnie Mae are closely aligned on key priorities, pursuing strategies that promote stability in the housing finance ecosystem and modernizing operations and programs. We are ensuring government's role supports borrowers, rather than impeding a healthy market. By actively refining programs and effectively using resources, we expand capacity, steward taxpayer dollars, and advance Ginnie Mae's mission.

I am grateful to the dedicated staff at Ginnie Mae for their professionalism and commitment to keeping the program strong across market cycles and to the political staff at Ginnie Mae for their vision for the agency and dedication to realizing Administration priorities. I look forward to building on our shared success in the year ahead.

SCOTT TURNER
SECRETARY
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

A Message From the President of Ginnie Mae

Ginnie Mae President,
Joe Gormley

Dear Mr. Secretary:

I am pleased to share the Annual Financial Report for fiscal year 2025 for the Government National Mortgage Association (Ginnie Mae). Fiscal year 2025 saw Ginnie Mae continue its role in the U.S. housing finance system as an essential liquidity provider supporting affordable lending for borrowers in every corner of this great nation.

Under your leadership, we refocused on strengthening and streamlining operations, improving the security of our systems, ensuring the platform remains responsive to the market, and protecting the Ginnie Mae guaranty through prudent risk management. These priorities guided our work through changing dynamics in the housing market and evolving conditions in the investor community. As a result, Ginnie Mae once again demonstrated its stabilizing influence in the housing market, helping us to fulfill our mission of attracting capital from around the globe into the domestic market to fund mortgages for low- and moderate-income Americans, veterans, and rural and tribal communities.

In keeping with Administration directives and to meet evolving threats, cybersecurity remained a top priority. We have expanded monitoring capabilities, deployed advanced intrusion detection systems, and strengthened incident reporting requirements for our counterparties. We know that the reputation of the program is only as good as our last pass-through payment to investors, so protecting the integrity of our platform is essential to maintaining the market's confidence and protecting American taxpayers.

In fiscal year 2025, we strengthened relationships with investors across the globe while forging new connections to bring additional capital into the program. In June, Ginnie Mae and HUD renewed our memorandum of understanding with the Korea Housing Finance Corporation and, in September, traveled to Singapore and Tokyo where we conducted investor roundtables and had a series of one-on-one meetings with some of the largest institutional investors in Asia. These relationships help diversify our investor base, support liquidity, and reinforce the global reputation of Ginnie Mae securities.

As we look ahead to the next fiscal year, we will continue investing in our people, processes, and in modernization initiatives designed to keep Ginnie Mae strong in all market conditions. With disciplined risk management, operational excellence, and strategic partnerships at home and abroad, we look forward to staying in lockstep with HUD while we uphold our mission of supporting a stable, accessible, resilient housing finance system for the borrowers we serve.

Joseph Gormley

JOE GORMLEY
PRESIDENT
GINNIE MAE

Executive Summary

Ginnie Mae executive team (from left to right), Senior Vice President of the Office of Enterprise Data and Technology Solutions Russell "Haj" Ramos, Director of Program Administration Division Victoria Vargas, Product Manager, Office of Capital Markets Richard Perrelli, Senior Vice President and Chief Risk Officer of the Office of Enterprise Risk Gregory Keith, President Joseph Gormley, Chief Financial Officer Adetokunbo "Toky" Lofinmakin; Senior Vice President of Management Operations Smitha Vasanth, and Director of Issuer and Portfolio Management Harlan Jones.

Executive Summary

A Mission Anchored in Linking the U.S. Primary Mortgage Market to Capital Markets

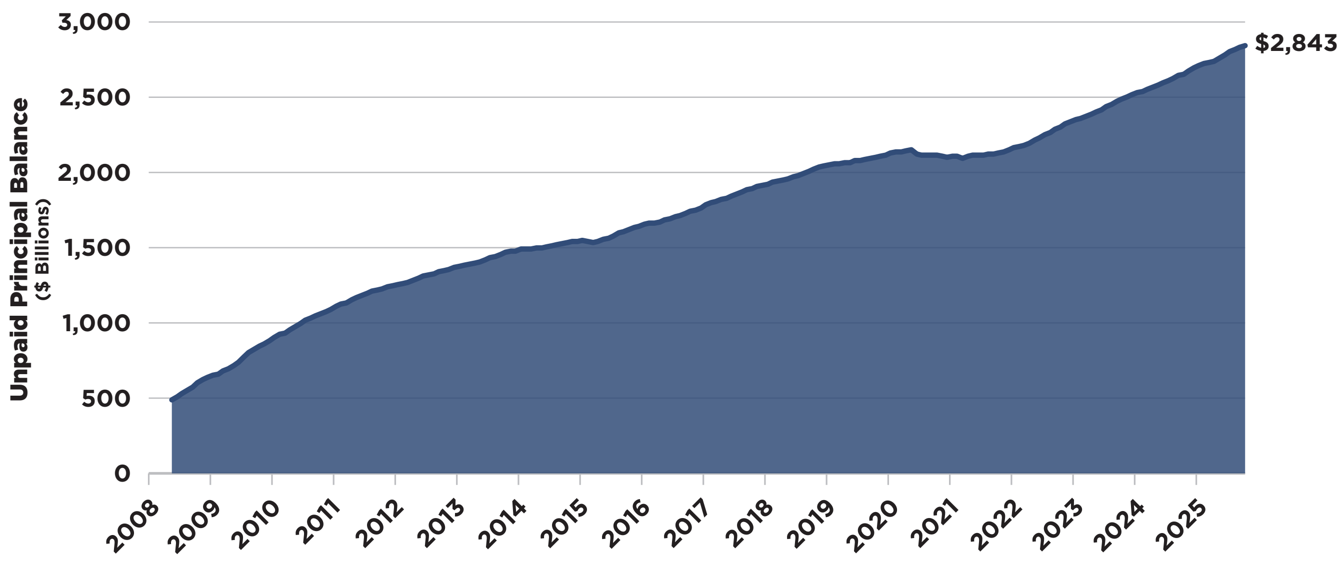
During its 57-year history as an independent corporation within the U.S. Department of Housing and Urban Development (HUD), Ginnie Mae has become a cornerstone of the U.S. housing finance system, ensuring sustainable access to affordable mortgage credit in any market condition. Backed by the full faith and credit of the U.S. Government, Ginnie Mae guarantees the timely payment of principal and interest to investors on securities backed by loans from the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agricultural's Rural Development (USDA-RD), and HUD's Office of Public and Indian Housing (PIH). Ginnie Mae's explicit government guaranty has become a foundation of investor trust that has attracted global capital to flow consistently into the U.S. housing finance system and is central to the mission of expanding access to affordable homeownership.

In fiscal year 2025, Ginnie Mae's outstanding Mortgage-Backed Securities (MBS) portfolio grew by $190.9 billion, representing a year-over-year increase of **7.2 percent**. Total issuance of MBS reached $526.4 billion, financing approximately **1.4 million households nationwide**. Of the total loans, an estimated **43.9 percent** were first-time homeowners.

A STORY OF CONTINUED GROWTH

Following the Great Financial Crisis, government-backed mortgage loan origination channels—particularly FHA, VA, and USDA programs—grew quickly as borrowers shifted toward federally insured and federally guaranteed loan products due to their cost advantage. Because these loans are securitized through Ginnie Mae's MBS program, this change in the mortgage finance landscape resulted in substantial growth in Ginnie Mae MBS issuance.

Growth of Ginnie Mae's MBS Guaranteed Portfolio



Source: Ginnie Mae Disclosure Files as of September 30, 2025. Note: Data include both single-family MBS and multifamily MBS.

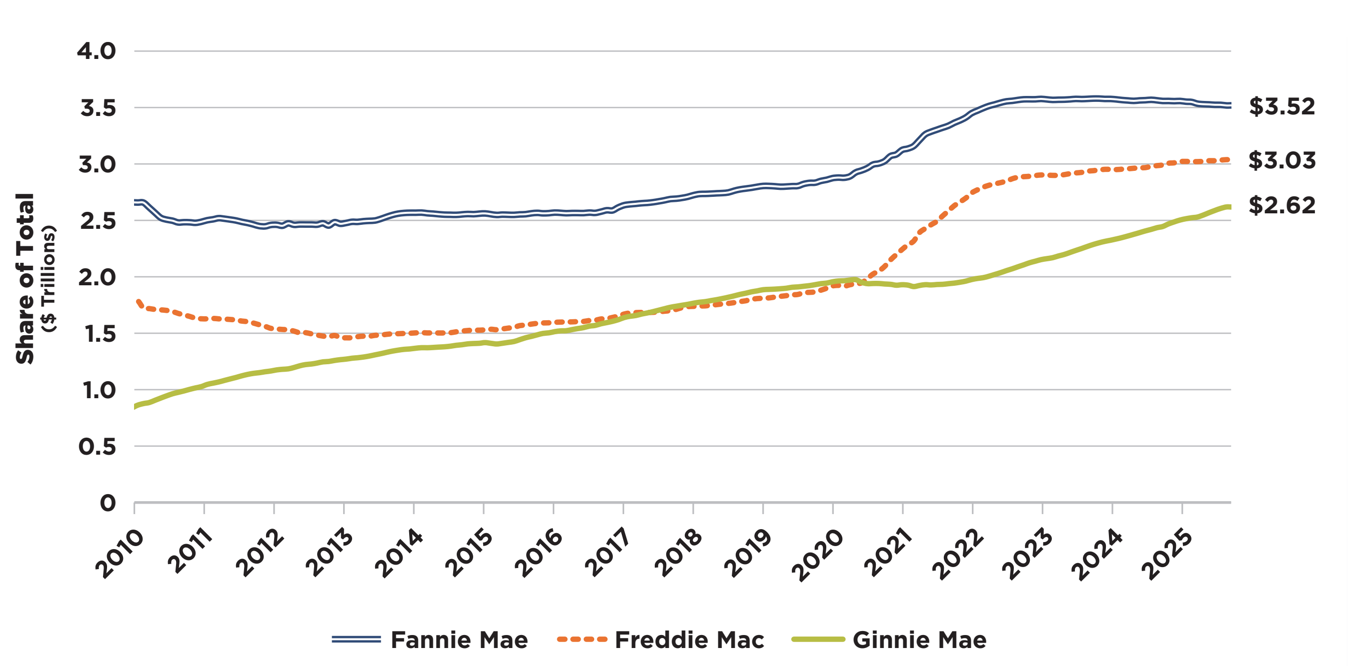
The interest-rate environment throughout fiscal year 2025 has been defined by a shift in Federal Reserve policies. After maintaining a neutral stance through the first half of the year, the Federal Reserve pivoted toward easing as labor market conditions softened, delivering two rate cuts in the latter half of the year totaling 50 basis points (bps) and an end of quantitative tightening starting in December 2024. This pushed the front end of the yield curve lower and helped stabilize rate volatility across mortgages and broader fixed income markets. This, combined with continued Treasury issuance and reassessment of long-run inflation risks, contributed to a steady steepening of the yield curve.

Mortgage rates declined alongside this shift, with 30-year fixed rates falling from about 7.0% to just above 6.0%, leading to roughly a 100 bps drop in Ginnie Mae II MBS yields and a tightening of nominal spreads to the 10-year Treasury by about 50 bps. Despite modest year-to-date declines, Ginnie Mae II MBS hedged yields remained near 2.0% in yen (JPY) and 3.4% in euro (EUR), continuing to offer favorable relative value for overseas investors.

Domestically, the Federal Reserve continues to run off agency MBS from its balance sheet, while commercial bank holdings fell 13.6% between Q2 2024 and Q2 2025. Other fixed-income investors have changed their agency MBS demand profile significantly. Between Q2 2024 and Q2 2025, dealer holdings grew by 330%, and money market and pension fund holdings grew by 28.5%.

The MBS market is additionally seeing rising demand for GN II Custom pools, largely fueled by demand for collateral from Collateralized Mortgage Obligations (CMO) issuance. Ginnie Mae MBS Issuers are building Custom pools with superior convexity characteristics, resulting in higher concentrations of FHA insured loans in Custom pools and higher concentrations of VA guaranteed loans in To-Be-Announced eligible pools.

Ginnie Mae Market Share: Share of Total Outstanding Single-Family Agency MBS



Source: Ginnie Mae as of September 30, 2025. Note: Data include single-family agency MBS only.

A SUSTAINABLE SOURCE OF MARKET LIQUIDITY

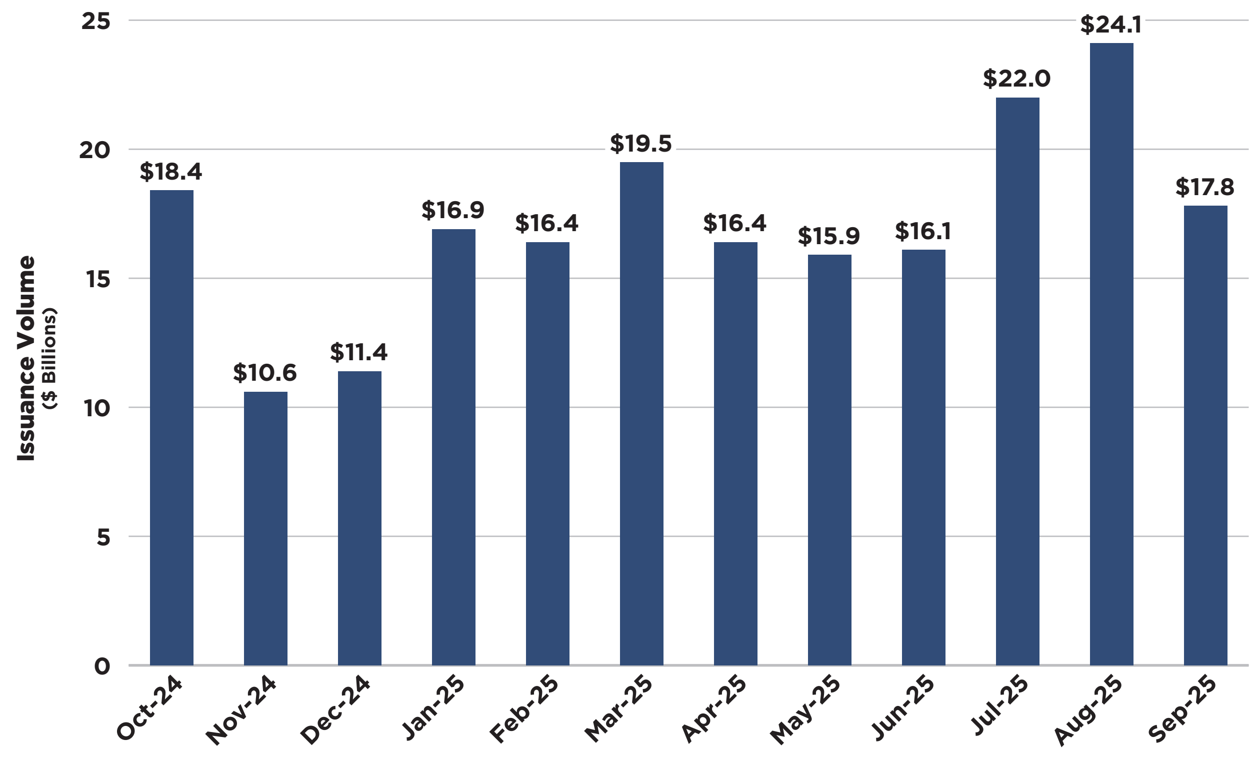
Strong Issuance Throughout the Fiscal Year

Mortgage loan origination volume of FHA, VA, and USDA-RD loans continued to support the issuance of Ginnie Mae MBS securities backed by government-insured mortgages.

Agency-Guaranteed Mortgage Breakdown of MBS Issuance

Source: Ginnie Mae as of September 30, 2025.

Ginnie Mae REMIC Issuance Volume Fiscal Year 2025



Source: Ginnie Mae.

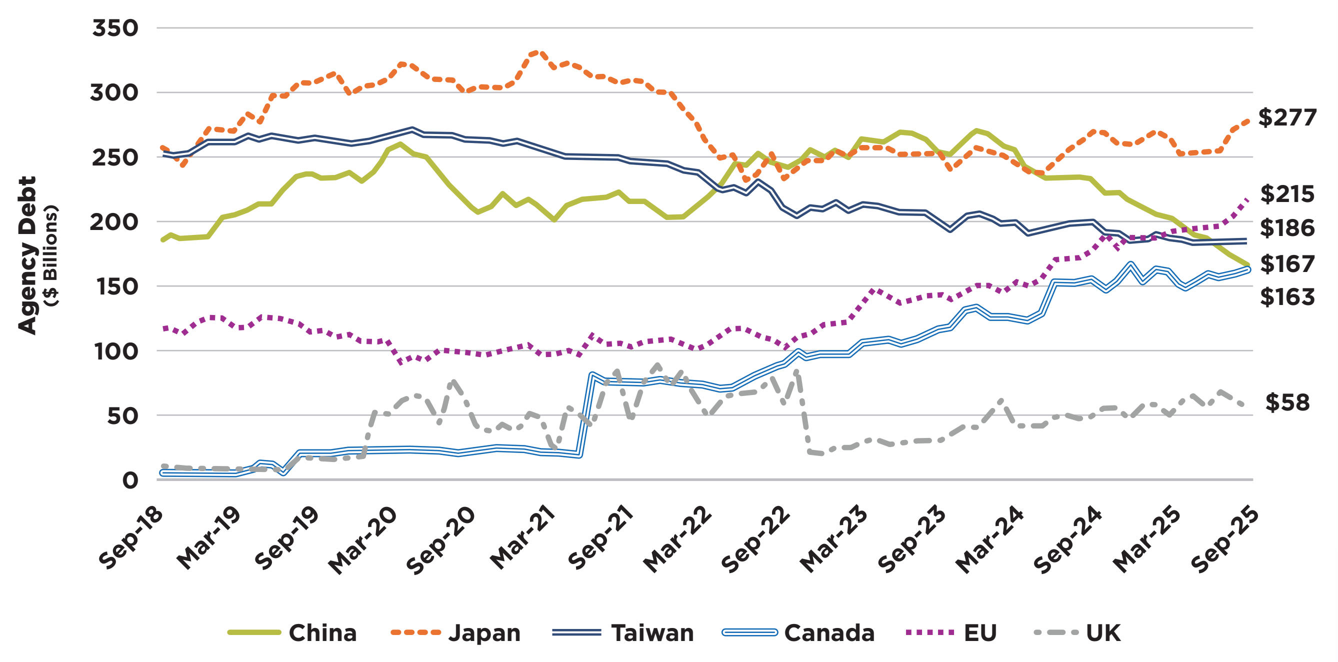
In addition to robust MBS pass-through activity, CMO or real estate mortgage investment conduit (REMIC) production played an important role in Ginnie Mae's capital market operations. REMICs allow REMIC Sponsors, who are broker/dealers, to structure cashflows and manage prepayment risks in ways that align with diverse investor needs, broadening the program's appeal and strengthening overall market demand for Ginnie Mae MBS products. Demand for REMICs remained strong, reflecting not only healthy trading activity but also continued growth of interest from institutional investors in Ginnie Mae guaranteed mortgage security products.

SUBSCRIBE TO THE GMAR

Global Engagement

Ginnie Mae continued to engage with stakeholders worldwide to bring awareness to institutional investors regarding the value proposition offered by Ginnie Mae guaranteed mortgage securities, with the goal of increasing capital flows into the U.S. housing finance system and further grow Ginnie Mae's global investor base. Foreign institutions continue to contribute a large portion of capital to government-backed asset MBS with the percentage of MBS outstanding owned by foreign investors remaining stable to around 15% for the past decade. Agency MBS held by foreign entities is roughly $1.34 trillion as of September 2025.

Top Foreign Holders of Agency Debt



Source: TIC and Ginnie Mae as of September 2025. Notes: Numbers rounded to nearest billion. China = $167 billion, Canada = $163 billion. "EU" as defined by TIC refers to the following countries: Austria, Belgium, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, and Greece.

Ginnie Mae's strategic housing finance engagements throughout the year took us to Japan, Singapore, and New York City. In June 2025, HUD and Ginnie Mae hosted the Korean Housing Financing Corporation (KHFC) at HUD headquarters to formalize our collaboration with a memorandum of understanding and address housing challenges that extend across our national borders.

In September, President Joe Gormley, led a delegation of Ginnie Mae leaders to Singapore and Japan to meet with investors and government entities. The engagement included investor roundtables, one-on-one meetings, and luncheons designed to answer questions about Ginnie Mae MBS and government-insured and guaranteed mortgage loan programs and the U.S. housing market and to encourage an open and on-going dialogue.

HUD Secretary Scott Turner signing a memorandum of understanding with the Housing Finance Corporation.

REMAINING COMPETITIVE IN THE MARKET

In fiscal year 2025, Ginnie Mae focused on ensuring that its securitization platform remained responsive to evolving market conditions, with the goals of deepening market liquidity and sharpening its response to potential market risks. These efforts were not only operational but also strategic, reflecting a forward-looking approach to risk management, technology adoption, and stakeholder engagement.

Cybersecurity

Protecting Ginnie Mae's core systems and critical assets remains the agency's foremost priority, and our cybersecurity program continues to mature in step with the rapidly evolving threat landscape. Through our Responsive IT/Simplified IT strategy, we are modernizing and streamlining our defenses to ensure we remain agile, resilient, and well-positioned to counter emerging risks. As we strengthen internal security controls and deploy system-hardening efforts, Ginnie Mae is also expanding collaboration with our counterparties as part of a holistic cybersecurity strategy that enhances visibility, promotes shared accountability, and reinforces the security of the broader mortgage-backed securities ecosystem.

To strengthen early threat awareness and accelerate coordinated response, Ginnie Mae implemented a 48-hour cybersecurity incident notification requirement for Issuers and Document Custodians. This policy significantly enhances our ability to gain timely visibility into potential risks, allowing us to monitor the threat environment in real time and initiate swift, enterprise-wide mitigation actions to protect the stability of our MBS program. As we continue to mature our cybersecurity and risk management capabilities, reinforcing our framework remains a top strategic priority. These efforts ensure that Ginnie Mae remains proactive, adaptive, and forward leaning in addressing emerging cyber threats across the mortgage finance ecosystem.

Modernization

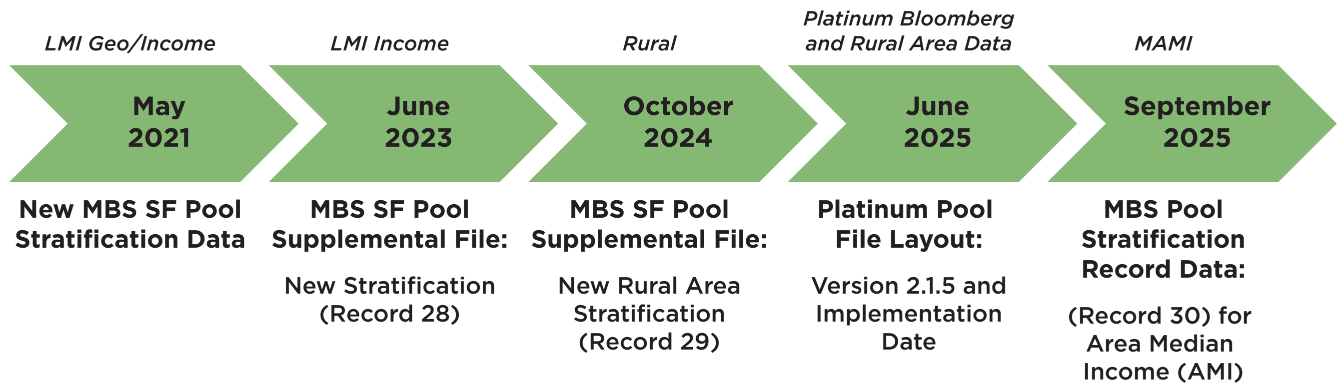
Some of the most valuable technology modernization work happens behind the scenes, yet it is vital to the continuity of the Ginnie Mae platform. This modernization work included retiring end-of-life technologies and moving to cloud-based Infrastructure, Platform, Software, and Data-as-a-Service solutions. The result is improved system availability, stronger cybersecurity, enhanced resiliency, and the elimination of vulnerability as a result of single points of failure. These upgrades underscore our commitment to modern, dependable IT services.

As part of this modernization, Ginnie Mae streamlined several legacy technologies and integrated public-facing tools into a single access point through the MyGinnieMae enterprise portal. This unified experience simplifies interactions for Issuers and reduces operational complexity across the platform. By modernizing both visible and behind-the-scenes components, Ginnie Mae delivers greater stability, transparency, and efficiency to its partners. These enhancements strengthen the digital foundation that supports the government mortgage-backed securities ecosystem. Together, these improvements ensure that Issuers have the tools and reliability they need to succeed.

MBS Disclosures

Ginnie Mae enhanced its MBS disclosure data by introducing new stratification records that provide greater visibility into borrower income characteristics at the pool level, including how many loans in a pool were associated with households earning between 80 and 100 percent of the Area Median Income. In addition, the Rural Area Record was added to provide insight into loans located in rural communities based on USDA's Rural Urban Commuting Area Codes 4-10. The introduction of a monthly Conditional Prepayment Rate file provides investors with a monthly measure of prepayment activity, while the enhancement of the Disclosure Plus platform added a dashboard with loan- and pool-level views of collateral performance. These steps improved the analytical tools available to investors and underscored Ginnie Mae's commitment to openness and clarity.

Ginnie Mae Disclosure Milestones



Notes: "LMI" = Low-and Moderate-Income, "Geo" = Geographic, "MAMI" = Moderate Area Median Income.

Digital Collateral Program

The Digital Collateral Program grew significantly, surpassing its fiscal year 2025 goals. By year-end, more than 300,000 eNotes had been securitized. By August 2025, securitization of eNotes reached $84.4 billion, underscoring the pace at which adoption accelerated once the pilot proved successful. Participation also expanded, with 47 approved eIssuers, four eCustodians, and eight eSubservicers active in the program. Updated program guidance broadened eligibility, opening the door for new participants and ensuring that more lenders and servicers could access the efficiencies of digital securitization. The widening network of participants reflected not just technical readiness but also growing confidence in the durability and scalability of digital collateral as a cornerstone of mortgage finance.

Effective during first quarter of the next calendar year, the Digital Collateral program will be expanding making eNote collateral eligible for Ginnie Mae's Pools Issued for Immediate Transfer (PIIT) program. Currently, pool transfers backed by physical promissory notes are the only pools eligible for PIIT. Permitting eNote collateral in the PIIT program will allow more flexibility for Issuers in pooling eNotes while growing the volumes of both programs.

> **"Some of the key benefits of working with eNotes include fewer documents and less time at the closing table for our homeowners, more security to the eNote itself, faster funding document check in, and more time for Veterans to review key information and ask questions."**
>
> *—Mortgage Research Center, Ginnie Mae eIssuer*

Innovation for the Future

Looking ahead, Ginnie Mae is increasing the velocity of the initiative to evolve its security platform from pool-level operation to loan-level operation. At its core, this initiative will enable individual loan servicing transfers, which will be the biggest change to the platform since Ginnie Mae issued the first MBS in 1970. This transformation will involve implementation of a wide range of processes, systems, and controls to ensure loan quality, compliance and accurate cashflows. The net effect of this transition will provide more precision cashflow tracking for managers and investors, more effective prepayment, delinquency, and loss mitigation modeling, error reduction and, we believe, more liquidity and a deeper market for Ginnie MSRs. This shift is fundamental in program operations and requires a steady and methodical approach to ensure no disruptions to the market.

In addition, Ginnie Mae understands the importance of artificial intelligence (AI) to the business, and this fiscal year found ways to meaningfully fold in new technologies and governance into its operations. AI pilot projects explored predictive analytics that could identify prepayment and delinquency trends before they became widespread, allowing for earlier interventions. Machine learning models were tested to detect anomalies in loan-level reporting, catching irregularities that could signal fraud, errors, or systemic weaknesses. Document automation reduced the manual work associated with compliance checks, speeding up processes while improving accuracy. Experiments with risk modeling went further by incorporating macroeconomic and demographic inputs, enabling more robust stress-testing of the portfolio under varied scenarios.

The agency approached these new tools with caution and structure. Federal requirements around transparency, accountability, and privacy framed every use case, and governance frameworks were introduced to ensure responsible adoption. Each pilot was evaluated not just on efficiency but also on whether it could maintain explainability and fairness in decision-making. This measured approach underscored core mandates at the heart of Ginnie Mae's mission: embracing innovation to strengthen liquidity and oversight while protecting taxpayers and upholding global investor confidence. Looking forward, AI applications are expected to expand further into fraud detection, counterparty oversight, operational automation, and other areas where efficiencies can be gained.

As we progress, Ginnie Mae will remain focused on the same guiding priorities that carried it through this past fiscal year: protecting taxpayers, deepening liquidity, and expanding access to affordable mortgage credit. These goals will be pursued through steady engagement with partners and a continued willingness to modernize tools and operations. The path forward is not without challenges, but the progress to date shows that with careful planning, transparent oversight, and thoughtful innovation, Ginnie Mae can remain a stabilizing force in housing finance and a trusted partner for investors and Issuers alike.

Management's Discussion and Analysis of Financial Position and Results of Operations

Management's Discussion and Analysis of Financial Position and Results of Operations

The following is Ginnie Mae management's discussion and analysis of the financial position and results of operations for the fiscal years ended September 30, 2025, and 2024. This discussion and analysis should be read in conjunction with Ginnie Mae's financial statements and related notes included in this annual report and issued to U.S. Congress.

OUR MISSION AND LEADERSHIP

Ginnie Mae's mission is to connect the U.S. housing market with global capital through its government-backed guaranty providing liquidity, stability, and affordable financing for federally supported housing programs. Through its explicit guaranty, backed by the full faith and credit of the U.S. Government, Ginnie Mae plays a critical role in ensuring liquidity and stability in the housing finance system. By guaranteeing timely payment on mortgage-backed securities (MBS) sponsored by the Federal Housing Administration (FHA), U.S. Department of Veterans Affairs (VA), U.S. Department of Agriculture (USDA), and U.S. Department of Housing and Urban Development's (HUD) Office of Public and Indian Housing (PIH), Ginnie Mae attracts global investment that lowers financing costs and expands access to affordable mortgage credit, enabling homeownership and rental housing for millions of American families.

In fiscal year 2025, Ginnie Mae focused on strengthening its oversight and support of its Issuer base, managing counterparty risk, and safeguarding taxpayers while reinforcing the value proposition of its MBS to domestic and international investors. Growth in the MBS portfolio reflects the strength of the guaranty and its ability to unlock value for borrowers, investors, and Issuers. Looking ahead, Ginnie Mae remains committed to operational excellence and modernization initiatives that enhance liquidity, reduce costs, and advance access to housing finance nationwide.

Ginnie Mae's Executive Leadership team oversees and manages Ginnie Mae. The team consists of 10 members. The executive offices represented on this team include Capital Markets, Chief Financial Officer, Communications and Congressional Relations, Enterprise Data and Technology Solutions, Enterprise Risk, Issuer and Portfolio Management, Management Operations, and Securities Operations.

HUD Secretary Scott Turner with Ginnie Mae President Joe Gormley.

Ginnie Mae staff pose for a photo.

In April 2025, Ginnie Mae proudly welcomed Joseph M. Gormley as its executive vice president and chief operating officer. In December 2025, Mr. Gormley was confirmed by the U.S. Senate as President of Ginnie Mae. Mr. Gormley has extensive experience in federal housing finance and a strategic vision for operational leadership. Under his leadership, Ginnie Mae continues to build on its strong foundation, fulfilling its core mission of providing liquidity and stability within the housing finance system while advancing key initiatives to enhance the value of Ginnie Mae MBS, modernize systems, improve efficiency, and elevate service to program participants.

ECONOMIC ENVIRONMENT

Fiscal year 2025 was defined by solid economic growth, resilient labor markets, and easing inflationary pressures, even as interest rates remained elevated compared with recent historic lows. The Federal Reserve System implemented modest rate cuts, which improved affordability and drove an increase in refinancing activity alongside steady purchase demand. Against this backdrop, Ginnie Mae maintained stable operational and financial performance while supporting increased issuance volumes.

Mortgage rates have decreased in recent months, helping ease monthly payment burden for first-time homebuyers, veterans, and rural and tribal communities. Existing home sales have shown modest improvement during the year, and overall inventory levels have increased gradually. However, homeowners with very low mortgage rates remain generally reluctant to sell. National home prices remain stable, rising 1.3 percent from October 2024 to September 2025. Ginnie Mae has continued to see growth in its MBS program, supported by strong purchase origination activity, an uptick in refinancing activity, and slower prepayment speeds, contributing to overall growth in the outstanding principal balance of its MBS portfolio. In addition, delinquency rates continue to remain low by historical standards, given a low unemployment rate and generally stable house prices.

Ginnie Mae's programs continued to be instrumental in maintaining liquidity and stability within the housing finance system. Its explicit government guaranty supported sustained investor confidence, partially contributing to rising daily trading volumes throughout 2025. Ginnie Mae's market share expanded relative to the conventional market, and the full faith and credit guarantee on Ginnie Mae MBS remained a highly valued feature for investors.

During the fiscal year, Ginnie Mae facilitated approximately $526.4 billion in MBS issuances, contributing to an outstanding portfolio of more than $2.8 trillion as of September 30, 2025. Ginnie Mae's MBS program enables lenders participating in federally insured and guaranteed programs to access capital markets to provide affordable homeownership and rental opportunities to Americans, while also producing stable guaranty fee income and other MBS program fees for Ginnie Mae.

Ginnie Mae's business is growing and positioned for consistent, stable performance across market cycles. At the core of our value proposition is the explicit government guaranty, which provides investors with a secure credit instrument and supports consistent access to capital for Issuers, even during periods of market volatility. This fundamental stability enables lenders to continue offering government-insured and government-guaranteed mortgage products, ensuring that borrowers retain access to credit regardless of market conditions. The program is designed to scale efficiently. In periods of high origination or refinancing activity, it accommodates increased demand, although in more volatile or constrained markets, it continues to provide reliable liquidity, reinforcing Ginnie Mae's capacity to support the housing market under all economic conditions.

The following sections discuss how key economic factors such as interest rates, Gross Domestic Product growth, employment, and consumer spending can affect Ginnie Mae's business and financial results.

How Mortgage Rates and Bond Pricing Can Affect Ginnie Mae's Business

Fair Value Gains (Losses)

Ginnie Mae is exposed to fair value gains and losses resulting from changes in interest rates, primarily through the fair value measurement of the guaranty asset, forward mortgage loans, and reverse mortgage loans and the related home equity conversion mortgage (HECM) MBS, (collectively HMBS) obligations.

- ***Discount Rate:*** As interest rates rise, Ginnie Mae's estimated discount factor increases. The discount factor determines the current value of future cashflow. If the discount rate is higher, the estimated value of financial assets and liabilities will be lower and vice versa.
- ***Mortgage Rate:*** For fixed-rate loans, which represent most forward loans in the Ginnie Mae non-pooled loans portfolio, their monthly cashflow remains unchanged regardless of market interest rate movements. The effect of interest rates on the discount rate drives the valuation. For adjustable-rate loans, which represent most reverse mortgage loans and the related HMBS obligations, the borrower's interest rate resets to current market interest rates. Accordingly, net cashflows typically increase when borrowers' interest rates are higher. However, the effect that changes in the interest rates have on the discount rates used in this valuation can outweigh this increase.
- ***Prepayment Rate:*** Increases in interest rates usually lengthen the expected lives of mortgage loans because borrowers are less likely to refinance or make additional payments, thus lowering prepayment rates. Conversely, decreases to interest rates increase the likelihood that borrowers refinance or make additional payments, which increases prepayment rates. Lower prepayment rates lengthen the weighted average life used in estimating the guaranty asset, which has a beneficial effect on its valuation. However, the effect that changes in interest rates have on the discount rates used in this valuation can outweigh this positive increase.

Counterparty Credit Risk

Counterparty credit risk is closely tied to the broader interest rate and economic environment, shaping both the profitability and liquidity profile of MBS Issuers. Elevated interest rate environments present distinct challenges and opportunities for MBS Issuers.

Ginnie Mae staff pose for a photo.

Ginnie Mae executives (front row), Smitha Vasanth, Haj Ramos, Victoria Vargas, Harlan Jones, and Toky Lofinmakin, sit along side Ginnie Mae staff during a presentation at an All-Hands meeting in Washington, D.C.

Although higher rates generally depress origination volumes and pressure margins, they also generally enhance the value of existing mortgage servicing rights (MSRs) by extending cashflows.

For single-family and other types of Issuers, the primary risk in an elevated interest rate environment is profitability. The slowdown in new loan originations directly affects a major revenue stream. This scenario is a result of fewer home purchases and a decline in refinancing activity, which are both major drivers of origination volume. However, a corresponding increase in the value of Issuer MSRs mitigates this risk substantially. The extended life of MSRs due to lower prepayment speeds acts as a natural hedge, providing a counterbalance to the decline in origination revenue and provides additional cashflow in addition to the increase in the MSR fair value.

Issuers of HMBS face significant liquidity management challenges in an elevated interest rate environment. This environment is primarily due to the structure of HECM loans that requires the Issuer to manage cash outflows to borrowers, which regular principal and interest payments do not offset, regardless of market conditions. At the same time, Issuers are required to hold and fund assets that are awaiting assignment to FHA or are unassignable, which can tie up capital and strain liquidity, increasing the risk of default. Refer to the Risk Factors section for more details on counterparty credit risk.

Treasury Risks and Interest Rate Volatility

Ginnie Mae is exposed to volatility in the U.S. Department of Treasury (hereafter, U.S. Treasury) and MBS markets, which can cause fluctuations in MBS-Treasury spreads. Rising interest rates can extend the weighted average life of existing MBS pools, creating extension risk, whereas falling rates can accelerate prepayments, shortening pool durations. Both scenarios can affect MBS valuations, investor demand, and market liquidity. These changes may influence the timing and stability of capital flows to Issuers, which, in turn, can affect the availability of mortgage credit to borrowers and the overall functioning of the housing finance system.

How Gross Domestic Product, the Unemployment Rate, and Personal Consumption Affect Ginnie Mae's Business

General economic indicators such as Gross Domestic Product, the unemployment rate, and personal consumption can have a broad effect on businesses, including Ginnie Mae, and influence many aspects of the mortgage industry, such as housing demand and borrower default rates.

- Housing Demand: Housing demand is highly sensitive to interest rate changes, which influence both mortgage affordability and the broader dynamics of home purchases and refinancing. Lower interest rates generally increase mortgage affordability and housing demand, but rising home prices due to increased demand, as measured by home price appreciation, can offset some of these gains, affecting demand for new home purchases and refinancing. An increase in demand leads to a higher volume of mortgage originations and refinancings, providing the underlying assets necessary for the increased issuance of MBS. Higher MBS issuances can increase the growth rate of Ginnie Mae's MBS portfolio and MBS program income, most notably in the form of guaranty fees and commitment fees. In an environment with higher interest rates, the increased cost of borrowing makes mortgages less affordable, directly reducing demand for housing. Periods of reduced mortgage origination and refinancing activity can slow the growth of securitization volumes because fewer loans are available for pooling. Although the higher cost of borrowing disincentivizes existing homeowners from refinancing, prepayment speeds are reduced, which extends the expected lifespan of the mortgages in the portfolio. The resulting slowdown in the rate at which existing loans are paid may offset the reduction in new issuances, which can still result in overall portfolio growth.

- Default Rates: Elevated unemployment rates, risk premiums, home price appreciation, and lower income growth can also limit borrowers' ability to meet financial obligations, leading to higher default rates. In 2025, although unemployment remained low and household income continued to grow, mortgage default rates saw a moderate increase, yet they remained below historic norms. Fluctuations in home price appreciation and risk premium shifts can influence borrower behavior and investor appetite, adding complexity to credit risk dynamics. The added layers of risk absorption, behind which Ginnie Mae is positioned, minimizes the severity of credit losses Ginnie Mae incurs on defaulted loans. In addition to borrowers' home equity and Issuers' capital, Ginnie Mae has added protection through federal insurance provided by FHA, VA, USDA, and PIH, which further mitigates credit and counterparty risk. Ginnie Mae's exposure to losses would be to the extent costs (e.g., foreclosure costs) are incurred that are not subject to reimbursement by the insurers or the operating costs (e.g., contractor costs). Ginnie Mae's credit risk is contingent on Issuer performance. If an Issuer fails to advance funds or meet obligations and requirements of the program, Ginnie Mae may be exposed to residual losses.

FINANCIAL POSITION

As Figure 1 highlights, total assets decreased from $61.0 billion as of September 30, 2024, to $60.5 billion of as September 30, 2025. Total liabilities were $24.3 billion, and investment of the U.S. Government was $36.2 billion as of September 30, 2025, compared with $27.1 billion and $33.9 billion, respectively, as of September 30, 2024.

Ginnie Mae staff participating in a small group discussion.

HUD Secretary Scott Turner, Ginnie Mae President Joe Gormley, and White House Leadership Development Program Fellow, 2025-2026, Hanna Resig. Ms. Resig will work in the Office of the U.S. Trade Representative as a Director in the Office of Agricultural Affairs.

FIGURE 1 – Selected Financial Data from Balance Sheet

Assets	**September 30, 2025** *(Dollars in thousands)*	**September 30, 2024** *(Dollars in thousands)*
Cash and cash equivalents	$ 32,785,230	$ 30,425,203
Restricted cash and cash equivalents	1,877,076	1,745,248
Forward mortgage loans, at fair value	1,213,060	1,383,609
Reverse mortgage loans, at fair value	15,329,471	17,978,318
Guaranty asset	8,615,738	8,680,509
Other assets[1]	630,902	759,225
Total Assets	**$ 60,451,477**	**$ 60,972,112**
Liabilities		
Liability for loss on Mortgage-Backed Securities program guaranty	$ 242,238	$ 196,318
Guaranty liability	9,931,120	9,632,671
HMBS obligations, at fair value	13,312,780	16,498,804
Other liabilities[2]	781,233	751,644
Total Liabilities	**$ 24,267,371**	**$ 27,079,437**
Investment of U.S. Government	$ 36,184,106	$ 33,892,675
Total Liabilities and Investment of U.S. Government	**$ 60,451,477**	**$ 60,972,112**

1 Other assets include accrued fees and other receivables; claims receivable, net; advances, net; acquired property, net; fixed assets, net; reimbursable costs receivable, net; and other assets.

2 Other liabilities include accounts payable and accrued liabilities, deferred liabilities and deposits, and deferred revenue.

In fiscal years 2025 and 2024, Ginnie Mae generated ample cash to fund its operations. As of September 30, 2025, Ginnie Mae held unrestricted cash and cash equivalents of $32.8 billion, which is an increase of approximately $2.4 billion from $30.4 billion as of September 30, 2024. The increase in unrestricted cash and cash equivalents is primarily driven by $1.7 billion in collections from guaranty fees and $1.1 billion in additional interest income from investments in U.S. Treasury overnight certificates. Cash outflows related to administrative expenses, MBS program activities, and other operating costs partially offset these inflows. The unrestricted cash and cash equivalent balance represented 54.23% of total assets as of September 30, 2025, underscoring the entity's strong liquidity position. Restricted cash and cash equivalents totaled $1.9 billion as of September 30, 2025, and $1.7 billion as of September 30, 2024. The increase in restricted cash is mostly due to a $136 million increase in fund balances precluded from obligation, which consists of commitment fees and multiclass fees received but not yet recognized as income. This condition aligns with the increase in commitment fees and multiclass fees recognized in the Results of Operations section.

Forward mortgage loans at fair value were $1.2 billion as of September 30, 2025, and $1.4 billion as of September 30, 2024. This portfolio has steadily been declining as loans pay down as a result of scheduled and unscheduled payments or transition to foreclosure and acquired properties.

As of September 30, 2025, reverse mortgage loans at fair value amounted to $15.3 billion, which represents 25.36% of total assets compared with $18.0 billion as of September 30, 2024, a decrease of $2.7 billion. HMBS obligations at fair value amounted to $13.3 billion as of September 30, 2025, a decrease of approximately $3.2 billion from $16.5 billion as of September 30, 2024.

The guaranty asset was $8.6 billion as of September 30, 2025, which represents 14.25% of total assets, compared with $8.7 billion as of September 30, 2024, a decrease of $0.1 billion. The guaranty liability for fiscal year 2025 is $9.9 billion, which represents 40.92% of total liabilities and compared with $9.6 billion as of September 30, 2024, an increase of $0.3 billion.

LIQUIDITY AND CAPITAL ADEQUACY

Ginnie Mae reported $34.7 billion total cash and cash equivalents as of September 30, 2025, an increase of approximately $2.5 billion from $32.2 billion as of September 30, 2024. The total balance of cash and cash equivalents includes unrestricted cash of $32.8 billion and restricted cash of $1.9 billion as of September 30, 2025, compared with unrestricted cash of $30.4 billion and restricted cash of $1.7 billion as of September 30, 2024. Restricted cash and cash equivalents included legally restricted deposits, principal and interest payments not collected by security holders, and unapplied deposits held in a suspense account. Total cash and cash equivalents included $29.5 billion and $5.2 billion of U.S. Treasury

overnight certificates and Funds with U.S. Treasury,[3] respectively, as of September 30, 2025, compared with $23.2 billion and $9.0 billion, respectively, as of September 30, 2024.

MBS Guaranty fees, driven by the outstanding unpaid principal balance (UPB) of Ginnie Mae's guaranteed MBS portfolio, continued to provide a strong source of cash collected at a $1.7 billion, or 4.26%, increase during 2024. The overall increase to total cash and cash equivalents was partially attributed to interest income earned on U.S. Treasury Securities from Ginnie Mae's increased investments in U.S. Treasury overnight certificates and elevated interest rate environment.

Ginnie Mae's MBS guaranty is backed by the full faith and credit of the U.S. Government. Currently, Ginnie Mae's activities are self-financed and do not require financial assistance from the U.S. Government. Rather, Ginnie Mae generates income, which increases U.S. Government receipts. Ginnie Mae continuously monitors the adequacy of its liquidity and capital positions, including benchmarking against peer institutions and other agencies. Ginnie Mae's management believes that the organization should continue to maintain adequate cash reserves to withstand downturns in the housing market that could cause Issuer defaults to increase. Title III of the National Housing Act authorizes Ginnie Mae to issue obligations to the U.S. Treasury in an amount sufficient to enable Ginnie Mae to service MBS portfolios of defaulted and extinguished Issuers. On September 15, 2023, Ginnie Mae and U.S. Treasury entered into a borrowing agreement that establishes the operating procedures for this longstanding authority and the specific terms and conditions for loans from U.S. Treasury to Ginnie Mae. This agreement was amended in 2025 and provides Ginnie Mae with additional flexibility to service defaulted MBS portfolios. Ginnie Mae's current cash position provides a sufficient buffer against potential Issuer defaults and other cash demands, ensuring the continued ability to fulfill guaranty obligations without disruption, and as of September 30, 2025, Ginnie Mae has not exercised its borrowing authority and has no apportioned borrowing authority.

Ginnie Mae's primary uses of cash consist of administrative and contractor costs related to the support of its MBS guaranty program and to manage defaulted and extinguished Issuers. Refer to the Results of Operations—Revenues and Expenses section for further detail. In some Issuer defaults, Ginnie Mae seizes the portfolio, which includes the value of MSR, at which point Ginnie Mae assumes the role of the defaulted and extinguished Issuer. Ginnie Mae manages $1.2 billion in forward mortgage loans and a $15.3 billion reverse mortgage portfolio. Most cash-intensive activities occur for the HECM portfolio. In fiscal year 2025, cash outflow for the HECM portfolio increased by $246 million, from $3.2 billion in fiscal year 2024 to $3.4 billion in fiscal year 2025. An

3 Funds with U.S. Treasury balance includes Deposit in Transit.

to $3.4 billion in fiscal year 2025. An increase in loan buyouts, from $2.3 billion in fiscal year 2024 to $2.7 billion in fiscal year 2025, drove this increase. At the same time, cash inflow increased by $526 million, from $2.4 billion in fiscal year 2024 to $2.9 billion in fiscal year 2025. An increase in assignment claim funds received, from $2.1 billion in fiscal year 2024 to $2.5 billion in fiscal year 2025, drove this increase. These changes resulted in a $280 million decrease in net cash outflow, from $801 million in fiscal year 2024 to $521 million in fiscal year 2025, marking the third year in a row that HECM portfolio outflows decreased. In addition, purchases of fixed assets were $13 million in fiscal year 2025, down slightly from $14 million in fiscal year 2024. Ginnie Mae's fixed asset purchases include commercial software, hardware, and internally developed software.

Furthermore, Ginnie Mae maintained highly favorable expense coverage and efficiency ratios throughout the fiscal years 2025 and 2024, which is indicative of healthy cashflow and effective cost management. Expense coverage ratio measures Ginnie Mae's ability to generate enough cash to satisfy cash requirements of routine operations. Ginnie Mae's expense coverage ratio increased from 53.1 in fiscal year 2024 to 61.0 in fiscal year 2025. This ratio continues to demonstrate Ginnie Mae's strong cashflow. Efficiency ratio shows Ginnie Mae's ability to utilize resources effectively. An efficiency ratio of 50% or under is considered optimal. Figure 2 shows the Balance Sheet Highlights and Liquidity Analysis.

FIGURE 2 – Balance Sheet Highlights and Liquidity Analysis

Balance Sheet Highlights	**For the Year Ended September 30, 2025** *(Dollars in thousands)*	**For the Year Ended September 30, 2024** *(Dollars in thousands)*
Total Cash and cash equivalents	$ 34,662,306	$ 32,170,451
Other	25,789,171	28,801,661
Total Assets	**$ 60,451,477**	**$ 60,972,112**
Total Liabilities	**$ 24,267,371**	**$ 27,079,437**
Liquidity Analysis		
Total Unpaid Principal Balance Outstanding[4]	2,833,504,145	2,642,595,451
Investment of U.S. Government as a Percentage of Average Total Assets[5]	59.80%	56.22%
Expense Coverage Ratio[6]	61.0	53.1
Efficiency Ratio[7]	17.65%	18.97%

4 Unpaid principal balance of Ginnie Mae mortgage-backed securities (MBS).

5 Investment of U.S. Government divided by average total assets.

6 Unrestricted cash and cash equivalents divided by the non-interest expense exclusive of fixed asset amortization.

7 Non-interest expense exclusive of fixed asset amortization divided by the total revenue exclusive of income on guaranty obligation. See the Results of Operations section for a description of non-cashflow income.

RESULTS OF OPERATIONS

Explanation and Reconciliation of Ginnie Mae's Use of Non-GAAP Financial Measures and Key Performance Measures

Throughout this discussion and analysis, non-Generally Accepted Accounting Principles (GAAP) financial measures are used to provide users with meaningful insights into Ginnie Mae's results for the period presented. Non-GAAP financial measures represent the comparable GAAP financial measures adjusted for certain items outside normal business operations. Whenever used, non-GAAP financial measures are reconciled to GAAP measures to show adjustments applied.

The following are the non-GAAP financial measures that this discussion and analysis uses.

Non-GAAP Results of Operations (Earnings)

To arrive at non-GAAP earnings, GAAP results of operations are adjusted for expenses or income items that do not involve any real cashflow impact for Ginnie Mae (Figures 3 and 4).

FIGURE 3 – Non-GAAP Results of Operations for Fiscal Years 2025 and 2024

	For the Year Ended September 30, 2025 *(Dollars in thousands)*	**For the Year Ended September 30, 2024** *(Dollars in thousands)*
GAAP Results of Operations	$ 2,291,431	$ 3,051,423
Adjustments for non-cashflow items:		
Income on guaranty obligation	(1,107,017)	(855,905)
Total Non-Cash Other (Gains)/Losses[8]	1,244,323	138,208
Total (Recapture) / Provision	62,748	98,046
Fixed asset depreciation and amortization	15,732	16,607
Non-GAAP Results of Operations	**$ 2,507,217**	**$ 2,488,379**

8 Total Non-Cash Other (Gains)/Losses includes Gain (Loss) on Guaranty Asset, non-cash Gain (Loss) other, Gain (Loss) on forward mortgage loans at fair value, Gain (Loss) on reverse mortgage loans at fair value, and Gain (Loss) on HMBS obligations at fair value.

Free Cashflow

As Ginnie Mae is expected to have enough cash reserves to satisfy its guaranty to investors, its free cashflow has been determined as cashflow from operating activities.

FIGURE 4 – Free Cashflow for Fiscal Years 2025 and 2024

	For the Year Ended September 30, 2025 *(Dollars in thousands)*	For the Year Ended September 30, 2024 *(Dollars in thousands)*
Cash generated from operating activities	$ 5,351,674	$ 4,655,891
Adjustments for:		
Purchases of fixed assets	(12,525)	(14,107)
Free Cashflow	**$ 5,339,149**	**$ 4,641,784**

Revenues

Ginnie Mae generated positive results of operations (i.e., net gain) of $2.3 billion in fiscal year 2025 compared with positive results of operations of $3.1 billion in fiscal year 2024, a decrease of $0.8 billion from 2024. The decrease was largely driven by a $1.1 billion increase in total other losses, which was $1.2 billion in fiscal year 2025 compared with $137 million in fiscal year 2024. This increase is primarily due to significantly higher unrealized losses from fair value adjustments for forward mortgage loans at fair value, HMBS obligations at fair value, and the guaranty asset in 2025 compared with 2024. The overall decrease in results of operations was also partially driven by a $121 million decrease in interest income, which was $1.1 billion in 2025 compared with $1.2 billion in 2024. A decrease in the U.S. Treasury rates compared with 2024 drove the decrease in interest income. The overall decrease in results of operations was partially offset by a $120 million increase in MBS guaranty fee from $1.6 billion in 2024 to $1.8 billion in 2025. The increase in MBS guaranty fee is primarily due to the increase in total average outstanding UPB of Ginnie Mae MBS from $2.6 trillion in 2024 to $2.7 trillion in 2025. Ginnie Mae's core business and overall cash position remains strong in 2025 as evidenced by positive non-GAAP earnings of $2.5 billion compared with positive non-GAAP earnings of $2.4 billion in 2024 due to an increase in guaranty fee.

Ginnie Mae's profitability ratios remain strong. As of September 30, 2025, Ginnie Mae's non-GAAP results of operations (earnings) as a percentage of average total assets are 4.14% compared with 4.06% as of September 30, 2024. The ratio demonstrates Ginnie Mae's ability to generate net earnings from its core business and highlights Ginnie Mae's actual performance. For more profitability metrics, see Figure 5 for highlights from statement of revenues and changes in investment of U.S. Government and profitability ratios.

FIGURE 5 – Highlights from Statement of Revenues and Changes in Investment of U.S. Government and Profitability Ratios

	For the Year Ended September 30, 2025 *(Dollars in thousands)*	For the Year Ended September 30, 2024 *(Dollars in thousands)*
Highlights from Statement of Revenues and Changes in Investment of U.S. Government		
Mortgage-Backed Securities program income[9]	$ 1,917,749	$ 1,773,522
Interest income earned on U.S. Treasury Securities	1,125,224	1,246,064
Income on guaranty obligation	1,107,017	855,905
Total Revenues	**4,149,990**	**3,875,491**
Fixed asset depreciation and amortization	(15,732)	(16,607)
Administrative expenses	(62,201)	(51,625)
Mortgage-Backed Securities program and other expenses[10]	(474,957)	(512,033)
Acquired Property expenses, net	-	(9,181)
Total Expenses	**(552,890)**	**(589,446)**
Total Recapture (Provision)[11]	**(62,748)**	**(98,046)**
Gain (loss) on forward mortgage loans, at fair value	14,611	147,859
Gain (loss) on reverse mortgage loans, at fair value	1,070,027	1,747,266
Gain (loss) on HMBS obligations, at fair value	(858,959)	(1,244,244)
Gain (loss) on guaranty asset	(1,470,236)	(789,335)
Gain (loss) other	1,636	1,878
Total Other Gains / (Losses)	**(1,242,921)**	**(136,576)**
Results of Operations	**2,291,431**	**3,051,423**
Non-GAAP Results of Operations (Earnings)	**2,507,217**	**2,448,379**

(continued)

9 MBS program income includes MBS guaranty fees, commitment fees, multiclass fees, and MBS program and other income.

10 MBS program and other expenses includes contractor expenses totaling $454 million and $479 million as of September 30, 2025, and 2024, respectively. Refer to Expenses section for further details.

11 Total recapture (provision) includes MBS program guaranty, claims receivable, and loss on advances, net.

FIGURE 5 (continued) – Highlights from Statement of Revenues and Changes in Investment of U.S. Government and Profitability Ratios

	For the Year Ended September 30, 2025 (Dollars in thousands)	For the Year Ended September 30, 2024 (Dollars in thousands)
Profitability Ratios		
Return on Average Total Assets[12]	3.79%	5.06%
Non-GAAP Results of Operations (Earnings) as a % of Average Total Assets[13]	4.14%	4.06%
Non-GAAP Results of Operations (Earnings) as a % of Total Revenues[14]	60.42%	63.18%

In fiscal year 2025, Ginnie Mae earned total revenues of $4.1 billion compared with $3.9 billion in 2024. Revenue streams for Ginnie Mae mainly consist of MBS program income, income on guaranty obligation, and interest income earned on U.S. Treasury Securities.

Mortgage-Backed Securities Program Income

MBS program income consists primarily of guaranty fees, commitment fees, and multiclass fees. For fiscal year 2025, MBS program income was primarily driven by guaranty fees of $1.8 billion, followed by commitment fees of $106 million, and multiclass fees of $42 million. Combined, guaranty fees and commitment fees contributed 97.24% of total MBS program revenue for fiscal year 2025.

For fiscal year 2024, MBS program income was primarily driven by guaranty fees of $1.6 billion, followed by commitment fees of $86 million, and multiclass fees of $41 million. Combined, guaranty fees and commitment fees contributed 97.27% of total MBS program revenue for fiscal year 2024.

- Guaranty Fees: Ginnie Mae guarantees the payment of principal and interest pass-through payments, backed by the full faith and credit of the U.S. Government, to its MBS investors. Ginnie Mae charges a fee for providing this guaranty to each MBS mortgage pool. These fees are received during the life of Ginnie Mae securities. Guaranty fees are collected on the aggregate UPB of the guaranteed securities outstanding. The outstanding MBS portfolio balance as of September 30, 2025, was $2.8 trillion, which increased by $190.9 billion, or 7.22%, compared with September 30, 2024. MBS guaranty fees also grew year over year by approximately 7.31%. Refer to Figure 6 for a more detailed view of UPB growth during the past 3 fiscal years.
- Commitment Fees: Ginnie Mae earns a fee for providing approved Issuers with the authority to pool mortgages into Ginnie Mae MBS. This authority expires at the end of the 12th month from its approval for single-family, HMBS, and manufactured housing Issuers and 24th month from its approval for multifamily Issuers. Ginnie Mae receives commitment fees as Issuers request commitment authority. Ginnie Mae issued $567.8 billion in commitment authority in fiscal year 2025, a 28.17% increase from fiscal year 2024. Ginnie Mae recognizes the commitment fees as earned when Issuers use their commitment authority. Total commitment fees earned in fiscal year 2025 were $106 million compared with $86 million earned in fiscal year 2024. Commitment fees are deferred until earned or expired, whichever occurs first. As of September 30, 2025, and 2024, commitment fees deferred totaled $35 million and $29 million, respectively.
- Multiclass Fees: Multiclass fees are one-time upfront fees related to the issuance of multiclass products. Multiclass fees are part of MBS program revenue and consist of Real Estate Mortgage Investment Conduits (REMIC) and Platinum Securities Program fees. Ginnie Mae guaranteed approximately $38.8 billion of newly issued Platinum Certificates in fiscal year 2025

12 Results of Operations divided by Average Total Assets.

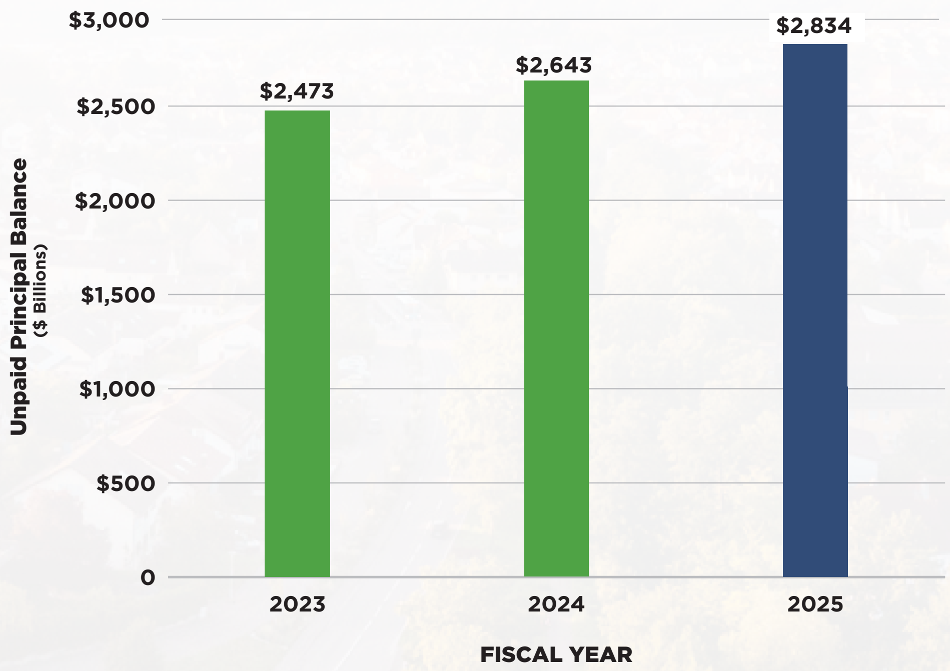
13 Non-GAAP Results of Operations divided by Average Total Assets.

14 Non-GAAP Results of Operations divided by Total Revenues.

compared with $40.8 billion of newly issued Platinum Certificates in fiscal year 2024. Fees earned on Platinum Certificates totaled $8 million for fiscal years 2025 and 2024. Ginnie Mae guaranteed REMIC issuances of $212.5 billion in fiscal year 2025 compared with $143.4 billion in fiscal year 2024. Fees earned on REMIC securities for fiscal year 2025 totaled $34 million compared with $32 million for fiscal year 2024. REMIC fees consist of a guaranty fee and may include a modification and exchange (MX) combination fee. MX combination fees allow sponsors to combine REMIC or MX securities, or both, at the time of issuance. Ginnie Mae recognizes the MX combination portion of the REMIC fee in the period it is received. Platinum Securities Program fees and the guaranty fee portion of the REMIC fees are deferred and amortized into income evenly during the contractual life of the underlying financial instruments. As of September 30, 2025, and 2024, REMIC and Platinum Securities Program fees deferred totaled $649 million and $607 million, respectively.

The outstanding balance of multiclass securities as of September 30, 2025, was $971.3 billion, of which $179.3 billion and $792.0 billion were Platinum and REMIC securities, respectively. This amount represents a $131.0 billion increase from the $840.3 billion outstanding balances as of September 30, 2024, of which $163.1 billion and $677.2 billion were Platinum and REMIC securities, respectively.

FIGURE 6 – Unpaid Principal Balance Outstanding in Ginnie Mae's Mortgage-Backed Securities Portfolio from Fiscal Years 2023 to 2025



Income on Guaranty Obligations

The guaranty obligation represents the non-contingent liability for Ginnie Mae's obligation to stand ready to perform its guaranty. Ginnie Mae amortizes the guaranty obligation into revenue based on the decrease in MBS pool UPB, driven by payoff, paydown, and default of pooled loans. In fiscal year 2025, income on guaranty obligation was $1.1 billion, which is 26.68% of total revenue and represents an increase of $251 million compared with fiscal year 2024.

Interest Income Earned on U.S. Treasury Securities

Ginnie Mae invests excess cash held within the Capital Reserve Account and the Liquidating Account in U.S. Treasury overnight certificates. Ginnie Mae's interest income decreased in fiscal year 2025 because of a decrease in the U.S. Treasury overnight rate, which increases in the investment balance in U.S. Treasury Securities compared with fiscal year 2024 partially offset. In fiscal year 2025, interest income on U.S. Treasury overnight certificates decreased to $1.1 billion, down from $1.2 billion in fiscal year 2024.

Expenses

Total expenses decreased by 6.11% to $553 million in fiscal year 2025 compared with $589 million in fiscal year 2024, a decrease of $36 million. The decrease was associated with decreased MBS program and other expenses and acquired property expenses, which increased administrative expenses partially offset.

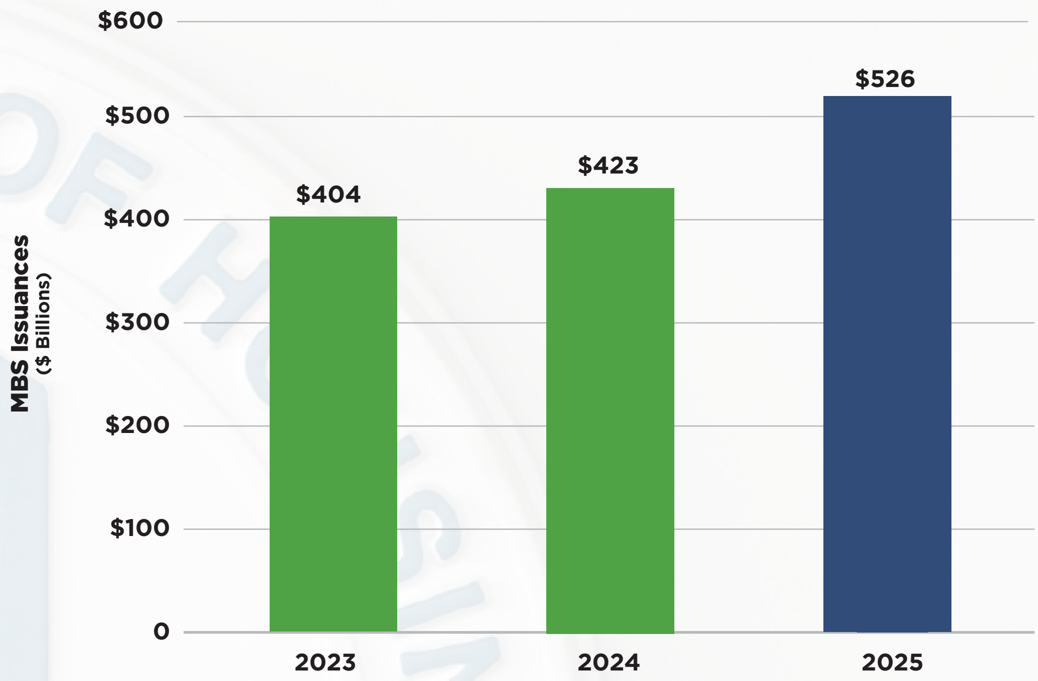
Ginnie Mae maintains a lean staffing model, with a core team of permanent employees supplemented by contractual support from private firms and consultants. This approach enables the agency to operate efficiently, scale resources as needed, and focus on delivering mission-critical services. In fiscal year 2025, Ginnie Mae's total contractor expenses were 82.17% of total expenses compared with 81.27% in fiscal year 2024.

Mortgage-Backed Securities Programs, Issuances, and Portfolio Growth

Fiscal year 2025 showed an increase in Ginnie Mae MBS issuances driven by a modest decline in interest rates from the prior fiscal year that contributed to higher refinancing and purchase activity. Although rates remain elevated compared with historic lows, the easing improved affordability and supported additional volume. Ginnie Mae MBS issuances increased by 24.32% to $526.4 billion in fiscal year 2025 from fiscal year 2024 (Figure 7).

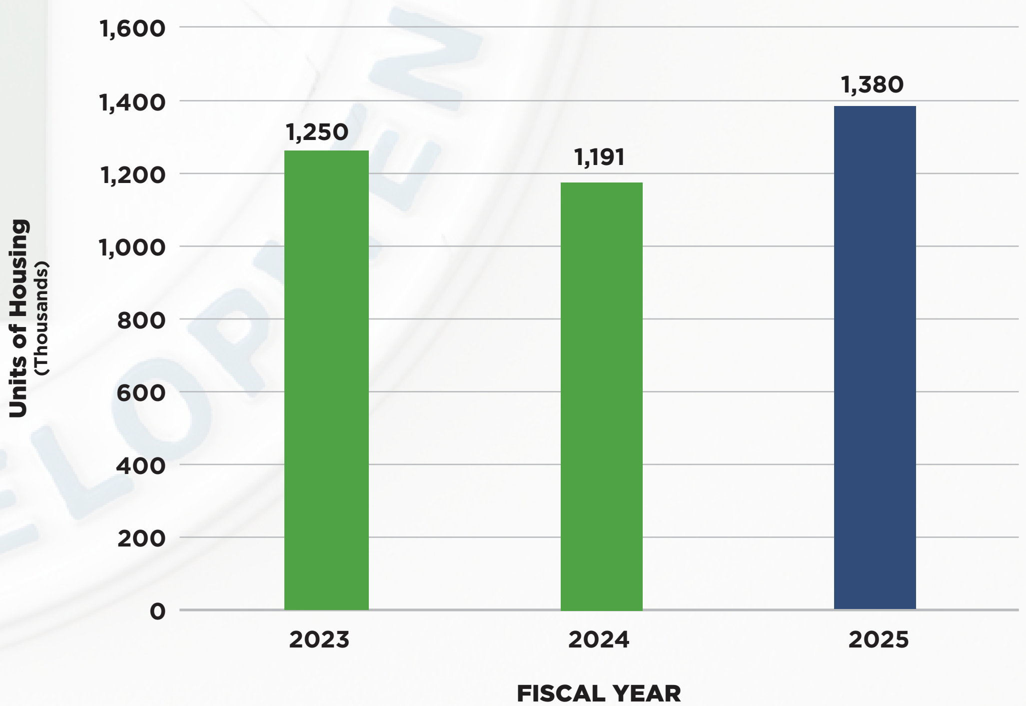
Senior Vice President of the Office of Enterprise Data and Technology Solutions Haj Ramos with representatives from CrowdStrike, Deloitte, and IBM during a Ginnie Talks cybersecurity panel discussion focused on the evolving threat landscape in the industry, and the critical steps Ginnie Mae is taking as an organization.

FIGURE 7 – Ginnie Mae Mortgage-Backed Securities Issuances from Fiscal Years 2023 to 2025



As Figure 8 shows, Ginnie Mae supported approximately 1.4 million units of housing for individuals and families in fiscal year 2025, a 15.82% increase from fiscal year 2024 due to higher demand. The current total outstanding UPB in Ginnie Mae's MBS portfolio balance of $2.8 trillion represents more than 12.3 million active loans. As of September 30, 2024, the total outstanding Ginnie Mae MBS portfolio of $2.6 trillion represents more than 11.9 million active loans. Ginnie Mae has guaranteed approximately $11.2 trillion in MBS since its inception.

FIGURE 8 – Total Housing Units Financed by Ginnie Mae's Single-Family, Multifamily, and Manufactured Housing Programs from Fiscal Years 2023 to 2025



Ginnie Mae President Joe Gormley and Senior Vice President of the Office of Enterprise Data and Technology Solutions Haj Ramos chat during the Ginnie Talks cybersecurity panel discussion.

Single-Family Program

Ginnie Mae's single-family program provides a government-backed guaranty on securities backed by federally insured or guaranteed mortgage loans for the purchase, construction, and renovation of single-family homes. These loans are primarily backed by FHA, VA, and USDA. The program facilitates access to affordable mortgage credit by attracting global capital to the housing market, lowering financing costs, and supporting homeownership for millions of families.

Ginnie Mae's portfolio of single-family FHA loans grew in fiscal year 2025 to UPB of $1.5 trillion compared with $1.3 trillion at the end of fiscal year 2024. FHA loans were in all 50 states, three territories, and the District of Columbia in Ginnie Mae pools as of September 30, 2025, and September 30, 2024.

In addition, Ginnie Mae's portfolio of single-family VA loans grew to UPB of $1.0 trillion compared with $985.0 billion in fiscal year 2024. VA loans were in all 50 states, three territories, and the District of Columbia in Ginnie Mae pools as of September 30, 2025, and September 30, 2024.

FHA-insured loans accounted for 61.99% of fiscal year 2025 Ginnie Mae MBS issuances, and VA-insured loans accounted for 35.23%. Combined USDA and PIH loans contributed to 2.78%. Comparatively, FHA-insured loans accounted for 64.03% of fiscal year 2024 Ginnie Mae MBS issuances, and VA-insured loans accounted for 33.13%. USDA and PIH loans contributed 2.84%.

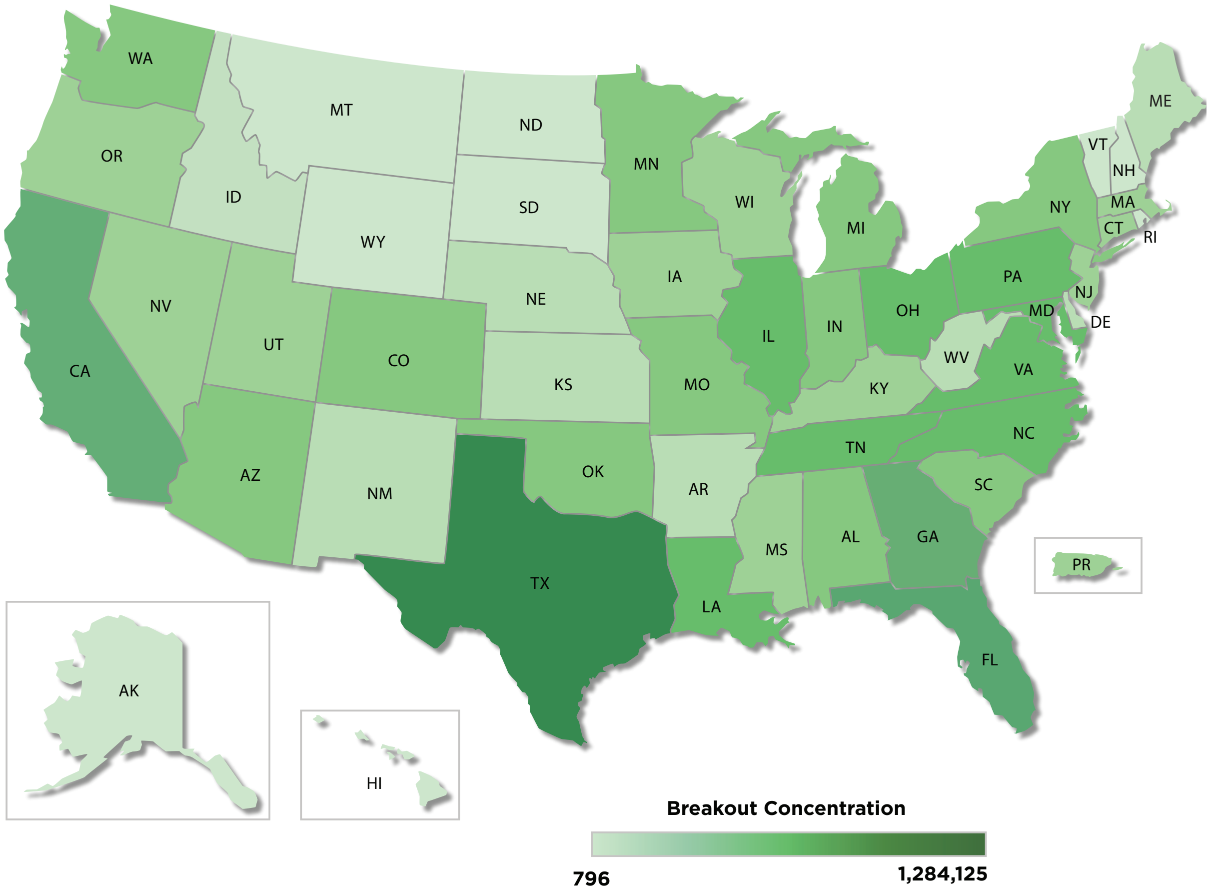
Although other agencies and private Issuers may pool FHA- and VA-insured loans for their own MBS or hold them in portfolios as whole loans, almost all FHA and VA loans are financed through Ginnie Mae securities. In fiscal year 2025, 96.72% of FHA fixed-rate loans and 97.99% of VA fixed-rate loans were placed into Ginnie Mae guaranteed MBS. In fiscal year 2024, 97.01% of FHA fixed-rate loans and 98.59% of VA fixed-rate loans were placed into Ginnie Mae guaranteed MBS. Since its inception, Ginnie Mae has guaranteed $10.6 trillion in single-family MBS, helping to finance affordable and community-stabilizing single-family developments across the nation.

Ginnie Mae's Single-Family Program continues to advance affordable housing access to homeownership for first-time homebuyers, veterans, and rural and tribal communities. A significant proportion of loans in Ginnie Mae's MBS pools are originated for first-time homebuyers. **In fiscal year 2025, 43.97% of Ginnie Mae's MBS issuances consisted of loans originated for first-time homebuyers.**

Ginnie Mae Puts People In Homes

Ginnie Mae has provided homeownership opportunities in every U.S. state and territory. Figure 9 highlights the diversity in geographic distribution of single-family properties securing Ginnie Mae MBS across the United States as of September 30, 2025.

FIGURE 9 – Geographic Distribution of Single-Family Properties Securing Ginnie Mae Mortgage-Backed Securities as of September 30, 2025



State	Loans	Percentage of Total Loans	Unpaid Principal Balance ($)
Texas	1,284,125	10.70%	$268,493,014,207
Florida	998,500	8.32%	$240,282,313,119
California	765,949	6.39%	$268,408,788,681
Georgia	551,385	4.60%	$112,528,128,102
Virginia	471,835	3.93%	$128,040,625,585
North Carolina	464,069	3.87%	$93,376,641,523
Ohio	450,991	3.76%	$65,132,855,087
Pennsylvania	405,932	3.38%	$64,041,272,366
Illinois	389,776	3.25%	$65,853,060,687
Arizona	324,323	2.70%	$81,431,605,706
Top 10 Total	**6,106,885**	**50.90%**	**$1,387,588,305,063**

Figures 10 and 11 display the percentage of Ginnie Mae's single-family mortgages (measured by UPB) by Ginnie Mae's top five depository Issuers, top five non-depository Issuers, and other remaining depository and non-depository Issuers. In 2025, the Issuer base continued to shift from depository to non-depository Issuers, which changes the risk profile of Ginnie Mae's Issuers. Ginnie Mae actively manages counterparty risk of its Issuers, which includes enhancing Issuer requirements. Refer to *Note 14: Concentrations of Credit Risk* for risk analysis related to Ginnie Mae's Single-Family Program.

FIGURE 10 – Top Five Depository and Non-Depository Issuers of Ginnie Mae Single-Family Mortgages as of September 30, 2025

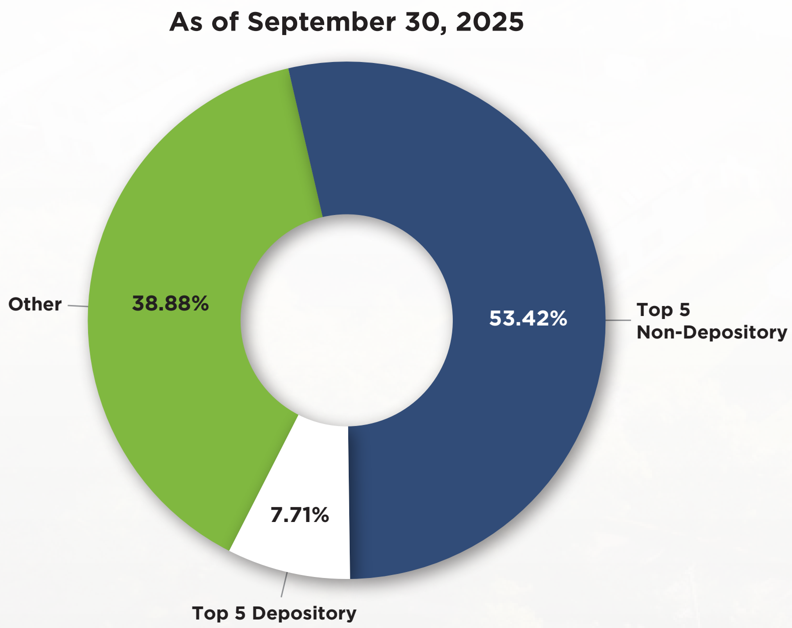
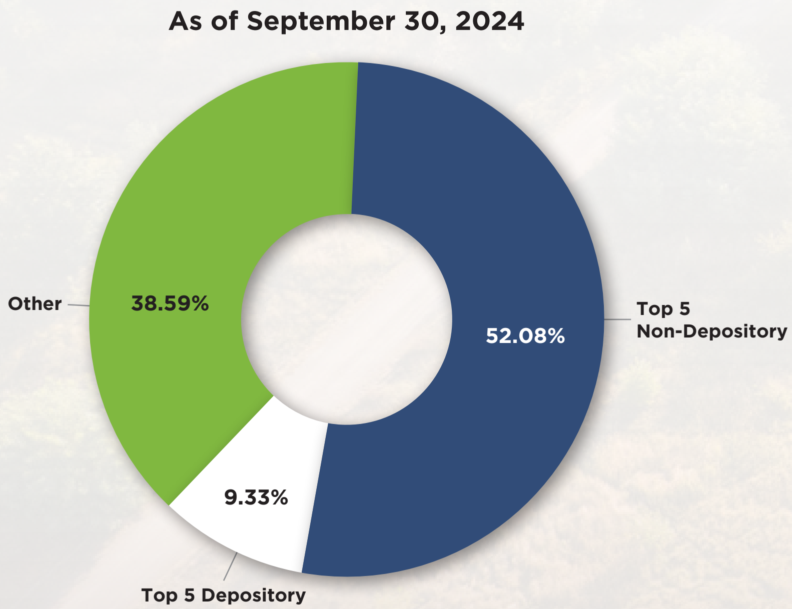


FIGURE 11 – Top Five Depository and Non-Depository Issuers of Ginnie Mae Single-Family Mortgages as of September 30, 2024



Figures 12 and 13 show UPB of the top 10 single-family Ginnie Mae MBS Issuers.

FIGURE 12 – Unpaid Principal Balance of the Top 10 Single-Family Ginnie Mae Mortgage-Backed Securities Issuers as of September 30, 2025

Issuer Name	Category	Unpaid Principal Balance ($)
Freedom Home Mortgage Corporation[15]	Non-Depository	$418,002,133,777
Lakeview Loan Servicing, LLC	Non-Depository	$386,440,678,344
PennyMac Loan Services, LLC	Non-Depository	$313,849,133,887
Newrez, LLC	Non-Depository	$146,851,238,029
Nationstar Mortgage, LLC	Non-Depository	$134,481,826,022
Carrington Mortgage Services, LLC	Non-Depository	$126,961,978,892
Rocket Mortgage, LLC	Non-Depository	$119,154,669,040
Planet Home Lending, LLC	Non-Depository	$100,613,636,083
Wells Fargo Bank, NA	Depository	$66,561,428,875
United Wholesale Mortgage, LLC	Non-Depository	$65,728,985,007

FIGURE 13 – Unpaid Principal Balance of the Top 10 Single-Family Ginnie Mae Mortgage-Backed Securities Issuers as of September 30, 2024

Issuer Name	Category	Unpaid Principal Balance ($)
Lakeview Loan Servicing, LLC	Non-Depository	$370,184,847,675
Freedom Home Mortgage Corporation	Non-Depository	$351,826,336,810
PennyMac Loan Services, LLC	Non-Depository	$286,245,473,482
Newrez, LLC	Non-Depository	$134,295,418,934
Nationstar Mortgage, LLC	Non-Depository	$125,759,862,762
Carrington Mortgage Services, LLC	Non-Depository	$115,163,659,663
Rocket Mortgage, LLC	Non-Depository	$114,054,676,684
Wells Fargo Bank, NA	Depository	$91,189,438,250
Planet Home Lending, LLC	Non-Depository	$73,995,500,171
U.S. Bank, NA	Depository	$57,250,892,291

15 As of September 30, 2025, Freedom Home Mortgage Corporation, together with its affiliates, serviced approximately 15.95% of Ginnie Mae's single-family mortgages compared with Lakeview Loan Servicing, LLC, with its affiliates, which serviced approximately 15.20% as of September 30, 2024.

Multifamily Program

Ginnie Mae's Multifamily Program consists of FHA- and USDA-insured or guaranteed loans originated for the purchase, construction, or renovation of apartment buildings, hospitals, nursing homes, assisted living facilities, and other housing options. The Multifamily Program directly supports the financing of affordable housing for low- and moderate-income households, seniors, and patients. These multifamily projects further promote employment opportunities for construction and healthcare industries across the country.

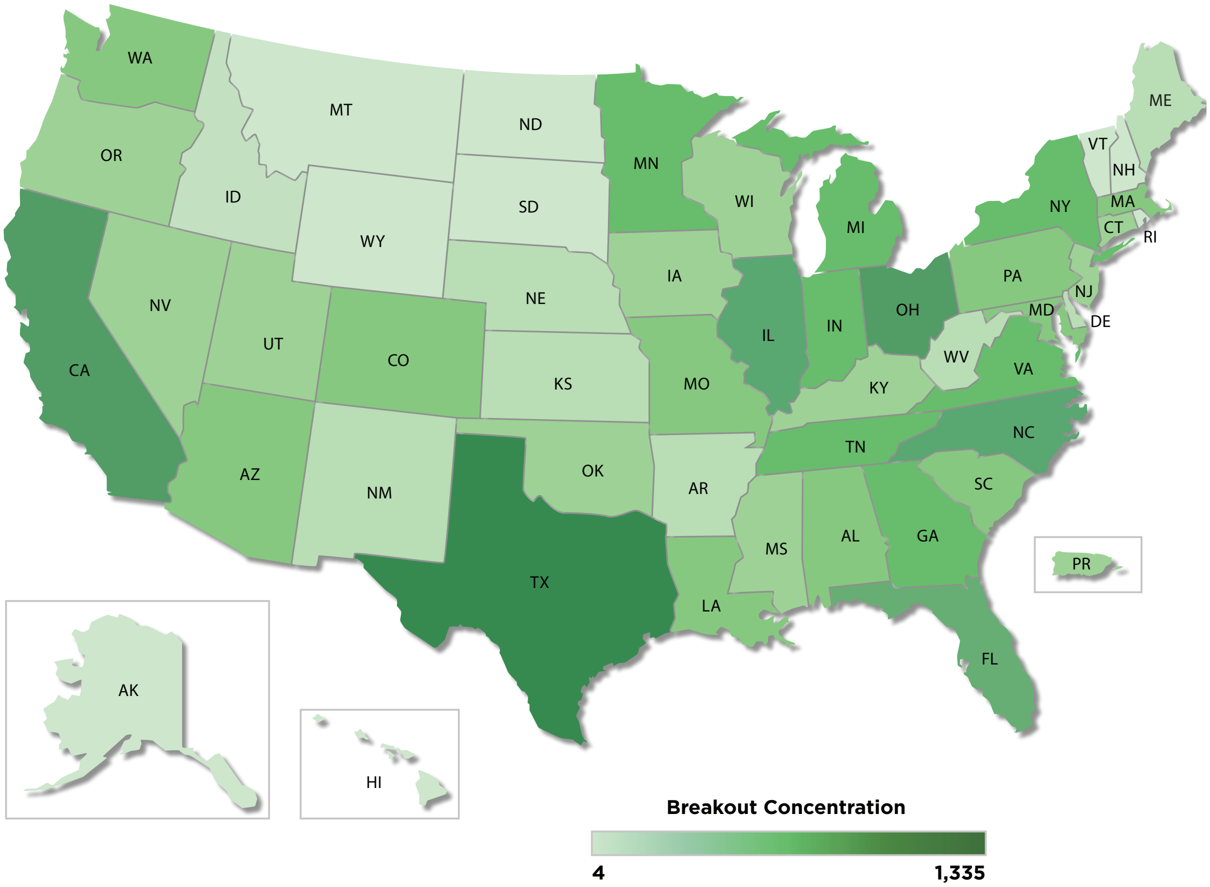
The Multifamily Program portfolio increased by $7.4 billion, from $153.7 billion at the end of fiscal year 2024 to $161.1 billion at the end of fiscal year 2025. This increase was consistent across FHA multifamily loans and was largely due to higher net new issuances compared with the liquidation caused by the ongoing housing shortage and continued demand for additional multifamily housing despite elevated interest rates, even though mortgage rates declined marginally in fiscal year 2025. At the end of fiscal year 2025, Ginnie Mae guaranteed securities comprised 98.70% of eligible multifamily FHA loans and 1.30% of USDA loans.

Ginnie Mae's portfolio of Multifamily FHA loans grew in fiscal year 2025 to UPB of $159.0 billion compared with $151.8 billion at the end of fiscal year 2024. Multifamily FHA loans were in all 50 states, two territories, and the District of Columbia in Ginnie Mae pools as of September 30, 2025, and September 30, 2024.

In addition, Ginnie Mae's portfolio of multifamily USDA loans grew in fiscal year 2025 to an outstanding UPB balance of $2.1 billion compared with $1.9 billion in fiscal year 2024. Multifamily USDA loans were in 47 states and one territory in Ginnie Mae pools as of September 30, 2025, and September 30, 2024.

Figure 14 shows the diversity in geographic distribution of multifamily properties securing Ginnie Mae MBS across the United States as of September 30, 2025. Since 1971, Ginnie Mae has guaranteed $501.1 billion in multifamily MBS, helping to finance affordable and community-stabilizing multifamily housing developments across the nation.

FIGURE 14 – Geographic Distribution of Multifamily Properties Securing Ginnie Mae Mortgage-Backed Securities as of September 30, 2025



State	Loans	Percentage of Total Loans	Unpaid Principal Balance ($)
Texas	1,335	8.75%	$18,460,524,215
California	1,100	7.21%	$11,044,522,223
Ohio	1,052	6.89%	$6,356,302,463
Illinois	714	4.68%	$7,169,094,349
North Carolina	660	4.32%	$5,573,049,004
Michigan	639	4.19%	$5,111,102,226
New York	585	3.83%	$10,836,461,621
Florida	567	3.72%	$8,295,266,892
Indiana	567	3.72%	$4,028,201,671
Minnesota	493	3.23%	$4,332,356,421
Top 10 Total	**7,712**	**50.54%**	**$81,206,881,085**

Figures 15 and 16 display the percentage of Ginnie Mae's multifamily loans (measured by UPB) by Ginnie Mae's top five depository Issuers and top five non-depository Issuers, and other remaining depository and non-depository Issuers. In 2025, the composition of the Issuer base between non-depository and depository Issuers remained consistent compared with 2024. Refer to *Note 14: Concentrations of Credit Risk* for risk analysis related to Ginnie Mae's Multifamily Program.

FIGURE 15 – Top Five Depository and Non-Depository Issuers of Ginnie Mae Multifamily Mortgages as of September 30, 2025

As of September 30, 2025

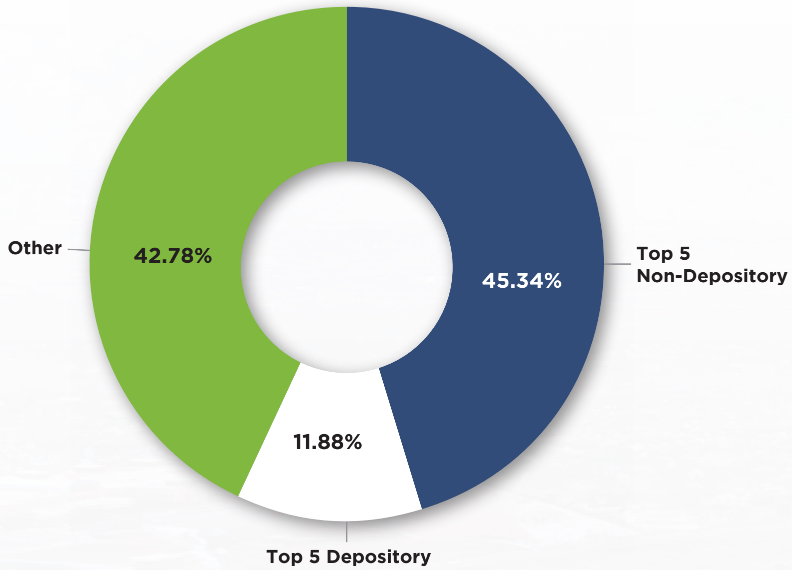
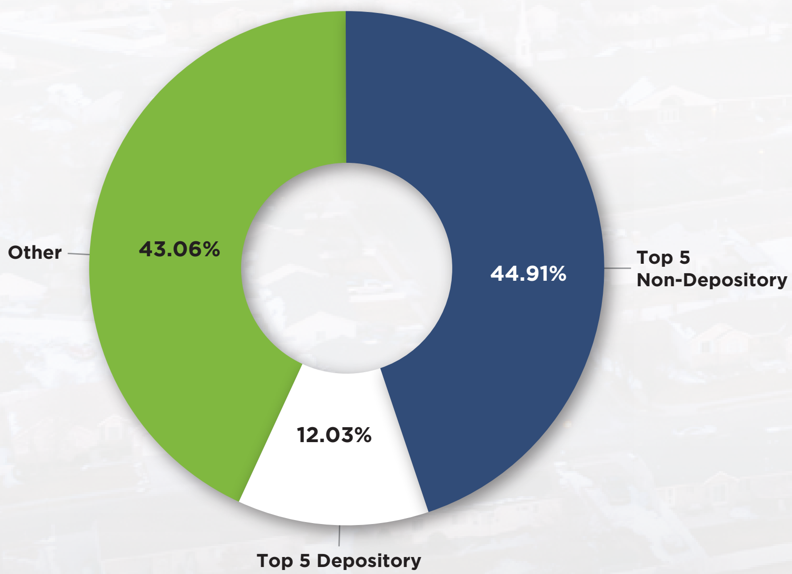


FIGURE 16 – Top Five Depository and Non-Depository Issuers of Ginnie Mae Multifamily Mortgages as of September 30, 2024

As of September 30, 2024



Figures 17 and 18 show UPB of the top 10 multifamily Ginnie Mae MBS Issuers.

FIGURE 17 – Top 10 Multifamily Ginnie Mae Mortgage-Backed Securities Issuers as of September 30, 2025

Issuer Name	Category	Unpaid Principal Balance ($)
Lument Real Estate Capital, LLC[16]	Non-Depository	$23,185,987,014
Greystone Funding Company LLC	Non-Depository	$15,665,606,166
Berkadia Commercial Mortgage, LLC	Non-Depository	$12,734,479,888
Walker & Dunlop, LLC	Non-Depository	$11,256,875,294
Dwight Capital LLC	Non-Depository	$10,214,615,272
Wells Fargo Bank, N.A.	Depository	$7,058,010,940
Merchants Capital Corp.	Non-Depository	$6,225,607,488
KeyBank National Association	Depository	$5,730,483,157
PGIM Real Estate Agency Financing, LLC	Non-Depository	$5,124,327,832
NewPoint Real Estate Capital LLC	Non-Depository	$5,020,678,806

FIGURE 18 – Top 10 Multifamily Ginnie Mae Mortgage-Backed Securities Issuers as of September 30, 2024

Issuer Name	Category	Unpaid Principal Balance ($)
Lument Real Estate Capital, LLC	Non-Depository	$22,685,869,103
Greystone Funding Company LLC	Non-Depository	$14,014,077,740
Berkadia Commercial Mortgage, LLC	Non-Depository	$12,432,970,486
Walker & Dunlop, LLC	Non-Depository	$10,717,858,702
Dwight Capital LLC	Non-Depository	$9,171,859,849
Wells Fargo Bank, N.A.	Depository	$7,115,201,751
Merchants Capital Corp.	Non-Depository	$5,745,508,706
PGIM Real Estate Agency Financing, LLC	Non-Depository	$5,270,018,722
KeyBank National Association	Depository	$5,009,408,453
NewPoint Real Estate Capital LLC	Non-Depository	$4,807,641,584

16 As of September 30, 2025, Lument Real Estate Capital, LLC, together with its affiliates, serviced approximately 14.39% of Ginnie Mae's multifamily loans compared with Lument Real Estate Capital, LLC, together with its affiliates, which serviced approximately 14.76% as of September 30, 2024.

HMBS Program

Ginnie Mae's HMBS program provides a government-backed guaranty on securities funded by HECM. These loans, insured by FHA, allow senior homeowners to convert home equity into income while remaining in their homes. The HMBS program facilities liquidity for Issuers and attracts capital ensuring stability and access to financing for this specialized segment of the housing market.

Total HMBS issuances in fiscal year 2025 increased to $6.4 billion from $5.9 billion in fiscal year 2024. UPB of HMBS as of September 30, 2025, was $56.8 billion, of which 77.26%, or $43.9 billion, was from non-defaulted Issuers. UPB of HMBS balance remained relatively stable year over year compared with $57.9 billion, of which 72.39%, or $41.9 billion, from non-defaulted Issuers as of September 30, 2024. Refer to *Note 14: Concentrations of Credit Risk* for risk analysis related to Ginnie Mae's HMBS program.

Figures 19 and 20 show UPB of the top 10 Ginnie Mae HMBS Issuers.

FIGURE 19 – Top 10 Ginnie Mae Non-Defaulted HMBS Issuers as of September 30, 2025

Issuer Name	Category	Unpaid Principal Balance ($)
Finance of America Reverse	Non-Depository	$17,885,855,627
Longbridge Financial	Non-Depository	$9,648,580,805
PHH Mortgage Corporation	Non-Depository	$9,538,146,123
Mutual of Omaha Mortgage	Non-Depository	$3,580,368,367
Traditional Mortgage	Non-Depository	$1,664,528,463
Plaza Home Mortgage	Non-Depository	$675,031,625
Guild Mortgage Company	Non-Depository	$502,791,325
Sun West Mortgage Company	Non-Depository	$276,114,072
The Money Source Inc	Non-Depository	$46,197,026
The Money House Inc	Non-Depository	$33,282,644

FIGURE 20 – Top 10 Ginnie Mae Non-Defaulted HMBS Issuers as of September 30, 2024

Issuer Name	Category	Unpaid Principal Balance ($)
Finance of America Reverse	Non-Depository	$17,493,823,760
Longbridge Financial	Non-Depository	$8,443,767,971
PHH Mortgage Corporation	Non-Depository	$7,821,533,347
Mutual of Omaha Mortgage	Non-Depository	$2,383,094,994
Mortgage Assets Management	Non-Depository	$2,975,088,514
Traditional Mortgage	Non-Depository	$1,409,033,421
Plaza Home Mortgage	Non-Depository	$578,988,935
Guild Mortgage Company	Non-Depository	$372,930,844
Sun West Mortgage Company	Non-Depository	$318,418,429
The Money Source Inc	Non-Depository	$102,556,048

Manufactured Housing Program

Ginnie Mae's Manufactured Housing Program provides a guaranty for mortgage loans insured by FHA for the purchase of a new or used manufactured home. The manufactured housing program consists of more affordable housing alternatives for first-time, low-income borrowers. Manufactured housing loans (FHA Title I) include loans secured by a manufactured (mobile) home unit or both the manufactured unit and land. The Manufactured Housing Program's UPB was $103 million at the end of fiscal year 2025, a decrease from $123 million at the end of fiscal year 2024. Refer to *Note 14: Concentrations of Credit Risk* for risk analysis related to Ginnie Mae's Manufactured Housing Program.

MORTGAGE-BACKED SECURITIES PRODUCTS

Ginnie Mae's MBS are vital for connecting government-insured mortgages with global capital markets and enhancing housing accessibility. Ginnie Mae enables lenders to sell government guaranteed pooled mortgages to investors, freeing up capital for more loans and ensuring a steady credit flow. An explicit government guarantee, which ensures timely payments to investors and reduces market risk, backs Ginnie Mae MBS. This guarantee supports broad investor participation, helping lenders provide competitive mortgage rates and terms and thereby contributes to maintaining access to affordable homeownership.

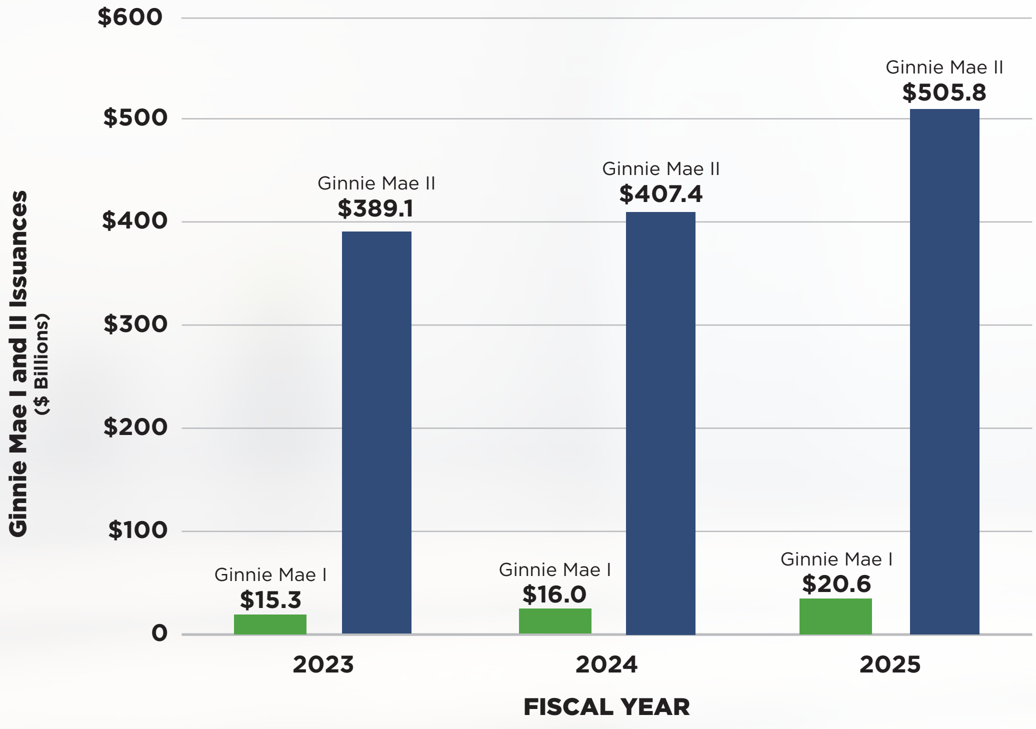
Single-Class

Ginnie Mae offers two single-class securities product structures—Ginnie Mae I MBS and Ginnie Mae II MBS:

- Ginnie Mae I MBS are pass-through securities providing monthly principal and interest payments to each investor. They are single-family, multifamily, or manufactured housing pools of mortgages with similar maturities and interest rates offered by a single Issuer.
- Ginnie Mae II MBS are similar to Ginnie Mae I MBS but allow multiple- and single-Issuer pools. They permit the securitization of adjustable-rate mortgages, manufactured home loans, and HECM and allow small Issuers unable to meet the dollar requirements of Ginnie Mae I MBS program to participate in the secondary mortgage market.

Figure 21 shows Ginnie Mae single-class securities product issuances by year.

FIGURE 21 – Ginnie Mae I and II Mortgage-Backed Securities Issuances from Fiscal Years 2023 to 2025



Multiclass

Ginnie Mae offers two multiclass securities product structures—Platinum and REMIC securities.

Platinum Securities are formed by combining Ginnie Mae MBS into a new, single security. Platinum Securities can be constructed from both fixed-rate and adjustable-rate mortgage securities. Each Platinum Certificate is aggregated in book entry form and is either a 30- or 15-year MBS. The newly aggregated certificate has the original principal balance equal to the aggregate remaining balance of the underlying Ginnie Mae Certificates as of the issuance date. Because the underlying MBS are already guaranteed, the security does not introduce any additional risks. They provide MBS investors with greater market and operating efficiencies and may be used in structured financing, repurchase transactions, and general trading.

REMIC securities direct underlying MBS principal and interest payments to classes with different principal balances, interest rates, average lives, prepayment characteristics, and final maturities. REMIC securities allow dealers to have more flexibility for creating securities that meet the needs of a variety of investors. Principal and interest payments are divided into varying payment streams to create classes with different expected maturities and other characteristics.

Figure 22 shows Ginnie Mae multiclass securities product issuances by year.

FIGURE 22 – REMIC and Platinum Security Issuances from Fiscal Years 2023 to 2025

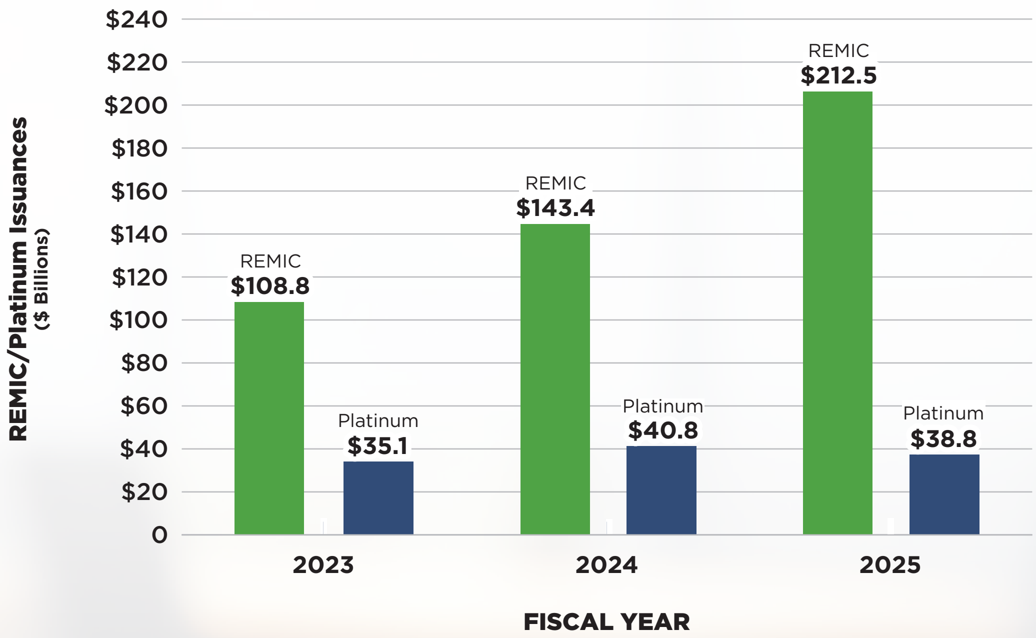
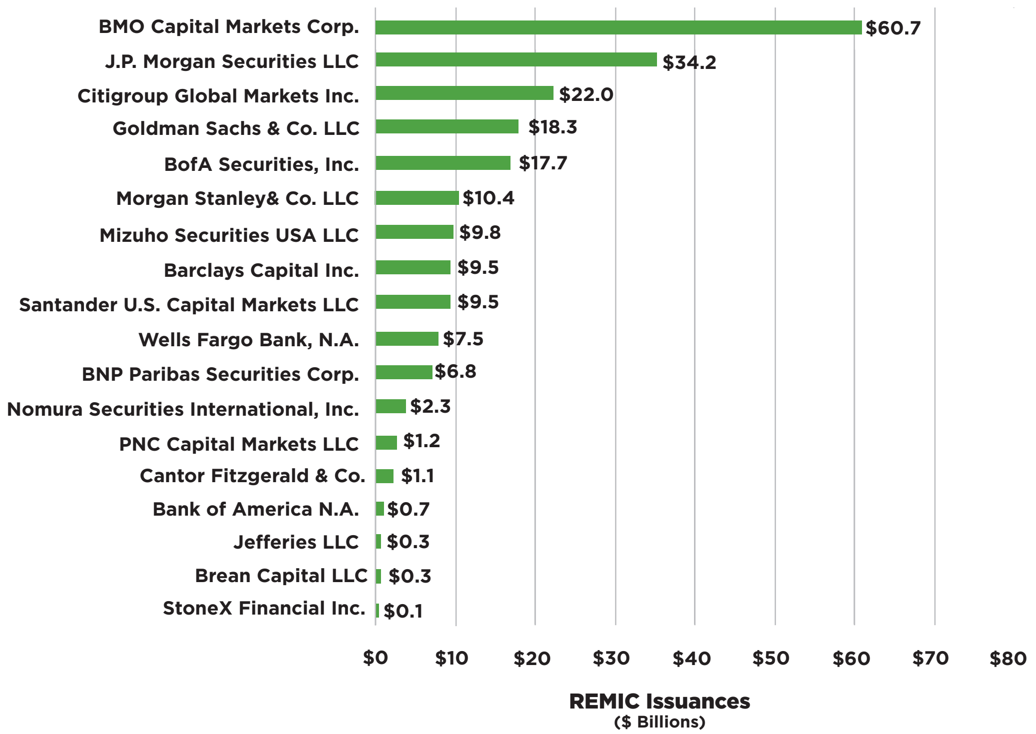


Figure 23 shows Ginnie Mae REMIC security issuances by sponsor for the current year.

FIGURE 23 – REMIC Security Products Contributions by Sponsor in Fiscal Year 2025



Demand in International Markets

Demand from foreign investors for Ginnie Mae MBS continues to grow. Ginnie Mae securities are attractive to foreign investors because they offer a credit risk-free interest rate backed by the U.S. Government. In addition, Ginnie Mae MBS are attractive to investors because they typically offer higher yields than U.S. Treasuries having comparable maturities due to the embedded call option in MBS, while having the full faith and credit guaranty of the U.S. Government.

Of the outstanding Ginnie Mae MBS portfolio of $2.8 trillion, foreign investors hold more than $400.0 billion as of September 30, 2025, based on the Treasury International Capital data and broker and dealer estimations. Most foreign investors are from Asia, the Middle East, Europe, and Latin America and primarily consist of central banks, sovereign wealth funds, pension funds, life insurance companies, and investment banks. Asia continues to lead in foreign investor relations, followed by Europe. Luxembourg, the United Kingdom, Ireland, France, and Belgium have driven the European growth in ownership and demand in recent years.

In addition, Ginnie Mae has strengthened relationships with global investors and reinforced its commitment to provide liquidity and stability to the housing finance system by linking domestic and global capital to the nation's housing finance market. Ginnie Mae continued to deepen relationships with Asian investors through attending conferences in New York City and Washington, D.C., and signing a memorandum of understanding with the Korea Housing Finance Corporation to strengthen cooperation in housing finance.

Mortgage Servicing

When an Issuer defaults and is extinguished, Ginnie Mae assumes the servicing rights and obligations for the affected pooled-loan portfolios.

In this capacity, Ginnie Mae performs administrative and servicing duties and earns servicing fees, which supports the management of these portfolios and helps maintain the integrity of the MBS program. Refer to *Note 2: Summary of Significant Accounting Policies—Mortgage Servicing Right* for further information.

Under normal operations, Ginnie Mae contracts mortgage servicing functions to two Master Sub-Servicers (MSS) that handle day-to-day loan servicing, provide servicing data, and prepare accounting reports. Ginnie Mae relies on the accuracy and timeliness of this information to administer defaulted portfolios effectively. Operational or technical failures at the MSS level may affect program administration, reporting, and investor confidence. To manage these risks, Ginnie Mae conducts ongoing monitoring and periodic reviews of MSS operations.

Ginnie Mae Office of the Chief Financial Officer staff pose for a photograph outside Exhibition Hall in the U.S. Capitol building.

SIGNIFICANT PROGRAM CHANGES

Document Custodian Transfer and Merger Process Migration

Effective April 14, 2025, Ginnie Mae is modernizing its processes by migrating the pool collateral transfer and merger responsibilities for document custodians from the legacy GinnieNET system to the new Document Custodian Transfer Request application within the MyGinnieMae portal. This operational enhancement will significantly streamline workflows and boost overall efficiency for Issuers and document custodians alike, leading to fewer manual errors, faster processing, and a more robust and transparent process. Through enhanced functionality such as pre-submission collateral validation, clear and standardized transfer labeling, and superior reporting capabilities, the migration reduces operational risk and improves data accuracy. This transition will improve Ginnie Mae's operational agility, reduce processing costs, and free up resources to focus on higher value activities, all while strengthening compliance and ensuring a more reliable and secure process for managing collateral. Issuers and document custodians can expect a more efficient and user-friendly experience, with detailed guidance and training materials available on Ginnie Mae's websites to facilitate a smooth transition.

Risk-Based Capital Relief

Ginnie Mae assesses Issuer financial health through regular submission of financial statements and reporting forms, as outlined in the MBS Guide. Starting December 31, 2024, certain Issuers must maintain a risk-based capital ratio of 6%, which is a function of risk weighted assets to adjusted net worth and reflects potential fluctuations in MSR values. To mitigate interest rate risk and provide more flexibility in regulatory capital requirement, Ginnie Mae allows Issuers that implement effective MSR hedging strategies to qualify for relief from MSR value adjustments in the risk-based capital ratio calculation, determined by the average hedging efficacy ratios during a 12-quarter period.

Buydown Loan Eligibility

On May 1, 2025, Ginnie Mae implemented a 10% buydown limitation for each loan package in a Multiple Issuer Pool to ensure compliance with uniform practices. To partially offset this restriction, Ginnie Mae announced the removal of the 10% limitation on buydown loans in the Ginnie Mae II Custom Single-Family Pools effective June 16, 2025, providing Issuers with greater flexibility in pooling options. Ginnie Mae intends to further refine its buydown requirements in 2026. Ginnie Mae is committed to exploring liquidity solutions that will strengthen Issuer liquidity and reinforce the long-term stability of the housing market.

Financial Eligibility Requirements for Manufactured Housing

In fiscal year 2025, Ginnie Mae revised financial eligibility requirements for manufactured housing Issuers in collaboration with FHA to expand affordable financing and securitization opportunities for personal property manufactured housing. This change supports HUD's strategic objective to increase access to manufactured housing for low- and moderate-income borrowers.

MODERNIZATION, INNOVATION, AND ARTIFICIAL INTELLIGENCE

Ginnie Mae's securitization platform consists of the systems and processes that function collectively to execute the conversion of government-insured or guaranteed loans into government guaranteed securities.

As part of ongoing modernization efforts, Ginnie Mae continues to enhance its Digital Collateral Program, which allows Issuers and borrowers in the government-backed mortgage segment to access a paperless, efficient, secure means of closing on a home mortgage (i.e., eMortgage). Since its implementation in 2020, the program has exceeded its goal to modernize and digitize the collateral backing Ginnie Mae's program. In fiscal year 2024, the program achieved a significant milestone with the advent of commingling its Digital Collateral (eNotes) into the same pools of mortgages as its traditional paper collateral. The introduction of commingling supports the HUD Strategic Plan for modernization and digitalization of the MBS program, as well as promoting participation and liquidity for Issuers and borrowers.

In addition, the updated *Digital Collateral Program Guide* (eGuide) further expanded participation eligibility requirements, and Ginnie Mae has seen continued strong growth of securitization in the program. As of fiscal year 2025, Ginnie Mae had actively securitized more than 310,760 eNotes, representing $92.0 billion in securitized collateral. Approximately 53% of securitized digital collateral are FHA loans, with the remainder being VA loans and Rural Development loans, reflecting the program's great flexibility and support to active service members and veterans.

In addition, in fiscal year 2025, Ginnie Mae continued to focus on optimizing application processes, advancing digitization, and improving the user experience. With these objectives in mind, Ginnie Mae explored and analyzed alternative technologies that would fit its technology vision of delivering *simplified IT and responsive IT*. Launched in 2024, a broader multi-year technology refresh initiative is committed to upgrading or replacing legacy software with cloud-based solutions, affecting 90% of Ginnie Mae's applications. In the near term, Ginnie Mae is transitioning to open-source platforms. These modernization efforts reflect Ginnie Mae's goal to build a scalable and adaptable technology infrastructure, benefiting Issuers and investors.

Ginnie Mae continues to advance its efforts in data, analytics, and artificial intelligence (AI) by expanding data collection and deploying innovative solutions to support internal reporting and evidence-based decisions. A key data initiative includes the launch of Payment Default Status monthly reporting—an Issuer-submitted, monthly dataset that offers valuable insights into loan default actions and their underlying causes. In addition, enhancements to Ginnie Mae's data visualization suite now provide greater internal analytics into digital collateral, Issuer performance, and pool composition.

Ginnie Mae is also proactively collaborating across business units to strategize AI-use cases while establishing protocols to ensure compliance and alignment with federal executive orders, including *Executive Order 14179: Removing Barriers to American Leadership in Artificial Intelligence* and Office of Management and Budget (OMB) guidance. Priority areas of focus include document generation, manual process automation, predictive analytics, risk modeling, and data anomaly detection. These potential AI opportunities are designed to promote operational efficiency and cost-savings in administering Ginnie Mae's MBS program in support of the Administration's broader goal of improving government effectiveness.

Cybersecurity Risk

Protection of the core and critical assets that Ginnie Mae relies on for successful operations increases in complexity year over year. Malicious cyber actors continuously evolve their tactics and are highly adaptive toward shifting defensive measures. Cyber criminals have become increasingly aggressive in targeting government and financial and banking organizations. To address the significant increase in malicious cyber threats, Ginnie Mae has continued strengthening and maturing a strong cybersecurity program by further enhancing its cloud and cybersecurity infrastructure.

Integration of internal operating systems also allowed Ginnie Mae to streamline vulnerability management and enhance security posture. Ginnie Mae is committed to responsibly enhancing its infrastructure by developing governance frameworks to comply with guidelines and standards outlined in *Executive Order 14306: Sustaining Select Efforts to Strengthen the Nation's Cybersecurity* and *Executive Order 14239: Achieving Efficiency Through State and Local Preparedness*. In addition to continuous upgrades for more than 40 application software and database servers, Ginnie Mae has completed the architecture implementation to be compliant with the federal Continuous Diagnostics and Mitigation program, which improves the cybersecurity posture in a continuous, automated, and risk-based manner. These enhancements collectively strengthen Ginnie Mae's security framework, promote operational resilience, and address evolving cybersecurity mandates.

HUD Secretary Scott Turner.

In parallel to hardening its business systems to prevent malicious incursions, Ginnie Mae is also committed to engaging with counterparties in response to rising cyber threats. Although Ginnie Mae has not experienced any cybersecurity incidents to date resulting in a material impact on the company, cybersecurity risk and exposure exist from incidents that affect Ginnie Mae Issuers and loan service providers. Ginnie Mae has developed processes and controls to identify, respond, and mitigate such risks. To further enhance monitoring and incident response, Ginnie Mae introduced the 48-hour cybersecurity incident notification requirements in March 2024, which have improved Ginnie Mae's visibility of cybersecurity incidents with Issuers and document custodians. A continued focus area for Ginnie Mae has been to further enhance its cybersecurity framework and proactively manage cybersecurity risks as they arise.

With governance being at its foundation, Ginnie Mae has set a course to clearly define cybersecurity roles and responsibilities, develop uniform standards, publish policies and procedures, and establish improved training and awareness methods. In addition, Ginnie Mae has increased its in-house resources to advance cybersecurity program objectives. Ginnie Mae is committed to investing in, developing, and retaining technology-fluent, analytical talent that are critical in achieving these objectives.

As Ginnie Mae looks ahead to fiscal year 2026, its strategic initiatives will continue to build on the investments and advancements made thus far, with an intense focus on resilience and cybersecurity readiness for incident response and disaster recovery. In doing so, Ginnie Mae will look for opportunities to advance automation and integration of security tools that enable its ability to measure and visualize cybersecurity risk and increase collaboration with business partners and service providers. Ginnie Mae expects to conduct more integrated incident response, disaster recovery, continuity of operations, or other simulation events that will evaluate and enhance its readiness posture. Ginnie Mae, in partnership with all program participants, must be able to monitor the full spectrum of risks, collaborate in real time, and reduce the likelihood and impact of cyberattacks.

RISK FACTORS

Risk Management

The Office of Enterprise Risk (OER) oversees Ginnie Mae's Enterprise-wide Risk Management (ERM) program that establishes the organization's risk appetite and aligns it with its strategy, budget, objectives, and key performance indicators. ERM includes cybersecurity, counterparty, financial control, third-party (i.e., contractors), fraud, and operational risks. Ginnie Mae's ERM approach helps leadership achieve its mission and goals by providing timely and accurate information on risk levels and potential critical effect on business outcomes.

Credit Risk

Credit risk is the risk of loss arising from another party's failure or inability to meet its financial or contractual obligations. Ginnie Mae is exposed to both borrower credit risk and counterparty credit risk.

Borrower credit risk is the risk of loss arising from the failure or inability of a borrower to meet its financial or contractual obligations. Ginnie Mae's borrower credit risk primarily consists of mortgage assets in the non-pooled loans portfolio that is composed of loans acquired from defaulted, terminated, and extinguished Issuers of Ginnie Mae guaranteed MBS and loans purchased and repurchased out of Ginnie Mae guaranteed MBS pools in accordance with Ginnie Mae MBS guidelines. Ginnie Mae's borrower credit risk also includes potential default from multifamily borrowers. Refer to *Note 4: Financial Guaranties and Financial Instruments with Off-Balance Sheet Exposure* and *Note 7: Mortgage Loans* for further information.

Counterparty credit risk is the risk of loss arising from the default of an Issuer or other counterparty that may include but is not limited to trustees, mortgage servicers, document custodians, and other related institutions. Ginnie Mae considers several factors as part of the counterparty credit risk assessment process, including the Issuer's financial and operational vulnerability, credit analysis, and other evidence of probability of default, such as interest rates, other economic conditions, and known noncompliance with applicable laws and regulations. Refer to *Note 13: Reserve for Loss* for further information.

Concentration of Credit Risk

Concentrations of credit risk exist when a significant number of Issuers are susceptible to similar changes in economic conditions that could affect their ability to meet contractual obligations. This concentration of credit risk may be the result of several factors, including but not limited to counterparty credit risk, geographic, and federal insurer and guarantor concentration or mortgage loan servicing within the portfolio. Generally, Ginnie Mae manages its exposure to counterparty credit risk through financial monitoring, risk modeling, credit reviews, and operational monitoring. Ginnie Mae MBS pools are diversified among Issuers. Ginnie Mae Issuers hold loans in all 50 states, several U.S. territories, and the District of Columbia, which helps mitigate the risks associated with geographic concentrations.

Natural disasters affecting Ginnie Mae's loan portfolio (pooled and non-pooled) occur throughout the year but are typically concentrated during each year's hurricane season. In fiscal year 2025, natural disasters had no material impact on the Ginnie Mae loan population. Risk arising from federal insurer and guarantor concentration exists when these agencies fail or are unable to meet their contractual obligations in the event of a severe economic downturn. Ginnie Mae depends on two MSS for critical functions to its business. Risks arise if MSS providers fail to have appropriate controls or experience legal or regulatory action, which could disrupt the services. Refer to *Note 14: Concentrations of Credit Risk* for further information.

Ginnie Mae President Joe Gormley, Product Manager, Office of Capital Markets Richard Perrelli, Managing Director for International Markets Alven Lam, and Director of External Affairs Luke Villalobos participate in meetings during a summit series in Asia.

Ginnie Mae President Joe Gormley and HUD Secretary Scott Turner engage with visitors during a signing event at HUD headquarters in Washington, D.C.

Model Risk

Ginnie Mae bears the risk of changes in fair value due to uncertainties related to underlying model inputs and the related difficulty in measurement. Refer to *Note 10: Fair Value Measurement* for illustration of the potential magnitude of certain alternate judgments, including how sensitive estimates are to assumptions based on changes in certain inputs. Ginnie Mae's Modeling and Valuation Committee meets quarterly to approve all key model assumptions and results for applicability and to analyze trends quarter over quarter.

Model risk is the potential for adverse results from decisions based on incorrect model inputs and outputs. OER uses models to determine the value of and measure risk related to mortgage loans, HMBS obligations, the guaranty asset and related guaranty obligation, claims, advances, and other contingent liabilities. OER is responsible for developing, testing, and implementing the models.

Adjustments to existing models due to the current economic environment are subjective and require management judgement. Ginnie Mae actively monitors the performance of its models and stands ready to effectuate changes based on observations and validation findings. OER performs various model testing on a yearly basis to measure the accuracy and effectiveness of modeled estimates. Furthermore, an independent third-party firm performs model validation.

Market and Competitive Risk

Ginnie Mae's business core function is to ensure the stable flow of mortgage credit, which is inherently shaped by the broader mortgage market, particularly the dynamics between government-backed and conventional financing channels.

The decisions of government-sponsored enterprises influence market risk. By adjusting pricing mechanisms, such as loan-level pricing adjustments, guarantee fees, and insurance premiums, government-sponsored enterprises can change the cost of conventional loans relative to FHA-insured loans. These adjustments can cause a reallocation of mortgages across different financing channels. When conventional loans become more affordable, the volume of loans originated through government channels typically decreases. This movement results in fewer government-insured loans that are available for securitization through Ginnie Mae, which in turn affects Ginnie Mae's guaranty fee income and the overall size of the Ginnie Mae MBS portfolio. Ginnie Mae mitigates these risks through continuous market surveillance and close collaboration with other agencies to ensure the liquidity and stability of the government-backed mortgage market.

Ginnie Mae President Joe Gormley addressing participants during a signing event at HUD headquarters in Washington, D.C.

PROGRAM IMPACT AND MARKET TRANSPARENCY

Since its inception more than 57 years ago, Ginnie Mae has been a leading force in strengthening America's housing finance system, expanding access to affordable housing and mortgage lending for working families, first-time homebuyers, seniors, veterans, and rural and tribal communities. Ginnie Mae promotes long-term value and transparency for MBS investors while reinforcing the strength and durability of America's housing infrastructure. Ginnie Mae's MBS programs offer investors a distinct opportunity to participate in securities that are backed by high-quality, government-insured loans and that reflect core values of accessibility, affordability, and market transparency.

The following sections highlight how Ginnie Mae's disclosure practices and product innovations support its mission and deliver measurable benefits to households and the broader housing system.

Human Capital Management

In January 2025, the Trump Administration implemented *Executive Order 14210: Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative* that included several directives for the federal workforce, including a mandate for employees to return to in-person work, reinstatement of accountability for policy-making employees and senior career executives, and reforms to the federal hiring process to prioritize merit-based selection. The Deferred Resignation Program was initiated with the goal of reducing the federal government's workforce along with planned retirement. The Deferred Resignation Program reduced Ginnie Mae's headcount by approximately 15% from the start of the fiscal year. Ginnie Mae plans to continue its adherence to a structured, merit-based hiring process, with positions evaluated through validated, skills-based assessments. Workforce management decisions will be aligned to HUD and OMB priorities and informed by performance data, with a continued focus on recruiting high-quality talent to sustain core operations and strengthen internal capacity. Ginnie Mae will also focus on strategic investments in its existing workforce through internal training programs, enhanced e-curriculum resources, and skill set development initiatives, enabling employees to fill gaps and effectively manage a broader range of responsibilities.

Enhanced Transparency, Data Accessibility, and Disclosure Standards

During the past several years, Ginnie Mae has enhanced its commitment to transparency, affordability, and data accessibility through targeted steps taken to strengthen its disclosure framework. These efforts reflect a strategic focus to provide market participants with a deeper understanding and transparency into MBS portfolios, analysis of affordability trends, and improved disclosure standards. The following summary outlines the key enhancements.

Disclosure Plus

In April 2025, Ginnie Mae introduced Disclosure Plus, an advanced new search tool designed to enhance the transparency and accessibility of data related to Ginnie Mae's MBS. This platform empowers market participants, including institutional investors, traders, and risk managers. It provides robust tools to assess and analyze Ginnie Mae's data offering. The tool delivers comprehensive MBS pool analytics, enabling precise evaluation of pool and underlying collateral performance through data analysis. It marks a major step forward in supporting data-driven decision-making in the secondary mortgage market.

Subsequently, Ginnie Mae expanded Disclosure Plus to include multifamily data in July 2025. The new Multifamily Disclosure dashboard delivers monthly loan- and pool-level data designed to give investors a deeper understanding of multifamily MBS portfolios. Market participants can now conduct comprehensive examinations of critical performance metrics through the platform. It offers valuable insights and tools for analyzing delinquency and forbearance patterns, as well as a detailed examination of MBS pool characteristics by pools, vintages, Issuers, and other stratifications. In addition, the platform facilitates managed income portfolio analysis, enabling the evaluation of various Issuer pool structures. It also allows for the assessment of performance low- and moderate-income areas and borrower information. Users can access liquidation query tools to analyze severity rates and timelines for defaulted assets, and cohort analysis enables the comparison of performance across issuance periods to identify trends and anomalies. Furthermore, conditional prepayment rate (CPR) analysis provides the capability to examine prepayment speeds with customizable controls. The platform also supports custom data extraction, empowering quantitative teams to seamlessly integrate their findings.

Area Median Income Disclosures

In June 2025, Ginnie Mae enhanced its MBS disclosure data by introducing a new stratification record. This record provides greater visibility into borrower income characteristics at the pool level. It includes aggregate data on the number of loans and associated unpaid principal balance for borrowers whose incomes fall between 80% and 100% of the local Area Median Income, as defined by Federal Financial Institutions Examination Council data. This enhancement supports deeper analysis of affordability trends across Ginnie Mae securities.

Conditional Prepayment Rate

In July 2025, Ginnie Mae introduced a new CPR Monthly Disclosure file, which became available in August 2025, to further strengthen its commitment to transparency and data accessibility. This file provides investors and market participants with centralized access to prepayment performance data across all active MBS pools, including both monthly and 3-month CPR metrics.

Ginnie Mae President Joe Gormley speaking at a Housing Policy Council Fireside Chat.

This enhancement reflects Ginnie Mae's ongoing commitment to transparency and improved disclosure standards, enabling stakeholders to better analyze prepayment behavior and assess the relative performance of Ginnie Mae securities. With this new monthly file, users will have centralized access to pool-level CPR data, improving analytical capabilities for prepayment risk management.

Strategic Initiatives and Operational Modernization

Management is focused on several key initiatives to modernize our operations, enhance capabilities, and strengthen Ginnie Mae's long-term resilience. These efforts are expected to improve efficiency, bolster risk management, and maintain the platform's stability, which is critical for attracting global capital and supporting the U.S. housing finance system.

- **Transition to Loan-Level Capability**
  Ginnie Mae is accelerating its transition from a pool-level to a loan-level program. This strategic initiative is expected to provide market participants with enhanced flexibility, deeper liquidity, and more robust risk management tools. A detailed framework, including a timeline, key milestones, and resource allocation, is currently in development to support the expedited adoption of this new capability. The full implementation of this modernization is anticipated to significantly strengthen the operational and financial position of Ginnie Mae and its Issuer counterparties.
- **Enhanced Data Collection and Investor Disclosures**
  Ginnie Mae is pursuing enhancements to its data collection and investor disclosure processes. Currently, Issuers submit monthly liquidation file disclosures. To improve the timely visibility into market trends and reinforce internal risk management protocols, Ginnie Mae is working toward more frequent collection of loan liquidation data. These improvements are expected to benefit investors by improving the predictability prepayment modeling and enhancing pricing efficiency for Ginnie Mae securities. More frequent data reporting would reduce pricing uncertainty for investors and help reduce rates for FHA and VA borrowers. Ginnie Mae remains committed to improving its disclosures on a continued basis to provide maximum possible transparency to investors.
- **Strengthening Resilience and Market Readiness**
  In alignment with HUD's strategic priorities, Ginnie Mae is focusing on achieving greater long-term stability and strength. Ginnie Mae's initiatives are designed to build infrastructure capable of withstanding unexpected market challenges and to explore and implement liquidity solutions that will bolster Ginnie Mae during periods of economic stress. These actions are intended to ensure that Ginnie Mae continues to attract and maintain global capital, which is essential to its market function.
- **Investing in a Culture of Operational Excellence**
  Ginnie Mae's mission to support affordable housing and a stable housing finance system is fundamentally driven by the skills and dedication of our personnel. Ginnie Mae recognizes that a highly engaged and effective workforce is a critical resource for achieving its long-term objectives. Management is committed to fostering a merit-based workforce and promoting a culture of excellence to position the organization for sustained success.

ACCOUNTING GOVERNANCE

Sustained Audit Readiness

Ginnie Mae has consistently received unmodified audit opinions on its financial statements from the HUD Office of the Inspector General since 2020, reflecting its sustained commitment to audit readiness and reliable financial reporting. This achievement continues to be supported by ongoing enhancements to internal controls, accounting governance, and key operational processes, as well as targeted investments in automation and modernization initiatives such as HECM Structured Loan Database (SLDB) automation and data standardization. These efforts not only strengthen financial oversight and operational efficiency but also enable Ginnie Mae to adapt to evolving regulatory requirements and maintain the integrity of its financial reporting as the organization continues to grow and innovate.

Internal Controls

Ginnie Mae management is responsible for establishing, maintaining, and assessing internal controls to provide reasonable assurance that the objectives of the Federal Managers' Financial Integrity Act (FMFIA) of 1982 and the Federal Financial Management Improvement Act (FFMIA) of 1996 are met throughout the organization. OMB Circular No. A-123, Management's Responsibility for ERM and Internal Control, sets forth the guidance agencies must follow to meet the requirements of FMFIA and FFMIA. Ginnie Mae management is responsible for enacting and ensuring a strong internal control environment is in place to mitigate against reporting, financial, operational, and compliance risks. In addition, Ginnie Mae's OER provides guidance and manages the internal control framework for the organization, including conducting internal control assessments and ERM activities, coordinating with other program offices to evaluate their monitoring and

Ginnie Mae Managing Director for International Markets Alven Lam speaking to guests visiting HUD headquarters.

assessment results, and reporting these results to HUD. The assessment, review, and continuous monitoring of Issuers and contractors enables Ginnie Mae to strengthen its internal controls and minimize risks that would negatively affect financial and operating results. In addition, the consolidated evaluation of these assessments enables management to prepare a statement of assurance to report any deficiencies in internal control over financial reporting to HUD to ensure the auditability of Ginnie Mae's financial statements.

In reference to the ERM component of OMB Circular No. A-123, Ginnie Mae delivers on the requirements and meets the standards in accordance with the circular. Ginnie Mae maintains a standard three-level risk taxonomy to identify, classify, and report the risks associated with the operations of each of the program offices. Each program office is assessed on an annual basis. These results are compiled, analyzed, and aggregated into Ginnie Mae's Risk Register that is provided to HUD leadership. Ginnie Mae also uses this Risk Register to understand organizational challenges and prioritize activities for Ginnie Mae's ERM program.

Ginnie Mae maintains a Management Internal Control Program that reflects the requirements of the revised OMB Circular No. A-123, which integrates ERM and internal control over financial reporting. This structure reflects the requirements of the revised A-123 and Government Accountability Office Standards for Internal Control in the Federal Government (the Green Book) to explicitly integrate ERM with traditional internal control over financial reporting. OER aligns appropriate resources, responsibility, and governance to the program, and provides sufficient annual assessment support to comply with the A-123 reporting requirements. Ginnie Mae maintains comprehensive documentation and performs an assessment of internal controls supporting significant financial statement line items and classes of transactions on an annual basis. Based on the results of this assessment and other program enhancements, Ginnie Mae was able to provide reasonable assurance that the internal controls were designed appropriately and operated effectively for fiscal years 2025 and 2024.

In addition, Ginnie Mae has established and maintains financial management systems to substantially comply with the three essential requirements with FFMIA: federal financial management system requirements, federal accounting standards, and the U.S. Standard General Ledger at the transaction level. Ginnie Mae annually assesses whether the financial management systems substantially comply with the essential requirements of OMB Circular A-123 Appendix D, FFMIA Implementation Guidelines, Federal Information Security Modernization Act (FISMA), and OMB Circular A-123: Management's Responsibility for ERM and Internal Controls. Based on the review, Ginnie Mae reported that all financial management systems were substantially in compliance with FFMIA, FISMA, and OMB Circular A-123.

OTHER KEY INFORMATION

Critical Accounting Estimates

Certain Ginnie Mae accounting policies require management to use estimates and judgments that affect the amounts reflected in its annual financial statements. Ginnie Mae has established policies, procedures, and internal controls to ensure that estimation methods, including any significant judgments, are appropriately reviewed and applied consistently from period to period. Such estimates and judgments inevitably involve varying degrees of uncertainty. Accordingly, certain amounts currently recorded in the financial statements will likely be adjusted in the future based on new available information, and changes in other facts and circumstances. The following is a brief description of Ginnie Mae's critical accounting estimates involving significant judgments.

Items Measured at Fair Value: Ginnie Mae carries several of its assets and liabilities at fair value. The guaranty asset is and has historically been measured at fair value on a recurring basis at the end of each reporting period. Ginnie Mae has elected the fair value option on forward mortgage loans, reverse mortgage loans, and HMBS obligations, which are also measured on a recurring basis at the end of each reporting period. Acquired properties are measured at fair value on a nonrecurring basis because they are reported at the lower of cost or fair value subsequent to acquisition.

Estimating fair value requires the application of judgment. The type and level of judgment required is largely dependent on the amount of observable market information available to Ginnie Mae. All assets measured at fair value use internally developed valuation models and other valuation techniques that use significant unobservable inputs and are, therefore, classified within Level 3 of the valuation hierarchy in accordance with Accounting Standards Codification 820. Refer to *Note 2: Summary of Significant Accounting Policies and Practices* and *Note 10: Fair Value Measurement* for further details on Ginnie Mae's processes for determining the fair value of the aforementioned assets and liabilities.

Financial Statement Presentation

OMB issued a revised Circular A-136, which includes updated federal financial reporting requirements—most notably the shift to a single-year presentation format starting in fiscal year 2025, as Memorandum M-25-30 first outlined. The revised guidance streamlines key financial statements by

Senior Vice President for the Office of Enterprise Data and Technology Solutions Haj Ramos addressing staff during an All-Hands meeting.

eliminating prior-year presentations and variance analyses. Ginnie Mae has updated its internal reporting templates to align with these changes and implement HUD's guidance.

Although OMB Circular A-136 governs federal reporting, it does not apply to Ginnie Mae's standalone financial statements, which adhere to Financial Accounting Standards Board standards. Ginnie Mae will continue to present multi-year comparative statements in its GAAP financial reports, aligning with industry practices and stakeholder expectations for transparency and comparability. The transition to a single-year presentation for federal reporting has been successfully implemented, resulting in minimal effect on Ginnie Mae.

Off-Balance Sheet Arrangements

Ginnie Mae enters into commitments to guarantee future MBS issuances in the normal course of business that are not recognized on the balance sheets. These commitments end when the securities are issued or the commitment period expires, 12 and 24 months for single-family and multifamily Issuers, respectively. Outstanding MBS commitments were $177.2 billion in fiscal year 2025 compared with $145.8 billion in fiscal year 2024. These outstanding commitments are not representative of Ginnie Mae's actual risk, partly because of Ginnie Mae's ability to limit an Issuer's request for pools or loan packages to an approved amount of commitment authority.

Ginnie Mae's highest potential off-balance sheet exposure to credit losses is related to the outstanding principal balance of its MBS held by third parties, which was $2.8 trillion as of September 30, 2025, and $2.6 trillion as of September 30, 2024. The maximum exposure is not a representation of Ginnie Mae's actual exposure because it does not consider the effect of insurance, recourse, or the recovery Ginnie Mae would receive by exercising its right to the underlying collateral. Ginnie Mae recognized guaranty obligation of $9.9 billion and $9.6 billion on September 30, 2025, and 2024, respectively, related to this portfolio.

Aggregate Contractual Obligations

Periodically, Ginnie Mae makes certain representations and warranties, and indemnification clauses associated with Purchase and Sales Agreements that are enforceable and legally binding. These agreements may require Ginnie to repurchase loans that were previously sold to a third party or to indemnify the purchaser for losses if the loans are modified or not insured or guaranteed by FHA, VA, USDA, or PIH. Given the immateriality of the contingent liability to account for these agreements, Ginnie Mae determined zero loss liability starting fiscal year 2025.

Financial System Enhancements and Automation

Throughout fiscal year 2025, enhancement initiatives have continued for Ginnie Mae's financial systems and supporting applications. This strategy positions Ginnie Mae for end-to-end automated financial reporting and enduring readiness to accommodate future business and workflow requirements. The following includes some key initiatives and enhancements:

- ***SLDB Enhancements:*** As previously noted, SLDB continues to be a crucial application for maintaining audit readiness. Accordingly, Ginnie Mae continued to invest in the modernization of SLDB to improve operational efficiency. Ginnie Mae started adopting cloud native services for extract, transform, and load and file transfer needs. In addition, Ginnie Mae invested in implementing a robust three-way reconciliation tool for the Reverse Mortgage portfolio accelerating the monthly closing process.
- ***Budget Transformation and Enterprise Planning and Budgeting Cloud Service:*** The Budget Transformation project transitions Ginnie Mae to a new budget management approach to enable more strategic and long-term financial planning. It leads to enhancing Enterprise Planning and Budgeting Cloud Service capabilities to streamline Ginnie Mae's budget monitoring and financial planning. The automated budget affordability analysis, financial projections, consolidating data sources, and centralizing processes helped Ginnie Mae gain efficiencies throughout the budget process from planning to reporting.
- ***General Financial Accounting System Enhancements:*** Ginnie Mae continues to invest in General Financial Accounting System initiatives to gain operational efficiency by automating monthly cash and Business Event Type Code reconciliations. In addition, Ginnie Mae invested in incorporating payment justification for Secure Payment System payments to provide transparency, quickly adapt to U.S. Treasury mandate, and ensure compliance.
- ***G-Invoicing Adoption:*** Ginnie Mae collaborated with trading partners and other stakeholders to adopt the U.S. Treasury's G-Invoicing platform. Ginnie Mae is now executing Intra-Governmental Buy and Sell transactions using the G-Invoicing platform.
- ***Financial Systems and Application Upgrade:*** Ginnie Mae performed operating system and application upgrades for all the servers and applications, including Windows server, RHEL server, PeopleSoft PUM, PeopleTools, and Tableau.

OFFICE of INSPECTOR GENERAL
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Audit of Government National Mortgage Association's Fiscal Years 2025 and 2024 Financial Statements

Audit Report Number: 2026-FO-0001

December 18, 2025

Office of Audit and Evaluation | Office of Inspector General
U.S. Department of Housing and Urban Development

Date: December 18, 2025

To: Joseph M. Gormley
Executive Vice President and Chief Operating Officer, Government National Mortgage Association

//signed//
From: Kilah S. White
Assistant Inspector General for Audit and Evaluation

Subject: Transmittal of Independent Public Accountant's Audit Report on the Government National Mortgage Association's Fiscal Years 2025 and 2024 Financial Statements

Attached are the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) results of the audit of the Government National Mortgage Association's (Ginnie Mae) fiscal years 2025 and 2024 financial statements and reports on internal control over financial reporting and compliance with laws, regulations, contracts, and grant agreements and other matters.

We contracted with the independent public accounting firm Sikich CPA LLC to audit the financial statements of Ginnie Mae as of and for the years ending September 30, 2025 and 2024, and to provide reports on Ginnie Mae's (1) internal control over financial reporting and (2) compliance with laws, regulations, contracts, and grant agreements and other matters. Our contract with Sikich required that the audit be performed in accordance with U.S. generally accepted auditing standards, Office of Management and Budget audit requirements, and the Financial Audit Manual of the U.S. Government Accountability Office and the Council of the Inspectors General on Integrity and Efficiency.

In its audit of Ginnie Mae, Sikich reported

- That Ginnie Mae's financial statements as of and for the fiscal years ending September 30, 2025 and 2024, were presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles.
- No material weaknesses or significant deficiencies[1] for fiscal year 2025 in internal control over financial reporting, based on limited procedures performed.

[1] A material weakness is a deficiency or a combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Ginnie Mae's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or a combination of deficiencies in internal control over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

- No reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements or other matters.

In connection with the contract, we reviewed Sikich's reports and related documentation and questioned its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express and we do not express opinions on Ginnie Mae's financial statements or conclusions about (1) the effectiveness of Ginnie Mae's internal control over financial reporting and (2) Ginnie Mae's compliance with laws, regulations, contracts, and grant agreements or other matters. Sikich is responsible for the attached Independent Auditors' Report, dated December 18, 2025, and the conclusions expressed therein. Our review disclosed no instances in which Sikich did not comply, in all material respects, with U.S. generally accepted government auditing standards.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at https://www.hudoig.gov.

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Brian Harrison, Acting Inspector General
U.S. Department of Housing and Urban Development

Joseph Gormley, Executive Vice President and Chief Operating Officer
Government National Mortgage Association

In our audits of the fiscal years 2025 and 2024 financial statements of the Government National Mortgage Association (Ginnie Mae), we found

- Ginnie Mae's financial statements as of and for the fiscal year ended September 30, 2025 and 2024, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- No material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- No reportable noncompliance for fiscal year 2025 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections contain:

1. Our report on Ginnie Mae's financial statements, including an other-matters paragraph related to hyperlinked data within the Annual Report, and other information included with the financial statements.

2. Other reporting required by *Government Auditing Standards*, which is our report on Ginnie Mae's (a) internal control over financial reporting and (b) compliance and other matters. This section also includes Ginnie Mae's comments on our report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of Ginnie Mae, which comprise the balance sheets as of September 30, 2025 and 2024, the related statements of revenues and expenses and changes in investment of U.S. Government, and cash flows for the fiscal years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, Ginnie Mae's financial position as of September 30, 2025 and 2024, and its revenues and expenses and changes in investment of U.S. Government, and cash flows for the fiscal years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audit contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit*

Requirements for Federal Financial Statements. Our responsibilities under those standards and OMB Bulletin 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements subsection of our report. We are required to be independent of Ginnie Mae and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Management has elected to include hyperlinks to information on websites outside the Annual Report to provide additional information for the users of its financial statements. Such information is not a required part of the financial statements or supplementary information required by the Financial Accounting Standards Board (FASB). The information on these websites has not been subjected to auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Responsibilities of Management for the Financial Statements

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) the preparation and presentation of other information included in Ginnie Mae's Annual Report, and ensuring the consistency of that information with the audited financial statements; and (3) the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ginnie Mae's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with GAAS, GAGAS, and OMB guidance will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgments made by a reasonable user based on the financial statements.

In performing an audit of financial statements in accordance with GAAS, GAGAS, and OMB guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ginnie Mae's internal control over financial reporting. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Perform other procedures we consider necessary in the circumstances.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ginnie Mae's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the financial statement audit.

Other Information
Ginnie Mae's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements. Management is responsible for the other information included in Ginnie Mae's Annual Report. The other information comprises Management's Discussion and Analysis and Executive Summary. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Internal Control over Financial Reporting
In connection with our audits of Ginnie Mae's financial statements, we considered Ginnie Mae's internal control over financial reporting, consistent with our auditors' responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting
Our consideration of internal control over financial reporting was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of Ginnie Mae's internal control over financial reporting. Given these limitations, during our 2025 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

A *deficiency in internal control over financial reporting* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our 2025 audit, we identified deficiencies in Ginnie Mae's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant Ginnie Mae management's attention. We have communicated these matters to Ginnie Mae management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to Ginnie Mae's internal control over financial reporting in accordance with GAGAS and OMB.

Responsibilities of Management for Internal Control over Financial Reporting

Ginnie Mae management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of Ginnie Mae's financial statements as of and for the fiscal year ended September 30, 2025, in accordance with GAGAS, we considered Ginnie Mae's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ginnie Mae's internal control over financial reporting. Accordingly, we do not express an opinion on Ginnie Mae's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that:

- transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and
- transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Reporting on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of Ginnie Mae's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of Ginnie Mae's internal control over financial reporting. This report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Compliance and Other Matters
In connection with our audit of Ginnie Mae's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibilities discussed below.

<u>Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters</u>
Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for fiscal year 2025 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to Ginnie Mae. Accordingly, we do not express such an opinion.

<u>Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements and Other Matters</u>
We performed our tests of compliance in accordance with GAGAS.

<u>Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>
Ginnie Mae management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to Ginnie Mae.

<u>Auditors' Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements</u>
Our responsibility is to test compliance with selected provisions of laws, regulations, contracts, and grant agreements applicable to Ginnie Mae and that have a direct effect on the determination of material amounts and disclosures in Ginnie Mae's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to Ginnie Mae. We caution that noncompliance may occur and not be detected by these tests.

<u>Intended Purpose of Reporting on Compliance and Other Matters</u>
The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements and other matters is not suitable for any other purpose.

Ginnie Mae Comments
Ginnie Mae's comments on this report are included in Appendix A.

Sikich CPA LLC

Alexandria, VA
December 18, 2025

SIKICH

APPENDIX A: GINNIE MAE'S COMMENTS

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Ginnie Mae
Our Guaranty Matters

Office of the President
425 3rd Street, SW, Fifth Floor
Washington, DC 20024
(202) 708-0926

DATE:	December 8, 2025
MEMORANDUM FOR:	Kilah White, Assistant Inspector General for Audit and Evaluation, Financial Audits Division, Department of Housing and Urban Development (HUD) Office of the Inspector General (OIG)
FROM:	Joseph Gormley, Executive Vice President and Chief Operating Officer, Government National Mortgage Association (Ginnie Mae) Joseph Gormley
SUBJECT:	Management Response to Fiscal Year 2025 Audit Report

As Executive Vice President and Chief Operating Officer, I am pleased to respond to the Independent Auditors' Report for fiscal year 2025, completed by Sikich on behalf of the Office of Inspector General. Thanks to strong collaboration across our teams and a shared commitment to transparency and accountability, we successfully closed another financial statement audit. We appreciate the important role our auditors play in strengthening the integrity of our reporting and protecting the interests of taxpayers, investors, and the broader housing finance system.

We are proud to announce another unmodified audit opinion this year. This outcome reflects our long-standing commitment to preventing waste, fraud, and abuse, and to maintaining strong internal controls and sound financial processes. These results reinforce confidence in our guaranty and highlight Ginnie Mae's essential role in the U.S. housing finance system.

In fiscal year 2025, Ginnie Mae operations resulted in $2.3 billion recorded as investment to the U.S. Government, which produced $1.5 billion in credit subsidy receipts, further demonstrating the direct value our program returns to the Government. We also supported $526.4 billion in Mortgage-Backed Securities (MBS) issuance, bringing our total portfolio to a historic $2.8 trillion. These achievements underscore the value we provide to federal housing programs, our partners across HUD, and families relying on affordable housing finance. They also reflect the strength of our mission: expanding access to affordable housing, attracting capital to the U.S. market, and responsibly stewarding taxpayer resources.

Throughout the year, we continued improving the MBS program to support Issuers and investors. We advanced operational enhancements for document custodians, provided risk-based capital relief for issuers with strong Mortgage Servicing Rights hedging strategies, expanded flexibility in Single-Family pooling, and grew our Digital Collateral Program. We also invested in data, analytics, and Artificial Intelligence capabilities to improve transparency and strengthen market confidence. Our outreach to global investors further reinforced Ginnie Mae's role in connecting international capital with the U.S. housing market.

Looking ahead, we remain focused on bringing both domestic and global capital into the housing system, supporting access to affordable financing, and safeguarding taxpayer interests. We will continue

APPENDIX A: GINNIE MAE'S COMMENTS

advancing program improvements, strengthening data and disclosure frameworks, enhancing risk management, and ensuring readiness to fulfill our guaranty responsibilities.

As always, we value our partnership with the OIG, our auditors, and all stakeholders who contribute to the success and integrity of the Ginnie Mae MBS Program. Together, we will continue strengthening the nation's housing finance system and delivering positive outcomes for homeowners across the country.

Appendix A

Government National Mortgage Association

Fiscal Year Financial Statements

September 30, 2025

Government National Mortgage Association

Fiscal Year Financial Statements

September 30, 2025

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Balance Sheets

	2025 September 30		2024 September 30	
	(Dollars in thousands)			
Assets:				
Cash and cash equivalents	$	32,785,230	$	30,425,203
Restricted cash and cash equivalents		1,877,076		1,745,248
Accrued fees and other receivables		150,014		139,013
Reimbursable costs receivable, net		293		367
Claims receivable, net		38,467		53,901
Advances, net		333,830		462,692
Forward mortgage loans, at fair value		1,213,060		1,383,609
Reverse mortgage loans, at fair value		15,329,471		17,978,318
Acquired property, net		60,695		50,095
Fixed assets, net		38,177		44,008
Guaranty asset		8,615,738		8,680,509
Other assets		9,426		9,149
Total Assets	**$**	**60,451,477**	**$**	**60,972,112**
Liabilities and Investment of U.S. Government:				
Liabilities:				
Accounts payable and accrued liabilities	$	96,191	$	114,810
Deferred liabilities and deposits		266		275
Deferred revenue		684,776		636,559
Liability for loss on mortgage-backed securities program guaranty		242,238		196,318
HMBS obligations, at fair value		13,312,780		16,498,804
Guaranty liability		9,931,120		9,632,671
Total Liabilities	**$**	**24,267,371**	**$**	**27,079,437**
Commitments and Contingencies (See Note 15)				
Investment of U.S. Government	$	36,184,106	$	33,892,675
Adjustment to Investment of U.S. Government		-		-
Total Liabilities and Investment of U.S. Government	**$**	**60,451,477**	**$**	**60,972,112**

The accompanying notes are an integral part to these financial statements

Statements of Revenues and Expenses and Changes in Investment of U.S. Government		
	For the years ended September 30,	
	2025	2024
	(Dollars in thousands)	
Revenues:		
Income on guaranty obligation	$ 1,107,017	$ 855,905
Mortgage-backed securities guaranty fees	1,759,257	1,639,491
Interest income earned on U.S. Treasury securities	1,125,224	1,246,064
Commitment fees	105,642	85,615
Multiclass fees	42,193	40,674
Mortgage-backed securities program and other income	10,657	7,742
Total Revenues	**$ 4,149,990**	**$ 3,875,491**
Expenses:		
Administrative expenses	$ (62,201)	$ (51,625)
Fixed asset depreciation and amortization	(15,732)	(16,607)
Mortgage-backed securities program and other expenses	(474,957)	(512,033)
Acquired property expenses, net	-	(9,181)
Total Expenses	**$ (552,890)**	**$ (589,446)**
Recapture (provision):		
Recapture (provision) for mortgage-backed securities program guaranty	$ (45,919)	$ (85,203)
Recapture (provision) for claims receivable, net	(16,848)	(12,841)
Recapture (provision) for loss on advances, net	19	(2)
Total Recapture (Provision)	**$ (62,748)**	**$ (98,046)**
Other Gain (Loss):		
Gain (loss) on forward mortgage loans, at fair value	$ 14,611	$ 147,859
Gain (loss) on reverse mortgage loans, at fair value	1,070,027	1,747,266
Gain (loss) on HMBS obligations, at fair value	(858,959)	(1,244,244)
Gain (loss) on guaranty asset	(1,470,236)	(789,335)
Gain (loss) other	1,636	1,878
Total Other Gains / (Losses)	**$ (1,242,921)**	**$ (136,576)**
Results of Operations	**$ 2,291,431**	**$ 3,051,423**
Investment of U.S. Government at Beginning of Year	$ 33,892,675	$ 30,841,252
Adjustment to Investment of U.S. Government	-	-
Adjustment to Investment of U.S. Government-HUD	-	-
Investment of U.S. Government at Beginning of Period	$ 33,892,675	$ 30,841,252
Investment of U.S. Government at End of Period	**$ 36,184,106**	**$ 33,892,675**

The accompanying notes are an integral part to these financial statements

Statements of Cash Flows				
	For the years ended September 30,			
	2025		2024	
	(Dollars in thousands)			
Cash Flows from Operating Activities				
Results of Operations	**$**	**2,291,431**	**$**	**3,051,423**
Adjustments to reconcile Results of Operations to Net Cash provided by Operating Activities:				
Fixed asset depreciation and amortization		15,732		16,607
Provision (Recapture) for mortgage-backed securities program guaranty		45,919		85,203
Provision (Recapture) for claims receivable, net		16,848		12,841
Provision (Recapture) for loss on advances, net		(19)		2
Acquired property expenses, net		-		9,181
(Gain)/loss on forward mortgage loans, at fair value		(14,611)		(147,859)
(Gain)/loss on reverse mortgage loans, at fair value		(1,070,027)		(1,747,266)
(Gain)/loss on HMBS obligations, at fair value		858,959		1,244,244
(Gain)/loss on guaranty asset		1,470,236		789,335
(Gain)/loss other		(234)		(246)
(Income) on guaranty obligation		(1,107,017)		(855,905)
Mortgage-backed securities program and other expenses		15,082		27,675
Changes in operating assets and liabilities:				
Accrued fees and other receivables		(11,001)		(5,818)
Claims receivable, net		2,688,617		2,208,696
Advances, net		128,880		(46,099)
Reimbursable costs receivable, net		(106)		(107)
Acquired property, net		(6,277)		(6,574)
Other assets		(327)		(335)
Accounts payable and accrued liabilities		(18,619)		(6,876)
Deferred liabilities and deposits		(9)		(126)
Deferred revenue		48,217		27,895
Net cash provided by operating activities	**$**	**5,351,674**	**$**	**4,655,891**
Cash Flows from Investing Activities				
Proceeds from repayments and sales of forward mortgage loans, at fair value	$	197,033	$	211,991
Proceeds from repayments and sales of reverse mortgage loans, at fair value		1,522,342		1,706,703
Proceeds from the dispositions of acquired property and preforeclosure sales		55,685		57,039
Purchases of forward mortgage loans, at fair value		(28,165)		(31,448)
Purchases of reverse mortgage loans, at fair value		(549,206)		(701,107)
Purchases of fixed assets		(12,525)		(14,107)
Net cash provided by investing activities	**$**	**1,185,164**	**$**	**1,229,071**
Cash Flows from Financing Activities				
Payments on HMBS related obligations	$	(4,044,983)	$	(3,892,594)
Net cash (used for) provided by financing activities	**$**	**(4,044,983)**	**$**	**(3,892,594)**
Net change in cash and cash equivalents	$	2,491,855	$	1,992,368
Cash and cash equivalents, beginning of the year		32,170,451		30,178,083
Cash and cash equivalents, end of the period	**$**	**34,662,306**	**$**	**32,170,451**
Supplemental Disclosure of Non-Cash Activities				
Non-cash Transfers from forward mortgage loans, at fair value to claims receivable, net	$	12,402	$	14,772
Non-cash Transfers from reverse mortgage loans, at fair value to claims receivable, net		2,678,293		2,201,488
Non-cash Transfers from forward mortgage loans, at fair value to acquired property, net		5,075		4,700
Non-cash Transfers from reverse mortgage loans, at fair value to acquired property, net		53,523		49,916

The accompanying notes are an integral part to these financial statements

Notes to the Financial Statements

Note 1: Entity and Mission

The Government National Mortgage Association (Ginnie Mae) was created in 1968, through an amendment to Title III of the National Housing Act as a wholly owned United States (U.S.) government corporation within the U.S. Department of Housing and Urban Development (HUD). Ginnie Mae is a government corporation; and, therefore, is exempt from both federal and state taxes. Ginnie Mae guarantees the timely payment of principal and interest (P&I) on Mortgage-Backed Securities (MBS) backed by federally insured or guaranteed mortgage loans to its MBS investors. The guaranty, which is backed by the full faith and credit of the U.S. government, increases liquidity in the secondary mortgage market and attracts new sources of capital for mortgage loans from investors for properties located in the U.S. and its Territories. Its role in the market enables qualified borrowers to have reliable access to a variety of mortgage products.

Ginnie Mae supports the following groups through its MBS program:

- first-time home buyers;
- low and moderate-income households;
- borrowers in rural or other areas, where credit access is limited;
- young professionals with unestablished credit histories;
- borrowers with lower credit scores;
- working families with little, or no, down payment;
- borrowers with higher debt to income ratios;
- the construction and renovation of multifamily housing and hospitals;
- senior citizens who need housing and support services; and
- military veterans who have served the country.

Ginnie Mae requires all mortgages collateralizing guaranteed MBS to be insured or guaranteed by government agencies, including the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture (USDA), and the Office of Public and Indian Housing (PIH). Ginnie Mae neither originates, purchases, or guarantees direct loans.

Ginnie Mae offers two single-class securities product structures – Ginnie Mae I MBS and Ginnie Mae II MBS:

- Ginnie Mae I MBS are pass-through securities providing monthly P&I payments to each investor. They are single-family, multifamily, or manufactured housing pools of mortgages with similar maturities and interest rates offered by a single issuer.
- Ginnie Mae II MBS are similar to Ginnie Mae I MBS but allow multiple-issuer and single-issuer pools. They permit the securitization of adjustable-rate mortgages (ARMs), manufactured home loans, and home equity conversion mortgages (HECM), and allow small issuers unable to meet the dollar requirements of the Ginnie Mae I MBS program to participate in the secondary mortgage market.

Ginnie Mae established the following MBS to service a variety of loan financing needs and different issuer origination capabilities:

- ***Single-Family Program*** – consists of single-family mortgages originated for the purchase, construction, or renovation of single-family homes originated through FHA, VA, USDA, and PIH loan insurance programs;
- ***Multifamily Program*** **–** consists of FHA and USDA insured loans originated for the purchase, construction, or renovation of apartment buildings, hospitals, nursing homes, and assisted living facilities;
- ***Home Equity Conversion Mortgage-Backed Securities (HMBS) Program*** **–** consists of reverse mortgage loans insured by FHA; and
- ***Manufactured Housing Program*** **–** consists of pools of loans insured by FHA's Title I Manufactured Home Loan Program.

Ginnie Mae offers two multiclass security product structures – Platinum Securities and Real Estate Mortgage Investment Conduits (REMIC) Securities:

- Ginnie Mae Platinum Securities are formed by combining Ginnie Mae MBS into a new single security. Platinum Securities can be constructed from both fixed rate and Ginnie Mae ARM Securities. They provide MBS investors with greater market and operating efficiencies, and may be used in structured financing, repurchase transactions, and general trading.
- REMIC Securities direct underlying MBS principal and interest payments to classes with different principal balances, interest rates, average lives, prepayment characteristics and final maturities. REMIC Securities provide issuers with greater flexibility in creating securities that meet the needs of a variety of investors. Principal and interest payments are divided into varying payment streams to create classes with different expected maturities, differing levels of seniority or subordination or other characteristics.

Note 2: Summary of Significant Accounting Policies

The following disclosures pertain to current practices followed by Ginnie Mae in accordance with its accounting policies, except as otherwise indicated.

Basis of Presentation: Ginnie Mae's functional currency is the U.S. dollar, and the accompanying financial statements have been prepared in that currency. The financial statements conform to U.S. Generally Accepted Accounting Principles (GAAP), except as otherwise indicated.

Going Concern: The accompanying financial statements are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about Ginnie Mae's ability to continue as a going concern.

Use of Estimates: The financial statements are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses for the periods presented, and the related disclosures in the accompanying notes. Ginnie Mae evaluates these estimates and judgments on an ongoing basis and bases its estimates on historical, current, and expected future conditions; third-party evaluations; and various other assumptions that Ginnie Mae believes are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment with respect to commitments and contingencies.

Ginnie Mae has made significant estimates in a variety of areas including, but not limited to, fixed assets, net, and the valuation of certain financial instruments, such as mortgage servicing rights (MSR), acquired property, net; claims receivable, net and other loan-related receivables, guaranty assets, guaranty liability, HMBS obligations, at fair value, liability for representations and warranties, liability for loss on mortgage-backed securities program guaranty, forward mortgage loans, at fair value, and reverse mortgage loans, at fair value. Actual results could differ from those estimates.

Fair Value Measurement: Ginnie Mae, under Accounting Standards Codification *(ASC) 820: Fair Value Measurement,* uses fair value measurement for the initial recognition of certain assets and liabilities, periodic re-measurement of certain assets and liabilities on a recurring and non-recurring basis, and certain disclosures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Ginnie Mae bases its fair value measurements on an exit price that maximizes the use of observable inputs and minimizes the use of unobservable inputs.

Fair Value Option: The fair value option under *ASC 825: Financial Instruments* allows certain financial assets and liabilities, such as acquired loans, to be reported at fair value (with unrealized gains and losses reported in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government and related cash flows classified as operating activities). Ginnie Mae elects the fair value option for the guaranty asset, mortgage loans, including forward mortgage loans, at fair value; reverse mortgage loans, at fair value and HMBS obligations, at fair value. The election allows Ginnie Mae to provide meaningful information to the financial statements, as fair value provides a proxy into market participants' viewpoint on value of these instruments as of the measuring date, with considerations of both market and credit risks.

Natural Disasters: The occurrence of a major natural disaster, such as a hurricane, tropical storm, wildfire, flood, and other large-scale catastrophe, in an area where Ginnie Mae's pooled and non-pooled loans or properties are located could have an adverse impact on our financial condition and results of operations. An unpredictable natural disaster could cause damage or destroy properties that Ginnie Mae owns, while negatively affecting the ability of borrowers to continue to make principal and interest payments, increasing the potential for credit losses as Ginnie Mae program insurers may not cover all losses. Further, a major disruptive event may negatively impact an issuer if the issuer's portfolio is highly concentrated in the affected region. This could lead to an increase in probability of issuer default and Ginnie Mae having to step into the role of the issuer. In doing so, Ginnie Mae would then need to assume all servicing rights and obligations of the issuer, including making timely principal and interest payments to the MBS investors. Finally, a natural disaster could negatively impact the valuation of the guaranty asset and MSR assets through adverse impacts on significant modeling inputs and key economic assumptions, such as prepayment rates and default rates.

Cash and Cash Equivalents: Ginnie Mae's cash consists of cash held by the U.S. Treasury (Funds with U.S. Treasury), and cash that is held by the master sub-servicer (MSS) and the trustee and administrator of securities on Ginnie Mae's behalf but has not yet been transferred to Ginnie Mae (Deposits in transit). Cash equivalents consist of U.S. Treasury short-term investments issued with an original maturity date of three months or less. Cash receipts, disbursements, and investment activities are processed by the U.S. Treasury. All cash not classified as restricted cash is accessible in the event of an issuer default[1], termination and extinguishment[2].

Funds with U.S. Treasury: Represent the available budget spending authority of Ginnie Mae according to the U.S. Treasury and is the aggregate amount of Ginnie Mae's accounts with the U.S. Treasury.

Deposits in Transit: Include principal, interest, and other payments collected by the MSS and the trustee and administrator of securities, on Ginnie Mae's behalf, in custodial accounts that have not yet been received by Ginnie Mae or remitted to the HMBS investors at the end of the reporting period.

U.S. Treasury Short-Term Investments: Represent U.S. Treasury securities which are bought and sold at composite prices received from the Federal Reserve Bank of New York. These securities are maintained in book-entry form at the Bureau of Public Debt and include U.S. Treasury overnight certificates. U.S. Treasury overnight certificates are issued with a stated rate of interest to be applied to their par value with a maturity date of the next business day. These overnight certificates are measured at cost, which approximates fair value. Interest income on such securities is presented within Interest income earned on U.S. Treasury securities in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Restricted Cash and Cash Equivalents: Cash and cash equivalents are classified as restricted when the statutes, regulations, contracts, or Ginnie Mae's statements of intentions legally limit the use of funds. Restrictions may include legally restricted deposits, contracts entered with others, or the entity's statements of intention regarding particular deposits. Restricted cash and cash equivalents also include P&I payments that were not collected by MBS investors and unapplied deposits held in a suspense account until the appropriate application is determined. Restricted cash balances are recognized in a separate financial statement line as restricted cash and cash equivalents. Ginnie Mae received approval from the Office of Management and Budget (OMB) to invest certain portions of restricted cash in U.S. Treasury short-term investments and Ginnie Mae is entitled to the interest income earned on these investments.

Escrow Funds (Held in Trust for MBS Investors or Mortgagors): Escrow funds are held in a trust for payments of mortgagors' taxes, insurance, and related pass-through payments due to MBS investors. These funds are collected by the MSS and held at depository institutions for which Ginnie Mae does not have access. This escrow funds balance was approximately $22 million as of September 30, 2025, and September 30, 2024, respectively, and represent amounts submitted by the MSS. Escrow funds are not owned, invested, or controlled by Ginnie Mae. Ginnie Mae receives no current or future economic benefits, and there is no associated risk or reward to Ginnie Mae from the escrow funds. As such, escrow funds are not included on Ginnie Mae's Balance Sheet.

Accrued Fees and Other Receivables: Ginnie Mae's accrued fees and other receivables primarily include accrued guaranty fees. Accrued guaranty fees are based on the aggregate unpaid principal balances (UPB) of the guaranteed securities outstanding and recorded in the month they are earned.

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[1] Issuer default is defined as any failure or inability of the issuer to perform its responsibilities under the Ginnie Mae MBS programs.

[2] Extinguishment occurs when defaulted issuer's right, title, and interest in the pooled mortgages is taken over by Ginnie Mae. Note that Ginnie Mae may sell the mortgage portfolio to another issuer, or take over the right, title, and interest from issuers after default.

Guaranty fees are discussed in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure*.

Ginnie Mae is a designated recipient agency for criminal restitution payments as a result of court order in connection with criminal proceedings against certain defendants, primarily for fraud and false claims. U.S. District Courts are responsible for receiving payments, disbursing restitution to victims, and tracking the debt. Ginnie Mae has determined that these receivables are not probable collection and have no net realizable value. This assessment is based on Ginnie Mae's position in the recovery hierarchy for debts from defendants, its historical experience with collections on these accounts, and the overall historical experience for the U.S. Government in collecting on this category of receivable.

Claims Receivable, Net: Claims receivable, net represents receivables from properties conveyed to insuring or guaranteeing agencies (FHA, VA, USDA, and PIH) and payments owed to Ginnie Mae from such insuring or guaranteeing agencies. Claims receivable consists of the following primary components:

Short Sale Claims Receivable: As an alternative to foreclosure, a property may be sold for an agreed-upon price, at which the net proceeds fall short of the debts secured by liens against the property. Accordingly, short sale proceeds are often insufficient to fully pay off the mortgage. Ginnie Mae's MSS analyzes mortgage loans for factors such as delinquency, the appraised value of the property collateralizing the loan, and market locale of the underlying property to identify loans that may be short sale eligible. Short sale transactions are analyzed and approved by the Office of Issuer and Portfolio Management (OIPM) at Ginnie Mae. For FHA-insured loans where the underlying property was sold in a short sale, the FHA typically pays Ginnie Mae the difference between the proceeds received from the sale and the total contractual amount of the mortgage loan and delinquent interest payments at the debenture rate (less the first two months of delinquent interest). FHA is the largest insurer for Ginnie Mae. Short sales on VA, USDA, and PIH guaranteed loans follow a similar process in which the claims receivable amount is determined in accordance with the respective agency guidelines. Ginnie Mae records a short sale claims receivable while it awaits recovery of the shortfall amount from the insuring or guaranteeing agencies.

Foreclosed Property Claims Receivable: Ginnie Mae records foreclosed property claims receivable when the MSS receives title to a residential real estate property that has completed the foreclosure process in its respective legal jurisdiction, or when the mortgagor conveys all interest in the property to Ginnie Mae through its MSS to satisfy the loan through completion of a deed in lieu of foreclosure process or similar legal agreement. These properties differ from acquired properties as Ginnie Mae intends to convey the property to an insuring or guaranteeing agency, instead of marketing and selling the properties through the MSS. The claimed asset is measured based on the amount of the loan outstanding balance expected to be recovered from the insuring or guaranteeing agency.

Assignment Claims Receivable: In the event of an HMBS issuer extinguishment, Ginnie Mae will manage the acquired HMBS portfolio by purchasing reverse mortgage loans out of securitization pools once the outstanding principal balance of the related reverse mortgage loan is equal to or greater than 98% of the Maximum Claim Amount (MCA). Loans purchased out of securitization pools are assigned to the FHA in accordance with FHA insurance program requirements and the amount of the outstanding loan balance expected to be recovered from FHA as the insuring agency is recognized as an assignment claim receivable.

Allowance for Claims Receivable**:** Once the claims receivable is established, Ginnie Mae periodically assesses its collectability by utilizing statistical models, which incorporate expected recovery based on the underlying insuring or guaranteeing agency guidelines, and Ginnie Mae's historical loss experience. Ginnie Mae records an allowance for claims that represents the expected unrecoverable amounts within the portfolio. Claims net of an allowance is the amount that Ginnie Mae determines to be collectible.

The allowance for claims receivable includes effects of charge-offs, recoveries, and amounts deemed uncollectible from the insuring or guaranteeing agency. At initial recognition, a claims receivable is recognized for the amount recoverable from the insurers and any excess amounts not recoverable are charged off against the corresponding allowance.

Charge-Off: Once losses are confirmed, Ginnie Mae charges-off any uncollectable amounts against the corresponding allowance.

Recoveries: If the claim proceeds received exceed the claim receivable's carrying amount, Ginnie Mae will apply the excess to amounts previously charged off (i.e., recovery) with any residual amounts recognized as a gain on the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Advances, Net: Advances represent pass-through payments made to the MSS to fulfill Ginnie Mae's guaranty of timely P&I payments to MBS investors and excess funds paid to the MSS to service the HECM portfolio, including funding scheduled and unscheduled draws, reimbursable cost advances, FHA monthly insurance premiums paid on behalf of borrowers, and payments to HMBS investors for loan buyouts. Ginnie Mae reports Advances net of an allowance to the extent that management believes Advances will not be collected. The allowance is calculated based on expected recovery amounts from any mortgage insurance or guaranty per established insurance or guarantor rates, Ginnie Mae's collectability experience, and other economic factors.

Acquired Property, Net: Ginnie Mae recognizes acquired property when marketable title to the underlying property is obtained and the property has completed the foreclosure process, or the mortgagor conveys all interest in the residential real estate property to Ginnie Mae to satisfy the loan through the completion of a foreclosure or a deed in lieu of foreclosure or other similar legal agreement. These assets differ from "foreclosed property" as they are not conveyed to the insuring or guaranteeing agencies and Ginnie Mae will hold the title while the properties are marketed for sale by the MSS.

Ginnie Mae initially measures acquired property at its fair value, net of estimated costs to sell. However, at acquisition, the difference between loan fair value and acquired property fair value, net of estimated costs to sell, is booked through the Gain (loss) other line item in the Statement of Revenue and Expenses and Changes in Investment of U.S. Government.

Ginnie Mae subsequently measures acquired property at the lower of its carrying value or fair value less estimated costs to sell. Any subsequent write-downs to fair value, net of estimated costs to sell, from its carrying value (i.e., holding period write-downs) are recognized through a valuation allowance with an offsetting charge to the gain (loss) other line item in the Statement of Revenue and Expenses and Changes in Investment of U.S. Government. Any subsequent increases in fair value, net of estimated costs to sell, up to the cumulative loss previously recognized through the valuation allowance are recognized in the gain (loss) other line item.

Ginnie Mae records gains and losses on sales of acquired property as the difference between the net sales proceeds and the carrying value of the property, less amounts recoverable from the insuring or guaranteeing agency. These gains and losses are recognized through the gain (loss) other line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Subsequent material development and improvement costs for acquired property are capitalized. Other post-foreclosure costs are expensed as incurred to MBS program and other expense on the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Fixed Assets, Net: Ginnie Mae's fixed assets consist of hardware and software. Ginnie Mae capitalizes costs based on guidance in *ASC 350-40: Intangibles – Goodwill and Other – Internal-Use Software* and *ASC 360: Property, Plant and Equipment*. Additions to fixed assets consist of improvements, newly purchased items, and betterments. Purchased software is recorded at cost and amortized using the straight-line method over its estimated useful life.

The capitalization of software development costs is governed by *ASC 350-40: Intangibles – Goodwill and Other – Internal-Use Software* if the software is for internal use. After the technological feasibility of the software has been established at the beginning of application development, software development costs, which primarily include salaries and related payroll costs and costs of independent contractors incurred during development, are capitalized. Research and development costs incurred prior to application development (for internal-use software), are expensed as incurred. Software development costs are amortized on a program-by-program basis using a straight-line method commencing on the date when ready for use.

Ginnie Mae depreciates its hardware assets using the straight-line basis over a three- to five-year period beginning when the assets are placed in service. Expenditures for ordinary repairs and maintenance are charged to expense as incurred.

Ginnie Mae amortizes its software assets using the straight-line basis over a three- to five-year period beginning when the assets are ready for their intended use. Ginnie Mae shall determine and periodically reassess the estimated useful life over which the capitalized costs will be amortized. Ginnie Mae assesses the recoverability of the carrying value of its long-lived assets, including finite-lived intangible assets, whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. Ginnie Mae evaluates the recoverability of such assets based on the expectations of undiscounted cash flows from such assets. If the sum of the expected future undiscounted cash flows were less than the carrying amount of the asset, an impairment loss would be recognized for the difference between the fair value and the carrying amount. Refer to Note 11: *Fixed Assets, Net* for additional information.

Mortgage Servicing Rights: MSRs represent Ginnie Mae's rights and obligations to service mortgage loans underlying a terminated and extinguished issuer's guaranteed pooled-loan portfolio.

In accordance with *ASC 860: Transfers and Servicing,* Ginnie Mae records a servicing asset (or liability) each time it takes over a terminated and extinguished issuer's guaranteed pooled-loan portfolio. The MSR asset (or liability) represents the benefits (or costs) of servicing that are expected to be more (or less) than adequate compensation to a servicer for performing the servicing. The determination of adequate compensation is a market notion, based on active issuer demand, and is made independent to Ginnie Mae's cost of servicing. Typically, the benefits of servicing are expected to be more than adequate compensation for performing the servicing, and the contract results in a servicing asset.

Ginnie Mae reports MSRs at fair value to better reflect the potential net realizable or market value that could be realized from the disposition of the MSR asset or settlement of the MSR liability. Consistent with *ASC 820: Fair Value Measurements,* to determine the fair value of the MSR, Ginnie Mae uses a discounted cash flow valuation model that calculates the present value of estimated future net servicing income. The MSR also considers future expected cash flows for loans underlying an extinguished issuer's portfolio, including credit losses. Ginnie Mae subsequently re-measures the MSR assets or liabilities with changes in the fair value recorded in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Ginnie Mae's MSR balance is approximately $1 million as of September 30, 2025, and September 30, 2024, and is included in the Other assets line item on the Balance Sheet.

Accounts Payable and Accrued Liabilities: Ginnie Mae's accounts payable and accrued liabilities generally include obligations for items that have entered the operating cycle, such as accrued compensated absences and other payables. Amounts incurred by Ginnie Mae, but not yet paid at the end of the periods presented, are recognized as accounts payable and accrued liabilities.

Compensated Absences: Under the Accrued Unfunded Leave and Federal Employees Compensation Act (FECA), annual leave and compensatory time are accrued when earned and the liability is reduced as leave is taken. The liability at period-end reflects cumulative leave earned but not taken, priced at current wage rates. Earned leave deferred to future periods is to be funded by future appropriations. To the extent that current or prior period appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken. Compensated absence balances are provided by HUD and included within accounts payable and accrued liabilities on the Balance Sheet.

Other*:* Includes payables for fees incurred in the acquisition of services provided by the MSS and third-party vendors, unclaimed securities holders' payments, and a refund liability for transfer of issuer responsibility fees. Ginnie Mae uses estimates and judgments, as required under U.S. GAAP, to accrue for expenses when incurred, regardless of whether expenses were paid as of month-end.

Accounts payable and accrued liabilities balance is carried at cost, which approximates its fair value at the respective balance sheet dates.

Deferred Liabilities and Deposits: Ginnie Mae's deferred liabilities and deposits mainly represent restricted cash receipts from loan prepayments, curtailments, and payoffs from borrowers. These receipts must be distributed to the MSS for timely payment to the MBS investors.

Deferred Revenue: The classification of deferred revenue depends on the reason the revenue has not been recognized.

- ***Deferred revenue – multiclass fees***: Deferred multiclass fee revenue represents the guaranty fees paid by the REMIC or Platinum Certificate sponsor, which are deferred and amortized into income evenly over the weighted average contractual life of the security unless truncated by early termination.
- ***Deferred revenue – commitment fees***: Deferred commitment fee revenue represents payments received in advance of completion of Ginnie Mae's performance obligation.

Commitment fee revenue is recognized in income over time as Ginnie Mae completes its performance obligation or the Commitment Authority expires.

Refer to Note 12: *Revenue from Contracts with Customers and Deferred Revenue* for further details.

Liability for Representations and Warranties (Repurchase Liability): Ginnie Mae may enter into business transactions and agreements, such as the sale of an MSR or loan portfolio, which provide certain representations and warranties. If there is a breach of these contractual covenants, Ginnie Mae may be required to repurchase certain loans or provide other compensation. Ginnie Mae recognizes a loss contingency that arises from these obligations when it is probable that Ginnie Mae will be required to repurchase loans or provide other compensation. When a loss contingency arises from such obligations and is assessed as reasonably possible, Ginnie Mae discloses the estimated loss. Repurchase liabilities are measured under *ASC 450-20: Contingencies – Loss Contingencies.* In instances where the terms of these agreements are determined to include financial guaranties, Ginnie Mae recognizes expected credit losses related to the guaranties in accordance with *ASC 326-20: Financial Instruments – Credit Losses*.

Refer to Note 13: *Reserve for Loss* for details on Ginnie Mae's liability for representations and warranties balance.

Home Equity Conversion Mortgage-Backed Securities Obligations, at Fair Value: HMBS obligations, at fair value, represent the liability associated with the pooled HECM loan assets acquired by Ginnie Mae in an HMBS issuer extinguishment event. As the securitized HECM loans are accounted for by Ginnie Mae as secured borrowings, the liability for pass-through payments to HMBS security holders, an obligation of Ginnie Mae in its assumed role as HMBS issuer, is recorded as a liability on Ginnie Mae's balance sheet.

Refer to Note 10*: Fair Value Measurement* for further details on how the fair value of HMBS obligations is determined.

Recognition of Revenues and Expenses: *ASC 606: Revenue from Contracts with Customers*, establishes principles for reporting information about nature, amount, timing, and uncertainty of revenue and cash flows arising from Ginnie Mae's contracts with customers. *ASC 606* requires Ginnie Mae to recognize revenue to depict the transfer of promised services to customers in an amount that reflects the consideration received in exchange for those services recognized as performance obligations being completed. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized based on the measurement of value to the customer of the services transferred by Ginnie Mae to-date relative to the remaining services promised under the contract. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time when the customer obtains control of the promised service. Commitment fees, REMIC modification and exchange (MX) combination fees, and certain MBS program fees, such as transfer of issuer responsibilities, new issuer applications, certificate handling, and acknowledgement of agreement fees are in the scope of *ASC 606*, as these revenues are from Ginnie Mae's contracts with issuers (i.e., Ginnie Mae's customers in the ordinary course of business). The guidance in *ASC 606* applies to all contracts with customers except financial instruments and other contractual rights or obligations within the scope of *ASC 310: Receivables*, *ASC 860: Transfers and Servicing*, and guarantees within the scope of *ASC 460: Guarantees*, among other topics. As such, interest income on mortgage loans, interest income earned on U.S. Treasury securities, income on guaranty obligation, MBS guaranty fees, REMIC and Platinum Certificates guaranty fees, and certain MBS program and other fees are subject to other GAAP requirements for recognition and excluded from the scope of *ASC 606*.

Refer to Note 12: *Revenue from Contracts with Customers and Deferred Revenue* for disaggregation of revenue in the scope of *ASC 606*.

Ginnie Mae recognizes revenue from the following sources:

- ***Interest income on forward mortgage loans*** – Interest income on forward mortgage loans is included within the gain/loss on forward mortgage loans, at fair value financial statement line item. Ginnie Mae accrues interest for loans at the contractual interest rate of the underlying mortgage. Any prepaid interest is recognized as deferred revenue when received.

- ***Interest income on reverse mortgage loans –*** Interest income on reverse mortgage loans is included within the gain/loss on reverse mortgage loans, at fair value financial statement line item. Ginnie Mae accrues interest for reverse mortgage loans at the contractual interest rate of the underlying reverse mortgage.

- ***Interest income earned on U.S. Treasury securities*** – Ginnie Mae earns interest income on U.S. Government securities related to U.S. Treasury overnight certificates. Prior to 2018, Ginnie Mae also earned and collected interest in uninvested funds, which was calculated using the applicable version of the Credit Subsidy Calculator 2 (CSC2) provided by the OMB. In September 2018, the U.S. Treasury clarified rules regarding the collection of interest on uninvested funds in the Financing Fund. Based on additional conversations with and clarifications from the U.S. Treasury, Ginnie Mae was not entitled to earn interest on uninvested funds without a signed borrowing agreement in accordance with the Federal Credit Reform Act of 1990. Ginnie Mae is in ongoing discussions with OMB and its legal counsel on whether it is fully subject to the provisions of the Federal Credit Reform Act of 1990. As a resolution of the matter between Ginnie Mae and OMB is pending, the U.S. Treasury and Ginnie Mae agreed that Ginnie Mae will not earn or collect interest on uninvested funds until the matter is resolved. Due to U.S. Treasury's new criteria for earning and collecting interest on uninvested funds, no interest income was earned and recognized on uninvested funds for the year ended September 30, 2025. At present, there is uncertainty regarding the applicability of the Federal Credit Reform Act of 1990 to Ginnie Mae, and whether Ginnie Mae will be required to pay or earn such interest in the future.

- ***Income on guaranty obligation*** – Ginnie Mae amortizes its guaranty obligation into revenues based on the remaining UPB of the related MBS pools.

- ***Mortgage-backed securities guaranty fees*** – Ginnie Mae receives monthly guaranty fees for each MBS mortgage pool, based on a percentage of the pool's UPB. Fees received for Ginnie Mae's guaranty of MBS are recognized as earned.

- ***Commitment fees*** – Ginnie Mae receives commitment fees in exchange for providing review and approval services of commitment authority usage requests submitted by the issuers. This service allows for the approved issuer to pool mortgages into MBS that are guaranteed by Ginnie Mae.

Ginnie Mae uses a third-party entity, the Pool Processing Agent (PPA), to determine whether the issuer has sufficient commitment authority to issue the pool or loan package and approve the issuance. Ginnie Mae recognizes commitment fee revenue based on the gross amount collected from the issuers because Ginnie Mae directs the PPA's services and is ultimately responsible for fulfilling the services performed by the PPA on Ginnie Mae's behalf.

The total amount of the commitment fees is determined and paid at the time the issuer initially requests the commitment authority. Commitment fee revenue depends on the volume of commitment authority used, which is affected by changes in interest rates. Commitment fee revenue is recognized in income over time as issuers use their commitment authority, which represents the completion of Ginnie Mae's performance obligation. The remaining balance of the commitment fees is deferred until the service is used or expired, whichever occurs first. Fees from expired commitment authority are not returned to issuers and are recognized as income.

- ***Multiclass fees*** – Ginnie Mae receives one-time upfront fees related to the issuance of multiclass products. Multiclass products include REMICs and Platinum Certificates. The fees received for REMICs consist of a guaranty fee and may include an MX combination fee.

  The guaranty fee is paid by the REMIC sponsor and is based upon the total principal balance of the deal. It is deferred and amortized into income evenly over the weighted average contractual life of the security unless truncated by early termination. All deferred REMIC guaranty fee income is recognized at security termination.

  The MX combination fee allows the sponsor to combine REMIC and/or MX securities at the time of issuance. Ginnie Mae provides administrative services when MX combinations are requested by sponsors. Any permitted combinations by the sponsor are set forth in the combination schedule to an offering circular supplement. The MX combination fees are recognized immediately in income when the administrative services are complete (i.e., upon the combination of REMIC and/or MX securities). Revenue earned from REMIC MX combination fees depends on the demand for the service, which is affected by the interest rate environment.

  The guaranty fees received for Platinum Certificates are deferred and amortized into income evenly over the weighted average contractual life of the security.

- ***Mortgage-backed securities program and other income*** – Ginnie Mae recognizes income for MBS program related fees, including transfer of issuer responsibilities, new issuer applications, acknowledgement agreement fees, certificate handling, mortgage servicing, and civil monetary penalty.

  Transfer of issuer responsibility fees are one-time, upfront fees received by Ginnie Mae for providing review and approval services of issuers' requests to transfer responsibilities associated with their MBS. Transferors and transferees may reject the transfer at any time before its completion, even after Ginnie Mae approves it, which requires a fee refund. As such, the entire amount of consideration is constrained until the pool transfer is complete. Transfer of issuer responsibility fees are recorded as a refund liability and recognized as income when Ginnie Mae's performance obligation is complete and the uncertainty around the constraint is resolved (i.e., when pool transfer is complete).

New issuer application fees, acknowledgment agreement fees, and certificate handling fees are one-time non-refundable upfront fees received by Ginnie Mae for providing various services related to the MBS program. These services include Ginnie Mae's consideration of the issuer's application to become an authorized MBS issuer, approval of an acknowledgment agreement permitting a pledge of servicing by an issuer and providing evidence of security ownership. The fees are recognized in income when payment is received, as Ginnie Mae's performance obligation is completed at that time.

Ginnie Mae receives various other fees which are recognized in income when payment is received.

Ginnie Mae's expenses are classified into three groups:

- ***Administrative expenses*** **–** The main components of the administrative expenses are payroll expenses, travel and training expenses, benefit expenses, and other operating expenses.
- ***Fixed assets depreciation and amortization*** **–** Depreciation and amortization consists of depreciation on acquired, leased, and in-use hardware; and amortization of capitalized software acquired, leased, and in-use, by Ginnie Mae. Fixed assets are depreciated and amortized, on a straight-line basis, over a three- to five-year period.
- ***Mortgage-backed securities program and other expenses*** **–** The main components of the MBS program and other expenses are multiclass expenses, MBS information systems and compliance expenses, sub-servicing expenses, asset management expenses, and pool processing and central paying agent expenses.

Amounts recognized as expenses represent actuals or, when actuals are not available, estimates of costs incurred during the normal course of Ginnie Mae's operations.

Securitization and Guarantee Activities: Ginnie Mae's primary business activity is to guarantee the timely payment of P&I on securities backed by federally insured or guaranteed mortgages issued by private institutions. Unlike substantially all the securitization market, Ginnie Mae approves issuers to pool loans and issue Ginnie Mae guaranteed MBS, or "virtual trusts". Additionally, for federal income tax purposes, the Ginnie Mae pool is considered a grantor trust[3]. For consolidation purposes, each of these virtual trusts is considered individual legal entities and, in accordance with *ASC 810: Consolidation,* are considered variable interest entities (VIEs).

Variable Interest Entities Model*:*

For entities in which Ginnie Mae has a variable interest, Ginnie Mae determines whether, if by design, (i) the entity has equity investors who, as a group, lack the characteristics of a controlling financial interest, (ii) the entity does not have sufficient equity at risk to finance its expected activities without additional subordinated financial support from other parties or (iii) the entity is structured with non-substantive voting rights. If an entity has at least one of these characteristics, it is considered a VIE and is consolidated by its primary beneficiary. The primary beneficiary is the party that (i) has the power to direct the activities of the entity that most significantly impact

[3] *This liability for pass through payments includes Ginnie Mae's assumed obligation to repay the secured borrowing to HMBS investors, as well as obligations related to the servicing of the HECM loans and HMBS.*

the entity's economic performance; and (ii) has the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the entity. Only one reporting entity, if any, is expected to be identified as the primary beneficiary of a VIE. Ginnie Mae reassesses its initial evaluation of whether an entity is a VIE upon occurrence of certain reconsideration events.

Ginnie Mae's involvement with legal entities that are VIEs is limited to providing a guaranty on interest payments and principal returns to MBS investors of the Ginnie Mae virtual trusts. Ginnie Mae is not the primary beneficiary of the Ginnie Mae virtual trusts as it does not have the power to control the significant activities of the trusts. Other than its guaranty, Ginnie Mae does not provide, nor is it required to provide, any type of financial or other support to these entities. The guaranty fee receivable represents compensation for taking on the risk of providing the guaranty to MBS investors for the timely payment of P&I in the event of issuers' default. Ginnie Mae's maximum potential exposure to loss under these guaranties is primarily comprised of the amount of outstanding MBS and commitments and does not consider loss recoverable from the FHA, VA, USDA, and PIH.

The following table presents assets and liabilities that relate to Ginnie Mae's interest in VIEs:

	September 30, 2025		September 30, 2024	
	(Dollars in thousands)			
Guaranty asset	$	8,615,738	$	8,680,509
Guaranty fee receivable		150,000		139,000
Total	**$**	**8,765,738**	**$**	**8,819,509**
Guaranty liability	$	9,931,120	$	9,632,671
Liability for loss on mortgage-backed securities program guaranty		242,238		196,318
Total	**$**	**10,173,358**	**$**	**9,828,989**
Maximum exposure to loss				
Outstanding MBS	$	2,833,504,145	$	2,642,595,451
Outstanding MBS commitments		177,186,498		145,821,514
Total	**$**	**3,010,690,643**	**$**	**2,788,416,965**

Refer to Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure* for further details.

Mortgage Loans: When a Ginnie Mae issuer defaults, and is terminated and extinguished, Ginnie Mae steps into the role of the issuer and assumes all servicing rights and obligations of the issuer's entire Ginnie Mae guaranteed portfolio, including making timely pass-through payments. Ginnie Mae utilizes the MSS to service these portfolios. There are currently two MSS that service the terminated and extinguished issuer portfolios of pooled and non-pooled loans.

In its role as issuer, Ginnie Mae assesses individual loans within its pooled portfolio to determine whether the loan must be purchased out of the pool. Ginnie Mae must purchase mortgage loans out of the MBS pool when the mortgage loans are ineligible for insurance or guaranty by the FHA, VA, USDA, or PIH, as well as loans that have been modified beyond the trial modification period. Additionally, Ginnie Mae has the option to purchase mortgage loans out of the MBS pool when the mortgage loans are insured or guaranteed but are delinquent for more than 90 days.

Ginnie Mae also has the option to repurchase reverse mortgage loans out of the securitization pools in certain instances. These situations include when the outstanding principal balance of the related

HECM loan is equal to or greater than 98% of the MCA and the borrower's loan becoming due and payable under certain circumstances; the borrower not occupying the home for greater than twelve consecutive months for physical or mental illness, and the home is not the residence of another borrower; or the borrower failing to perform in accordance with the terms of the loan.

Forward Mortgage Loans, at Fair Value (forward MFV): Ginnie Mae elects the Fair Value Option (FVO) over its forward mortgage loan portfolio, comprised of loans purchased out of MBS pools. Forward mortgage loans, at fair value includes traditional mortgage loans acquired upon default of a Ginnie Mae MBS issuer. Ginnie Mae reports the carrying value of forward mortgages in forward mortgage loans, at fair value on the Balance Sheet at the fair value of the UPB, accrued interest and reimbursable costs receivables, as required by U.S. GAAP.

Accrued Interest Receivable – Ginnie Mae accrues interest on forward mortgage loans at the contractual rate. Interest income on forward MFV is reported in the gain (loss) on forward mortgage loans, at fair value financial statement line item on the Statement of Revenue Expenses and Changes in U.S. Government.

Changes in Fair Value – On a quarterly basis, Ginnie Mae evaluates the fair value of forward MFV to determine adjustments. These gains and losses as a result of adjustments, are recognized and reported in the gain (loss) on forward mortgage loans, at fair value financial statement line item on the Statement of Revenue Expenses and Changes in U.S. Government.

Reverse Mortgage Loans, at Fair Value (reverse MFV): Ginnie Mae elects the FVO over its reverse mortgage loan portfolio. Reverse mortgage loans, at fair value include HECM loans acquired on extinguishment of a Ginnie Mae HMBS issuer and subsequent borrower draws, accrued interest, servicing fees, and FHA mortgage insurance premiums paid on the borrowers' behalf. HECM loan balances are included within the Reverse mortgage loans, at fair value, and are comprised of securitized HECM loans subject to HMBS obligations as well as any unsecuritized interests that relate to partially securitized HECM loans.

Accrued Interest Receivable – Ginnie Mae accrues interest on reverse mortgage loans, at fair value at the contractual rate. Interest income on reverse MFV is reported in the gain (loss) on reverse mortgage loans, at fair value financial statement line item on the Statement of Revenue Expenses and Changes in U.S. Government.

Changes in Fair Value – On a quarterly basis, Ginnie Mae evaluates the fair value of reverse MFV to determine adjustments. These are recognized in the reverse mortgage loans, at fair value financial statement line item on the balance sheet. These gains and losses are recognized and reported in the gain (loss) on reverse mortgage loans, at fair value financial statement line item on the Statement of Revenues Expenses and Changes in U.S. Government.

Reimbursable Costs Receivable, Net: Costs incurred on pooled forward loans that are expected to be reimbursed, are recorded as reimbursable costs receivable, and reported net of an allowance for amounts that management believes will not be collected. These costs for non-pooled forward and reverse loans are included within forward and reverse mortgage loans, at fair value. Reimbursable costs arise when there are insufficient escrow funds available to make scheduled tax and insurance payments for loans serviced by Ginnie Mae, wherein Ginnie Mae advances funds to cover the escrow shortfall to preserve a first lien position on the underlying collateral. In addition, Ginnie Mae advances funds to cover servicing related expenses to preserve the value of the underlying collateral. The allowance for reimbursable costs is estimated based on historical loss experience, which includes expected collections from the mortgagors, proceeds from the sale of the property, and reimbursements collected from third-party insurers or guarantors (FHA, VA, USDA, and PIH).

Financial Guarantees: Ginnie Mae's financial guaranty obligates Ginnie Mae to stand ready, to advance funds to cover any shortfall of P&I to the MBS investors.

Ginnie Mae, as guarantor, follows the guidance in *ASC 460: Guarantees,* for its accounting and disclosure of its guaranties. As these guaranties are within the scope of *ASC 326*, expected credit losses (the contingent aspect) are measured and accounted for in addition to and separately from the fair value of the guaranty (the noncontingent aspect), which is measured in accordance with *ASC 460*.

At inception of the guaranty, Ginnie Mae recognizes the guaranty obligation (the noncontingent aspect) at fair value. When measuring the guaranty liability under *ASC 460*, Ginnie Mae applies the practical expedient, which allows for the guaranty obligation to be recognized at inception based on the premium received or the receivable owed to the guarantor, provided the guaranty is issued in a standalone arm's length transaction with an unrelated party. The fair value of the guaranty obligation is calculated using the discounted cash flows of the expected future premiums from guaranty fees over the expected life of the mortgage pools. The estimated fair value includes certain assumptions such as future UPB, prepayment rates, issuer buyouts and default rates.

Guaranties are issued on standalone transactions for a premium and Ginnie Mae records a guaranty asset for the same value as the guaranty liability at inception. These offsetting entries are equal to the considerations received and have a neutral net impact upon the initial recognition of the guaranty liability and guaranty asset on the net financial position of Ginnie Mae.

Refer to Note 4*: Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure* for further details.

Liability for Loss on Mortgage-Backed Securities Program Guaranty: U.S. GAAP requires Ginnie Mae to recognize a loss contingency that arises from the following:

- The guaranty obligation that Ginnie Mae has to the MBS holders as a result of expected lifetime credit losses associated with issuer default events. The issuers have an obligation to make timely P&I payments to MBS certificate holders. However, if an issuer defaults, Ginnie Mae ensures the contractual payments to MBS certificate holders are made. When assessing whether an issuer may default, Ginnie Mae takes into consideration various factors including the issuer's financial and operational vulnerability, a qualitative and quantitative corporate credit analysis, and other evidence of the issuer's potential default (e.g., known regulatory investigations or actions)
- The obligation that Ginnie Mae has to the multifamily MBS issuers to reimburse them for applicable losses in the event of a loan default, pursuant to the Multifamily Guaranty Agreement.

The contingent aspect of the guaranty obligation is measured initially and in subsequent periods under *ASC 326-20: Financial Instruments – Credit Losses*. Determination of the liability is based on factors such as the likelihood of issuer default and macroeconomic indicators (e.g., the Federal Housing Finance Agency (FHFA) Housing Price Index).

Refer to Note 13: *Reserve for Loss* for details on Ginnie Mae's current practice.

Recently Adopted Accounting Pronouncements

There were no recent accounting pronouncements that were adopted in fiscal year 2024 and fiscal year 2025 as of September 30, 2025.

Recent Accounting Pronouncements Not Yet Adopted

The following Accounting Standards Updates (ASUs) were assessed and determined to be applicable to Ginnie Mae and are pending adoption as of September 30, 2025. Other ASUs not listed below were assessed and determined to be either not applicable or are expected to have a minimal impact on Ginnie Mae's financial position.

Standard	Description	Date of Required/ Planned Adoption	Effect on the Financial Statements
Intangibles – Goodwill and Other – Other Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal Use Software (ASU 2025-06) *Issued September 2025*	The amendments in this Update remove all references to prescriptive and sequential software development stages (referred to as "project stages") throughout Subtopic 250-40. Entities are required to start capitalizing software costs when management has committed funding to the project, and it is probable that the project will be completed (referred to as the "probable-to-complete" recognition threshold"). In evaluating the probable-to-complete recognition threshold, an entity is required to consider whether there is significant uncertainty associated with the development activities of the software (referred to as "significant development uncertainty").	Date of Required Adoption: October 1, 2028 Date of Planned Adoption: October 1, 2027	Ginnie Mae is currently evaluating the potential impact on its financial statements.
Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (ASU 2025-05) *Issued July 2025*	The amendments in this Update provide (1) all entities with practical expedient and (2) entities other than public business entities with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under Topic 606 (Revenue from Contracts with Customers), as follows: Practical expedient - In developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. Accounting policy election - An entity other than a public business entity that elects the practical expedient is permitted to make an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses.	Date of Required Adoption: October 1, 2026 Date of Planned Adoption: October 1, 2026	Ginnie Mae is currently evaluating the potential impact on its financial statements.
Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expense (ASU 2024-03) *Issued November 2024*	The amendments in this Update require public business entities to disaggregate and disclose specific expense categories, including purchases of inventory, employee compensation, depreciation, amortization, and depletion. Expense types not separately disaggregated are to be described qualitatively. The amendments in this Update do not change or remove current expense disclosure requirements. However, the amendments affect where this information appears in the notes to financial statements.	Date of Required Adoption: October 1, 2027 Date of Planned Adoption: The ASU is not required for Ginnie Mae, and the adoption date is still being evaluated by Ginnie Mae management.	Ginnie Mae is currently evaluating the potential impact on its financial statements.

Note 3: Unrestricted and Restricted Cash and Cash Equivalents

Cash and cash equivalents – unrestricted and restricted – include the following:

	September 30, 2025		
	Unrestricted	Restricted *(Dollars in thousands)*	Total
Funds with U.S. Treasury [1]	$ 3,253,656	$ -	$ 3,253,656
Unapplied deposits	-	15	15
Fund balances precluded from obligation	-	1,745,683	1,745,683
Liability for investor pass-through payments	-	246	246
Total Funds with U.S. Treasury	$ 3,253,656	$ 1,745,944	$ 4,999,600
Deposit in Transit:			
Cash held by MSS [2]	$ 31,415	$ 107,308	$ 138,723
Cash held by Trustee and Administrator of securities [3]		-	7,964
	7,964		
Total Deposit in Transit:	$ 39,379	$ 107,308	$ 146,687
U.S. Treasury short-term investments [4]	29,492,195	23,824	29,516,019
Total	**$ 32,785,230**	**$ 1,877,076**	**$ 34,662,306**

	September 30, 2024		
	Unrestricted	Restricted *(Dollars in thousands)*	Total
Funds with U.S. Treasury [1]	$ 7,224,473	$ -	$ 7,224,473
Unapplied deposits	-	15	15
Fund balances precluded from obligation	-	1,609,728	1,609,728
Liability for investor pass-through payments	-	249	249
Total Funds with U.S. Treasury	$ 7,224,473	$ 1,609,992	$ 8,834,465
Deposit in Transit:			
Cash held by MSS [2]	$ 32,381	$ 111,360	$ 143,741
Cash held by Trustee and Administrator of securities [3]	6,757	-	6,757
Total Deposit in Transit:	$ 39,138	$ 111,360	$ 150,498
U.S. Treasury short-term investments [4]	$ 23,161,592	$ 23,896	$ 23,185,488
Total	**$ 30,425,203**	**$ 1,745,248**	**$ 32,170,451**

(1) *This amount represents Ginnie Mae's account balance with the U.S. Treasury. It includes cash and cash equivalents that are restricted by Congress, which Ginnie Mae cannot spend without approval from the legislative body; cash and cash equivalents that are restricted temporarily, until Ginnie Mae determines the appropriate allocation for cash received; and liability for investor payoff, which consists of funds collected for borrower prepayments, principal curtailments, loan payoffs and loan buyouts that have not been remitted to investors as of the end of the reporting period.*

(2) *This amount represents cash collected by the MSS on behalf of Ginnie Mae but not yet received by Ginnie Mae.*

(3) *This amount represents cash collected by the Trustee and Administrator of securities on behalf of Ginnie Mae but not yet received by Ginnie Mae.*

(4) *This amount represents investments in overnight certificates. It also includes funds owed to MBS investors who have not claimed their payments and cannot be located by the Ginnie Mae MBS administrator. There is no statute of limitations stating when the MBS investors can claim this cash.*

Funds with U.S. Treasury: Ginnie Mae's cash receipts and disbursements are processed by U.S. Treasury. Cash held by U.S. Treasury represents the available budget spending authority of Ginnie Mae (obligated and unobligated balances available to finance allowable expenditures). The restricted balances represent amounts restricted for use for specific purposes. Restrictions may include legally restricted deposits, contracts entered with others, or Ginnie Mae's statements of intention with regard to particular deposits. The balance consists of the following:

- ***Unapplied deposits:*** Cash received by Ginnie Mae held in a suspense account until the appropriate application is determined.
- ***Fund balances precluded from obligation****:* Unobligated money within the Programs Fund balance that is restricted by law and cannot be utilized unless allowed by a subsequently enacted law.
- ***Liability for investor pass-through payments:*** Cash from unremitted P&I collections sent to Ginnie Mae that Ginnie Mae has an obligation to pass through to MBS investors.

Deposits in Transit:

- ***Cash held by the MSS:*** Ginnie Mae records cash and cash equivalents for receipts collected by the MSS on behalf of Ginnie Mae but not yet transferred to Ginnie Mae and/or remitted to HMBS investors, at the end of the reporting period.
- ***Cash held by Trustee and Administrator of securities***: Ginnie Mae records cash and cash equivalents for receipts collected by the Trustee and Administrator of securities, but not yet transferred to Ginnie Mae, at the end of the reporting period.

U.S. Treasury Short-Term Investments: Ginnie Mae invested the full balance of the Capital Reserve Fund of approximately $29.4 billion and $23.1 billion, and the Liquidating Fund of approximately $124 million and $123 million in overnight U.S. Government securities at September 30, 2025, and September 30, 2024, respectively. As of September 30, 2025, and September 30, 2024, Ginnie Mae only held overnight certificates. The U.S. Treasury short-term investments balance includes approximately $24 million of restricted cash related to unclaimed MBS investors payments at both September 30, 2025 and September 30, 2024, respectively. U.S. Treasury securities are carried at cost, which approximates fair value.

Note 4: Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure

Ginnie Mae receives monthly guaranty fees for guaranteeing the timely payment of P&I to the MBS investors in the event of issuer default. The guaranty fee is based on the aggregate principal balance of the guaranteed securities outstanding at the beginning of the monthly reporting period. Ginnie Mae only guarantees securities created by approved issuers and backed by mortgages insured by other federal agencies. The underlying sources of loans for the Ginnie Mae I MBS and Ginnie Mae II MBS products come from Ginnie Mae's four main MBS programs (the single family, multifamily, HMBS, and manufactured housing programs) which serve a variety of loan financing needs and issuer origination capabilities. Refer to Note 1: *Entity and Mission* for more information on each program.

Ginnie Mae recognizes a guaranty asset upon issuance of a guaranty for the expected present value of the guaranty fees. The guaranty asset recognized on the Balance Sheet is $8.6 billion and $8.7 billion on September 30, 2025, and September 30, 2024, respectively. The guaranty liability represents the non-contingent liability for Ginnie Mae's obligation to stand ready to perform on its guaranty. The guaranty liability recognized on the Balance Sheet is $9.9 billion and $9.6 billion on September 30, 2025, and September 30, 2024, respectively. After the initial measurement, the guaranty asset is reported at fair value and the guaranty liability is amortized based on the remaining MBS UPB. The difference in measurement for the guaranty asset and guaranty liability subsequent to initial recognition may cause volatility in reported earnings due to different measurement attributes in reporting the related financial asset (using projected economic exposures such as interest rates and prepayments) and the financial liability (using actual payoffs and paydowns). Refer to Note 10: *Fair Value Measurement* for discussion surrounding the volatility reflected in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government as a result of changes in assumptions used in estimating the fair value of the guaranty asset.

For the guaranty asset and guaranty liability recognized on the Balance Sheet, Ginnie Mae's maximum potential exposure under these guaranties is primarily comprised of the UPB of MBS and outstanding commitments and does not consider loss recoverable from other agencies. The UPB of Ginnie Mae's MBS was approximately $2.8 trillion and $2.6 trillion on September 30, 2025, and September 30, 2024, respectively. It should be noted, however, that Ginnie Mae's potential loss is considerably less due to the financial strength of its issuers. In addition, the value of the underlying collateral and the insurance provided by insuring or guaranteeing agencies indemnify Ginnie Mae for most losses.

Exposure to credit loss is primarily contingent on the nonperformance of Ginnie Mae issuers. Ginnie Mae recognizes a liability for potential non-performing issuers, based on assessed probability of default, within the liability for loss on mortgage-backed securities program guaranty line item on the Balance Sheet. The maturity date associated with Ginnie Mae guaranteed securities is based off the pooled mortgage with the latest maturity date. Accordingly, the maturity date can be leveraged in determining the period of guaranty. Eligible single family MBS program mortgages have a maximum maturity of 30 years, with the exception of "Extended Remaining Term Modified Loans", which have terms that are greater than 30 years but no more than 40 years. Eligible multifamily program mortgages have a maximum maturity of 40 years. Eligible HECM loans do not have scheduled maturity dates, however the maximum maturity of HMBS securities is viewed by Ginnie Mae as 50 years following the issuance date. Refer to Note 13: *Reserve for Loss* for discussion of contingent and non-contingent guaranty liability.

Ginnie Mae is also exposed to losses related to its outstanding commitment authority that represent the guaranty of future MBS issuances, which are off-Balance Sheet. The commitment ends when the securities are issued or the commitment period expires, which is the last day of the month that is one year after the authority is approved for single family and HECM issuers and on the last day of the month that is two years after the authority is approved for multifamily issuers. Ginnie Mae's risk related to outstanding commitments is significantly lower than the outstanding balance of MBS due in part to Ginnie Mae's ability to limit commitment authority granted to individual MBS issuers. Refer to Note 2: *Summary of Significant Accounting Policies* for further information, including Financial Guarantees and Securitization and Guarantee Activities.

Outstanding MBS and commitments were as follows:

	September 30, 2025		September 30, 2024	
	(Dollars in billions)			
Outstanding MBS	$	2,834	$	2,643
Outstanding MBS commitments		177		146
Total	**$**	**3,011**	**$**	**2,789**

The Ginnie Mae MBS serves as collateral for multiclass products, REMICs and Platinum Certificates, for which Ginnie Mae also guarantees the timely payment of P&I. These structured securities allow the private sector to combine and restructure cash flows from Ginnie Mae MBS into securities that meet unique investor requirements for cash flow, yield, maturity, and call-option features.

For the years ended September 30, 2025, and 2024, multiclass security program issuances totaled $251.3 billion and $184.2 billion, respectively. The estimated outstanding balance of multiclass securities was $971.3 billion and $840.3 billion on September 30, 2025, and September 30, 2024, respectively. These guaranteed securities do not subject Ginnie Mae to additional credit risk beyond that assumed under the MBS collateral.

Note 5: Reimbursable Costs Receivable, Net

The following tables present reimbursable costs and related allowance, by loan insurance type:

	September 30, 2025				
	FHA	VA	USDA	Conventional	Total
	(Dollars in Thousands)				
Reimbursable costs[1]	$ 239	$ 50	$ 4	$ -	$ 293
Allowance for reimbursable costs	-	-	-	-	-
Reimbursable costs, net	**$ 239**	**$ 50**	**$ 4**	**$ -**	**$ 293**

	September 30, 2024				
	FHA	VA	USDA	Conventional	Total
	(Dollars in Thousands)				
Reimbursable costs[1]	$ 299	$ 66	$ 2	$ -	$ 367
Allowance for reimbursable costs	-	-	-	-	-
Reimbursable costs, net	**$ 299**	**$ 66**	**$ 2**	**$ -**	**$ 367**

(1) Costs incurred on pooled forward loans, which are expected to be reimbursed, are recorded as reimbursable costs receivable and reported net of an allowance for amounts that management believes will not be collected. However, costs for non-pooled forward and reverse loans are included within forward and reverse mortgage loans, at fair value respectively.

Note 6: Advances, Net

Advances include payments made to the MSS to cover any shortfalls to investors resulting from mortgagors defaulting on their mortgage payments and funds paid to the MSS to service the HECM portfolio, including funding scheduled and unscheduled draws, reimbursable cost advances, FHA monthly insurance premiums paid on behalf of borrowers, and payments to HMBS investors for loan buyouts. Advances are reported net of an allowance, which is based on management's expectations of future recoverability from mortgage insuring and guaranteeing agencies such as FHA, VA, USDA, and PIH. HECM portfolio advances are only classified as advances until the MSS executes on the servicing need, at which point the balance is capitalized to the HECM loan UPB or reduces the HMBS obligation. Given this, HECM advance balances represent excess cash held by the MSS on behalf of Ginnie Mae and are expected to be fully utilized for future servicing or recovered.

In March 2024 and October 2024, Ginnie Mae assumed the servicing rights and obligations of one single-family issuer during each of those periods, both following extinguishments. Ginnie Mae made advance payments to cover the liability to investors for portfolios acquired from seven (six single-family and one HMBS) previously defaulted issuers for the year ended September 30, 2025, and six (five single-family and one HMBS) previously defaulted issuers for the year ended September 30, 2024. Accordingly, Ginnie Mae assumed the servicing rights and obligations of these defaulted issuers.

The following table presents Advances and related allowance:

	September 30, 2025	September 30, 2024
	(Dollars in thousands)	
HECM portfolio advances	$ 331,895	$ 460,933
MBS advances	1,943	1,786
Allowance for uncollectible MBS advances	(8)	(27)
Advances, net	**$ 333,830**	**$ 462,692**

Note 7: Mortgage Loans

Ginnie Mae reports the carrying value of both forward and reverse mortgage loans at fair value, which represents the fair value of the UPB, including accrued interest and reimbursable costs receivable associated with the respective mortgage loan types. See Note 2: *Summary of Significant Accounting Policies* for additional information.

Forward Mortgage Loans, at Fair Value

For the years ended September 30, 2025, and 2024, Ginnie Mae reported a total gain of $15 million and $148 million respectively in the in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government due to changes in fair market value of forward mortgage loans, and recognition of accrued interest income.

The tables below present the carrying value of MFV loans including accrued interest and reimbursable costs receivable under FVO:

	September 30, 2025			
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance	UPB of aggregated mortgage loans at fair value that are 90 days or more past due
	(Dollars in thousands)			
FHA	$ 1,094,985	$ 1,276,538	$ (181,553)	$ 155,243
VA	40,622	47,408	(6,786)	9,351
USDA	17,631	20,644	(3,013)	3,419
Conventional	59,822	68,003	(8,181)	8,149
Total	**$ 1,213,060**	**$ 1,412,593**	**$ (199,533)**	**$ 176,162**

	September 30, 2024			
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance	UPB of aggregated mortgage loans at fair value that are 90 days or more past due
	(Dollars in thousands)			
FHA	$ 1,247,689	$ 1,385,425	$ (137,736)	$ 164,722
VA	49,372	55,000	(5,628)	14,137
USDA	21,214	23,639	(2,425)	3,115
Conventional	65,334	72,875	(7,541)	9,079
Total	**$ 1,383,609**	**$ 1,536,939**	**$ (153,330)**	**$ 191,053**

Ginnie Mae had $147 million of forward mortgage loans at fair value that are 90 days or more past due, with unrealized losses[4] of $29 million as of September 30, 2025. Ginnie Mae had $164 million of forward mortgage loans at fair value that are 90 days or more past due, with unrealized losses of $27 million as of September 30, 2024.

Reverse Mortgage Loans, at Fair Value

For the year ended September 30, 2025, and 2024, Ginnie Mae reported a total gain of $1.1 billion and $1.7 billion respectively in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government due to changes in fair market value of reverse mortgage loans, and recognition of accrued interest income.

The tables below present the carrying value of reverse mortgage loans including accrued interest and reimbursable costs receivable under FVO:

	September 30, 2025		
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance
		(Dollars in thousands)	
FHA	**$ 15,329,471**	**$ 15,447,469**	**$ (117,998)**

	September 30, 2024		
	Fair Value	Unpaid Principal Balances	Fair Value Over (Under) Unpaid Principal Balance
		(Dollars in thousands)	
FHA	**$ 17,978,318**	**$ 18,015,802**	**$ (37,484)**

Note 8: Claims Receivable, Net

Claims receivable are balances owed to Ginnie Mae from insuring or guaranteeing agencies (FHA, VA, USDA, and PIH) related to assigned loans, foreclosed properties, and short sales. Ginnie Mae records an allowance that represents the expected unrecoverable amounts within the portfolio for claims receivable. The claims receivable balance, net of the allowance, represents the amounts that Ginnie Mae determines to be collectible.

The following tables present Ginnie Mae's claims receivable and related allowance, by claim type:

	September 30, 2025			
	FHA	VA	USDA	Total
		(Dollars in thousands)		
Foreclosed property claims receivable(1)	$ 36,219	$ 422	$ 94	$ 36,735
Short sale claims receivable(2)	888	-	-	888
Assignment claims receivable(3)	4,033	-	-	4,033
Allowance for claims receivable	(3,085)	(100)	(4)	(3,189)
Claims receivable, net	**$ 38,055**	**$ 322**	**$ 90**	**$ 38,467**

[4] *Unrealized gains or losses on forward mortgage loans at fair value, which are 90 days or more past due, are traditionally reported as "Fair Value Over (Under) Unpaid Principal Balance" for the aggregated mortgage loans in this category.*

	September 30, 2024			
	FHA	VA	USDA	Total
	(Dollars in thousands)			
Foreclosed property claims receivable[(1)]	$ 49,531	$ 875	$ 524	$ 50,930
Short sale claims receivable[(2)]	1,261	53	-	1,314
Assignment claims receivable[(3)]	3,507	-	-	3,507
Allowance for claims receivable	(1,716)	(131)	(3)	(1,850)
Claims receivable, net	**$ 52,583**	**$ 797**	**$ 521**	**$ 53,901**

(1) *Foreclosed property claims receivable represents reimbursements owed to Ginnie Mae by insuring or guaranteeing agencies (which may include FHA, VA, USDA, and PIH) for foreclosed property.*

(2) *Short sale claims receivable are amounts reimbursable to Ginnie Mae from the insuring or guaranteeing agencies (which may include FHA, VA, USDA, and PIH) for properties that were sold and the proceeds received are insufficient to fully satisfy the remaining balances of the mortgages.*

(3) *Assignment claims receivable are amounts due to Ginnie Mae from the FHA for reverse mortgage loans assigned to the FHA. Ginnie Mae, in its assumed role as issuer may buy out HMBS investors and assign (sell) mortgages to FHA when the unpaid principal balance of reverse mortgage loans exceeds 98% of the Maximum Claim Amount established at origination.*

Note 9: Acquired Property, Net

Ginnie Mae recognizes acquired property in accordance with the accounting policy described in Note 2: *Summary of Significant Accounting Policies*. The properties that comprise this account are acquired through foreclosures associated with loans that are either guaranteed by USDA[5], FHA-insured[6] or uninsured conventional loans[7]. Properties from foreclosed VA guaranteed loans are typically conveyed to the guaranteeing agency subsequent to foreclosure and are recognized as foreclosed property claims receivable, within claims receivable, net on Ginnie Mae's balance sheet. Therefore, acquired properties are assets marketed for sale from USDA guaranteed, FHA-insured, or uninsured conventional loans. Activity for acquired properties is presented in the table below:

	For the years ended September 30,	
	2025	2024
	(Dollars in thousands)	
Balance, beginning of period – acquired property, net	$ 50,095	$ 44,574
Additions	86,943	76,939
Dispositions	(73,864)	(75,457)
Change in valuation allowance	(2,479)	4,039
Balance, end of period – acquired property, net	**$ 60,695**	**$ 50,095**

Note 10: Fair Value Measurement

Ginnie Mae uses fair value measurements for the initial recognition of assets and liabilities and periodic re-measurement of certain assets and liabilities on a recurring or non-recurring basis. In determining fair value, Ginnie Mae uses various valuation techniques. The inputs to the valuation techniques are categorized into a three-level hierarchy, as described below:

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[5] *Properties from foreclosed USDA guaranteed loans are not conveyed to the guaranteeing agency subsequent to foreclosure per the guidelines published by USDA.*

[6] *Properties from foreclosed FHA-insured loans that are under FHA's Claims Without Conveyance of Title program are not conveyed to the insuring agency subsequent to foreclosure, per the insurance guidelines published by FHA.*

[7] *Properties from foreclosed uninsured conventional loans are not insured by a government agency.*

Level 1 Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Items Measured at Fair Value on a Recurring Basis: The following tables present the fair value measurement hierarchy level for Ginnie Mae's assets and liabilities that are measured at fair value on a recurring basis:

	September 30, 2025 (Dollars in thousands)			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Guaranty asset	$ -	$ -	$ 8,615,738	$ 8,615,738
Forward mortgage loans, at fair value	-	-	1,213,060	1,213,060
Reverse mortgage loans, at fair value	-	-	15,329,471	15,329,471
Total Assets	**$ -**	**$ -**	**$ 25,158,269**	**$ 25,158,269**
Liabilities:				
HMBS obligations, at fair value	$ -	$ -	$ 13,312,780	$ 13,312,780
Total Liabilities	**$ -**	**$ -**	**$ 13,312,780**	**$ 13,312,780**

	September 30, 2024 (Dollars in thousands)			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Guaranty asset	$ -	$ -	$ 8,680,509	$ 8,680,509
Forward mortgage loans, at fair value	-	-	1,383,609	1,383,609
Reverse mortgage loans, at fair value	-	-	17,978,318	17,978,318
Total Assets	**$ -**	**$ -**	**$ 28,042,436**	**$ 28,042,436**
Liabilities:				
HMBS obligations, at fair value	$ -	$ -	$ 16,498,804	$ 16,498,804
Total Liabilities	**$ -**	**$ -**	**$ 16,498,804**	**$ 16,498,804**

Ginnie Mae records transfers into or out of Level 3, if any, at the beginning of the period. There were no transfers into or out of Level 3 for the year ended September 30, 2025, or the year ended September 30, 2024.

Guaranty Asset – Ginnie Mae has elected the fair value option for the guaranty asset. The valuation technique used by Ginnie Mae to measure the fair value of its guaranty asset is based on several inputs including, the present value of expected future cash flows from the guaranty fees based on the UPB of the outstanding MBS in the defaulted and non-defaulted issuers' pooled portfolio, new issuances of MBS, scheduled run-offs of MBS, anticipated prepayments, and anticipated defaults.

Ginnie Mae guarantees P&I payments to MBS investors in the event of issuer default and, in exchange, receives monthly guaranty fees from the issuers based on the UPB of the outstanding MBS in the defaulted and non-defaulted issuers' pooled portfolio.

New MBS issuances increased the guaranty asset by $1.4 billion and $1.1 billion for the years ended September 30, 2025, and 2024, respectively. These increases are offset by recorded losses of $1.5 billion and $789 million for the years ended September 30, 2025, and 2024, respectively, resulting from paydowns and unrealized losses in fair value of the guaranty asset reflected in the gain (loss) on guaranty asset line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's guaranty asset:

	September 30, 2025 *(Dollars in millions)*	September 30, 2024 *(Dollars in millions)*
Valuation at period end:		
Fair value	$ 8,616	$ 8,681
Prepayment rates assumptions:		
Weighted average rate assumption	59.60%	55.99%
Minimum prepayment rate	0.00%	0.00%
Maximum prepayment rate	99.73%	99.44%
Default rate assumptions:		
Weighted average rate assumption	12.24%	12.73%
Minimum default rate	0.00%	0.00%
Maximum default rate	99.59%	86.80%
Discount rate assumptions:		
Discount rate at average weighted average life (WAL)	3.89%	3.75%
Discount rate at the minimum WAL	4.46%	5.50%
Discount rate at the maximum WAL	4.86%	4.21%

These significant unobservable inputs change according to macroeconomic market conditions. Significant increases (decreases) in the discount rate, cumulative prepayment rate, or cumulative default rate in isolation would result in a lower (higher) fair value measurement. The cumulative prepayment rate represents the percentage of the mortgage pools' UPB assumed to be paid off prematurely on a voluntary basis over the remaining life of the pool and it is based on historical prepayment rates and future market expectations. The cumulative default rate represents the percentage of the pool's UPB that would be eliminated prematurely due to mortgage default over the remaining life of the pool. The discount rate used for the guaranty asset valuation determines the present value of its expected future cost of financing.

Forward Mortgage Loans, at Fair Value – Ginnie Mae has elected the FVO for forward mortgage loans. The valuation technique is based on the present value of expected future net cash flows from projected borrower payments, anticipated prepayments, defaults (expense and recoveries), and liquidation costs. Refer to Note 7: *Mortgage Loans* for more information, including the gain/loss recorded for forward mortgage loans, at fair value.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's forward mortgage loans:

	September 30, 2025 (Dollars in millions)	September 30, 2024 (Dollars in millions)
Valuation at period end:		
Fair value	$ 1,213	$ 1,384
Prepayment rates assumptions:		
Weighted average prepayment rate	18.14%	24.43%
Minimum prepayment rate	3.70%	4.28%
Maximum prepayment rate	77.40%	84.92%
Default rate assumptions:		
Weighted average default rate	33.50%	28.10%
Minimum default rate	0.79%	0.89%
Maximum default rate	66.17%	58.96%
Discount rate assumptions:		
Weighted average discount rate	5.64%	5.28%
Minimum discount rate	5.30%	4.93%
Maximum discount rate	6.68%	6.15%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Significant increases (decreases) in the discount rate and/or cumulative default rate in isolation would result in a lower (higher) fair value measurement. The impact of the cumulative prepayment rate on the fair value measurement can be positive or negative depending on other unobservable inputs, for instance, the discount rates. The cumulative prepayment rate represents the percentage of a mortgage loan's UPB assumed to be paid off prematurely on a voluntary basis over the remaining life of the loan. The cumulative default rate represents the percentage of a loan's UPB that would be eliminated prematurely due to a mortgage default over the remaining life of the loan. The market yield represents the rate a buyer of a similar product would require in an arm's length transaction.

Reverse Mortgage Loans, at Fair Value – Ginnie Mae has elected the FVO for reverse mortgage loans. The valuation technique used by Ginnie Mae to measure the fair value of its reverse mortgage loans is based on the present value of expected future cash flows arising from borrower draws, mortgage insurance premium advances, costs to sell underlying collateral, borrower recoveries and/or insurance proceeds subsequent to loan termination events. Refer to Note 7: *Mortgage Loans* for more information, including the gain/loss recorded for reverse mortgage loans, at fair value.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's reverse mortgage loans:

	September 30, 2025 (Dollars in millions)	September 30, 2024 (Dollars in millions)
Valuation at period end:		
Fair value	$ 15,329	$ 17,978
Conditional termination rate assumptions:		
Weighted average conditional termination rate	23.19%	22.23%
Minimum conditional termination rate	2.81%	2.90%
Maximum conditional termination rate	52.98%	99.99%
Asset discount rate assumptions:		
Weighted average discount rate	5.47%	5.79%
Minimum discount rate	5.26%	5.39%
Maximum discount rate	6.24%	7.17%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Increases (decreases) in the discount rates in isolation would result in a lower (higher) fair value measurement. The relationship between the conditional termination rate and the fair value measurement is less direct and would depend on other inputs. The conditional annual termination rate represents the percentage of the mortgage loan's UPB assumed to be terminated over the remaining life of the loan. The discount rate represents the rate a buyer of a similar product would require in an arm's length transaction.

HMBS Obligations, at Fair Value – Ginnie Mae has elected the FVO for HMBS obligations valuation. It measures the present value of projected pool buyouts based on the conditional termination rate.

Ginnie Mae recorded a loss of $859 million and $1.2 billion for the years ended September 30, 2025, and 2024, respectively, from changes in the fair value of the HMBS obligations reflected in the gain (loss) on HMBS obligations, at fair value line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

The table below presents the range and weighted average of significant unobservable inputs used in determining the fair value of Ginnie Mae's HMBS obligations:

	September 30, 2025 *(Dollars in millions)*	September 30, 2024 *(Dollars in millions)*
Valuation at period end:		
Fair value	$ 13,313	$ 16,499
Conditional termination rate assumptions		
Weighted average conditional termination rate	23.19%	22.23%
Minimum conditional termination rate	2.81%	2.90%
Maximum conditional termination rate	52.98%	99.99%
Obligation discount rate assumptions:		
Weighted average discount rate	5.55%	5.96%
Minimum discount rate	5.26%	5.39%
Maximum discount rate	6.24%	7.17%

These significant unobservable inputs change according to the loan portfolio and macroeconomic market conditions. Increases (decreases) in the discount rates in isolation would result in a lower (higher) fair value measurement. The relationship between the conditional termination rate and the fair value measurement is less direct and would depend on other inputs. The conditional termination rate represents the percentage of a mortgage loan's UPB assumed to be terminated over the remaining life of the loan. The discount rate represents the rate a buyer of a similar product would require in an arm's length transaction.

Assets Measured at Fair Value on a Nonrecurring Basis:

Certain assets (e.g., acquired properties) are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., the impairment on the asset).

Acquired Properties – Acquired properties are long-lived assets classified as held for sale by Ginnie Mae that qualify for fair value measurement on a nonrecurring basis. Ginnie Mae initially measures acquired properties at their fair value, net of estimated costs to sell. Ginnie Mae subsequently measures acquired properties at the lower of their carrying values or fair values less estimated costs to sell. Subsequent valuation measurements are periodically performed up until the sale of the property. The dates of the fair value measurements vary from property to property and are not always at the reporting period end date. Ginnie Mae's accounting policy allows for the use of fair value measurements from a variety of sources that are within six months of the reporting period end date.

The following tables present the fair value measurement hierarchy level for Ginnie Mae's assets and liabilities that are measured at fair value on a nonrecurring basis:

	September 30, 2025			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Acquired property, net	$ -	$ -	$ 60,695	$ 60,695
Total Nonrecurring Assets at Fair Value	**$ -**	**$ -**	**$ 60,695**	**$ 60,695**

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Acquired property, net	$ -	$ -	$ 50,095	$ 50,095
Total Nonrecurring Assets at Fair Value	**$ -**	**$ -**	**$ 50,095**	**$ 50,095**

For acquired properties, Ginnie Mae applies a waterfall valuation methodology in estimating the fair value of those properties. The most used techniques in the waterfall include recent historical data of the value of similar properties by a certified or licensed appraiser, real estate brokers' specific market research of similar properties, recent pending sales information of similar properties, current listings of similar properties, and historical data of the value of similar properties. When these valuation techniques are no longer viewed as current, they are refreshed to consider regional housing price index changes. Ginnie Mae also leverages historical information to calculate the estimated cost to sell percentages for its acquired properties which are applied to the assets' fair value.

Note 11: Fixed Assets, Net

Ginnie Mae's fixed assets consist of hardware and software. Fixed assets are carried at cost, less accumulated depreciation, or amortization.

The tables below present the total balance of hardware and software, net of the accumulated depreciation and amortization:

	For the year ended September 30, 2025		
	Hardware	Software	Total
	(Dollars in thousands)		
Balance, beginning of period	$ 1,031	$ 298,517	$ 299,548
Additions	-	12,525	12,525
Disposals	-	-	-
Impairments	(514)	(3,183)	(3,697)
Balance, end of period	**$ 517**	**$ 307,859**	**$ 308,376**
Accumulated depreciation and amortization			
Balance, beginning – accumulated depreciation and amortization	$ (920)	$ (254,620)	$ (255,540)
Depreciation and amortization	(85)	(15,646)	(15,731)
Disposals	-	-	-
Impairments	488	584	1,072
Balance, end of period – accumulated depreciation and amortization	$ (517)	$ (269,682)	$ (270,199)
Balance, end of period – fixed assets, net	**$ -**	**$ 38,177**	**$ 38,177**

	For the year ended September 30, 2024					
		Hardware		Software		Total
			(Dollars in thousands)			
Balance, beginning of period	$	2,069	$	285,846	$	287,915
Additions		-		14,107		14,107
Disposals		-		-		-
Impairments		(1,038)		(1,436)		(2,474)
Balance, end of period	**$**	**1,031**	**$**	**298,517**	**$**	**299,548**
Accumulated depreciation and amortization						
Balance, beginning – accumulated depreciation and amortization	$	(1,855)	$	(239,532)	$	(241,387)
Depreciation and amortization		(103)		(16,504)		(16,607)
Disposals		-		-		-
Impairments		1,038		1,416		2,454
Balance, end of period – accumulated depreciation and amortization	$	(920)	$	(254,620)	$	(255,540)
Balance, end of period – fixed assets, net	**$**	**111**	**$**	**43,897**	**$**	**44,008**

There were no assets under lease as of September 30, 2025, and September 30, 2024.

Ginnie Mae recorded total depreciation and amortization expense of $16 million and $17 million for the year ended September 30, 2025, and 2024, respectively. Based on the current amount of hardware and software subject to depreciation and amortization, the estimated depreciation and amortization expense over the next five fiscal years is as follows: 2026 – $11 million; 2027 – $8 million; 2028 – $4 million; 2029 – $2 million; 2030 – $1 million.

There were no intangible assets with indefinite lives as of September 30, 2025, and as of September 30, 2024. As of September 30, 2025, and September 30, 2024, the original weighted average life of intangible assets (i.e., software) subject to amortization was 4.2 years and 4.5 years, respectively. The remaining weighted average life of intangible assets subject to amortization was 1.4 years and 1.1 years for the same periods.

Ginnie Mae recorded impairments, at cost, of $4 million and $2 million and accumulated amortization of $1 million and $2 million for the years ended September 30, 2025, and 2024, respectively. The net impairments for the years ended September 30, 2025, and 2024, respectively, were losses of $3 million and $20 thousand. During these periods, Ginnie Mae identified partially decommissioned hardware and stopped the development of certain internal software development projects, due to changes in Ginnie Mae's business and related infrastructure. As the software in development and related developed technology had no reuse or recoverable value, Ginnie Mae wrote these assets down to a fair value of $0 as of September 30, 2025, and September 30, 2024. Additionally, partially decommissioned hardware was adjusted to reflect its revised remaining service life. These impairments are included in the gain (loss) other line item in the Statement of Revenues and Expenses and Changes in Investment of U.S. Government.

Note 12: Revenue from Contracts with Customers and Deferred Revenue

Ginnie Mae recognizes revenue upon the fulfillment of a performance obligation promised under the contracts with customers. These revenues are recorded on the Statement of Revenue and Expenses and Changes in Investment of U.S. Government as commitment fees, multiclass fees, and other fees included in mortgage-backed securities program and other income. Refer to Note 2: *Summary of Significant Accounting Policies* for further information, including the nature, amount, timing for the satisfaction of performance obligations as well as the identification of revenue sources in the scope of *ASC 606* and those subjects to other GAAP requirements.

The following table presents revenue related to contracts with customers, disaggregated by type of revenue:

	For the years ended September 30, *(Dollars in thousands)*			
	2025		2024	
Revenues:				
Commitment fees	$	105,642	$	85,615
Multiclass fees:				
Multiclass fees not in scope of *ASC 606*(1)		34,222		33,201
MX combination fees in scope of *ASC 606*		7,971		7,473
Total multiclass fees	**$**	**42,193**	**$**	**40,674**
Mortgage-backed securities (MBS) program and other income:				
Transfer of issuer responsibilities in scope of *ASC 606*	$	9,945	$	6,979
Other MBS program fees in scope of *ASC 606*(2)		50		38
Other MBS program fees not in scope of *ASC 606*(3)		662		725
Total mortgage-backed securities program and other income	**$**	**10,657**	**$**	**7,742**
Total Revenues	**$**	**158,492**	**$**	**134,031**

(1) Includes REMIC and Platinum Certificates guaranty fees.

(2) Includes new issuer applications fees, certificate handling fees, and acknowledgement agreement fees.

(3) Primarily includes mortgage servicing fees and civil monetary penalty fees.

Deferred revenue included the following:

	September 30, 2025		September 30, 2024(4)	
	(Dollars in thousands)			
Deferred revenue – multiclass fees	$	649,212	$	607,221
Deferred revenue – commitment fees(5)		35,499		29,223
Deferred revenue – other		65		115
Total	**$**	**684,776**	**$**	**636,559**

(4) The deferred revenue balances as of September 30, 2023, were $580 million for multiclass fees, $28 million for commitment fees, and $142 thousand for other.

(5) Represents payments received in advance of completion of Ginnie Mae's performance obligation. Refer to Note 2: Summary of Significant Accounting Policies for further details.

Note 13: Reserve for Loss

As Ginnie Mae guarantees the MBS investors' timely payment of P&I on MBS backed by federally insured or guaranteed loans (mainly loans insured by FHA or guaranteed by VA, USDA, and PIH), Ginnie Mae is susceptible to credit losses. U.S. GAAP requires Ginnie Mae's financial statements to recognize credit losses in multiple financial statement line items, as further outlined below:

Guaranty Liability: The issuance of a guaranty under the MBS program obligates Ginnie Mae to stand ready to perform under the terms of the guaranty. As a result, a non-contingent and/or contingent liability may be recognized as discussed below:

- ***Non-contingent liability***

  Upon issuance of a guaranty, Ginnie Mae determines a non-contingent liability under *ASC 460* based on the present value of guaranty fees expected to be collected under the guaranty, which is recognized within the financial statement line item guaranty liability on the Balance Sheet and disclosed in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure*.

- ***Contingent liability***

  As noted in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure,* Ginnie Mae receives compensation in exchange for its guaranty of timely P&I payments to the MBS investors in the event of an issuer default.

  Ginnie Mae records a contingent liability to reflect expected lifetime credit losses on this guaranty in accordance with *ASC 326*. This contingent liability is recorded on the Balance Sheet as liability for loss on mortgage-backed securities program guaranty. Determination of the contingent liability is based on factors such as the likelihood of issuer default and macroeconomic indicators (e.g., the FHFA Housing Price Index).

  As of September 30, 2025, one HMBS issuer and one single family issuer were considered probable of defaulting, and one single family issuer was considered reasonably possible of defaulting. As of September 30, 2024, two HMBS issuers were considered probable of defaulting and two HMBS issuers were considered reasonably possible of defaulting. Ginnie Mae recorded an estimated loss of $163 million and $126 million as of September 30, 2025, and September 30, 2024, respectively, related to expected credit losses in the event of single family and HMBS issuer defaults.

  As of September 30, 2025, and September 30, 2024, Ginnie Mae estimated no expected credit losses on pooled multifamily loans in the event of issuer defaults. The contingent liability for multifamily loan defaults was $79 million and $71 million as of September 30, 2025, and September 30, 2024, respectively. This represents expected credit losses in the event of individual borrower defaults on multifamily loans.

Defaulted Issuer, Pooled Loans, and Allowance for P&I Advances*:* In the event an issuer cannot fulfill its responsibilities under the applicable MBS program, pass-through payments made by Ginnie Mae to satisfy its guaranty of timely P&I payments to MBS investors are presented in advances, net on the Balance Sheet and Note 6: *Advances, Net*. Advances are reported net of an allowance, which is based on management's expectations of future collections of advanced funds from mortgage collections and recoveries from mortgage insuring and guaranteeing agencies such as FHA, VA, USDA, and PIH.

Liability for Representations and Warranties: Ginnie Mae performs an assessment of all existing representations and warranties and indemnification clauses associated with Purchase and Sale Agreements (PSAs) that are enforceable and legally binding. These clauses may require Ginnie Mae to repurchase loans previously sold to a third party or indemnify the purchaser for losses per the contractual terms of the PSA.

No liability for representations and warranties was recorded as of September 30, 2025, or September 30, 2024.

Note 14: Concentrations of Credit Risk

Ginnie Mae monitors concentrations of credit risk presented by counterparties, issuers, geographic locale, insurers, and master sub-servicing organizations to inspect that exposure is sufficiently diversified.

Counterparty Credit Risk

Ginnie Mae manages its exposure to counterparty credit risk, defined as the risk of loss arising from the default of an issuer or other counterparty, through:

- **Financial monitoring** which includes exposure limit analysis and analysis of projected losses against core capital reserves;
- **Risk modeling** at the issuer level, which is performed through Ginnie Mae's focus on the riskiest segment of the issuer base and regular monitoring of issuers on Ginnie Mae's watch list;
- **Credit reviews** that are performed and considered in determining, for example, respective issuers' commitment authority limits, whether issuers can transfer pools to other approved issuers without impacting the credit profiles of the issuers involved, amongst other determinations;
- **Operational monitoring** that encompasses compliance reviews, assessments of delinquency levels, and due diligence reviews before, during, and after transfer of servicing.

Counterparty credit risk from issuers, borrowers, geographic locale, insurers, and master sub-servicing organizations is discussed in further detail in the sections below.

Issuer Concentration

Concentrations of credit risk exist when a significant number of issuers are susceptible to similar changes in economic conditions that could affect their ability to meet contractual obligations.

The tables below summarize concentrations of credit risk by active issuers and loan type on September 30, 2025, and September 30, 2024:

	September 30, 2025							
	Single Family		Multifamily		Manufactured Housing		Home Equity Conversion	
	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB
	(Dollars in billions)							
Largest performing	25	$ 2,292.4	10	$ 102.2	-	$ -	-	$ -
Other performing	260	327.8	42	58.9	3	0.1	10	43.9
Total active issuers	**285**	**$ 2,620.2**	**52**	**$ 161.1**	**3**	**$ 0.1**	**10**	**$ 43.9**

	September 30, 2024							
	Single Family		Multifamily		Manufactured Housing		Home Equity Conversion	
	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB	Number of Issuers	UPB
	(Dollars in billions)							
Largest performing	24	$ 2,057.8	9	$ 92.2	-	$ -	1	$ 17.5
Other performing	263	377.4	43	61.5	3	0.1	10	24.4
Total active issuers	**287**	**$ 2,435.2**	**52**	**$ 153.7**	**3**	**$ 0.1**	**11**	**$ 41.9**

Largest performing issuers are defined as single family issuers servicing more than 75,000 loans and multifamily issuers servicing $5.0 billion or more of UPB. Other performing issuers include smaller single family issuers, manufactured housing and HMBS issuers whose portfolios are outside the defined thresholds for single family and multifamily issuers.

Issuers are only permitted to pool insured or guaranteed loans from the FHA, VA, USDA, or PIH. The insuring or guaranteeing agencies have strict underwriting standards and criteria for quality of collateral. Mortgage loans insured by the FHA receive full recovery of the UPB, including all delinquent interest accrued at the HUD debenture rate since default with the exception of the first two months. USDA, VA, and PIH guaranteed loans are not fully recoverable; however, they still provide coverage over a substantial portion of the realized losses. Given this, changes in fair value attributable to instrument-specific credit risk for assets or liabilities for which the FVO was elected were not material for the year ended September 30, 2025.

In the event of an issuer default, termination and extinguishment, Ginnie Mae assumes the rights and obligations of that issuer and becomes the owner of the MSR liability or asset, which typically is salable. Ginnie Mae either has the option or is required to purchase loans out of the pool if certain criteria are satisfied. Upon purchase of the loan out of the pool, Ginnie Mae acquires all lender rights, privileges, and responsibilities. This includes certain collateral rights and ability to claim FHA, VA, USDA, or PIH insured or guaranteed loan loss recoveries.

Ginnie Mae's portfolio of issuers includes both traditional depository institutions (banks, savings & loans, and credit unions) and independent mortgage institutions (e.g., mortgage banks, mortgage lenders, and non-bank servicers.) As of September 30, 2025, and September 30, 2024, the distribution of Ginnie Mae's business volume among these two categories was as follows:

	September 30, 2025			September 30, 2024		
	Total Number of Issuers	Total Issuances(1)	As Percentage of Total Issuances	Total Number of Issuers	Total Issuances(2)	As Percentage of Total Issuances
	(Dollars in millions)					
Depositories	92	$ 30,269	5.75%	97	$ 35,287	8.33 %
Non-depositories	258	496,101	94.25	256	388,098	91.67
Total active issuers	**350**	**$ 526,370**	**100.00%**	**353**	**$ 423,385**	**100.00 %**

(1) These amounts represent the total issuances within the past 12 months from October 1, 2024, to September 30, 2025.

(2) These amounts represent the total issuances within the past 12 months from October 1, 2023, to September 30, 2024.

As more non-banks issue Ginnie Mae securities, the cost and complexity of monitoring increases as the majority of these institutions involve more third parties in their transactions, making oversight more complicated. In contrast to traditional bank issuers, non-banks rely more on credit lines, corporate debt, securitization transactions and other types of external financing, and sales of MSR to provide liquidity.

The impacts to mortgage and borrowing rates stemming from the high-interest rate environment has had a pronounced effect on issuer origination volumes, borrowing costs, investor spreads on securitization and the fair value of Ginnie Mae program loan portfolios. While these effects are felt across the issuer base, they are more significant for certain product types and issuers, such as HMBS issuers, due to higher levels of concentration of issuance, access to financing and availability of sub-servicers. As a result, Ginnie Mae is enhancing its assessment of the current interest rate environment and is focusing on those sectors where any impacts could be more acutely manifested.

Geographical Concentration

Economic conditions unique to a geographical area may affect a borrower's ability to repay their mortgage loan, as well as the value of the underlying property. These conditions are impactful to both single family and multifamily issuers and can become impactful to Ginnie Mae in instances where they affect an issuer's ability to make timely principal and interest payments to Ginnie Mae guaranteed MBS investors. Ginnie Mae insured issuers service mortgage loans in all fifty states, including three U.S. territories and the District of Columbia. This mitigates geographical concentration risks.

The tables below display geographical concentrations present within Ginnie Mae's Single Family and Multifamily programs as of September 30, 2025, and September 30, 2024. The states presented in the tables below represent the five geographical areas with the largest exposures by combined single family and multifamily UPB, as of September 30, 2025, and September 30, 2024, respectively:

	September 30, 2025							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
			(Dollars in billions)					
Texas	1,284,125	10.70 %	$ 268.5	10.25 %	1,335	8.75 %	$ 18.5	11.46 %
California	765,949	6.39	268.4	10.24	1,100	7.21	11.0	6.85
Florida	998,500	8.32	240.3	9.17	567	3.72	8.3	5.15
Virginia	471,835	3.93	128.0	4.89	393	2.58	7.4	4.60
Georgia	551,385	4.60	112.5	4.29	430	2.82	3.3	2.05
Other	7,923,914	66.06	1,602.5	61.16	11,437	74.92	112.6	69.89
Totals	**11,995,708**	**100.00 %**	**$ 2,620.2**	**100.00 %**	**15,262**	**100.00 %**	**$ 161.1**	**100.00 %**

	September 30, 2024							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
			(Dollars in billions)					
California	735,085	6.35 %	$ 251.1	10.31 %	1,069	7.15 %	$ 10.5	6.83 %
Texas	1,206,982	10.42	240.7	9.88	1,301	8.70	17.3	11.28
Florida	940,445	8.12	217.1	8.92	550	3.68	7.8	5.07
Virginia	463,813	4.01	122.9	5.05	376	2.51	6.8	4.42
Georgia	533,199	4.60	104.2	4.28	407	2.72	3.0	1.94
Other	7,699,265	66.50	1,499.2	61.56	11,257	75.24	108.3	70.46
Totals	**11,578,789**	**100.00 %**	**$ 2,435.2**	**100.00 %**	**14,960**	**100.00 %**	**$ 153.7**	**100.00 %**

Ginnie Mae performs a quarterly assessment to monitor the impacts of natural disasters to the properties owned by Ginnie Mae as well as those securing Ginnie Mae guaranteed mortgage-backed securities. For the year ending September 30, 2025, there were no estimated material impacts to these portfolios from natural disasters identified.

Federal Insurance Concentration

The insurance coverage provided to Ginnie Mae by the insuring or guaranteeing agencies, covers shortfalls in Ginnie Mae's collection of net proceeds from a foreclosure or short sale, in accordance with the respective agency guidelines. Ginnie Mae is exposed to the risk that these agencies will fail or be unable to meet their contractual obligation in the event of a severe economic downturn. This risk is deemed remote by Ginnie Mae given the federal backing of these agencies and their historical performance through economic downturns. The tables below summarize the federal insurance concentrations present within the Single Family and Multifamily Programs as of September 30, 2025, and September 30, 2024:

	September 30, 2025							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
	(Dollars in billions)							
FHA[1]	7,456,117	62.16 %	$ 1,482.4	56.58 %	13,932	91.29 %	$ 159.0	98.71 %
VA	3,754,980	31.30	1,036.1	39.54	-	-	-	-
USDA	760,498	6.34	97.7	3.73	1,330	8.71	2.1	1.29
PIH	24,113	0.20	4.0	0.15	-	-	-	-
Totals	**11,995,708**	**100.00 %**	**$ 2,620.2**	**100.00 %**	**15,262**	**100.00 %**	**$ 161.1**	**100.00 %**

	September 30, 2024							
	Single Family				Multifamily			
	Number of Loans	Loan Percent	UPB	UPB Percent	Number of Loans	Loan Percent	UPB	UPB Percent
	(Dollars in billions)							
FHA[1]	7,119,472	61.49 %	$ 1,347.6	55.34 %	13,685	91.48 %	$ 151.8	98.75 %
VA	3,663,910	31.64	985.0	40.45	-	-	-	-
USDA	771,587	6.66	98.7	4.05	1,275	8.52	1.9	1.25
PIH	23,820	0.21	3.9	0.16	-	-	-	-
Totals	**11,578,789**	**100.00 %**	**$ 2,435.2**	**100.00 %**	**14,960**	**100.00 %**	**$ 153.7**	**100.00 %**

(1) Ginnie Mae's HECM program is exclusively insured by the FHA. As of September 30, 2025, the unpaid principal balance of HECM loans issued by active issuers was $43.9 billion, associated with 187,462 HECM loans, and $41.9 billion, associated with 187,311 HECM loans as of September 30, 2024.

Mortgage Loan Servicing

Ginnie Mae relies extensively on two MSS (i.e., master sub-service organizations) to provide servicing functions that are critical to its business including the servicing data and accounting reports provided by these service organizations. Given the concentration, if the MSS experience a significant disruption in operations, Ginnie Mae may be unable to fulfill its obligations to investors and borrowers heightening legal, regulatory, cyber, and financial risks. Ginnie Mae manages this risk by establishing contractual requirements, ongoing reviews of the service organizations, and requiring the service organizations to provide attestation reports over internal controls.

Note 15: Commitments and Contingencies

Lease, Purchase, and Other Commitments

Ginnie Mae may lease facilities, hardware, and software under agreements that could require the agency to pay rental fees, insurance, maintenance, and other costs. As of September 30, 2025, Ginnie Mae did not have any active and open lease contracts related to rental expenses or hardware and software.

As of September 30, 2025, and September 30, 2024, Ginnie Mae had approved and committed to make $720 million and $2.8 billion respectively, in payments related to contracts with its various vendors. Some contract terms are in excess of one year. The observed reduction in committed contracts is mainly driven by a $2.0 billion de-obligation of balances previously reserved for contracts that have been canceled or expired as of September 30, 2025.

Ginnie Mae has commitments to guaranty MBS, which are off-balance sheet financial instruments. Additional information is provided in Note 4: *Financial Guarantees and Financial Instruments with Off-Balance Sheet Exposure*.

Legal

From time to time, Ginnie Mae can be a party to pending or threatened legal actions and proceedings which arise in the ordinary course of business. Ginnie Mae reviews relevant information about all pending legal actions and proceedings for the purpose of evaluating and revising contingencies, accruals, and disclosures.

Legal actions and proceedings resolution are subject to many uncertainties and cannot be predicted with absolute accuracy. Ginnie Mae establishes accruals for matters when a loss is probable, and the amount of the loss can be reasonably estimated. For legal actions or proceedings where it is not probable that a loss may be incurred, or where Ginnie Mae is not currently able to reasonably estimate the loss, Ginnie Mae does not establish an accrual. Pending or threatened litigation deemed reasonably possible that a loss may have been incurred are disclosed in the notes to the financial statements.

No asserted or unasserted claims or assessments for similar matters have been identified. Additionally, Ginnie Mae's General Counsel has determined that there are no pending or threatened actions or unasserted claims or assessments that could result in potential losses that could be material to the financial statements[8].

Unfunded Commitments

For reverse mortgage loans, Ginnie Mae is required to fund future borrower draws in instances where the borrower has not fully drawn down the HECM loan. The outstanding unfunded commitments available to borrowers related to reverse mortgage loans were approximately $3.7 billion as of September 30, 2025, and $4.1 billion as of September 30, 2024.

Note 16: Related Parties

Ginnie Mae, a wholly owned U.S. Government corporation within HUD, is subject to controls established by government corporation control laws (31 U.S.C. Chapter 91), and the management

[8] *Legal response from Ginnie Mae's General Counsel is limited to the matters handled by the Office of Finance Law and doesn't include matters handled by contractors or other offices within HUD.*

and budgetary controls established by the Secretary of HUD and the Director of the OMB. These significant management and operational oversights provided by HUD and OMB could affect Ginnie Mae's financial position or operating results in a manner that differs from those that might have been obtained if Ginnie Mae were autonomous. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if Ginnie Mae had been operating as an independent organization.

Ginnie Mae was authorized and allotted $68 million and $62 million during the years ended September 30, 2025, and 2024, respectively, for personnel (payroll) and non-personnel (travel, training, and other administration) costs only. For the years ended September 30, 2025, and 2024, Ginnie Mae incurred $62 million and $51 million, respectively for these costs, which are included in administrative expenses on the Statement of Revenue and Expenses and Changes in Investment of U.S. Government. Ginnie Mae has authority to borrow from Treasury to finance operations in lieu of appropriations, if necessary. In addition, Ginnie Mae has a borrowing agreement with the U.S. Treasury. This agreement provides Ginnie Mae the ability to borrow from the U.S. Treasury sufficient funds to service MBS portfolios acquired by Ginnie Mae from mortgage issuer extinguishments and subsequent required loan draw and servicing expenses. Ginnie Mae did not borrow funds for the years ended September 30, 2025, and 2024.

Additionally, Ginnie Mae has relationships with FHA, VA, USDA, and PIH. All transactions between Ginnie Mae and FHA, VA, and USDA have occurred in the normal course of business. There are no balances to report for loans and claims for PIH for periods presented. Of the total forward mortgage loans, at fair value, approximately $1.1 billion, $41 million, and $18 million of loans were insured by FHA, VA, and USDA at September 30, 2025, respectively, while approximately $1.2 billion, $49 million, and $21 million of loans were insured by FHA, VA, and USDA at September 30, 2024, respectively. For reverse mortgage loans, at fair value, approximately $15.3 billion of loans were insured by FHA as of September 30, 2025, while approximately $18.0 billion of loans were insured by FHA as of September 30, 2024. In addition, Ginnie Mae submits and receives claim proceeds for FHA, VA, and USDA insured loans that have completed the assignment, foreclosure, and short sale process.

After the short sale, foreclosed property, and assignment claims receivable are established, on an ongoing basis, the recoverability of the receivables is assessed under U.S. GAAP guidance. The allowance for claims receivable is calculated using statistical models based on expected recovery per underlying insuring agency guidelines and Ginnie Mae's most recent historical recovery experience. Refer to Note 8: *Claims Receivable, Net* for the breakdown of FHA, VA, and USDA claims pending payment or pre-submission to FHA, VA, and USDA.

Pension Benefits and Savings Plan: Eligible Ginnie Mae employees are covered by the federal government retirement plans, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Although Ginnie Mae contributes a portion of pension benefits for eligible employees, it does not account for the assets of either retirement system. Ginnie Mae also does not have actuarial data for accumulated plan benefits or the unfunded liability relative to eligible employees. These amounts are reported by the Office of Personnel Management (OPM) and are allocated to HUD.

Under the Federal Thrift Savings Plan (TSP), Ginnie Mae provides FERS employees with an automatic contribution of 1% of pay and an additional matching contribution up to 4% of pay. CSRS employees also can contribute to the TSP, but they do not receive matching contributions.

For the years ended September 30, 2025, and 2024, Ginnie Mae contributed $9 million and $7 million, respectively, in pension and savings benefits for eligible employees.

Post-Retirement Benefits Other Than Pensions: Ginnie Mae has no postretirement health insurance liability since all eligible employees are covered by the Federal Employees Health Benefits (FEHB) program. The FEHB is administered and accounted for by the OPM. In addition, OPM pays the employer share of the retiree's health insurance premium.

Note 17: Credit Reform

The Federal Credit Reform Act of 1990 ("FCRA"), which became effective on October 1, 1991, was enacted to more accurately account and budget for the cost of federal credit programs and to place the cost of these credit programs on a basis equivalent with other federal spending. The FCRA evaluates credit programs and provides appropriate funding for programs that operate at a loss, within budgetary limitations, to subsidize the loss element of the credit program. In the opinion of management and HUD's general counsel, Ginnie Mae is not subject to the FCRA and related financial reporting requirements. This exemption is based on the specific provisions of Ginnie Mae's charter and the permanent indefinite authority granted by Congress through 12 U.S.C. §1721(g), which supersedes the scope of the FCRA. Federal statute allows Ginnie Mae to accumulate and retain revenues in excess of expenses to build sound reserves which will be consumed for program expenses prior to reliance on any budgeted credit loss subsidy appropriation. As of September 30, 2025, and September 30, 2024, the Investment of U.S. Government account had a balance of $36.2 billion and $33.9 billion, respectively.

Note 18: Subsequent Events

Ginnie Mae has evaluated subsequent events through October 31, 2025, the date the financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to our disclosures.

Ginnie Mae
Our Guaranty Matters