



## ***Ginnie Mae Investor Value Proposition***

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Fixed income investments entail interest rate risk, the risk of issuer default, issuer credit risk and inflation risk. Leverage can increase market exposure and magnify investment risk.

Investments in asset backed and mortgage backed securities are subject to prepayment risk which can limit the potential for gain during a declining interest rate environment and increases the potential for loss in a rising interest rate environment.

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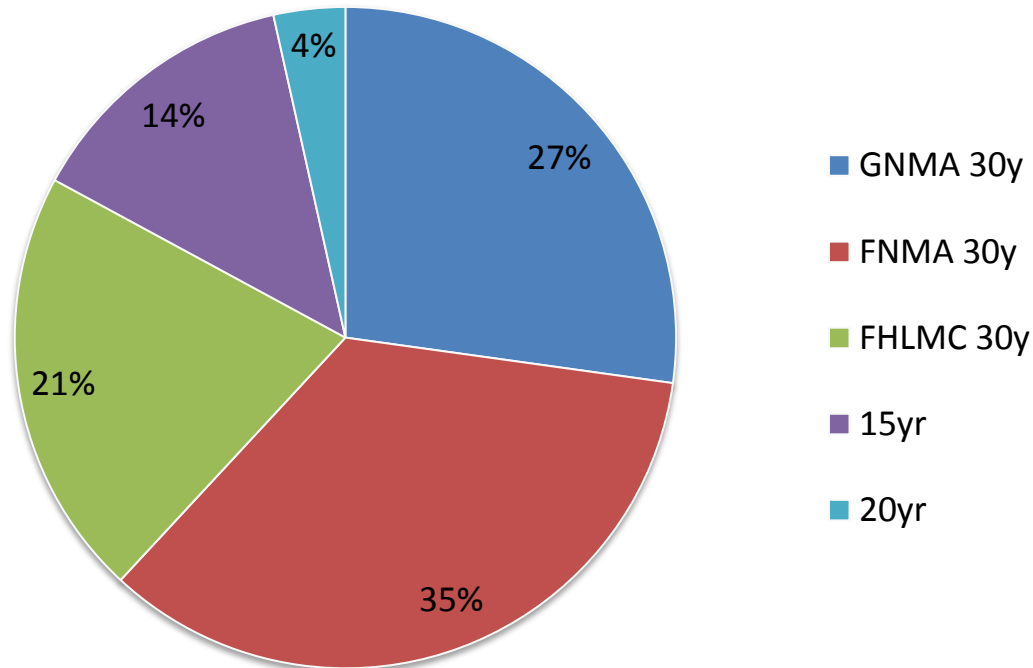
Adreview: CLADM-0917

Exp date: 9/30/2017

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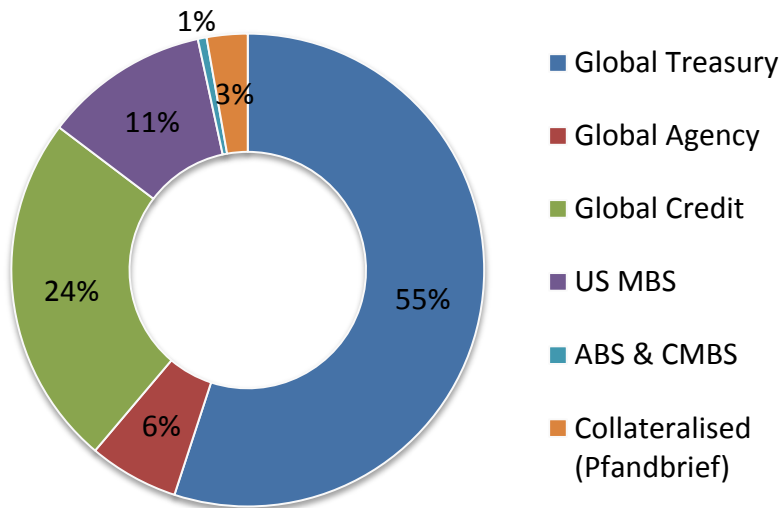
## Agency MBS Market Structure



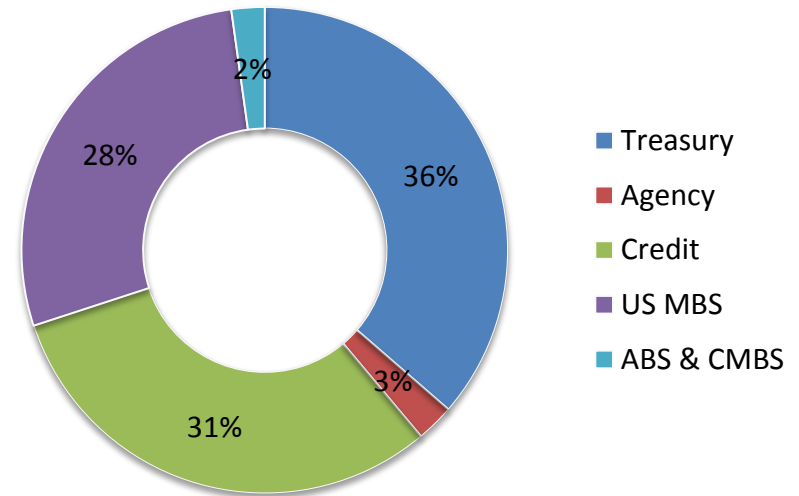
- Notional size of Barclays US MBS fixed-rate index is \$4.95 trillion
- GNMA represents 27% of the Barclays US MBS fixed-rate index

## GNMA In US and Global Bond Market Context

Barclay's Global Aggregate Index, % market value

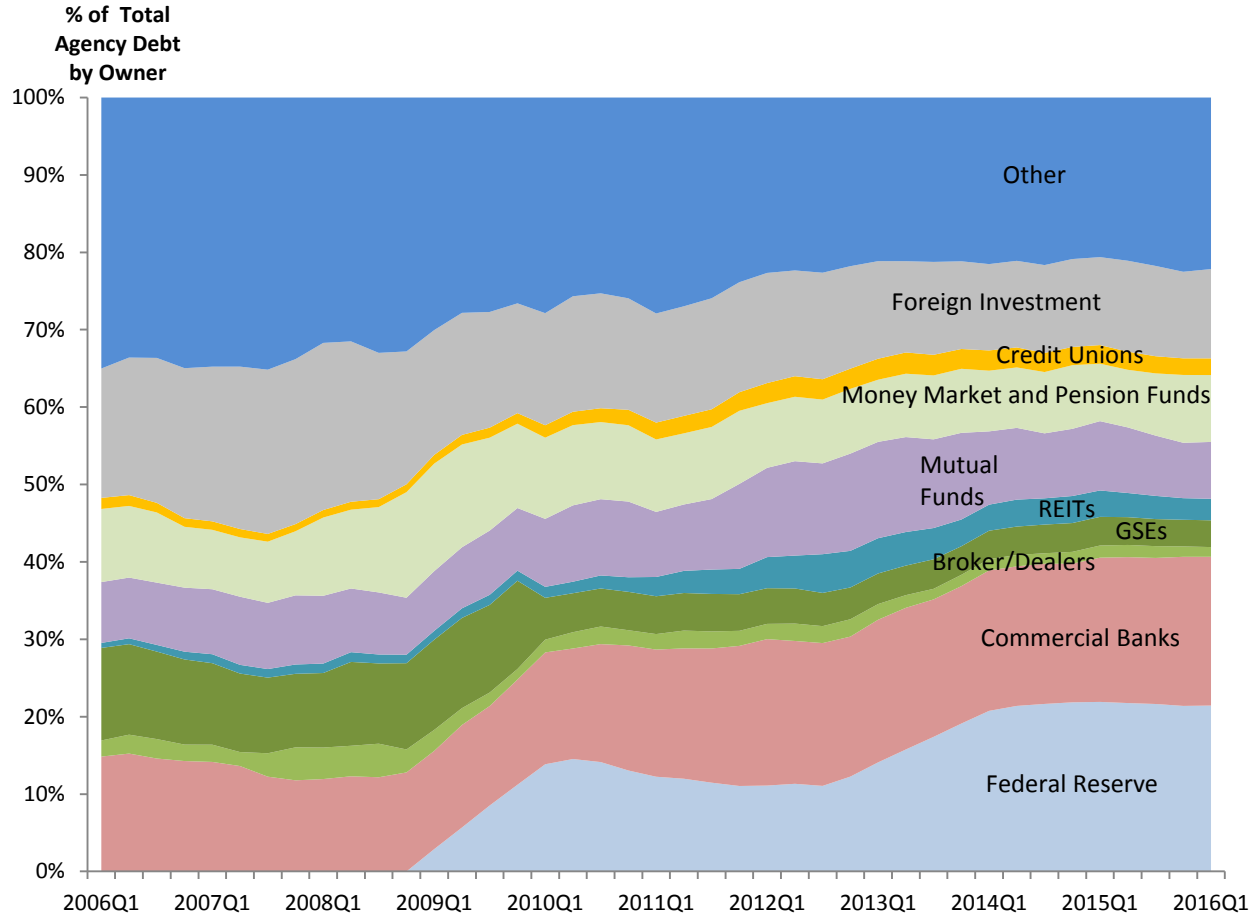


Barclay's US Aggregate Index, % market value



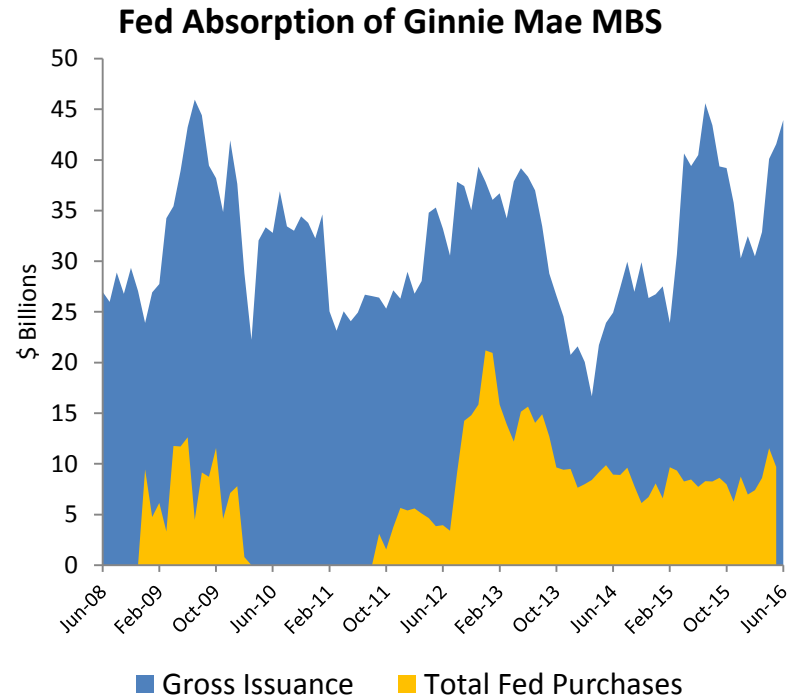
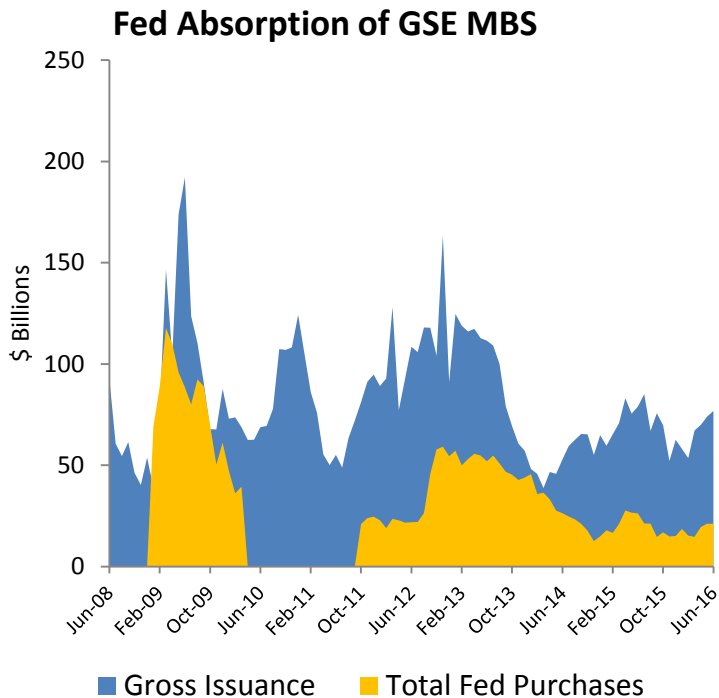
- US MBS Index is 11% of Barclays Global Aggregate Index and 28% of US Aggregate Index
- **GNMA** makes up 3% of the Global Aggregate Index and 7.5% of the US Aggregate Index

## Ownership of Agency Debt



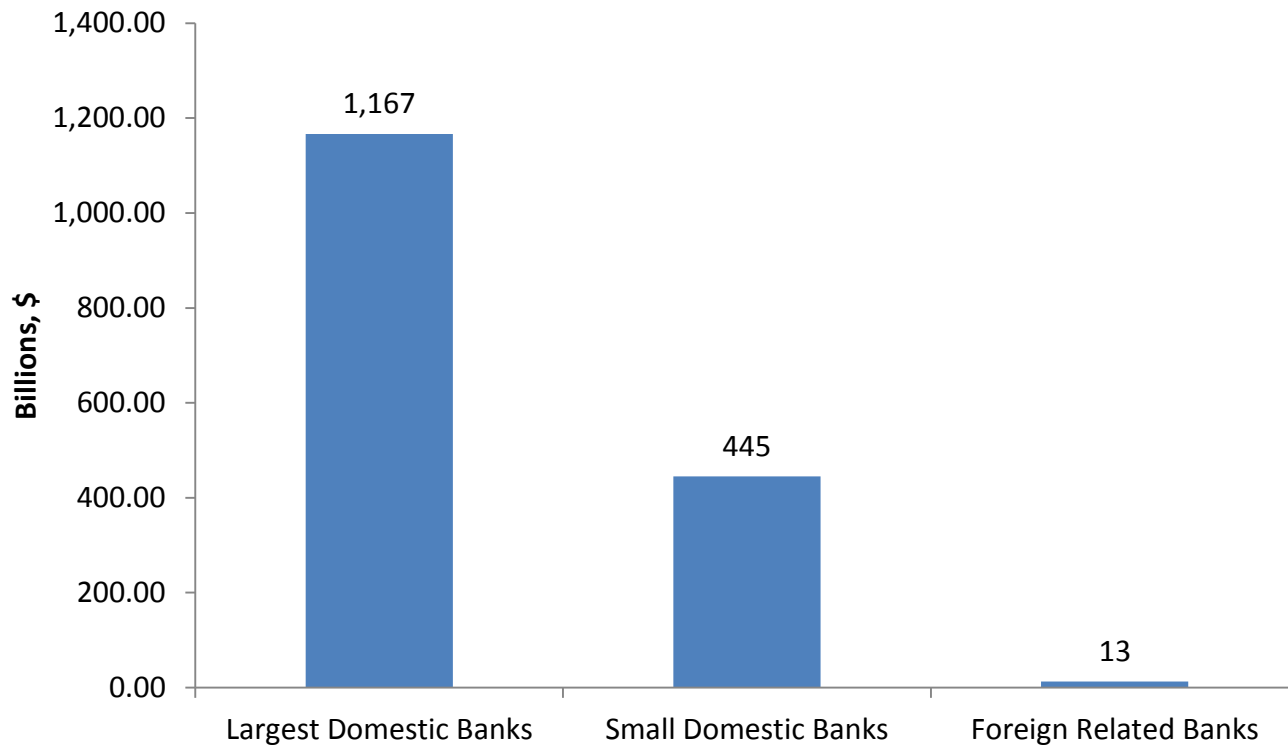
Sources: Federal Reserve Flow of Funds and Urban Institute. Note: Data as of June 2016

## Fed purchases relative to Gross Issuance



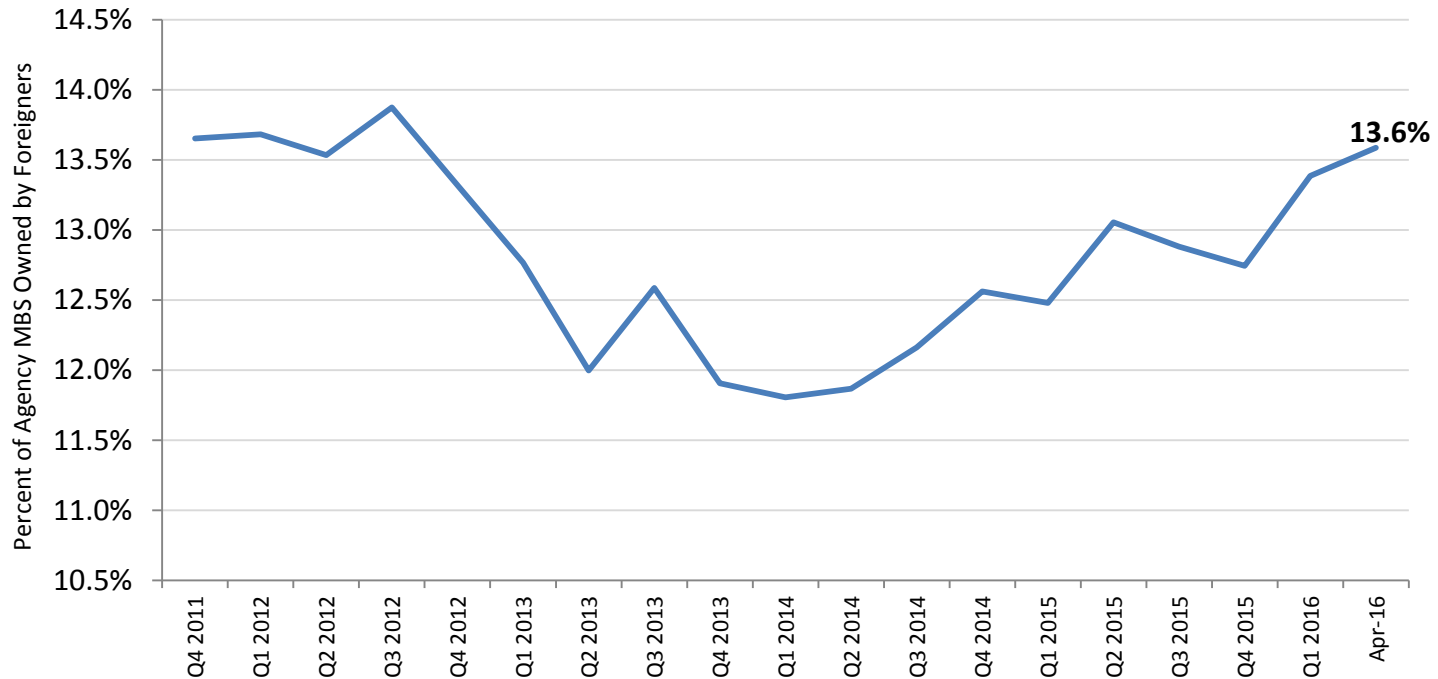
- Fed purchases continue to support MBS sector
- Fed balance sheet currently contains \$2.3t agency MBS

## Commercial Bank Holdings of Agency MBS



- Yield of MBS is attractive to larger banks, especially in HTM (held to maturity) account

## Foreign Share of Agency MBS



- Foreign ownership of agency MBS has increased over last 2 years



## Foreign Investors - Estimates of Agency MBS holdings

| Country        | Level of Holdings (\$Billions) |                |                |                |                | Change in Holdings (\$Billions) |               |               |              | Agency Weight                        |
|----------------|--------------------------------|----------------|----------------|----------------|----------------|---------------------------------|---------------|---------------|--------------|--------------------------------------|
|                | Jun-15                         | Sep-15         | Dec-15         | Mar-16         | Apr-16         | Q3 2015                         | Q4 2015       | Q1 2016       | April 2016   | MBS as percent of MBS + Agency debt* |
| Taiwan         | 189,503                        | 199,026        | 198,241        | 204,338        | 205,918        | 9,523                           | 785           | 6,097         | 1,580        | 100.0%                               |
| China          | 207,979                        | 194,449        | 183,104        | 185,057        | 183,177        | 13,530                          | 11,345        | 1,954         | 1,880        | 93.7%                                |
| Japan          | 135,604                        | 132,488        | 136,032        | 151,969        | 158,774        | 3,115                           | 3,543         | 15,937        | 6,805        | 86.3%                                |
| Ireland        | 29,952                         | 31,174         | 33,827         | 35,789         | 36,062         | 1,222                           | 2,653         | 1,962         | 274          | 77.8%                                |
| Luxembourg     | 20,827                         | 31,087         | 19,640         | 19,767         | 19,991         | 10,260                          | 11,447        | 127           | 224          | 75.9%                                |
| Cayman Islands | 17,096                         | 19,600         | 19,779         | 20,454         | 19,916         | 2,504                           | 179           | 675           | 539          | 75.0%                                |
| Switzerland    | 11,708                         | 10,402         | 10,650         | 10,722         | 10,411         | 1,306                           | 248           | 72            | 311          | 64.7%                                |
| United Kingdom | 5,958                          | 5,156          | 5,347          | 6,153          | 6,197          | 802                             | 191           | 806           | 44           | 66.7%                                |
| Canada         | 1,860                          | 1,820          | 1,636          | 1,615          | 2,442          | 40                              | 185           | -21           | 828          | 50.0%                                |
| Belgium        | 2,298                          | 2,300          | 2,184          | 2,250          | 2,342          | 1                               | 116           | 67            | 91           | 40.0%                                |
| Rest of World  | 123,319                        | 126,180        | 125,225        | 127,304        | 127,410        | 2,861                           | 955           | 2,079         | 106          | 64.4%                                |
| <b>Total</b>   | <b>746,104</b>                 | <b>753,682</b> | <b>735,663</b> | <b>765,418</b> | <b>772,640</b> | <b>7,578</b>                    | <b>18,019</b> | <b>29,755</b> | <b>7,222</b> |                                      |

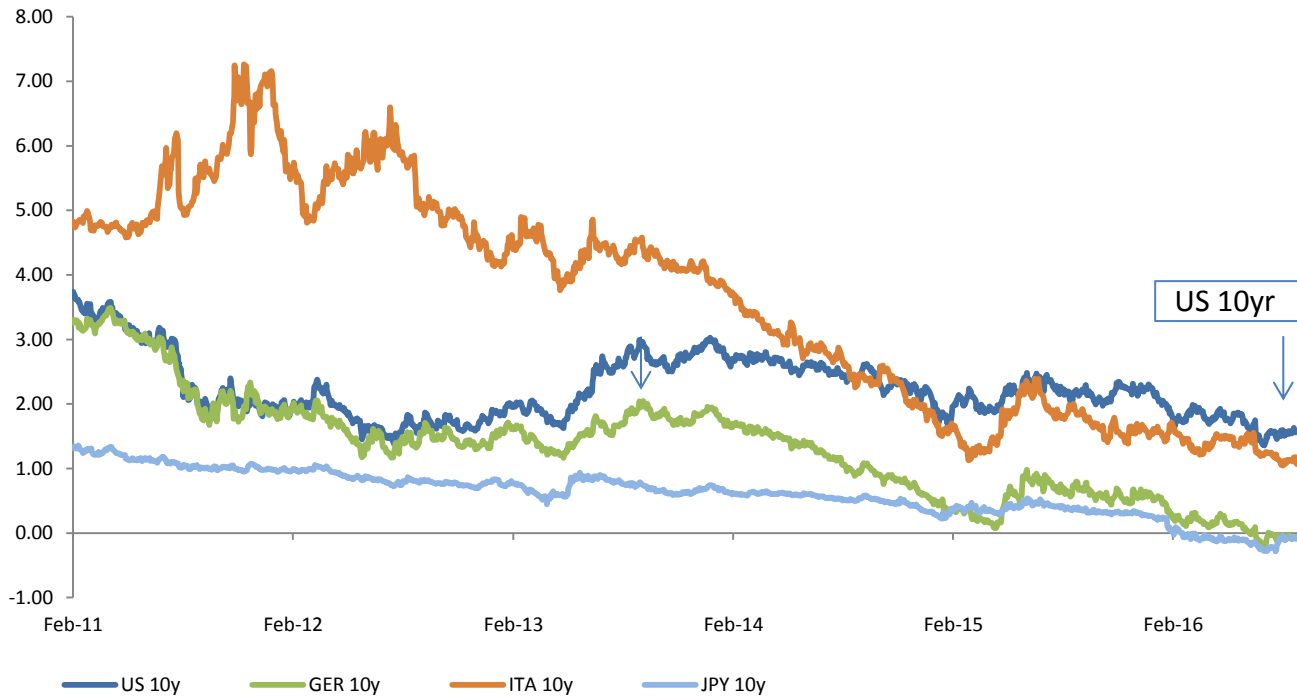
Source: Treasury International Capital (TIC) and Urban Institute

\*Based on June 30<sup>th</sup> report with amount asset backed per country

## ***The Case for GNMA Securities in Today's Environment***

- **Search for yield** - Unconventional monetary policy has pushed global government bond yields to historically low levels causing investors to rethink asset allocation decisions
- **US Treasuries, Higher Yielding Alternative** – Uncharacteristically, the US Treasury market offers more yield than other lower rated developed sovereign bond markets
- **Increased USD hedging costs** - have eroded yield advantage provided by US Treasury market for foreign investors unwilling to take FX risk
- **GNMA MBS Offer Yield Premium to Treasuries** – in USD or hedged GNMA MBS afford a yield advantage versus many lower rated sovereign issues for the same credit risk as US Treasuries
- **Increased issuance, increased liquidity** – GNMA issuance and % market share has grown post-crisis, which has improved investor sponsorship and liquidity
- **Risk Adjusted Global Relative Value** - GNMA MBS offer more attractive risk adjusted yields than many lower rated liquid government bond markets, offer comparable yields to high quality corporate issuance in U.S and Europe and provide additional portfolio diversification

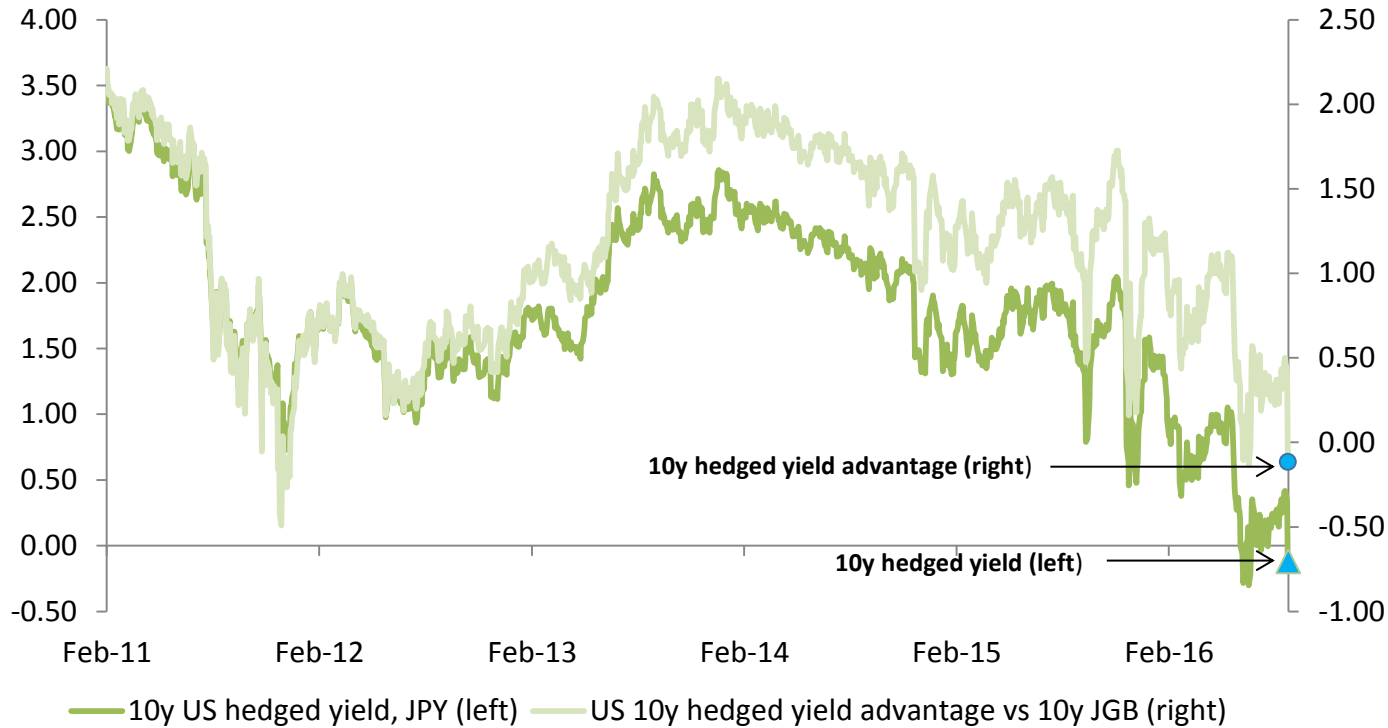
## Search for Yield - US Treasury Market and Global Relative Value



- Unconventional monetary policy has distorted the normal relationship between credit quality and yield
- US Treasuries are currently offering higher interest rates than other lower rated government bond markets

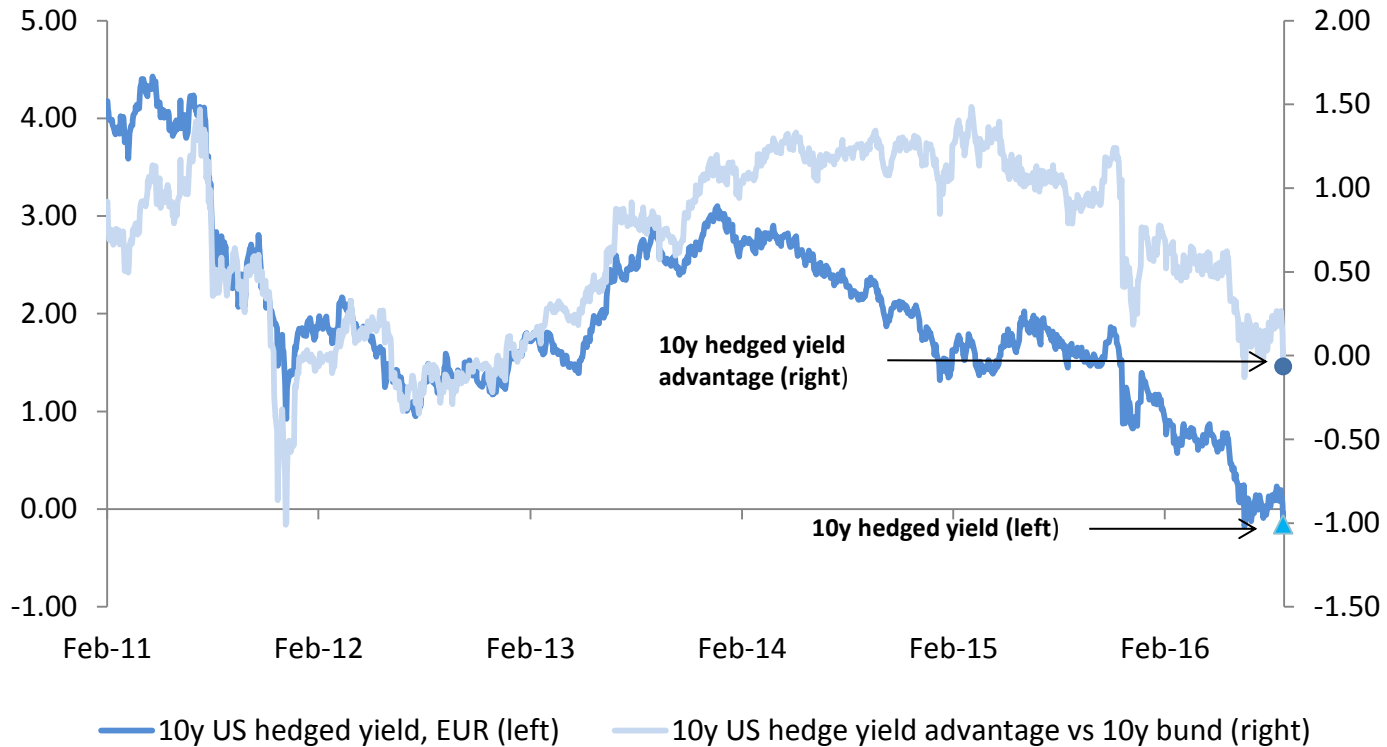
Source: Bloomberg, as of September 13, 2016

## Yield advantage of US 10y requires FX risk for foreign investors



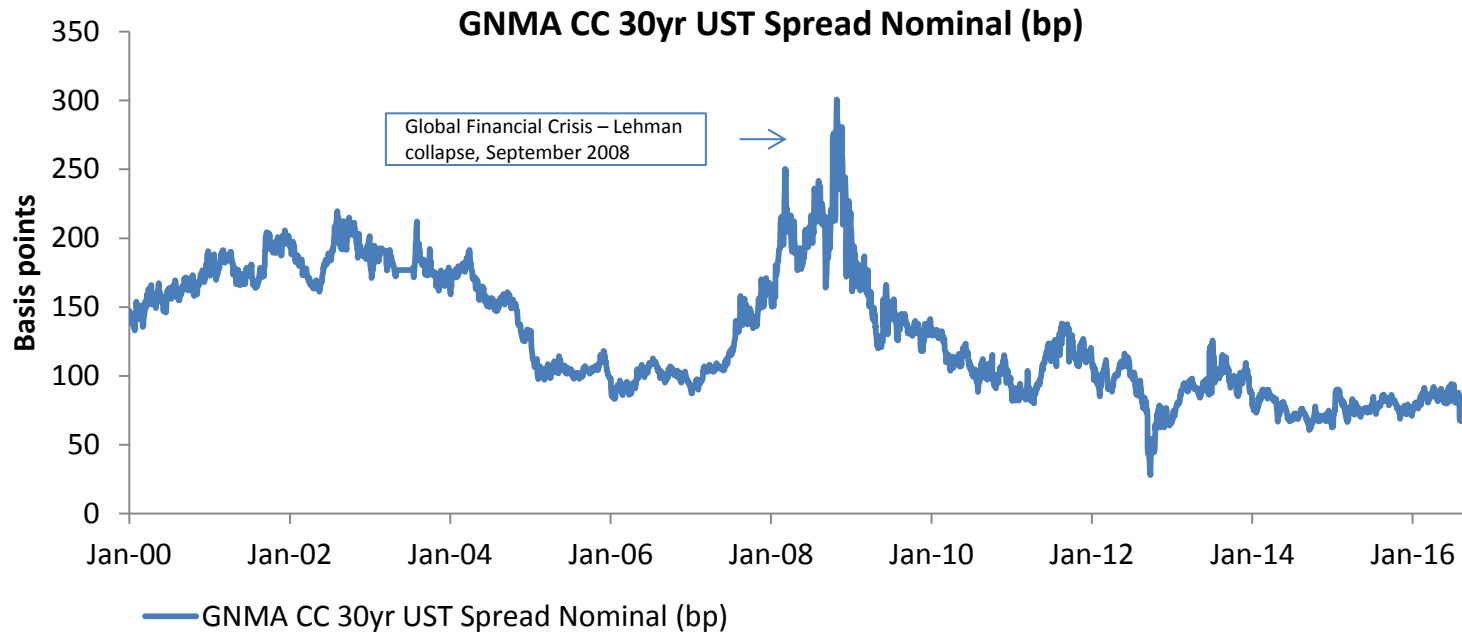
- The hedged yield advantage of 10yr US Treasuries to 10y JGBs declined to -6bp as of August 31, 2016
- Increased hedging costs reduced the hedged yield advantage by 35-40bp from mid-July

**Same is true for EUR investors...no advantage to buying 10y UST and hedging FX risk**



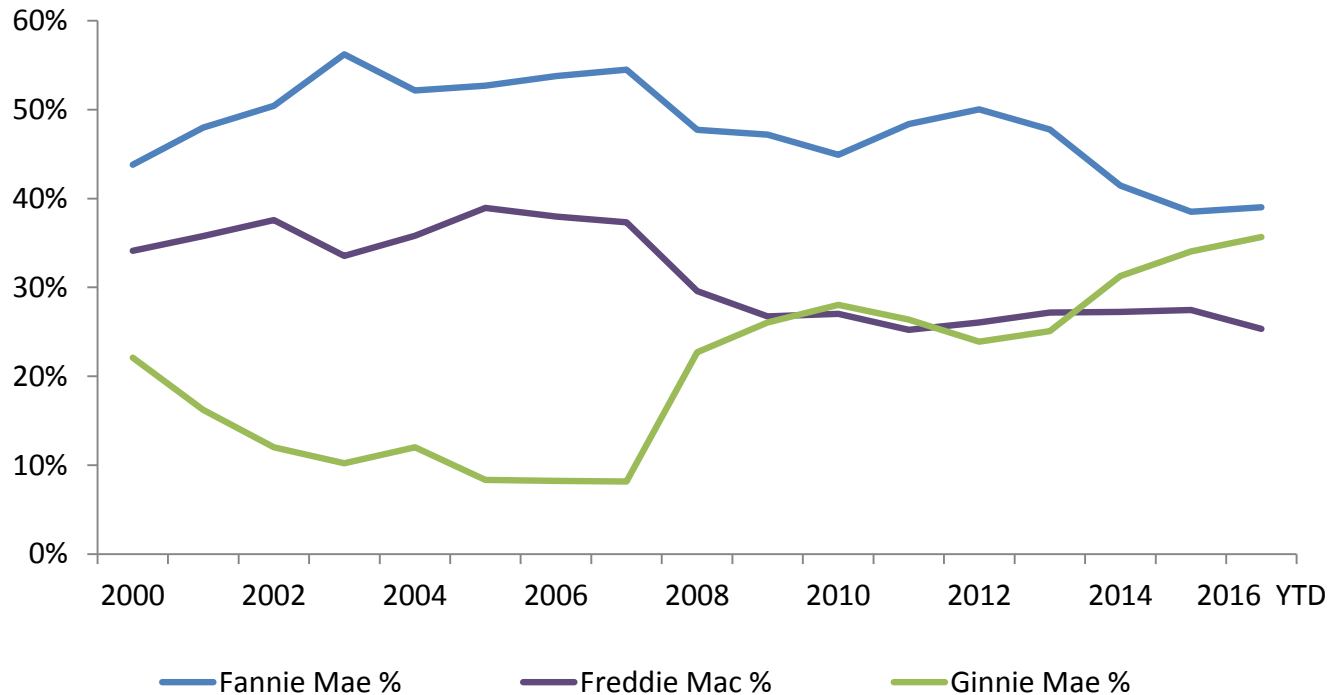
- 10y UST yields hedged back to EUR are comparable to yields on 10y bunds

## GNMA Yield Advantage Relative to US Treasuries



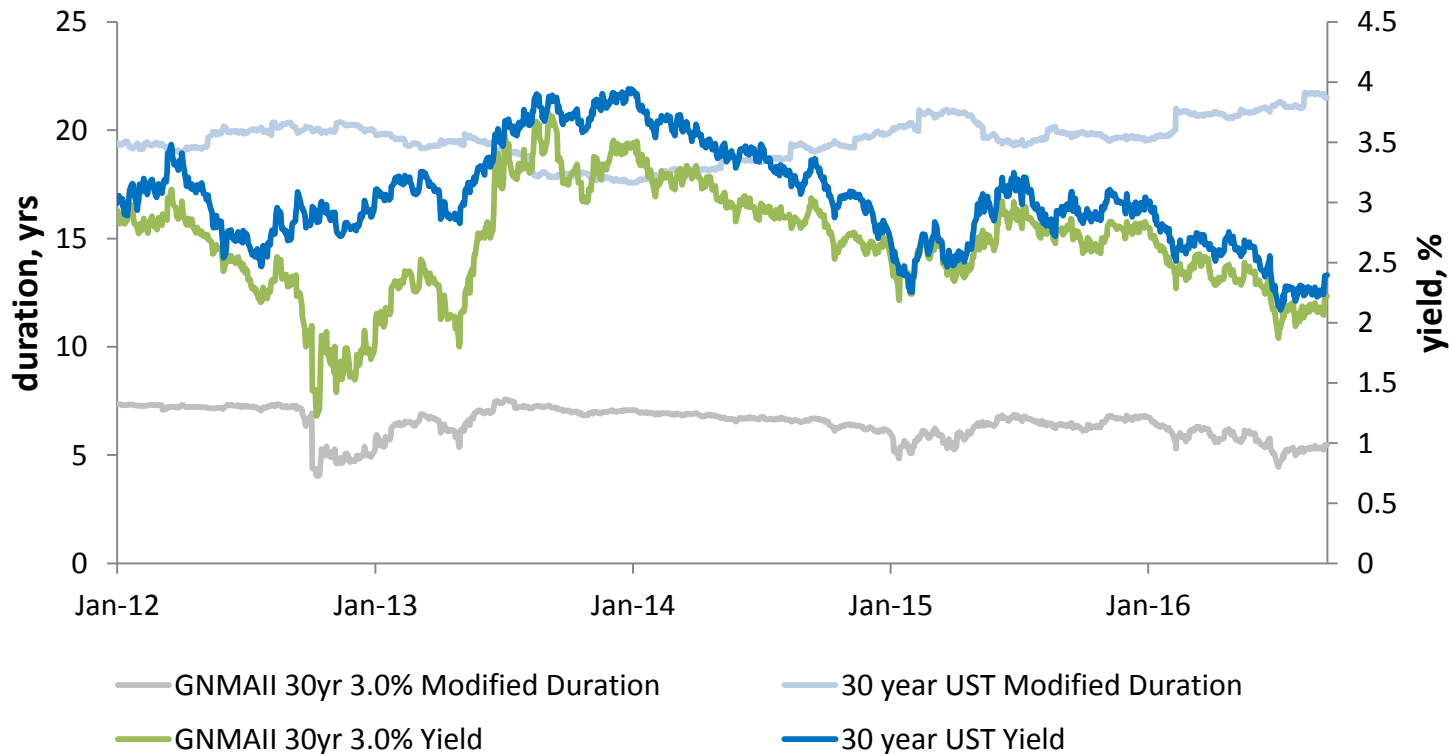
- GNMA 30 yr. CC currently offers a yield premium of 70bp versus Treasuries
- MBS yield premium is on the low end of historical range, but yield is difficult to source in current environment
- Extra yield helps offset hedging costs for foreign investors

## Agency Gross MBS Issuance, %



- Post crisis GNMA has increased gross issuance to 36% of total agency gross issuance
- GNMA liquidity and sponsorship has grown with issuance

## GNMA vs 30y US Treasury – Similar Yield Less Duration Risk

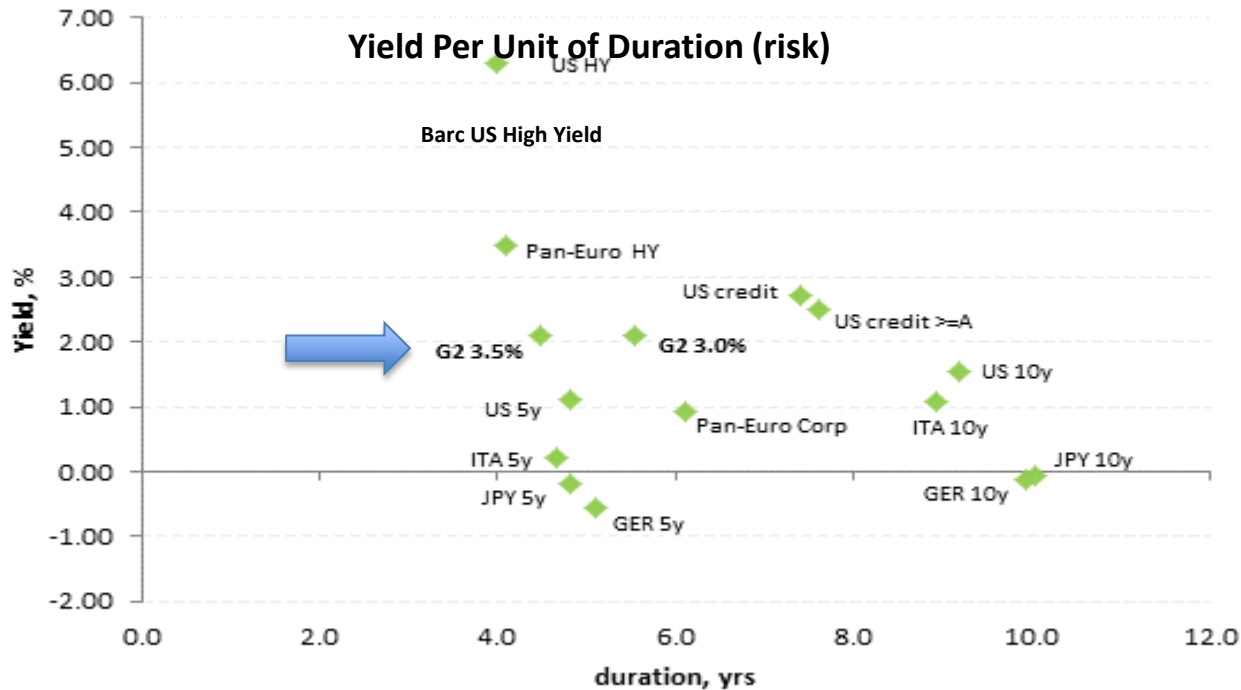


- GNMA II 3.0% MBS offers comparable yield to a 30y US Treasury with 1/3 of the interest rate risk (duration)

Source: JP Morgan DataQuery, as of September 13, 2016, SSGA



## Risk Adjusted Global Relative Value



- Attractive duration adjusted yield relative to alternatives in the investment grade fixed income markets
- Similar yields to US corporates with 2-3yrs less duration risk
- Only US and Pan-Euro high yield offer better yield per unit of duration, but with significantly higher credit risk

Source: Bloomberg, Barclays, JP Morgan DataQuery, SSGA as of August 31, 2016  
Index descriptions are detailed in Appendix

## GNMA MBS Provide Attractive Risk Adjusted Returns

| Duration | Sharpe Ratio      |             |                |                      |               |                      |
|----------|-------------------|-------------|----------------|----------------------|---------------|----------------------|
|          | US MBS Ginnie Mae | US Treasury | US Credit Corp | Pan Euro Credit Corp | US High Yield | Pan Euro High Yield* |
| 1 year   | 0.88              | 0.55        | 0.59           | 0.19                 | 0.06          | 0.04                 |
| 3 year   | 0.47              | 0.32        | 0.40           | 0.47                 | 0.20          | 0.38                 |
| 5 year   | 0.36              | 0.30        | 0.35           | 0.41                 | 0.25          | 0.30                 |
| 10 year  | 0.44              | 0.28        | 0.26           | 0.21                 | 0.19          | 0.18                 |

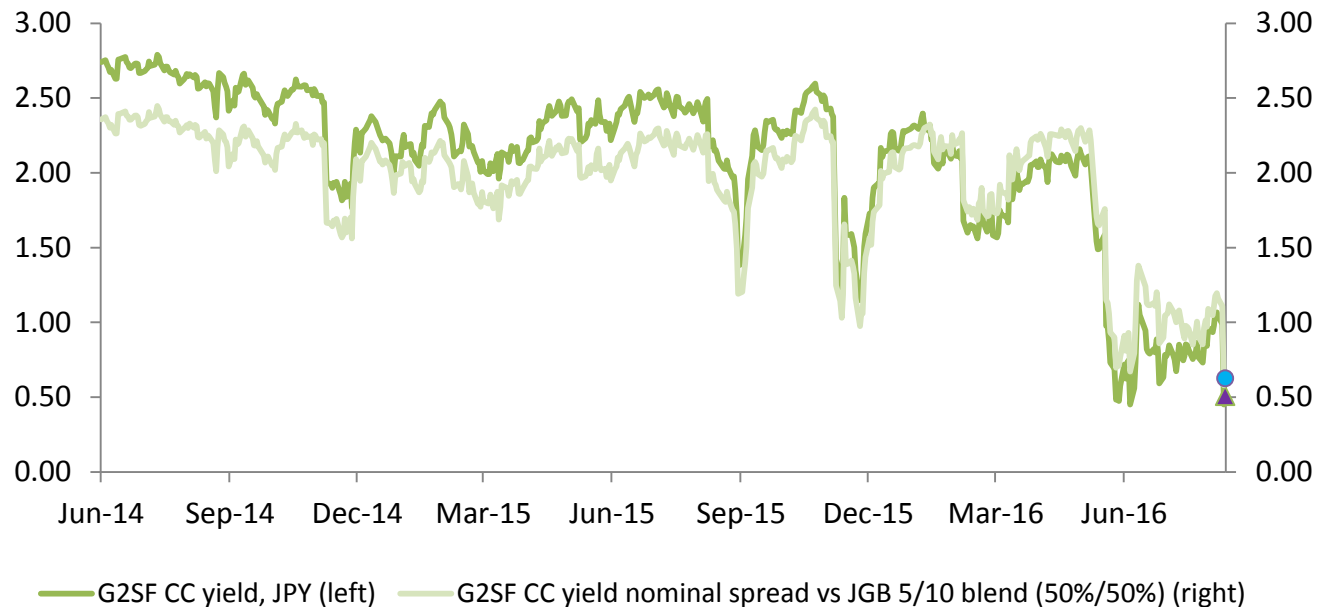
*\*Assumes 2% capitalization max per issuer on high yield indices*

*Sources: Barclays Indices, Bloomberg and State Street Global Advisors, as of August 2016*

- GNMA MBS consistently provide attractive risk adjusted returns

## GNMA Provides Hedged Yield Premium

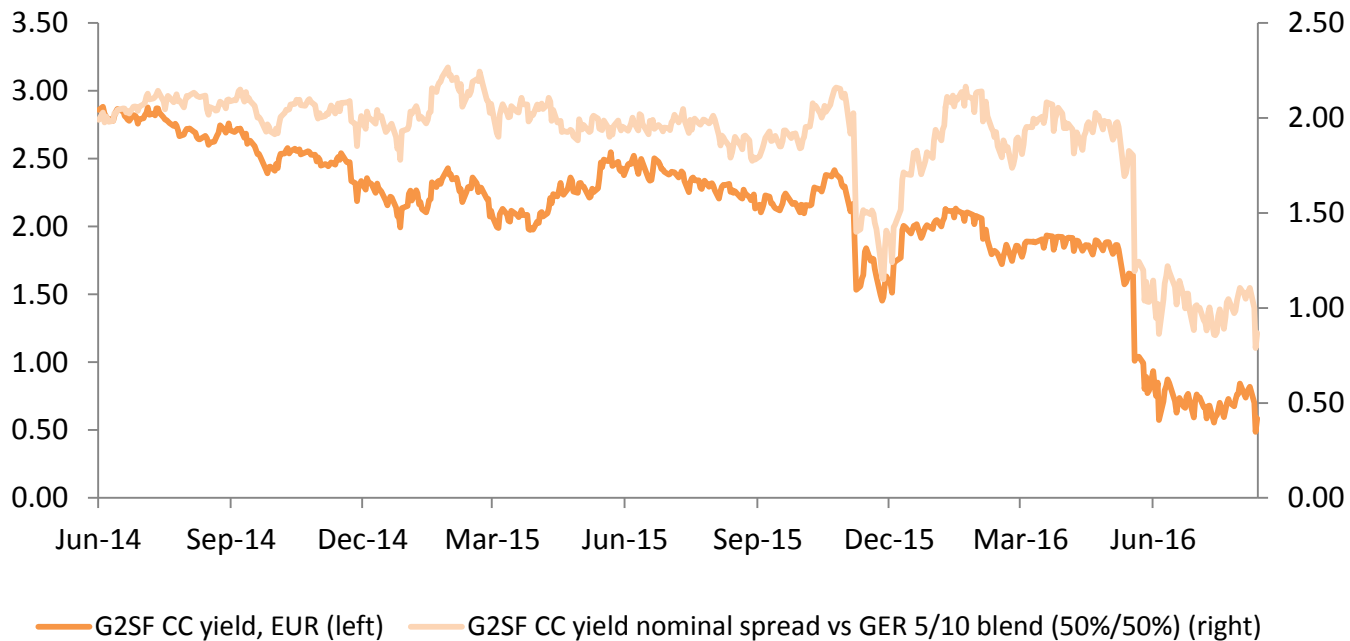
G2SF CC yield & nominal spread, JPY



- GNMA MBS provides 55-70bp hedged yield advantage versus JGBs for JPY investors
- GNMA MBS more attractive asset than US Treasuries for hedged JPY investors

## GNMA Provides Hedged Yield Premium

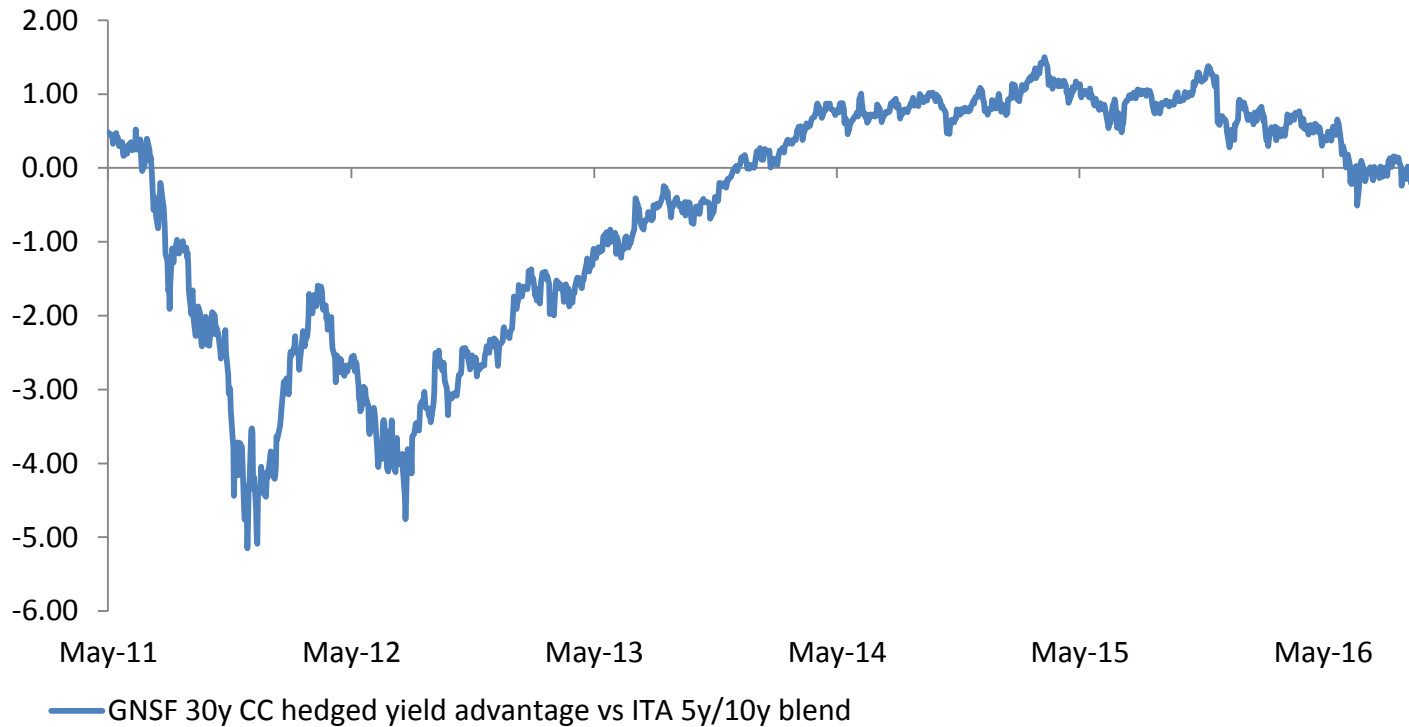
G2SF CC yield & nominal spread, EUR



- GNMA MBS provides 70-80bp hedged yield advantage versus Bunds for EUR investors
- Negative rates in the Eurozone and better hedged yield differentials versus bunds than US Treasuries could lead to increased sponsorship of GNMA MBS from European investors

Source: Bloomberg, as of September 13, 2016  
Bunds – German government bonds

## GNMA Euro-Hedged Yield Comparable to Italy (Baa2)\*



- **European Credit vs US MBS** : For EUR investors - 20bp yield give up for full faith and credit backing of the US government compared to Italian government bonds rated Baa2

## Agency MBS Provide Portfolio Diversification and Outperformance in Hiking Cycles

### MBS sector offers portfolio diversification

Correlation Matrix- 10yrs as of December 31, 2015

|                  | Aggregate | Global Agg | Treasury | U.S. MBS | GNMA |
|------------------|-----------|------------|----------|----------|------|
| Aggregate        | 100%      |            |          |          |      |
| Global Aggregate | 72%       | 100%       |          |          |      |
| Treasury         | 65%       | 39%        | 100%     |          |      |
| U.S. MBS         | 84%       | 59%        | 77%      | 100%     |      |
| GNMA             | 88%       | 63%        | 81%      | 97%      | 100% |
| TIPS             | 83%       | 75%        | 54%      | 56%      | 68%  |
| TIPS 0-5yrs      | 63%       | 85%        | 38%      | 49%      | 56%  |
| Credit           | 80%       | 63%        | 8%       | 42%      | 47%  |
| Securitized      | 96%       | 72%        | 59%      | 91%      | 92%  |
| Linkers          | 57%       | 85%        | 15%      | 27%      | 35%  |
| Linkers - hedged | 77%       | 57%        | 42%      | 46%      | 55%  |
| Global Credit    | 62%       | 51%        | -17%     | 21%      | 24%  |

Source - Barclays Live, 12 month total returns, monthly

- Agency MBS can provide portfolio yield and diversification benefits
- Historically, the yield advantage offered by Agency MBS has allowed the sector to outperform duration neutral Treasuries during monetary policy tightening cycles

### MBS tend to outperform during hiking cycles

|                      |        |        | cumulative excess returns |                     |
|----------------------|--------|--------|---------------------------|---------------------|
|                      | Beg    | End    | Barclays MBS Index        | Barclays GNMA Index |
| Fed Tightening Cycle | Jun-04 | Jun-06 | 1.53%                     | 1.24%               |
| Fed Tightening Cycle | Jun-99 | May-00 | -0.06%                    | 0.30%               |
| Fed Tightening Cycle | Feb-94 | Feb-95 | 1.30%                     | 1.91%               |

## ***GNMA Securities Provide a Strong Value Proposition***

- Only MBS security with the full faith and credit guarantee of the US government
- Higher yield than US Treasuries for the same credit risk
- More yield than several lower rated (credit risk), longer maturity (interest rate risk) foreign government bonds
- Comparable yields to high grade corporate indices in US and Eurozone
- Yield spread provides cushion against higher rates and offsets hedging costs
- 60-80bp of additional yield relative to 10yr government bonds in Germany and Japan after accounting for currency hedging costs
- Portfolio diversification



## ***Appendix: Notes & Disclosures***



## Index Descriptions

**Barclays US MBS Fixed-Rate Index:** The Barclays US MBS Fixed-Rate Index is a sub-set of The Barclays US Mortgage Backed Securities (MBS) Index, filtered to exclude hybrids. Hybrids are 0.65% of the MBS Index; Fixed Rate MBS are 99.35% of the MBS Index. The Barclays US Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage. Introduced in 1985, the GNMA, FHLMC and FNMA fixed-rate indices for 30- and 15-year securities were backdated to January 1976, May 1977, and November 1982, respectively. In April 2007, agency hybrid adjustable-rate mortgage (ARM) pass-through securities were added to the index.

**Barclays Global Aggregate Index:** The Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. A component of the Multiverse Index, the Global Aggregate Index was created in 2000, with index history backfilled to January 1, 1990.

**Barclays US Aggregate Index:** The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). Provided the necessary inclusion rules are met, US Aggregate-eligible securities also contribute to the multi-currency Global Aggregate Index and the US Universal Index, which includes high yield and emerging markets debt. The US Aggregate Index was created in 1986 with history backfilled to January 1, 1976.

**Barclays Pan-Euro High Yield Index:** The Barclays Pan-European High Yield Index measures the market of non-investment grade, fixed-rate corporate bonds denominated in the following currencies: euro, pounds sterling, Danish krone, Norwegian krone, Swedish krona, and Swiss franc. Inclusion is based on the currency of issue, and not the domicile of the issuer. The index excludes emerging market debt. It was created in 1999 and is part of the Global High Yield Index.

**Barclays US High Yield Index:** The Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. The US Corporate High Yield Index is a component of the US Universal and Global High Yield Indices. The index was created in 1986, with history backfilled to July 1, 1983.

**Barclays Euro Corp Index:** The Barclays Euro Corporate Bond Index is a broad-based benchmark that measures the investment grade, euro-denominated, fixed-rate corporate bond market. Inclusion is based on the currency denomination of a bond and not the country of risk of the issuer. The Euro Corporate Index is a subset of Barclays broader-based flagship indices, such as the Euro Aggregate and the multi-currency Global Aggregate Index. The Euro Corporate Index was launched on 1 June 1998.

**Barclays US Corp Index:** The Barclays US Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by US and non-US industrial, utility and financial issuers. The US Corporate Index is a component of the US Credit and US Aggregate Indices, and provided the necessary inclusion rules are met, US Corporate Index securities also contribute to the multi-currency Global Aggregate Index. The index was launched in July 1973, with index history backfilled to January 1, 1973.

**Barclays US Corp A or Better Index:** The Barclays US Corp A or Better index is a sub-set of The Barclays US Corporate Bond Index, filtered to include only A or better ratings.

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### **WEBSITE**

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### **LINKS**

#### **Monthly MBS Issuance Reports**

*http://ginniemae.gov/media\_center/Pages/monthly\_issuance\_reports.aspx*

#### **Monthly Unpaid Principal Balance Reports**

*http://ginniemae.gov/media\_center/Pages/monthly\_rpb\_reports.aspx*

#### **Monthly Remic Summary**

*http://ginniemae.gov/media\_center/Pages/monthly\_rpb\_reports.aspx*



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# Capital Markets Panel Discussion

Scott E. Buchta

Head of Fixed Income Strategy – Brean Capital, LLC

September 19, 2016



***SUCCESS STORIES***

2016 Ginnie Mae Summit

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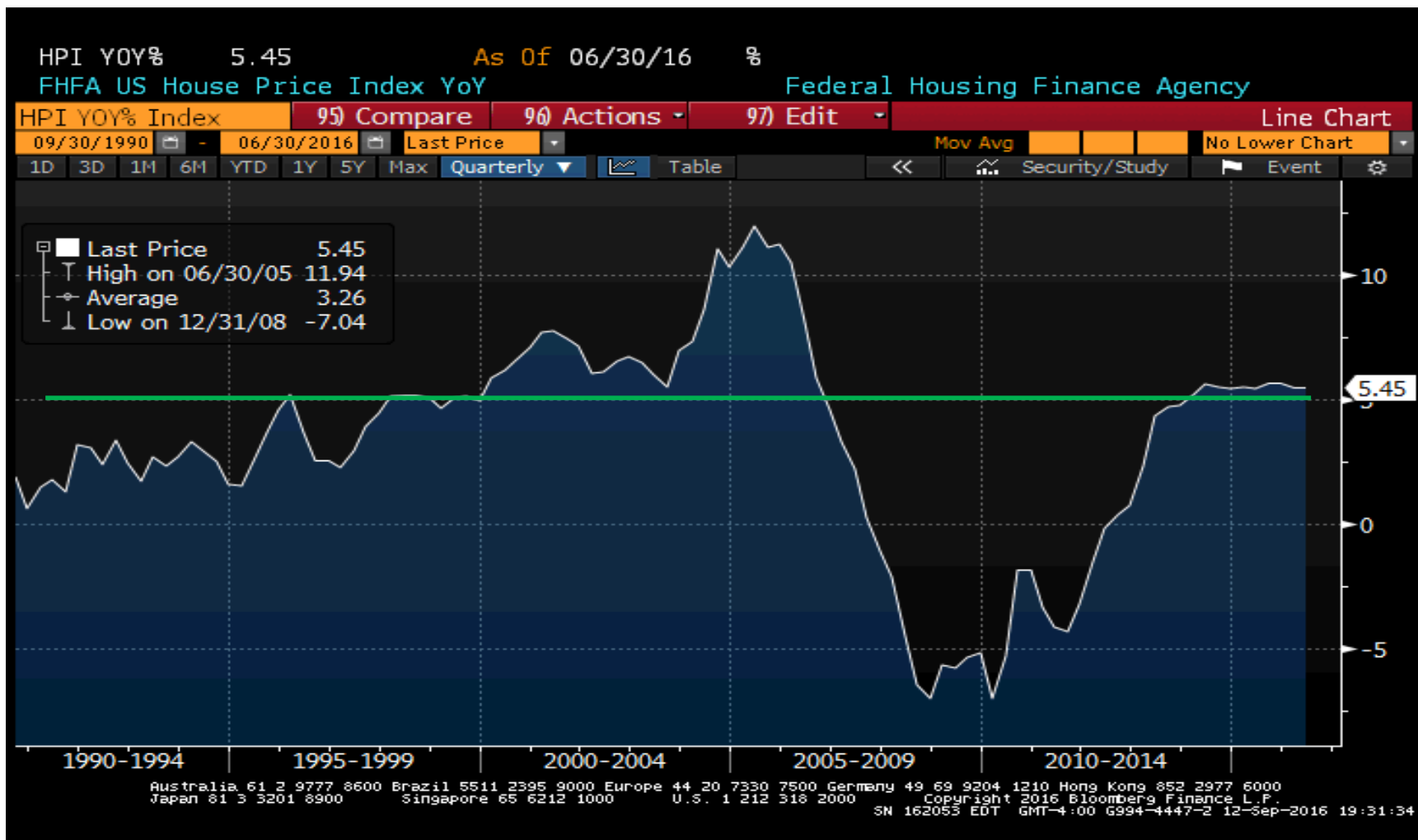
**The GNMA Marketplace**

**Housing Finance Authorities**

**Investor Wish List**

# Market Fundamentals

# Home Prices – Steady Growth



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# Housing – New vs. Existing Home Sales

## New Home Sales



## Existing Home Sales



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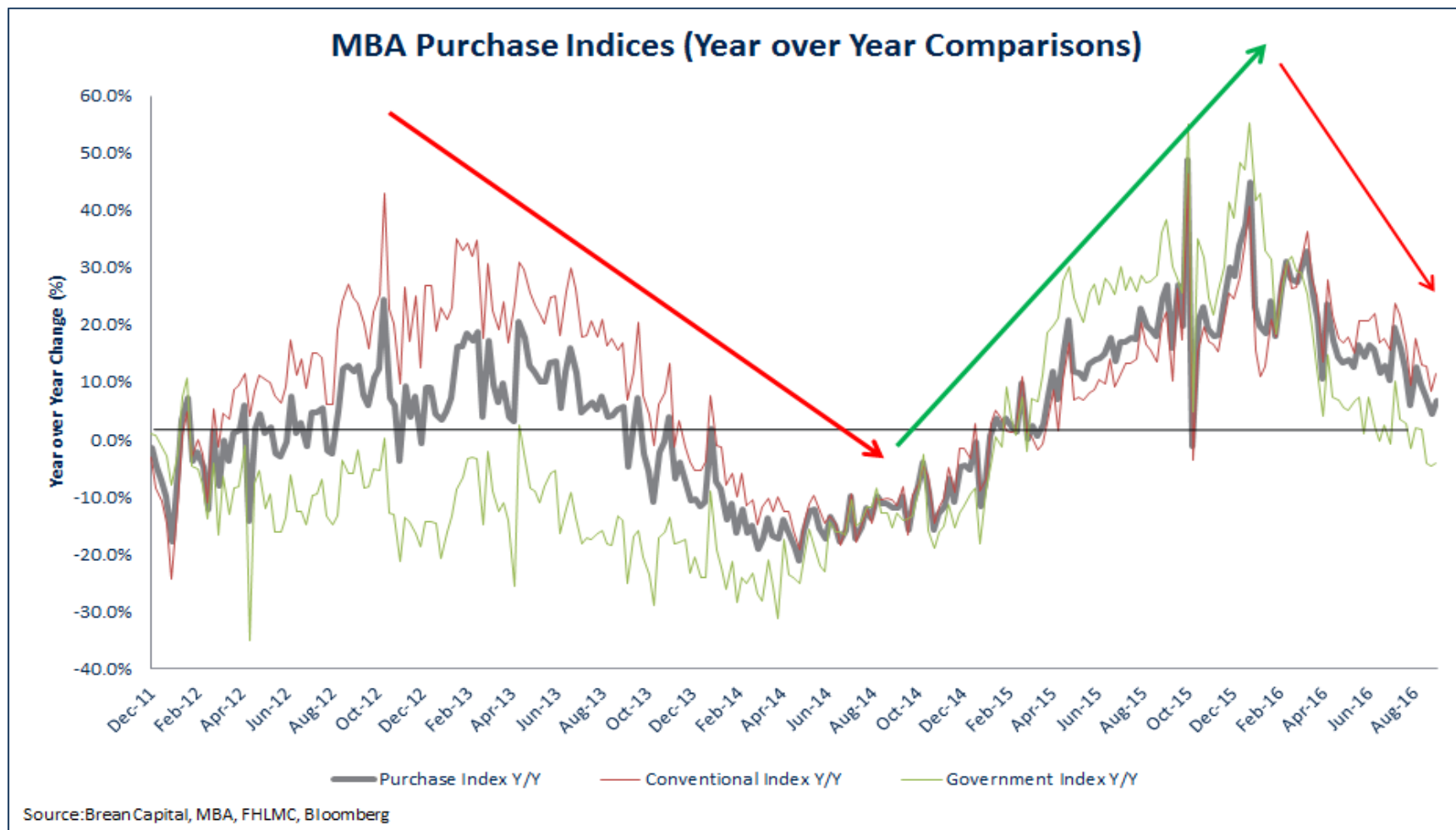


# 10yr Treasury



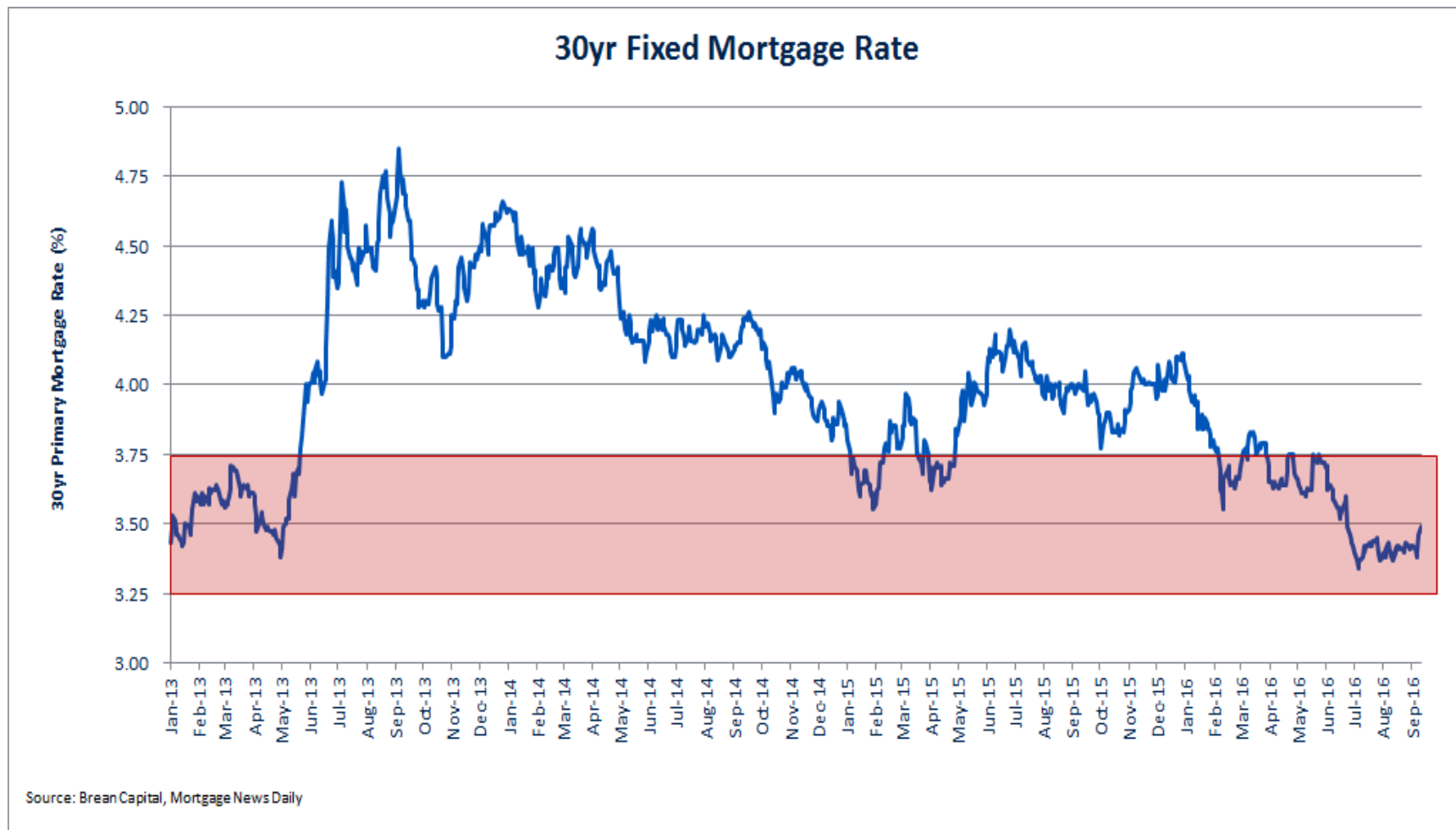
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## MBA Purchase Indices (Year over Year Comparisons)



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# 30yr Mortgage Rates



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# The GNMA Marketplace

## GNMA – Market Overview

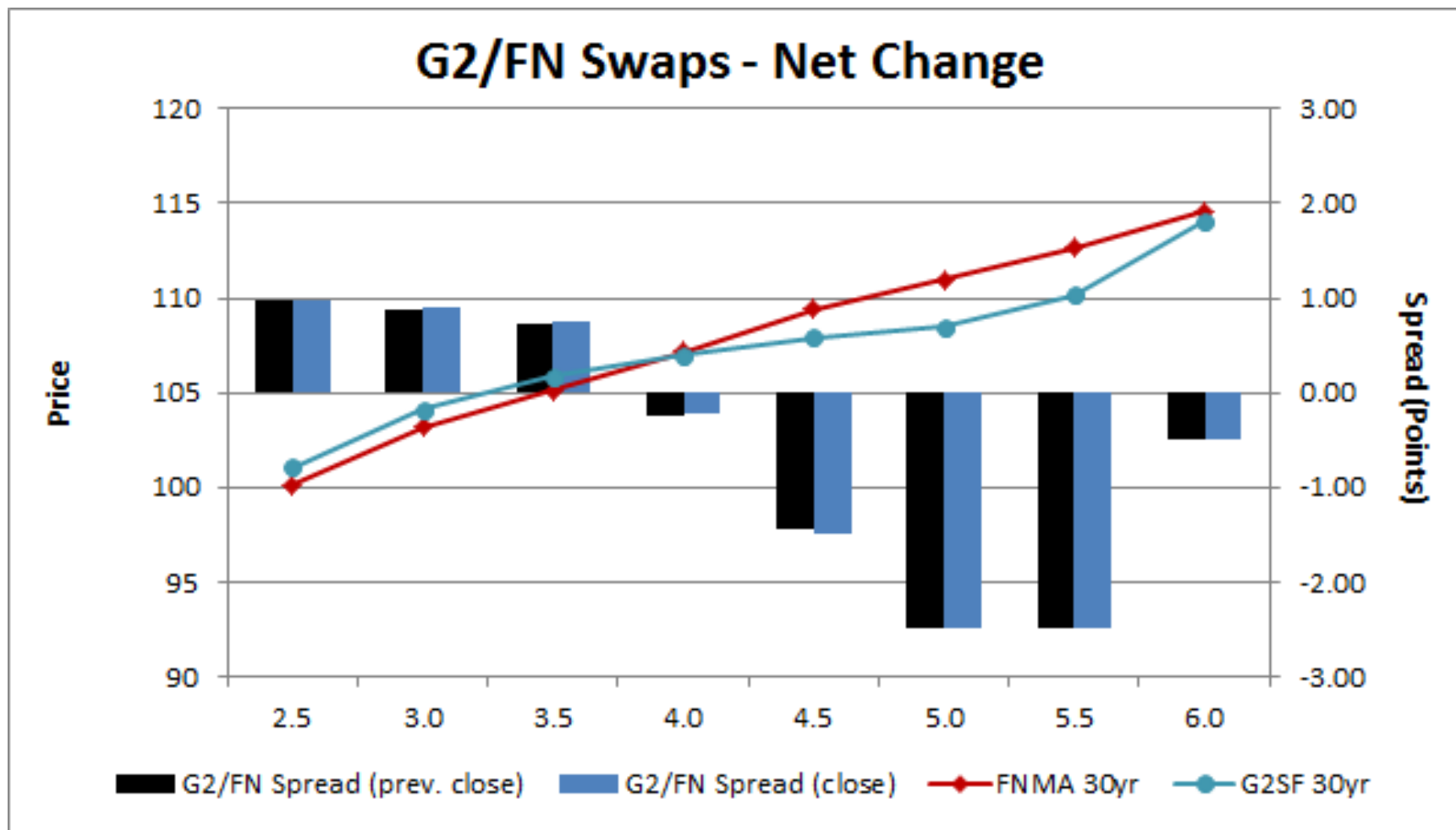
### Supply

- Refinancing Activity Remains Robust
  - Will be Very Sensitive to +/-25bp Moves in Rates
- Purchase Activity Aided by the return of First Time Home Buyers

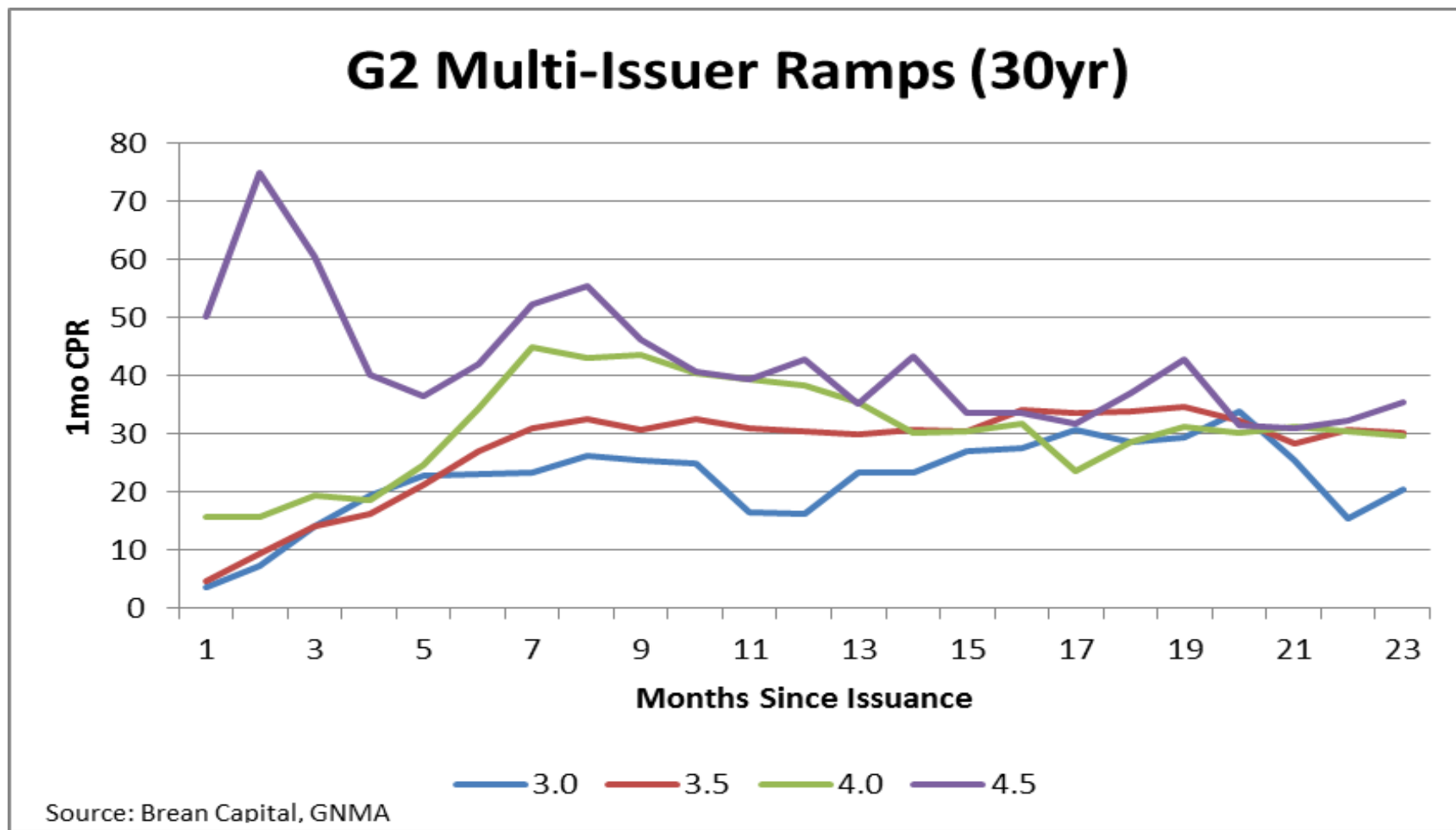
### Demand

- Fed
- Banks
- Asia (Japan)
- Government Bond Funds
  - Shorter Duration Products

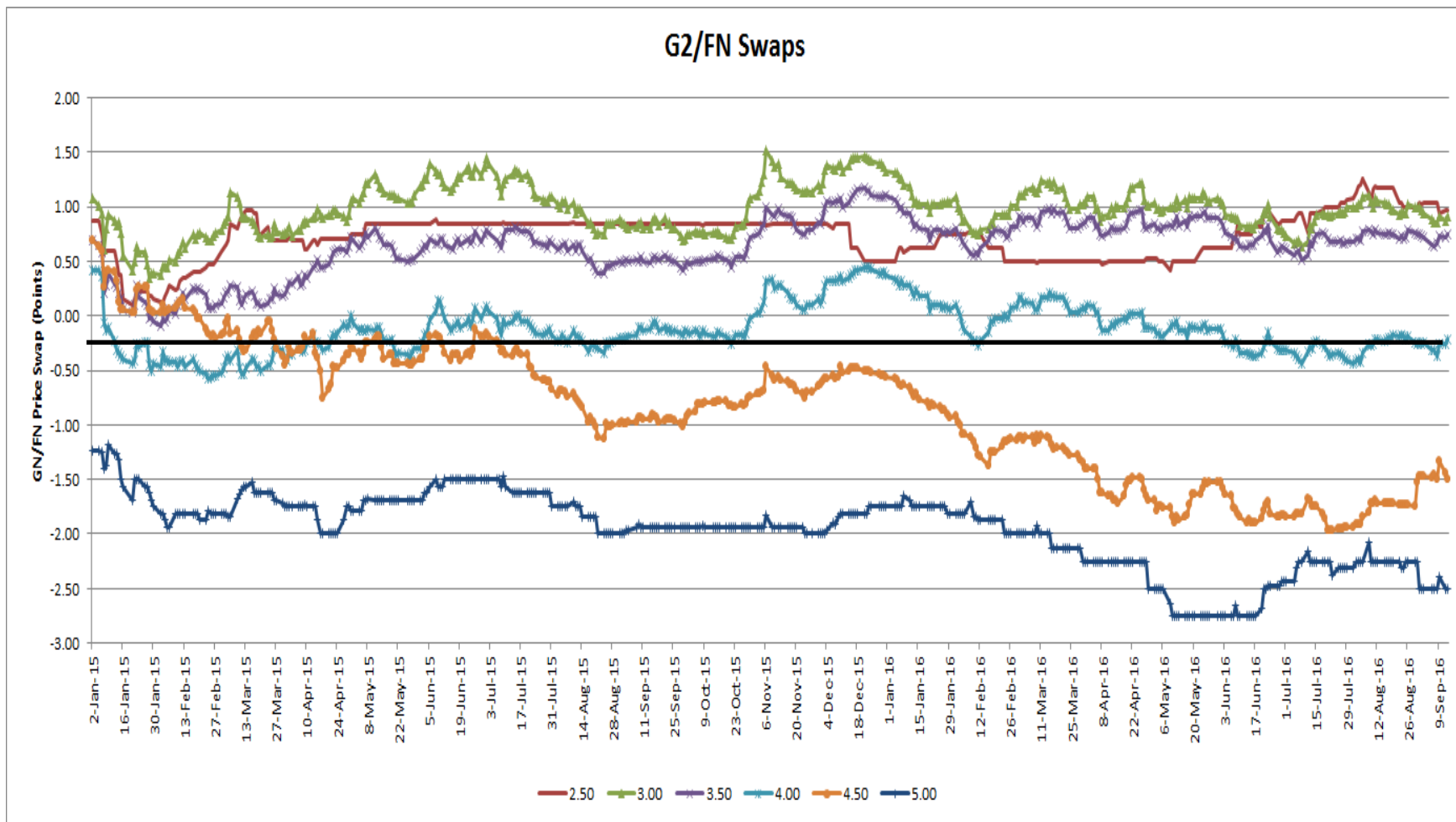
## Coupon Stack and G2/FN Swaps



## GN II Multi-issuer Pool Ramps



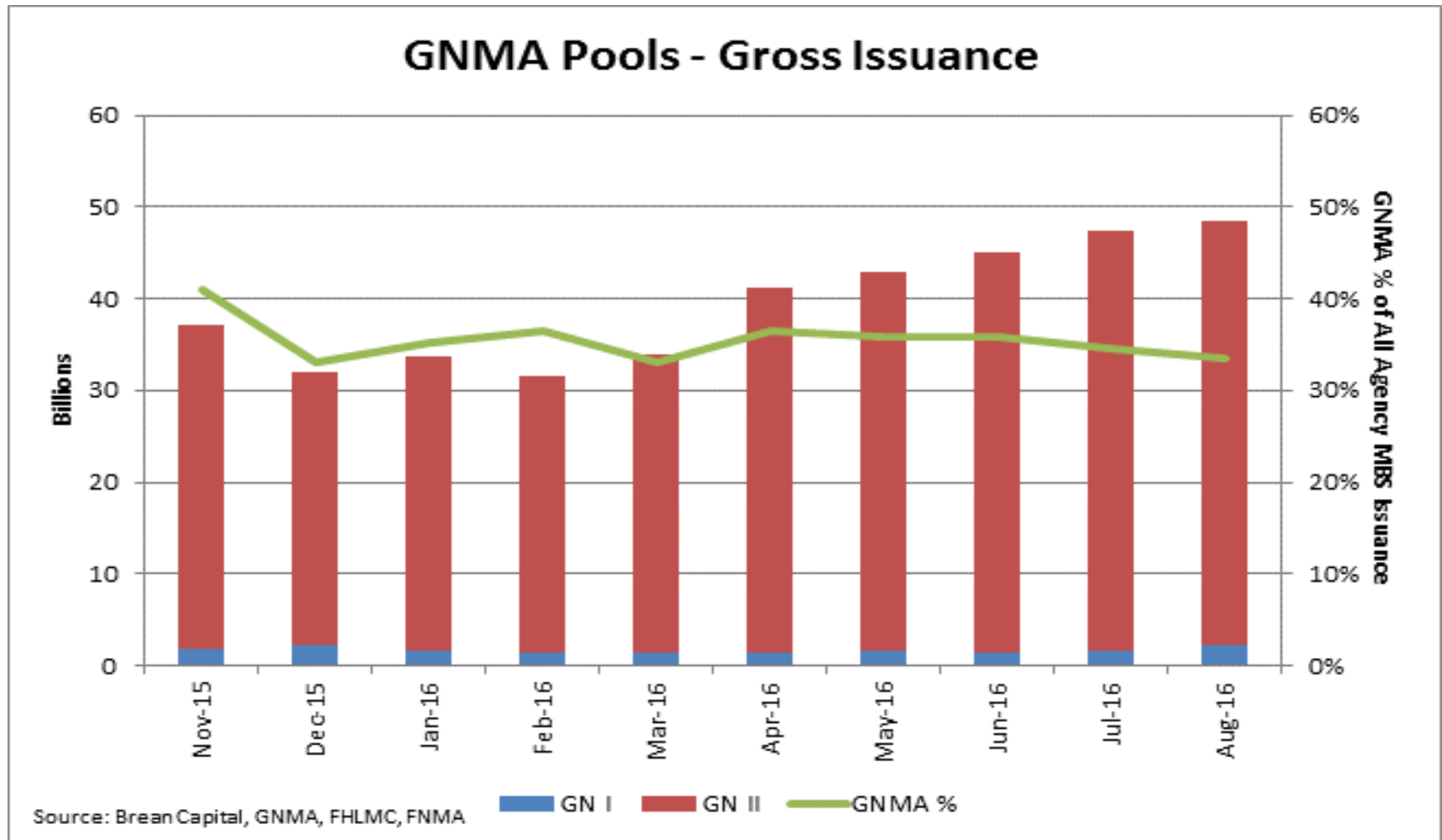
# G2 / FN Swaps – Historical Spreads



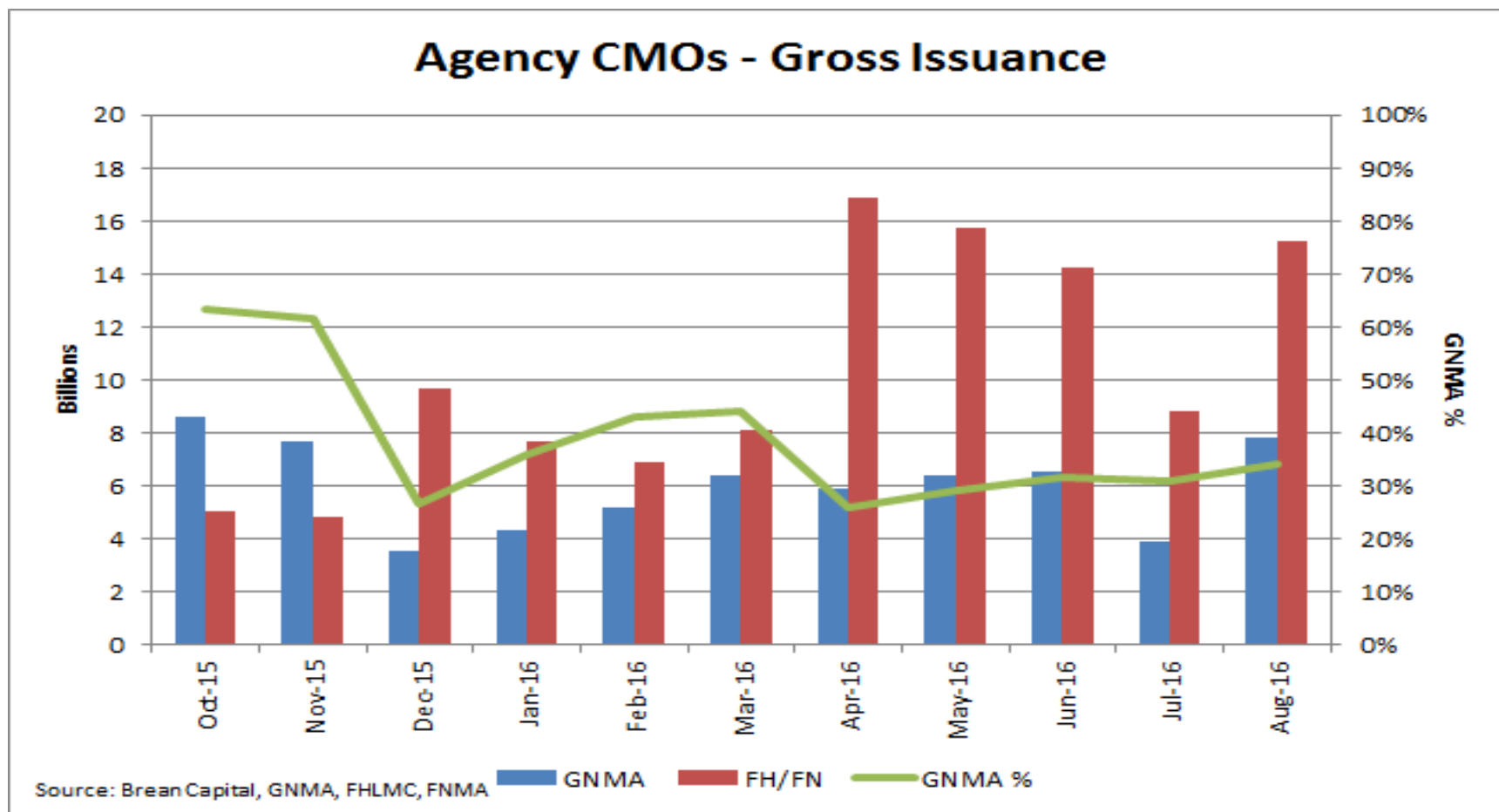
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# GNMA – Pool Issuance



# GNMA – CMO Issuance



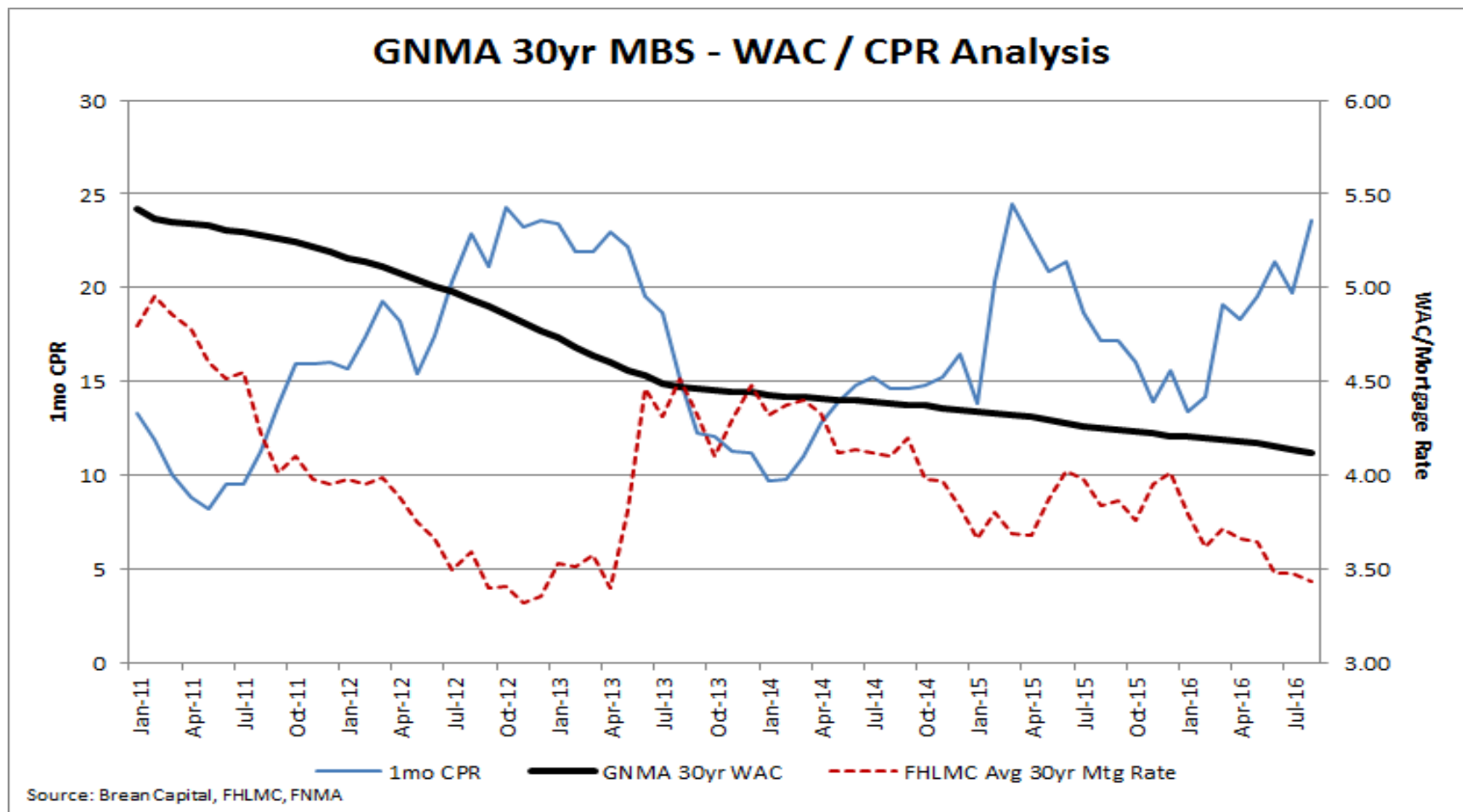
## What the Fed Owns in GNMA MBS

| (Billions \$) |       | 2013 |      |       | 2014 |      |       | 2015  |      |       |
|---------------|-------|------|------|-------|------|------|-------|-------|------|-------|
|               |       | Par  | Fed  | Fed % | Par  | Fed  | Fed % | Par   | Fed  | Fed % |
| GN I          | 3.00% | 17.4 | 7.8  | 44.8% | 0.3  | 0.0  | 0.0%  | 2.6   | 0.0  | 0.0%  |
|               | 3.50% | 5.4  | 1.8  | 33.3% | 1.4  | 0.0  | 0.0%  | 2.7   | 0.0  | 0.0%  |
|               | 4.00% | 1.1  | 0.2  | 18.2% | 2.4  | 0.0  | 0.0%  | 4.6   | 0.0  | 0.0%  |
|               | 4.50% | 0.0  | 0.0  | 0.0%  | 0.1  | 0.0  | 0.0%  | 0.7   | 0.0  | 0.0%  |
| GN II         | 3.00% | 82.0 | 40.8 | 49.8% | 9.3  | 3.0  | 32.3% | 74.9  | 34.0 | 45.4% |
|               | 3.50% | 56.9 | 26.1 | 45.9% | 68.0 | 39.1 | 57.5% | 177.4 | 58.0 | 32.7% |
|               | 4.00% | 26.3 | 14.0 | 53.2% | 66.2 | 26.9 | 40.6% | 53.0  | 1.6  | 3.0%  |
|               | 4.50% | 12.8 | 1.1  | 8.6%  | 12.7 | 0.0  | 0.0%  | 2.6   | 0.0  | 0.0%  |

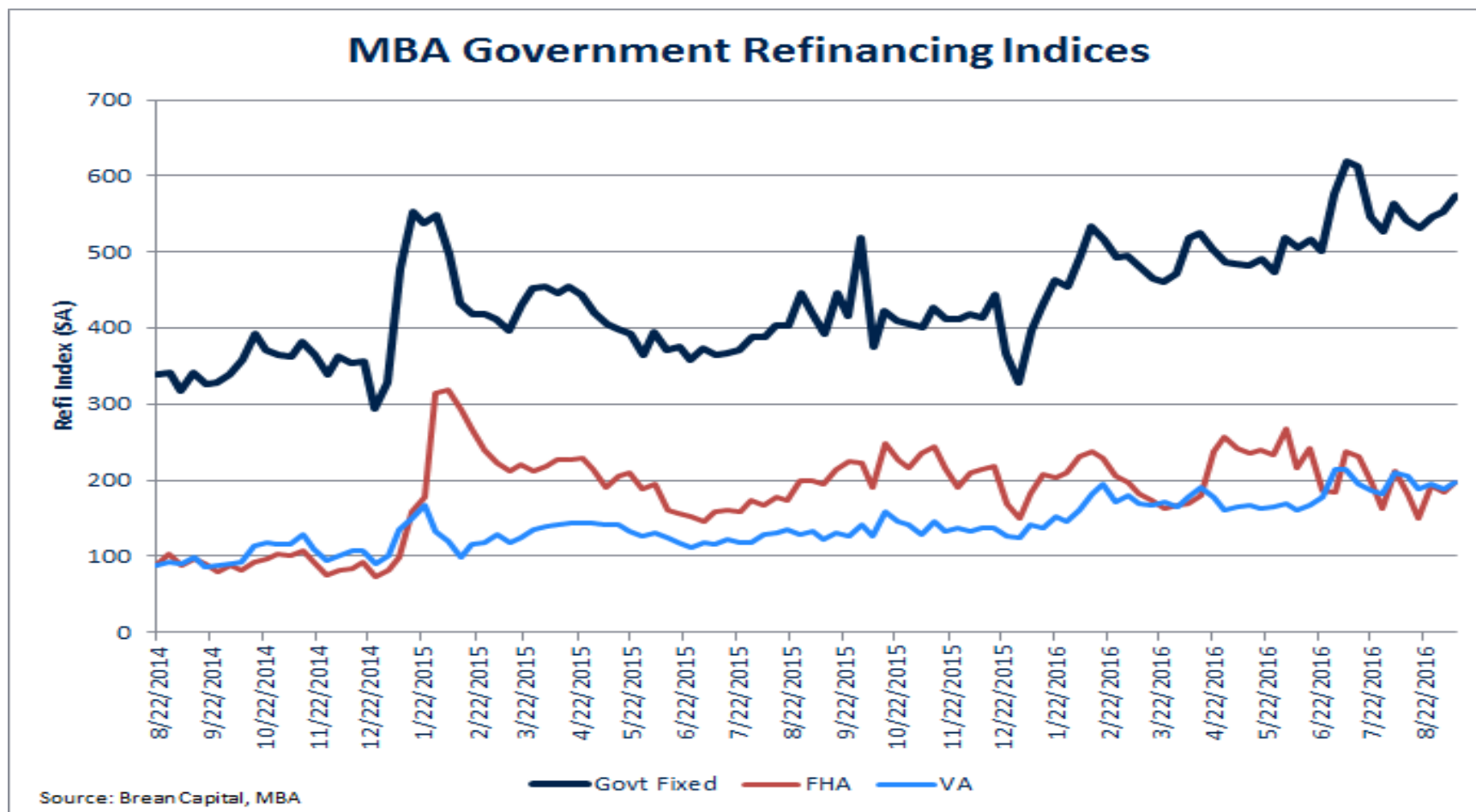
Source: Brean Capital, Federal Reserve Bank of NY

As of 9/12/2016

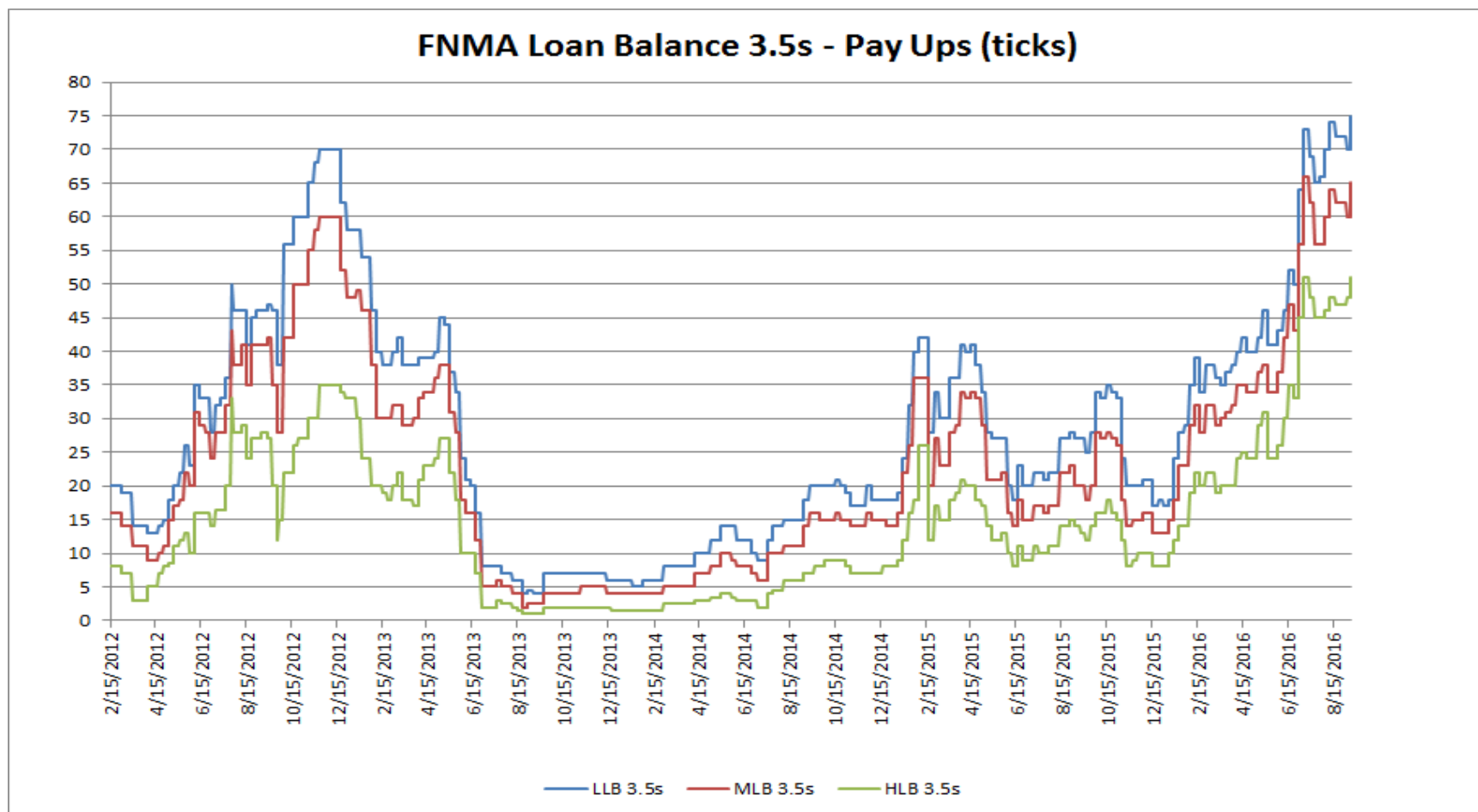
# GNMA WAC Drift



# Government Ref Indices



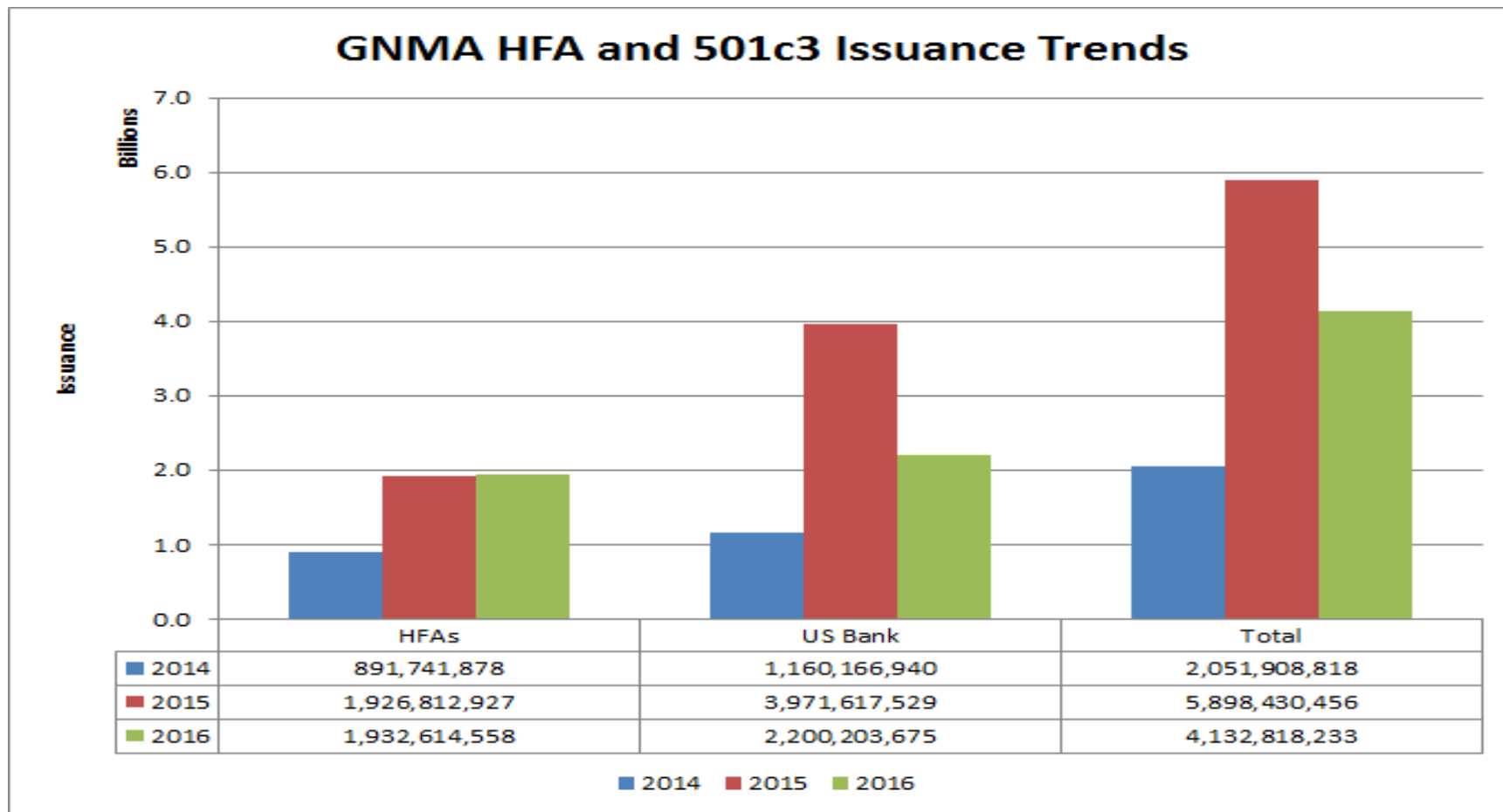
## Specified Pool Pay-ups



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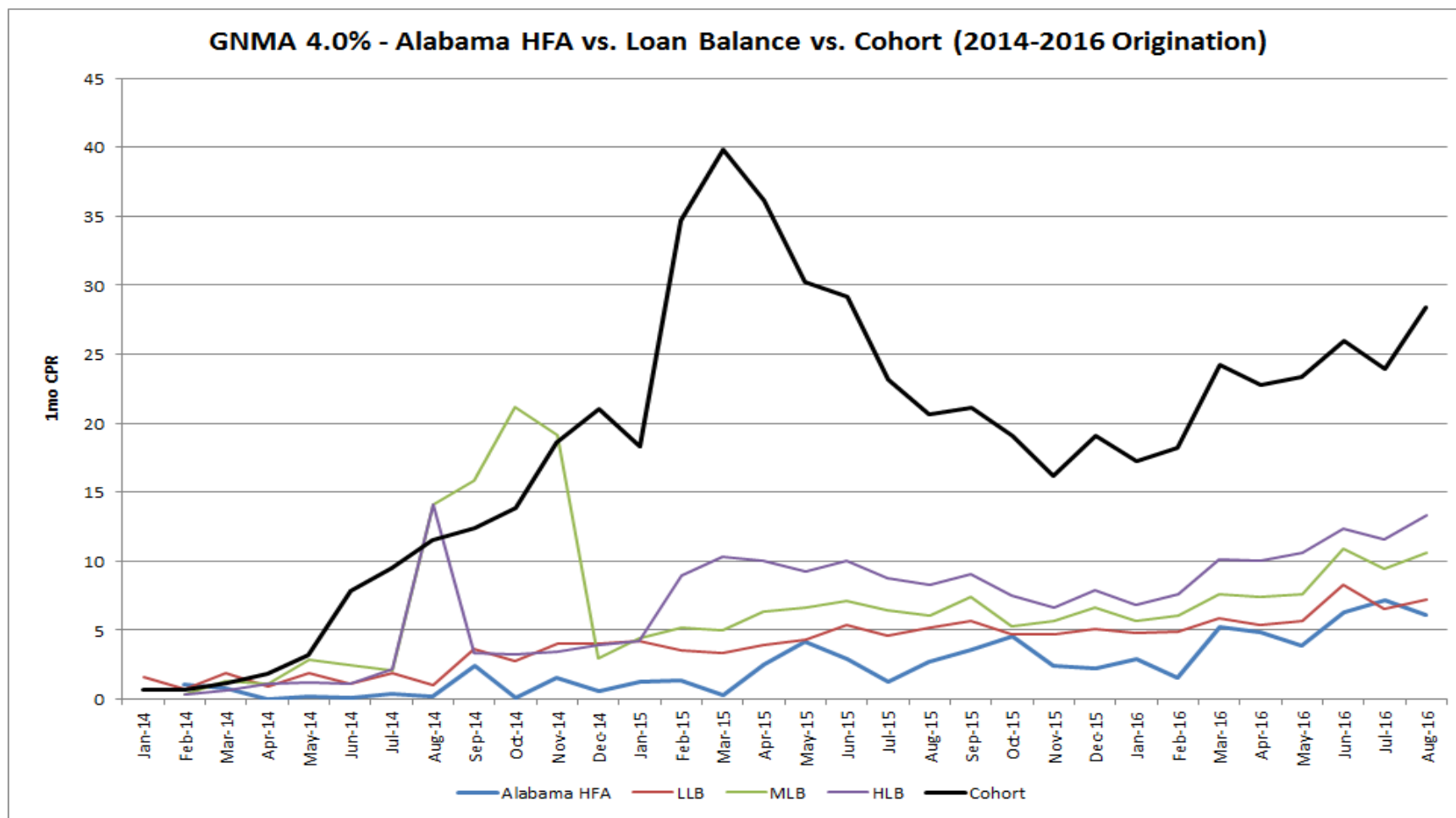
# Housing Finance Authorities

## HFA – GNMA Issuance 2014-2016





# HFA – Prepayments vs Loan Balance Pools



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## HFA – Relative Value Considerations

- Down Payment Assistance - Grants vs. Second Liens
- Second Lien Forgiveness
- Re-subordination
- HPA / Turnover

# Investor Concerns

## Investor Wish List

- **Liquidity**
  - GN I / GN II
  - Deliverability
  - HECM CMO Re-REMICs
- **Reporting**
  - Loan Level Data
- **Rules and Regulations**
  - MIP
  - HECM
- **Servicer Behavior**
  - Refinancing
  - Buy-outs

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# Today at the “Mae”

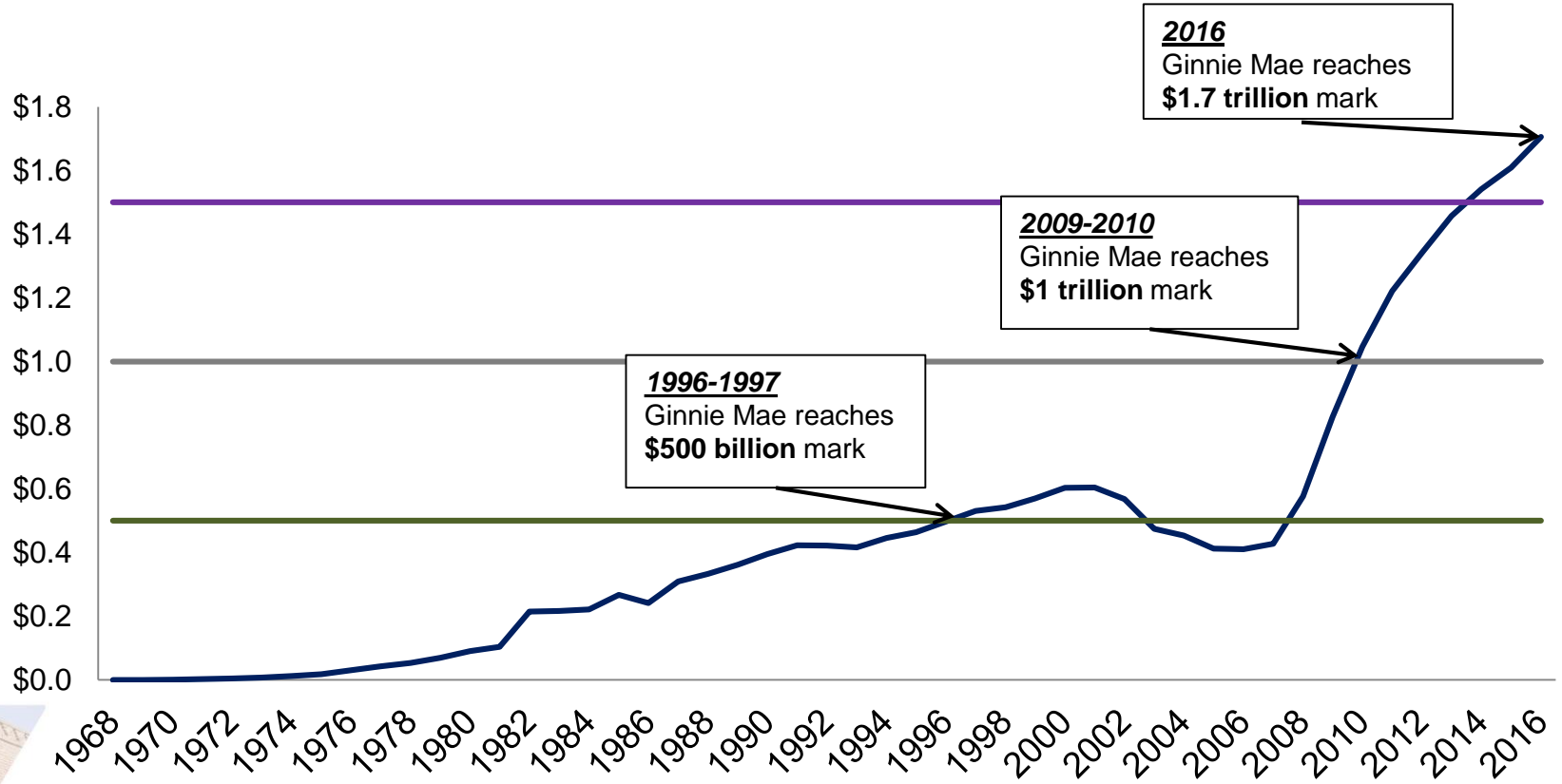
**John Getchis, Senior Vice President,  
Office of Capital Markets, Ginnie Mae**

# Ginnie Mae's Historic Growth

1968-2016

Trillions  
of U.S.  
Dollars

Annual MBS Outstanding



Source: Office of Capital Markets



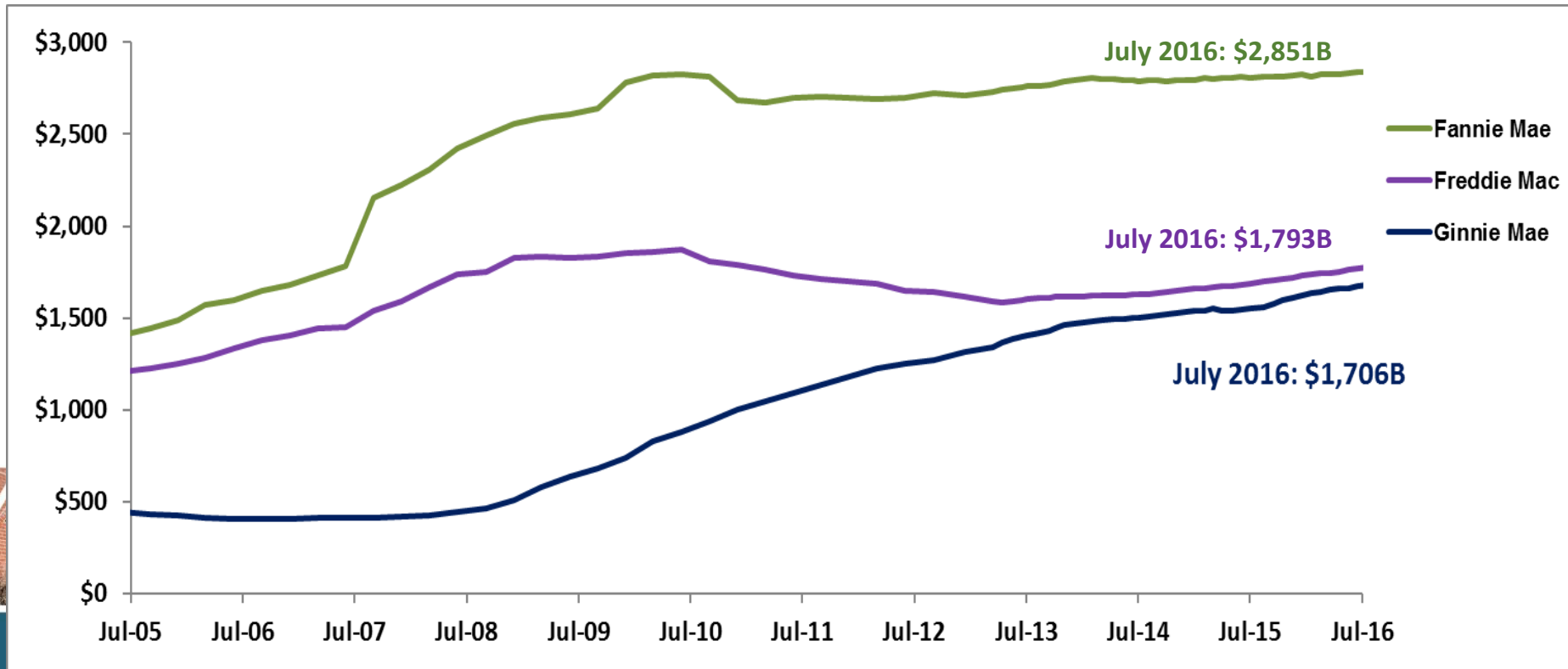
Source: Office of Capital Markets

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# Ginnie Mae MBS Outstanding Volume Continues to Grow

Agency MBS Outstanding in Billions\*



Sources: Fannie Mae and Freddie Mac monthly reports; Ginnie Mae data includes HECMs

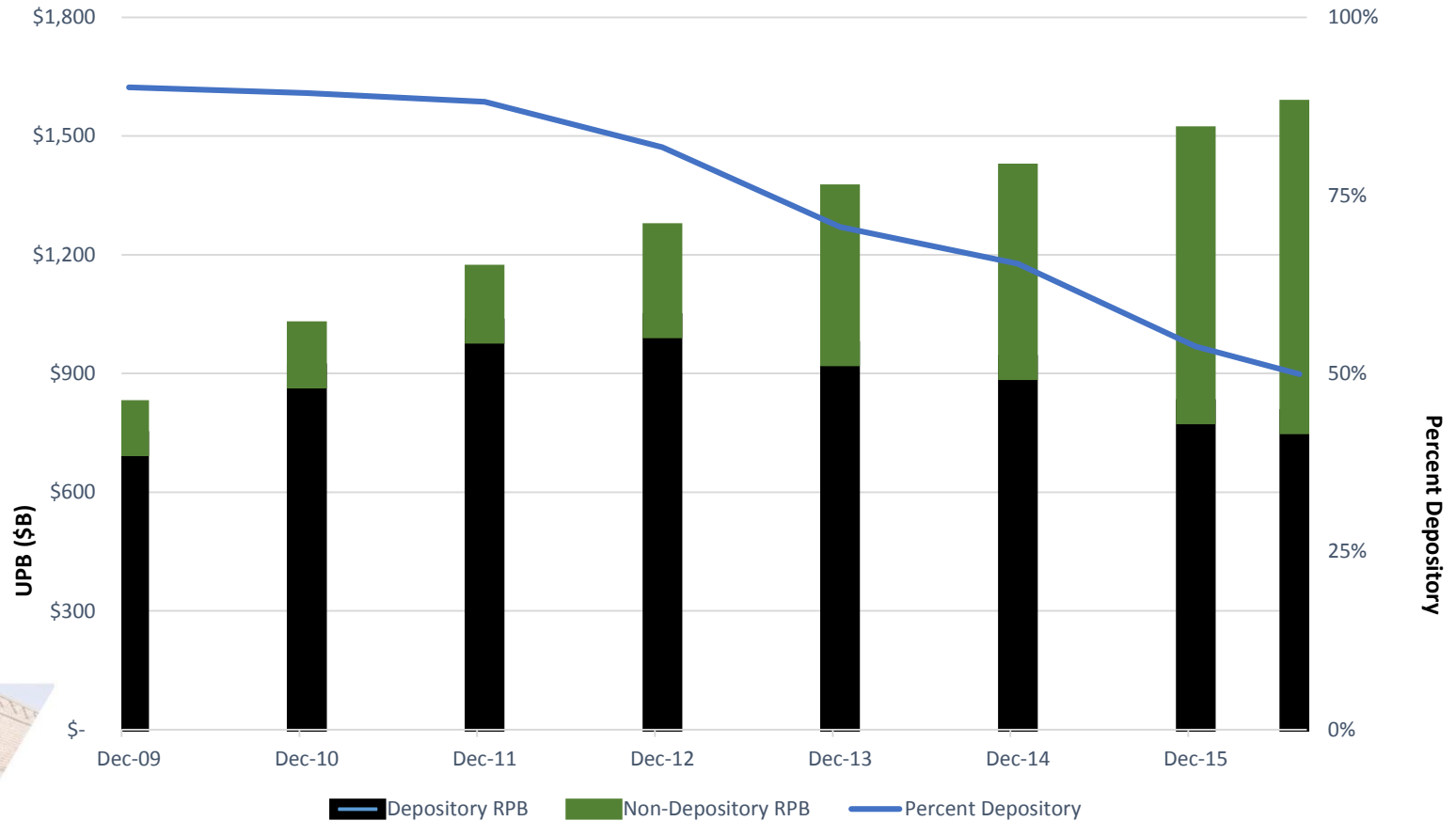
\*Data for Fannie and Freddie are available through July 2016. Data for Ginnie Mae is available through July 2016.

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# The Percentage of Outstanding Single Family MBS Serviced by Non-Depositories has Grown Substantially from Dec 2009 to July 2016



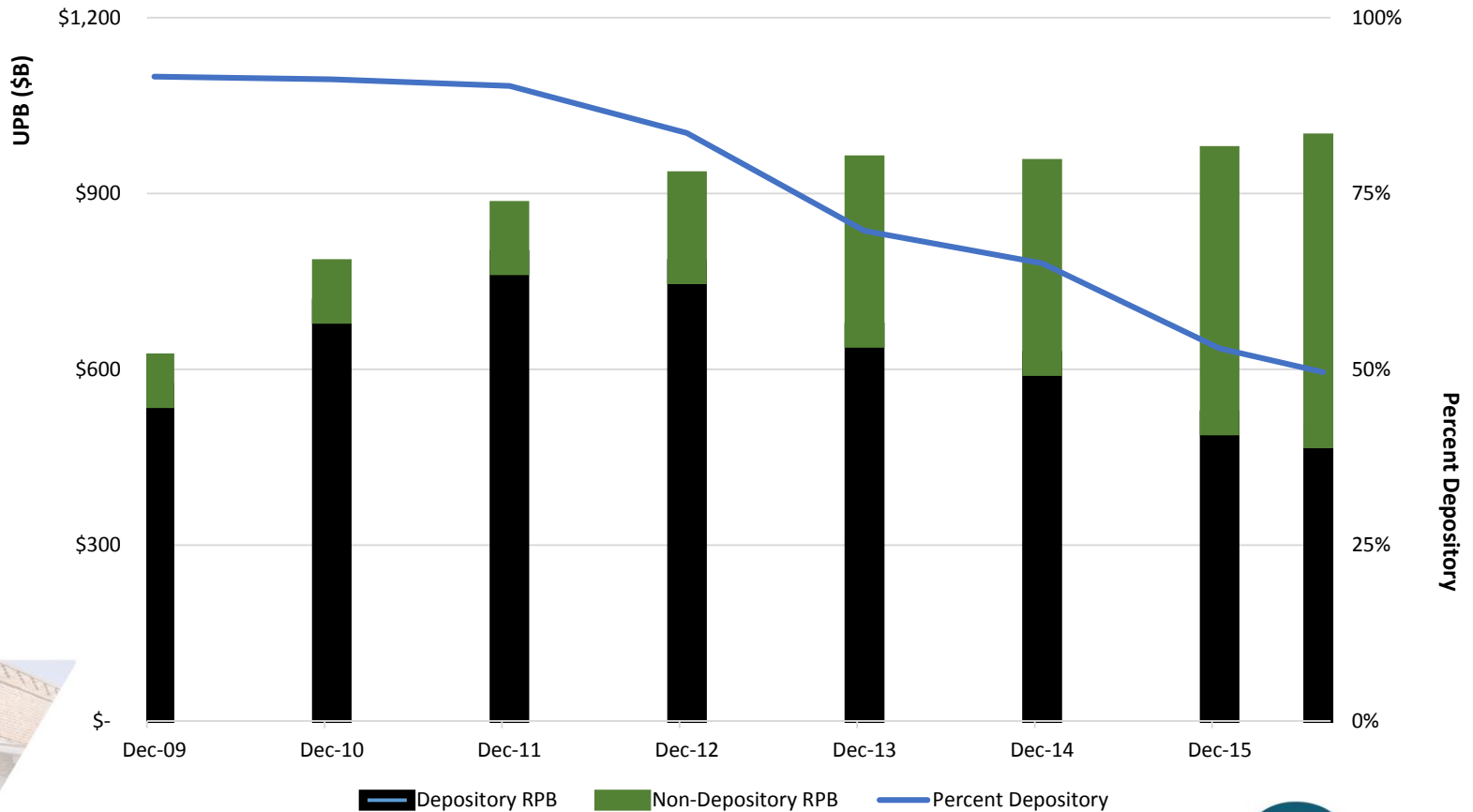
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UPB

UPB



# This Shift Toward Non-Depositories is Similar for the FHA Portion of the Single Family MBS Portfolio



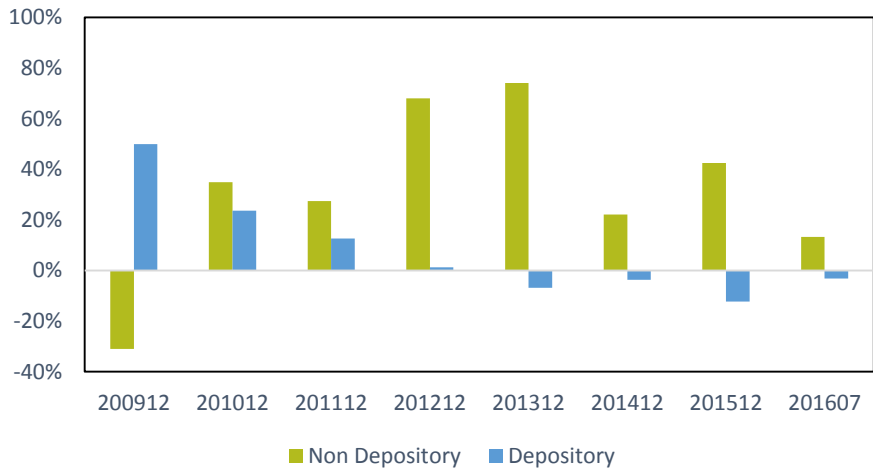
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UPB UPB

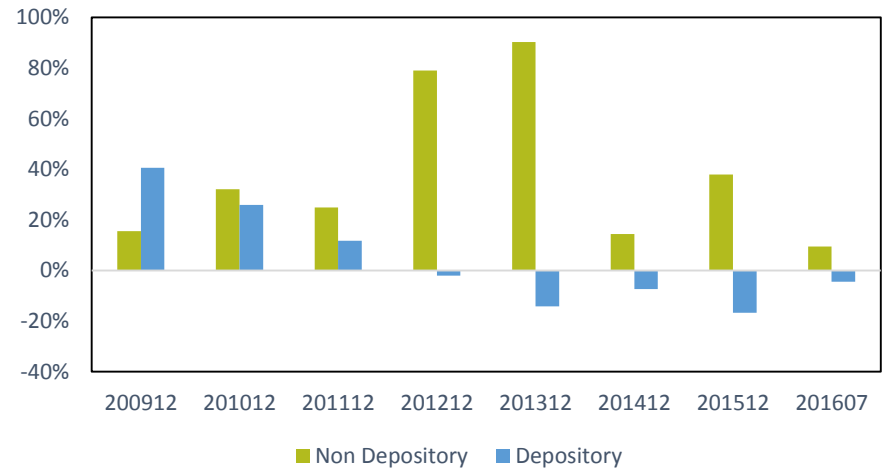


# Non-Depositories Outpace Depositories in Year-Over-Year UPB Growth for Past Six Years

### Total Single Family Program



### FHA Portion of Single Family Program



\*

\*



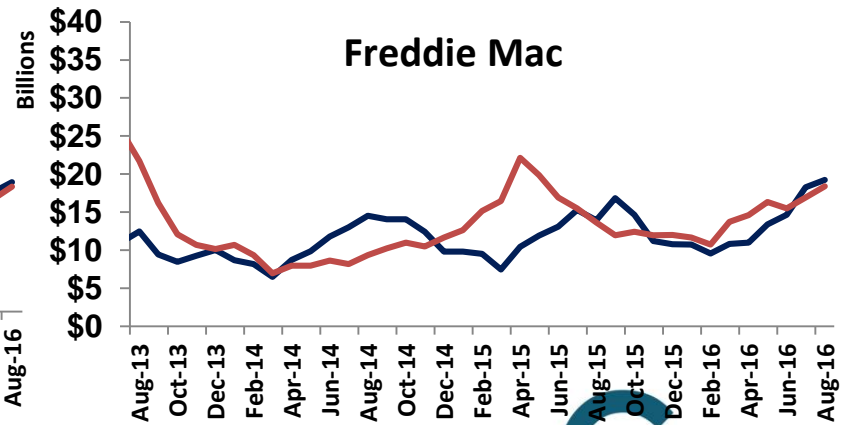
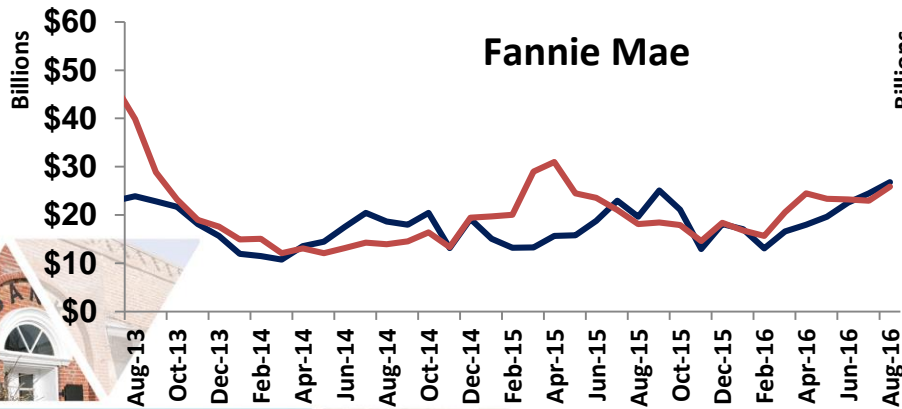
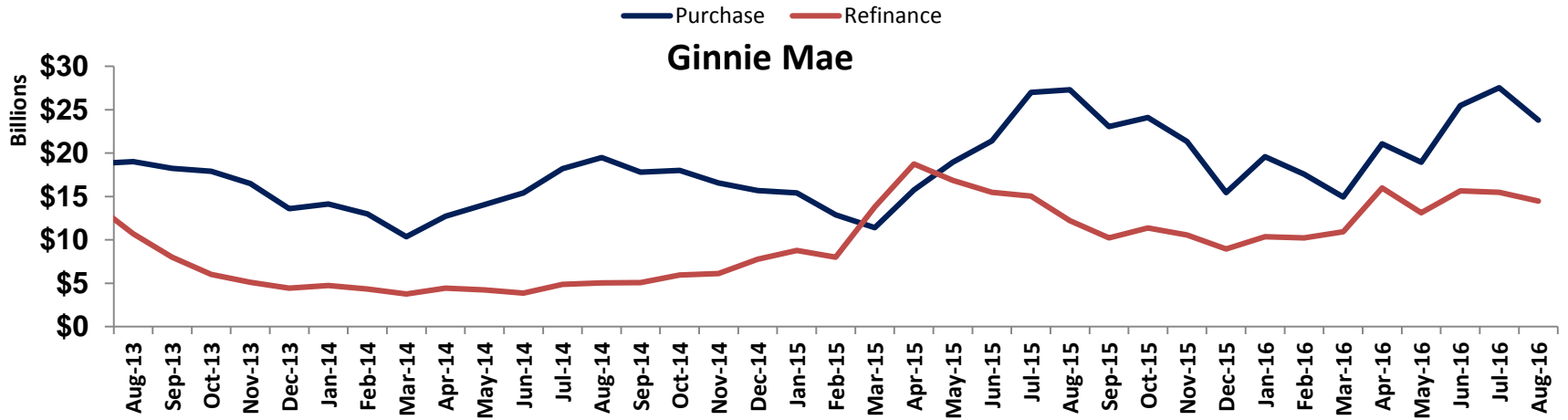
**Ginnie Mae**  
Our Guaranty Matters

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\* Growth figures are for each calendar year; 2016 figure is through July 2016.



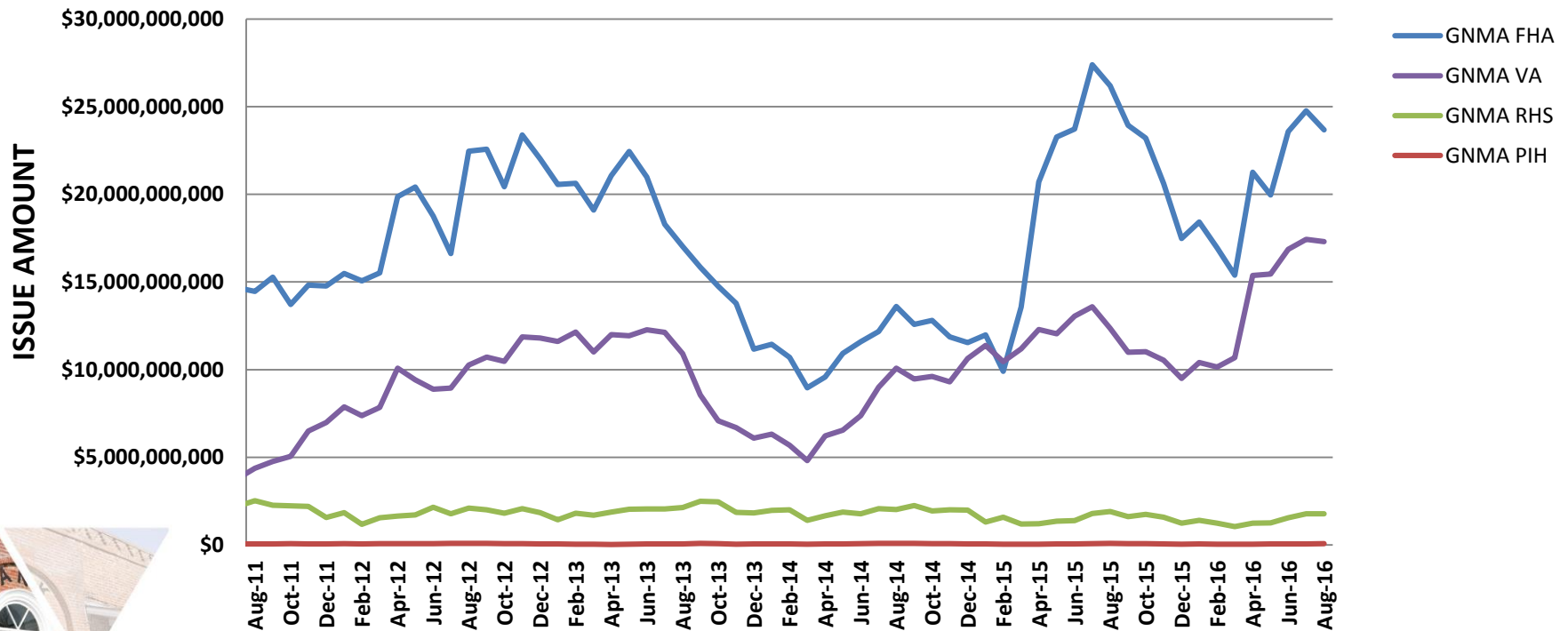
# Comparing Purchase and Refinance Issuance Dollars



# Issue Amount for Insuring Agencies of Ginnie Mae Securities

## CONSTITUENT FIXED RATE ISSUE AMOUNT

August 2011 - August 2016

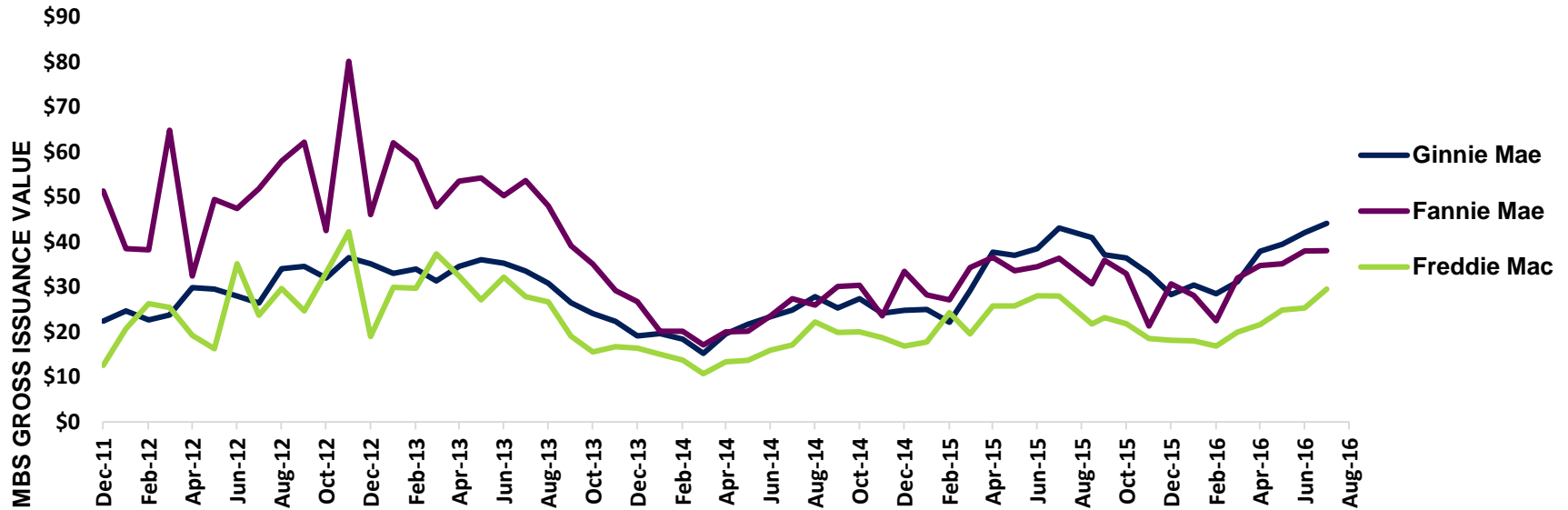


Source: embs.com  
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# Ginnie Mae is Significant in SF Fixed Rate MBS Issuance

30-YEAR AND 20-YEAR FIXED RATE SINGLE-FAMILY MBS MARKETSHARE\*



Revenues (\$ Billions) \* 30-Year and 20-Year MBS products include:

**Fannie Mae:** FNM30, FNM30HILTV, FNM30JM, FNM30INITIO, FNM30RELO, FNM30FHA, FNM30PPAYP, FNM20, FNM20HILTV

**Freddie Mac:** FHL30CONV, FHL30RELO, FHLG30INIOJM, FHL30FHA, FHL30, FHLG30MOD, FHLG30FHA, FHLG30RELO, FHLG30PPAYP, FHLG30INITIO, FHLG30HILTV, FHLG30JM, FHLG30, FHLG20, FHLG20JM, FHL20HILTV, FHL20INITIO

**Ginnie Mae:** GNMII30M, GNM30, GNMII30C, GNMII30MJM, GNMIIBD, GNMIIFHASEC, GNMBD, GNM20, GNMII20M, GNMII20C



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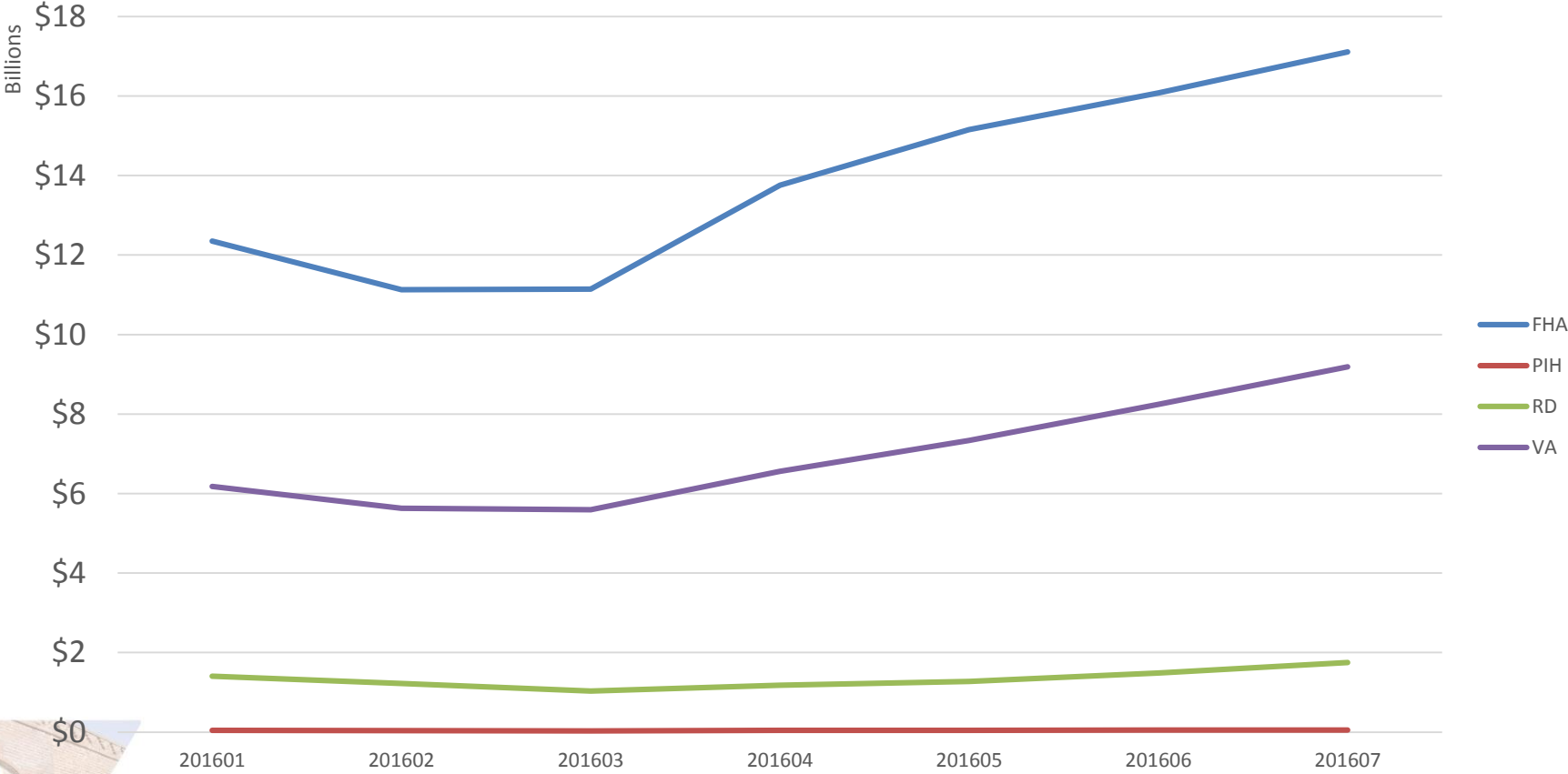


# Purchase Loan Profiles

| Ginnie Mae Purchase Mortgage Issuance Data |              |           |         |         |         |         |         |         |
|--|--------------|-----------|---------|---------|---------|---------|---------|---------|
| Agency                                     | Average      | Jan-16    | Feb-16  | Mar-16  | Apr-16  | May-16  | Jun-16  | Jul-16  |
| FHA  | LTV (%)      | 96.65     | 96.70   | 96.81   | 96.96   | 97.07   | 97.04   | 97.03   |
|  | Loan Size    | \$195,579 | 192,484 | 189,934 | 190,762 | 191,500 | 193,142 | 196,346 |
|  | Credit Score | 686       | 686     | 684     | 684     | 683     | 683     | 683     |
| VA   | LTV          | 99.03     | 98.95   | 99.01   | 98.93   | 99.00   | 98.87   | 98.82   |
|  | Loan Size    | \$247,472 | 242,541 | 243,752 | 246,205 | 248,916 | 253,616 | 257,217 |
|  | Credit Score | 714       | 716     | 714     | 713     | 713     | 715     | 718     |
| RD   | LTV          | 100.89    | 101.07  | 101.17  | 101.22  | 101.37  | 101.38  | 101.23  |
|  | Loan Size    | \$140,216 | 138,752 | 136,825 | 137,926 | 136,898 | 141,941 | 139,211 |
|  | Credit Score | 700       | 697     | 696     | 697     | 697     | 697     | 699     |
| PIH  | LTV          | 96.73     | 97.47   | 97.11   | 97.53   | 97.04   | 97.37   | 97.33   |
|  | Loan Size    | \$183,969 | 186,665 | 174,088 | 178,668 | 178,054 | 182,401 | 182,173 |
|  | Credit Score | 697       | 705     | 697     | 702     | 694     | 700     | 700     |



# Component Purchase Volume



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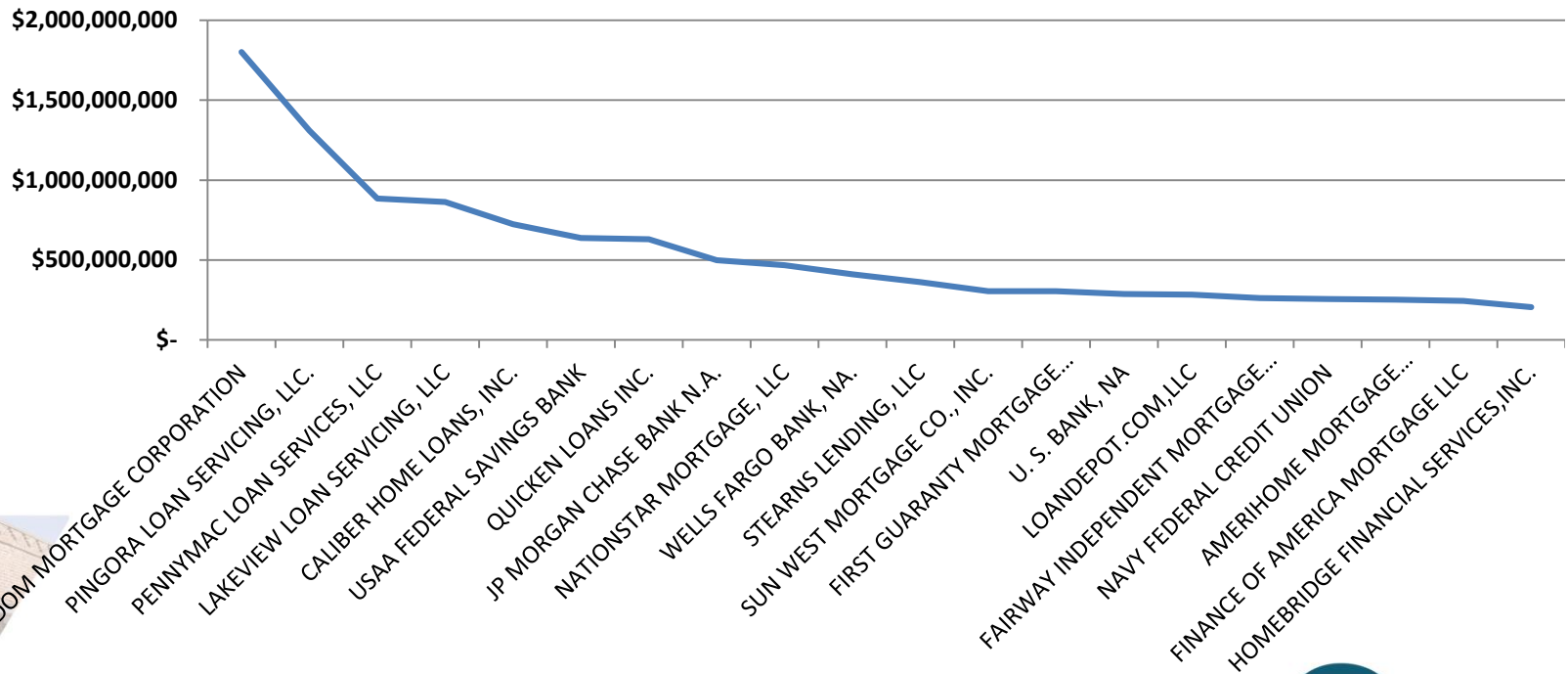




# Purchase Volume Growth – Top Issuers

Jan 16 Purchases = \$22.0 Billion  
 July 16 Purchases = \$30.1 Billion

## July vs. January 2016 Increases in Purchase Amounts by Issuer



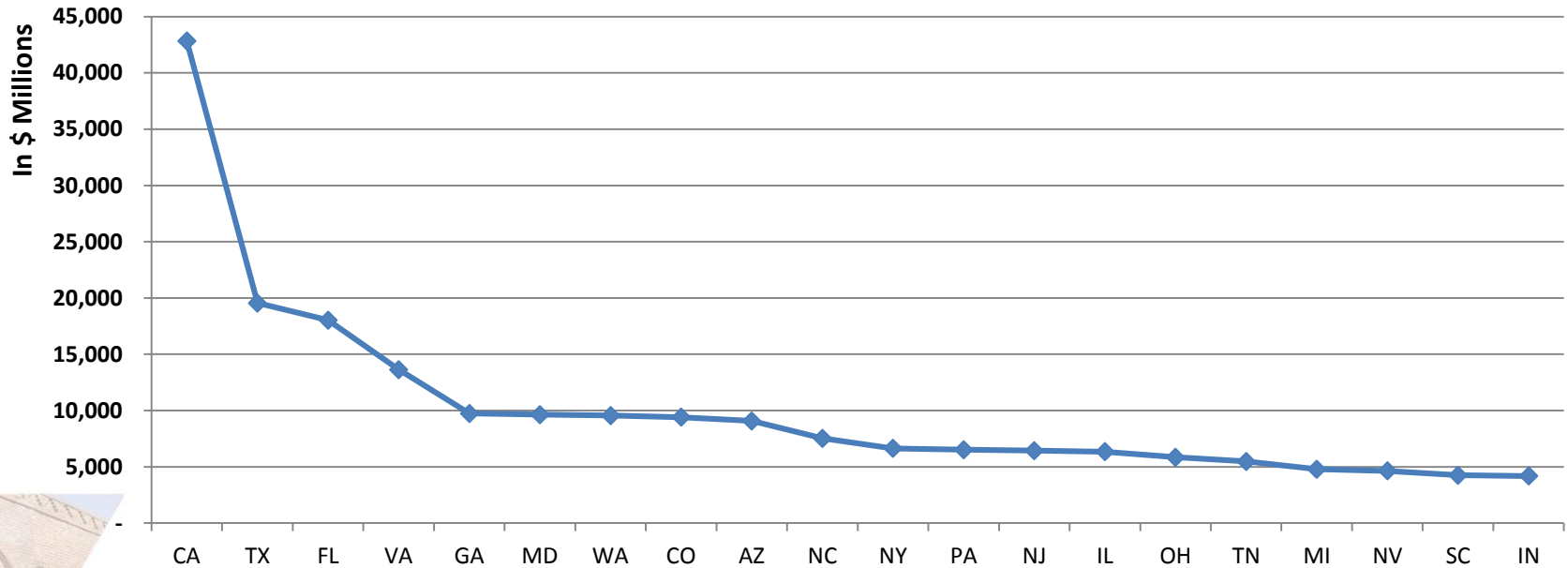
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# Top 20 States Purchase from January-July 2016

Total Jan-July Purchase Volume = \$155 Billion

## January - July 2016 (7 months) \$ Volume Cumulative Purchases



# Critical Operating Principles

- Alignment of interest: issuer → credit risk insurer → Ginnie Mae
- Functioning TBA Market
- Transparency: constantly improving disclosure with securities & loans
- Combination provides:
  - comfort to value securities
  - scale for liquidity to attract capital globally



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