

Third Quarter 2017 Financial Results Supplement

October 31, 2017

Financial highlights

\$ Millions

	3Q16	2Q17	3Q17	3Q17 vs. 3Q16	3Q17 vs. 2Q17
Net interest income	\$ 3,646	\$ 3,379	\$ 3,489	\$ (157)	\$ 110
Benefit (provision) for credit losses	(113)	422	(716)	(603)	(1,138)
Derivative gains (losses)	(36)	(1,096)	(678)	(642)	418
Other non-interest income (loss)	813	802	6,152	5,339	5,350
Non-interest income	777	(294)	5,474	4,697	5,768
Administrative expense	(498)	(513)	(524)	(26)	(11)
Other non-interest expense	(487)	(493)	(533)	(46)	(40)
Non-interest expense	(985)	(1,006)	(1,057)	(72)	(51)
Pre-tax income	3,325	2,501	7,190	3,865	4,689
Income tax expense	(996)	(837)	(2,519)	(1,523)	(1,682)
Net income	\$ 2,329	\$ 1,664	\$ 4,671	\$ 2,342	\$ 3,007
Total other comprehensive income (loss), net of tax	(19)	322	(21)	(2)	(343)
Comprehensive income	\$ 2,310	\$ 1,986	\$ 4,650	\$ 2,340	\$ 2,664

Non-GAAP Financial Measures¹

Adjusted net interest income	\$ 1,188	\$ 1,167	\$ 1,146	\$ (42)	\$ (21)
Adjusted guarantee fee income	\$ 1,775	\$ 1,668	\$ 1,751	\$ (24)	\$ 83

Portfolio Balances (\$ Billions)

Total guarantee portfolio	\$ 1,882	\$ 1,958	\$ 1,984	\$ 102	\$ 26
Total investments portfolio	\$ 412	\$ 366	\$ 349	\$ (63)	\$ (17)

Delinquency Rates (%)

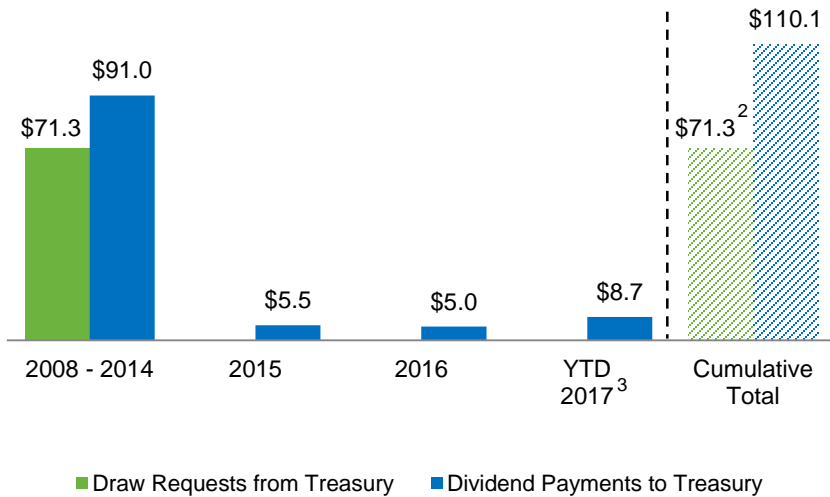
Single-family serious delinquency	1.02%	0.85%	0.86%	-0.16%	0.01%
Multifamily delinquency	0.01%	0.01%	0.02%	0.01%	0.01%

Note: Totals may not add due to rounding.

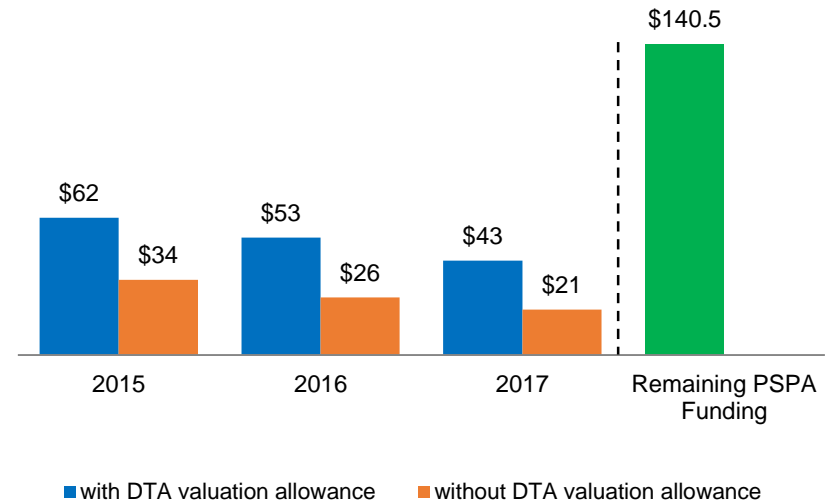
Key highlights

- Comprehensive income of \$4.7 billion, driven by a \$2.9 billion (after-tax) benefit from a non-agency mortgage-related securities litigation settlement and continued strong underlying business fundamentals.
 - Excluding the settlement, comprehensive income would have been \$1.8 billion which included:
 - Market-related impacts of \$0.9 billion (pre-tax), or \$0.6 billion (after-tax)
 - \$0.9 billion (pre-tax), or \$0.6 billion (after-tax), in provision for credit losses attributable to recent hurricane activity.
- Adjusted net interest income decreased slightly quarter-over-quarter reflecting the mandated decline in the mortgage-related investments portfolio.
- Adjusted guarantee fee income increased quarter-over-quarter primarily reflecting higher amortization of single-family upfront fees driven by an increase in prepayments.
- Credit quality: Single-family improved year-over-year; Multifamily continued to be very strong.
 - Slight increase in single-family serious delinquency rate quarter-over-quarter due in part to recent hurricane activity.

Treasury draw requests and dividend payments \$ Billions

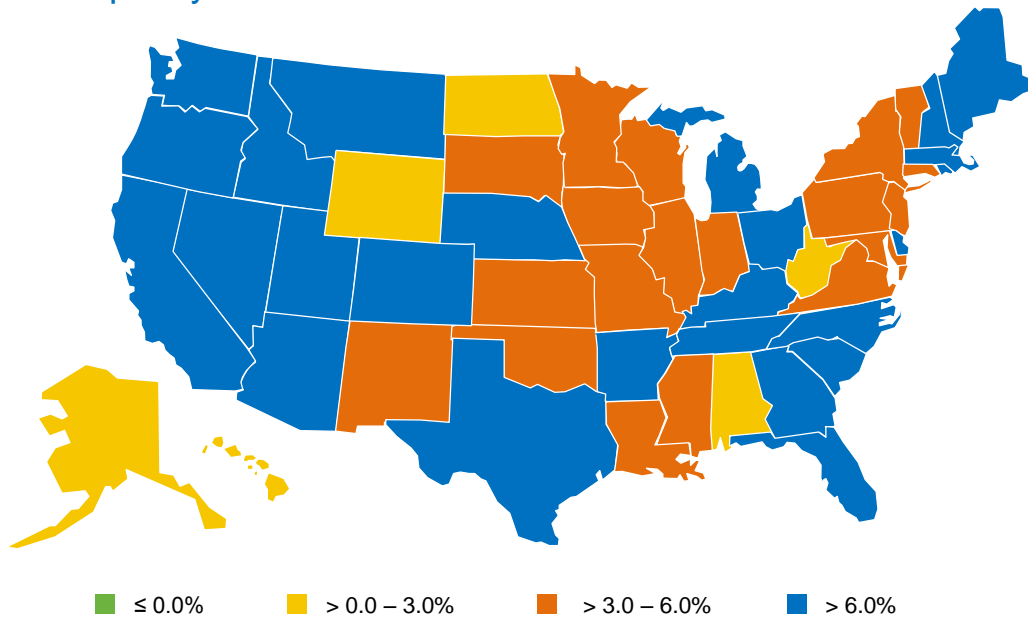


DFAST⁴ - Additional draws needed under severely adverse scenario \$ Billions

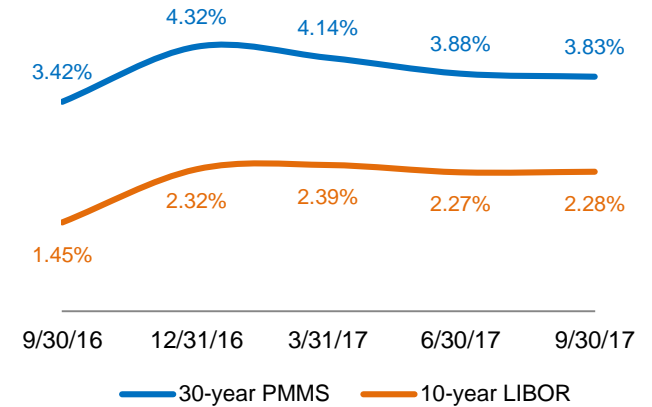


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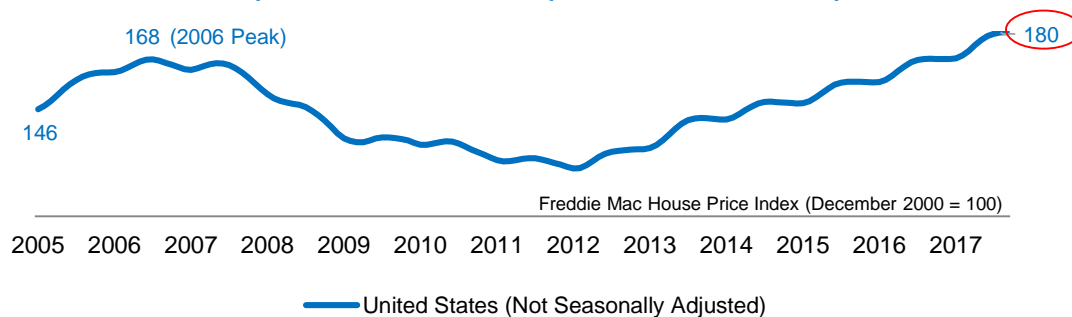
National home prices increased by an average of 6.8% over the past year⁵



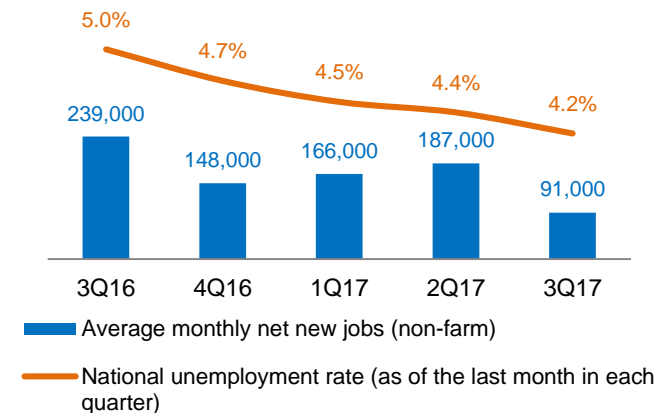
Quarterly ending interest rates



National home prices^{5,6} have surpassed the 2006 peak



Unemployment rate and job creation

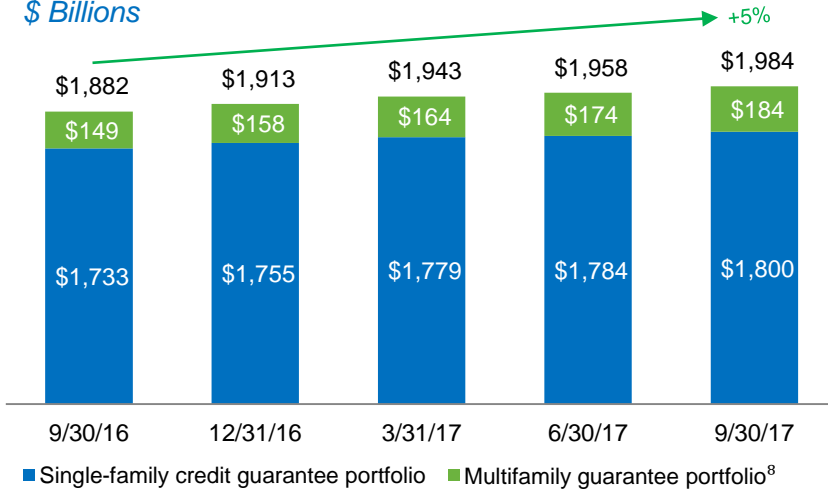


Total Portfolio Balances



Total guarantee portfolio⁷

\$ Billions

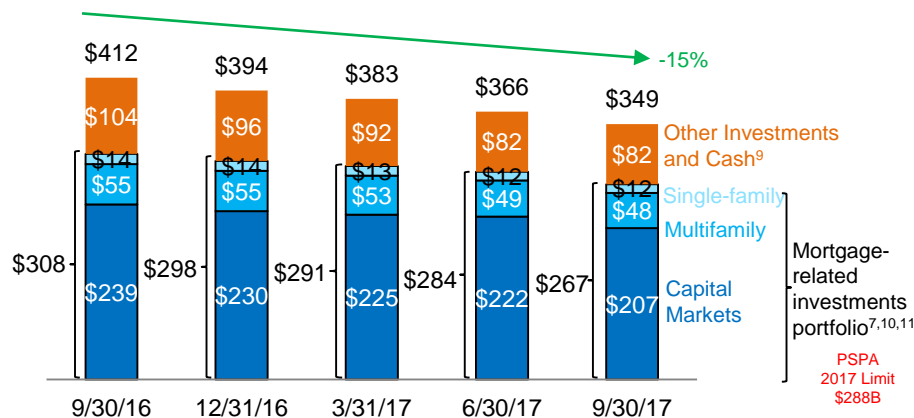


Portfolio balance highlights

- Total guarantee portfolio:
 - Single-family - grew \$67 billion, or 4% year-over-year, to \$1,800 billion.
 - Multifamily - grew \$35 billion, or 23% year-over-year, to \$184 billion.
- Total investments portfolio:
 - Mortgage-related investments portfolio decreased \$41 billion, or 13% year-over-year, to \$267 billion.

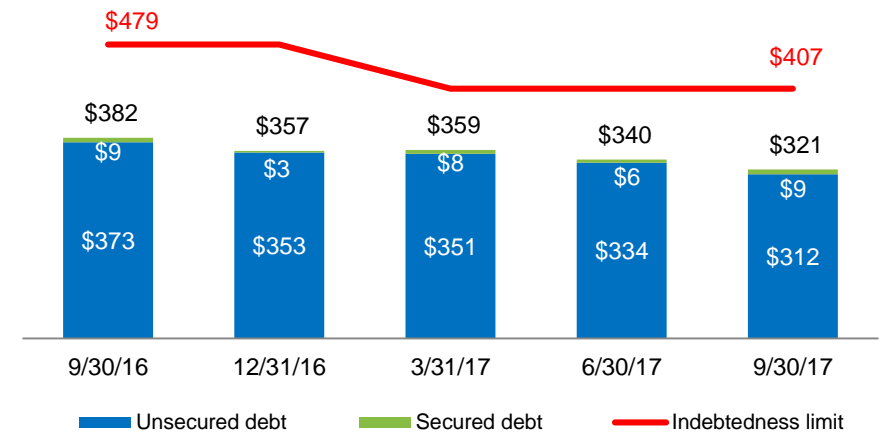
Total investments portfolio

\$ Billions



Total debt outstanding^{11,12}

\$ Billions



Note: Totals may not add due to rounding.

Single-family Financial Highlights and Key Metrics



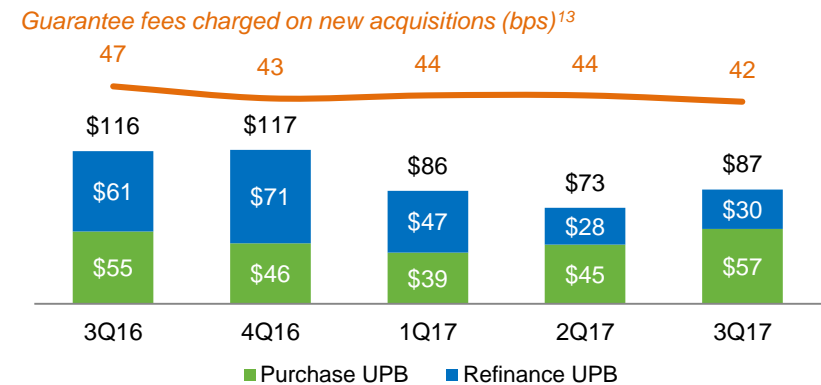
Single-family financial highlights

\$ Millions

	3Q16	2Q17	3Q17	3Q17 vs. 3Q16	3Q17 vs. 2Q17
Guarantee fee income	\$ 1,641	\$ 1,506	\$1,581	\$ (60)	\$ 75
Benefit (provision) for credit losses	(297)	12	(826)	(529)	(838)
Administrative expense	(330)	(332)	(353)	(23)	(21)
Other	(364)	(17)	17	381	34
Income tax (expense) benefit	(153)	(391)	(164)	(11)	227
Segment earnings, net of taxes	\$ 497	\$ 778	\$ 255	\$ (242)	\$ (523)
Total other comprehensive income (loss), net of tax	(1)	-	-	1	-
Total comprehensive income	\$ 496	\$ 778	\$ 255	\$ (241)	\$ (523)

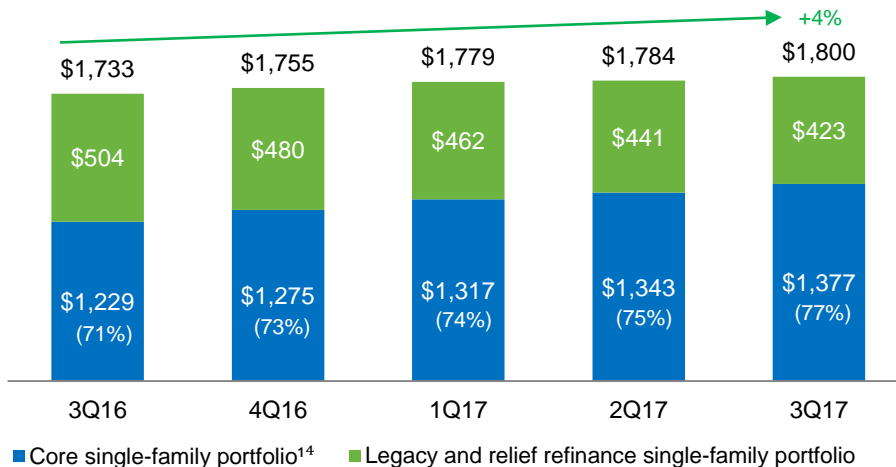
New funding volume

\$ Billions



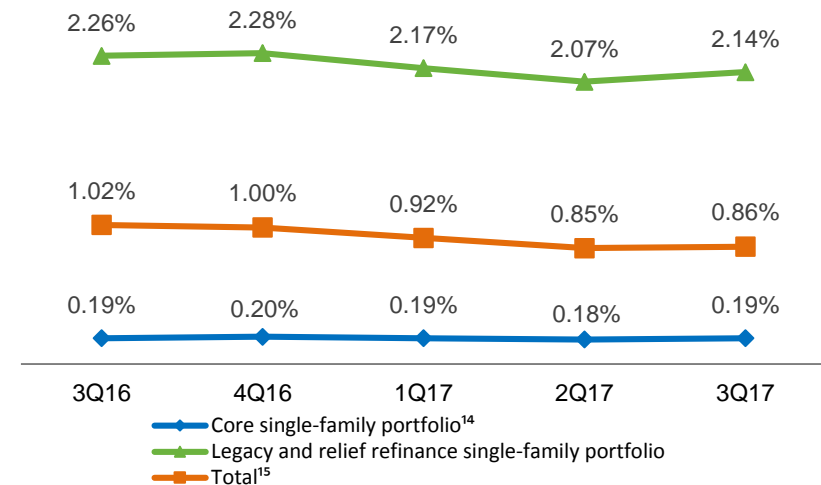
Credit guarantee portfolio

\$ Billions



Note: Totals may not add due to rounding.

Serious delinquency rates

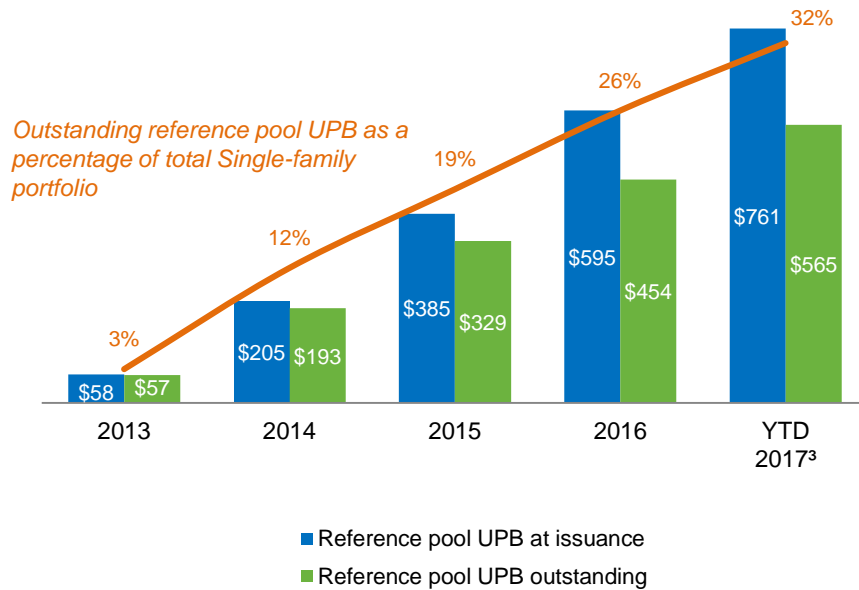


Single-family Credit Risk Transfer – STACR / ACIS¹⁶



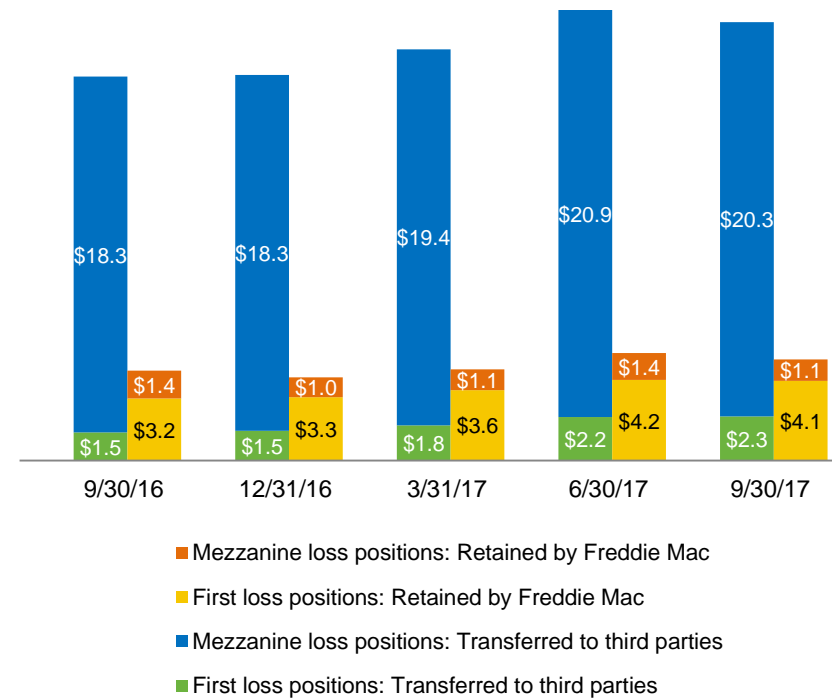
Total Single-family credit guarantee portfolio with transferred credit risk

\$ Billions



Cumulative Single-family transferred credit risk based on outstanding balance at period end

\$ Billions



Multifamily Financial Highlights and Key Metrics

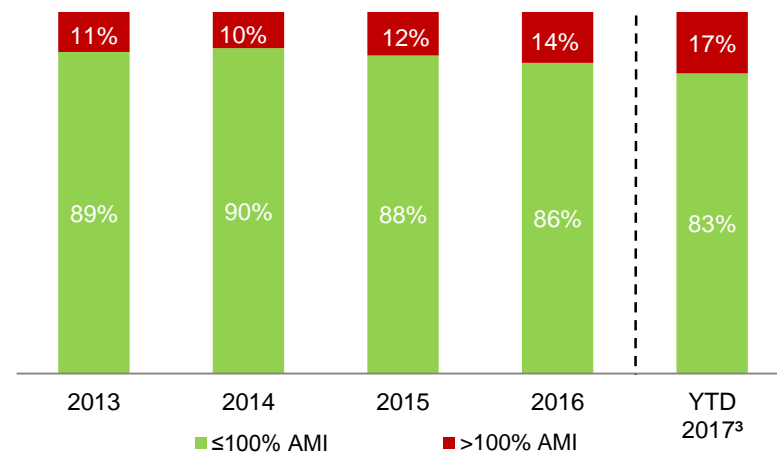


Multifamily financial highlights

\$ Millions

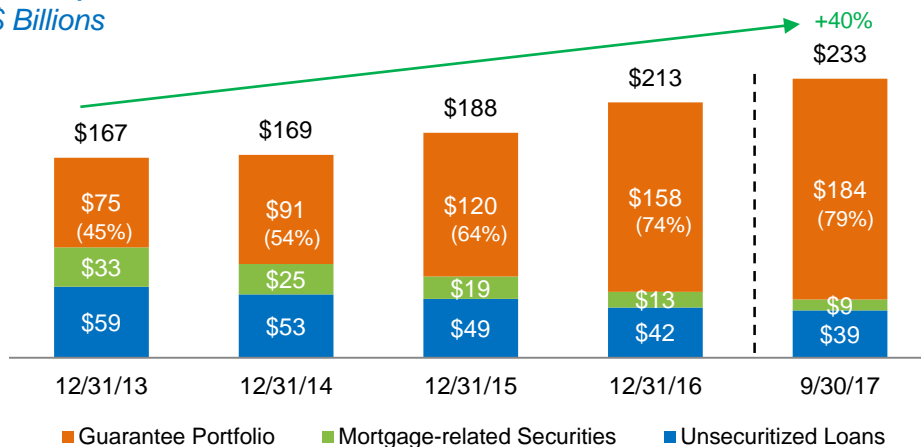
	3Q16	2Q17	3Q17	3Q17 vs. 3Q16	3Q17 vs. 2Q17
Net interest income	\$ 255	\$ 292	\$ 342	\$ 87	\$ 50
Guarantee fee income	134	162	170	36	8
Gains (losses) on loans and other non-interest income	551	412	183	(368)	(229)
Derivative gains (losses)	205	(180)	22	(183)	202
Administrative expense	(89)	(95)	(98)	(9)	(3)
Other	(2)	(6)	(33)	(31)	(27)
Income tax (expense) benefit	(310)	(196)	(212)	98	(16)
Segment earnings, net of taxes	\$ 744	\$ 389	\$ 374	\$ (370)	\$ (15)
Total other comprehensive income (loss), net of tax	46	73	(4)	(50)	(77)
Total comprehensive income	\$ 790	\$ 462	\$ 370	\$ (420)	\$ (92)

Multifamily acquisitions of units by area median income (% of eligible units acquired)



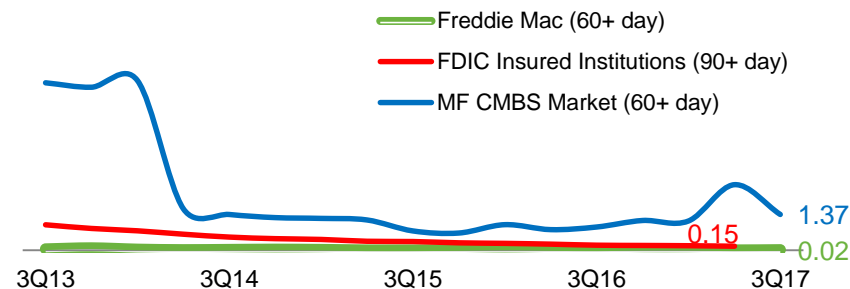
Total portfolio

\$ Billions



Note: Totals may not add due to rounding.

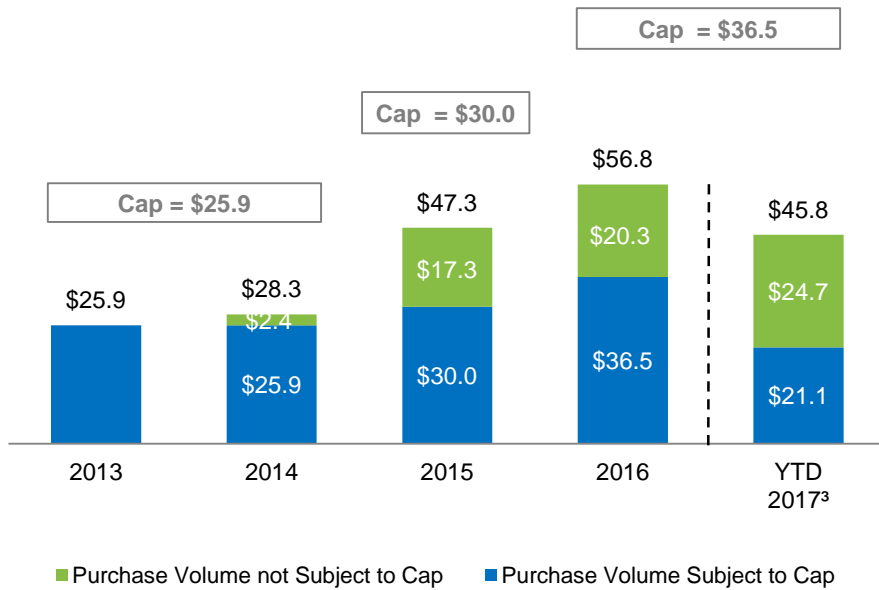
Multifamily market and Freddie Mac delinquency rates (%)¹⁷



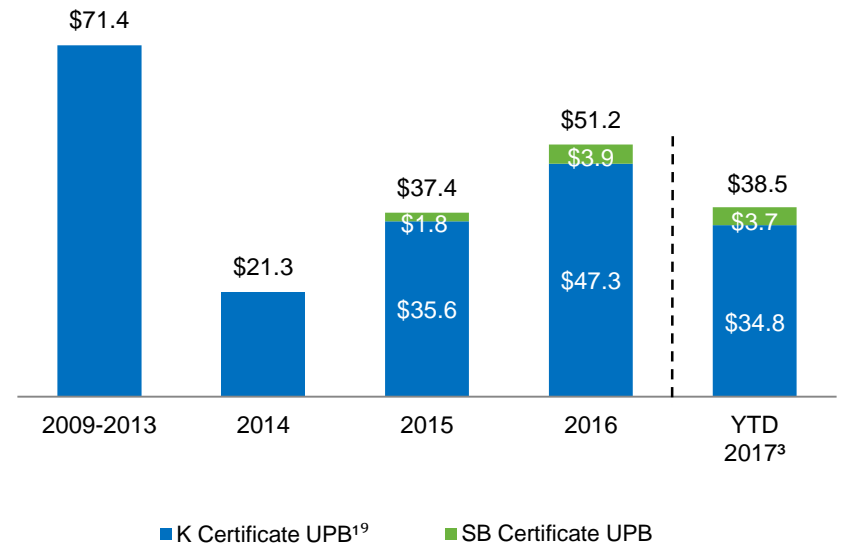
Multifamily Key Metrics, continued



New funding volume
\$ Billions



Multifamily securitization volume¹⁸
\$ Billions



Note: Totals may not add due to rounding.

Capital Markets Financial Highlights and Key Metrics



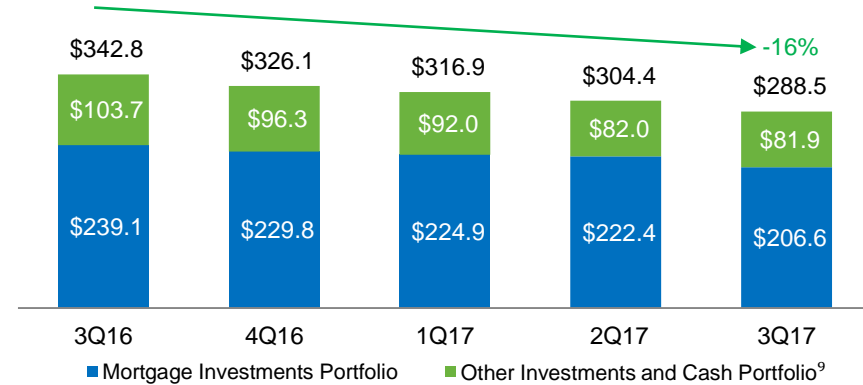
Capital Markets financial highlights

\$ Millions

	3Q16	2Q17	3Q17	3Q17 vs. 3Q16	3Q17 vs. 2Q17
Net interest income	\$ 933	\$ 875	\$ 804	\$ (129)	\$ (71)
Derivative gains (losses)	212	(485)	(324)	(536)	161
Other non-interest income	555	444	5,781	5,226	5,337
Administrative expense	(79)	(86)	(73)	6	13
Other	-	(1)	(3)	(3)	(2)
Income tax (expense) benefit	(533)	(250)	(2,143)	(1,610)	(1,893)
Segment earnings, net of tax	\$ 1,088	\$ 497	\$ 4,042	\$ 2,954	\$ 3,545
Total other comprehensive income (loss), net of tax	(64)	249	(17)	47	(266)
Total comprehensive income	\$ 1,024	\$ 746	\$ 4,025	\$ 3,001	\$ 3,279

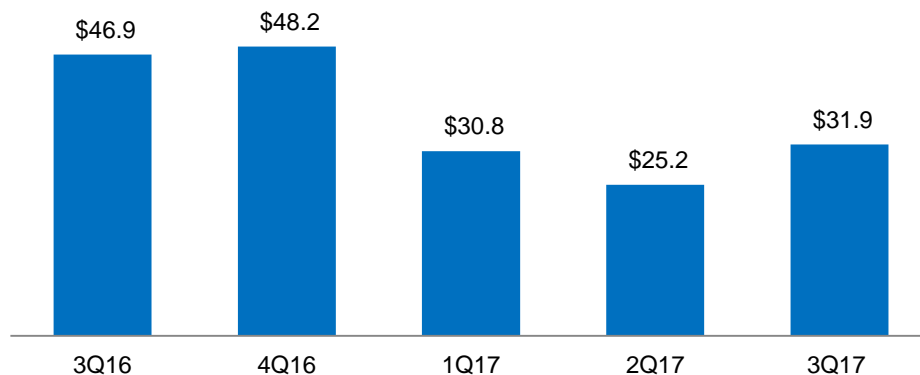
Capital Markets investments portfolio

\$ Billions



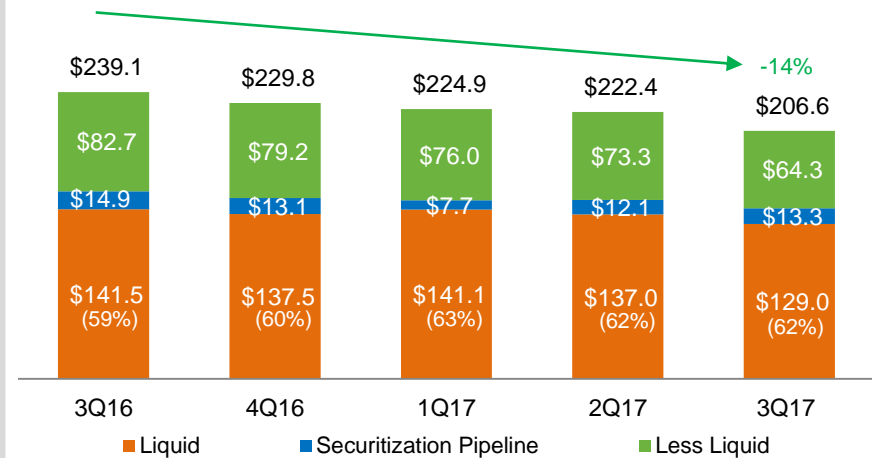
Capital Markets cash window securitization

\$ Billions



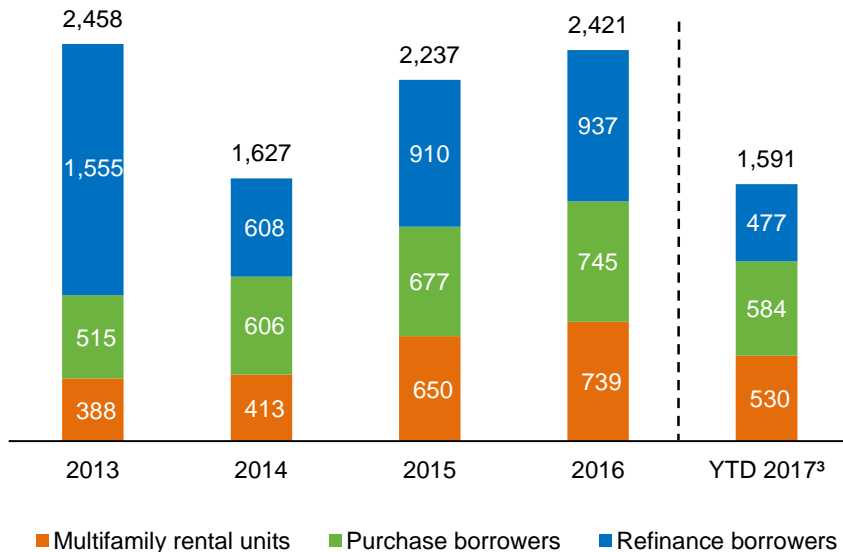
Capital Markets mortgage investments portfolio

\$ Billions



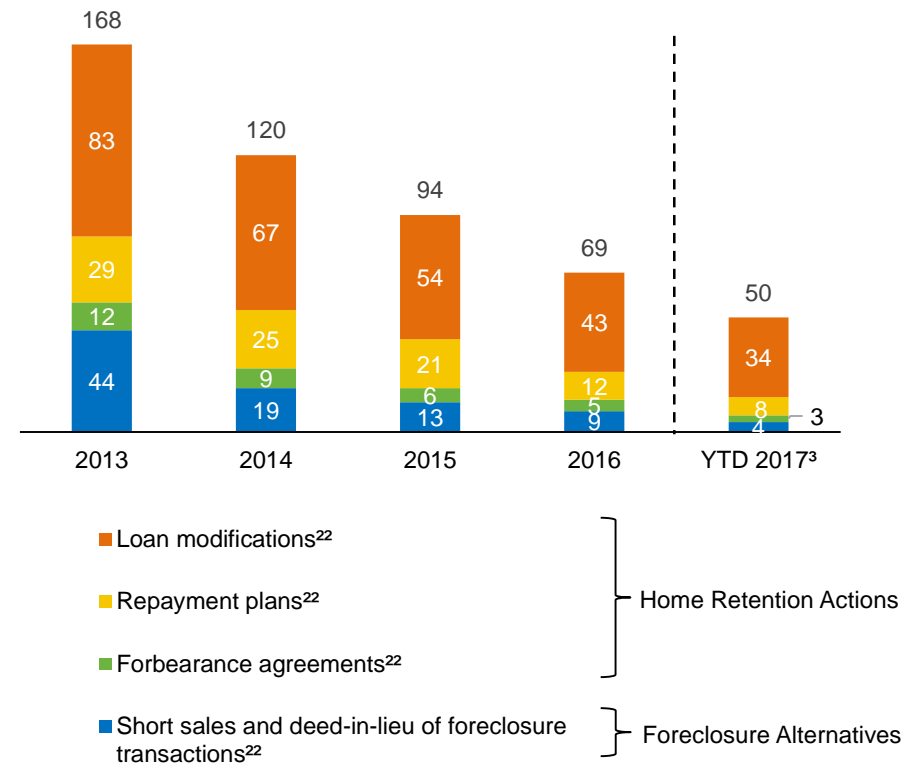
Note: Totals may not add due to rounding.

Number of families Freddie Mac helped to own or rent a home²⁰
In Thousands



Note: Totals may not add due to rounding.

Number of single-family loan workouts²¹
In Thousands



- 1 For additional information regarding Freddie Mac's non-GAAP financial measures and reconciliations to the comparable amounts under GAAP, see the company's earnings release for the quarter ended September 30, 2017.
- 2 Excludes the initial \$1 billion liquidation preference of senior preferred stock issued to Treasury in September 2008 as consideration for Treasury's funding commitment. The company received no cash proceeds as a result of issuing this initial \$1 billion liquidation preference of senior preferred stock.
- 3 Data for the nine months ended September 30, 2017.
- 4 For additional information, see Regulation and Supervision – Federal Housing Finance Agency – Capital Standards in the company's Annual Report on Form 10-K for the year ended December 31, 2016. (DFAST: Dodd-Frank Act Stress Test)
- 5 The Freddie Mac House Price Index for the U.S. is a value-weighted average of the state indices where the value weights are based on Freddie Mac's single-family credit guarantee portfolio. Other indices of home prices may have different results, as they are determined using different pools of mortgage loans and are calculated under different conventions. The Freddie Mac House Price Index for the U.S. is a non-seasonally adjusted (NSA) monthly series. Cumulative increase, based on the NSA series, calculated as the percent change from September 2016 to September 2017.
- 6 Historical growth rates change as new data becomes available. Values for the most recent periods typically see the largest changes.
- 7 Based on unpaid principal balances (UPB) of loans and securities. Excludes mortgage-related securities traded, but not yet settled. The mortgage-related investments portfolio is determined without giving effect to the January 1, 2010 change in accounting standards related to the transfer of financial assets and consolidation of variable interest entities (VIEs).
- 8 Primarily Freddie Mac's K Certificate and SB (Small Balance) Certificate transactions.
- 9 See Freddie Mac's Form 10-Q for the quarter ended September 30, 2017 for information about the company's Other investments and cash portfolio.
- 10 Represents the unpaid principal balance of the company's mortgage-related investments portfolio.
- 11 The company's Purchase Agreement with Treasury limits the amount of mortgage assets the company can own and indebtedness it can incur. Under the Purchase Agreement, mortgage assets and indebtedness are calculated without giving effect to the January 1, 2010 change in the accounting guidance related to the transfer of financial assets and consolidation of variable interest entities (VIEs). See the company's Annual Report on Form 10-K for the year ended December 31, 2016 for more information.
- 12 Represents the company's aggregate indebtedness for purposes of the Purchase Agreement debt cap and primarily includes the par value of other short-term and long-term debt used to fund its business activities.
- 13 Represents the estimated average rate of guarantee fees for new acquisitions during the period assuming amortization of upfront delivery fees using the estimated life of the related loans rather than the original contractual maturity date of the related loans. Includes the effect of fee adjustments that are based on the price performance of Freddie Mac's PCs relative to comparable Fannie Mae securities. Net of legislated 10 basis point guarantee fee remitted to Treasury as part of the Temporary Payroll Tax Cut Continuation Act of 2011.
- 14 Represents loans acquired after 2008, excluding HARP and other relief refinance loans.
- 15 Certain securitization transactions for which data is not available are only included in the total single-family serious delinquency rate.
- 16 Consists of Structured Agency Credit Risk (STACR) issuances and Agency Credit Insurance Structure (ACIS) transactions. Excludes all other forms of credit enhancement, including mortgage insurance, whole loan securities, senior subordinate securitization structures, seller indemnification, and Deep Mortgage Insurance CRT transactions.
- 17 See Freddie Mac's Form 10-K for the year ended December 31, 2016 for information about the company's reported delinquency rates. Source: Freddie Mac, FDIC Quarterly Banking Profile, TREPP (CMBS multifamily 60+ delinquency rate, excluding REOs). Data for FDIC Insured Institutions is not yet available for the third quarter of 2017.
- 18 Represents the UPB of multifamily loans sold via Freddie Mac's K Certificates and SB Certificates.
- 19 Includes K Certificates without subordination, which are fully guaranteed and issued without subordinate or mezzanine securities
- 20 Based on the company's purchases of loans and issuances of mortgage-related securities. For the periods presented, a borrower may be counted more than once if the company purchased more than one loan (purchase or refinance mortgage) relating to the same borrower.
- 21 Consists of both home retention actions and foreclosure alternatives.
- 22 These categories are not mutually exclusive and a borrower in one category may also be included in another category in the same or another period. For example, a borrower helped through a home retention action in one period may subsequently lose his or her home through a foreclosure alternative in a later period.

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