

# Fourth Quarter 2019 Financial Results Supplement

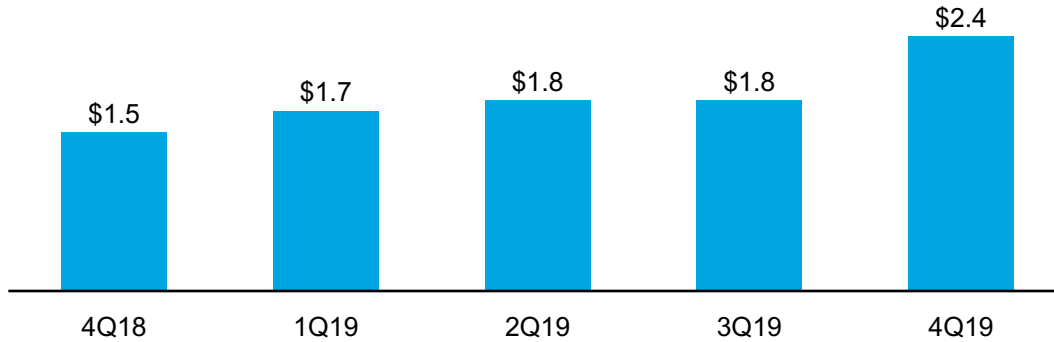
February 13, 2020

# Financial Highlights



## Comprehensive Income

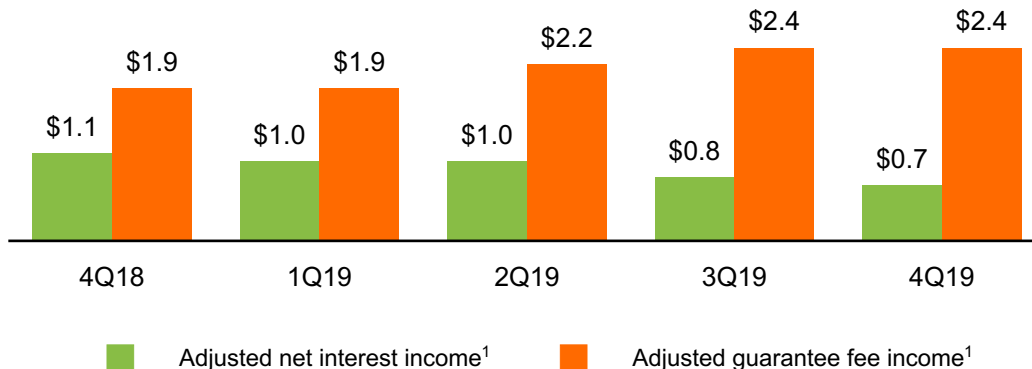
\$ Billions



- Comprehensive income increased from the prior quarter driven primarily by higher amortization income, gains on debt extinguishment, and lower market-related losses.

## Adjusted Net Interest Income and Adjusted Guarantee Fee Income

\$ Billions

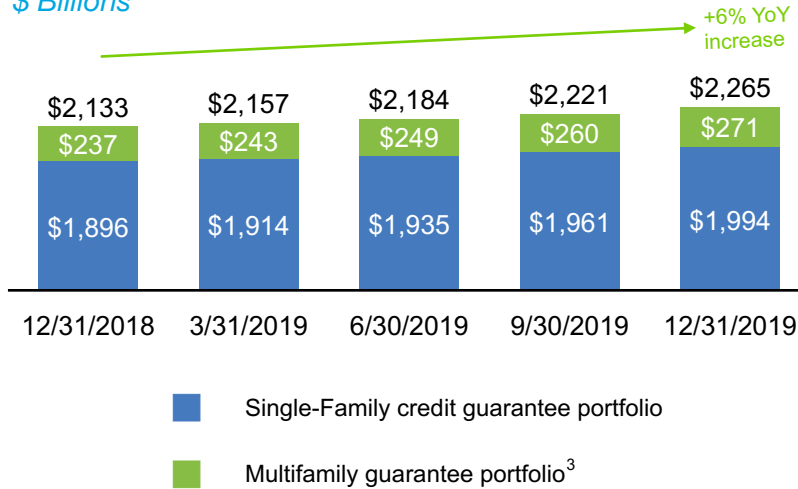


- Adjusted net interest income and adjusted guarantee fee income were substantially unchanged from the prior quarter.

# Total Portfolio Balances



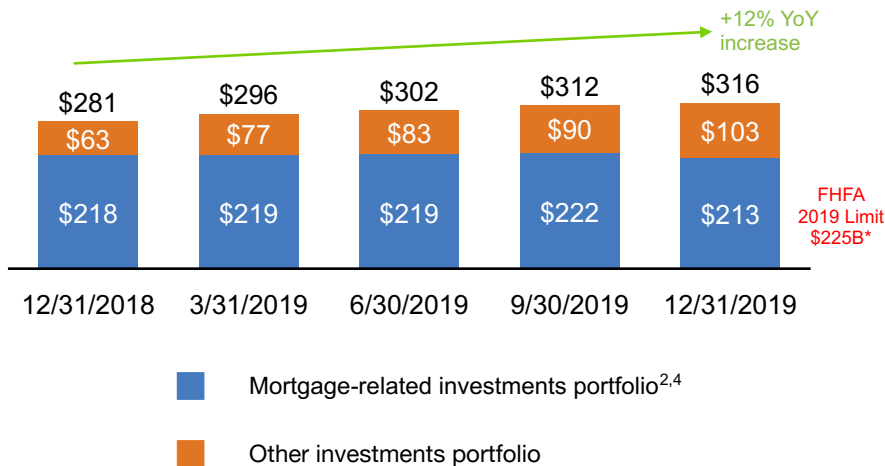
## Total guarantee portfolio<sup>2</sup> \$ Billions



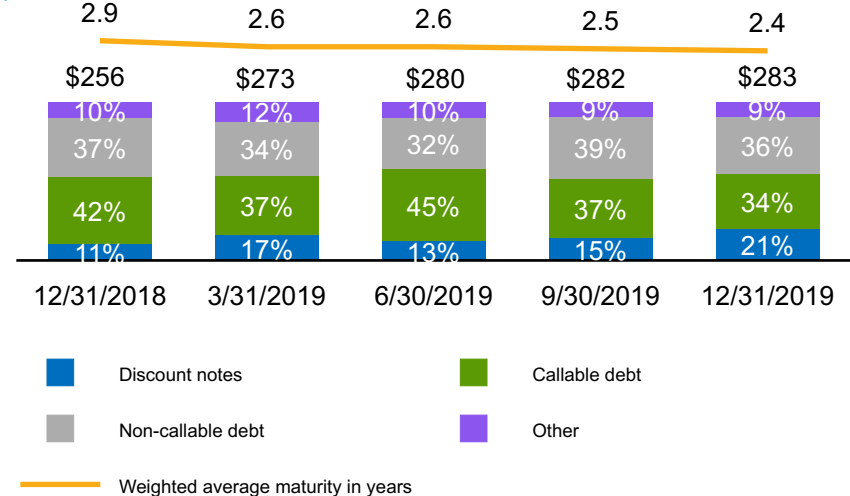
## Portfolio balance highlights

- Total guarantee portfolio:
  - Single-Family - grew \$98 billion, or 5% year-over-year.
  - Multifamily - grew \$34 billion, or 14% year-over-year.
- Total investments portfolio:
  - Mortgage-related investments portfolio - decreased \$5 billion, or 2% year-over-year.

## Total investments portfolio \$ Billions



## Total debt outstanding<sup>4,5</sup> \$ Billions



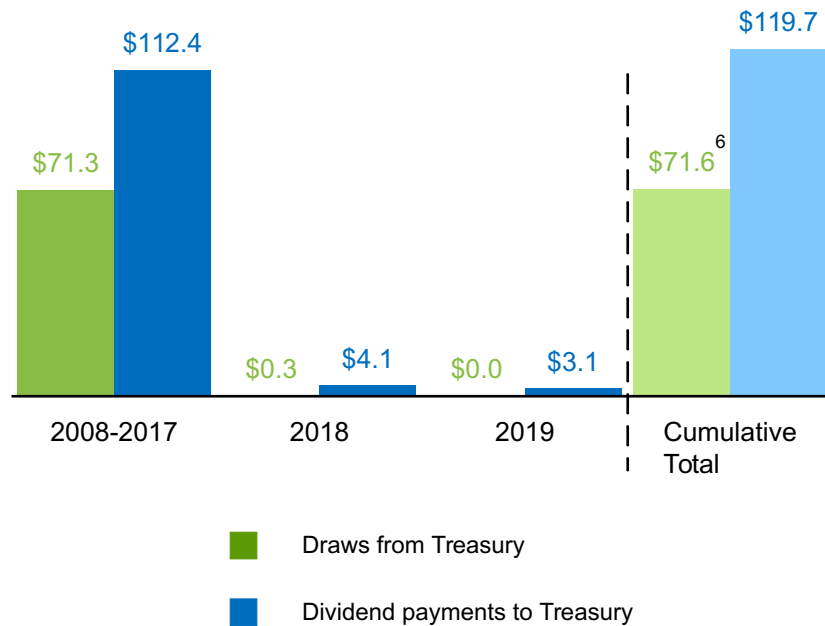
Note: Totals may not add due to rounding.

\*In February 2019, FHFA directed the company to maintain the mortgage-related investments portfolio at or below \$225 billion at all times.

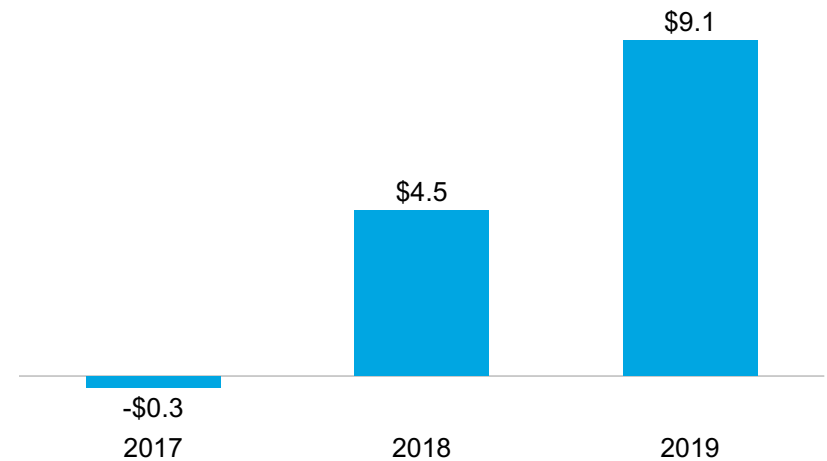
# Conservatorship Matters and Total Equity



Treasury draws and dividend payments  
\$ Billions



Total Equity / Net Worth  
\$ Billions

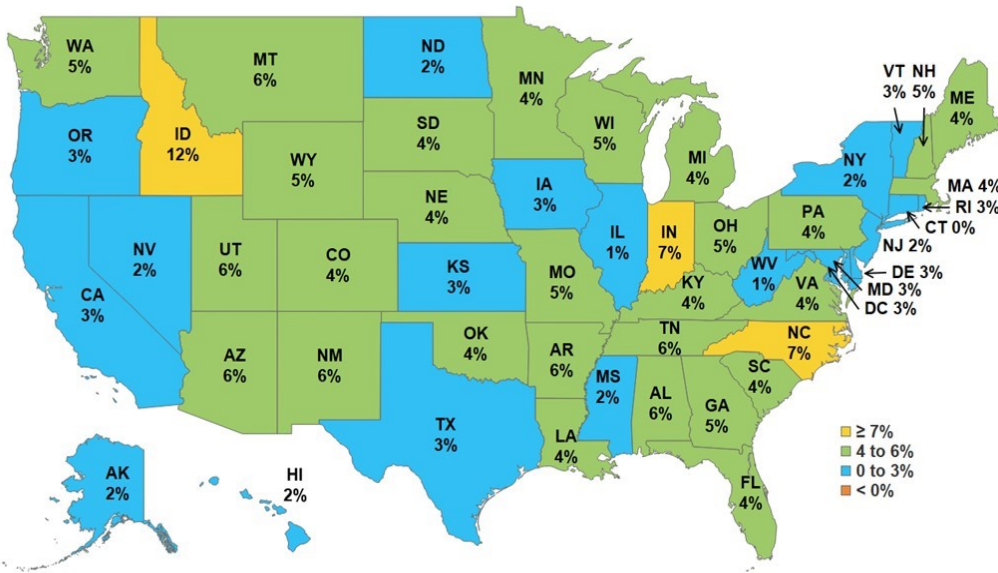


- Pursuant to the September 2019 Letter Agreement, the company will not have a dividend requirement on the senior preferred stock until its Net Worth Amount exceeds \$20.0 billion.

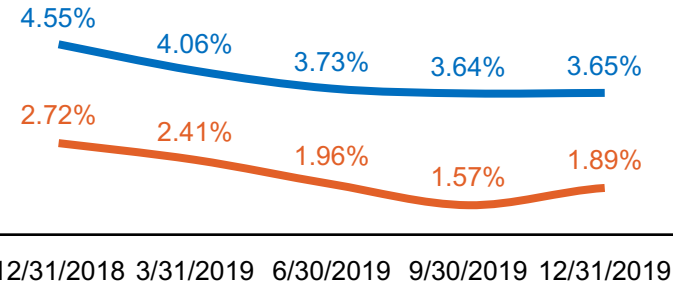
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# Key Economic Indicators

National home prices increased by an average of 3.8% over the past year



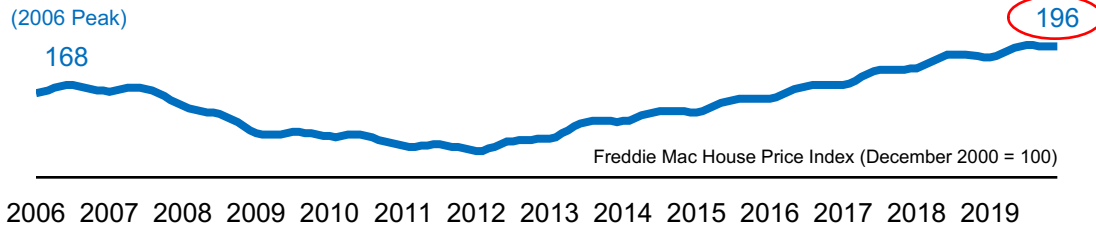
## Quarterly ending interest rates



12/31/2018 3/31/2019 6/30/2019 9/30/2019 12/31/2019

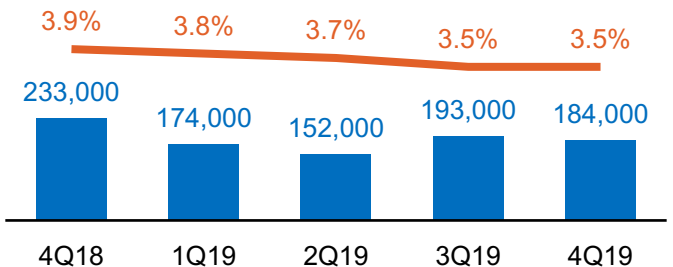
- 30-year mortgage rate, based on Primary Mortgage Market Survey (PMMS)
- 10-year LIBOR

## National home prices have surpassed the 2006 peak



United States (Not Seasonally Adjusted)

## Unemployment rate and job creation



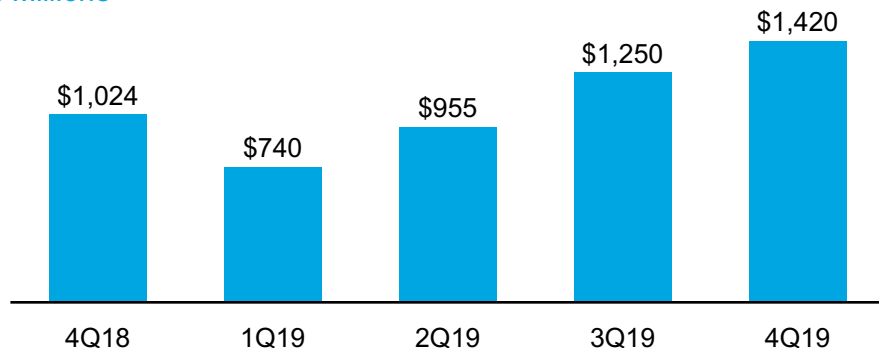
- Average monthly net new jobs (non-farm)
- National unemployment rate (as of the last month in each quarter)

# Single-Family Guarantee Financial Highlights and Key Metrics



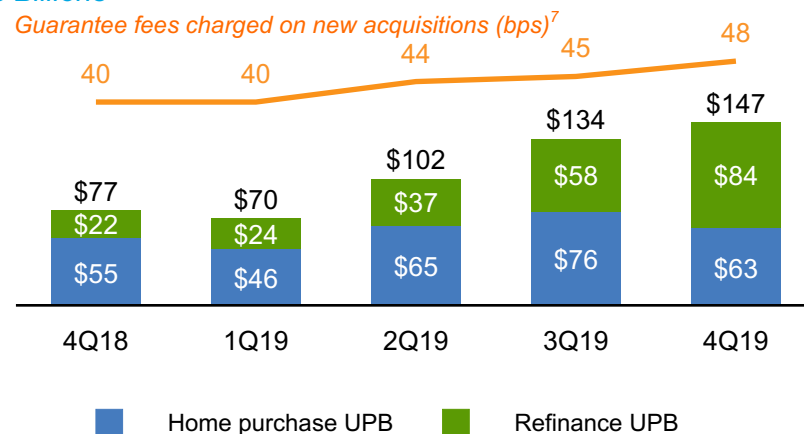
## Single-Family Guarantee Segment Earnings

\$ Millions



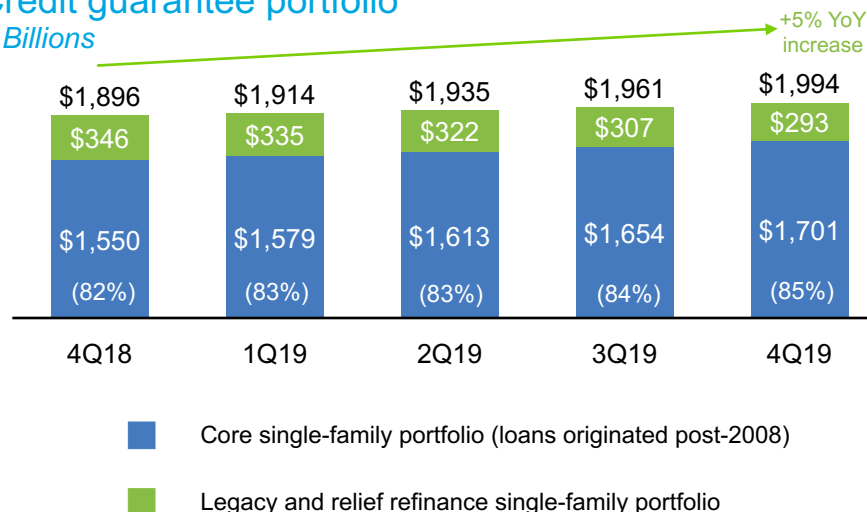
## New business activity

\$ Billions

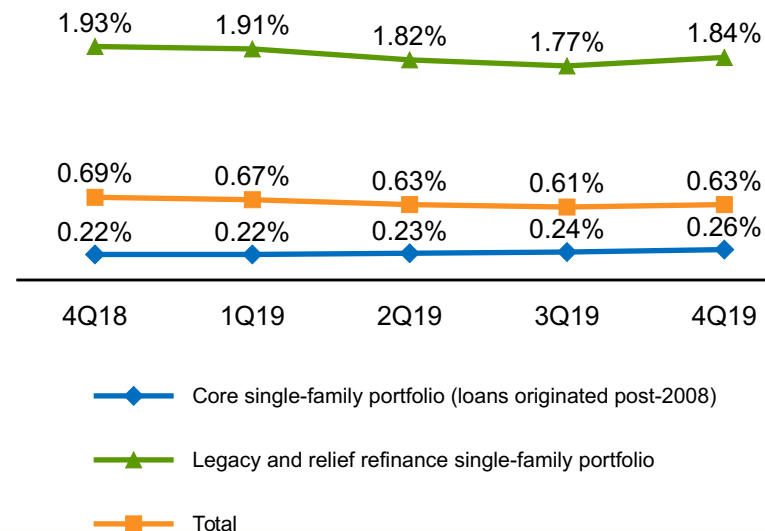


## Credit guarantee portfolio

\$ Billions



## Serious delinquency rates

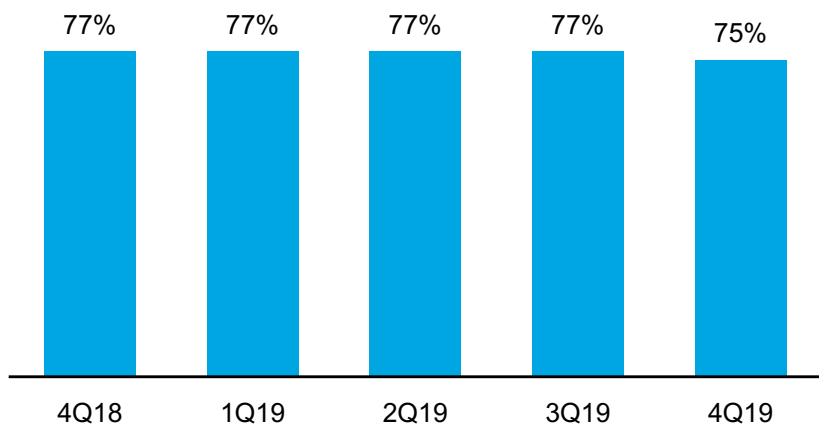


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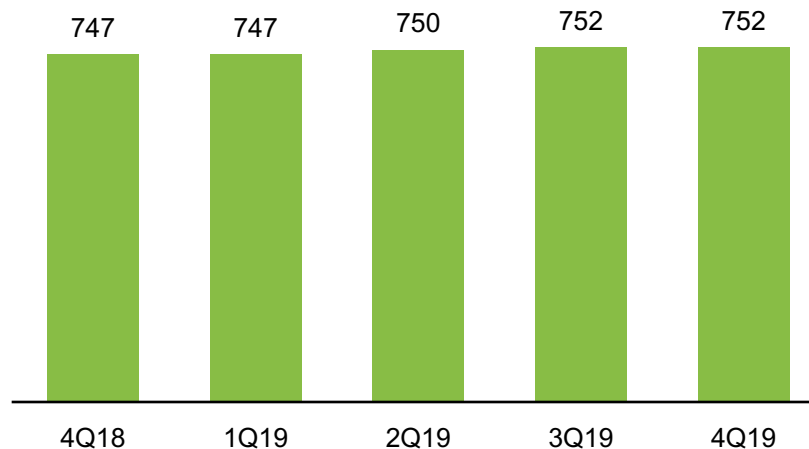
# Single-Family Guarantee Loan Purchase Credit Characteristics



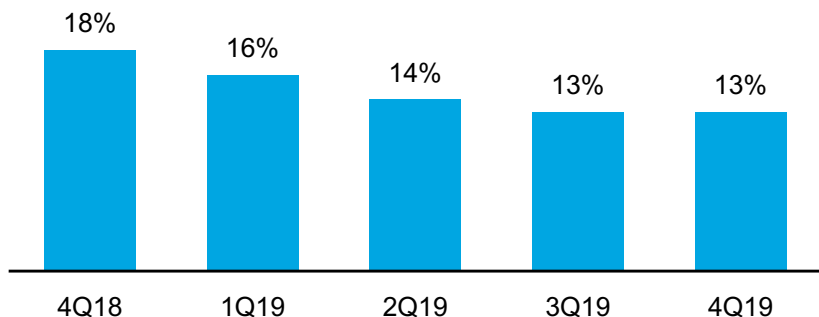
Weighted average original loan-to-value ratio (OLTV)



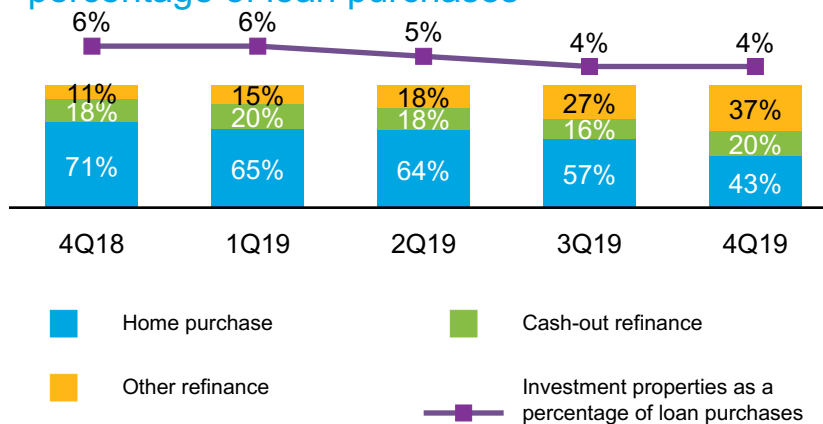
Weighted average credit score



New business activity with debt-to-income ratio > 45%



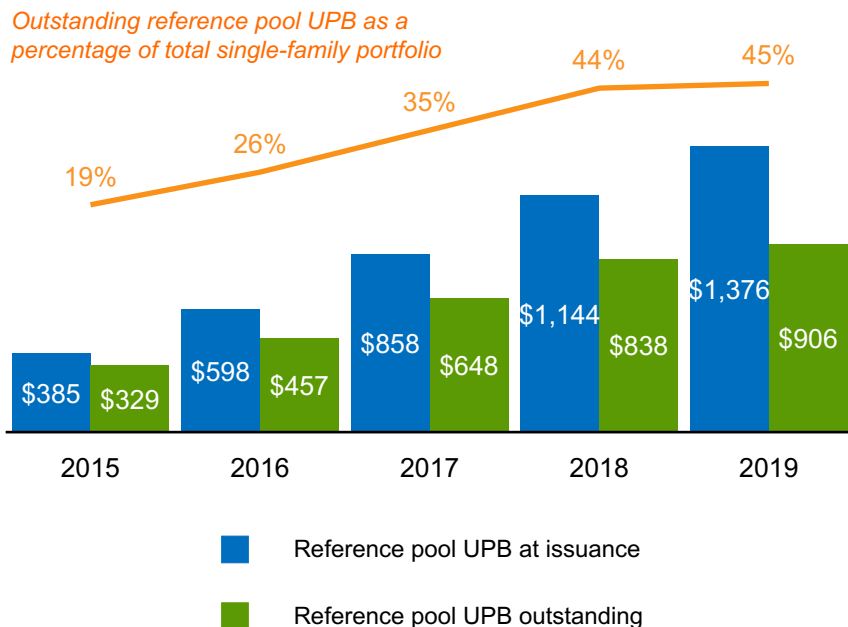
Loan purpose and investment properties as a percentage of loan purchases



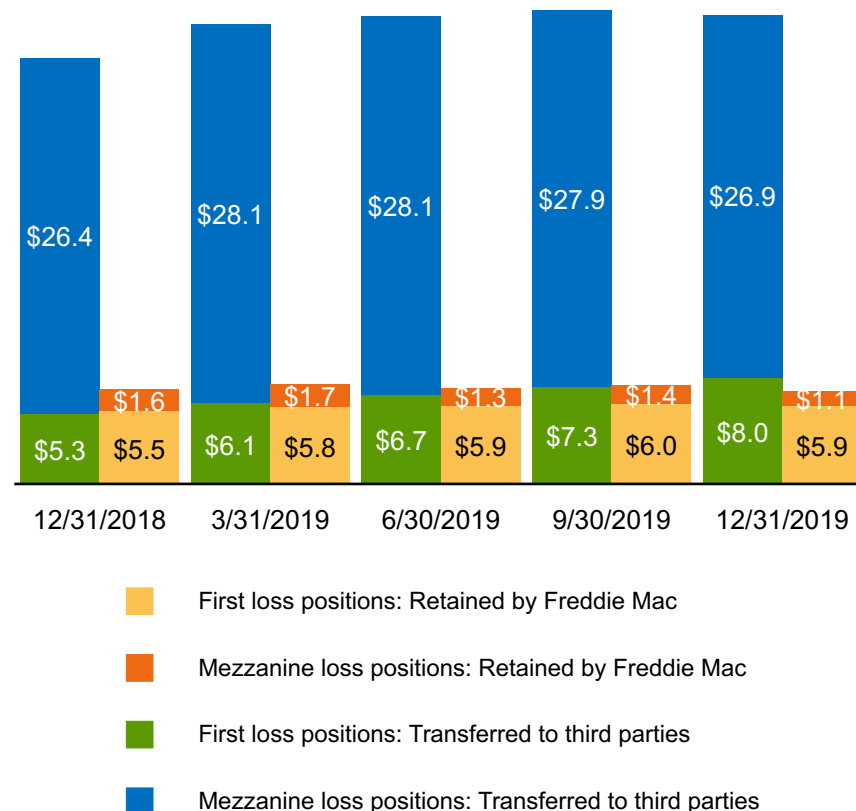
# Single-Family Guarantee Credit Risk Transfer – STACR / ACIS



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

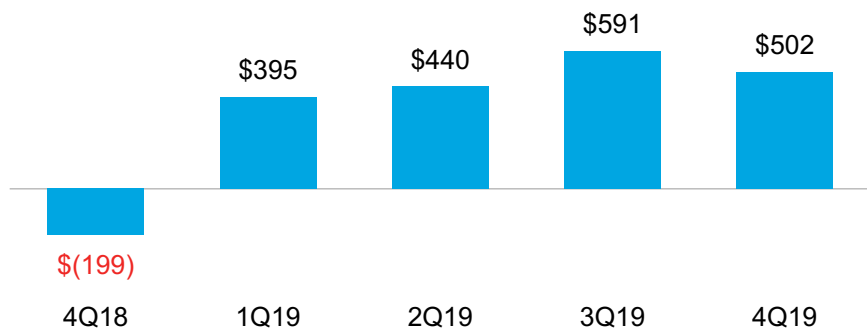




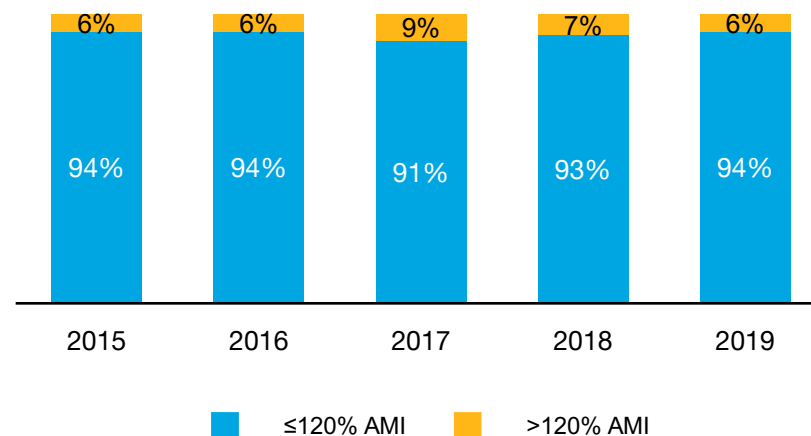
# Multifamily Financial Highlights and Key Metrics



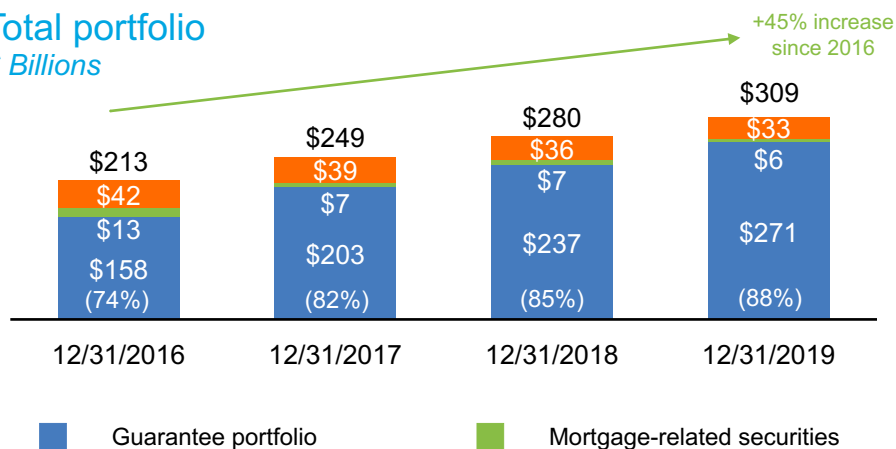
Multifamily comprehensive income (loss)  
\$ Millions



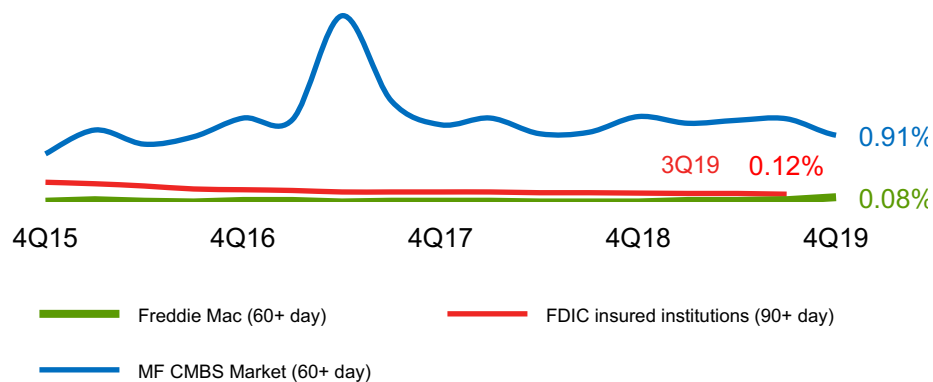
Multifamily acquisitions of units by area median income (AMI) (% of eligible units acquired)



Total portfolio  
\$ Billions



Multifamily market and Freddie Mac delinquency rates

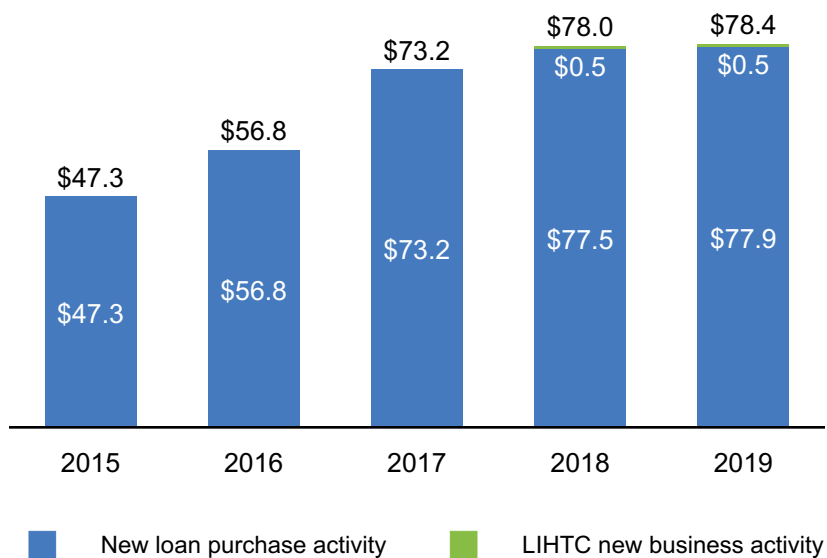


Note: Totals may not add due to rounding.

# Multifamily Key Metrics, continued

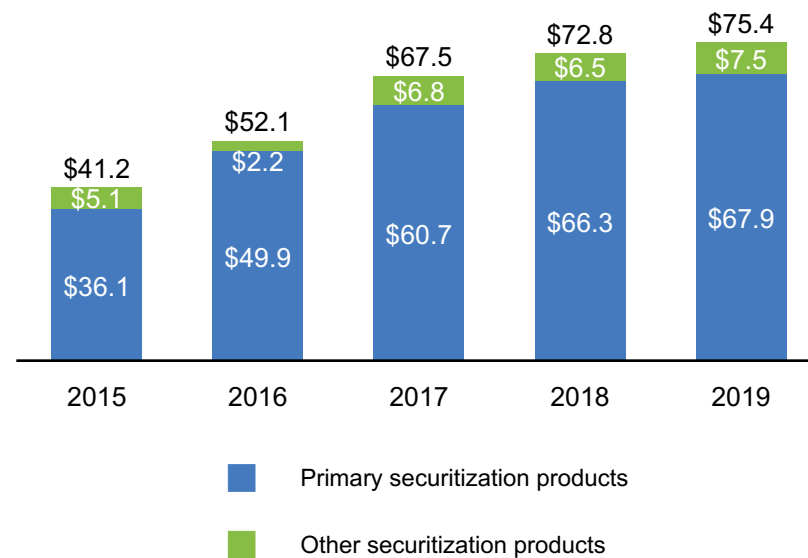


New business activity  
\$ Billions



- During 4Q 2019, the total multifamily loan purchase activity was \$17.5 billion. Approximately 36% of this purchase activity was mission-driven, affordable housing.

Multifamily securitization activity<sup>8,9</sup>  
\$ Billions

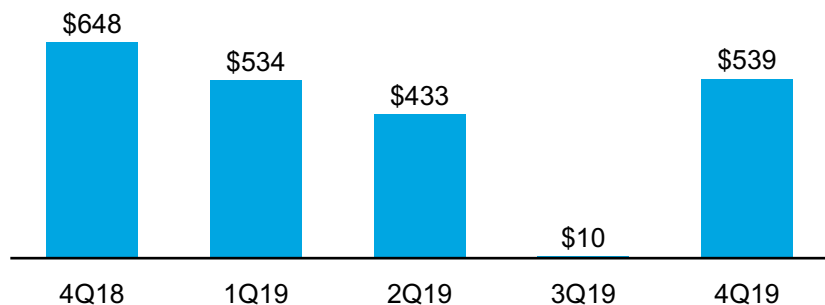


# Capital Markets

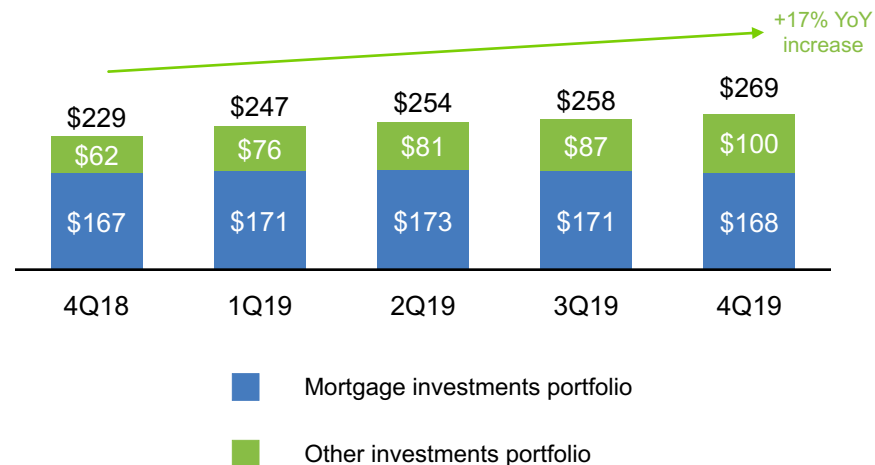
## Financial Highlights and Key Metrics



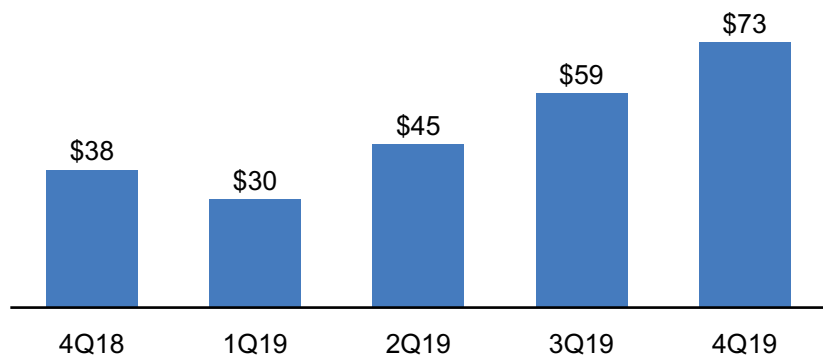
Capital Markets comprehensive income  
\$ Millions



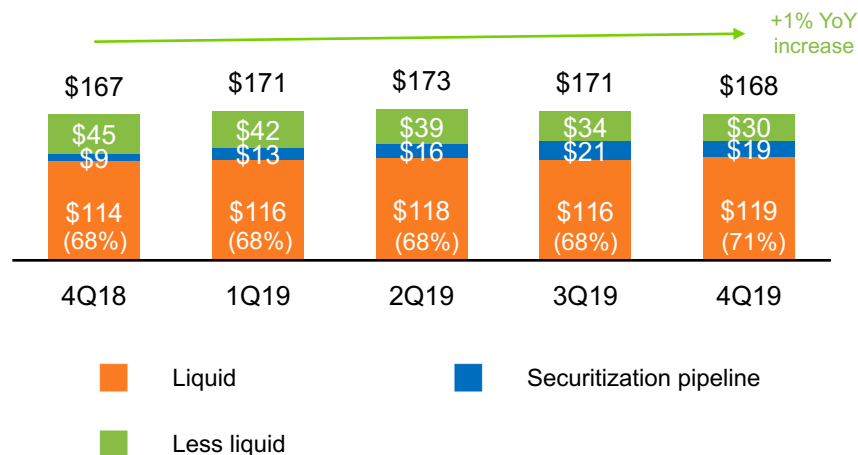
Capital Markets investments portfolio  
\$ Billions



Capital Markets cash window securitization  
\$ Billions



Capital Markets mortgage investments portfolio  
\$ Billions

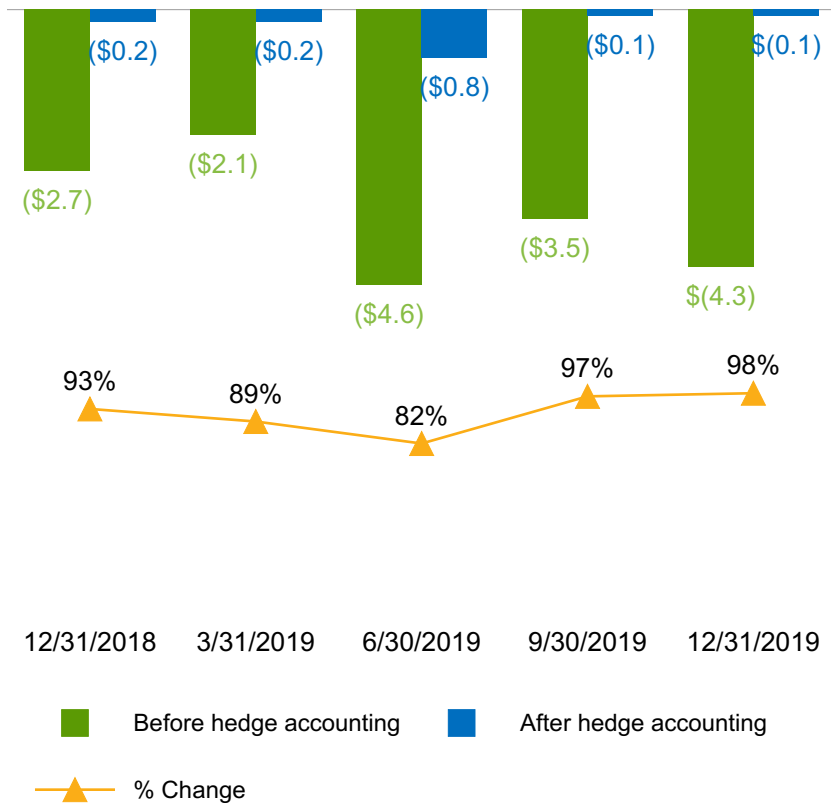


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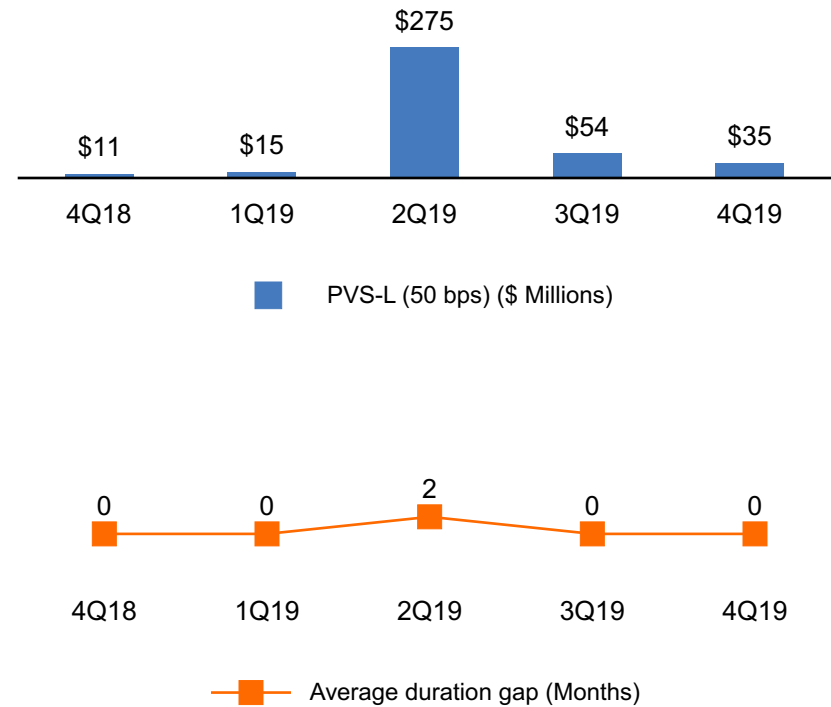
# Interest-Rate Risk Measures



GAAP Adverse Scenario<sup>10</sup> (Before-Tax)  
\$ Billions



PVS-Level<sup>11</sup> and Average Duration Gap<sup>12</sup>

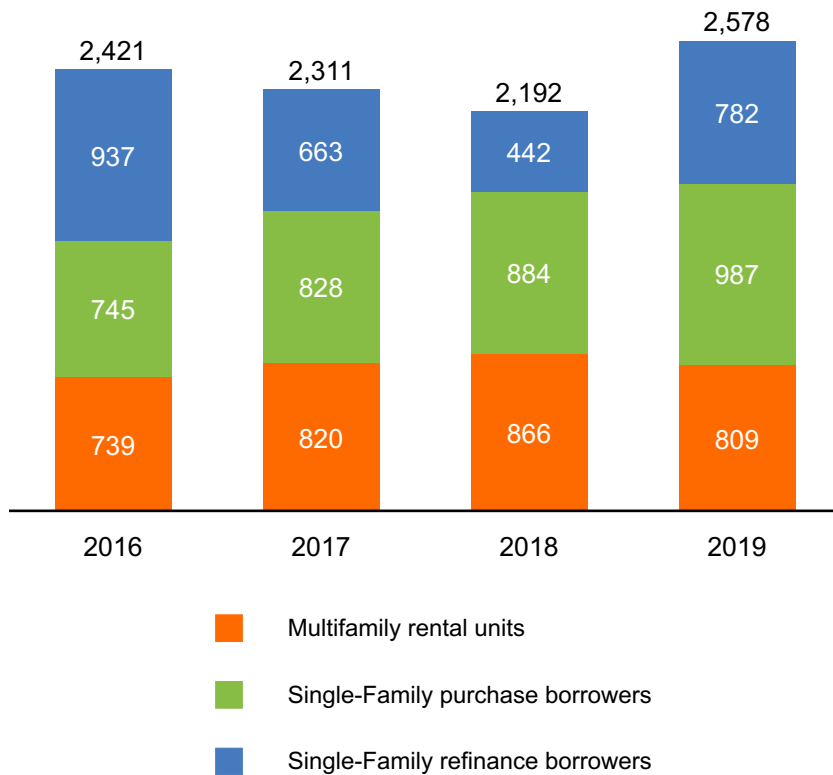


In April 2019, the company updated its interest-rate risk measures to include upfront fees (including buy-downs) related to single-family credit guarantee activity as the company changed its strategy to incorporate upfront fees into its asset and liability interest-rate risk management strategy and definition. The company hedged the upfront fees interest-rate risk over several weeks resulting in temporarily higher than normal duration gap and PVS-L levels. These levels returned to historical averages by the end of 2Q19 as the company completed its hedging of upfront fees interest-rate risk. The inclusion of upfront fees increased the company's derivative volume resulting in a larger effect of derivatives on its PVS-L (50 bps).

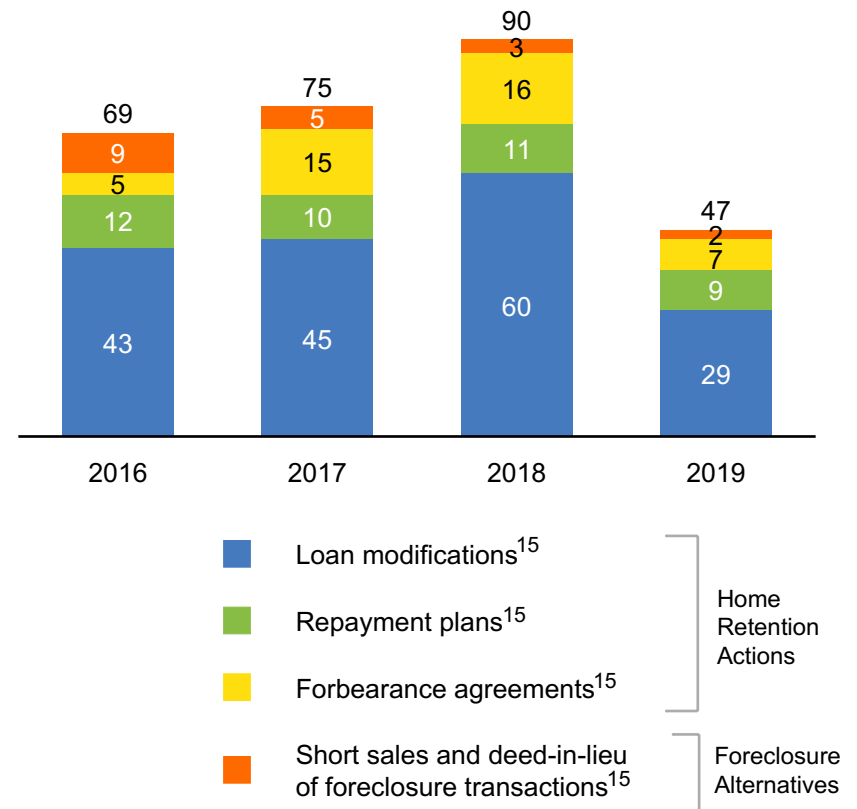
# Housing Market Support



Number of families Freddie Mac helped to own or rent a home<sup>13</sup>  
In Thousands



Number of single-family loan workouts<sup>14</sup>  
In Thousands



Note: Totals may not add due to rounding.

- 1 For additional information regarding Freddie Mac's non-GAAP financial measures and reconciliations to the comparable amounts under GAAP, see the company's Press Release for the quarter ended December 31, 2019.
- 2 Based on unpaid principal balances (UPB) of loans and securities. Excludes mortgage-related securities traded, but not yet settled.
- 3 Primarily Freddie Mac's K Certificate and SB (Small Balance) Certificate transactions.
- 4 The company's Purchase Agreement with Treasury limits the amount of mortgage assets the company can own and indebtedness it can incur. See the company's Annual Report on Form 10-K for the year ended December 31, 2019 for more information.
- 5 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.
- 6 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 \$3.0 billion increase in the aggregate liquidation preference of the senior preferred stock pursuant to the December 2017 Letter Agreement, and the \$1.8 billion increase in the aggregate liquidation preference of the senior preferred stock pursuant to the September 2019 Letter Agreement. The company received no cash proceeds in connection with the initial \$1 billion liquidation preference of senior preferred stock or the \$3.0 billion, \$1.8 billion, and \$1.8 billion increases on December 31, 2017, September 30, 2019, and December 31, 2019, respectively.
- 7 Represents the estimated average rate of guarantee fees for new acquisitions during the period assuming amortization of upfront 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.
- 8 Multifamily's primary securitization products are K Certificates and SB Certificates. In these transactions, the company guarantees the senior securities, but does not issue or guarantee the mezzanine or subordinated securities. The interest-rate risk and a large majority of expected and stress credit risk is sold to third-party investors through the mezzanine and subordinated securities, thereby reducing the company's risk exposure.
- 9 Excludes re-securitization UPB of primary and other securitization products.
- 10 The company evaluates the potential benefits of fair value hedge accounting by evaluating a range of interest rate scenarios and identifying which of those scenarios produces the most adverse GAAP earnings outcome. At December 31, 2019, the GAAP adverse scenario (for both before and after fair value hedge accounting) was a parallel shift in which rates decrease by 100 basis points.
- 11 Portfolio Value Sensitivity (PVS) is the company's estimate of the change in the value of its financial assets and liabilities from an instantaneous shock to interest rates, assuming spreads are held constant and no rebalancing actions are undertaken. PVS-L measures the estimated sensitivity of the portfolio value to a 50 basis point parallel movement in interest rates.
- 12 Duration gap measures the difference in price sensitivity to interest rate changes between the company's financial assets and liabilities and is expressed in months relative to the value of assets.
- 13 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.
- 14 Consists of both home retention actions and foreclosure alternatives.
- 15 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.

## Freddie Mac obligations

Freddie Mac's securities are obligations of Freddie Mac only. The securities, including any interest or return of discount on the securities, are not guaranteed by and are not debts or obligations of the United States or any federal agency or instrumentality other than Freddie Mac.

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## Forward-looking statements

Freddie Mac's presentations may contain forward-looking statements, which may include statements pertaining to the conservatorship, the company's current expectations and objectives for its Single-family Guarantee, Multifamily and Capital Markets segments, its efforts to assist the housing market, liquidity and capital management, economic and market conditions and trends, market share, the effect of legislative and regulatory developments and new accounting guidance, credit quality of loans the company owns or guarantees, the costs and benefits of the company's credit risk transfer transactions, and results of operations and financial condition on a GAAP, Segment Earnings, non-GAAP and fair value basis. Forward-looking statements involve known and unknown risks and uncertainties, some of which are beyond the company's control. Management's expectations for the company's future necessarily involve a number of assumptions, judgments and estimates, and various factors, including changes in market conditions, liquidity, mortgage spreads, credit outlook, actions by the U.S. government (including FHFA, Treasury and Congress), and the impacts of legislation or regulations and new or amended accounting guidance, could cause actual results to differ materially from these expectations. These assumptions, judgments, estimates and factors are discussed in the company's Annual Report on Form 10-K for the year ended December 31, 2019, and Current Reports on Form 8-K, which are available on the Investor Relations page of the company's website at [www.freddiemac.com/investors](http://www.freddiemac.com/investors) and the SEC's website at [www.sec.gov](http://www.sec.gov). The company undertakes no obligation to update forward-looking statements it makes to reflect events or circumstances occurring after the date of this presentation.