

# Second Quarter 2017 Financial Results Supplement

August 1, 2017

## Financial highlights

\$ Millions

	2Q17	1Q17	2Q16	2Q17 vs. 1Q17	2Q17 vs. 2Q16
Net interest income	\$ 3,379	\$ 3,795	\$ 3,443	\$ (416)	\$ (64)
Benefit (provision) for credit losses	422	116	775	306	(353)
Derivative gains (losses)	(1,096)	(302)	(2,058)	(794)	962
Other non-interest income (loss)	802	676	234	126	568
Non-interest income	(294)	374	(1,824)	(668)	1,530
Administrative expense	(513)	(511)	(475)	(2)	(38)
Other non-interest expense	(493)	(453)	(460)	(40)	(33)
Non-interest expense	(1,006)	(964)	(935)	(42)	(71)
Pre-tax income	2,501	3,321	1,459	(820)	1,042
Income tax expense	(837)	(1,110)	(466)	273	(371)
Net income	\$ 1,664	\$ 2,211	\$ 993	\$ (547)	\$ 671
Total other comprehensive income (loss), net of tax	322	23	140	299	182
<b>Comprehensive income</b>	<b>\$ 1,986</b>	<b>\$ 2,234</b>	<b>\$ 1,133</b>	<b>\$ (248)</b>	<b>\$ 853</b>

### Non-GAAP Financial Measures<sup>1</sup>

Adjusted net interest income	\$ 1,167	\$ 1,200	\$ 1,208	\$ (33)	\$ (41)
Adjusted guarantee fee income	\$ 1,668	\$ 1,569	\$ 1,625	\$ 99	\$ 43

### Portfolio Balances (\$ Billions)

Total guarantee portfolio	\$ 1,958	\$ 1,943	\$ 1,855	\$ 15	\$ 103
Total investments portfolio	\$ 366	\$ 383	\$ 409	\$ (17)	\$ (43)

### Delinquency Rates (%)

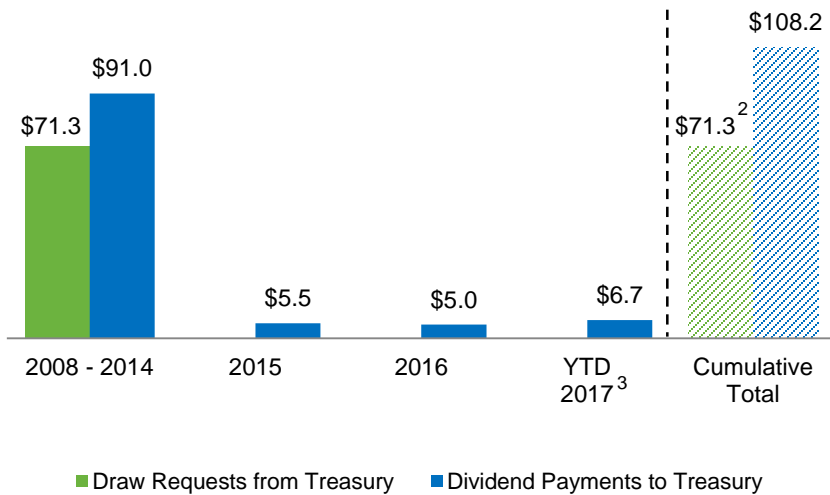
Single-family serious delinquency	0.85%	0.92%	1.08%	-0.07%	-0.23%
Multifamily delinquency	0.01%	0.03%	0.02%	-0.02%	-0.01%

Note: Totals may not add due to rounding.

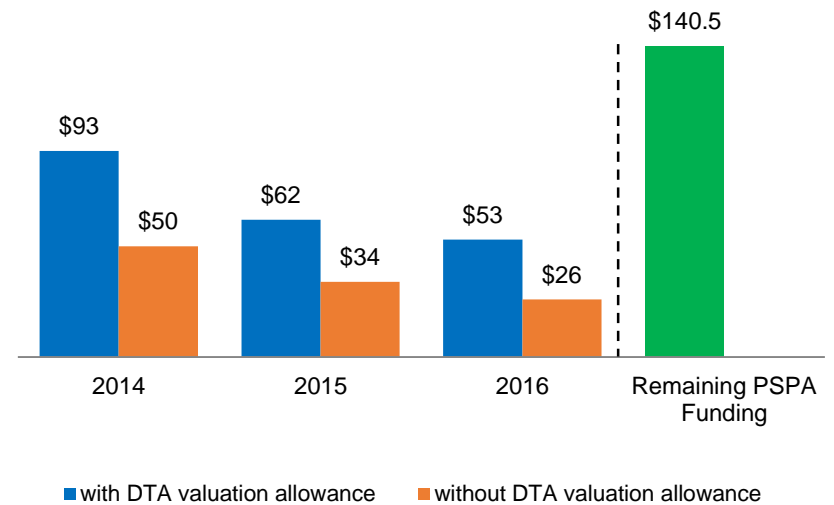
## Key highlights

- Comprehensive Income (CI) of \$2.0 billion, Net Income of \$1.7 billion.
- CI stable quarter-over-quarter due to reduction in market-related earnings volatility.
  - » Market spreads were relatively unchanged.
  - » Implementation of hedge accounting offset most net losses arising from changes in interest rates.
- Higher adjusted guarantee fee income partly due to continued growth in total guarantee portfolio balances.
- Credit quality: improving in Single-family, very strong in Multifamily.

## Treasury draw requests and dividend payments \$ Billions



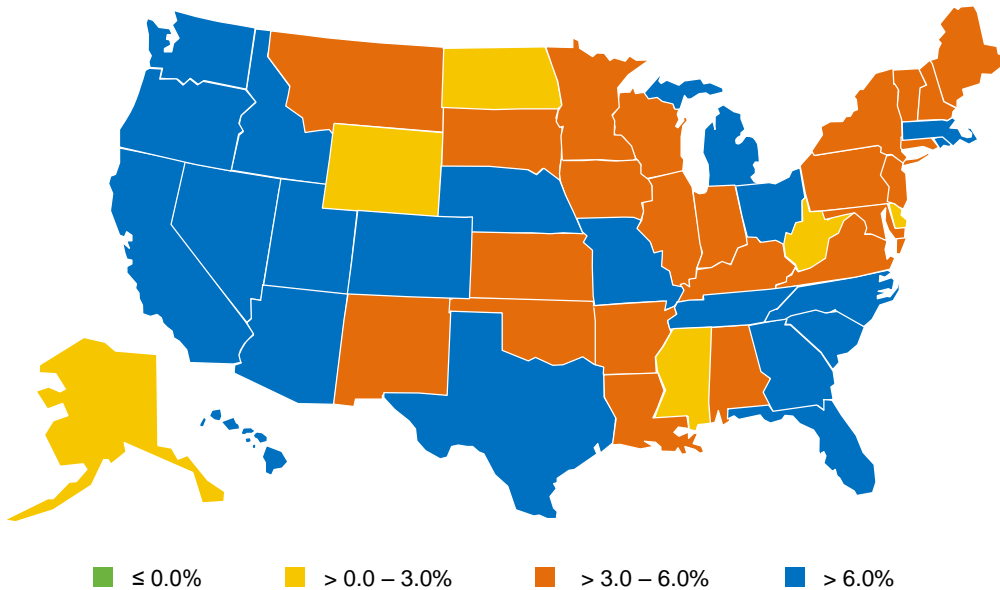
## DFAST<sup>4</sup> - Additional draws needed under severely adverse scenario \$ Billions



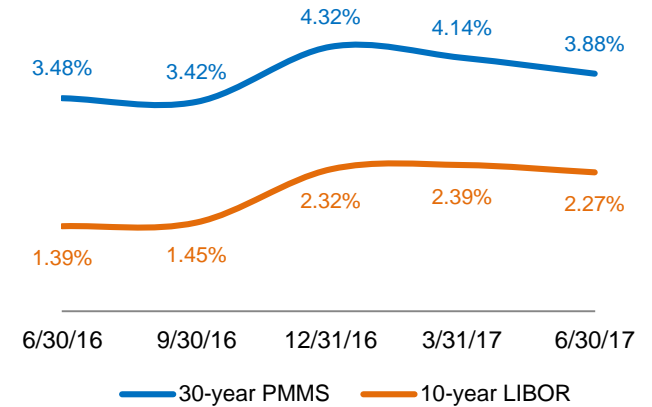
Note: Totals may not add due to rounding.

# Key Economic Indicators

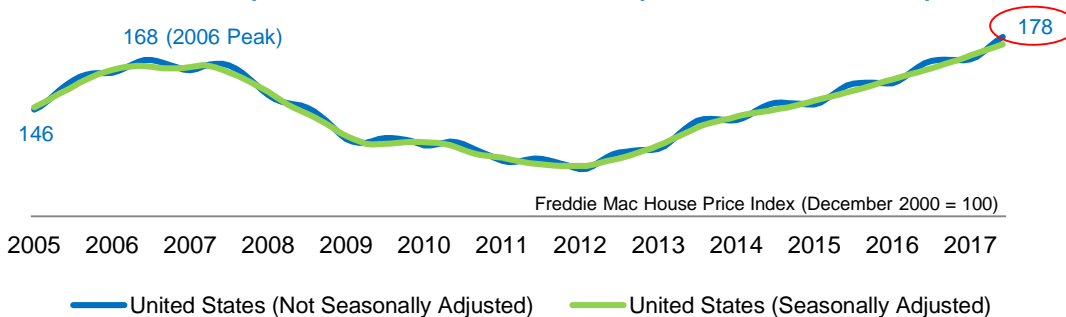
National home prices increased by an average of 6.9% over the past year<sup>5</sup>



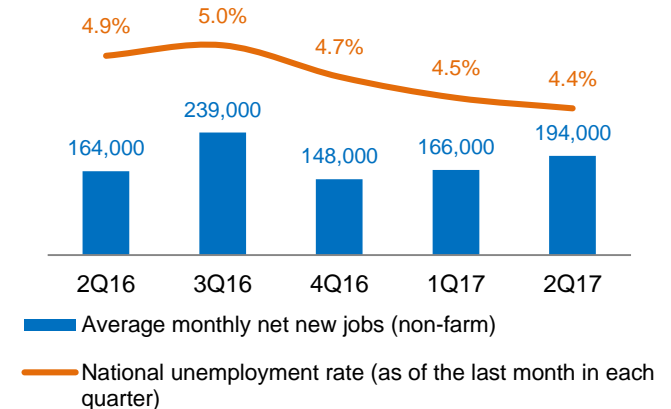
Quarterly ending interest rates



National home price trends<sup>5,6</sup> have surpassed the 2006 peak



Unemployment rate and job creation

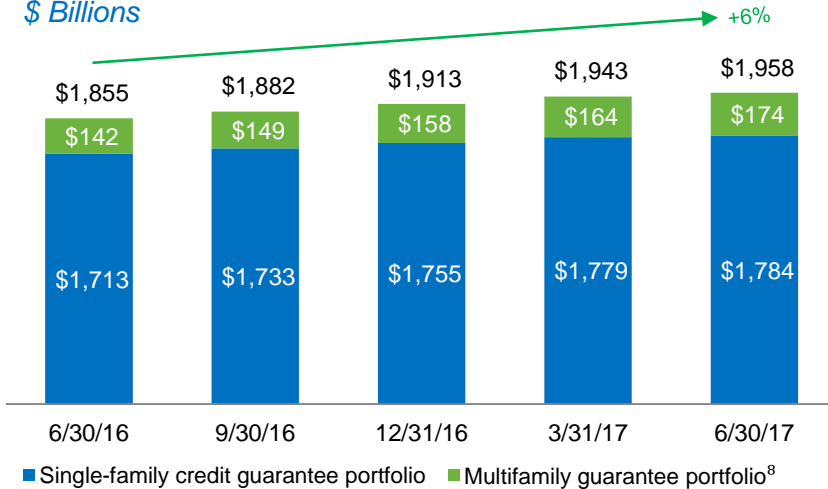


# Total Portfolio Balances



## Total guarantee portfolio balance<sup>7</sup>

\$ Billions

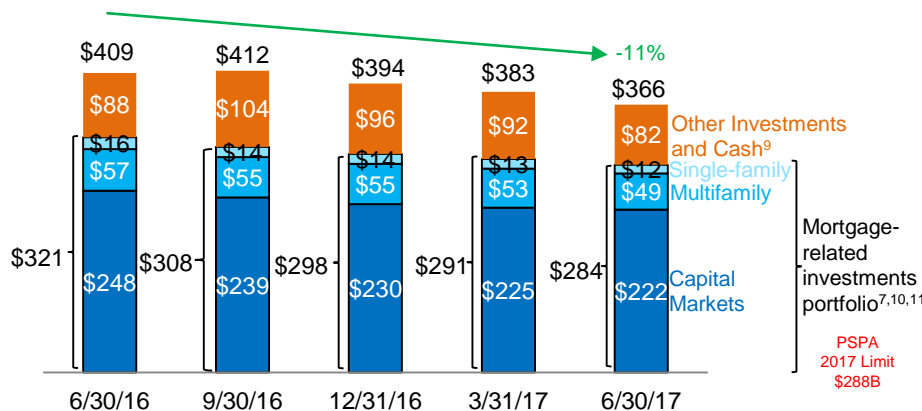


## Portfolio balance highlights

- Total guarantee portfolio balance:
  - Single-family - increased \$71 billion, or 4% YoY, to \$1,784 billion.
  - Multifamily - increased \$32 billion, or 23% YoY, to \$174 billion.
- Total investments portfolio balance:
  - Mortgage-related investments portfolio decreased \$37 billion, or 12% YoY, to \$284 billion.

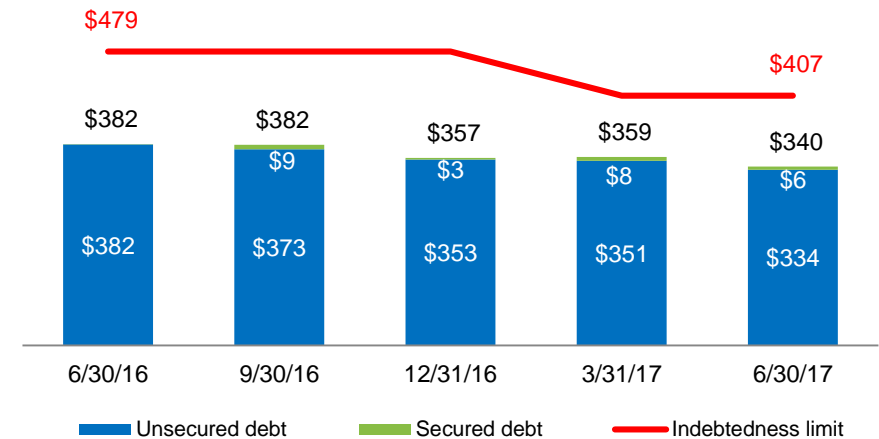
## Total investments portfolio balance

\$ Billions



## Total debt outstanding<sup>11,12</sup>

\$ Billions



Note: Totals may not add due to rounding.

# Single-family Financial Highlights and Key Metrics



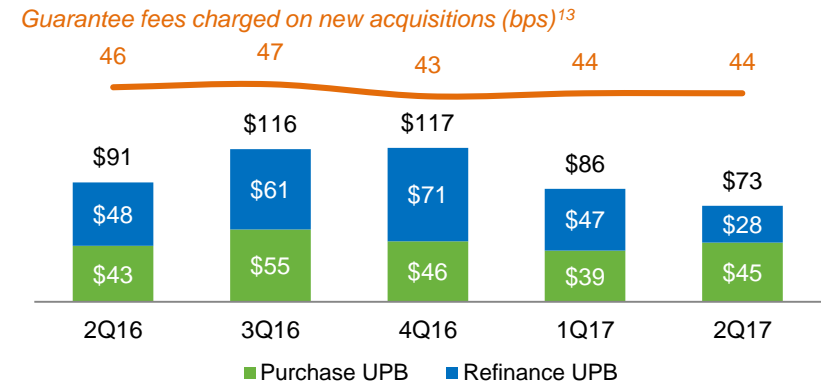
## Single-family financial highlights

\$ Millions

	2Q17	1Q17	2Q16	2Q17 vs. 1Q17	2Q17 vs. 2Q16
Guarantee fee income	\$ 1,506	\$ 1,418	\$ 1,501	\$ 88	\$ 5
Benefit (provision) for credit losses	12	39	121	(27)	(109)
Administrative expense	(332)	(333)	(314)	1	(18)
Other	(17)	(58)	(398)	41	381
Income tax (expense) benefit	(391)	(356)	(326)	(35)	(65)
<b>Segment earnings, net of taxes</b>	<b>\$ 778</b>	<b>\$ 710</b>	<b>\$ 584</b>	<b>\$ 68</b>	<b>\$ 194</b>
Total other comprehensive income (loss), net of tax	-	(2)	(1)	2	1
Total comprehensive income	\$ 778	\$ 708	\$ 583	\$ 70	\$ 195

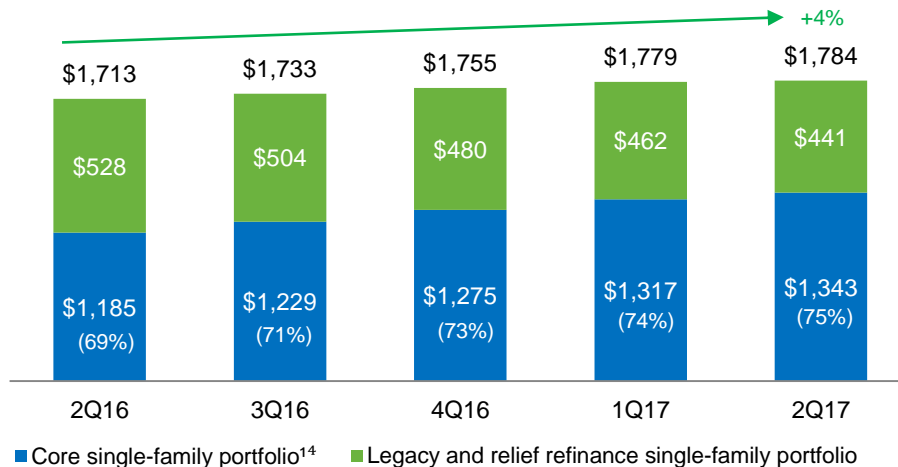
## New funding volume

\$ Billions



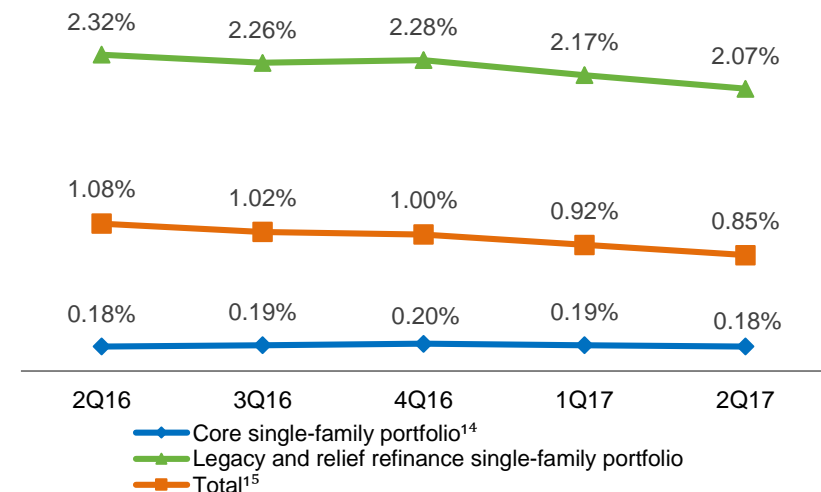
## Credit guarantee portfolio balance

\$ Billions



Note: Totals may not add due to rounding.

## Serious delinquency rates

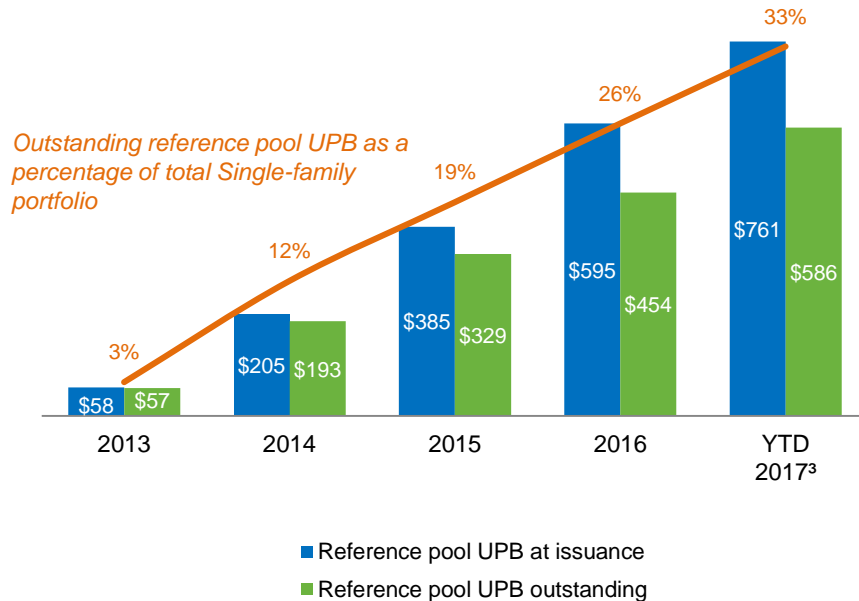


# Single-family Credit Risk Transfer – STACR / ACIS<sup>16</sup>



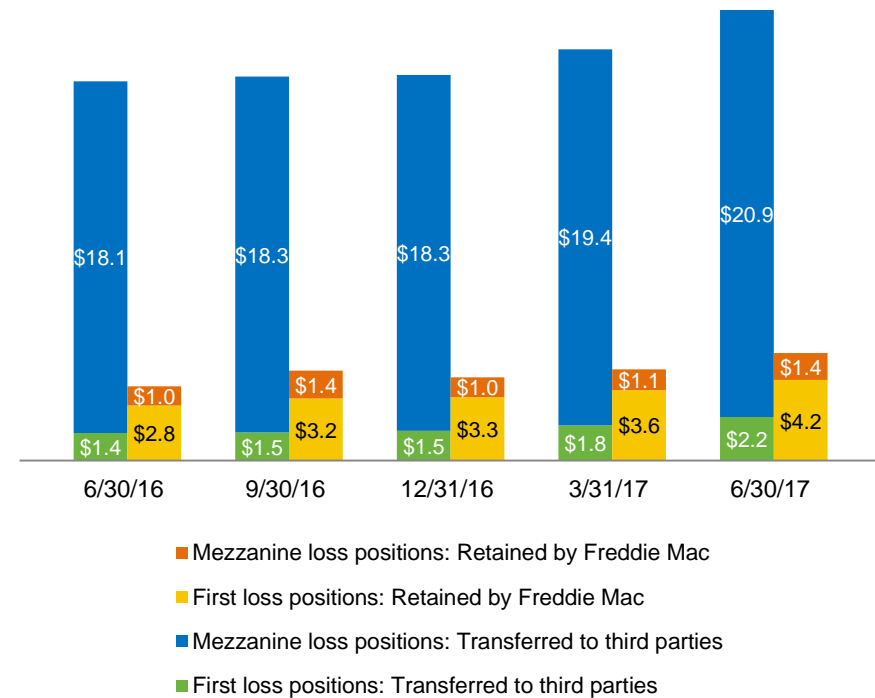
## Total Single-family credit guarantee portfolio with transferred credit risk

\$ Billions



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

\$ Billions



# Multifamily Financial Highlights and Key Metrics

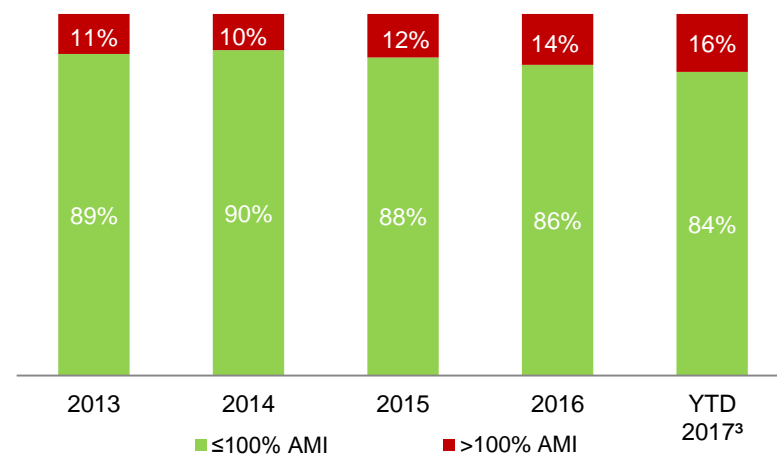


## Multifamily financial highlights

\$ Millions

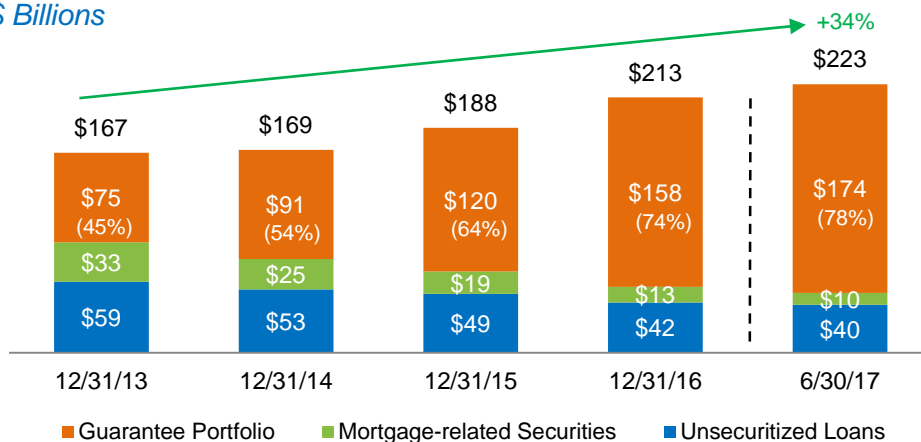
	2Q17	1Q17	2Q16	2Q17 vs. 1Q17	2Q17 vs. 2Q16
Net interest income	\$ 292	\$ 271	\$ 283	\$ 21	\$ 9
Guarantee fee income	162	151	124	11	38
Gains (losses) on loans and other non-interest income	412	236	378	176	34
Derivative gains (losses)	(180)	127	(296)	(307)	116
Administrative expense	(95)	(95)	(86)	-	(9)
Other	(6)	(15)	(3)	9	(3)
Income tax (expense) benefit	(196)	(226)	(136)	30	(60)
Segment earnings, net of taxes	\$ 389	\$ 449	\$ 264	\$ (60)	\$ 125
Total other comprehensive income (loss), net of tax	73	(4)	7	77	66
<b>Total comprehensive income</b>	<b>\$ 462</b>	<b>\$ 445</b>	<b>\$ 271</b>	<b>\$ 17</b>	<b>\$ 191</b>

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

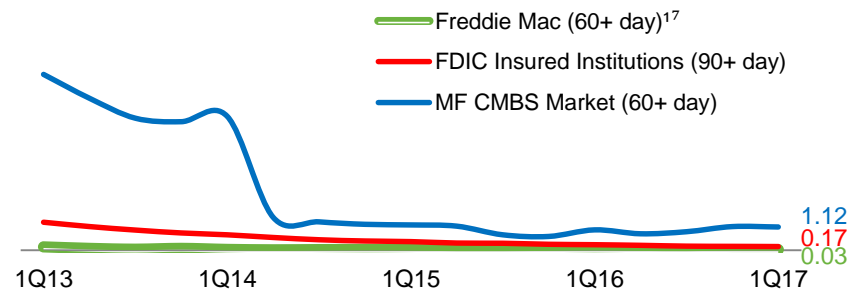


## Total portfolio balance

\$ Billions



## Multifamily market and Freddie Mac delinquency rates (%)

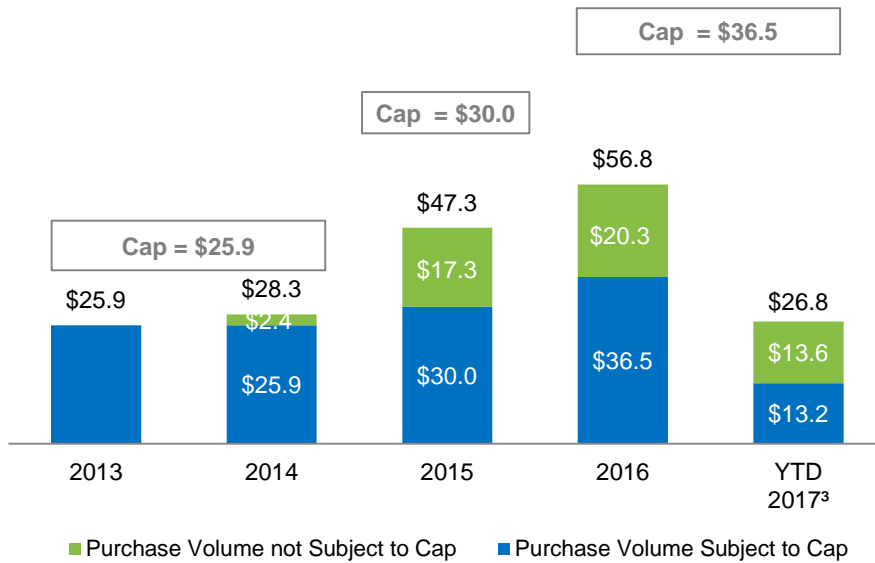




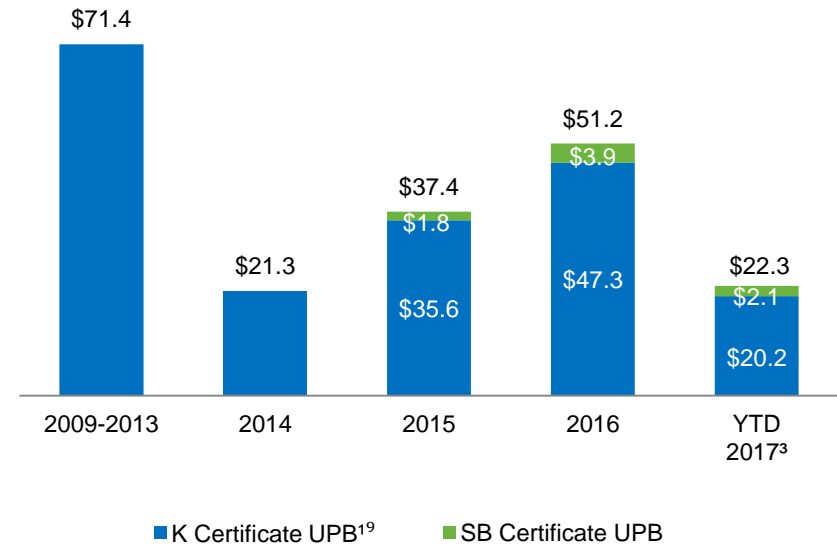
# Multifamily Key Metrics, continued



New funding volume  
\$ Billions



Multifamily securitization volume<sup>18</sup>  
\$ Billions



Note: Totals may not add due to rounding.

# Capital Markets Financial Highlights and Key Metrics



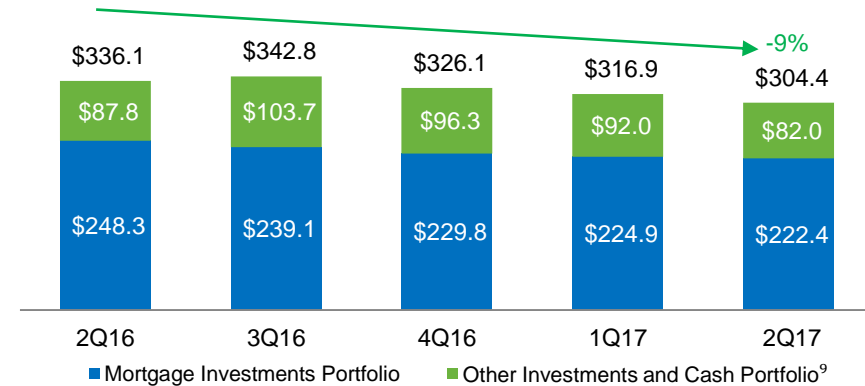
## Capital Markets financial highlights

\$ Millions

	2Q17	1Q17	2Q16	2Q17 vs. 1Q17	2Q17 vs. 2Q16
Net interest income	\$ 875	\$ 929	\$ 925	\$ (54)	\$ (50)
Derivative gains (losses)	(485)	52	(1,322)	(537)	837
Other non-interest income	444	686	622	(242)	(178)
Administrative expense	(86)	(83)	(75)	(3)	(11)
Other	(1)	(4)	(1)	3	-
Income tax (expense) benefit	(250)	(528)	(4)	278	(246)
Segment earnings, net of tax	\$ 497	\$ 1,052	\$ 145	\$ (555)	\$ 352
Total other comprehensive income (loss), net of tax	249	29	134	220	115
<b>Total comprehensive income</b>	<b>\$ 746</b>	<b>\$ 1,081</b>	<b>\$ 279</b>	<b>\$ (335)</b>	<b>\$ 467</b>

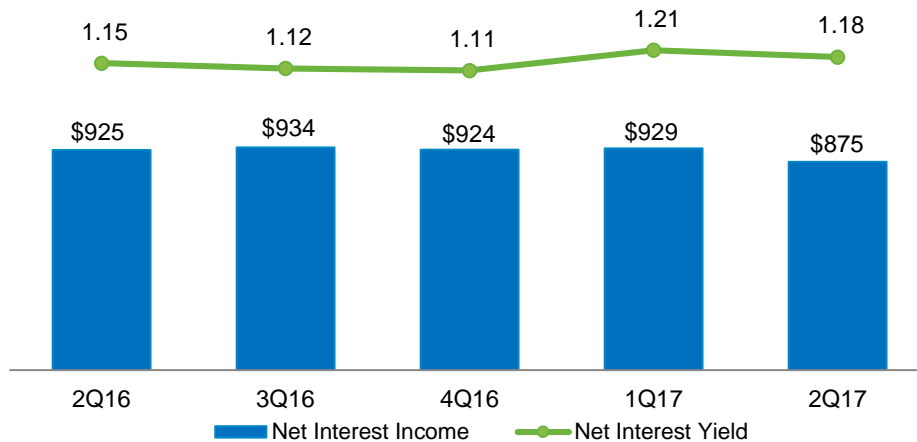
## Capital Markets investments portfolio balance

\$ Billions



## Capital Markets net interest yield & net interest income

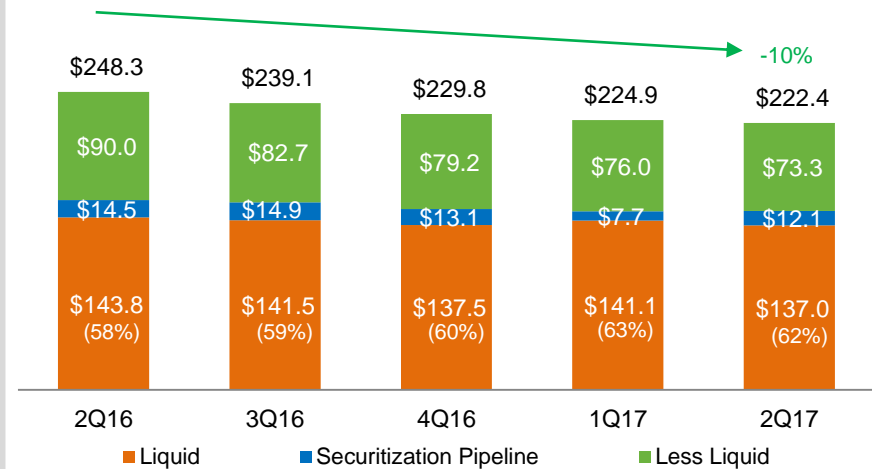
% and \$ Millions



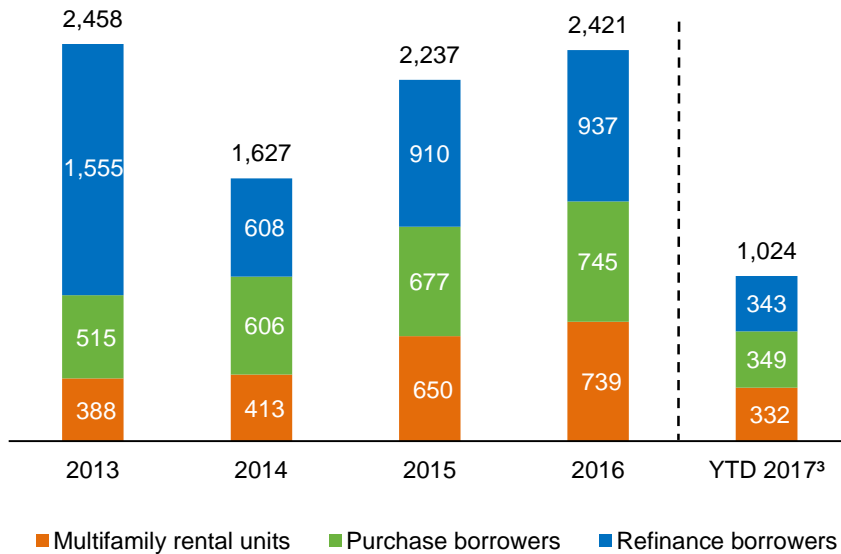
Note: Totals may not add due to rounding.

## Capital Markets mortgage investments portfolio

\$ Billions

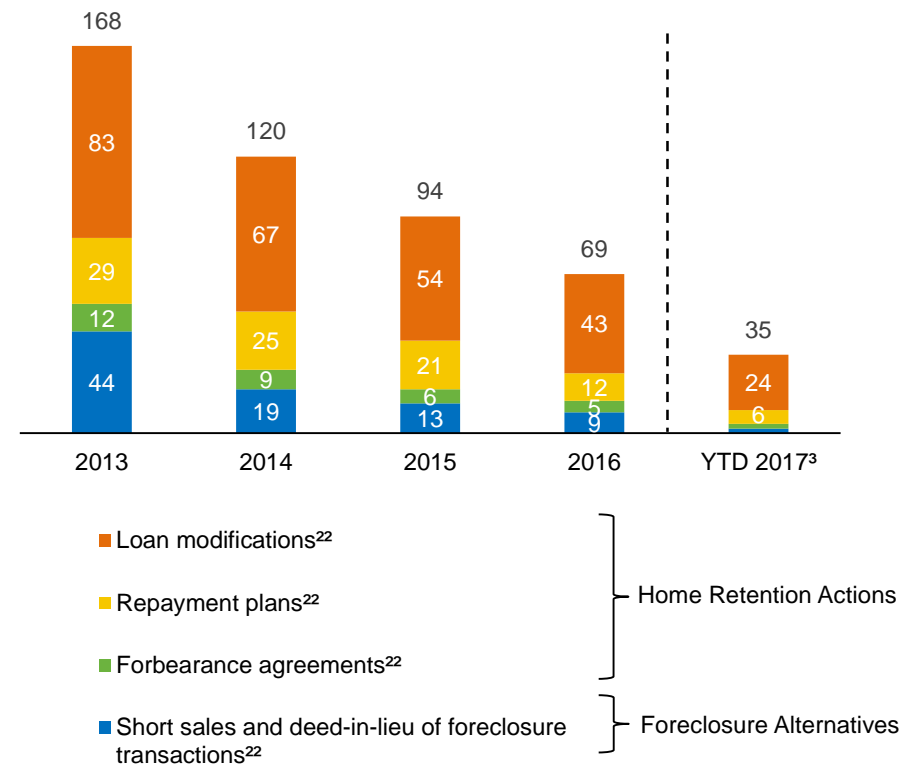


Number of families Freddie Mac helped to own or rent a home<sup>20</sup>  
In Thousands



Note: Totals may not add due to rounding.

Number of single-family loan workouts<sup>21</sup>  
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 June 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 six months ended June 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 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 June 2006 to June 2017.
- 6 Seasonal factors typically result in stronger house price appreciation during the second and third quarters. 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 June 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. The multifamily delinquency rate at June 30, 2017 was 0.01%. Source: Freddie Mac, FDIC Quarterly Banking Profile, TREPP (CMBS multifamily 60+ delinquency rate, excluding REOs). Non-Freddie Mac data is not yet available for the second 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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