# Freddie Mac CFO Discusses Fourth Quarter and Full-Year 2024 Financial and Business Results


Remarks by

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*As Prepared for Delivery*

## Introduction

Good morning and thank you for joining our call to review Freddie Mac's fourth quarter and full-year financial results.

2024 was a solid year for Freddie Mac. We delivered our strongest earnings since 2021. Our net worth reached nearly $60 billion dollars. And we continued to employ strategies that help families stay in their homes and enhance Freddie Mac's safety and soundness.

Overall, this strong financial performance and attention to risk management contributes to liquidity and stability in the U.S. housing finance system.

We also continued to support other market participants. For example, last year alone, Freddie Mac acquired more than 1 million loans from over 1,000 lenders of all sizes across the country. We packaged those loans into mortgage-backed securities, or MBS, that attracted investors from around the world to support U.S. housing.

We purchased loans for cash and issued MBS totaling more than $411 billion dollars in 2024, up 18 percent from 2023. The proceeds enabled Freddie Mac to help nearly 1.6 million families buy, refinance or rent a home. Moreover, 52 percent of the primary home purchases we financed went to first-time homebuyers. And 53 percent of all the home loans we financed were affordable to low-and-moderate income families, as were 92 percent of all the apartment units we financed.

Now let's take a deeper look at the financial results making this possible.

## Financials

This morning we reported full-year net income of $11.9 billion dollars, an increase of 13 percent from the prior year, and comprehensive income of $11.9 billion dollars, an increase of 11 percent from the prior year. These increases were primarily driven by higher net revenues, which were partially offset by a credit reserve build compared to a benefit for credit losses in the prior period in our Single-Family business.

Full-year net revenues of $23.9 billion dollars were up $2.7 billion dollars, or 13 percent, year over year. Our 2024 net interest income of $19.7 billion dollars was up 6 percent year over year primarily driven by continued mortgage portfolio growth, which rose 3 percent year over year, and lower funding costs driven by our increase in our net worth, which grew by 25 percent year over year.

Non-interest income was $4.2 billion for full-year 2024, up 55 percent year over year, primarily driven by higher revenues from held-for-sale loan purchase and securitization activities, and lower realized losses on sales of available-for-sale securities and other net investment gains.

Provision for credit losses was an expense of $0.5 billion dollars for full-year 2024, primarily driven by a credit reserve build in Single-Family attributable to new acquisitions.

Our non-interest expenses were down 3 percent year over year, to 8.7 billion dollars, as 2023 non-interest expense included an expense accrual of $313 million dollars related to a previously reported adverse litigation judgement.

Our total mortgage portfolio grew 3 percent year over year to $3.6 trillion dollars at the end of 2024, driven by a 2 percent increase in our Single-Family mortgage portfolio and a 6 percent increase in our Multifamily mortgage portfolio.

*Fourth Quarter Results*

Turning to our Fourth Quarter 2024 results, we reported net income of $3.2 billion dollars, an increase of $308 million or 11 percent from the fourth quarter of 2023. The increase in net income was primarily driven by higher revenues which were partially offset by a credit reserve build in the Single-Family business.

Net revenue for the fourth quarter totaled $6.3 billion dollars, an increase of $956 million dollars, or 18 percent, year over year, driven by increases in both net interest income and non-interest income.

Fourth quarter net interest income of $5.1 billion dollars was up 6 percent from the prior year quarter. The increase in net interest income was primarily driven by continued mortgage portfolio growth and lower funding costs due to increasing net worth.

Non-interest income for the fourth quarter was $1.3 billion dollars, an increase of $674 million dollars or 112 percent from the prior year quarter. This increase was primarily driven higher net investment gains.

Provision for credit losses was an expense of $92 million dollars for the fourth quarter of 2024 compared to a benefit for credit losses of $467 million dollars for the fourth quarter of 2023. The credit loss provision expense this quarter was primarily driven by a reserve build in both of our business segments primarily attributable to new acquisitions, while in the prior year quarter it was driven by a credit reserve release in our Single-Family business due to an improvement in house prices.

### *Single-Family Results*

Turning to our individual business segments, Single-Family reported full-year net income of $9.4 billion dollars, an increase of $318 million dollars, or 4 percent, from the prior year.

This increase in net income primarily was driven by an increase in net revenues, which grew 8 percent year over year, or $1.6 billion dollars, to $19.8 billion dollars. This increase in net revenues was driven by increases in both net interest income and non-interest income. Net interest income of $18.5 billion dollars, was up 5 percent year-over-year, primarily driven by continued mortgage portfolio growth and lower funding costs due to higher net worth. Non-interest income was $1.3 billion dollars, up from $610 million dollars from 2023. This was primarily driven by impacts from interest rate risk management activities and spread-related gains.

Provision for credit losses was an expense of $374 million dollars for 2024, primarily driven by a credit reserve build attributable to new acquisitions. The benefit for credit losses of $1.2 billion dollars for 2023 was primarily driven by a credit reserve release due to improvements in house prices.

House prices increased 4 percent in 2024 compared to a 6.8 percent increase in 2023. Our current forecast assumes house prices will grow by 2.7 percent over the next 12 months and 3.3 percent over the subsequent 12 months, whereas our December 2023 forecast assumed an increase of 2.8 percent in the next 12 months followed by 2 percent growth in the subsequent 12 months.

The Single-Family allowance for credit losses coverage ratio at the end of the year was 21 basis points, 1 basis point higher than a year earlier.

Full-year new business activity was $346 billion dollars, up $46 billion dollars, or 15 percent, from 2023 as both refinance and purchase activity increased during the year. Home purchase volume of $286 billion dollars accounted for 83 percent of our total new business activity for the year.

Mortgage rates remained higher in 2024 with the average 30-year fixed mortgage rate peaking at 7.2 percent in May of 2024. According to our mortgage market survey, the average rate for the 30-year fixed at the end of 2024 was 6.85 percent up from 6.61 percent on December 31, 2023.

As I noted earlier, first-time homebuyers represented 52 percent of new Single-Family home loan purchases. The average net guarantee fee rate charged on new business was 55 basis points, down 1 basis point from 2023. The credit characteristics of our new business remained strong with an average estimated loan-to-value ratio of 77 percent and a weighted average credit score of 755.

Our Single-Family mortgage portfolio increased 2 percent year-over-year to $3.1 trillion dollars at the end of 2024.

Our Single-Family portfolio credit characteristics remained strong, with the weighted average current loan-to-value ratio at 52 percent and the weighted average current credit score at 755. Our Single-Family serious delinquency rate was 59 basis points as of December 31, 2024, up 4 bps from 55 basis points at the end of 2023. This increase in the serious delinquency rate was primarily due to recent hurricanes. We have historically observed temporary increases in delinquency rates following such events.

During the year, we helped approximately 77,000 families remain in their homes through loan workouts.

At the end of the year, 62 percent of our Single-Family portfolio had some form of credit enhancement.

### *Multifamily Results*

Moving to Multifamily, the business reported full-year net income of $2.5 billion dollars, up $1 billion dollars, or 67 percent, from the prior year. This was primarily driven by both higher net revenues and lower provision for credit losses in 2024.

Full year net revenues of $4.1 billion dollars increased 38 percent year over year. Net interest income of $1.2 billion dollars increased 38 percent or $339 million dollars year over year, primarily driven by continued growth in the mortgage portfolio.

Non-interest income was $2.9 billion dollars, up 38 percent year over year, primarily driven by higher revenues from held-for-sale loan purchase and securitization activities, and lower realized losses on sales of available-for-sale securities and other net investment gains.

The provision for credit losses for 2024 was an expense of $102 million dollars, down $198 million dollars from 2023. Provision for credit losses this year was driven by deterioration in overall loan performance and new loans purchases, which was partially offset by a credit reserve release due to enhancement of our credit loss estimation process. A credit reserve build due to increased uncertainty in forecasted economic and multifamily market conditions, as well as deterioration in overall loan performance, drove 2023 provision for credit loss expense of $300 million dollars.

Total new business activity for 2024 was $65 billion dollars, an increase of 35 percent compared to 2023, primarily driven by increased demand for multifamily financing as a result of lower mortgage interest rates during second half of the year. Approximately 65 percent of this activity in 2024, based on UPB, was mission-driven affordable housing, exceeding FHFA's minimum requirement of 50 percent.

In 2024 we securitized $55 billion dollars of loans, $2 billion higher than the $53 billion dollars in the prior year. Fully guaranteed securitizations made up 45 percent of the total issuances, up from 32 percent in 2023.

The average guarantee fee rate on our total guarantee exposures increased to 51 basis points at end of this year, up 5 basis points from the prior year primarily due to continued growth in our fully guaranteed securitization issuances, for which we charge higher rates.

Our Multifamily mortgage portfolio at the end of 2024 was $467 billion dollars, an increase of 6 percent year over year.

The Multifamily delinquency rate at end of the year was 40 basis points, up from 28 basis points at end of 2023. This increase was primarily driven by an increase in delinquent floating rate loans, including small balance loans that are in their floating rate period. Ninety-seven percent of the delinquent loans in the Multifamily mortgage portfolio had credit enhancement coverage, reducing our credit exposure.

So, at year-end, 91 percent of the Multifamily mortgage portfolio was covered by credit enhancements.

### *Capital*

Our net worth increased to $59.6 billion dollars at the end of the year representing a 25 percent increase from 2023.

## Conclusion

Finally, I want to take a moment to express our sympathy to everyone affected by the devastating California wildfires. Those impacted should know that Freddie Mac is here to help. We encourage them to contact their mortgage servicers to learn about the immediate relief options now available. These include Freddie Mac’s forbearance program, which offers mortgage relief for up to 12 months without incurring late fees or penalties. We also provide dedicated resources to renters in apartment buildings, to help them plan and prepare for natural disasters, as well as respond and recover after they strike. Providing this critical support to owners and renters not only benefits communities, investors and our company, it’s the right thing to do.

In conclusion, 2024 was another strong year for Freddie Mac as we made home possible for nearly 1.6 million families, provided billions in liquidity to the markets and built our financial strength.

We are already hard at work to ensure we continue making strides in these areas in 2025 and beyond.