

Freddie Mac CRT Quarterly Webcast

January 2022



**Credit Risk
Transfer**

Today's Speakers



Mike Reynolds

Vice President, Credit Risk Transfer
Single-Family



Charlotte Gladwin

Director, Credit Risk Transfer
Single-Family

Latest Resources

Now available on crt.FreddieMac.com



**CRT THEN AND NOW,
A CONVERSATION WITH DON LAYTON**

FreddieMac
Single-Family Credit Risk
Transfer

CRTcast | PODCAST

Don Layton
Senior Industry Fellow
JCHS Harvard University
Former Freddie Mac CEO

Mike Reynolds
Vice President
Single-Family Credit Risk Transfer
Freddie Mac

FreddieMac
Single-Family Credit Risk
Transfer

LOOKING AHEAD – CRT IN 2022
Wednesday, January 5, 2022 | 2:00 – 2:30 p.m. ET

Mike Reynolds
Vice President
Single-Family Credit Risk Transfer
Freddie Mac

Christian Valencia
Vice President
Single-Family CRT
Capital Markets

Jeffrey Shue
Director
Single-Family CRT
(Re)insurance

Also Available in the Resource Hub

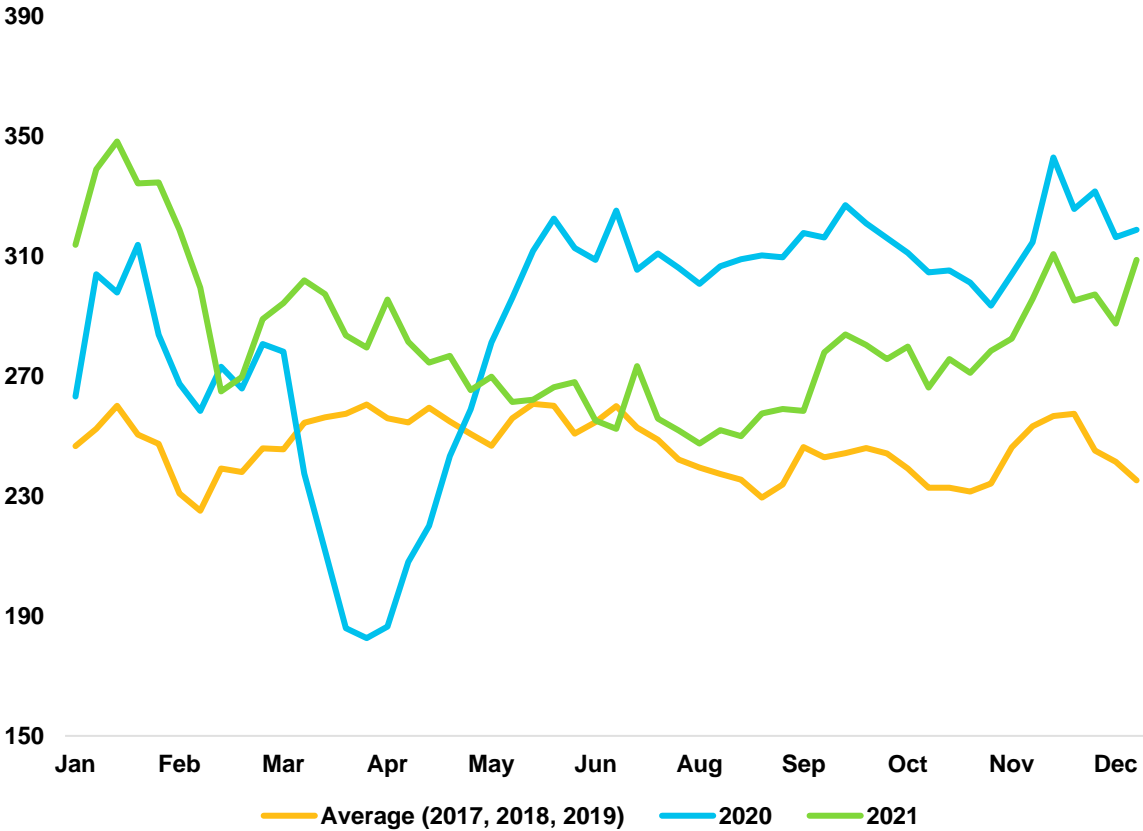
- 2021 Year-End NAIC Designations
- ACIS 2021 Recap and 2022 Outlook

Home Demand Remains Strong

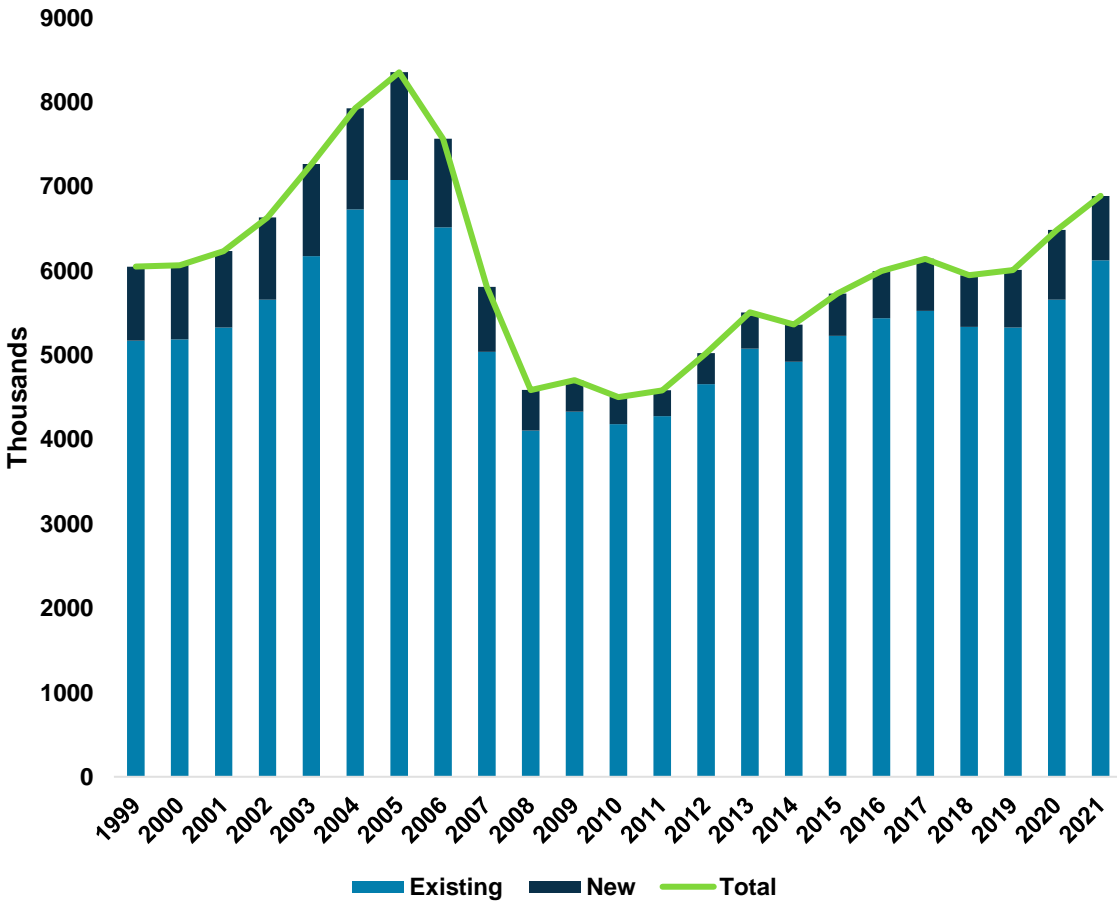
Home Sales at Highest Level in 15 Years



Purchase Application Index, SA
(Weekly)



Home Sales



Source: National Association of Realtors (NAR); U.S. Census Bureau

Home Supply Continues to be Constrained

Homes Available for Sale are at Historically Low Levels



Total Homes Available for Sale



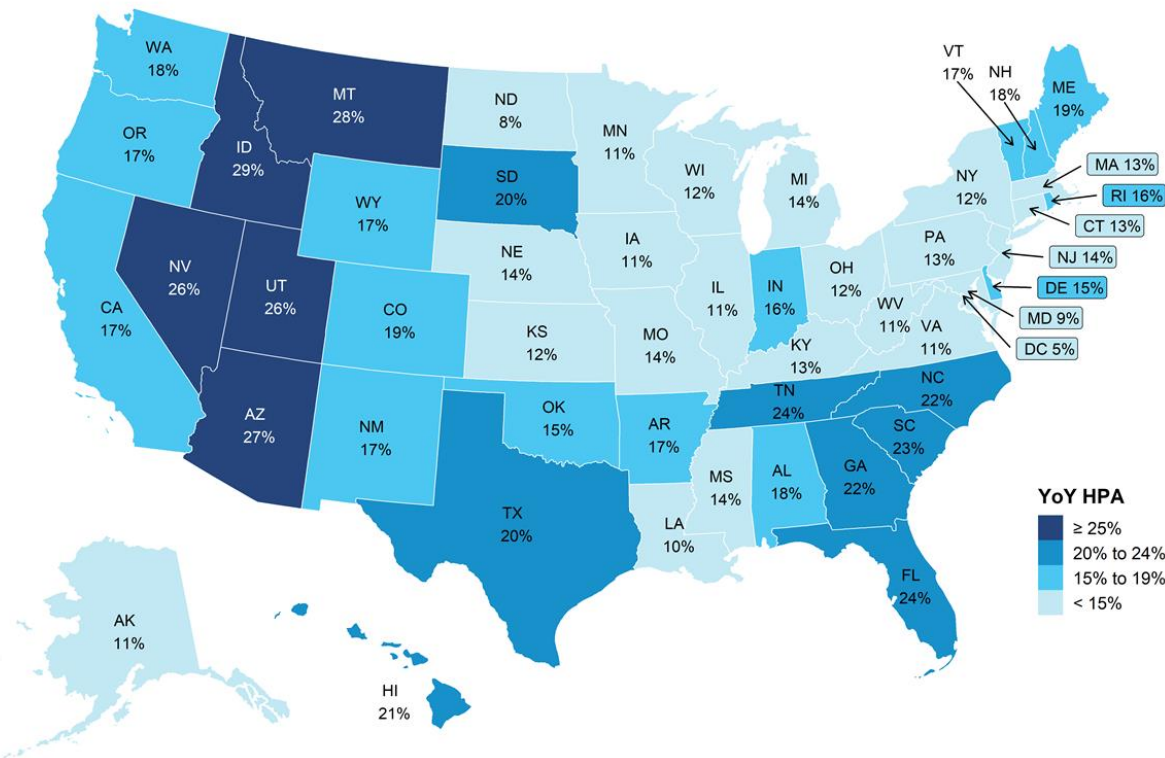
Months Supply of Homes for Sale



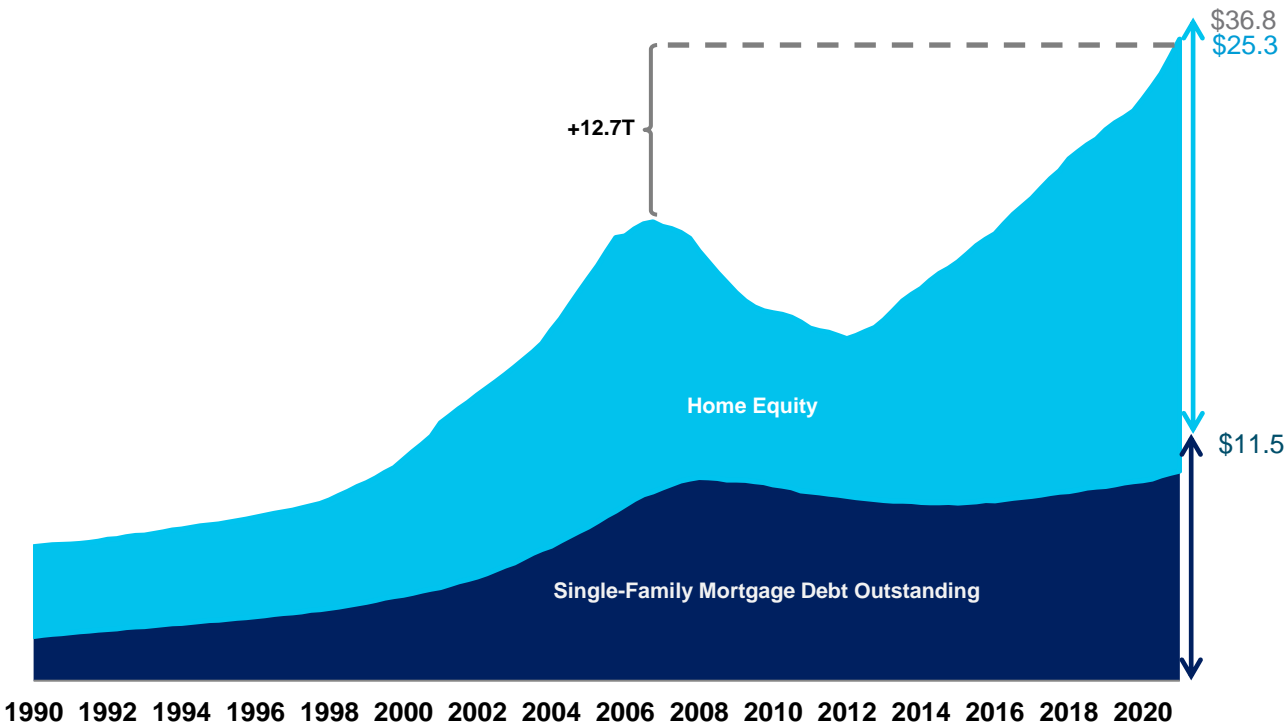
Source: National Association of Realtors (NAR); U.S. Census Bureau; Corelogic

High House Price Growth

HPA Increases Have Led to Rising Homeowner Equity



Total Value of U.S. Real Estate Held by Households (\$ Trillions)



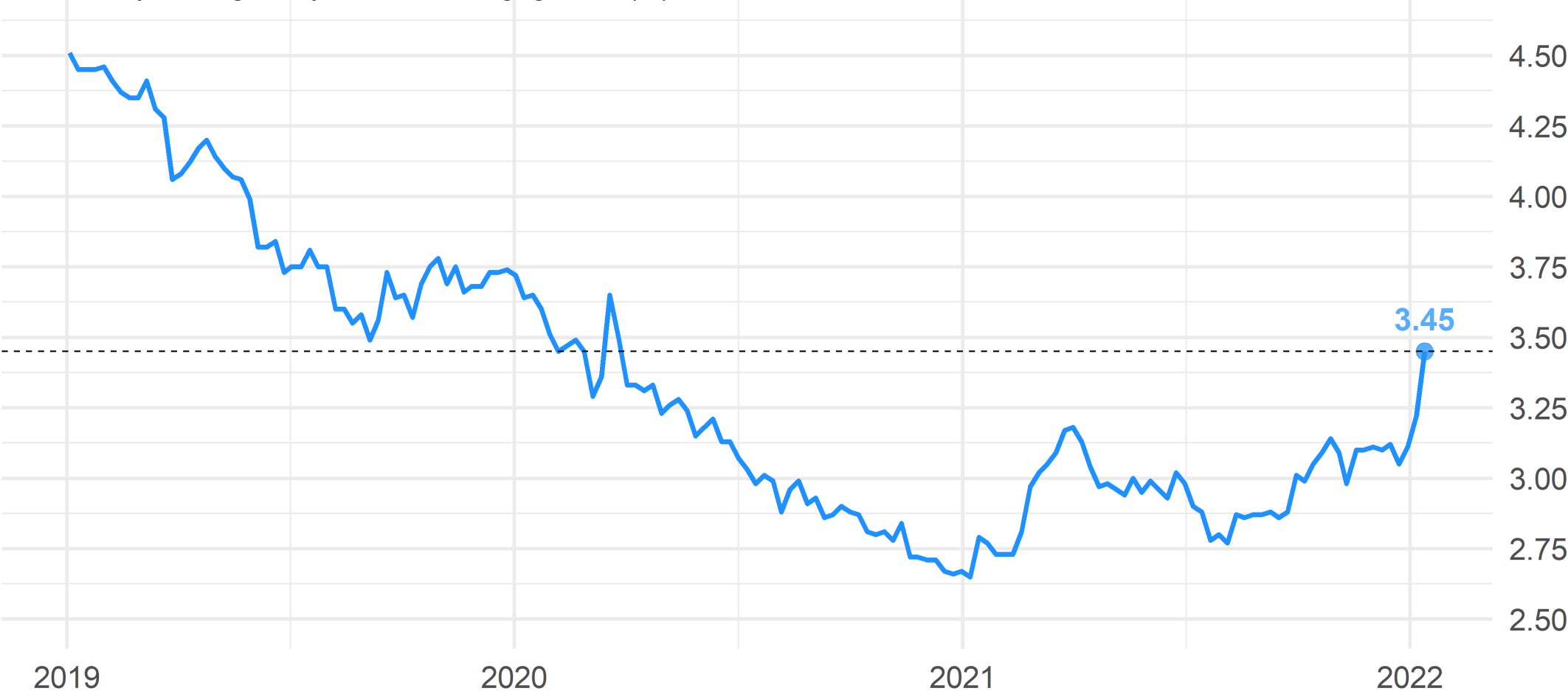
Source: Freddie Mac.
 The Freddie Mac House Price Index for the U.S. is a value-weighted average of the state indexes where the value weights are based on Freddie Mac's single-family credit guarantee portfolio. Other indices of home prices may have different results, as they are determined using different pools of mortgage loans and calculated under different conventions. The Freddie Mac House Price Index for the U.S. is a non-seasonally adjusted monthly series. Percent changes were rounded to nearest whole percentage point.

Source: Federal Reserve Board's Flow of Funds Accounts of the United States. Data as of December 2021
 Value of U.S. housing stock includes homes with and without underlying mortgages. U.S. home equity is the difference between the value of the U.S. housing stock and the amount of U.S. single-family mortgage debt outstanding.

Elevated Mortgage Rates

30-Year Fixed Mortgage Rate Rising at the Start of 2022

U.S. weekly average 30-year fixed mortgage rate (%)



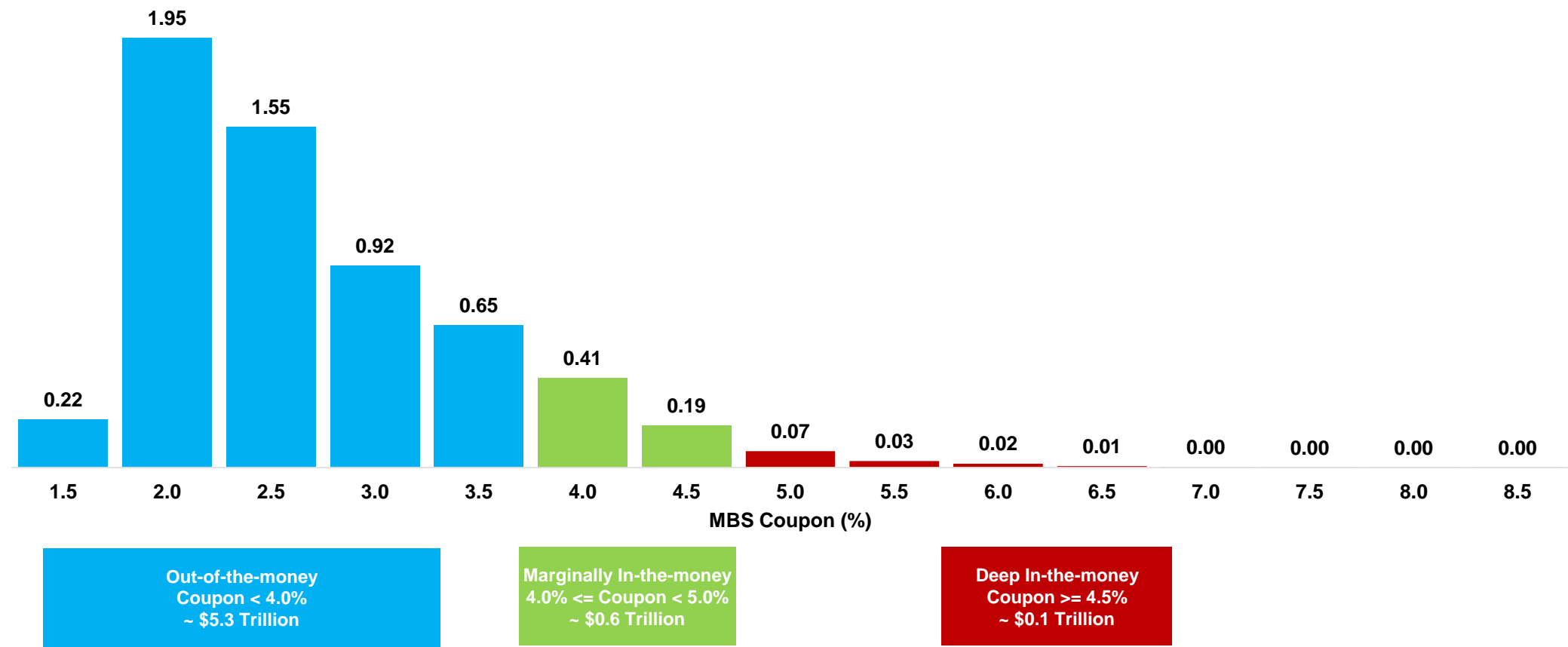
Source: Freddie Mac.

Reduction in Refinances

Higher Rates Will Drive Down Refinance Activity



Outstanding 30-year Conforming Balance by Coupon (\$T's)



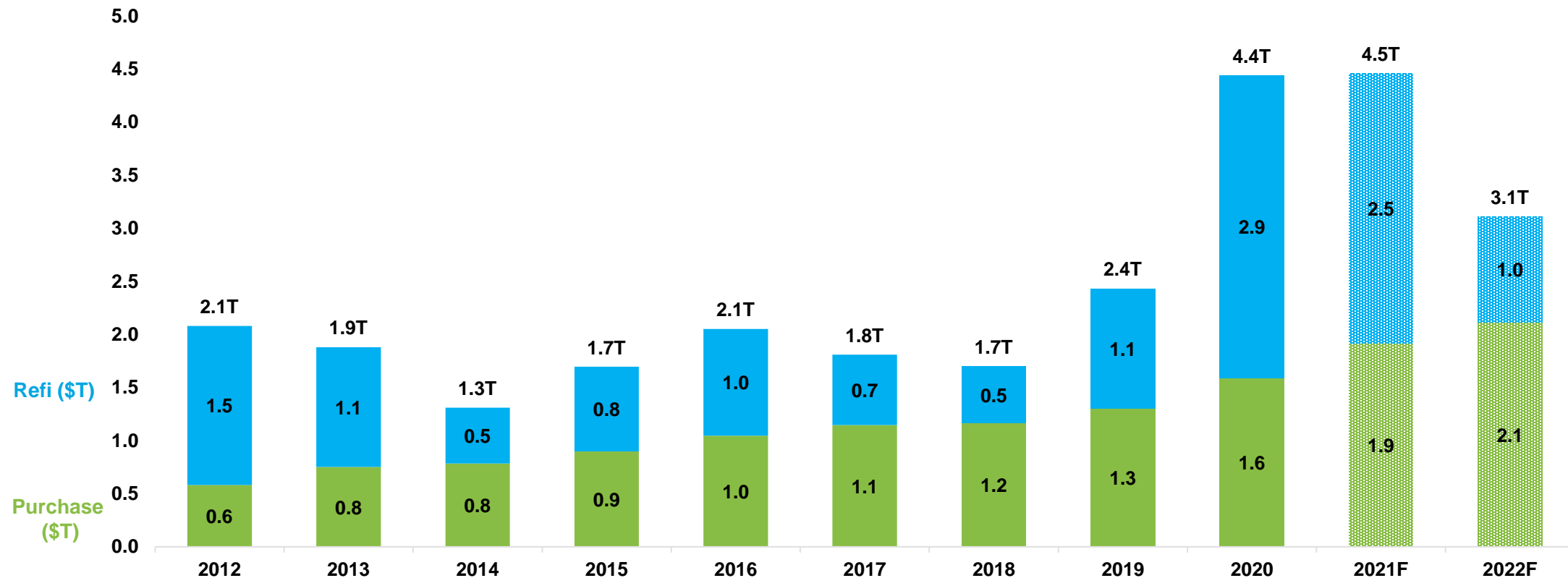
Source: Bloomberg.
Note: Conforming includes Freddie Mac, Fannie Mae, Ginnie Mae 30-year fixed MBS Outstanding (UMBS, GNMA1, GNMA 2); As of December 2021

Record-High Origination Volumes Expected in 2021

Purchase Originations Expected to Rise in 2022



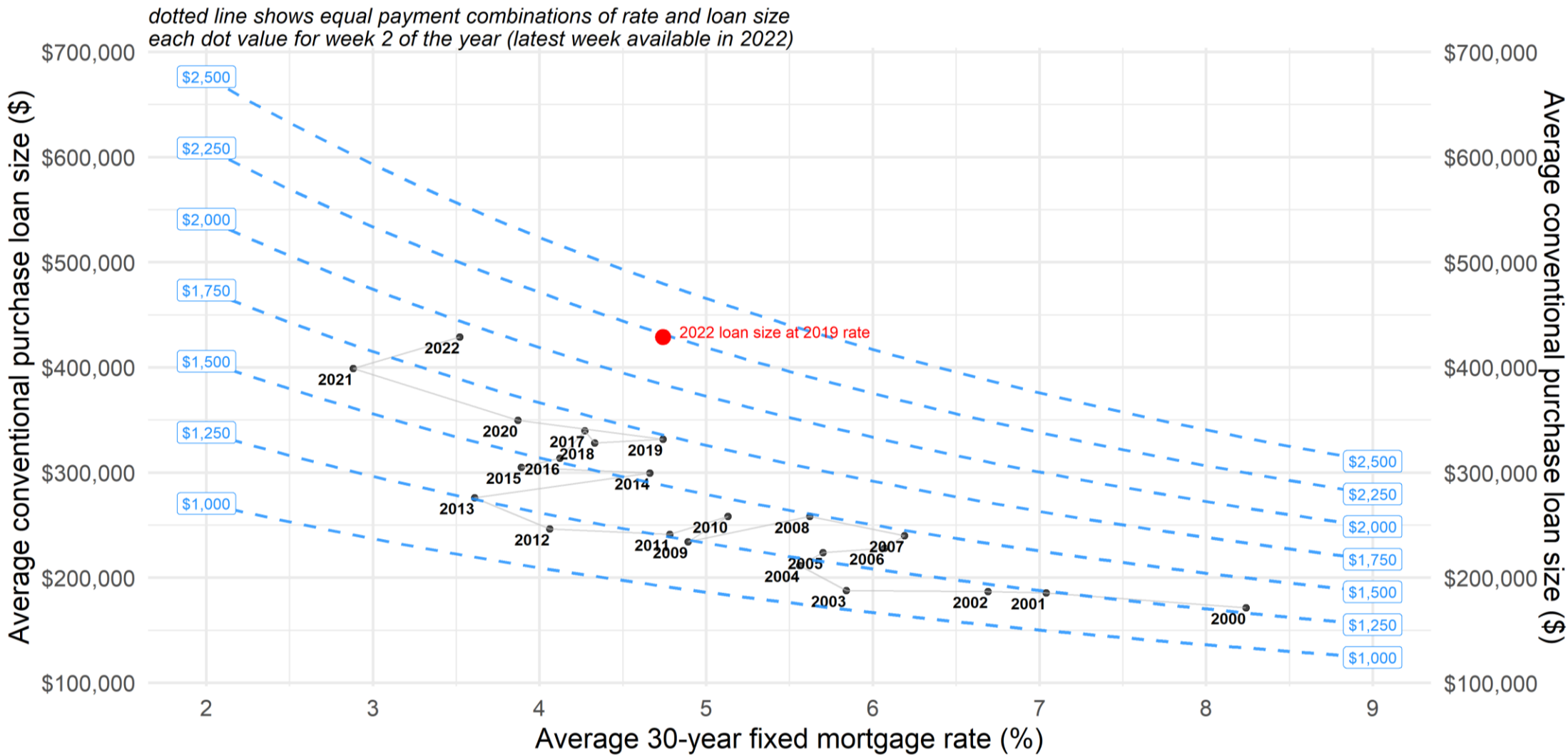
Annual Single-Family Mortgage Originations (\$Trillions)



Source: Freddie Mac.
Note: Totals may not add due to rounding ; * Includes only 1st liens; F=Forecast

Affordability Constraints

Higher Rates and Home Values Reduce Affordability



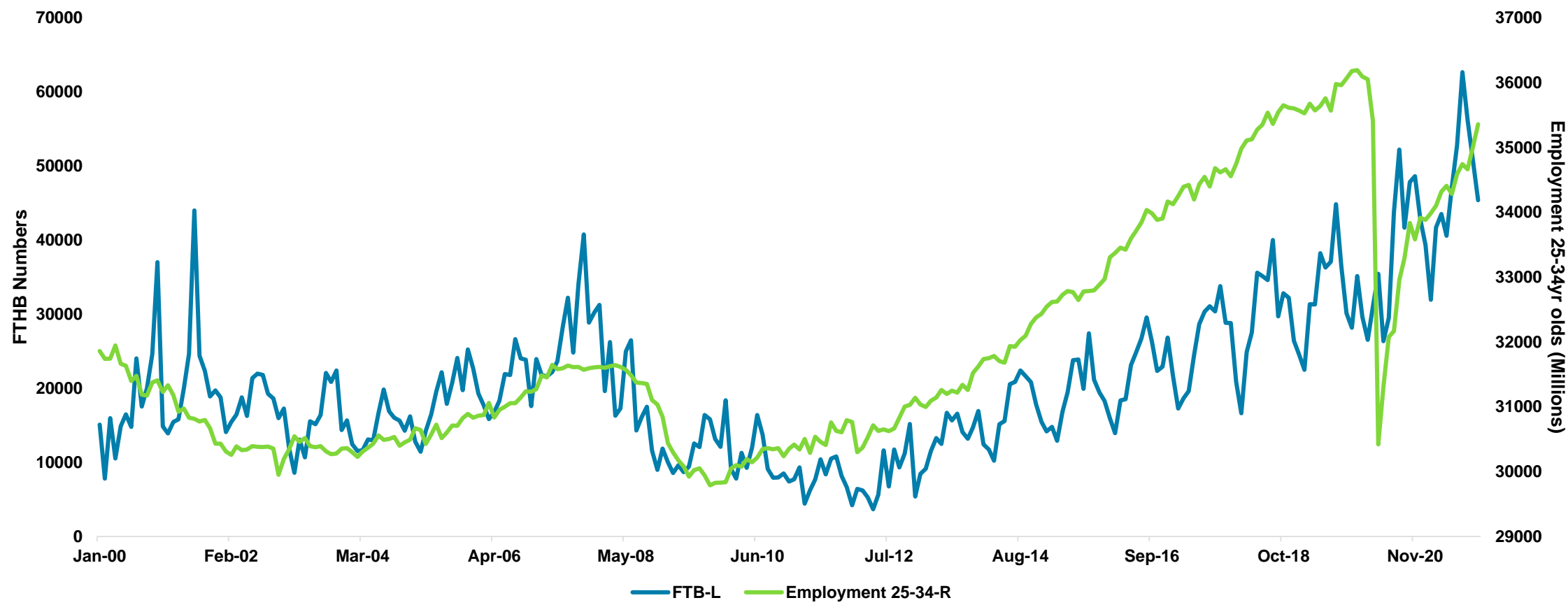
Source: MBA payments principal and interest (P&I) for 30-year fixed mortgage

First-Time Homebuyers and Millennial Employment Trending Up

Strong Growth Pre-Pandemic is Expected to Remain Post-Pandemic



Freddie Mac First-Time Homebuyers (FTHB)
vs 25 to 34 Year-Old Employment



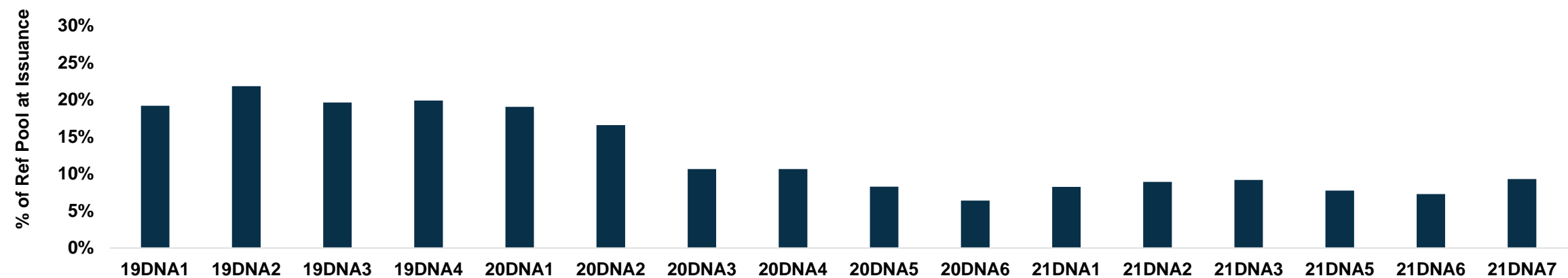
Source: Freddie Mac; BLS

First-Time and Low-Income Homebuyers in CRT

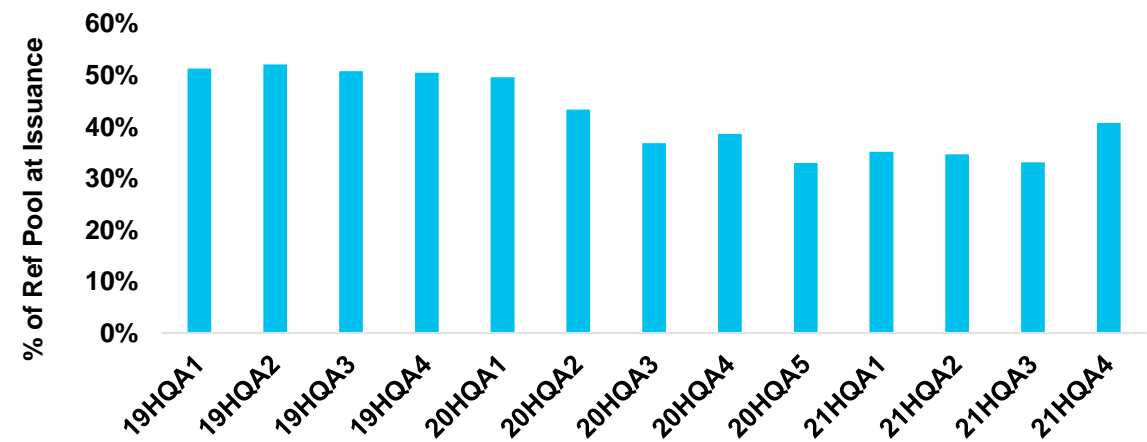
Expanding affordable housing and access to credit



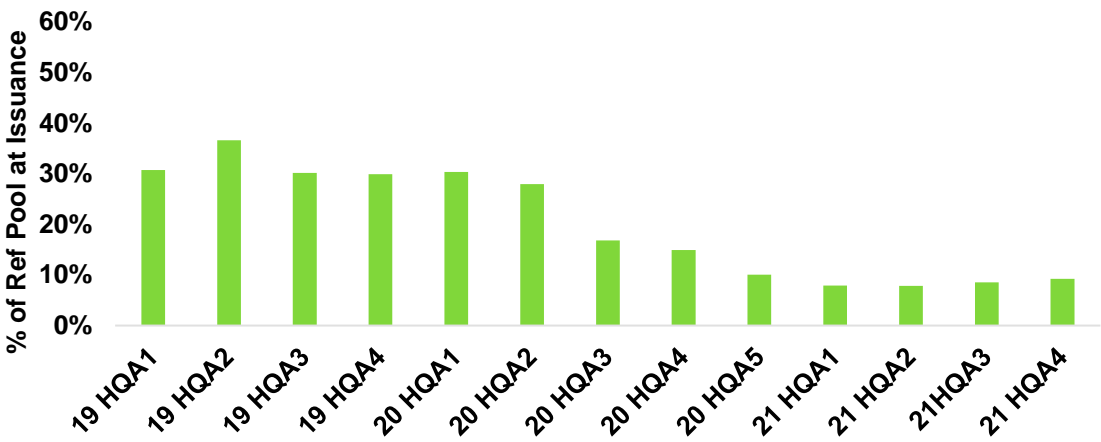
First-Time Home Buyers
DNA Series



First-Time Home Buyers
HQA Series



Home Possible Homebuyers
HQA Series



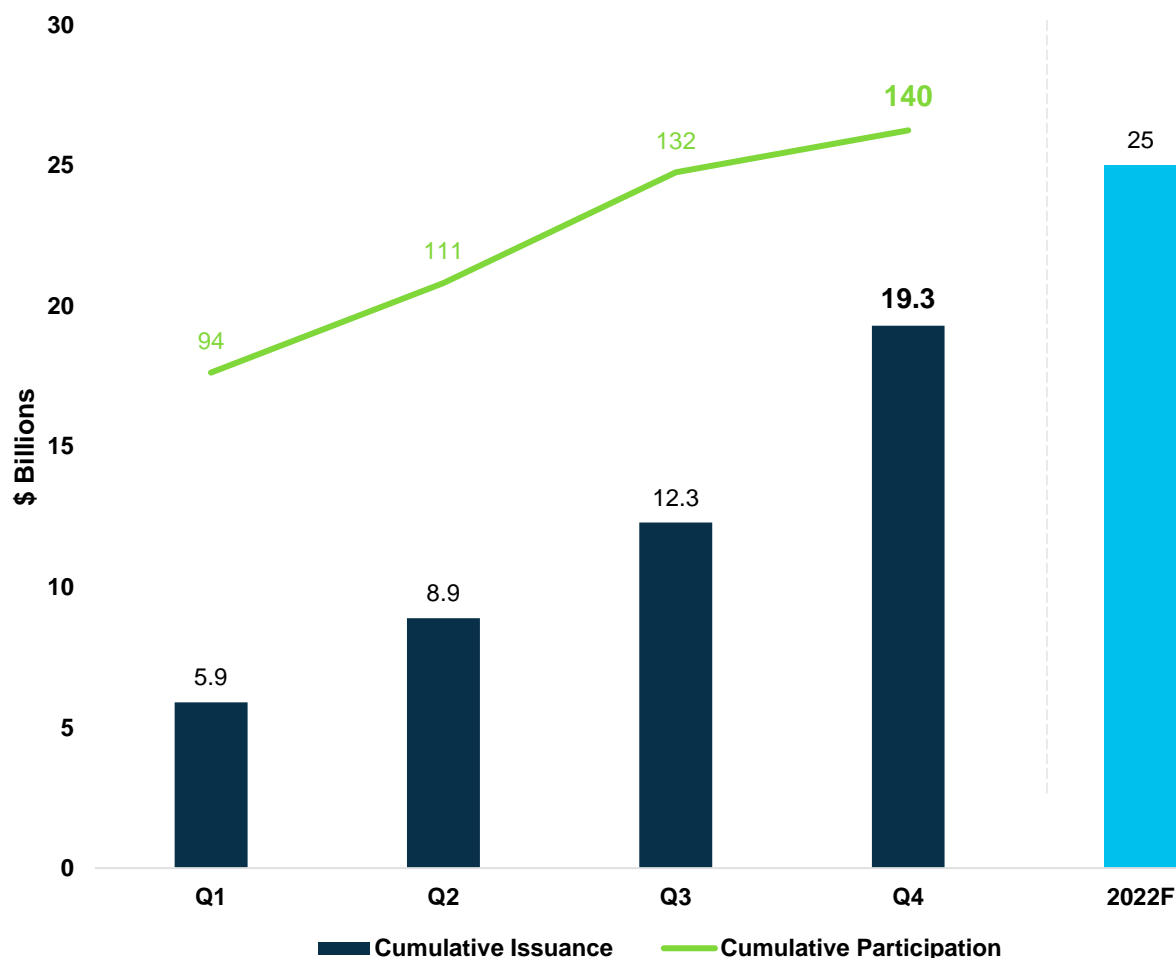
Source: Freddie Mac

Programmatic Issuance and Broad Participation

Commitment to the CRT Market



2021 Issuance and Participation



2021 RMBS Issuer of the Year

GlobalCapital US Securitization Awards

Record-High Issuance Year in 2021

2022 new issue volumes expected to be higher

\$6.9 Billion Q4 Issuance Volume

Record Quarter for Freddie Mac Single-Family CRT

\$1.48 Billion STACR 2021-DNA6

Largest STACR transaction in program history

\$1.15 Billion ACIS 2021-SAP7

Largest ACIS transaction in program history

140 Unique Participants in 2021

Highest annual Investor/(Re)insurer base in program history

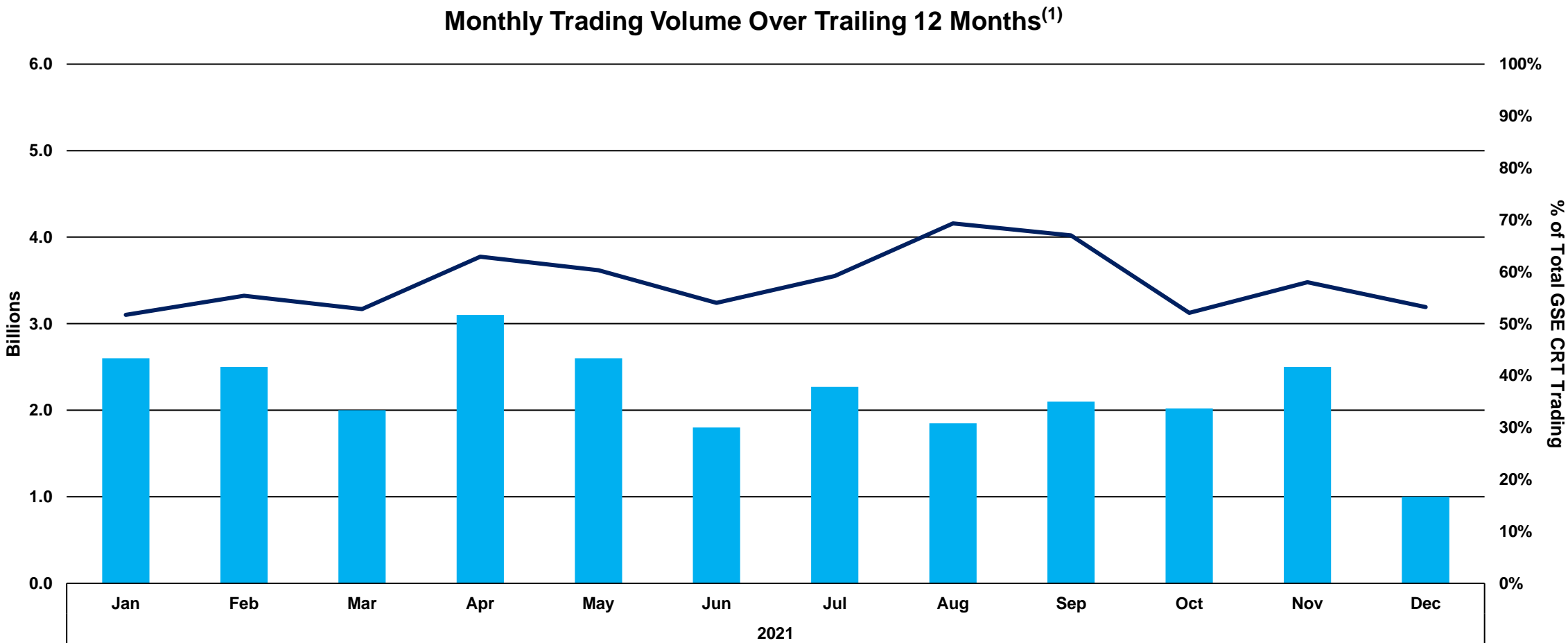
19 New Participants in 2021

Continued growth of CRT programs

Source: Freddie Mac.
Note: Totals may not add due to rounding ; F = Forecasted

STACR Secondary Trading Volumes

Market leader in GSE CRT Secondary Trading



Source: Bloomberg; FINRA
(1) Trading volumes reflect the sum of all buy and sell trades
As of December 2021

CRT Performance

Strong portfolio performance across vintages



104

Actual Loss CRT
Transactions Issued

0.4

Average bps of Loss
Per Transaction

26

Transactions with
No Losses

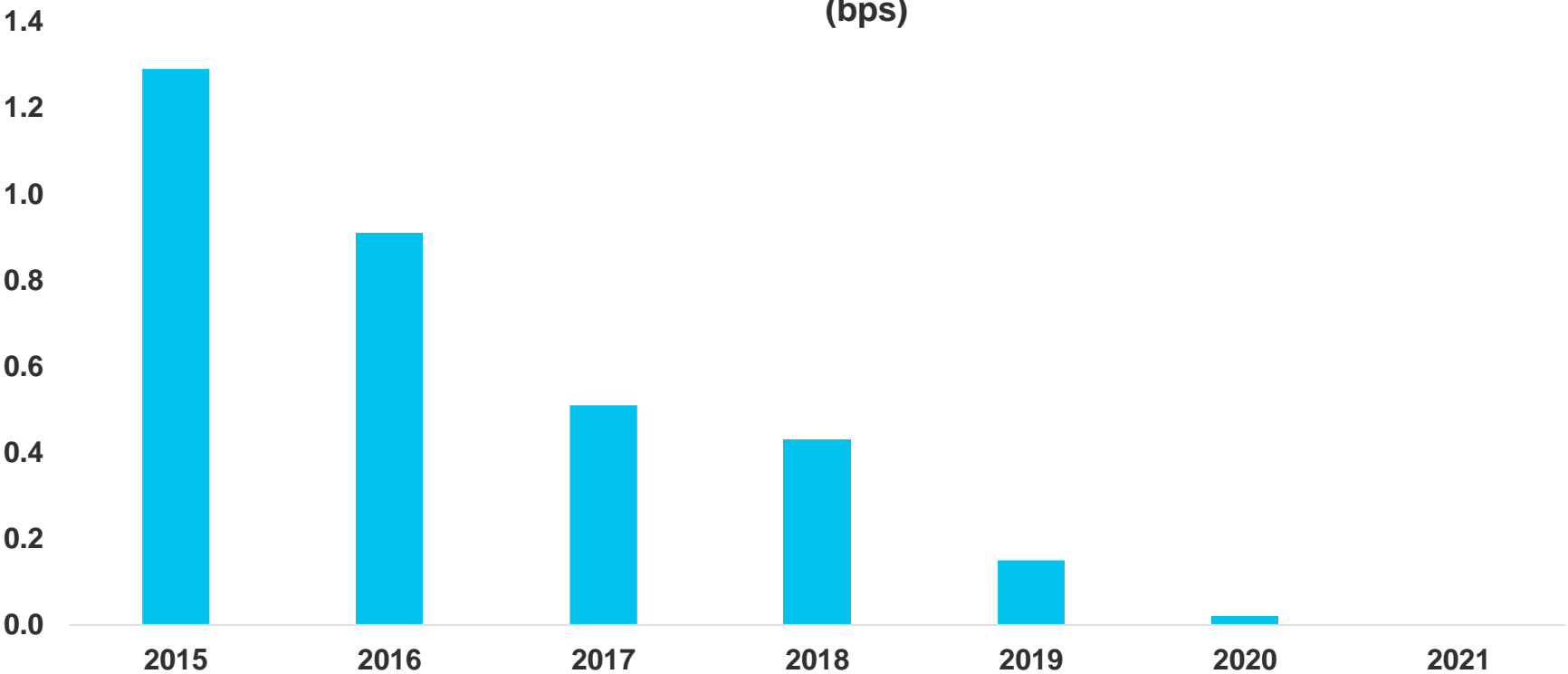
64

Transactions with
<1bp of Loss

0

Transactions with
>1.7bps of Loss

Weighted Average Cumulative Net Losses Per Transaction by Issuance Year (bps)



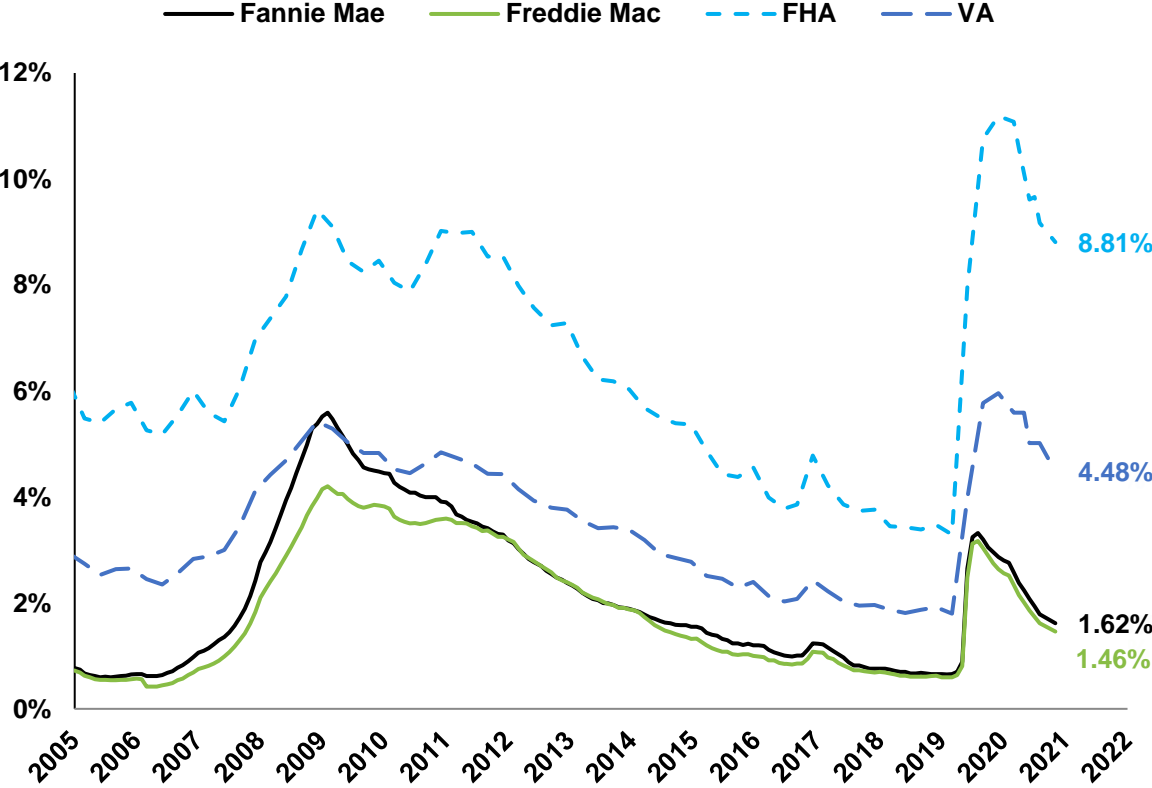
Source: Freddie Mac monthly remittance data for DNA and HQA Actual Loss transactions, as of December 2021.

COVID-19 Performance Recovery

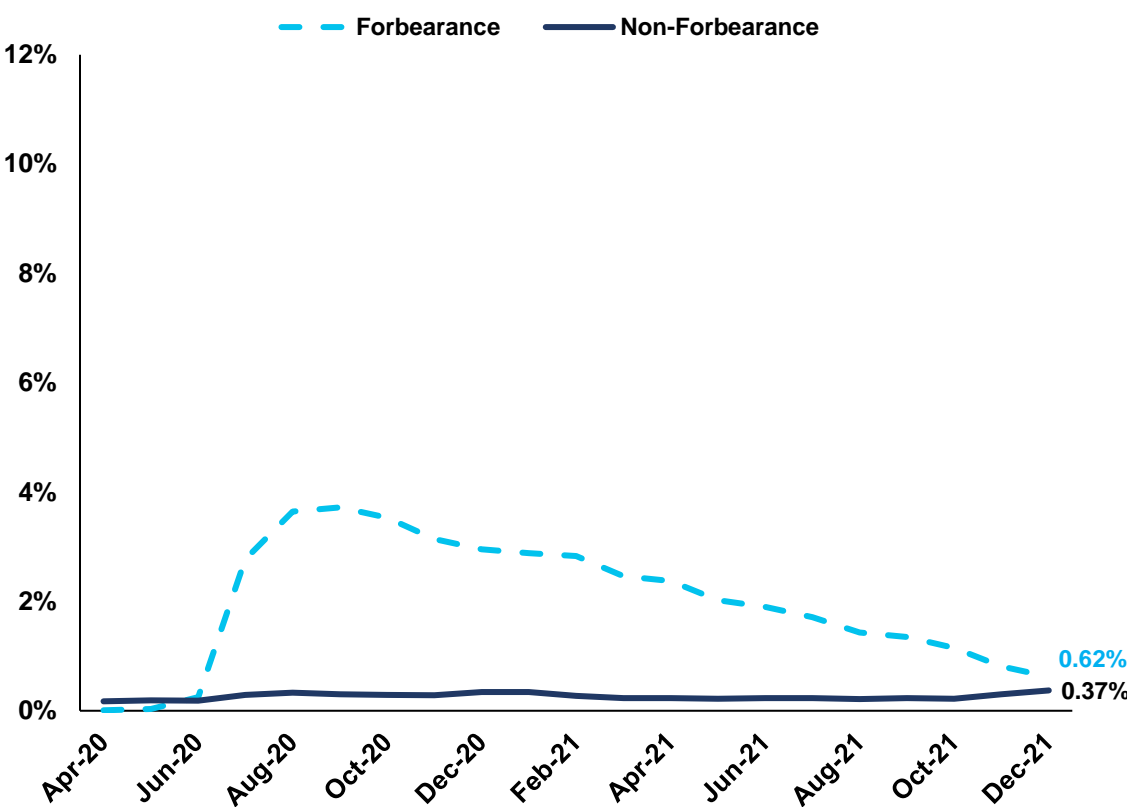
Delinquency and forbearance trends continue to improve for Freddie Mac



Freddie Mac Maintains Low Serious Delinquency Through COVID-19 Impact



Freddie Mac CRT Portfolio Serious Delinquency Forbearance vs. Non-Forbearance



Source: "Housing Finance At a Glance: A Monthly Chartbook," Housing Finance Policy Center, November 2021; Fannie Mae, Freddie Mac, MBA Delinquency Survey and Urban Institute.
Note: Serious delinquency is defined as 90 days or more past due or in the foreclosure process.

Source: Freddie Mac Clarity Data Intelligence, as of December 2021
Note: Serious delinquency is defined as 90 days or more past due or in the foreclosure process.

Clarity Data Intelligence

Dedication to Data Transparency and Analytics in 2021



New Functionality

- Functionality
 - Delinquency Matrix
 - Transition Matrix
 - Delinquency Dashboard
- Data Download
 - Clarity Homepage

May

July

CRT Loan Level Data Available for Download

- First-ever functionality to download CRT loan-level disclosure data directly from Clarity.

October

December

New Dashboards

- Dashboards
 - Cumulative Performance
 - Investor Types
 - Unique Investors
- Functionality
 - Deal Overview & Compare
 - Dual Variable Stratification
 - Deal Dashboard

Our Biggest Update of the Year

- Dashboards
 - Performance Charts
 - Preliminary Prepayment),
- Functionality
 - Transition Matrix deal dashboard
 - Severity Details historical dashboard
- Deal Dashboard Filters
 - Loan Status
 - MI Type
 - MI Cancel
 - ACE
 - Home Possible

17



Clarity Data Intelligence



Questions and Poll

Disclaimer



This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act. These statements involve known and unknown risks and uncertainties, some of which are beyond our control. These statements are not historical facts but rather represent our expectations based on current information, plans, judgments, assumptions, estimates and projections. Actual results or performance may differ from those described in or implied by such forward-looking statements due to various risks, uncertainties and other factors including the following: general economic and business conditions, competition, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, customer preference and various other matters. Forward-looking statements are made only as of January 20, 2022. We undertake no obligation to update any forward-looking statements we make to reflect events or circumstances occurring after January 20, 2022.