

Multifamily Structured Credit Risk Program Overview (MSCR Notes)

Investor Presentation
as of June 30, 2021

Multifamily Structured Credit Risk (MSCR) Program

MSCR Notes offer capital markets investors an innovative way to add U.S. multifamily market exposure while benefiting from our industry leading underwriting and credit risk management standards

- Freddie Mac introduced the Multifamily SCR Notes to its credit risk transfer (CRT) program in May 2016. The notes are structured similarly to other CRT vehicles but provide unique Multifamily exposure
- In January 2021, Freddie Mac revamped the Multifamily SCR Notes (MSCR 2021-MN1) with the latest updates to align with other CRT offerings, especially with our Single-Family STACR
- SCR Notes are subject to credit risk of an identified pool of multifamily mortgage loans (reference obligations):
 - (i) backing Freddie Mac Multifamily fully guaranteed certificates; or
 - (ii) for which Freddie Mac provides credit enhancement for the related multifamily bonds issued by state and local housing agencies
- The principal payments are determined by actual principal payments on the reference pool including losses if they occur
- Certain reference obligations are only partially included in the reference pool, based on a corresponding fixed percentage (Reference Obligation Percentage), representing pari passu portions of their respective whole loans
- As of June 2021, Freddie Mac Multifamily has settled four SCR/MSCR transactions totaling approximately \$7.8 billion of reference obligations

CRT Transaction Evolution

As the pools grow more granular and diversified, we continue to develop innovative synthetic CRT vehicles to attract different sources of capital

Category	MSCR 2021-MN1	MCIP 2020-R3 ¹	MCIP 2019-R2 ¹	MCIP 2018-1 ¹	SCR 2017-MDN3 ²	SCR 2016-MDN2 ²	SCR 2016-MDN1 ²
Number of Loans	302	136	88	55	48	62	69
Number of Properties	302	135	103	55	51	68	53
Pool Cut-off Date Balance	\$4.9B	\$2.6B	\$1.9B	\$915M	\$994M	\$863M	\$1.0B
Average Loan Balance	\$16M	\$19M	\$21M	\$17M	\$21M	\$13M	\$15M
10 Largest Assets as % of Pool	19.3%	22.5%	37.9%	68.7%	60.7%	42.3%	51.5%
WA Cut-off Date LTV	67.2%	70.8%	67.1%	61.4%	66.4%	56.5%	62.5%
WA Underwritten DCR	1.77x	1.47x	1.45x	1.63x	1.50x	1.77x	1.54x
Conventional / Targeted Affordable Percentage	73% / 27%	85% / 15%	53% / 47%	20% / 80%	16% / 84%	0% / 100%	0% / 100%
Top 3 States	New York – 13% California – 10% Maryland – 9%	Maryland – 20% Texas – 11% California – 9%	California – 21% Nevada – 10% Mass. – 9%	New York – 67% Minnesota – 10% California – 6%	New York – 55% New Jersey – 12% Florida – 11%	California – 33% New York – 19% Georgia – 9%	New York – 48% Washington – 14% Florida – 11%

¹ Reinsurance CRT Transactions: private credit insurance contracts with global reinsurers

² Legacy SCR deals loss calculation were based on fixed severity formula

MSCR Reference Obligations

MSCR notes transfer the credit risk on a pool of loans referencing fully guaranteed Freddie Mac Multifamily Participation Certificates (Multi PCs®) or credit enhancement on affordable multifamily-backed bonds issued by state and local housing finance agencies

Multi PCs

Multi PCs® are direct pass-through securitizations and are fully guaranteed by Freddie Mac

Multi PCs have a 55-day issuance structure, consistent with K-Deals® and UMBS with a 24-day payment delay. We offer many different types of Multi PCs:

- Regular (“WA” or “WN” series)
- Tax-Exempt (“WE” series)
- Floating-rate (“WV” series)
- REMIC Election (“WR” series)

The Freddie Mac Multifamily Servicing Standard ensures best-in-class service throughout the life of the loan

The goal is to execute resolutions in Freddie Mac’s or the Trust’s best interest economically, operationally and from a reputational perspective

Bond Credit Enhancement

Since 2006, Freddie Mac Multifamily has originated 1,250 credit enhancement bond transactions totaling approximately \$19.7 billion

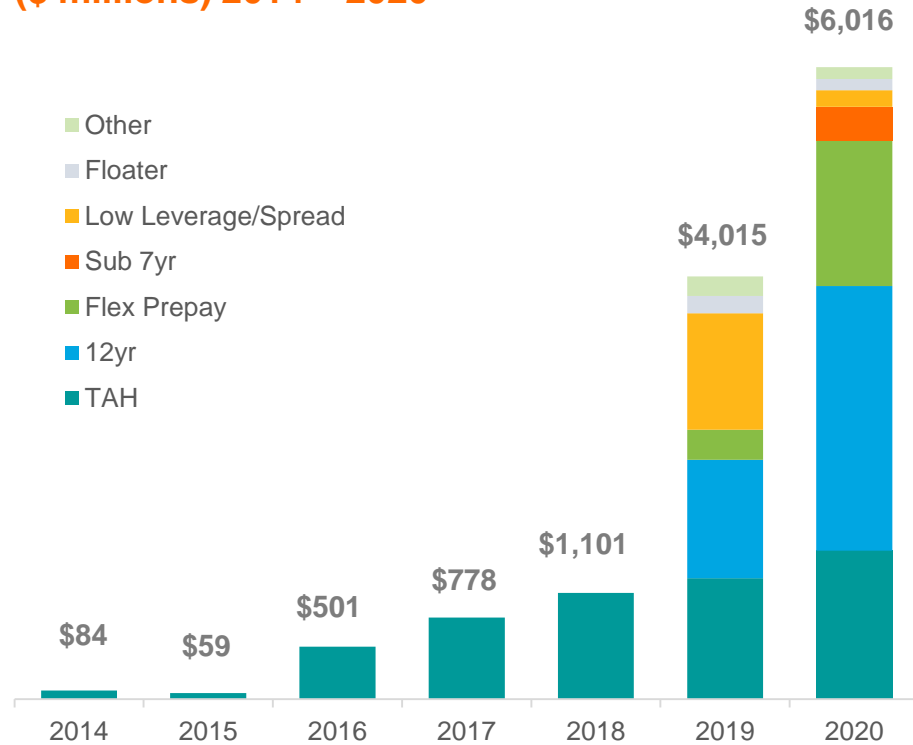
The Bond Credit Enhancement (BCE) program enables borrowers to obtain financing for affordable multifamily properties funded by the sale of fixed-rate or variable-rate tax-exempt housing bonds

Eligible transactions include bond refunding, substitution, or new issue transactions with 80-20 bonds, taxable bonds in combination with tax-exempt bonds, 501(c)(3) bonds, Section 8, Section 236, tax abatements and 4% Low-Income Housing Tax Credits

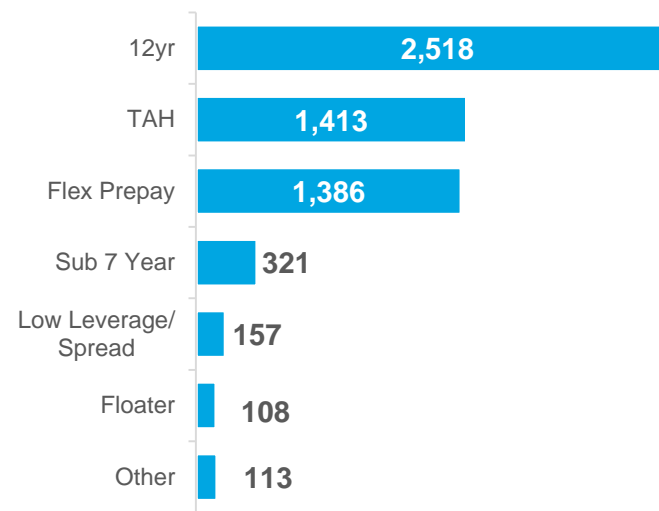
There have been eight bonds (\$101 million in UPB) which Freddie Mac incurred losses after workout, foreclosure or note sales. The weighted average loss severity on those bonds were approximately 31% (~\$31 million).

Strategic Growth of Our Multi PC Securitizations Created the Need for MSCR

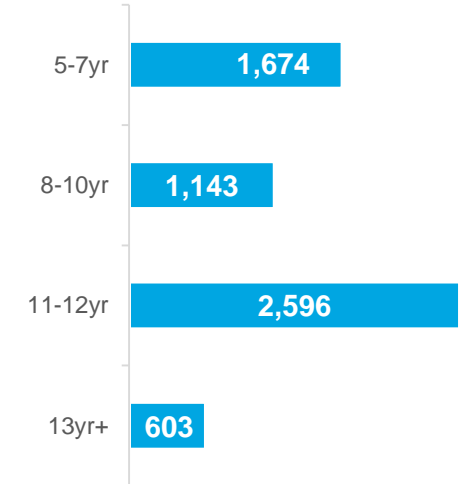
Historical Execution Volume (\$ millions) 2014 – 2020



2020 Issuance by Loan Product (\$ millions)



2020 Issuance by Loan Terms (\$ millions)



Multi PCs are frequently utilized with the following loan programs:

- 12-year term
- Flexible prepay
- Declining prepayment premium
- Sub 7 year
- Targeted Affordable Housing (long-term and forwards)
- Low leverage low spread

Underwriting and Credit

Our credit policy and consistent underwriting practices are one of the main drivers of the strong performance of Freddie Mac Multifamily offerings performance

Credit Philosophy

Freddie Mac makes all credit, structuring and pricing decisions working with our lenders during all aspects of the origination process. We are focused on:

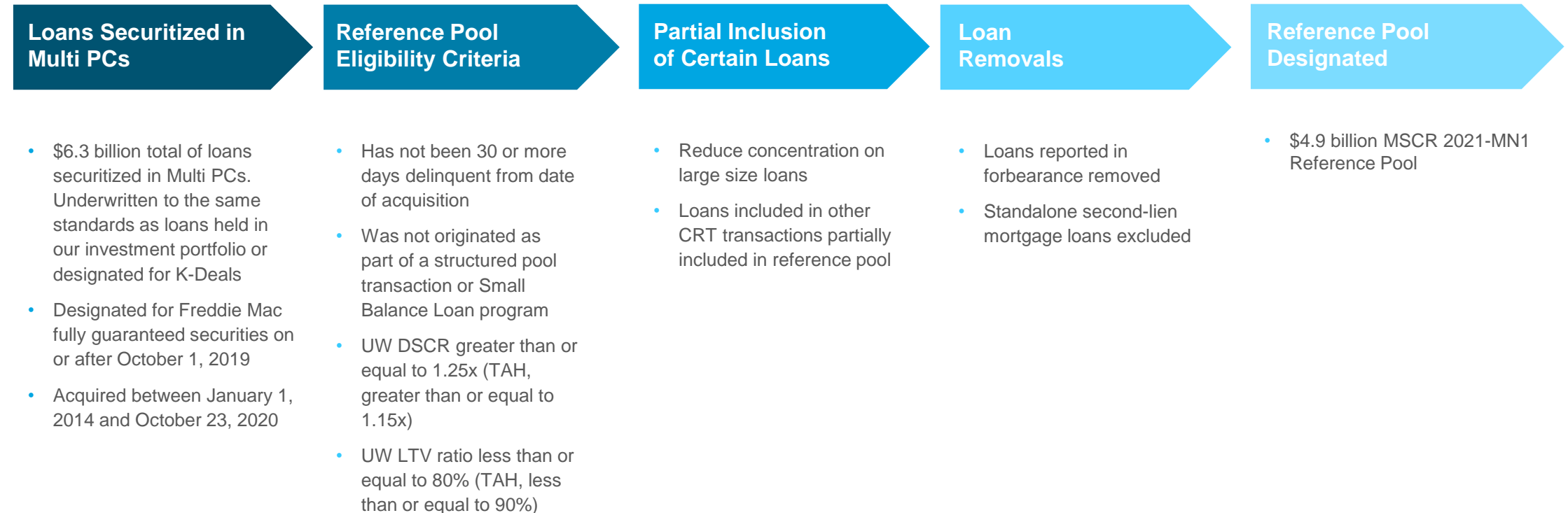
- Sustainable cash flow
- Market knowledge & fundamentals
- Equity
- Definable exit strategy
- Sponsorship
- Quality real estate collateral

Guidelines

- Properties generally need to demonstrate stabilized occupancy rates of 90%+
- For Conventional Loans, Loan-to-Value (LTV) ratios must not exceed 80% and minimum Debt Service Coverage Ratio (DSCR) of 1.25x applies
- For Targeted Affordable Housing (TAH) Loans, LTV ratios must not exceed 90% and minimum DSCR of 1.15x applies
- Adjustments are made to LTV and DSCR for factors such as shorter loan terms, select product types and asset-specific credit factors
- Same underwriting standards are applied to loans intended for Multi PCs, BCEs and K-Deals

MSCR Reference Pool¹

Creation of reference pool underlying recently issued or designated Multi PCs



¹ This reference pool is applicable to MSCR 2021-MN1 and might differ for subsequent deals

MSCR Trust Structure

Reference Pool: Comprises primarily loans backing

- Freddie Mac Multi PCs
- BCE products
- Other fully guaranteed certificates

Issuance Type:

- Deal issued in Trust form
- Private Offering 144A for Qualified Institutional Buyers

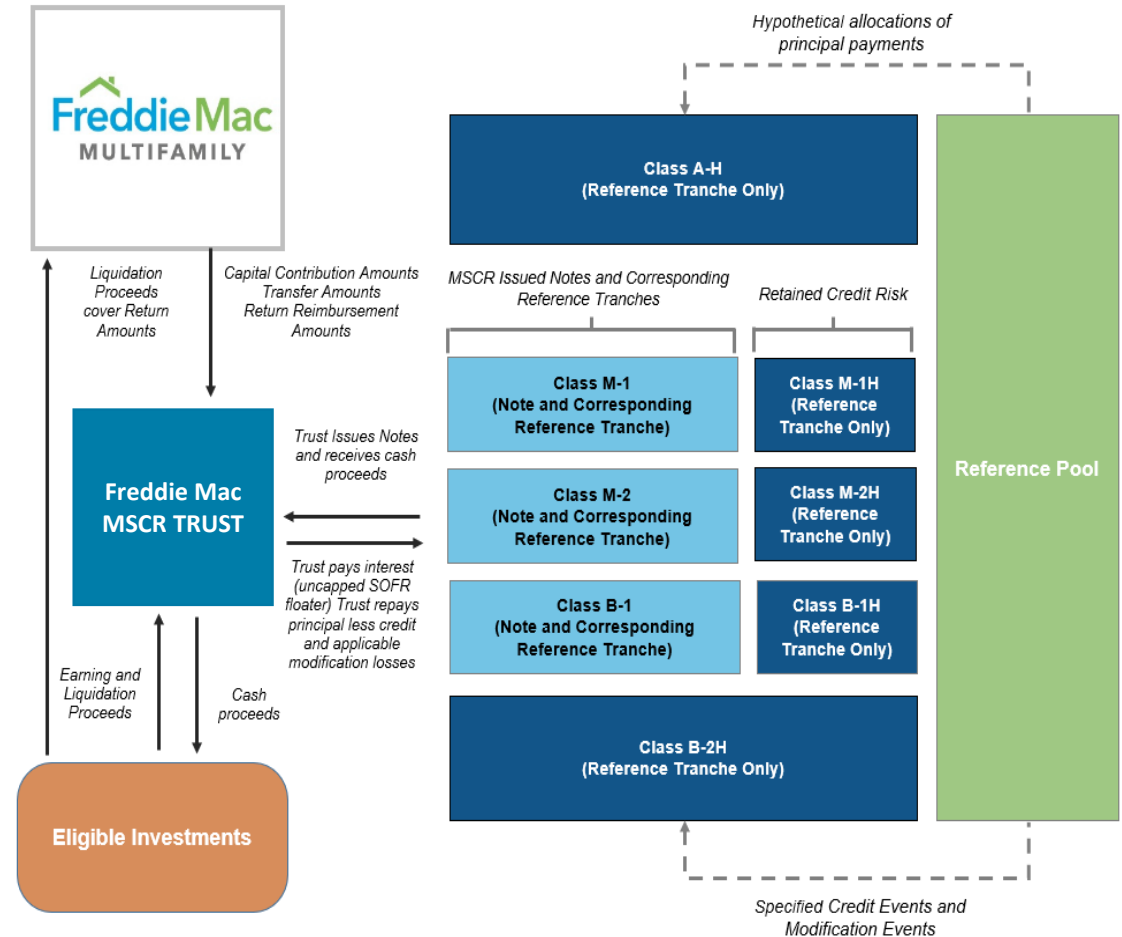
Key Structural Features:

- Actual Loss: Performance based on actual delinquency and principal payment experience on the reference pool
- First Loss Retention: Freddie Mac retains a first loss position
- Freddie Mac retains a 5% vertical slice of offered tranches to align our interest with investors

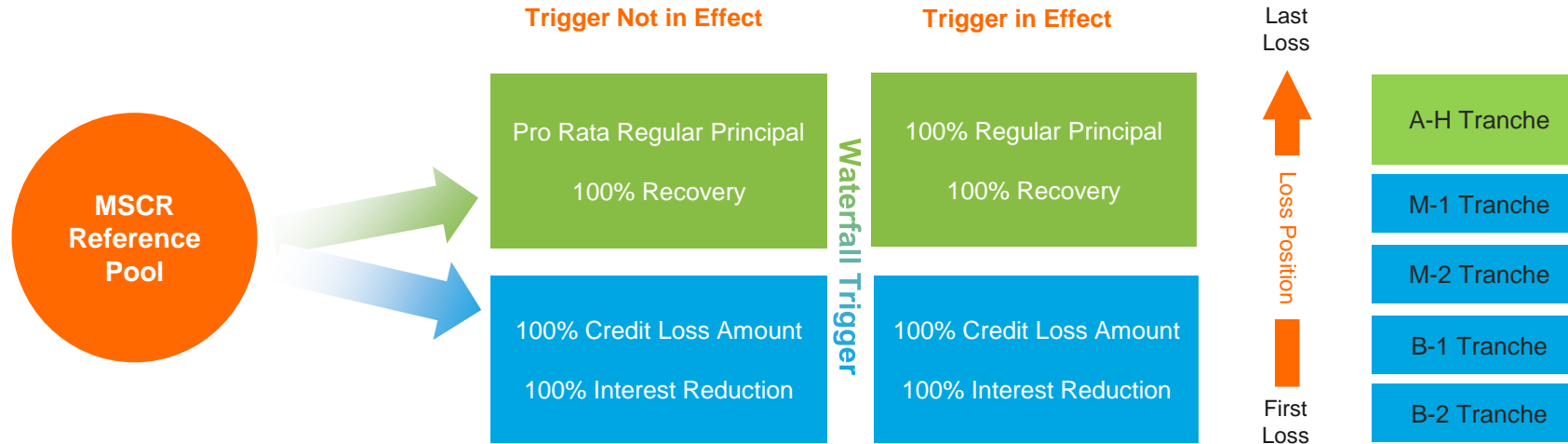
Floating-Rate Coupon:

- 30-day SOFR Average Index¹
- Rate determined two business days prior to the start of the Accrual Period

¹ The applicable SOFR average is published on or about 2:30 p.m. (New York City time) on the New York Federal Reserve Bank's website



Deal Subordination and Waterfall Trigger



Waterfall Triggers (in effect when either test fails)

Minimum Credit Enhancement Test: A test that will be satisfied if the Subordinate Percentage is greater than or equal to 7%

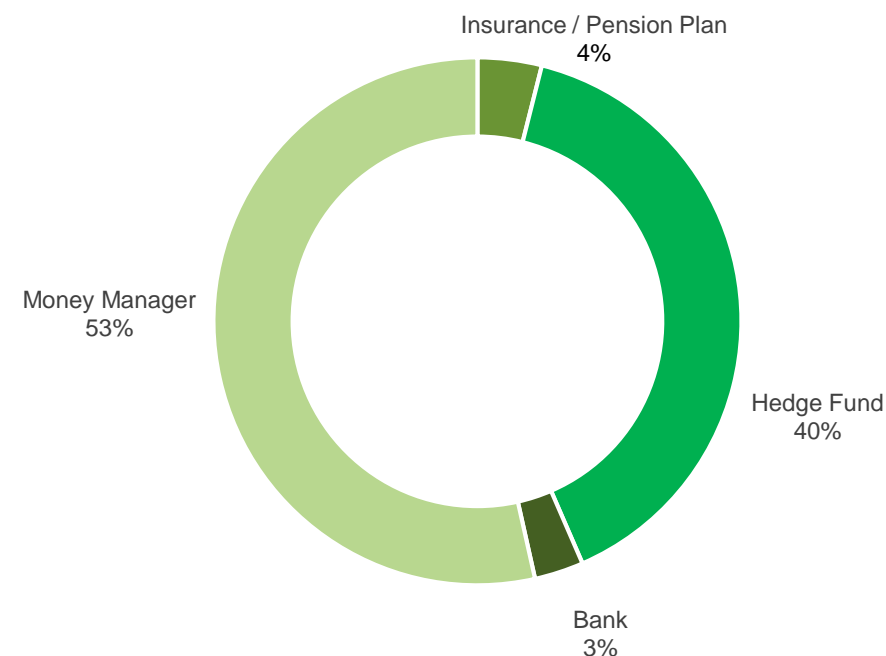
Delinquency Test: With respect to any Payment Date, means a test that will be satisfied if: (a) the sum of the Distressed Principal Balance for the current Payment Date and each of the preceding two Payment Dates, divided by three or, in the case of any Payment Date prior to the third Payment Date after the Closing Date, the sum of the Distressed Principal Balance for the current Payment Date and each of the preceding Payment Dates, divided by the number of Payment Dates since the Closing Date, is less than (b) 40% of the amount by which (i) the product of (x) the Subordinate Percentage and (y) the aggregate UPB of the Reference Obligations as of the preceding Payment Date; exceeds (ii) the Principal Loss Amount for the current Payment Date.

MSCR 2021-MN1 Transaction Highlights

Deal Structure

Tranche	Initial CE (bps)	Class Balance (\$)	Pricing Spread	Early Redemption ¹		Maturity ¹	
				WAL (years)	Principal Window	WAL (years)	Principal Window
A-H	750	\$4,488,262,823		7.4	1-96	9.8	1-354
M-1	600	\$69,143,000	SOFR+200	5.3	1-79	5.3	1-79
M-1H	600	\$3,639,640		5.3	1-79	5.3	1-79
M-2	250	\$161,334,000	SOFR+375	7.8	79-96	9.5	79-136
M-2H	250	\$8,492,161		7.8	79-96	9.5	79-136
B-1	150	\$46,095,000	SOFR+775	8.0	96-96	11.4	136-139
B-1H	150	\$2,426,760		8.0	96-96	11.4	136-139
B-2H	0	\$72,782,641		8.0	96-96	13.7	139-354
Total (Offered)		\$276,572,000					

Breakdown of Investors



¹ Based on final reference pool, 0 CPR scenario

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