



Freddie Mac Reaches \$650 Billion Credit Risk Transfer Milestone

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Leading the Market With Innovative Programs to Shift Mortgage Credit Risk to Private Investors

MCLEAN, VA--(Marketwired - Jun 20, 2016) - [Freddie Mac](#) (OTCQB: FMCC) achieved a major corporate milestone this month having now transferred to private capital a significant portion of the credit risk, often including first-loss risk, of mortgage defaults on \$650 billion in unpaid principal balance on single-family and multifamily loans. This amount represents \$500 billion associated with single-family loans since 2013 as well as \$150 billion in multifamily loans since 2009.

In addition to transferring risk on the flow of new mortgages, Freddie Mac has significantly reduced its legacy mortgage credit risk through the securitization and/or sale of more than \$50 billion in less liquid and impaired assets from its mortgage-related portfolio since 2013.

"I am grateful to Freddie Mac employees, our investors and many lending customers for helping us achieve this important milestone," said Freddie Mac CEO Donald H. Layton. "This success is symbolic of how we have materially changed our risk management practices since the financial crisis. Freddie Mac has set the standard for transferring mortgage credit risk to private investors and away from taxpayers."

Freddie Mac debuted its first official credit risk transfer program in 2009 with the multifamily [K-Deal](#) security, in which the substantial majority of credit risk is transferred to private market investors on most new multifamily mortgages. Then, in 2013, for single-family mortgages, the company pioneered the transfer of credit risk when it introduced both Structured Agency Credit Risk[®] ([STACR[®]](#)) debt notes, which are sold to bond market investors, and Agency Credit Insurance Structure[®] ([ACIS[®]](#)), which transfers risk to insurance companies. K-Deals and STACR have evolved as notable brand names in the investment community, and demand continues to grow steadily for these flagship programs as new investors participate in them.

Freddie Mac followed up on this success and further diversified its investor base with additional and innovative structures, including Whole Loan Securities(SM) ([WLS\(SM\)](#)) and [SB-Deals](#) (multifamily small balance loans) in 2015 and Multifamily Structured Credit Risk Notes ([SCR Notes](#)) in 2016.

Layton added, "Freddie Mac's credit risk transfer programs have significantly changed the economics of the mortgage guarantee business. As a result of our leadership, private capital is now absorbing large amounts of mortgage credit risk which was previously supported by the U.S. taxpayer. In addition, our growing number of investors in these transactions enables us to disperse credit risk more widely. The result is simply a better housing finance system."

Freddie Mac's programs have received industry recognition. STACR was named RMBS Deal of the Year in 2016 and 2015 by GlobalCapital, a leading financial news and data service covering the capital markets. Freddie Mac also earned top honors for Best Overall Securitization Issuer and Best RMBS Issuer this year from GlobalCapital, 2014 Global Structured Deal of the Year by Euromoney and 2014 U.S. Deal of the Year by The Banker. Additionally, the K-Deal was included in the Barclays Aggregate U.S. and Global Bond Index in 2014.

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Today Freddie Mac is making home possible for one in four home borrowers and is the largest source of financing for multifamily housing. Additional information is available at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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