



Freddie Mac CFO Discusses First Quarter 2026 Financial and Business Results

Remarks by
James Whitlinger
Executive Vice President and Chief Financial Officer

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As Prepared for Delivery

Introduction

Good morning and thank you for joining our call to review Freddie Mac's first quarter financial results. To help you follow along, we've published a financial supplement and earnings presentation this quarter, which I'll reference throughout today's remarks.

As you can see on Slide 2 of today's presentation, Freddie Mac kicked off 2026 with a strong quarter. We earned \$3.6 billion of net income, bringing our net worth to nearly \$74 billion.

The total mortgage portfolio increased to \$3.7 trillion, as we provided about \$116 billion of liquidity to U.S. housing.

Freddie Mac's support during the quarter helped 380,000 families buy, refinance, or rent a home.

The majority of the houses and apartments we financed in the quarter were affordable to working families earning 120 percent or less of area median income. These included 93 percent of eligible rental units and 52 percent of single-family homes. Of the homebuyers purchasing a primary residence, 52 percent were first-time homeowners.

Digging in just a little deeper on affordability, I'll note that we acquired more than twice as many refinance loans as we did just a year ago. This was in large part due to comparatively lower interest rates. In fact, over the past two quarters, we've helped nearly 100,000 more households refinance than in the same two quarters a year back.



This isn't just a statistic; it's one way we're addressing the kitchen table issues Americans care about. Each of those loans potentially represents a lower mortgage payment, the retirement of higher cost debt, or improvements to accommodate a growing family in an existing home. It's an important part of our mission, and we're proud to support the country in this way.

Now let's look at the quarterly financial results that make our work possible.

Financials

I'll begin with our first quarter 2026 results, followed by an overview of our Single-Family and Multifamily segments' performance. I'll finish with an update on our net worth and regulatory capital.

First Quarter 2026 Results

Let's start on Slide 3 with our first quarter 2026 financial performance. We delivered net income of \$3.6 billion, up 27 percent year-over-year, reflecting higher net revenues and a credit reserve release in the current period. These results demonstrate the earnings power of Freddie Mac.

We grew net revenues by 5 percent year-over-year to \$6.1 billion, primarily driven by net interest income of \$5.6 billion, which was up 10 percent from the prior-year quarter. This reflects continued growth in our mortgage portfolio, which increased 2 percent year-over-year, and growth in the mortgage-related investments portfolio. Our net interest margin increased 5 basis points year-over-year to 65 basis points, reflecting the positive impact of our scale.

We generated non-interest income of \$514 million for the quarter, compared with \$750 million in first quarter 2025. This was primarily due to lower guarantee income and lower net investment gains driven by the strategic shift in the Multifamily business model as well as losses from debt extinguishments during the quarter.

We recorded a \$320 million benefit for credit reserves in the quarter, compared with a \$280 million provision expense in the prior-year quarter. The benefit resulted from a Single-Family reserve release, reflecting changes in the company's views of forecasted



house price growth. By comparison, the first quarter 2025 provision primarily reflected a reserve build in Single-Family associated with new acquisitions.

Our first quarter non-interest expense was \$2.0 billion, down 3 percent year-over-year driven by a decrease in salaries and employee benefits and lower credit enhancement expense.

We grew our total mortgage portfolio to \$3.7 trillion as of March 31, driven by 1 and 7 percent increases in our Single-Family and Multifamily portfolios, respectively, year-over-year.

Single-Family Business Segment

Turning to Single-Family results on Slide 4 of our earnings presentation, the segment reported strong first quarter net income of \$3.0 billion. The 32 percent year-over-year increase reflected strong net revenues.

Segment net revenues increased to \$5.2 billion, up 5 percent year-over-year. This was primarily driven by an 8 percent increase in net interest income from continued mortgage portfolio growth and growth in the mortgage-related investments portfolio.

We recorded a \$311 million benefit for credit reserves in the quarter, compared with a \$228 million provision expense in first quarter 2025. Once again, this benefit is related to changes in the company's views of forecasted house price growth rates. House prices rose by 0.1 percent during first quarter 2026, compared with a 0.3 percent increase in first quarter 2025.

Our current forecast assumes house prices will grow by 2.3 percent over the next 12 months and 2.4 percent over the subsequent 12 months. This was more than our December 2025 forecast, which projected increases of 0.5 percent and 1.4 percent, respectively. In contrast, the first quarter 2025 provision was mainly due to a reserve build associated with new acquisitions.

The Single-Family allowance for credit losses coverage ratio was 22 basis points at the end of first quarter 2026. That was up 1 basis point year-over-year and down 1 basis point quarter-over-quarter. Net charge-offs for the quarter totaled \$118 million, compared with \$164 million in the prior year quarter.



Our Single-Family portfolio credit characteristics remained strong, with a weighted average current loan-to-value ratio of 53 percent and a weighted average credit score of 753. The Single-Family serious delinquency rate was 60 basis points as of March 31, 2026. That was a 1 basis point increase over the prior year and prior quarter.

Freddie Mac continued to be the leading player in the Single-Family market, with 51 percent of total GSE market share for the quarter.

During first quarter 2026, we had \$103 billion of new business, driven by strength in refinance activity. Refinance loans accounted for 42 percent of total volume, the highest quarterly refinance share we have seen in the past four years.

Mortgage rates ended the quarter at 6.38 percent, up from 6.15 percent at year-end. But, during the quarter, they fell to 5.98 percent—the first time below 6 percent since 2022.

As you can see on Slide 5, the credit profile of our Single-Family business remained strong as well, with an average estimated loan-to-value ratio of 75 percent—down 2 percentage points year-over-year. The weighted average credit score was 758 as of March 31, up 2 points from a year ago. The weighted average DTI ratio trend also improved year-over-year. These indicators reinforce the quality of our new book.

During first quarter 2026, we helped approximately 24,000 families remain in their homes through loan workouts. At the end of the first quarter, 62 percent of our Single-Family portfolio had some form of credit enhancement.

Multifamily Business Segment

Turning to Multifamily results on Slide 6, the segment delivered first quarter 2026 net income of \$582 million, up 9 percent year-over-year. The increase was supported by higher net revenues and a slight benefit for credit reserves in the quarter versus a provision expense in the prior year quarter.

First quarter net revenues increased 3 percent year-over-year to \$1.0 billion, benefiting from higher net interest income. Net interest income increased 43 percent, driven by higher guarantee fee income as our business strategy shifted toward fully guaranteed securitizations.



This increase in net interest income was offset by a 22 percent decline in non-interest income as the revenue-mix shifted in line with the business strategy change.

On the credit side, we recorded a \$9 million benefit for credit reserve for the quarter, compared with a \$52 million expense in first quarter 2025.

The Multifamily allowance for credit losses coverage ratio was 42 basis points at the end of first quarter 2026, compared with 46 basis points for fourth quarter 2025 and 49 basis points for first quarter 2025. Net charge-offs totaled \$63 million in the first quarter.

Total Multifamily new business activity reached \$13 billion in first quarter 2026. That was an increase of 25 percent from the prior year, driven by strong demand for multifamily financing. Approximately 66 percent of this activity in the first quarter, based on unpaid principal balance, was mission-driven affordable housing.

During first quarter 2026, we securitized \$24 billion of loans. Nearly all of those were fully guaranteed securitizations, in line with our business strategy change, marking a more than twofold increase year-over-year.

The average guarantee fee rate on our total guarantee exposures increased to 58 basis points for the quarter, up 6 basis points from the prior year. This increase was primarily due to continued growth in our fully guaranteed securitization issuances, for which we charge higher guarantee fee rates.

Our Multifamily mortgage portfolio at the end of first quarter 2026 was \$498 billion, an increase of 7 percent year-over-year.

The Multifamily delinquency rate at the end of the first quarter was 43 basis points. This was down compared with 46 basis points at the end of first quarter 2025 and 44 basis points last quarter.

Ninety-four percent of the delinquent loans in the Multifamily mortgage portfolio had credit enhancement coverage, reducing our credit exposure.

At the end of the first quarter, 91 percent of the Multifamily mortgage portfolio was covered by credit enhancements.

Capital



Finally, as shown on Slide 7 of our earnings presentation, we delivered strong net worth growth—ending the quarter at \$74 billion, up 18 percent year-over-year and further strengthening our capital position. This continued capital build enhances our resilience and long-term capacity to support the market.

Under our regulatory capital rule, total capital required at quarter-end was \$161 billion, including \$60 billion of stress and stability buffers.

We continue to make progress reducing the capital deficit, which has come down \$37 billion since the end of 2022. Excluding buffers, our capital shortfall was \$105 billion at the end of the first quarter, largely because the \$73 billion of Senior Preferred Stock does not qualify as regulatory capital.

Conclusion

Before I close, I'll mention that last week Freddie Mac became the first GSE to take loans from acquisition to securitization with VantageScore 4.0. The addition of a credit scoring alternative for qualified mortgages is intended to promote robust competition, which can benefit consumers, lenders and the broader housing market. This is one more way we're responsibly driving efficiencies across the housing finance system.

In conclusion, it was a very good start to the year for Freddie Mac.

With an additional \$3.5 billion added to our net worth and a more streamlined, efficient organization, we continue to strengthen our company for the future.