UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-34139

FreddieMac

Federal Home Loan Mortgage Corporation

(Exact name of registrant as specified in its charter)

Federally chartered corporation	52-0904874	8200 Jones Branch Drive McLean, Virginia	22102-3110	(703) 903-2000
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*	*(Address of principal executive offices)*	*(Zip Code)*	*(Registrant's telephone number, including area code)*

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Securities registered pursuant to Section 12(g) of the Act:

Voting Common Stock, no par value per share (OTCQB: FMCC)
Variable Rate, Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCI)
5% Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCKK)
Variable Rate, Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCG)
5.1% Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCH)
5.79% Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCK)
Variable Rate, Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCL)
Variable Rate, Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCM)
Variable Rate, Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCN)
5.81% Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCO)
6% Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCP)
Variable Rate, Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCCJ)
5.7% Non-Cumulative Preferred Stock, par value $1.00 per share (OTCQB: FMCKP)
Variable Rate, Non-Cumulative Perpetual Preferred Stock, par value $1.00 per share (OTCQB: FMCCS)
6.42% Non-Cumulative Perpetual Preferred Stock, par value $1.00 per share (OTCQB: FMCCT)
5.9% Non-Cumulative Perpetual Preferred Stock, par value $1.00 per share (OTCQB: FMCKO)
5.57% Non-Cumulative Perpetual Preferred Stock, par value $1.00 per share (OTCQB: FMCKM)
5.66% Non-Cumulative Perpetual Preferred Stock, par value $1.00 per share (OTCQB: FMCKN)
6.02% Non-Cumulative Perpetual Preferred Stock, par value $1.00 per share (OTCQB: FMCKL)
6.55% Non-Cumulative Perpetual Preferred Stock, par value $1.00 per share (OTCQB: FMCKI)
Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, par value $1.00 per share (OTCQB: FMCKJ)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates computed by reference to the price at which the common stock was last sold on June 30, 2022 (the last business day of the registrant's most recently completed second fiscal quarter) was $0.3 billion.

As of January 31, 2023, there were 650,059,553 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: None

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MD&A TABLE INDEX

Introduction

This Annual Report on Form 10-K includes forward-looking statements that are based on current expectations and that are subject to significant risks and uncertainties. These forward-looking statements are made as of the date of this Form 10-K. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this Form 10-K. Actual results might differ significantly from those described in or implied by such statements due to various factors and uncertainties, including those described in the **Forward-Looking Statements** *and* **Risk Factors** *sections of this Form 10-K.*

Throughout this Form 10-K, we use certain acronyms and terms that are defined in the **Glossary**.

ABOUT FREDDIE MAC

Freddie Mac is a GSE chartered by Congress in 1970, with a mission to provide liquidity, stability, and affordability to the U.S. housing market. We do this primarily by purchasing single-family and multifamily residential mortgage loans originated by lenders. In most instances, we package these loans into guaranteed mortgage-related securities, which are sold in the global capital markets, and transfer interest-rate and liquidity risks to third-party investors. In addition, we transfer mortgage credit risk exposure to third-party investors through our credit risk transfer programs, which include securities- and insurance-based offerings. We also invest in mortgage loans and mortgage-related securities. We do not originate mortgage loans or lend money directly to mortgage borrowers.

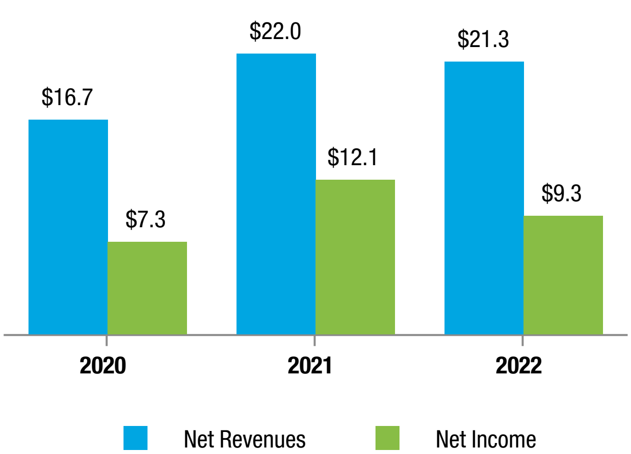
We support the U.S. housing market and the overall economy by enabling America's families to access mortgage loan funding with better terms and by providing consistent liquidity to the single-family and multifamily mortgage markets. We have helped many distressed borrowers keep their homes or avoid foreclosure and have helped many distressed renters avoid eviction.

Business Results

Consolidated Financial Results

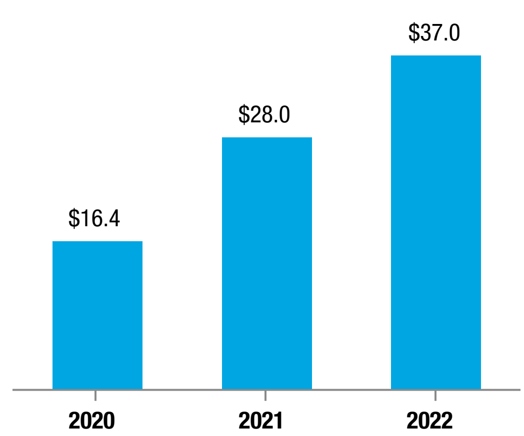
Net Revenues and Net Income

(In billions)



Net Worth as of December 31,

(In billions)



Key Drivers:

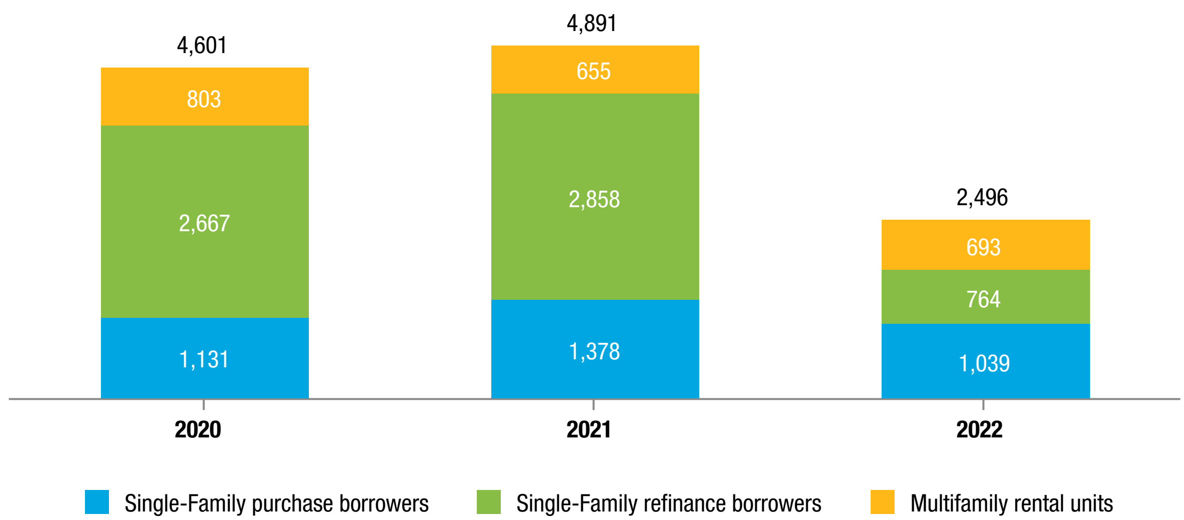
- **2022 vs. 2021**
  - Net income was $9.3 billion, a decrease of 23% year-over-year, primarily driven by a credit reserve build in Single-Family.
  - Net revenues were $21.3 billion, down 3% year-over-year, as higher net interest income in Single-Family was offset by a decline in non-interest income in Multifamily.
  - Net worth was $37.0 billion as of December 31, 2022, up from $28.0 billion as of December 31, 2021.

- **2021 vs. 2020**
  - Net income was $12.1 billion, an increase of 65% year-over-year, primarily driven by higher net revenues and a credit reserve release in Single-Family.
  - Net revenues increased 32% year-over-year to $22.0 billion, primarily driven by higher net interest income and higher net investment gains.
  - Net worth was $28.0 billion as of December 31, 2021, up from $16.4 billion as of December 31, 2020.

Market Liquidity

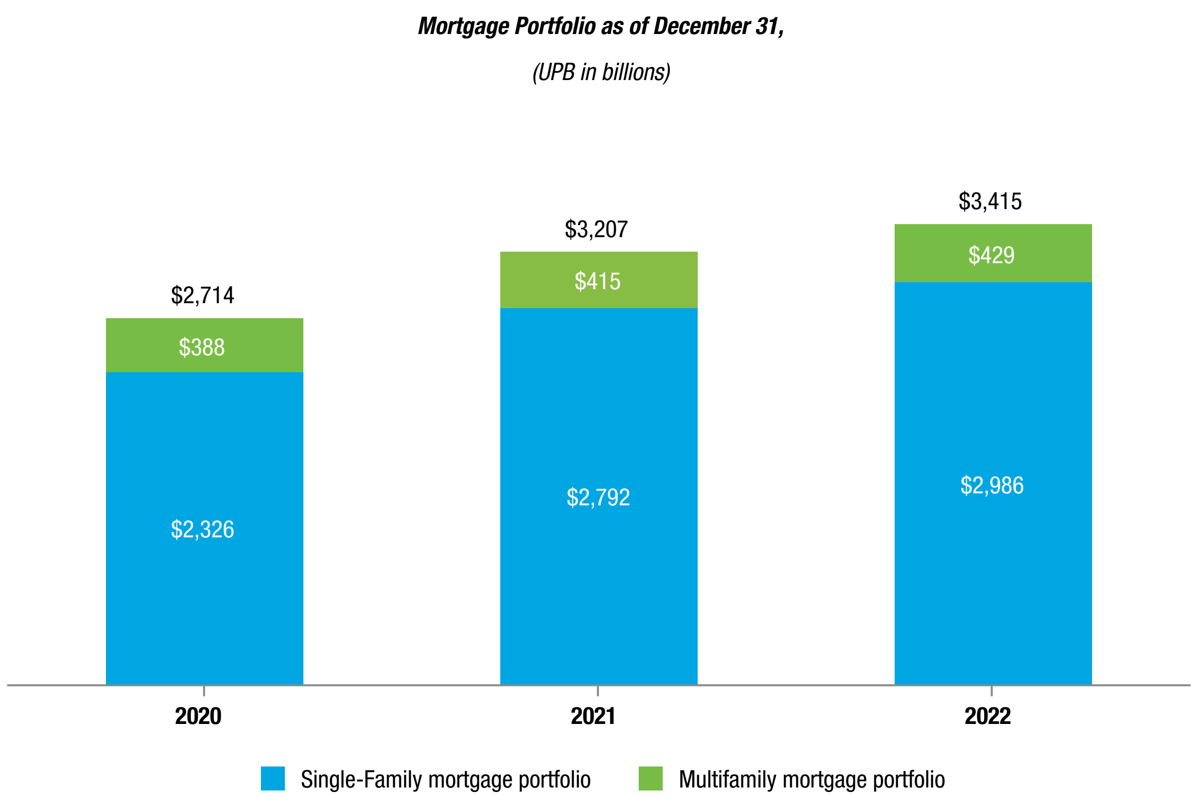
Market Liquidity

(In thousands)



We support the U.S. housing market by executing our mission to provide liquidity and help maintain credit availability for new and refinanced single-family mortgages as well as for rental housing. We provided $614 billion in liquidity to the mortgage market in 2022, which enabled the financing of nearly 2.5 million home purchases, refinancings, and rental units.

Portfolio Balances



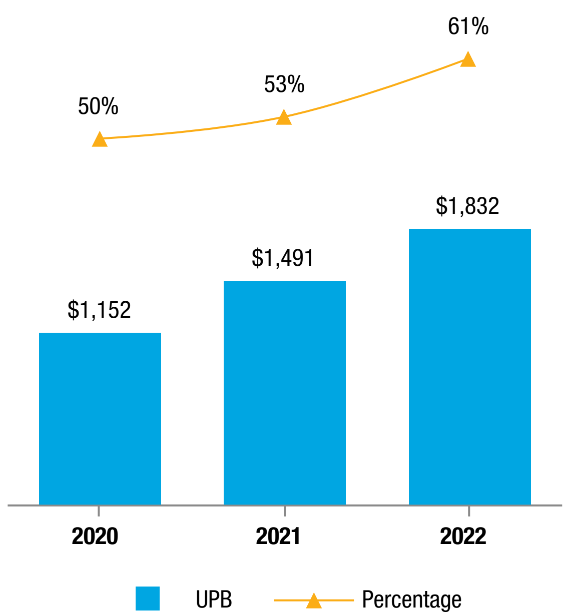
Key Drivers:

- **2022 vs. 2021**
  - Our mortgage portfolio increased 6% year-over-year to $3.4 trillion at December 31, 2022.
  - Our Single-Family mortgage portfolio increased 7% year-over-year to $3.0 trillion at December 31, 2022, primarily driven by an increase in average portfolio loan size and a higher share of single-family mortgage debt outstanding. The increase in the average portfolio loan size was driven by house price appreciation in recent periods, which contributed to new business acquisitions having a larger loan size compared to older vintages that continued to run off.
  - Our Multifamily mortgage portfolio increased 3% year-over-year to $0.4 trillion at December 31, 2022, primarily driven by new business activity, partially offset by increased borrower payoff activity driven by market conditions.
- **2021 vs. 2020**
  - Our mortgage portfolio increased 18% year-over-year to $3.2 trillion at December 31, 2021.
  - Our Single-Family mortgage portfolio increased 20% year-over-year to $2.8 trillion at December 31, 2021, primarily driven by higher new business activity. Additionally, continued house price appreciation contributed to new business acquisitions having a higher average loan size compared to older vintages that continued to run off.
  - Our Multifamily mortgage portfolio increased 7% year-over-year to $0.4 trillion at December 31, 2021, primarily driven by ongoing loan purchase and securitization activity attributable to continued high demand for multifamily financing.

Credit Risk Transfer

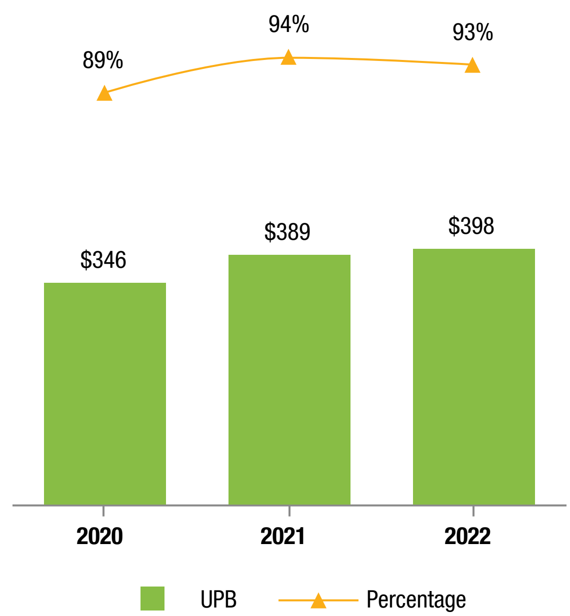
Single-Family Mortgage Portfolio with Credit Enhancement as of December 31,

(UPB in billions)



Multifamily Mortgage Portfolio with Credit Enhancement as of December 31,

(UPB in billions)



In addition to transferring interest-rate and liquidity risk to third-party investors through our securitization activities, we engage in various credit enhancement arrangements to reduce our credit risk exposure. We transfer a portion of the credit risk, primarily on recently acquired loans, through our CRT programs. We also reduce our credit risk exposure through other credit enhancement arrangements, mainly primary mortgage insurance. See **MD&A - Our Business Segments** and **MD&A - Risk Management - *Credit Risk*** for additional information on our credit enhancements and CRT programs.

Conservatorship and Government Support for Our Business

Since September 2008, we have been operating in conservatorship, with FHFA as our Conservator. The conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations. Our future is uncertain, and the conservatorship has no specified termination date. We do not know what changes may occur to our business model during or following conservatorship, including whether we will continue to exist.

In connection with our entry into conservatorship, we entered into the Purchase Agreement with Treasury under which we issued Treasury both senior preferred stock and a warrant to purchase common stock. The senior preferred stock and warrant were issued as an initial commitment fee in consideration for Treasury's commitment to provide funding to us under the Purchase Agreement. Our Purchase Agreement with Treasury is critical to keeping us solvent and avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions. We believe that the support provided by Treasury pursuant to the Purchase Agreement currently enables us to have adequate liquidity to conduct normal business activities.

Our Purchase Agreement with Treasury significantly affects our business activities, including by limiting: our secondary market activities; our single-family and multifamily loan acquisitions; the amount of indebtedness we can incur; the size of our mortgage-related investments portfolio; and our ability to pay dividends, transfer certain assets, raise capital, pay down the liquidation preference of the senior preferred stock, and exit conservatorship.

Treasury, as the holder of the senior preferred stock, is entitled to receive cumulative quarterly cash dividends, when, as, and if declared by the Board of Directors. The dividends we have paid to Treasury on the senior preferred stock have been declared by, and paid at the direction of, the Conservator, acting as successor to the rights, titles, powers, and privileges of the Board of Directors.

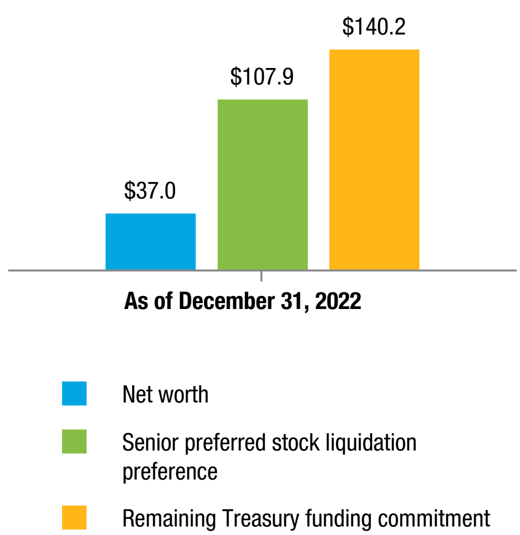
We have had a net worth sweep dividend requirement to Treasury on the senior preferred stock since the first quarter of 2013, which was implemented pursuant to the August 2012 amendment to the Purchase Agreement. Pursuant to the Purchase Agreement, Freddie Mac will not be required to pay a dividend to Treasury on the senior preferred stock until it has built sufficient net worth to meet the capital requirements and buffers set forth in the ERCF. As the company builds capital during this period, increases in our Net Worth Amount have been, or will be, added to the aggregate liquidation preference of the senior preferred stock. After we have maintained the level of capital prescribed in the Purchase Agreement for the requisite time, we will be subject to a new periodic cash dividend requirement, as well as a periodic commitment fee to be agreed upon with Treasury in consultation with the Chairman of the Federal Reserve.

See **MD&A - Regulation and Supervision** and **Note 2** for additional information on the Purchase Agreement, senior preferred stock, and warrant and **Risk Factors - *Conservatorship and Related Matters*** for related risks.

The graphs below show our net worth, the liquidation preference of the senior preferred stock, the remaining amount of Treasury's funding commitment to us, the cumulative senior preferred stock dividends we have paid to Treasury, and the cumulative funds we have drawn from Treasury pursuant to its funding commitment.

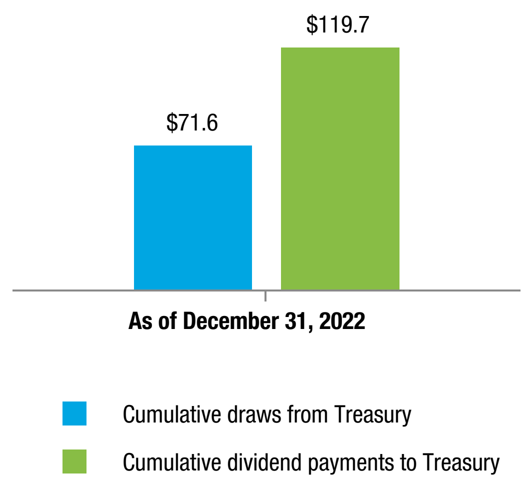
Net Worth, Liquidation Preference, and Treasury Funding Commitment

(In billions)



Draws and Dividend Payments

(In billions)



OUR BUSINESS

Primary Business Strategies

Freddie Mac's overall strategic direction is established by management and affirmed by the Board of Directors and FHFA through the approval of our Strategic Framework, which sets forth our strategic priorities and generally covers a three-year timeframe. FHFA, the Administration, or Congress could take actions that cause us to alter our Strategic Framework. FHFA, as Conservator, has influenced, and may in the future influence, our strategic direction, such as through our new initiatives, credit and pricing policies, and capital, liquidity, and risk appetite constraints.

Our Charter and Mission

We are a GSE with a specific and limited corporate purpose to support the liquidity, stability, and affordability of the U.S. housing market as a participant in the secondary mortgage market, while operating as a commercial enterprise earning an appropriate return. Everything we do must be done within the constraints of our Charter.

As a result, our Charter forms the framework for our business activities. Pursuant to our Charter, our role in the secondary mortgage market is to:

- Provide stability in the secondary mortgage market for residential loans;
- Respond appropriately to the private capital market;
- Provide ongoing assistance to the secondary mortgage market for residential loans (including activities relating to loans for low- and moderate-income families involving a reasonable economic return that may be less than the return earned on other activities) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing; and
- Promote access to mortgage loan credit throughout the United States (including central cities, rural areas, and other underserved areas) by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for residential mortgage financing.

Our Charter permits us to purchase first-lien single-family loans with LTV ratios at the time of our purchase of less than or equal to 80%. For the purchase of first-lien single-family loans that do not meet this criterion, our Charter requires certain specified credit protections, which include mortgage insurance from a qualified insurer on the portion of the UPB of the loan that exceeds an 80% LTV ratio, a seller's agreement to repurchase or replace a defaulted loan, or the retention by the seller of at least a 10% participation interest in the loan.

This Charter requirement does not apply to multifamily loans or to loans that have the benefit of any guarantee, insurance, or other obligation by the U.S. or any of its agencies or instrumentalities (e.g., the FHA, VA, or USDA Rural Development).

Our Charter does not permit us to originate mortgage loans or lend money directly to mortgage borrowers in the primary mortgage market. Our Charter limits our purchase of single-family loans to the conforming loan market, which consists of loans originated with UPBs at or below limits determined annually based on changes in FHFA's housing price index. In most of the U.S., the maximum conforming loan limit for a one-family residence has been set at $726,200 for 2023, an increase from $647,200 in 2022, $548,250 for 2021, and $510,400 for 2020. Higher limits have been established in certain "high-cost" areas (for 2023, up to $1,089,300 for a one-family residence). Higher limits also apply to two- to four-family residences and to one- to four-family residences in Alaska, Guam, Hawaii, and the U.S. Virgin Islands.

Our Strategic Priorities

Our mission is to provide liquidity, stability, and affordability to the housing market. We interpret this mission expansively to meet the country's broader housing needs in both good times and challenging times by:

- Enhancing ***liquidity*** within the mortgage and capital markets;
- ***Stabilizing*** the housing market throughout the economic cycle, including helping families facing hardship remain in their homes;
- Working with an array of housing market participants to promote greater ***access*** to and ***supply*** of ***affordable*** and sustainable homes throughout the country;
- Addressing longstanding issues of ***inequity*** in housing;
- Working with ***lenders of all sizes*** to better serve their communities; and
- Continuing progress to integrate ***ESG*** strategies into our business and operations.

Delivering on our mission requires that we maintain safety and soundness, financial strength, and operational resilience. It requires us to grow our talent for today and tomorrow. It also requires a commitment to examine our company's business and risk environment in search of new and better ways to serve our mission. For these reasons, we have established the following three focus areas to support our mission:

Practice Risk Management Excellence

- Improve our operations and risk management to maintain our safety and soundness;
- Seek to timely remediate outstanding significant safety and soundness issues; and
- Enhance operational resiliency with respect to our people, processes, and recovery capabilities.

Grow Talent for Today and Tomorrow

- Develop our current and future leaders and team members;
- Uphold a culture where talented and committed individuals work together to achieve success; and
- Build strength through DEI, integrating DEI through all dimensions of our business.

Deliver Results

- Generate strong financial results, build capital, and excel with respect to our FHFA and Corporate Scorecards;
- Deliver innovative solutions to advance the mission; and
- Increase efficiency to enhance productivity and bolster our financial results.

Human Capital Management

Our people are integral to our company's success. It is our goal to sustain an inclusive and equitable culture with a highly engaged diverse workforce focused on delivering on our mission. We are committed to growing our talent for today and tomorrow, and we seek to be an employer of choice that attracts top talent through our commitment to DEI, employee engagement, training, and other professional development opportunities. We also seek to implement competitive compensation programs and practices within the constraints of our conservatorship status. We evaluate the success of our human capital management by measuring and monitoring the performance, development, and retention of our employees.

Employees

At January 31, 2023, we had 7,799 full-time and 40 part-time employees. Our headquarters are in McLean, Virginia, and the majority of our employees reside in the Washington, D.C., metropolitan area.

Board and FHFA Oversight

We engage with the CHC Committee of the Board of Directors by providing workforce insights that support them in their oversight of compensation and benefits, DEI, talent development, and strategies to strengthen our culture. Although the CHC Committee plays a significant role in these matters, FHFA is actively involved in its role as our Conservator and as our regulator. For more information, see **Directors, Corporate Governance, and Executive Officers - Corporate Governance -** ***Board of Directors and Board Committee Information — Authority of the Board of Directors and Board Committees.***

Attracting, Developing, and Retaining Talent

In a marketplace where the competition to attract, develop, and retain talent is increasing, we strive to be an employer of choice. In doing so, we offer our employees a comprehensive suite of financial, health, and other benefits to support their financial, physical, and mental well-being at every stage of their career.

Throughout the COVID-19 pandemic, we offered flexible work arrangements and other benefits, such as expanded leave and expanded back-up childcare, to support our employees as they adjusted to all of the ways the COVID-19 pandemic reshaped their lives. Beginning in mid-2022, we began the phased implementation of our hybrid work approach. Starting in January 2023, the majority of our employees are spending time working in the office on a consistent schedule with the objective of creating more opportunity for community team building, innovation, and collaboration while allowing for focused individual work on designated remote workdays.

We provide our employees with professional development and training opportunities to enhance their competencies and capabilities. We use data and analytics to understand the engagement of our workforce and inform our talent decisions.

Our employee population increased in 2022. Although our voluntary turnover rate was elevated compared to our historical experience, it remained below financial industry benchmarks.

DEI

We believe a strong commitment to DEI creates a stronger Freddie Mac that is better positioned to serve our mission effectively and advance equity in the housing industry. In April 2022, a Chief Diversity and Inclusion Officer (CDIO) was appointed to lead the newly established standalone DEI division. The DEI division helps promote diversity, equity, and inclusion in all aspects of our business and at every level of the organization.

Freddie Mac has a three-year Board-approved DEI strategic plan that organizes our efforts into the following focus areas: workforce diversity, supplier diversity, and financial transactions, along with our engagement and outreach programs. Each of these focus areas has associated goals that are tracked and shared with FHFA, our Board of Directors, our senior leadership team, and our people.

For workforce diversity, we seek to attract and sustain a pipeline of diverse candidates by partnering with Hispanic Serving Institutions, Historically Black Colleges and Universities, and other diverse organizations that create career opportunities for underrepresented populations. We provide access to opportunities through targeted development and learning opportunities. For example, we create opportunities for untapped, neurodiverse talent through our Neurodiversity at Work program. Through our engagement and outreach programs, we advance a culture of inclusion through our 10 business resource groups and seek to create a sustainable impact in our local communities through our employee volunteerism efforts.

Our DEI efforts are reflected in the composition of our workforce, leadership, and Board of Directors. For example, we are a majority-minority company, which means more than 50% of our workforce identifies as racially or ethnically diverse. Our Compliance, DEI, Enterprise Risk Management, Human Resources (HR), and Single-Family Portfolio & Servicing functions are led by racially diverse executives. Our HR, Internal Audit, and Legal Divisions are led by women. For information on the composition of our Board of Directors, see **Directors, Corporate Governance, and Executive Officers – Directors – *Director Criteria, Diversity, Qualifications, Experience, and Tenure***.

Our efforts for supplier diversity include:

- Involving diverse suppliers in our competitive bidding process and
- Establishing a program to understand how our primary suppliers use diverse suppliers.

Our efforts for financial transactions involve:

- Engaging minority-, women-, and disabled-owned businesses (MWDOBs) in our capital market transactions and
- Providing training, access, and opportunities to better position MWDOBs for future opportunities with our company, including our Single-Family and Multifamily businesses.

Business Segments

We have two reportable segments: Single-Family and Multifamily. For more information on our segments, see **MD&A - Our Business Segments** and **Note 14**.

Properties

Our principal offices consist of four office buildings we own in McLean, Virginia, comprising approximately 1.3 million square feet. We operate our business in the United States and its territories, and accordingly, we generate no revenue from and have no long-lived assets, other than financial instruments, in geographic locations other than the United States and its territories.

Government Regulation and Supervision

Our business is subject to extensive laws, regulations, and supervision. The laws and regulations to which we are subject cover all key aspects of our business, and directly and indirectly impact our product offerings, pricing, competitive position and strategic priorities, relationship with sellers and servicers, capital structure, cash needs and uses, privacy for borrowers and others, and cybersecurity. As a result, such laws and regulations have a significant effect on key drivers of our results of operations, including, for example, our capital and liquidity, guarantee fees, product offerings, risk management, and costs of compliance. Failure to comply with our legal and regulatory requirements could result in investigations, enforcement actions, fines, monetary and other penalties, and harm to our reputation. Our business and results of operations may also be directly and adversely affected by future legislative, regulatory, or judicial actions. Such actions could affect us in a number of ways, including by imposing significant additional legal, compliance, and other costs on us and limiting our business activities. For example, recent changes to our capital requirements have affected our business and risk management strategies, including our risk appetite, our risk-adjusted returns, and the impact of our CRT transactions on our capital needs, and have increased the amount of capital we will be required to retain or raise to exit from conservatorship.

In addition, our conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations. We are under the control of FHFA, as our Conservator, and are not managed to maximize stockholder returns. FHFA determines our strategic direction. We face a variety of different, and sometimes competing, business objectives and FHFA-mandated activities. FHFA has required us to make changes to our business that have adversely affected our financial results and could require us to make additional changes at any time. For example, FHFA may require us to undertake activities that reduce our profitability, expose us to additional credit, market, funding, operational, and other risks, or provide additional support for the mortgage market that serves our mission but adversely affects our financial results. Further, we can be put into receivership at the discretion of the Director of FHFA at any time for a number of reasons set forth in the GSE Act.

FHFA is also Conservator of Fannie Mae, our primary competitor. FHFA's actions, as Conservator of both companies, could affect competition between us. It is also possible that FHFA could require us and Fannie Mae to take a uniform approach to certain activities, limiting innovation and competition, and possibly putting us at a competitive disadvantage because of differences in our respective businesses. FHFA also could limit our ability to compete with new entrants and other institutions. For additional information on conservatorship and related risks, see **Introduction – About Freddie Mac – *Conservatorship and Government Support for Our Business*** and **Risk Factors – *Conservatorship and Related Matters***.

For additional information on government regulation and supervision and related risks, see **MD&A - Regulation and Supervision** and **Risk Factors - *Legal and Compliance Risks***.

Available Information

We file reports and other information with the SEC. In view of the Conservator's succession to all of the voting power of our stockholders, we have not prepared or provided proxy statements for the solicitation of proxies from stockholders since we entered into conservatorship, and do not expect to do so while we remain in conservatorship. Pursuant to SEC rules, our annual reports on Form 10-K contain certain information typically provided in an annual proxy statement.

We make available, free of charge through our website at **www.freddiemac.com**, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all other SEC reports and amendments to those reports as soon as reasonably practicable after we electronically file the material with the SEC. The SEC also maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding companies that file electronically with the SEC.

We are providing our website addresses and the website address of the SEC here and elsewhere in this Form 10-K solely for your information. Information appearing on our website or on the SEC's website is not incorporated into this Form 10-K.

We provide disclosure about our debt securities on our website at **www.freddiemac.com/debt**. From this address, investors can access the offering circular and related supplements for debt securities offerings under Freddie Mac's global debt facility, including pricing supplements for individual issuances of debt securities. Similar information about our STACR® transactions and SCR transactions is available at **crt.freddiemac.com** and **mf.freddiemac.com/investors**, respectively.

We provide disclosure about our mortgage-related securities, some of which are off-balance sheet obligations (e.g., K Certificates), on our website at **www.freddiemac.com/mbs** and **mf.freddiemac.com/investors**. From these addresses, investors can access information and documents, including offering circulars and offering circular supplements, for mortgage-related securities offerings.

We provide additional information, including product descriptions, investor presentations, securities issuance calendars, transaction volumes and details, redemption notices, Freddie Mac research, and material developments or other events that may be important to investors, in each case as applicable, on the websites for our business divisions, which can be found at **sf.freddiemac.com**, **mf.freddiemac.com**, and **capitalmarkets.freddiemac.com/capital-markets**.

We provide information on our ESG efforts on our website at **freddiemac.com/about/esg**.

FORWARD-LOOKING STATEMENTS

We regularly communicate information concerning our business activities to investors, the news media, securities analysts, and others as part of our normal operations. Some of these communications, including this Form 10-K, contain "forward-looking statements." Examples of forward-looking statements include, but are not limited to, statements pertaining to the conservatorship, our current expectations and objectives for the Single-Family and Multifamily segments of our business, our efforts to assist the housing market, our liquidity and capital management, economic and market conditions and trends including, but not limited to, changes in observed and forecasted house price appreciation, our market share, the effect of legislative and regulatory developments and new accounting guidance, the credit quality of loans we own or guarantee, the costs and benefits of our CRT transactions, the effects of natural disasters, other catastrophic events, and significant climate change effects and actions taken in response thereto on our business, and our results of operations and financial condition. Forward-looking statements involve known and unknown risks and uncertainties, some of which are beyond our control. Forward-looking statements are often accompanied by, and identified with, terms such as "could," "may," "will," "believe," "expect," "anticipate," "forecast," and similar phrases. These statements are not historical facts, but rather represent our expectations based on current information, plans, judgments, assumptions, estimates, and projections. Actual results may differ significantly from those described in or implied by such forward-looking statements due to various factors and uncertainties, including those described in the **Risk Factors** section of this Form 10-K and:

- The actions the federal government (including FHFA, Treasury, and Congress) and state governments may take, require us to take, or restrict us from taking, including actions to support the housing market, such as programs to implement the recommendations in FHFA's Conservatorship Scorecards, recent requirements and guidance related to equitable housing, and other objectives for us;
- Changes in the fiscal and monetary policies of the Federal Reserve, including changes in target interest rates and in the amount of agency MBS and agency CMBS held by the Federal Reserve;
- The effect of the restrictions on our business due to the conservatorship and the Purchase Agreement;
- Changes in our Charter, applicable legislative or regulatory requirements (including any legislation affecting the future status of our company), or the Purchase Agreement;
- Changes to our capital requirements and potential effects of such changes on our business strategies;
- Changes in tax laws;
- Changes in privacy and cybersecurity laws and regulations;
- Changes in accounting policies, practices, standards, or guidance;
- Changes in economic and market conditions, including changes in employment rates, inflation, interest rates, spreads, and house prices;
- Changes in the U.S. residential mortgage market, including changes in the supply and type of loan products (e.g., refinance vs. purchase and fixed-rate vs. ARM);
- The success of our efforts to mitigate our losses on our Single-Family mortgage portfolio;
- The success of our strategy to transfer mortgage credit risk through STACR, ACIS®, K Certificate, SCR, MCIP, and other CRT transactions;
- Our ability to maintain adequate liquidity to fund our operations;
- Our ability to maintain the security and resiliency of our operational systems and infrastructure, including against cyberattacks or other security incidents, whether due to insider error or malfeasance or system errors or vulnerabilities in our or our third parties' systems;
- Our ability to effectively execute our business strategies, implement significant changes, and improve efficiency;
- The adequacy of our risk management framework, including the adequacy of our regulatory capital framework prescribed by FHFA and internal models for measuring risk;
- Our ability to manage mortgage credit risk, including the effect of changes in underwriting and servicing practices;
- Our ability to limit or manage our economic exposure and GAAP earnings exposure to interest-rate volatility and spread volatility, including the availability of derivative financial instruments needed for interest-rate risk management purposes and our ability to apply hedge accounting;
- Our operational ability to issue new securities, make timely and correct payments on securities, and provide initial and ongoing disclosures;
- Our reliance on CSS and the CSP for the operation of the majority of our Single-Family securitization activities, limits on our influence over CSS Board decisions, and any additional changes FHFA may require in our relationship with, or support of, CSS;
- Changes in the methodologies, models, assumptions, and estimates we use to prepare our financial statements, make business decisions, and manage risks;
- Changes in investor demand for our debt or mortgage-related securities;
- Our ability to maintain market acceptance of the UMBS, including our ability to maintain alignment of the prepayment

speeds of our and Fannie Mae's respective UMBS;

- Changes in the practices of loan originators, servicers, investors, and other participants in the secondary mortgage market;
- Competition from other market participants, which could affect the pricing we offer for our products, the credit characteristics of the loans we purchase, and our ability to meet our affordable housing goals;
- The discontinuance of, transition from, or replacement of LIBOR and the adverse consequences it could have on our business and operations;
- The availability of critical third parties, or their vendors and other business partners, to deliver products or services, or to manage risks, including cybersecurity risk, effectively;
- The occurrence of a major natural disaster, other catastrophic event, or significant climate change effects in areas in which our offices, significant portions of our total mortgage portfolio, or the offices of critical third parties are located, and for which we may be uninsured or significantly underinsured; and
- Other factors and assumptions described in this Form 10-K, including in the **MD&A** section.

Forward-looking statements are made only as of the date of this Form 10-K, and we undertake no obligation to update any forward-looking statements we make to reflect events or circumstances occurring after the date of this Form 10-K.

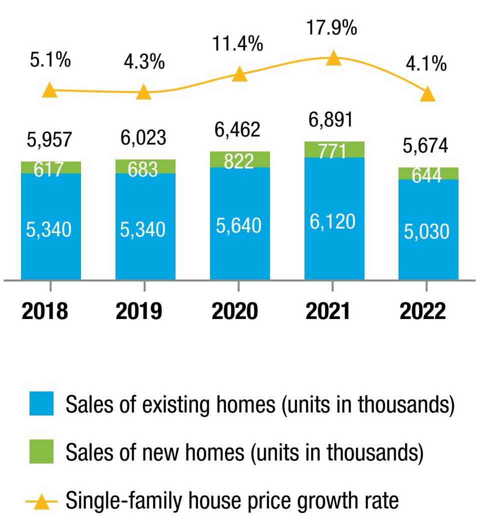
Management's Discussion and Analysis of Financial Condition and Results of Operations

HOUSING AND MORTGAGE MARKET CONDITIONS

The following graphs and related discussions present certain housing and mortgage market indicators that can significantly affect our business and financial results. Certain market and macroeconomic prior period data have been updated to reflect revised historical data. For additional information on the effect of these indicators on our business and financial results, see **MD&A – Consolidated Results of Operations** and **MD&A – Our Business Segments**.

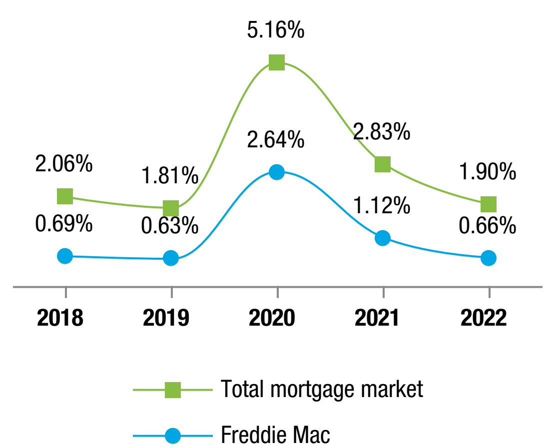
Single-Family

U.S. Single-Family Home Sales and House Prices



Sources: National Association of Realtors, U.S. Census Bureau, and Freddie Mac House Price Index.

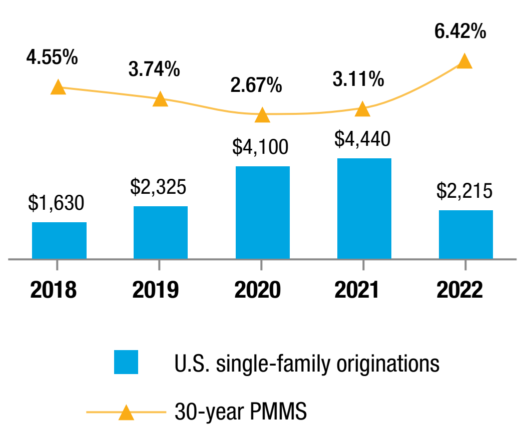
Single-Family Serious Delinquency Rates as of December 31,



Source: National Delinquency Survey from the Mortgage Bankers Association. For 2022, the total mortgage market rate is as of September 30, 2022 (latest available information).

U.S. Single-Family Mortgage Originations

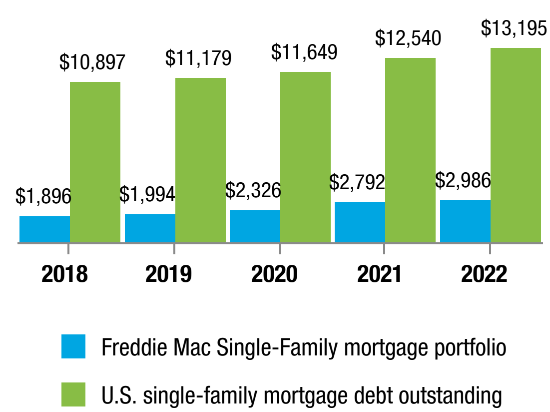
(UPB in billions)



Source: Inside Mortgage Finance.

Single-Family Mortgage Debt Outstanding

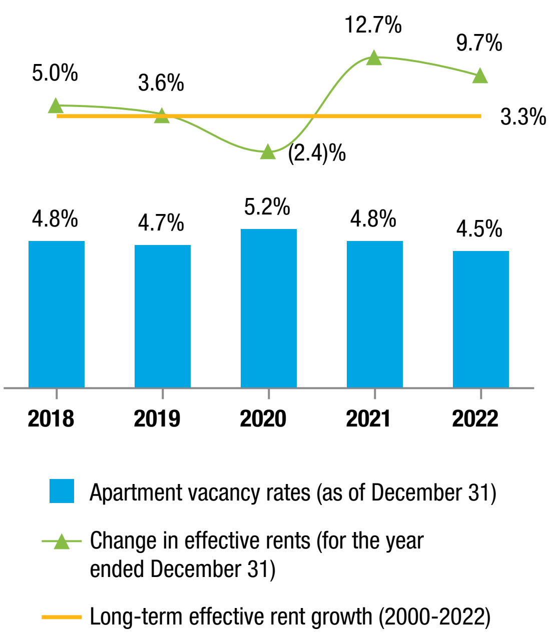
(UPB in billions)



Source: Freddie Mac and Federal Reserve Financial Accounts of the United States of America. For 2022, the U.S. single-family mortgage debt outstanding amount is as of September 30, 2022 (latest available information).

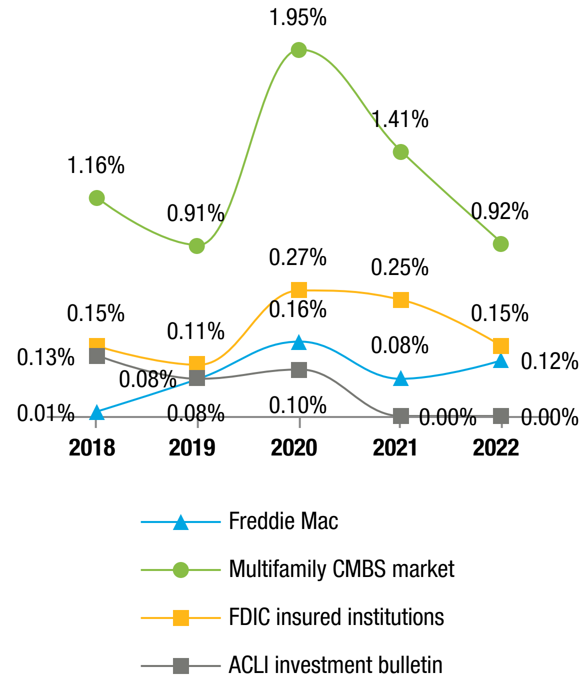
Multifamily

Apartment Vacancy Rates and Change in Effective Rents



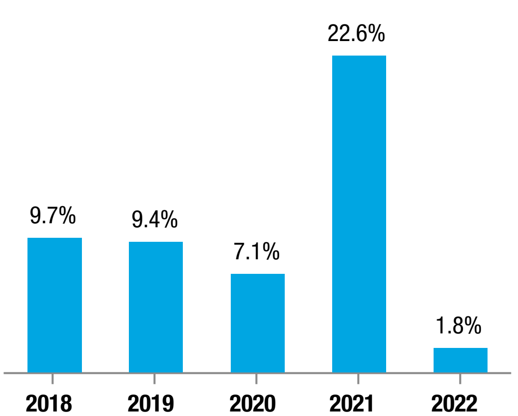
Source: Reis.

Multifamily Delinquency Rates as of December 31,



Source: Freddie Mac, FDIC Quarterly Banking Profile, Intex Solutions, Inc., and Wells Fargo Securities (Multifamily CMBS market, excluding REOs), American Council of Life Insurers (ACLI). For 2022, the amount for FDIC insured institutions is as of September 30, 2022 (latest available information) and the amounts for the Multifamily CMBS market and ACLI investment bulletin are as of December 31, 2022.

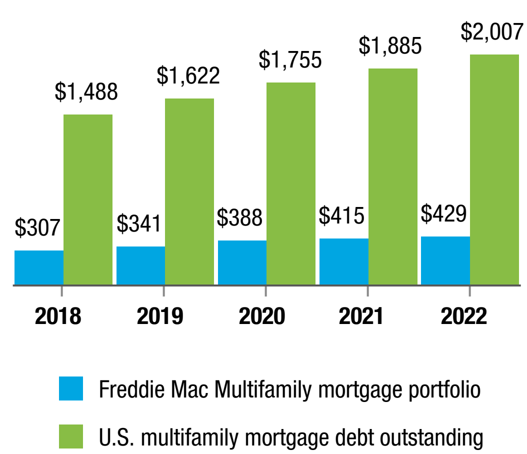
Multifamily Property Price Growth Rate



Source: Real Capital Analytics Commercial Property Price Index (RCA CPPI).

Multifamily Mortgage Debt Outstanding

(UPB in billions)



Source: Freddie Mac and Federal Reserve Financial Accounts of the United States of America. For 2022, the U.S. multifamily mortgage debt outstanding amount is as of September 30, 2022 (latest available information).

CONSOLIDATED RESULTS OF OPERATIONS

This discussion of our consolidated results of operations should be read in conjunction with our consolidated financial statements and accompanying notes.

The table below compares our consolidated results of operations for the past three years. Certain amounts in the prior periods have been reclassified to conform to the current presentation. See **Note 1** for additional information about the prior period reclassifications.

Table 1 - Summary of Consolidated Statements of Income and Comprehensive Income

				Year Over Year Change			
	Year Ended December 31,			2022 vs. 2021		2021 vs. 2020	
(Dollars in millions)	2022	2021	2020	$	%	$	%
Net interest income	$18,005	$17,580	$12,771	$425	2 %	$4,809	38 %
Non-interest income	3,259	4,371	3,888	(1,112)	(25)	483	12
Net revenues	**21,264**	**21,951**	**16,659**	**(687)**	**(3)**	**5,292**	**32**
(Provision) benefit for credit losses	(1,841)	1,041	(1,452)	(2,882)	(277)	2,493	172
Non-interest expense	(7,819)	(7,793)	(5,978)	(26)	—	(1,815)	(30)
Income before income tax expense	**11,604**	**15,199**	**9,229**	**(3,595)**	(24)	**5,970**	65
Income tax expense	(2,277)	(3,090)	(1,903)	813	26	(1,187)	(62)
Net income	**9,327**	**12,109**	**7,326**	**(2,782)**	(23)	**4,783**	65
Other comprehensive income (loss), net of taxes and reclassification adjustments	(342)	(489)	205	147	30	(694)	(339)
Comprehensive income	**$8,985**	**$11,620**	**$7,531**	**($2,635)**	**(23)%**	**$4,089**	**54 %**

See **Critical Accounting Estimates** for information concerning certain significant accounting policies and estimates applied in determining our reported results of operations and **Note 1** for a summary of our accounting policies and the related notes in which information about them can be found.

Net Revenues

Net Interest Income

Net interest income primarily consists of guarantee net interest income in Single-Family. We consolidate most of our Single-Family securitization trusts and, therefore, we recognize the loans held by the trust and the debt securities issued by the trust on our consolidated balance sheets. The difference between the interest income on these loans and the interest expense on the related debt securities represents the guarantee fees we receive as compensation for our guarantee of the principal and interest payments of the issued debt securities. Guarantee net interest income includes two components:

- Contractual net interest income, which represents the ongoing monthly guarantee fee we receive for managing the credit risk associated with mortgage loans held by consolidated trusts, including the legislated guarantee fees that we are required to remit to Treasury and
- Deferred fee income, which primarily consists of recognition of premiums and discounts on mortgage loans and debt of consolidated trusts and the fees that we receive or pay when we acquire single-family loans. These amounts are recognized in net interest income based on the effective yield over the contractual life of the associated financial instrument and may vary significantly from period to period, primarily based on changes in actual prepayments on the underlying loans.

Net interest income also includes investments net interest income, which primarily consists of the difference between the interest income earned on the assets in our investments portfolio and the interest expense incurred on the liabilities used to fund those assets, and expense from hedge accounting, which primarily consists of amortization of previously deferred hedge accounting basis adjustments and the earnings mismatch on qualifying fair value hedge relationships. See **Note 9** for additional information on hedge accounting.

The table below presents the components of net interest income.

Table 2 - Components of Net Interest Income

	Year Ended December 31,			Year Over Year Change			
				2022 vs. 2021		2021 vs. 2020	
(Dollars in millions)	2022	2021	2020	$	%	$	%
Guarantee net interest income:							
Contractual net interest income[1]	$14,020	$11,038	$6,984	$2,982	27%	$4,054	58%
Deferred fee income	2,984	4,969	3,919	(1,985)	(40)	1,050	27
Total guarantee net interest income	**17,004**	**16,007**	**10,903**	**997**	**6**	**5,104**	**47**
Investments net interest income	3,417	3,068	4,100	349	11	(1,032)	(25)
Expense from hedge accounting	(2,416)	(1,495)	(2,232)	(921)	(62)	737	33
Net interest income	**$18,005**	**$17,580**	**$12,771**	**$425**	**2%**	**$4,809**	**38%**

(1) Includes majority of amounts previously presented as net interest income related to the legislated guarantee fees. Prior period amounts have been reclassified to conform to the current period presentation.

Key Drivers:

- **Guarantee net interest income**
  - **2022 vs. 2021** - Increased primarily due to continued mortgage portfolio growth and higher average portfolio guarantee fee rates, partially offset by lower deferred fee income due to slower prepayments as a result of higher mortgage interest rates.
  - **2021 vs. 2020** - Increased primarily due to continued mortgage portfolio growth, higher average portfolio guarantee fee rates, and higher deferred fee income recognition in Single-Family.
- **Investments net interest income**
  - **2022 vs. 2021** - Increased primarily due to higher returns on securities purchased under agreements to resell as a result of higher short-term interest rates.
  - **2021 vs. 2020** - Decreased primarily due to a decline in the size of the mortgage-related investments portfolio, partially offset by lower funding costs.
- **Expense from hedge accounting**
  - **2022 vs. 2021** - Expense increased primarily due to higher accruals of periodic cash settlements on derivatives in hedging relationships as a result of higher interest rates. This increase was partially offset by lower amortization of hedge accounting-related basis adjustments driven by a lower unamortized balance.
  - **2021 vs. 2020** - Expense decreased primarily due to lower amortization of hedge accounting-related basis adjustments driven by a decline in the unamortized balance.

Net Interest Yield Analysis

The table below presents an analysis of interest-earning assets and interest-bearing liabilities. To calculate the average balances, we generally use a daily weighted average of amortized cost. When daily average balance information is not available, such as for mortgage loans, we use monthly averages. Mortgage loans on non-accrual status, where interest income is generally recognized when collected, are included in the average balances.

Table 3 - Analysis of Net Interest Yield

	Year Ended December 31,								
	2022			2021			2020		
(Dollars in millions)	Average Balance	Interest Income (Expense)	Average Rate	Average Balance	Interest Income (Expense)	Average Rate	Average Balance	Interest Income (Expense)	Average Rate
Interest-earning assets:									
Cash and cash equivalents	$14,705	$179	1.22 %	$62,042	$8	0.01 %	$24,428	$30	0.12 %
Securities purchased under agreements to resell	97,260	1,718	1.77	75,425	48	0.06	94,350	354	0.38
Investment securities	47,612	1,640	3.44	56,211	2,261	4.02	71,842	2,581	3.59
Mortgage loans[1]	2,967,147	79,826	2.69	2,622,952	59,130	2.25	2,149,787	59,290	2.76
Other assets	4,104	95	2.31	6,049	80	1.32	4,752	85	1.79
Total interest-earning assets	**3,130,828**	**83,458**	**2.67**	**2,822,679**	**61,527**	**2.18**	**2,345,159**	**62,340**	**2.66**
Interest-bearing liabilities:									
Debt of consolidated trusts	2,911,235	(61,404)	(2.11)	2,538,757	(42,209)	(1.66)	2,020,908	(46,281)	(2.29)
Debt of Freddie Mac	178,757	(4,049)	(2.27)	237,572	(1,738)	(0.73)	294,115	(3,288)	(1.12)
Total interest-bearing liabilities	**3,089,992**	**(65,453)**	**(2.12)**	**2,776,329**	**(43,947)**	**(1.58)**	**2,315,023**	**(49,569)**	**(2.14)**
Impact of net non-interest-bearing funding	40,836	—	0.03	46,350	—	0.02	30,136	—	0.03
Total funding of interest-earning assets	**3,130,828**	**(65,453)**	**(2.09)**	**2,822,679**	**(43,947)**	**(1.56)**	**2,345,159**	**(49,569)**	**(2.11)**
Net interest income/yield		**$18,005**	**0.58 %**		**$17,580**	**0.62 %**		**$12,771**	**0.55 %**

(1) Loan fees included in interest income were $1.5 billion, $3.1 billion, and $4.6 billion during 2022, 2021, and 2020, respectively.

Net Interest Income Rate / Volume Analysis

The table below presents a rate and volume analysis of our net interest income. Our net interest income reflects the reversal of interest income accrued, net of interest received on a cash basis, related to mortgage loans that are on non-accrual status.

Table 4 - Net Interest Income Rate / Volume Analysis

	Variance Analysis					
	2022 vs. 2021			2021 vs. 2020		
(In millions)	Rate[1]	Volume[1]	Total Change	Rate[1]	Volume[1]	Total Change
Interest-earning assets:						
Cash and cash equivalents	$180	($8)	$172	($43)	$21	($22)
Securities purchased under agreements to resell	1,649	21	1,670	(252)	(54)	(306)
Investment securities	292	(913)	(621)	826	(1,146)	(320)
Mortgage loans	12,572	8,124	20,696	(11,660)	11,500	(160)
Other assets	45	(31)	14	(16)	11	(5)
Total interest-earning assets	**14,738**	**7,193**	**21,931**	**(11,145)**	**10,332**	**(813)**
Interest-bearing liabilities:						
Debt of consolidated trusts	(11,448)	(7,747)	(19,195)	15,245	(11,173)	4,072
Debt of Freddie Mac	(2,925)	614	(2,311)	1,374	176	1,550
Total interest-bearing liabilities	**(14,373)**	**(7,133)**	**(21,506)**	**16,619**	**(10,997)**	**5,622**
Net interest income	**$365**	**$60**	**$425**	**$5,474**	**($665)**	**$4,809**

(1) The total change variances are allocated between rate and volume based on the relative size of each variance.

Non-Interest Income

Non-interest income primarily consists of guarantee income and investment gains, net.

Guarantee income relates primarily to our Multifamily senior subordinate securitizations. We do not consolidate the trusts used in these transactions and therefore do not recognize the loans held by the trust or the debt securities issued by the trust on our consolidated balance sheets. Rather, we separately account for our guarantee to the trust and recognize the revenue from our guarantee as guarantee income. Guarantee income includes the amortization of our guarantee obligation as we are released from risk under our guarantee and changes in fair value of our guarantee assets, net of contractual guarantee fees received.

Net investment gains primarily consist of the gains on sale of mortgage loans from our multifamily loan purchase and securitization activities. Because we do not consolidate our Multifamily senior subordinate securitization trusts, we account for these transactions as sales of the underlying loans. Net investment gains also include revenues from sales of single-family delinquent and reperforming loans and gains and losses on investment securities. These amounts are shown net of gains and losses from the related debt funding and interest-rate risk management activities, as applicable. Net investment gains can vary significantly from period-to-period based on the pricing of our new multifamily loan purchases, the volume and nature of our investment, funding, and hedging activities, and changes in market conditions, such as interest rates and market spreads.

Derivative instruments are a key component of our interest-rate risk management strategy. We use derivatives to economically hedge the interest-rate risk of our financial assets and liabilities and manage our exposure to interest-rate risk on an economic basis to a low level as measured by our models. We align our derivative portfolio to economically hedge the changing duration of our assets and liabilities and apply fair value hedge accounting to certain single-family mortgage loans and debt to reduce our GAAP earnings variability. As a result, interest-rate-related fair value gains and losses that we recognize on financial instruments that we measure at fair value generally have offsetting impacts from the derivative instruments that we use to economically hedge interest-rate risk. For more information about our interest-rate risk management activities and the sensitivity of reported GAAP earnings to those activities, see **MD&A - Risk Management** - ***Market Risk***. For more information on derivative instruments, see **Note 9**.

The table below presents the components of non-interest income.

Table 5 - Components of Non-Interest Income

				Year Over Year Change			
	Year Ended December 31,			2022 vs. 2021		2021 vs. 2020	
(Dollars in millions)	2022	2021	2020	$	%	$	%
Guarantee income							
Contractual guarantee fees	$1,284	$1,217	$1,023	$67	6 %	$194	19 %
Guarantee obligation amortization	1,192	1,148	977	44	4	171	18
Guarantee asset fair value changes	(1,693)	(1,333)	(558)	(360)	(27)	(775)	(139)
Total guarantee income	**783**	**1,032**	**1,442**	**(249)**	**(24)**	**(410)**	**(28)**
Investment gains, net							
Single-Family	1,280	361	(112)	919	255	473	422
Multifamily	689	2,385	1,925	(1,696)	(71)	460	24
Total investment gains, net	**1,969**	**2,746**	**1,813**	**(777)**	**(28)**	**933**	**51**
Other income	**507**	**593**	**633**	**(86)**	**(15)**	**(40)**	**(6)**
Non-interest income	**$3,259**	**$4,371**	**$3,888**	**($1,112)**	**(25)%**	**$483**	**12 %**

Key Drivers:

- **Guarantee income**
  - **2022 vs. 2021 and 2021 vs. 2020** - Decreased primarily due to higher fair value losses on guarantee assets as a result of higher interest rates.
- **Investment gains, net**
  - **2022 vs. 2021** - Decreased primarily due to lower gains in Multifamily driven by spread widening as well as a decline in revenue from held-for-sale loan purchase and securitization activity as a result of lower volumes and lower margins. This decrease was partially offset by gains in Single-Family on commitments to hedge our securitization pipeline in the first quarter of 2022.
  - **2021 vs. 2020** - Increased primarily due to higher gains in Multifamily from higher margins for new loan purchases and greater spread tightening, partially offset by a smaller volume of new loan purchases as a result of a reduced Multifamily loan purchase cap in 2021.

(Provision) Benefit for Credit Losses

Our provision for credit losses relates primarily to single-family loans held-for-investment and can vary substantially from period to period based on a number of factors, such as changes in observed and forecasted house prices and interest rates, borrower prepayments and delinquency rates, events such as pandemics, the type and volume of our loss mitigation and foreclosure activity, and government assistance provided to borrowers. See **MD&A - Critical Accounting Estimates** for additional information.

The table below presents the components of provision for credit losses.

Table 6 - (Provision) Benefit for Credit Losses

				Year Over Year Change			
	Year Ended December 31,			2022 vs. 2021		2021 vs. 2020	
(Dollars in millions)	2022	2021	2020	$	%	$	%
Single-Family	($1,772)	$919	($1,320)	($2,691)	(293)%	$2,239	170 %
Multifamily	(69)	122	(132)	(191)	(157)	254	192
(Provision) benefit for credit losses	**($1,841)**	**$1,041**	**($1,452)**	**($2,882)**	**(277)%**	**$2,493**	**172 %**

Key Drivers:

- **2022 vs. 2021** - A provision for credit losses for 2022 compared to a benefit for credit losses for 2021 primarily driven by declining observed and forecasted house price appreciation.
- **2021 vs. 2020** - A benefit for credit losses for 2021 compared to a provision for credit losses for 2020 primarily driven by a reserve release due to reduced expected credit losses related to COVID-19 during 2021 as economic conditions improved,

partially offset by an increase in expected losses on new single-family loans due to continued Single-Family mortgage portfolio growth.

Non-Interest Expense

Non-interest expense consists of salaries and employee benefits, credit enhancement expense and benefit for credit enhancement recoveries, legislative assessments expense, and other expenses we incur to run our business.

Credit enhancement expense includes the premiums and other costs related to certain CRT transactions that are accounted for as freestanding contracts, primarily STACR and ACIS transactions in Single-Family. Benefit for credit enhancement recoveries primarily represents changes in expected recoveries from those transactions. We recognize expected recoveries from freestanding credit enhancements at the same time that we recognize an allowance for credit losses on the covered loans, measured on the same basis as the allowance for credit losses on the covered loans.

Legislative assessments expense relates to two fees: (1) the legislated guarantee fees on single-family loans that we are required to remit to Treasury and (2) the fee imposed on Freddie Mac's total new business purchases that is allocated to certain affordable housing funds and remitted to Treasury and HUD. The legislated guarantee fees relate to the 10 bps increase in guarantee fees implemented at the direction of FHFA pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 as extended by the Infrastructure Investment and Jobs Act of 2021. The affordable housing funds allocation relates to the GSE Act requirement to set aside in each fiscal year an amount equal to 4.2 bps of each dollar of total new business purchases, and pay such amount to certain housing funds. We are prohibited from passing through the costs of the affordable housing funds allocation to the originators of the loans that we purchase.

The table below presents the components of non-interest expense.

Table 7 - Components of Non-Interest Expense

				Year Over Year Change			
	Year Ended December 31,			2022 vs. 2021		2021 vs. 2020	
(Dollars in millions)	2022	2021	2020	$	%	$	%
Salaries and employee benefits	($1,509)	($1,398)	($1,344)	($111)	(8)%	($54)	(4)%
Credit enhancement expense	(2,118)	(1,518)	(1,058)	(600)	(40)	(460)	(43)
Benefit for (decrease in) credit enhancement recoveries	236	(542)	323	778	144	(865)	(268)
Legislative assessments expense:							
Legislated guarantee fees expense	(2,751)	(2,343)	(1,836)	(408)	(17)	(507)	(28)
Affordable housing funds allocation	(258)	(539)	(491)	281	52	(48)	(10)
Total legislative assessments expense	**(3,009)**	**(2,882)**	**(2,327)**	**(127)**	**(4)**	**(555)**	**(24)**
Other expense	(1,419)	(1,453)	(1,572)	34	2	119	8
Non-interest expense	**($7,819)**	**($7,793)**	**($5,978)**	**($26)**	**— %**	**($1,815)**	**(30)%**

Key Drivers:

- **Credit enhancement expense**
  - **2022 vs. 2021** - Increased primarily due to a higher volume of outstanding cumulative CRT transactions and higher spreads on transactions executed during 2022.
  - **2021 vs. 2020** - Increased primarily due to a higher volume of outstanding cumulative CRT transactions.
- **Benefit for (decrease in) credit enhancement recoveries**
  - **2022 vs. 2021** - Increased primarily due to an increase in expected credit losses on covered loans.
  - **2021 vs. 2020** - Decreased primarily due to a decrease in expected credit losses on covered loans.
- **Legislative assessments expense**
  - **2022 vs. 2021** - Increased primarily due to higher legislated guarantee fees expense due to growth in our Single-Family mortgage portfolio, partially offset by lower affordable housing funds allocation primarily due to lower Single-Family new business activity.
  - **2021 vs. 2020** - Increased primarily due to higher legislated guarantee fees expense due to growth in our Single-Family mortgage portfolio and a higher affordable housing funds allocation primarily due to an increase in Single-Family new business activity.

CONSOLIDATED BALANCE SHEETS ANALYSIS

The table below compares our summarized consolidated balance sheets.

Table 8 - Summarized Consolidated Balance Sheets

	December 31,		Year Over Year Change	
(Dollars in millions)	2022	2021	$	%
Assets:				
Cash and cash equivalents	$6,360	$10,150	($3,790)	(37)%
Securities purchased under agreements to resell	87,295	71,203	16,092	23
Investment securities, at fair value	38,701	53,015	(14,314)	(27)
Mortgage loans held-for-sale	12,197	19,778	(7,581)	(38)
Mortgage loans held-for-investment	3,022,318	2,828,331	193,987	7
Accrued interest receivable, net	8,529	7,474	1,055	14
Deferred tax assets, net	5,777	6,214	(437)	(7)
Other assets	27,156	29,421	(2,265)	(8)
Total assets	**$3,208,333**	**$3,025,586**	**$182,747**	**6 %**
Liabilities and Equity:				
Liabilities:				
Accrued interest payable	$7,309	$6,268	$1,041	17 %
Debt	3,145,832	2,980,185	165,647	6
Other liabilities	18,174	11,100	7,074	64
Total liabilities	**3,171,315**	**2,997,553**	**173,762**	**6**
Total equity	**37,018**	**28,033**	**8,985**	**32**
Total liabilities and equity	**$3,208,333**	**$3,025,586**	**$182,747**	**6 %**

Key Drivers:

As of December 31, 2022 compared to December 31, 2021:

- **Cash and cash equivalents** declined primarily due to a decrease in trust cash driven by lower loan prepayments.
- **Securities purchased under agreements to resell** increased primarily driven by an increase in investments as a result of higher interest rates.
- **Investment securities, at fair value** decreased primarily due to sales and maturities of U.S. Treasury securities and sales of mortgage-related securities.
- **Mortgage loans held-for-investment and debt** increased primarily due to the increase in the size of the Single-Family mortgage portfolio.
- **Other liabilities** increased primarily due to an increase in U.S. Treasury securities purchased but not yet settled.

OUR PORTFOLIOS

Mortgage Portfolio

Our mortgage portfolio includes assets held by both business segments and consists of mortgage loans held-for-investment, mortgage loans held-for-sale, and mortgage loans underlying our mortgage-related guarantees. See **Note 4** for additional information on our mortgage loans and **Note 5** for additional information on our mortgage-related guarantees.

The table below presents the UPB of our mortgage portfolio by segment.

Table 9 - Mortgage Portfolio

	December 31, 2022			December 31, 2021		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Mortgage loans held-for-investment:						
By consolidated trusts	$2,907,999	$30,574	$2,938,573	$2,706,514	$18,757	$2,725,271
By Freddie Mac	33,506	17,805	51,311	36,337	7,900	44,237
Total mortgage loans held-for-investment	**2,941,505**	**48,379**	**2,989,884**	**2,742,851**	**26,657**	**2,769,508**
Mortgage loans held-for-sale	3,564	9,544	13,108	5,446	14,871	20,317
Total mortgage loans	**2,945,069**	**57,923**	**3,002,992**	**2,748,297**	**41,528**	**2,789,825**
Mortgage-related guarantees:						
Mortgage loans held by nonconsolidated trusts	31,500	360,869	392,369	33,340	362,627	395,967
Other mortgage-related guarantees	9,476	10,510	19,986	10,587	10,508	21,095
Total mortgage-related guarantees	**40,976**	**371,379**	**412,355**	**43,927**	**373,135**	**417,062**
Total mortgage portfolio	**$2,986,045**	**$429,302**	**$3,415,347**	**$2,792,224**	**$414,663**	**$3,206,887**
Guaranteed mortgage-related securities:						
Issued by consolidated trusts	$2,916,038	$30,813	$2,946,851	$2,744,899	$18,883	$2,763,782
Issued by non-consolidated trusts	25,772	319,117	344,889	27,538	318,756	346,294
Total guaranteed mortgage-related securities	**$2,941,810**	**$349,930**	**$3,291,740**	**$2,772,437**	**$337,639**	**$3,110,076**

Investments Portfolio

Our investments portfolio consists of our mortgage-related investments portfolio and other investments portfolio.

Mortgage-Related Investments Portfolio

We primarily use our mortgage-related investments portfolio to provide liquidity to the mortgage market and support our loss mitigation activities. Our mortgage-related investments portfolio includes assets held by both business segments and consists of unsecuritized mortgage loans and mortgage-related securities. We primarily invest in mortgage-related securities that we issue or guarantee, although we may also invest in other agency mortgage-related securities.

The Purchase Agreement limits the size of our mortgage-related investments portfolio to a maximum amount of $225 billion effective December 31, 2022. The calculation of mortgage assets subject to the Purchase Agreement cap includes the UPB of mortgage assets and 10% of the notional value of interest-only securities. We are also subject to additional limitations on the size and composition of our mortgage-related investments portfolio pursuant to FHFA guidance. For additional information on the restrictions on our mortgage-related investments portfolio, see **MD&A - Conservatorship and Related Matters**.

The table below presents the details of our mortgage-related investments portfolio.

Table 10 - Mortgage-Related Investments Portfolio

	December 31, 2022			December 31, 2021		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Unsecuritized mortgage loans:						
Securitization pipeline and other loans	$10,093	$27,349	$37,442	$21,189	$22,771	$43,960
Seasoned loans	26,977	—	26,977	20,594	—	20,594
Total unsecuritized mortgage loans	**37,070**	**27,349**	**64,419**	**41,783**	**22,771**	**64,554**
Mortgage-related securities:						
Investment securities	3,440	6,396	9,836	9,748	3,098	12,846
Debt of consolidated trusts	17,939	536	18,475	33,609	2	33,611
Total mortgage-related securities	**21,379**	**6,932**	**28,311**	**43,357**	**3,100**	**46,457**
Mortgage-related investments portfolio	**$58,449**	**$34,281**	**$92,730**	**$85,140**	**$25,871**	**$111,011**
10% of notional amount of interest-only securities			$21,758			$12,517
Mortgage-related investments portfolio for purposes of Purchase Agreement cap			114,488			123,528

Other Investments Portfolio

Our other investments portfolio, which includes the liquidity and contingency operating portfolio, is primarily used for short-term liquidity management, collateral management, and asset and liability management. The assets in the other investments portfolio are primarily allocated to the Single-Family segment.

The table below presents the details of our other investments portfolio.

Table 11 - Other Investments Portfolio

	December 31, 2022				December 31, 2021			
(In millions)	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio(1)	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio(1)
Cash and cash equivalents	$5,652	$611	$97	$6,360	$8,455	$1,596	$99	$10,150
Securities purchased under agreements to resell	88,499	9,703	1,084	99,286	43,729	34,000	807	78,536
Non-mortgage related securities	20,188	—	3,645	23,833	28,078	—	4,695	32,773
Other assets	—	—	4,565	4,565	—	—	8,194	8,194
Other investments portfolio	**$114,339**	**$10,314**	**$9,391**	**$134,044**	**$80,262**	**$35,596**	**$13,795**	**$129,653**

(1) Represents carrying value.

OUR BUSINESS SEGMENTS

As shown in the table below, we have two reportable segments, which are based on the way we manage our business. See **Note 14** for additional financial information for our reportable segments.

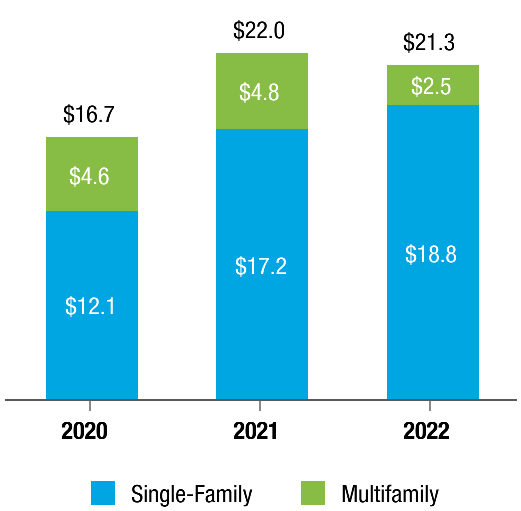
Segment	Description
Single-Family	Reflects results from our purchase, securitization, and guarantee of single-family loans, our investments in single-family loans and mortgage-related securities, the management of Single-Family mortgage credit risk and market risk, and any results of our treasury function that are not allocated to each segment.
Multifamily	Reflects results from our purchase, securitization, and guarantee of multifamily loans, our investments in multifamily loans and mortgage-related securities, and the management of Multifamily mortgage credit risk and market risk.

Segment Net Revenues and Net Income

The graphs below show our net revenues and net income by segment.

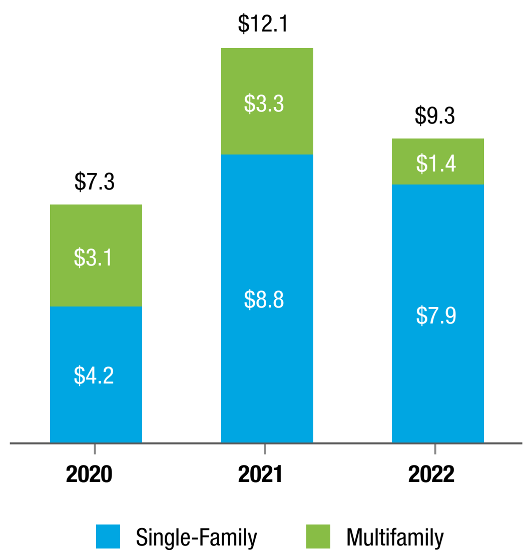
Segment Net Revenues

(In billions)



Segment Net Income

(In billions)



Single-Family

Business Overview

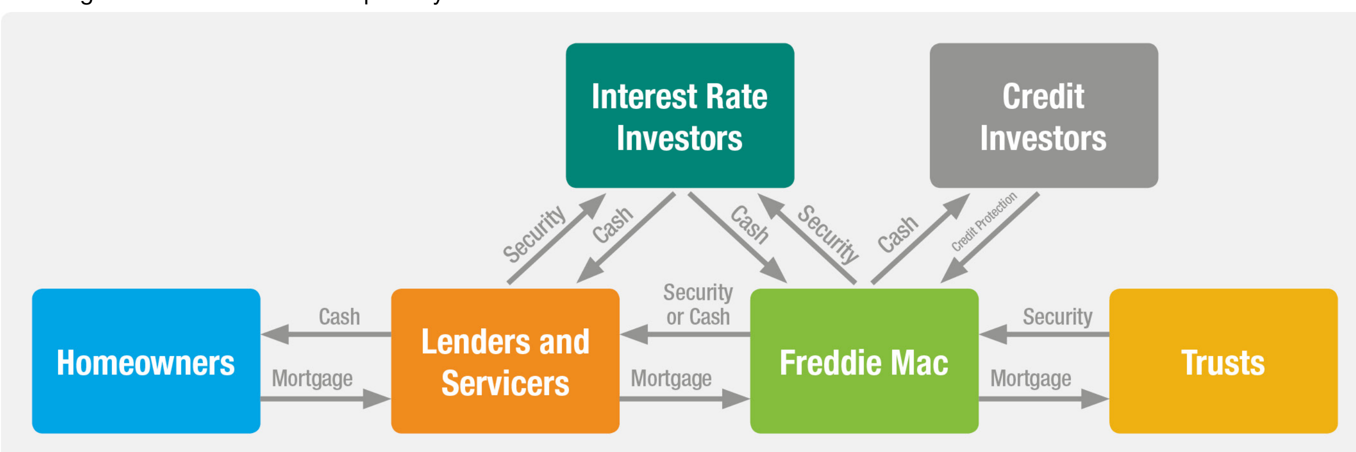
Our Single-Family segment provides liquidity and support to the single-family mortgage market through a variety of activities that include the purchase, securitization, and guarantee of single-family loans originated by lenders. Central to our mission is our commitment to helping more families attain affordable and sustainable housing and to increasing equitable access to housing finance.

The U.S. residential mortgage market consists of a primary mortgage market that links homebuyers and lenders, and a secondary mortgage market that links lenders and investors. The size of the U.S. residential mortgage market is affected by many factors, including changes in interest rates, unemployment rates, homeownership rates, house prices, the supply of housing, lender preferences regarding credit risk, and borrower preferences regarding mortgage debt.

In accordance with our Charter, we participate in the secondary mortgage market. The mix of loan products we purchase is affected by several factors, including the volume of loans meeting the requirements of our Charter, the volume meeting our risk appetite and originated according to our purchase standards, and the loan purchase and securitization activity of other financial institutions.

Our primary business model is to acquire loans that lenders originate and then pool those loans into guaranteed mortgage-related securities that transfer interest-rate, prepayment, and liquidity risk to investors and can be sold in the capital markets. We consolidate most of our Single-Family securitization trusts and, therefore, we recognize the loans held by such trusts and the debt securities issued by such trusts on our balance sheet and recognize the guarantee fees we receive as net interest income. To reduce our exposure under our guarantees, we transfer credit risk on a portion of our Single-Family mortgage portfolio to the private market in certain instances. The returns we generate from these activities are primarily derived from the guarantee fees we receive in exchange for providing our guarantee of the principal and interest payments of the issued mortgage-related securities.

The diagram below illustrates our primary business model.



Products and Activities

Our Single-Family business primarily consists of activities related to providing market liquidity by purchasing and securitizing mortgage loans and issuing guaranteed mortgage-related securities, transferring credit risk, performing loss mitigation activities, and investing in mortgage-related and other investments. Certain of our loan products and programs have been designed to address affordability challenges, particularly in underserved markets.

Loan Purchase, Securitization, and Guarantee Activities

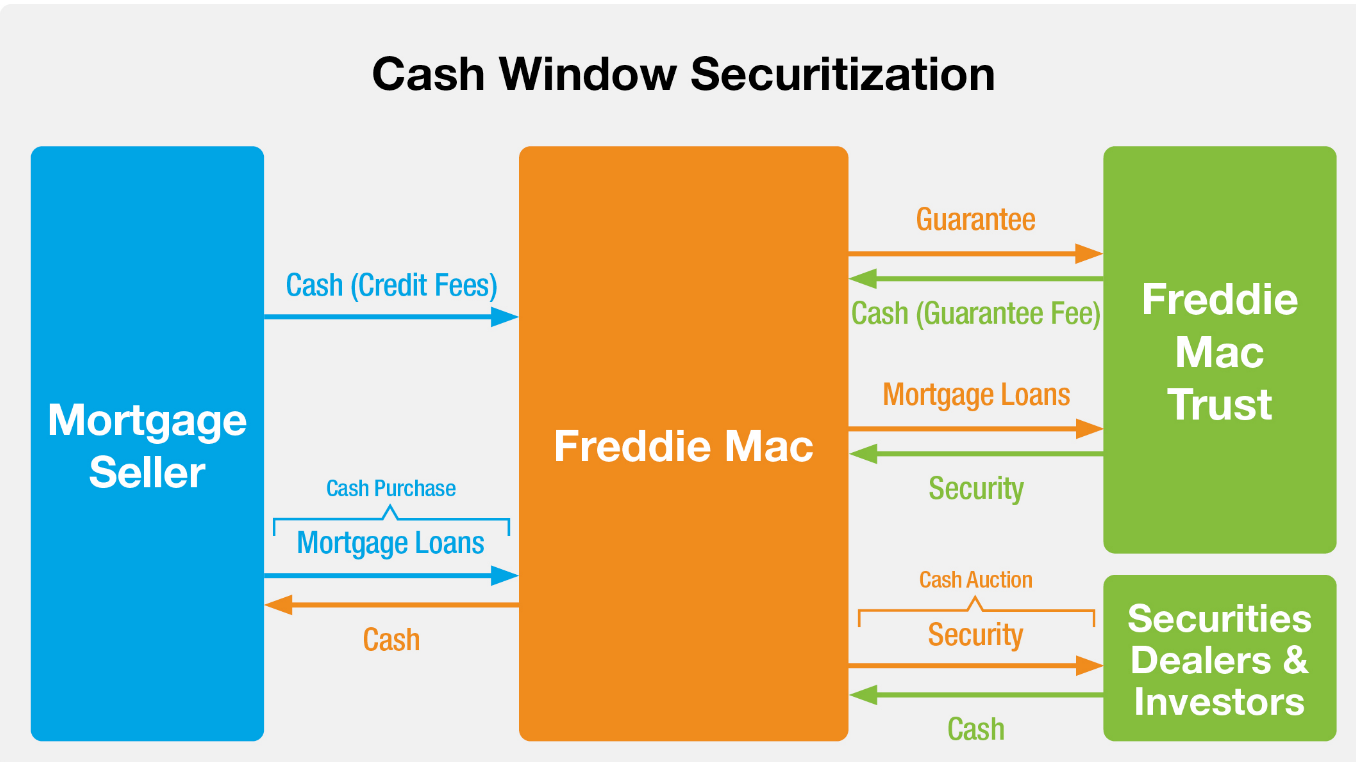
Cash Window Transactions

One of the primary ways we acquire mortgage loans and provide liquidity to our Single-Family lender customers is by purchasing loans for aggregation in our securitization pipeline through our cash window. In these transactions, we purchase mortgage loans from our customers in exchange for cash consideration. We enter into forward commitments with lenders in advance of the loan purchase date to purchase loans through our cash window at a fixed price for our securitization pipeline, allowing lenders to offer borrowers the opportunity to lock in the interest rate on the mortgage prior to loan origination. We refer to the loan as being in our securitization pipeline for the period of time between loan purchase and securitization.

We typically economically hedge the market risk exposure of our securitization pipeline by entering into forward sale commitments and obtain permanent financing for the loans in our securitization pipeline after a short aggregation period by securitizing the loans into guaranteed mortgage-related securities and selling the resulting securities to third-party investors, typically through cash auctions. We may also retain certain of these securities in our mortgage-related investments portfolio prior to selling them to third parties.

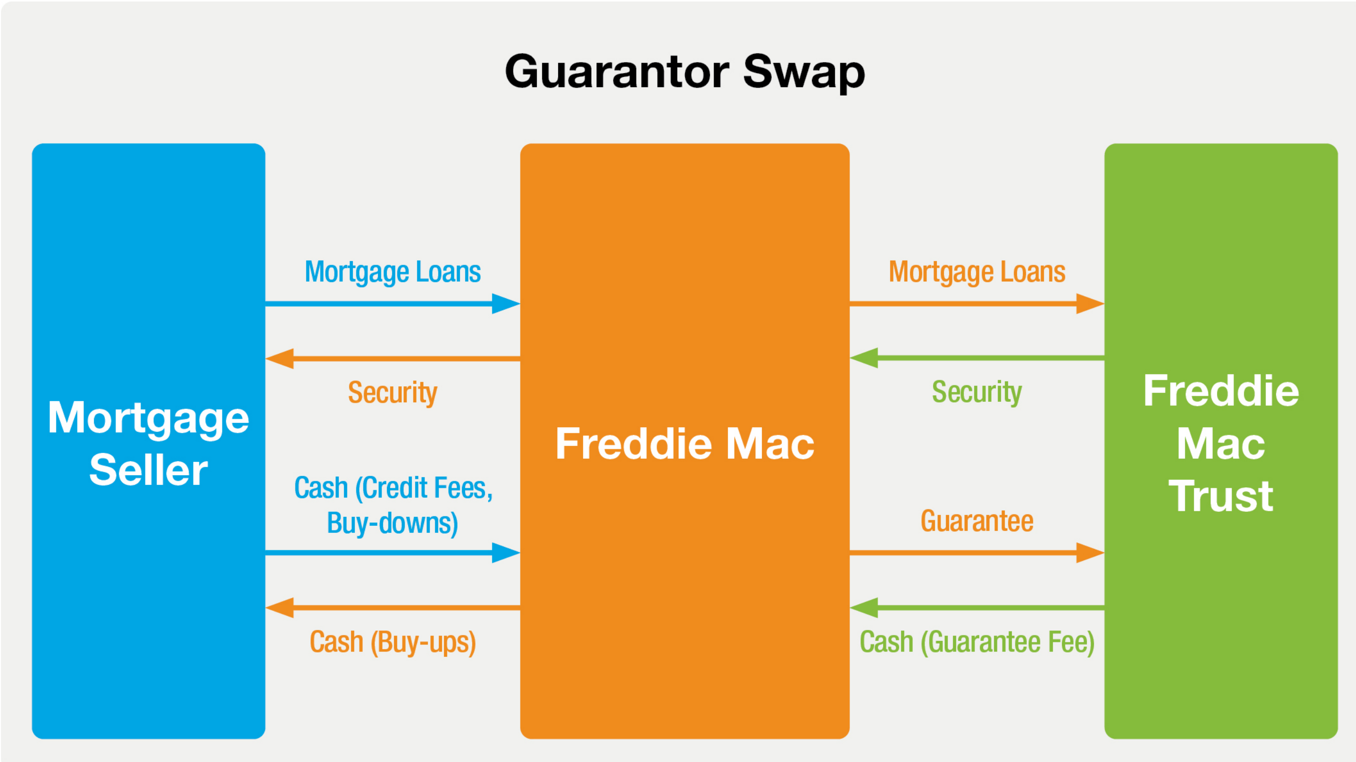
The Purchase Agreement requires us to purchase loans for cash consideration; operate the cash window with non-discriminatory pricing; and comply with directives, regulations, restrictions, and other requirements prescribed by FHFA related to equitable secondary market access by community lenders. The Purchase Agreement also includes restrictions on the volume of our cash window activities, but these requirements have been suspended until six months after Treasury notifies us that such suspension has been terminated. We will continue to manage cash window activities in accordance with our risk limits and guidance from FHFA. For additional information about the Purchase Agreement, see **MD&A - Conservatorship and Related Matters**.

The diagram below shows the process for acquiring and securitizing loans in our cash window transactions.



Guarantor Swap Transactions

In addition to cash window transactions, another primary way we acquire loans and provide liquidity to our Single-Family lender customers is by securitizing loans into guaranteed mortgage-related securities in guarantor swap transactions. Our largest guarantor swap customers are primarily large mortgage banking companies and commercial banks. In these transactions, we purchase mortgage loans from our customers in exchange for a security backed by those same loans, as shown in the diagram below:



Advances to Lenders

We also provide liquidity to certain of our small and medium-sized lenders through our early funding programs, where we advance funds to lenders for mortgage loans prior to the loans being pooled and securitized generally through our guarantor swap transactions. In some cases, the early funded mortgages are ultimately delivered through cash window purchase transactions. We account for these transactions as advances that are fully collateralized by the mortgage loans and recognize the associated fees as interest income on the advances from the early funding date to the final settlement date.

Securitization Products

We offer the following types of securitization products to our customers.

Level 1 Securitization Products

We refer to the securities we issue in cash window securitizations and guarantor swap transactions as Level 1 Securitization Products, which are pass-through securities that represent undivided beneficial interests in trusts that hold pools of loans.

We issue the following types of Level 1 Securitization Products:

- **UMBS** - Single-class pass-through securities issued through the CSP with a 55-day payment delay for TBA-eligible fixed-rate mortgage loans. The UMBS is a single (common) security that is issued by either Fannie Mae or us. The UMBS market is designed to enhance the overall liquidity of TBA-eligible Freddie Mac and Fannie Mae securities by supporting their fungibility without regard to which company is the issuer. SIFMA permits UMBS TBA contracts to be settled by delivery of UMBS issued by either Freddie Mac or Fannie Mae under its good-delivery guidelines.
- **55-day MBS** - Single-class pass-through securities issued through the CSP with a 55-day payment delay for non-TBA-eligible fixed-rate mortgage loans.
- **ARM PCs** - Single-class pass-through securities with a 75-day payment delay for ARM products. We do not use the CSP to issue ARM PCs.

In prior years, we also issued Gold PCs, which were single-class pass-through securities with a 45-day payment delay for fixed-rate mortgage loans. We discontinued the issuance of Gold PCs in 2019. Existing Gold PCs that are not entirely resecuritized are eligible for exchange into UMBS (for TBA-eligible securities) or 55-day MBS (for non-TBA-eligible securities).

All Level 1 Securitization Products we issue are backed only by mortgage loans that we have acquired. We offer (or previously offered) all of the above products through both guarantor swap and cash window programs.

We also periodically use Level 1 Securitization Products to securitize certain reperforming loans subsequent to purchasing them from the original securities pool, depending on market conditions, business strategy, credit risk considerations, and operational efficiency.

When we issue a Level 1 Securitization Product, we retain the credit risk of the underlying mortgage loans by guaranteeing the principal and interest payments of the issued securities and transfer the interest-rate, prepayment, and liquidity risks of those loans to the investors in the securities. For our fixed-rate Level 1 Securitization Products, we guarantee the timely payment of principal and interest. For our ARM PCs, we guarantee the timely payment of the weighted average coupon interest rate for the underlying loans, and we also guarantee the full and final payment of principal, but not the timely payment of principal. In exchange for our guarantee of Level 1 Securitization Products, we receive guarantee fees that are designed to be commensurate with the aggregate risks assumed and that we expect will, over the long-term, provide income that exceeds the credit-related and administrative expenses on the underlying loans and also provide a return on the capital that would be needed to support the related credit risk. The guarantee fees charged on new acquisitions generally consist of:

- A contractual monthly fee paid as a percentage of the UPB of the underlying loan, including the legislated guarantee fees and
- Fees we receive or pay when we acquire a loan, which include credit fees and buy-up and buy-down fees. Credit fees are calculated based on credit risk factors such as the loan product type, loan purpose, LTV ratio, and credit score, and are charged to compensate us for higher levels of risk in some loan products. Buy-up and buy-down fees are payments made or received to buy up or buy down, respectively, the monthly contractual guarantee fee and are paid in conjunction with the formation of a security to provide for a uniform net coupon rate for the mortgage pool underlying the security.

In general, we must obtain FHFA's approval to implement significant across-the-board changes to our credit fees. In addition, from time to time, FHFA issues directives or guidance to us affecting the levels of guarantee fees that we may charge. For additional information on recent changes to pricing, see **MD&A - Regulation and Supervision - *Targeted Pricing Changes to Enterprise Pricing Framework***.

In order to issue mortgage-related securities, we establish trusts pursuant to our Master Trust Agreements and place the mortgage loans in the trust, which issues securities backed by those mortgage loans. The servicer administers the collection of borrowers' payments on their loans and remits the collected funds to us. We administer the distribution of payments to the investors in the mortgage-related securities, net of any applicable guarantee fees. When we securitize mortgage loans using trusts, Freddie Mac typically functions in its capacity as depositor, guarantor, administrator, and trustee of the trusts. We consolidate our Single-Family Level 1 Securitization Product trusts and recognize the mortgage loans held and debt issued by those trusts on our consolidated balance sheets. As a result, we recognize guarantee fees for these products as the difference between the interest income on the loans held by the trusts and the interest expense on the debt issued by the trusts. This amount is referred to as guarantee net interest income.

When a borrower prepays a loan that we have securitized, the outstanding balance of the security owned by investors is reduced by the amount of the prepayment. If the borrower becomes delinquent, we continue to make the applicable payments to the investors in the mortgage-related securities pursuant to our guarantee until we purchase the loan out of the securitization trust. We have the option to purchase specified loans, including certain delinquent loans, from the trust at a purchase price equal to the current UPB of the loan, less any outstanding advances of principal that have been previously distributed. At the instruction of FHFA, we purchase loans from trusts when they reach 24 months of delinquency, except for loans that meet certain criteria (e.g., permanently modified or foreclosure referral), which may be purchased sooner. Many delinquent loans are purchased from trusts before they reach 24 months of delinquency under one of the exceptions provided. We must obtain FHFA's approval to implement changes to our policy to purchase loans from trusts. We implemented the 24-month policy on January 1, 2021. Prior to that time, in accordance with FHFA instruction, we generally purchased loans from trusts if they were delinquent for 120 days, subject to certain exceptions.

Other Securitization Products

We securitize certain seasoned loans in transactions where we issue guaranteed senior securities and unguaranteed subordinated securities. The collateral for these structures primarily consists of reperforming loans. The unguaranteed subordinated securities absorb first losses on the related loans. After securitization, we do not control the servicing, and the loans are not serviced in accordance with our Guide.

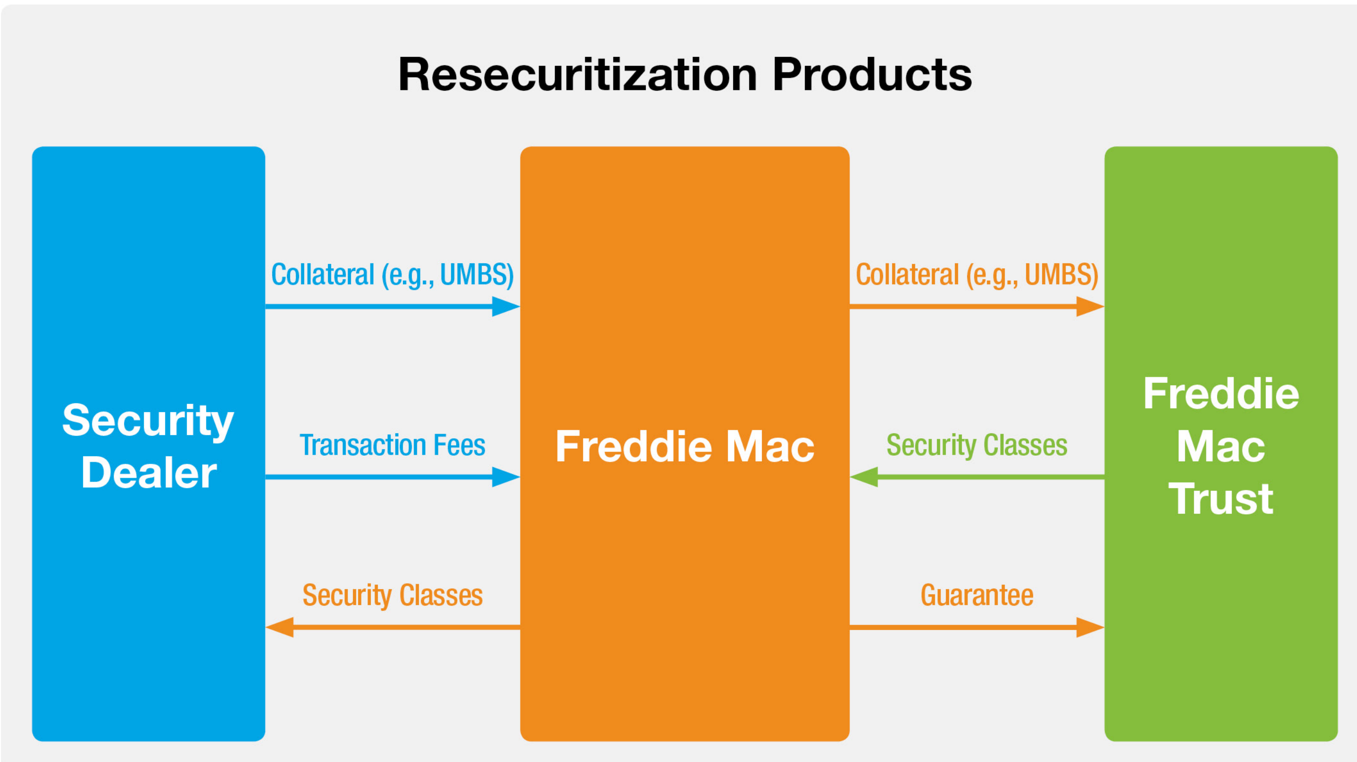
In prior years, we offered additional types of securitization products to our customers, including senior subordinate securitizations backed by recently originated loans and other securitization products collateralized by non-Freddie Mac mortgage-related securities. We no longer offer these products on a regular basis and have not entered into these types of transactions recently.

Resecuritization Products

Resecuritization products represent beneficial interests in pools of Level 1 Securitization Products and certain other types of mortgage assets. We generally create these securities by using Level 1 Securitization Products or our previously issued resecuritization products as the underlying collateral. We leverage the issuance of these securities to expand the range of investors in our mortgage-related securities to include those seeking specific security attributes. Similar to our Level 1 Securitization Products, we guarantee the payment of principal and interest to the investors in our resecuritization products. We do not charge a guarantee fee for these securities if the underlying collateral is already guaranteed by us since no additional credit risk is introduced, although we typically receive a transaction fee as compensation for creating the security and future administrative responsibilities. We use the CSP for many of the securities administration activities for our resecuritization products.

We have the ability to commingle TBA-eligible Fannie Mae collateral in certain of our resecuritization products. When we resecuritize Fannie Mae securities, which are separately guaranteed by Fannie Mae, in our commingled resecuritization products, our guarantee covers timely payment of principal and interest on such products from the underlying Fannie Mae securities. If Fannie Mae were to fail to make a payment on a Fannie Mae security that we resecuritized, we would be responsible for making the payment. We are required to hold incremental capital for our guarantees of Fannie Mae securities under the ERCF. We also began to charge a fee for any commingled security issued on or after July 1, 2022. Due to the market's reaction to this fee, our issuances of commingled securities effectively ceased after July 1, 2022. For more information on the fees we charge for guaranteeing Fannie Mae securities, see **MD&A – Regulation and Supervision - *Resecuritization Fee for New Issuances of Commingled Securities***.

All of the cash flows from the collateral underlying our resecuritization products are generally passed through to investors in these securities. We do not issue resecuritization products that have concentrations of credit risk beyond those embedded in the underlying assets. In many of our resecuritization transactions, securities dealers or investors deliver mortgage assets in exchange for the resecuritization product. In certain cases, we may also transfer our own mortgage assets in exchange for the resecuritization product. The diagram below provides a general example of how we create resecuritization products.



We offer the following types of resecuritization products:

- **Single-class resecuritization products** - Involve the direct pass through of all cash flows of the underlying collateral to the beneficial interest holders and include:
  - ***Supers*** - Resecuritizations of UMBS and certain other TBA-eligible mortgage securities. This structure allows commingling of Freddie Mac and Fannie Mae collateral, where newly issued or exchanged UMBS and Supers issued by us or Fannie Mae may be commingled to back Supers issued by us. Fannie Mae also issues Supers. Supers can be backed by:
    - UMBS and/or other Supers issued by us or Fannie Mae;
    - Existing TBA-eligible Fannie Mae "MBS" and/or "Megas"; and/or
    - UMBS and Supers that we have issued in exchange for TBA-eligible PCs and Giant PCs that have been delivered to us in response to our offer to exchange 45-day payment delay securities for corresponding 55-day payment delay securities.

- ***Giant MBS*** - Resecuritizations of:
  - Newly issued 55-day MBS and/or Giant MBS and/or
  - 55-day MBS and/or Giant MBS that we have issued in exchange for non-TBA-eligible PCs and non-TBA-eligible Giant PCs that have been delivered to us in response to our offer to exchange 45-day payment delay securities for corresponding 55-day payment delay securities.
- ***Giant PCs*** - Resecuritizations of previously issued PCs or Giant PCs. Although we no longer issue Gold PCs, existing Gold PCs may continue to be resecuritized into Giant PCs. In addition, ARM PCs may continue to be resecuritized into ARM Giant PCs. Fixed-rate Giant PCs are eligible for exchange into Supers (for TBA-eligible securities) or Giant MBS (for non-TBA-eligible securities).

- **Multiclass resecuritization products**
  - ***REMICs*** - Resecuritizations of previously issued mortgage securities that divide all cash flows of the underlying collateral into two or more classes of varying maturities, payment priorities, and coupons. This structure allows commingling of TBA-eligible Freddie Mac and Fannie Mae collateral.
  - ***Strips*** - Resecuritizations of previously issued Level 1 Securitization Products or single-class resecuritization products and issuance of stripped securities, including principal-only and interest-only securities or floating rate and inverse floating rate securities, backed by the cash flows from the underlying collateral. This structure allows commingling of TBA-eligible Freddie Mac and Fannie Mae collateral.

Other Mortgage-Related Guarantees

We also offer a guarantee on mortgage assets held by third parties, in exchange for guarantee fees, without securitizing those assets. These arrangements, referred to as long-term standby commitments, obligate us to purchase seriously delinquent loans that are covered by those commitments. From time to time, we have consented to the termination of our long-term standby commitments and simultaneously entered into guarantor swap transactions with the same counterparty, issuing securities backed by many of the same loans.

CRT Activities

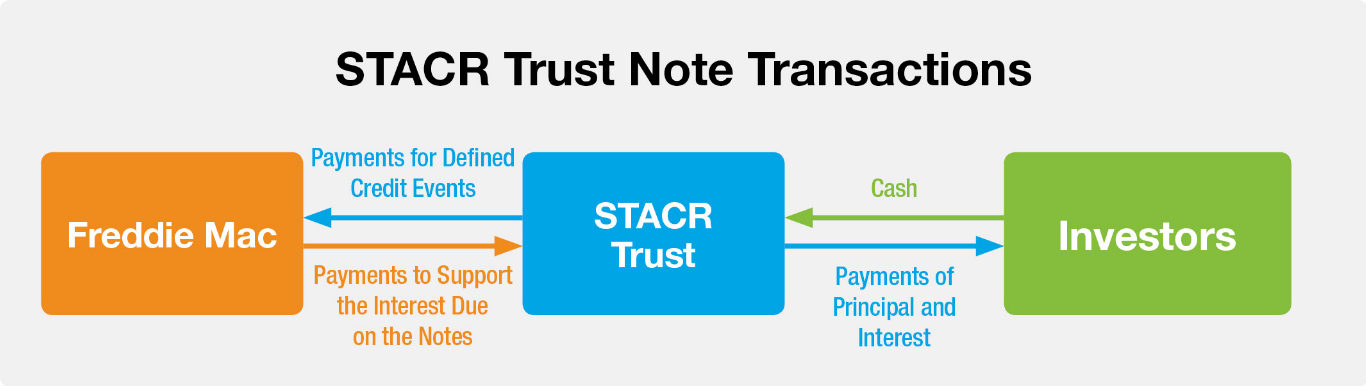
To reduce our credit risk exposure, we engage in various types of credit enhancements, including CRT transactions and other credit enhancements. We define CRT transactions as those arrangements where we actively transfer the credit risk exposure on mortgages that we own or guarantee. We define other credit enhancements as those arrangements, such as traditional primary mortgage insurance, where we do not actively take part in the transfer of the credit risk exposure. Our CRT transactions are designed to reduce the amount of required capital related to credit risk, to transfer portions of credit losses on groups of previously acquired loans to third-party investors, and to reduce the risk of future losses to us when borrowers default. The costs we incur in exchange for this credit protection effectively reduce our guarantee income from the associated mortgages.

Each CRT transaction is designed to transfer a certain portion of the credit risk that we assume for loans with certain targeted characteristics. Risk positions may be transferred to third-party investors through one or more CRT transactions. The risk transfer could occur prior to, or simultaneously with, our purchase of the loan (i.e., front-end coverage) or after the purchase of the loan (i.e., back-end coverage). As CRT has become part of our normal business activities, we have established the following programs to regularly transfer portions of credit risk to diversified investors:

STACR and ACIS Offerings

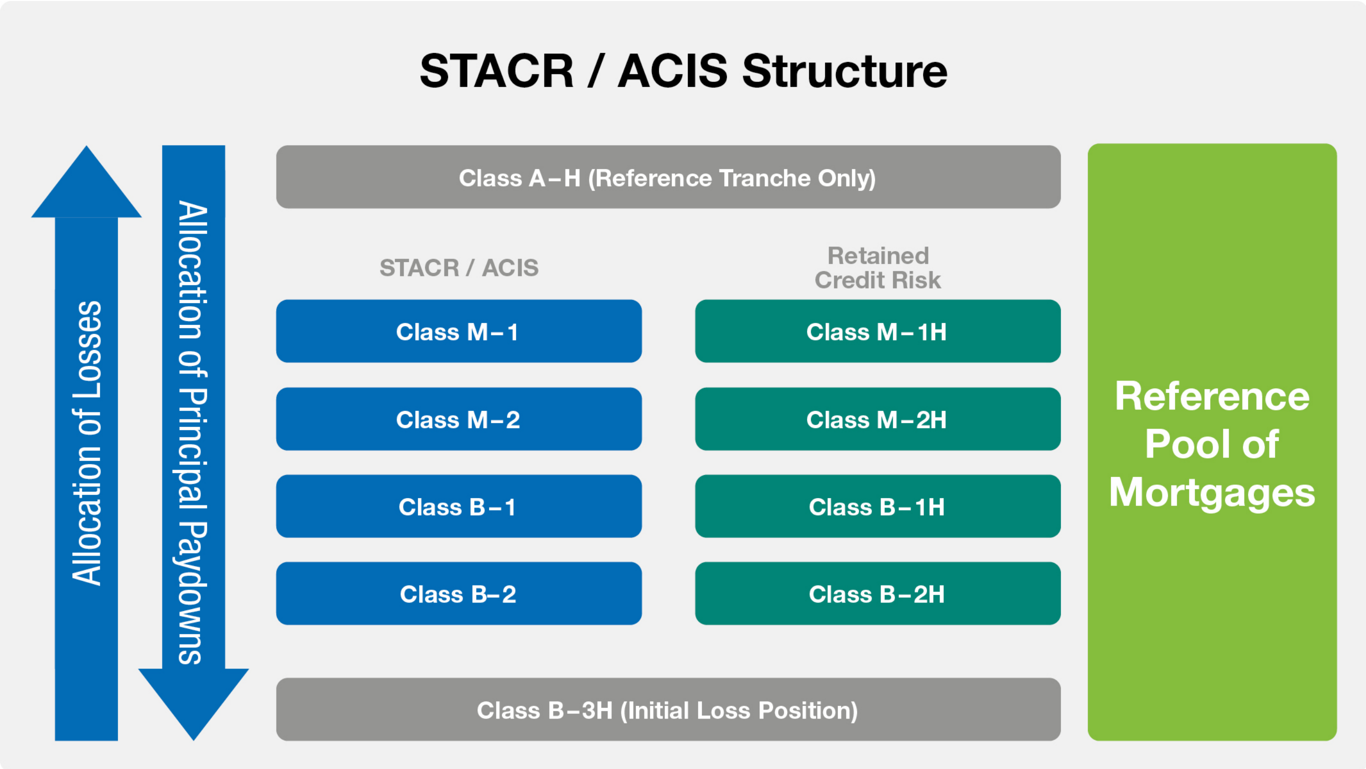
Our two primary CRT programs are STACR and ACIS.

- **STACR** - Our primary Single-Family securities-based credit risk sharing vehicle. STACR Trust note transactions transfer risk to the private capital markets through the issuance of unguaranteed notes using a third-party trust. In a STACR transaction, we create a reference pool of loans from our Single-Family mortgage portfolio, and a third-party trust issues credit notes linked to the reference pool. The trust makes periodic payments of principal and interest on the notes to noteholders, but is not required to repay principal to the extent that the note balance is reduced as a result of specified credit events on the mortgage loans in the related reference pool. We make payments to the trust to support payment of the interest due on the notes. The amount of risk transferred in each transaction affects the amounts we are required to pay. We receive payments from the trust that otherwise would have been made to the noteholders to the extent there are certain defined credit events on the mortgage loans in the related reference pool. The note balance is reduced by the amount of the payments to us, thereby transferring the related credit risk of the loans in the reference pool to the note investors. Generally, the note balance is also reduced based on principal payments that occur on the loans in the reference pool. The diagram below illustrates a typical STACR transaction.



- **ACIS** - Our primary insurance-based credit risk sharing vehicle. ACIS transactions are insurance policies we enter into with global insurance and reinsurance companies to cover a portion of credit risk on the mortgage loans in the related reference pools. We pay monthly premiums to the insurers or reinsurers in exchange for claim coverage on specified credit events on the mortgage loans in the related reference pool. We require our ACIS counterparties to partially collateralize their exposure to reduce the risk that we will not be reimbursed for our claims under the policies.

We have established programmatic offerings of STACR and ACIS transactions to regularly transfer credit risk on a targeted population of recently acquired mortgage loans (on-the-run transactions). The targeted loan population for on-the-run transactions is recently acquired fixed-rate mortgage loans with maturity terms greater than 20 years and original LTV ratios between 60% and 97%, excluding loans acquired under our relief refinance programs, government guaranteed loans, and loans that do not meet certain eligibility criteria. Our typical on-the-run transactions provide back-end coverage for loans that have been recently acquired and/or securitized into Level 1 Securitization Products. In a typical on-the-run transaction, we transfer to third-party investors a portion of the credit risk between a specified attachment point and a detachment point which may vary based on numerous factors, such as the type of collateral and market conditions. We generally retain the initial loss position and at least 5% of the credit risk of all the positions sold to align our interests with those of the investors. We also retain all of the senior credit risk position. Currently, on-the-run STACR transactions typically have a 20-year maturity and on-the-run ACIS transactions typically have a 12.5-year maturity. The diagram below illustrates a typical on-the-run STACR and ACIS structure.



In addition to our regularly issued on-the-run transactions, we have also periodically executed "off-the-run" STACR and ACIS transactions that provide back-end coverage on certain loans that are not in the on-the-run transaction targeted loan population. For example, we offer STACR and ACIS transactions that provide coverage on certain relief refinance loans, STACR and ACIS transactions that provide coverage on unissued portions of the reference pools related to previous STACR and ACIS transactions, and ACIS transactions that provide coverage on loans with 15-year maturities not related to any STACR offering.

Prior to 2018, the majority of our STACR transactions were structured as unsecured debt issued directly by us (STACR debt notes) rather than as debt issued by a trust. These transactions operate similarly to STACR Trust notes, except that we make payments of principal and interest on the issued STACR debt notes. See **Note 8** for additional information on these debt issuances.

We monitor the costs and benefits provided by the CRT coverage we have obtained on a regular basis, including the impact of CRT on our capital requirements under the ERCF. We may periodically terminate certain CRT transactions, through the exercise of contractual call options, repurchases of outstanding securities, or other means, if we determine prior to contractual maturity that they are no longer economically sensible.

Additional Offerings

We also transfer credit risk through issuance of senior subordinate securitizations, additional types of insurance and reinsurance transactions, and risk-sharing arrangements with certain single-family lenders. For additional information on Single-Family mortgage loan credit enhancements, see **MD&A - Risk Management -** ***Credit Risk - Single-Family Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors***.

We also periodically sell certain delinquent loans that we have previously repurchased from securitization trusts. See **Note 4** for additional information on sales of mortgage loans.

Loss Mitigation Activities

Servicers perform loss mitigation activities as well as foreclosures on loans that they service for us. Our loss mitigation strategy emphasizes early intervention by servicers in delinquent loans and offers alternatives to foreclosure by providing servicers with default management programs designed to manage delinquent loans and to assist borrowers in maintaining homeownership or facilitate foreclosure alternatives.

We offer (or previously offered) a variety of borrower assistance programs, including refinance programs for certain eligible loans and loan workout activities for struggling borrowers. Our loan workouts include both home retention options and foreclosure alternatives.

Relief Refinance Program

Our relief refinance program allowed eligible homeowners whose loans we already owned or guaranteed to refinance with more favorable terms (such as reduction in payment, reduction in interest rate, or movement to a more stable loan product) and without the need to obtain additional mortgage insurance. The relief refinance program also provided liquidity for borrowers who were current on their mortgages but were unable to refinance because their LTV ratios exceeded our standard refinance limits. Our current relief refinance offering, the Enhanced Relief Refinance^{SM} program, has been suspended until further notice.

Loan Workout Activities

Home Retention Options

When refinancing is not practicable, we require our servicers first to evaluate the loan for a forbearance plan, repayment plan, payment deferral plan, or loan modification, because our level of recovery on a loan that reperforms is often higher than for a loan that proceeds to a foreclosure alternative or foreclosure. Although workout options are often less costly than a foreclosure, we incur costs as a result of our loss mitigation activities. Specifically, payment deferral plans result in non-interest-bearing balances we have to finance for the life of the mortgage, resulting in economic costs as a result of this program. Additionally, we incur economic losses on loan modifications that involve an interest rate reduction or principal forbearance, and we incur expenses related to incentive fees we pay to servicers for certain successfully completed loan workouts.

We offer the following types of home retention options:

- **Forbearance plans** - Arrangements that require reduced or no payments during a defined period that provides borrowers additional time to return to compliance with the original mortgage terms or to implement another type of loan workout option. Borrowers may exit forbearance by repaying all past due amounts thus fully reinstating the loan, paying off the loan in full, or entering into a repayment plan, a payment deferral plan, or a trial period plan pursuant to a loan modification. We offer forbearance of up to 12 months to single-family borrowers experiencing financial difficulty (and up to 18 months for certain borrowers affected by the COVID-19 pandemic). Borrowers may receive an initial forbearance term of one to six months and, if necessary, one or more forbearance term extensions of one to six months, as long as the delinquency of the mortgage does not exceed 12 months (and up to 18 months for certain borrowers affected by the COVID-19 pandemic).
- **Repayment plans** - Contractual plans that allow borrowers a specific period of time to return to current status by paying the normal monthly payment plus additional agreed upon delinquent amounts. Repayment plans must have a term greater than one month and less than or equal to 12 months and the monthly repayment plan payment amount must not exceed

150% of the contractual mortgage payment.

- **Payment deferral plans** - Arrangements that allow borrowers to return to current status by deferring delinquent principal and interest into a non-interest-bearing principal balance that is due at the earlier of the payoff date, maturity date, or sale of the property. The remaining mortgage term, interest rate, payment schedule, and maturity date remain unchanged and no trial period plan is required. The number of months of payments deferred varies based upon the type of hardship the borrower is experiencing.
- **Loan modifications** - Contractual plans that may involve changing the terms of the loan such as payment delays, interest rate reductions, term extensions, or a combination of these items. Payment delays in our loan modification programs most commonly consist of adding outstanding indebtedness, such as delinquent interest, to the UPB of the loan, and may also include principal forbearance, in which a portion of the principal balance becomes non-interest-bearing and is due at the earlier of the payoff date, maturity date, or sale of the property. Our modification programs generally require completion of a trial period of at least three months prior to receiving the modification. If a borrower fails to complete the trial period, the loan is considered for our other workout activities. These modification programs offer eligible borrowers extension of the loan's term up to 480 months and a fixed interest rate. Servicers are paid incentive fees for each completed modification, and there are limits on the number of times a loan may be modified. Our primary loan modification program is the Freddie Mac Flex Modification® program, which targets a 20% payment reduction through payment delays, interest rate reduction, and term extension. Under the Freddie Mac Flex Modification program, borrowers must complete a 90-day trial period plan prior to permanent modification.

Foreclosure Alternatives

When a seriously delinquent single-family loan cannot be resolved through an economically sensible home retention option, we typically seek to pursue a foreclosure alternative before we pursue a foreclosure sale. We pay servicers incentive fees for each completed foreclosure alternative. In some cases, we provide cash relocation assistance to the borrower, while allowing the borrower to exit the home in an orderly manner. We offer the following types of foreclosure alternatives:

- **Short sale** - The borrower sells the property for less than the total amount owed under the terms of the loan. A short sale is preferable to a borrower because we provide limited relief to the borrower from repaying the entire amount owed on the loan. A short sale allows us to avoid the costs we would otherwise incur to complete the foreclosure and subsequently sell the property.
- **Deed in lieu of foreclosure** - The borrower voluntarily agrees to transfer title of the property to us without going through formal foreclosure proceedings.

When we are unable to successfully execute a loan workout and the loan remains delinquent, we may ultimately pursue foreclosure. In a foreclosure, we may acquire the underlying property and later sell it, using the proceeds of the sale to reduce our losses. For additional information on our loss mitigation and foreclosure activities, see **MD&A - Our Business Segments - Single-Family** - ***Business Results*** and **MD&A - Risk Management** - ***Credit Risk - Single-Family Mortgage Credit Risk***.

Investing Activities

We primarily use our Single-Family mortgage-related investments portfolio to provide liquidity to the mortgage market by purchasing loans for our securitization pipeline and by purchasing delinquent and modified loans from securitization trusts. We also invest in agency mortgage-related securities. We manage the portfolio's risk-versus-return profile using our internal economic framework and make appropriate risk and capital management decisions to effectively execute our business strategy and be responsive to market conditions. For additional information on our mortgage-related investments portfolio, see **MD&A - Our Portfolios** ***- Investments Portfolio - Mortgage-Related Investments Portfolio***.

We may use our Single-Family mortgage-related investments portfolio to undertake various activities to support our presence in the agency securities market or to support the liquidity of our securities, including their price performance relative to comparable Fannie Mae securities. Depending upon market conditions, there may be substantial variability in any period in the total amount of securities we purchase or sell. The purchase or sale of agency securities could, at times, adversely affect the price performance of our securities relative to comparable Fannie Mae securities. We may incur costs to support our presence in the agency securities market and to support the liquidity and price performance of our securities. For more information, see **Risk Factors** *- Market Risks* ***- A significant decline in the price performance of or demand for our UMBS could have an adverse effect on the volume and/or profitability of our Single-Family business activity***. For additional information on the limits on the mortgage-related investments portfolio established by the Purchase Agreement and by FHFA, see **MD&A - Conservatorship and Related Matters** ***- Limits on Our Mortgage-Related Investments Portfolio and Indebtedness***. In addition, we may forgo certain investment opportunities for a variety of reasons, including the limit on the size of our mortgage-related investments portfolio or the risk that an accounting treatment may create earnings variability.

Our company-wide Treasury function primarily includes issuing, calling, and repurchasing debt of Freddie Mac, managing our other investments portfolio, and managing interest-rate risk, which includes monitoring and economically hedging interest-rate risk for the entire company, primarily through the use of derivative instruments. We allocate debt funding costs and interest-rate risk management gains and losses to specific assets and liabilities included in each segment. The residual financial impact of our company-wide Treasury function and interest-rate risk management function is primarily allocated to the Single-Family segment. For additional information on the company-wide Treasury function, see **MD&A - Liquidity and Capital Resources**. For additional information on interest-rate risk management, see **MD&A - Risk Management -** *Market Risk*.

Customers

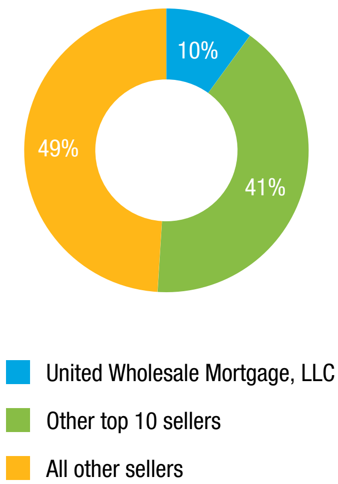
Our Single-Family customers are investors in our mortgage-related securities, CRT offerings, and other debt securities, including banks and other depository institutions, insurance companies, money managers, central banks, pension funds, state and local governments, REITs, and brokers and dealers. We also maintain relationships with dealers in our guaranteed mortgage-related securities and other debt securities. Our unsecured other debt securities and structured mortgage-related securities are initially purchased by dealers and redistributed to their customers. Our Single-Family customers also include financial institutions that originate, sell, and perform the ongoing servicing of loans for new or existing homeowners. These companies include mortgage banking companies, commercial banks, regional banks, community banks, credit unions, HFAs, savings institutions, and non-depository financial institutions. Many of these companies are both sellers and servicers for us.

We enter into loan purchase agreements with many of our Single-Family customers that outline the terms under which we agree to purchase loans from them over a period of time. For most of the loans we purchase, the guarantee fees are not specified contractually. Instead, we bid for some or all of the lender's loan volume on a monthly basis at a guarantee fee that we specify. As a result, our loan purchase volumes from individual customers can fluctuate significantly.

We acquire a significant portion of our loans from several lenders that are among the largest originators in the U.S. In addition, a significant portion of our single-family loans is serviced by several large servicers. The following charts show the concentration of our 2022 Single-Family purchase volume by our largest sellers and our Single-Family loan servicing by our largest servicers as of December 31, 2022. Any seller or servicer with a 10% or greater share is listed separately.

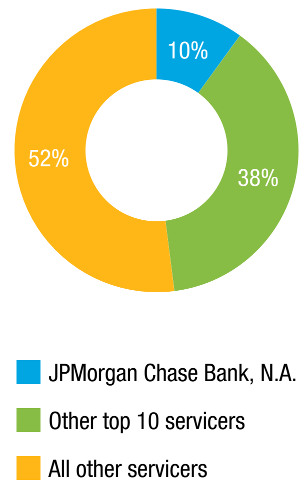
Percentage of Single-Family Purchase Volume

(Based on UPB of $541 billion)



Percentage of Single-Family Servicing Volume[(1)]

(Based on UPB of $2,986 billion)



(1) Percentage of servicing volume is based on the total Single-Family mortgage portfolio, which includes loans for which we do not exercise servicing control. However, loans for which we do not exercise servicing control are not included for purposes of determining the concentration of servicers who serviced more than 10% of our Single-Family mortgage portfolio.

For additional information about seller and servicer concentration risk and our relationships with our seller and servicer customers, see **MD&A - Risk Management - *Counterparty Credit Risk - Sellers and Servicers*** and **Note 15**.

Competition

We operate in a competitive market by varying our pricing for different customers, loan products, and underwriting characteristics. We seek to maintain a broad-ranging mix of loan quality for the loans we purchase. However, sellers may elect to retain loans with better credit characteristics. A seller’s decision to retain these loans, or its decision concerning the loans it sells to Freddie Mac based on the credit standards and pricing policies of other secondary market participants, could result in Freddie Mac purchasing loans with a more adverse credit profile.

Our principal competitors in Single-Family are Fannie Mae, FHA/VA (with Ginnie Mae securitization), and other financial institutions that retain or securitize loans, such as commercial and investment banks, dealers, and savings institutions. Our competitors in Single-Family also include firms that invest in loans and mortgage-related assets and issue corporate debt, including Fannie Mae, REITs, supranationals (international institutions that provide development financing for member countries), commercial and investment banks, dealers, savings institutions, insurance companies, the Federal Farm Credit Banks, the FHLBs, and non-bank loan aggregators, who are both our customers and competitors. The conservatorship, including direction provided to us by our Conservator, may affect our ability to compete. The areas in which we and Fannie Mae compete have been limited as we have been required by FHFA to align certain of our Single-Family mortgage purchase offerings, servicing, and securitization practices with Fannie Mae to achieve and maintain market acceptance of the UMBS. FHFA has also placed limits on our and Fannie Mae's ability to compete with each other on pricing.

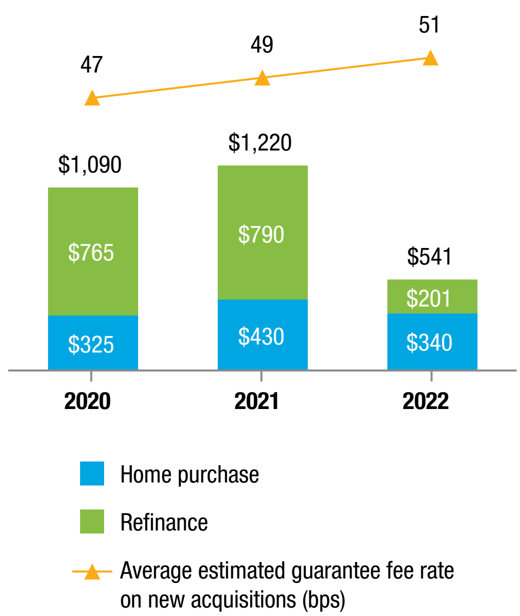
Business Results

The graphs, tables, and related discussion below present the business results of our Single-Family segment.

New Business Activity

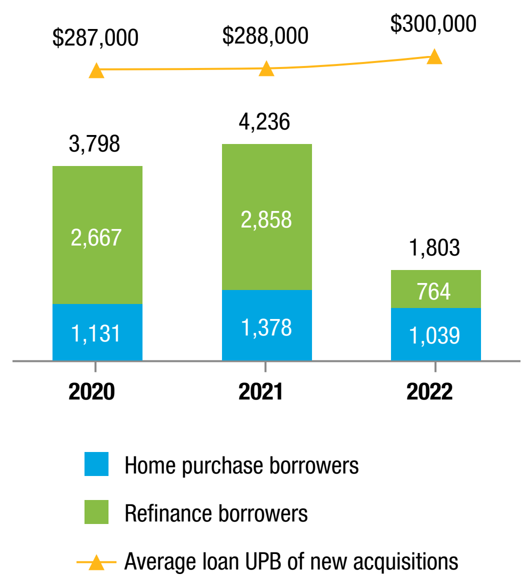
UPB of Single-Family Loan Purchases and Guarantees by Loan Purpose and Average Estimated Guarantee Fee Rate[1] on New Acquisitions

(UPB in billions)



Number of Families Helped to Own a Home and Average Loan UPB of New Acquisitions

(Loan count in thousands)



(1) Estimated guarantee fee rate calculation excludes the legislated guarantee fees and includes deferred fees recognized over the estimated life of the related loans.

- As a key player in the secondary mortgage market, we maintain a consistent market presence by providing lenders with a constant source of liquidity for conforming loan products. Our loan purchase and guarantee activity, particularly refinance activity, slowed in 2022 compared to 2021 due to higher mortgage interest rates.
- The average loan size of new acquisitions increased in 2022 compared to 2021 due to a higher conforming loan limit and house price appreciation in recent periods.
- The average estimated guarantee fee rate on new acquisitions consists of the contractual guarantee fee rate and deferred fee income, including the expected gains (losses) from buy-up and buy-down fees, recognized over the estimated life of the related loans using our expectations of prepayments and other liquidations. The average estimated guarantee fee rate on new acquisitions increased in 2022 compared to 2021 primarily due to (1) higher credit fees we began to charge in April 2022 for certain loans and (2) a shift in the mix of new acquisitions from loans with lower credit fees to those with higher credit fees.
- We continued working to improve equitable access to affordable and sustainable housing. For example, our Home Possible® and Home One® initiatives offer down payment options as low as 3% and are designed to help qualified borrowers with limited savings buy a home. We purchased approximately 112,000 loans under these initiatives in 2022. Our Refi Possible® initiative provides more flexibility to help low- and moderate-income borrowers refinance their existing mortgages and lower their monthly payments. We also continue to implement programs that support responsibly broadening access to affordable housing by:
  - Improving the effectiveness of pre-purchase and early delinquency counseling for borrowers;
  - Implementing the Duty to Serve Underserved Markets plan;
  - Implementing the Equitable Housing Finance plan;

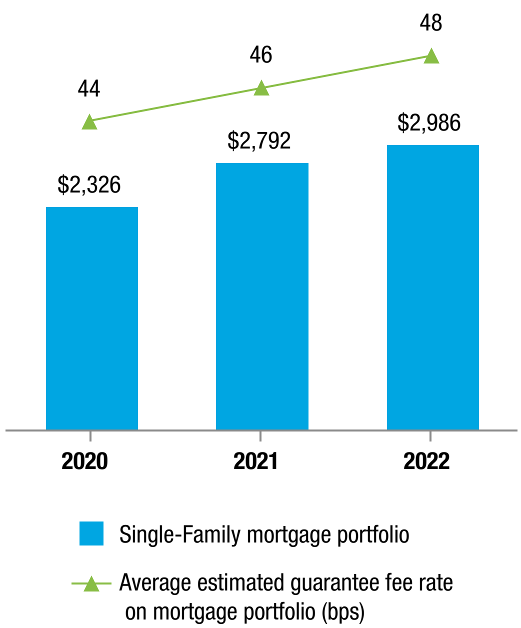
- Developing and implementing a plan to increase and preserve sustainable mortgage purchase and refinance credit for all qualified borrowers;
- Increasing support for first-time home buyers; and
- Introducing securitization products focused on addressing affordable and energy efficiency challenges.

While we are responsibly expanding our programs and outreach capabilities to better serve low- and moderate-income borrowers and underserved markets, these loans may result in increased credit risk. Expanding access to affordable housing will continue to be a top priority in 2023. See **MD&A - Regulation and Supervision - *Federal Housing Finance Agency - Duty to Serve Underserved Markets Plan*** for more information.

Single-Family Mortgage Portfolio

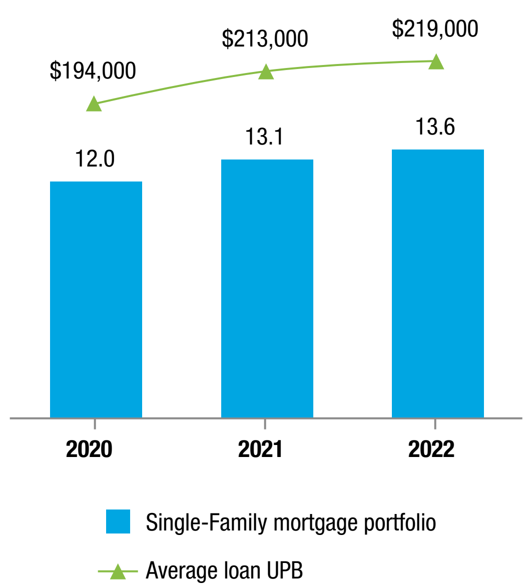
Single-Family Mortgage Portfolio and Average Estimated Guarantee Fee Rate[(1)] on Mortgage Portfolio as of December 31,

(UPB in billions)



Single-Family Loans as of December 31,

(Loan count in millions)



(1) Estimated guarantee fee rate is calculated as of acquisition and excludes the legislated guarantee fees. Estimated guarantee fee rate calculation also excludes certain loans, the majority of which are held by VIEs that we do not consolidate. The UPB of these excluded loans was $43 billion as of December 31,2022.

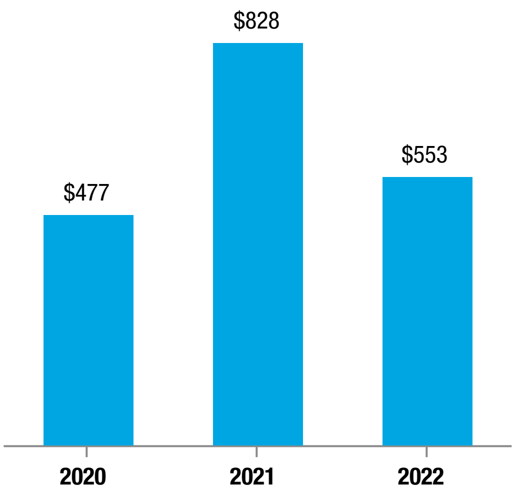
- The Single-Family mortgage portfolio grew $194 billion, or 7%, year-over-year, primarily driven by an increase in the average portfolio loan size and a higher share of single-family mortgage debt outstanding. The increase in the average portfolio loan size was driven by house price appreciation in recent periods, which contributed to new business acquisitions having a larger loan size compared to older vintages that continued to run off.
- The average estimated guarantee fee rate on the Single-Family mortgage portfolio increased year-over-year as older vintages with lower estimated guarantee fee rates were replaced by acquisitions of new loans with higher estimated guarantee fee rates.

CRT Activities

We transfer credit risk on a portion of our Single-Family mortgage portfolio to the private market, reducing the risk of future losses to us when borrowers default. The graphs below show the issuance amounts associated with CRT transactions for loans in our Single-Family mortgage portfolio.

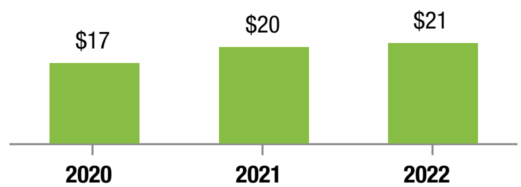
UPB Covered by New CRT Issuance

(In billions)



New CRT Issuance Maximum Coverage

(In billions)



- During 2022, 2021, and 2020, 73%, 63%, and 62%, respectively, of our Single-Family acquisitions were loans in the targeted population for our CRT transactions (primarily 30-year fixed-rate loans with original LTV ratios between 60% and 97%). The increase in 2022 compared to 2021 was primarily driven by an increase in the percentage of recently acquired loans with original LTV ratios above 60% and an increase in the percentage of 30-year loan acquisitions.
- The UPB of mortgage loans covered by CRT transactions issued in 2022 decreased compared to 2021 due to a decrease in loan acquisition activity. The related maximum coverage increased as we obtained a higher amount of credit coverage on the recently acquired loans primarily in response to higher capital requirements under the ERCF.
- We evaluate and update our CRT strategy as needed depending on our business strategy, market conditions, and regulatory requirements. We expect the issuance amounts of our CRT transactions to decrease in 2023 primarily due to a decrease in loan acquisition activity and changes in business strategy and market conditions.

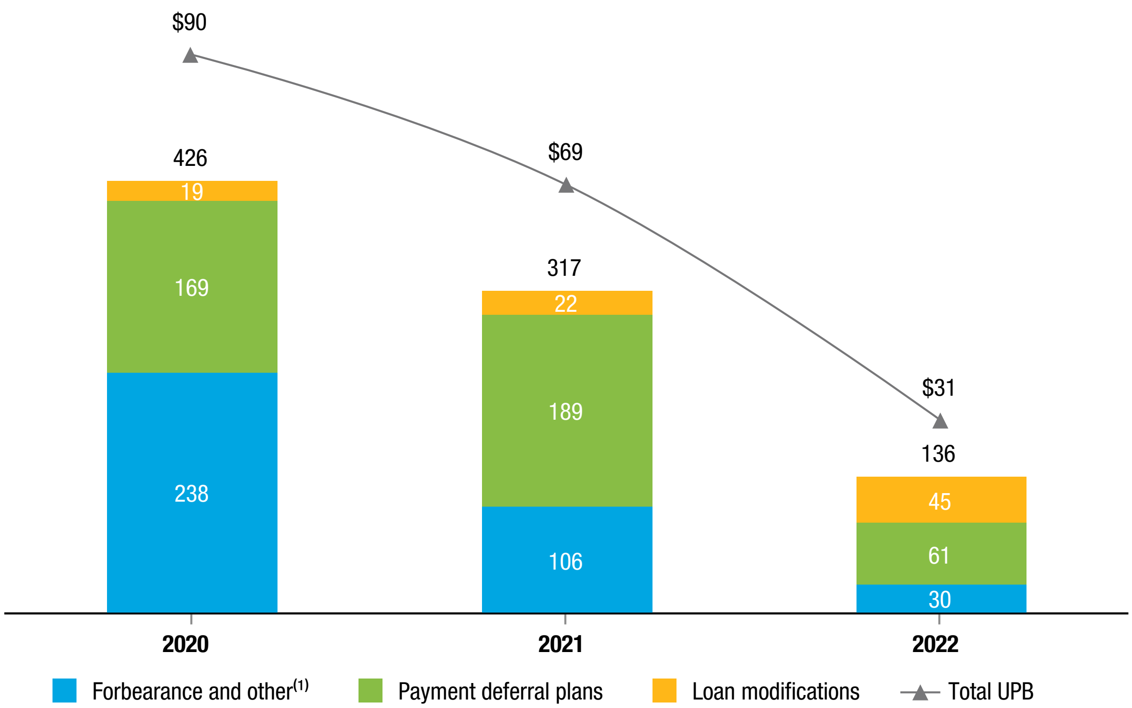
See **MD&A – Risk Management** - ***Single-Family Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors*** for additional information on our CRT activities and other credit enhancements.

Loss Mitigation Activities

The following graph provides details about the single-family loan workout activities that were completed during the periods presented. The forbearance data included below is limited to loans in forbearance that are past due based on the loans' original contractual terms and excludes both loans for which we do not control servicing and loans included in certain legacy transactions, as the forbearance data for such loans is either not reported to us by the servicers or is otherwise not readily available to us.

Completed Loan Workout Activity

(UPB in billions, number of loan workouts in thousands)



(1) Other includes repayment plans and foreclosure alternatives.

- Completed loan workout activity includes forbearance plans where borrowers fully reinstated the loan to current status during or at the end of the forbearance period, payment deferral plans, loan modifications, successfully completed repayment plans, short sales, and deeds in lieu of foreclosure. Completed loan workout activity excludes active loss mitigation activity that was ongoing and had not been completed as of the end of the year, such as forbearance plans that had been initiated but not completed and trial period modifications. There were approximately 32,000 loans in active forbearance plans and approximately 10,000 loans in other active loss mitigation activity as of December 31, 2022.
- We continue to help struggling families retain their homes or otherwise avoid foreclosure through loan workouts. Our loan workout activity decreased in 2022 compared to 2021 as the overall forbearance population continued to decline.

See **MD&A - Risk Management** for additional information on our loan workout activities.

Financial Results

The table below presents the components of net income and comprehensive income for our Single-Family segment.

Table 12 - Single-Family Segment Financial Results

				Year Over Year Change			
	Year Ended December 31,			2022 vs. 2021		2021 vs. 2020	
(Dollars in millions)	2022	2021	2020	$	%	$	%
Net interest income	$17,067	$16,273	$11,592	$794	5 %	$4,681	40 %
Non-interest income	1,684	954	457	730	77	497	109
Net revenues	**18,751**	**17,227**	**12,049**	**1,524**	**9**	**5,178**	**43**
(Provision) benefit for credit losses	(1,772)	919	(1,320)	(2,691)	(293)	2,239	170
Non-interest expense	(7,148)	(7,075)	(5,423)	(73)	(1)	(1,652)	(30)
Income before income tax expense	**9,831**	**11,071**	**5,306**	**(1,240)**	**(11)**	**5,765**	**109**
Income tax expense	(1,929)	(2,251)	(1,094)	322	14	(1,157)	(106)
Net income	**7,902**	**8,820**	**4,212**	**(918)**	(10)	**4,608**	**109**
Other comprehensive income (loss), net of taxes and reclassification adjustments	(24)	(379)	104	355	94	(483)	(464)
Comprehensive income	**$7,878**	**$8,441**	**$4,316**	**($563)**	**(7)%**	**$4,125**	**96 %**

Key Drivers:

- **2022 vs. 2021**
  - Net income of $7.9 billion, down 10% year-over-year.
    - Net revenues were $18.8 billion, up 9% year-over-year. Net interest income was $17.1 billion, up 5% year-over-year, as continued mortgage portfolio growth and higher average portfolio guarantee fee rates were partially offset by lower deferred fee income due to slower prepayments as a result of higher mortgage interest rates. Non-interest income was $1.7 billion, up 77% year-over-year, primarily driven by gains on commitments to hedge the Single-Family securitization pipeline in the first quarter of 2022.
    - Provision for credit losses was $1.8 billion for 2022, compared to a benefit for credit losses of $0.9 billion for 2021. The increase in provision for credit losses was primarily driven by declining observed and forecasted house price appreciation.
- **2021 vs. 2020**
  - Net income of $8.8 billion, up 109% year-over-year.
    - Net revenues were $17.2 billion, up 43% year-over-year. Net interest income was $16.3 billion, up 40% year-over-year, due to continued mortgage portfolio growth, higher average portfolio guarantee fee rates, and higher deferred fee income.
    - Benefit for credit losses was $0.9 billion for 2021, compared to a provision for credit losses of $1.3 billion for 2020, primarily driven by a reserve release due to reduced expected credit losses related to COVID-19 during 2021 as economic conditions improved, partially offset by an increase in expected losses on new single-family loans due to continued mortgage portfolio growth.

Multifamily

Business Overview

Our Multifamily segment provides liquidity and support to the multifamily mortgage market through a variety of activities that include the purchase, securitization, and guarantee of multifamily loans originated by our Optigo® network of approved lenders. Our support of the multifamily mortgage market occurs through all economic cycles and is especially important during periods of economic stress. During these periods, we serve a critical countercyclical role by providing liquidity when many other capital providers exit the market. Central to our mission is our commitment to support greater access to quality, affordable, and sustainable rental housing, particularly in underserved markets.

Multifamily loans are typically originated by our Optigo lenders without recourse to the borrower, making repayment dependent on the cash flows generated by the underlying property. Cash flows generated by a property are significantly influenced by vacancy and rental rates, as well as conditions in the local rental market, the physical condition of the property, the quality of property management, and the level of operating expenses. The overall market demand for multifamily loans is generally affected by local and regional economic factors, such as unemployment rates, construction cycles, property prices, preferences for homeownership versus renting, and the relative affordability of single-family homes, as well as certain macroeconomic factors, such as interest rates.

Our primary business model is to acquire loans that lenders originate and then pool those loans into mortgage-related securities that transfer interest-rate and liquidity risk to investors and can be sold in the capital markets. We guarantee some or all of the issued mortgage-related securities in exchange for guarantee fees. In transactions where we guarantee all issued securities, we typically consolidate the securitization trusts. Therefore, we recognize the loans held by the trusts and the debt securities that the trusts issue on our balance sheet. We also recognize the guarantee fees we receive as net interest income. In senior subordinate securitization transactions, we typically do not consolidate the securitization trusts. Therefore, we account for these securitizations as sales of the underlying loans and recognize the guarantee fees we receive as guarantee income. To reduce our exposure under our guarantees, we transfer credit risk to third-party investors, either through the issuance of subordinate securities as part of the securitization transaction or by entering into a freestanding CRT transaction. The returns we generate from our business activities are primarily derived from (1) the net interest income we earn on the loans prior to their securitization, (2) the gains on sale of mortgage loans, net of interest-rate risk management activities, from our senior subordinate securitization transactions and (3) the ongoing guarantee fees we receive in exchange for providing our guarantee on the issued securities. We evaluate these factors collectively to assess the profitability of any given transaction and to maximize our returns.

Products and Activities

Our Multifamily business primarily consists of activities related to providing market liquidity by purchasing and securitizing mortgage loans and issuing guaranteed mortgage-related securities, transferring credit risk, and investing in mortgage-related and other investments. Certain of our products have been designed to support increased access to and preservation of affordable housing, including in underserved markets.

Loan Purchase, Securitization, and Guarantee Activities

Loan Purchase

Our Optigo network allows lenders to offer borrowers a variety of loan products for the acquisition, refinance, and/or rehabilitation of multifamily properties. While our Optigo lenders originate the loans that we purchase, we use a prior-approval underwriting approach. Under this approach, we maintain credit discipline by completing our own underwriting, credit review, and legal review for each loan prior to issuing a loan purchase commitment, including reviewing third-party appraisals and performing cash flow analysis. This helps us maintain credit discipline throughout the process.

Our primary multifamily loan products include the following:

- **Conventional loans** - Financing that includes fixed-rate and floating-rate loans, loans in lease-up and with moderate property upgrades, manufactured housing community loans, senior housing loans, student housing loans, supplemental loans, and certain Green Advantage loans.
- **Targeted affordable housing loans** - Financing provided to borrowers in underserved areas that have restricted units affordable to households with low income (earning 80% or less of AMI) and very-low income (earning 50% or less of AMI) and that typically receive government subsidies.
- **Small balance loans** - Financing provided to small rental property borrowers for the acquisition or refinance of multifamily properties. Financing ranges from $1 million to $7.5 million and is focused on affordable or workforce housing properties from 5 to 50 units.

The amount and type of multifamily loans that we purchase are significantly influenced by the Multifamily loan purchase cap and the Multifamily Affordable Housing goals established by FHFA. In November 2022, FHFA announced that the 2023 Multifamily loan purchase cap will be $75 billion, down from $78 billion in 2022. The purchase cap is subject to reassessment throughout the year by FHFA to determine whether an increase in the cap is appropriate based on a stronger than expected overall market. For additional information on Multifamily's loan purchase cap, see **MD&A - Conservatorship and Related Matters** and for information on the Multifamily Affordable Housing goals, see **MD&A - Regulation and Supervision**.

We continue to support the multifamily mortgage market's LIBOR transition efforts as we quote, purchase, and securitize new floating rate loans indexed to SOFR, thereby adding liquidity to the market and facilitating the transition to SOFR.

Our process for purchasing multifamily loans generally begins with a loan purchase commitment. Prior to issuing a commitment to purchase a multifamily loan, we negotiate with the lender and quote the specific economic terms and conditions of our commitment, including the loan's purchase price, index, and mortgage spread. Decisions related to the commitment price and/or mortgage spread are generally influenced by our current business strategy, the type of loan that we acquire (i.e., the loan product and whether it qualifies as mission-driven), the amount available under the loan purchase cap, current securitization spreads, and changing market conditions. We may offer pricing for a loan that furthers certain elements of our mission and/or supports our affordable housing goals that results in lower profitability as compared to the pricing we offer generally. We also offer lenders an option to lock the Treasury index component of their fixed rate loans anytime during the quote or underwriting process. This option enables borrowers, through our lenders, to lock the most volatile part of their coupon, thereby providing an enhanced level of risk mitigation against their interest-rate volatility. The index lock period offered for most loans is 60 days and is generally followed by a loan purchase commitment.

At the time we commit to purchase a multifamily loan, we preliminarily determine our intent with respect to that loan. For commitments to purchase fixed-rate loans that we intend to sell (i.e., held-for-sale commitments), we elect the fair value option and therefore recognize and measure these commitments at fair value in our consolidated financial statements. We do not elect the fair value option for held-for-sale commitments to purchase floating-rate loans or loans that we intend to hold for the foreseeable future (i.e., held-for-investment commitments), including loans that we intend to securitize using trusts that we consolidate, and therefore these commitments are not recognized in our consolidated financial statements. As a result, we recognize the margin based on the price we would receive to sell the mortgage loans in a typical securitization transaction at the commitment date for commitments we measure at fair value and generally at the time of securitization for held-for-sale loans where we do not elect the fair value option. Similarly, we recognize changes in fair value subsequent to the commitment date in earnings as they occur for commitments and loans we measure at fair value and at the time of securitization for held-for-sale loans where we do not elect the fair value option. We do not recognize any changes in fair value or gains at the time of securitization for loans or commitments that we classify as held-for-investment, including loans that we intend to securitize using trusts that we consolidate.

Our multifamily commitments and loans are subject to changes in fair value due to changes in interest-rates and changes in spreads. We enter into interest-rate derivatives to manage our interest-rate exposures from multifamily commitments and loans prior to securitization, including index lock agreements. As a result of our interest-rate risk management activities, we have minimal exposure to earnings variability from changes in interest rates. However, index lock agreements temporarily create interest-rate-related earnings variability as we economically hedge the interest-rate risk created by the index lock agreement prior to entering into an offsetting loan purchase commitment. This temporary exposure is typically fully offset when we enter into the associated loan purchase commitment and elect to measure the commitment at fair value, as the fair value of the commitment reflects changes in the index rate that have occurred since we entered into the index lock agreement. As our ability to manage spread risk is more limited than our ability to manage interest rate risk, we typically have significant exposure to earnings variability due to changes in spreads. We enter into certain transactions to manage this exposure, including the following:

- **When-Issued K-Deal (WI K-Deal) Certificates** - In a WI K-Deal Certificate transaction, we forward sell a K Certificate that will be issued in the future to a WI K-Deal trust at a fixed price, thereby reducing our exposure to future changes in interest rates and K Certificate spreads.
- **Spread-related derivatives** - We purchase or enter into certain spread-related derivatives including the purchase of swaptions on credit indices providing some protection against significant adverse movements in spreads.

Securitization Products

We securitize substantially all of the loans we purchase after a short holding period as we aggregate sufficient loans with similar terms and risk characteristics. For the period of time between loan purchase and securitization, we refer to the loan as being in our securitization pipeline. We offer two main types of securitization products: K Certificates, which typically involve the issuance of subordinate securities that transfer credit risk to third-party investors, and Multifamily PCs, which are fully guaranteed securities where we retain the credit risk of the underlying mortgage loans. The securitization structure selected is generally designed to achieve an appropriate economic return, which may vary based on the characteristics of the underlying loans, the type of securitization product, and the level of subordination. Certain of our securitization product issuances are focused on addressing affordable housing challenges and supporting broader environmental, social, and sustainability goals.

We may accept lower economic returns for securitizations that further certain elements of our mission and/or support our affordable housing goals.

K Certificates

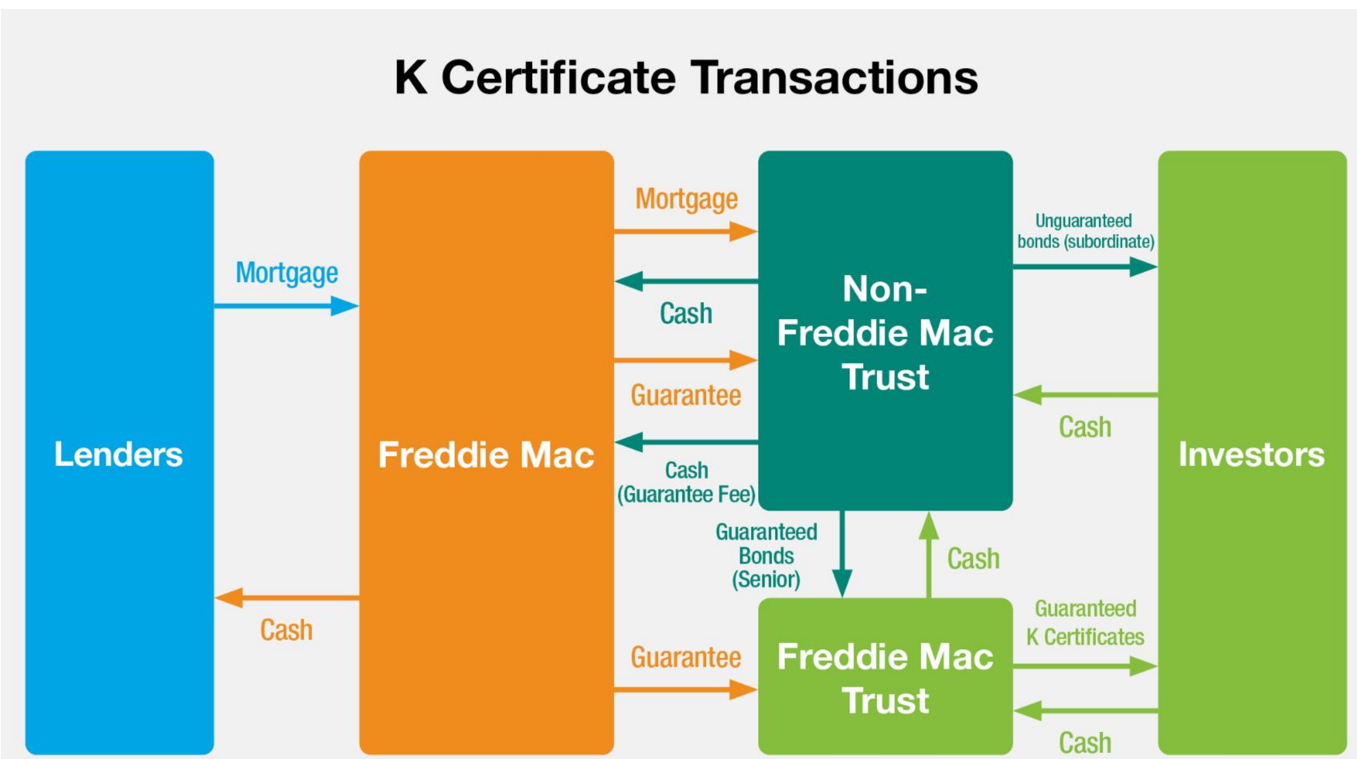
K Certificates are our primary senior subordinate securitization product. In a K Certificate securitization, we transfer the interest-rate risk, liquidity risk, and a portion of the credit risk of the underlying collateral to third-party investors. The structures of these transactions typically involve the issuance of senior and subordinate securities that represent undivided beneficial interests in trusts that hold pools of multifamily loans that we previously purchased. In a typical K Certificate, we sell multifamily loans to a non-Freddie Mac securitization trust that issues senior and subordinate securities and simultaneously purchase and place the senior securities into a Freddie Mac securitization trust that issues guaranteed K Certificates. We do not issue or guarantee the subordinate securities.

The volume of our K Certificate securitizations is generally influenced by the product mix and size of our held-for-sale securitization pipeline, along with market demand for multifamily securities. We do not typically consolidate the securitization trusts used in these transactions and therefore account for these securitizations as sales of the underlying loans.

For guarantees to nonconsolidated entities or other third parties, we generally recognize a guarantee asset at inception. This asset, which represents the right to collect contractual guarantee fees, is recorded at fair value with subsequent changes in fair value recognized in earnings. The fair value of our guarantee assets may vary significantly from period-to-period based on changes in market conditions, including interest rates and credit spreads. Because our multifamily loans contain prepayment protection, decreasing interest rates generally result in higher guarantee asset fair values, with the opposite effect occurring when interest rates increase. In 2022, we updated our funds transfer pricing methodologies to allocate gains and losses on derivative instruments to Multifamily to offset interest rate-related changes in fair value on guarantee assets. See **Note 5** for additional information on our accounting for guarantees.

Our K Certificate product offers investors a wide range of structural and collateral options that provide for stable cash flows and a structured credit enhancement. While the amount of guarantee fee we receive may vary by collateral type and deal structure, it is generally fixed for those K Certificate series that we issue with regular frequency (e.g., 7- and 10-year fixed-rate K Certificates and floating rate K Certificates). The guarantee fees received on recently issued standard K Certificates range between 40 bps and 45 bps.

The diagram below shows a typical K Certificate transaction.



Multifamily PCs

Multifamily PCs are our primary fully guaranteed securitization product. In a Multifamily PC securitization, we retain the credit risk of the underlying mortgage loans by guaranteeing the principal and interest payments of the issued securities while transferring the interest-rate and liquidity risks of those loans to the PC investors. Multifamily PCs are fully guaranteed pass-through securities with a 55-day payment delay that are collateralized by a single underlying mortgage loan. In exchange for providing our guarantee, we receive an ongoing guarantee fee that is designed to be commensurate with the risks assumed and that will, over the long-term, provide us with guarantee income that is expected to exceed the credit-related and administrative expenses of the underlying loans. We consolidate the securitization trusts used in these transactions and therefore do not account for Multifamily PC securitizations as sales of the underlying loans. As a result, we classify loans that we intend to securitize in Multifamily PC transactions as held-for-investment.

Other Securitization Products

Our other securitization products involve the issuance of mortgage-related securities that represent beneficial interests in trusts that hold pools of multifamily loans. The collateral for these securitizations may include loans underwritten and purchased by us at loan origination and loans we do not own prior to securitization and that we underwrite after (rather than at) origination. These transactions involve a variety of structures and the mortgage-related securities issued in these transactions may include guaranteed senior and unguaranteed subordinate securities or fully guaranteed pass-through securities. We generally do not consolidate the securitization trusts used in these transactions as we do not direct loss mitigation activities.

Other Mortgage-Related Guarantees

We also guarantee mortgage-related assets held by third parties in exchange for guarantee fees, without securitizing those assets. For example, we provide guarantees on certain tax-exempt multifamily housing revenue bonds issued by state and local housing finance authorities that are secured by low- and moderate-income multifamily loans.

CRT Activities

We primarily transfer credit risk to third parties through subordination, which is created through our securitization products described above. In addition to subordination, we enter into other types of CRT transactions to transfer to third parties a portion of the credit risk of certain loans that are not covered by subordination. In determining the nature and extent of our credit risk transfer activities, we consider the degree of regulatory capital relief provided by a transaction, our risk appetite, the cost of CRT transactions, and our internal view of future multifamily market conditions.

Other CRT Products

For multifamily assets for which we have not transferred credit risk through securitization, we may pursue other strategies to reduce our credit risk exposure. Our other CRT products include the following:

- **MCIP** - Insurance coverage underwritten by a group of insurers and/or reinsurers that generally provides mezzanine loss credit protection. These transactions are similar in structure to ACIS contracts purchased in Single-Family, except the reference pool may include bonds, in addition to loans, underlying our other mortgage-related guarantees. When specific credit events occur, we receive compensation from the insurance policy up to an aggregate limit based on actual losses. We require our counterparties to partially collateralize their exposure to reduce the risk that we will not be reimbursed for our claims under the policies.
- **SCR Trust notes** - A securities-based credit risk sharing vehicle similar to STACR Trust notes in Single-Family. In a SCR Trust notes transaction, we create a reference pool of loans from our Multifamily mortgage portfolio and a trust issues notes linked to the reference pool. The trust makes periodic payments of principal and interest on the notes to noteholders, but is not required to repay principal to the extent the note balance is reduced as a result of specified credit events on the mortgage loans in the reference pool. We make payments to the trust to support the interest due on the notes. The amount of risk transferred in each transaction affects the amounts we are required to pay. We receive payments from the trust that otherwise would have been made to the noteholders to the extent that a defined credit event occurs on the mortgage loans in the reference pool. The note balance is reduced by any payments made to us, thereby transferring the related credit risk of the loans in the reference pool to the noteholders. Generally, the note balance is also reduced based on principal payments that occur on the loans in the reference pool.

  We previously issued SCR debt notes that are generally similar in structure to Single-Family STACR debt notes.

In addition to our other CRT products, we may engage in whole loan sales, including sales of loans to funds to which we may also provide secured financing, to eliminate our interest-rate risk, liquidity risk, and credit risk exposure to certain loans.

For additional information on multifamily credit enhancements, see **MD&A - Risk Management** - ***Multifamily Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors.***

Investing Activities

We primarily use our Multifamily mortgage-related investments portfolio to provide liquidity to the multifamily mortgage market by purchasing loans for our securitization pipeline. We may also hold certain multifamily mortgage loans or agency mortgage-related securities as investments. Depending on market conditions and our business strategy, we may purchase or sell guaranteed K Certificates or other securitization products at issuance or in the secondary market, including interest-only securities. Through our ownership of the securities, we are exposed to the market risk on the loans underlying our securitizations. We also invest in certain non-mortgage investments, including LIHTC partnerships and other secured lending activities. Our ongoing investment in LIHTC partnerships helps to support and preserve the supply of affordable housing.

From time to time, we may undertake certain activities to support the liquidity of K Certificates. For more information, see **Risk Factors - Market Risks** - ***The profitability of our Multifamily business could be adversely affected by market competition and/or decreased investor demand for our K Certificates and other securities.***

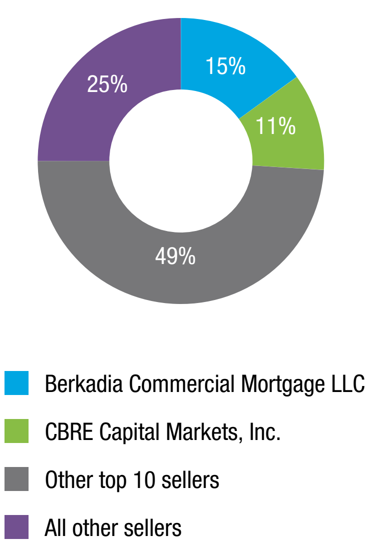
Customers

Our Multifamily customers include both investors in our securitization products and other CRT products, as well as financial institutions that originate and sell multifamily mortgage loans to us for securitization. Investors include banks and other financial institutions, insurance companies, money managers, hedge funds, pension funds, state and local governments, and broker dealers. Our multifamily loan purchases are generally sourced through our Optigo network of approved lenders, who are primarily non-bank real estate finance companies and banks. Many of these lenders are both sellers and servicers to us.

The following charts show the concentration of our 2022 Multifamily new business activity by our largest sellers and loan servicing by our largest servicers as of December 31, 2022. Any seller or servicer with a 10% or greater share is listed separately.

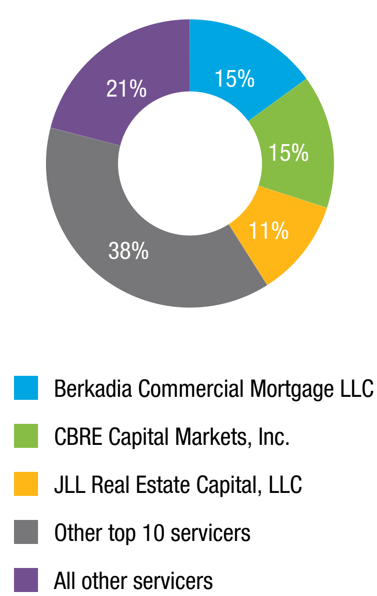
Percentage of New Business Activity

(Based on UPB of $73 billion)



Percentage of Servicing Volume[(1)]

(Based on UPB of $429 billion)



(1) Percentage of servicing volume is based on the total multifamily mortgage portfolio.

Competition

We compete on the basis of price, service, and products, including our use of certain securitization structures. Our principal competitors in the multifamily mortgage market are Fannie Mae, FHA, commercial and investment banks, CMBS conduits, savings institutions, and life insurance companies.

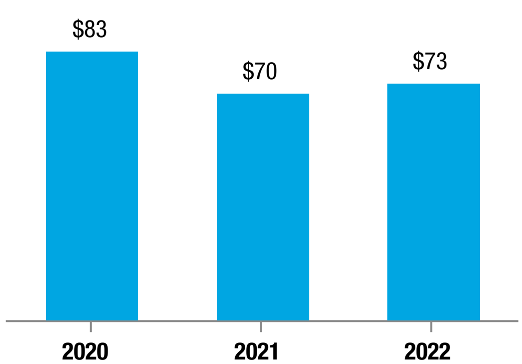
Business Results

The graphs, tables, and related discussion below present the business results of our Multifamily segment.

New Business Activity

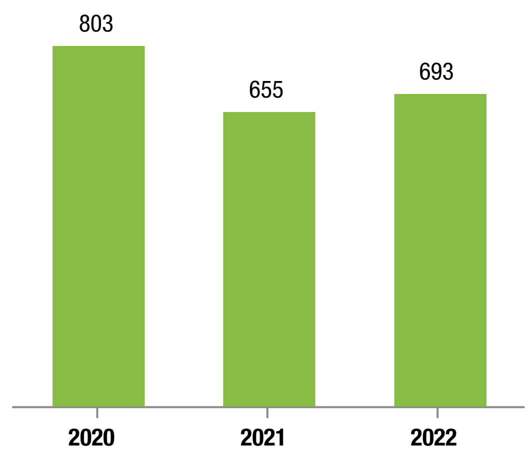
New Business Activity

(In billions)



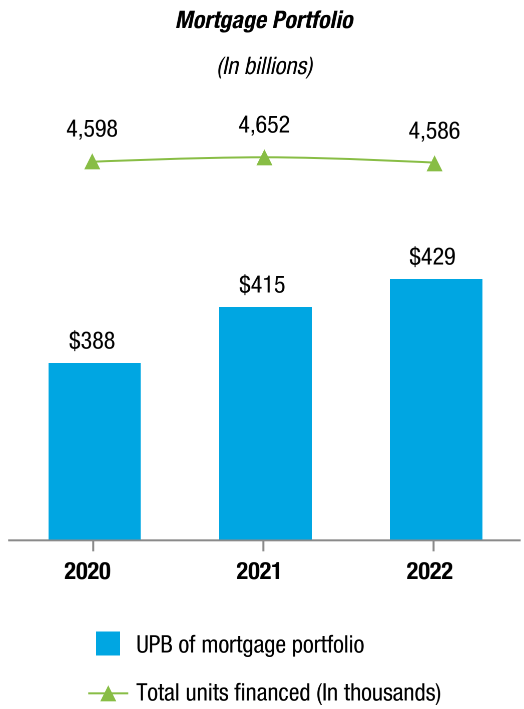
Total Number of Units Financed

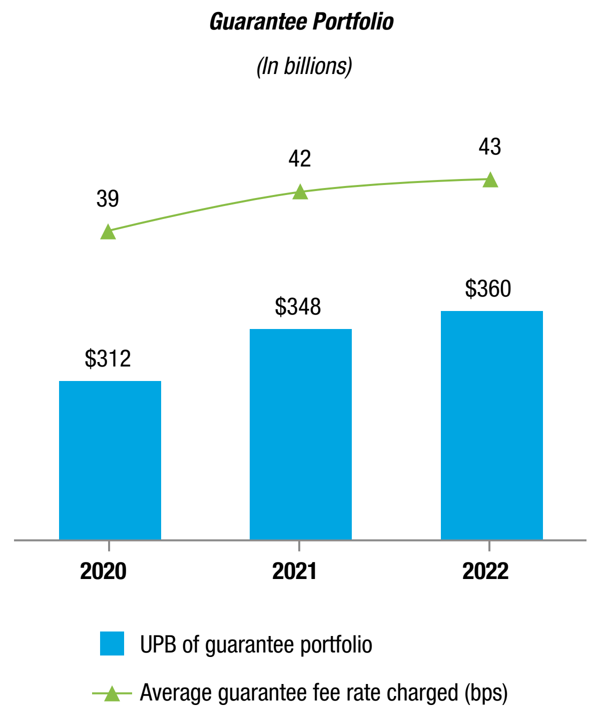
(In thousands)



- As of December 31, 2022, the total Multifamily new business activity subject to the FHFA 2022 loan purchase cap of $78 billion was $72.8 billion. Approximately 69% of this activity, based on UPB, was mission-driven, affordable housing, with approximately 33% being affordable to renters at or below 60% of AMI, both exceeding FHFA's minimum requirements (50% and 25%, respectively).
- Our new business activity was slightly higher in 2022 compared to 2021 due to a larger FHFA loan purchase cap in 2022.
- Our index lock agreements and outstanding commitments to purchase or guarantee multifamily assets were $14.8 billion and $19.5 billion as of December 31, 2022 and December 31, 2021, respectively.

Multifamily Mortgage Portfolio and Guarantee Portfolio



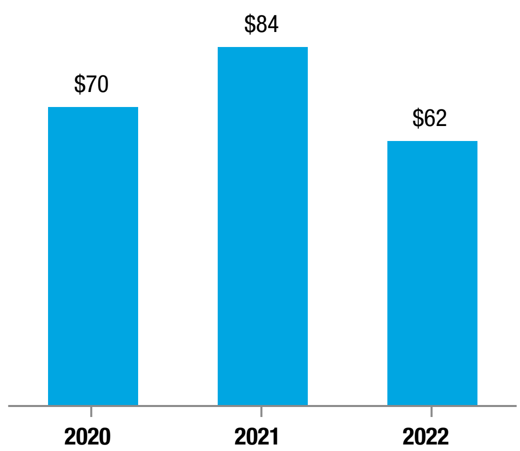


- Our Multifamily mortgage and guarantee portfolios increased as of December 31, 2022 compared to December 31, 2021 primarily due to new business activity, partially offset by increased borrower payoff activity driven by market conditions. We expect continued growth in these portfolios as our purchase and securitization activities should outpace loan payoffs.
- While the mortgage portfolio increased as of December 31, 2022 compared to December 31, 2021, total portfolio unit count decreased, primarily driven by the impact of portfolio payoffs and higher average per unit costs of newly financed multifamily properties as a result of property price appreciation.
- The average guarantee fee rate on our guarantee portfolio slightly increased as of December 31, 2022 and December 31, 2021, respectively, and the average remaining guarantee term was eight years as of December 31, 2022 and December 31, 2021. The profitability of our guarantee activities may vary and will depend on the actual performance of the underlying collateral that we have guaranteed.
- In addition to our Multifamily mortgage portfolio, we have investments in LIHTC fund partnerships with carrying values totaling $2.8 billion and $2.0 billion as of December 31, 2022 and December 31, 2021, respectively.

CRT Activities

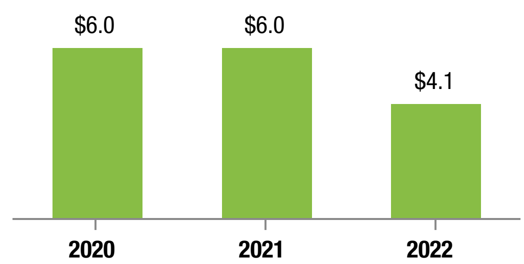
UPB Covered by New CRT Issuance

(In billions)



New CRT Issuance Maximum Coverage

(In billions)



- As of December 31, 2022, we had cumulatively transferred a substantial amount of the expected and stressed credit risk on the Multifamily mortgage portfolio, primarily through subordination in our securitizations. In addition, our securitization activities shifted interest rate and liquidity risk associated with the underlying collateral away from Freddie Mac to third-party investors.
- The UPB and the maximum coverage amount of CRT transactions decreased during 2022 compared to 2021 due to fewer securitizations with subordination as a result of a smaller average held-for-sale securitization pipeline.

We evaluate and update our risk transfer strategy as needed depending on our business strategy, market conditions, and regulatory requirements. See **MD&A - Risk Management - *Multifamily Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors*** for more information on risk transfer transactions and credit enhancements on our Multifamily mortgage portfolio.

Financial Results

The table below presents the components of net income and comprehensive income for our Multifamily segment.

Table 13 - Multifamily Segment Financial Results

				Year Over Year Change			
	Year Ended December 31,			2022 vs. 2021		2021 vs. 2020	
(Dollars in millions)	2022	2021	2020	$	%	$	%
Net interest income	$938	$1,307	$1,179	($369)	(28)%	$128	11 %
Non-interest income	1,575	3,417	3,431	(1,842)	(54)	(14)	—
Net revenues	**2,513**	**4,724**	**4,610**	**(2,211)**	**(47)**	**114**	**2**
(Provision) benefit for credit losses	(69)	122	(132)	(191)	(157)	254	192
Non-interest expense	(671)	(718)	(555)	47	7	(163)	(29)
Income before income tax expense	**1,773**	**4,128**	**3,923**	**(2,355)**	**(57)**	**205**	**5**
Income tax expense	(348)	(839)	(809)	491	59	(30)	(4)
Net income	**1,425**	**3,289**	**3,114**	**(1,864)**	**(57)**	**175**	**6**
Other comprehensive income (loss), net of taxes and reclassification adjustments	(318)	(110)	101	(208)	(189)	(211)	(209)
Comprehensive income	**$1,107**	**$3,179**	**$3,215**	**($2,072)**	**(65)%**	**($36)**	**(1)%**

Key Drivers:

- **2022 vs. 2021**
  - Net income of $1.4 billion, down 57% year-over-year.
    - Net revenues were $2.5 billion, down 47% year-over-year. Net interest income was $0.9 billion, down 28% year-over-year, partially driven by higher costs on an increased volume of WI K-Deals. Non-interest income was $1.6 billion, down 54% year-over-year, primarily due to lower net investment gains, driven by spread widening as well as a decline in revenue from held-for-sale loan purchase and securitization activity as a result of lower volumes and lower margins.
- **2021 vs. 2020**
  - Net income of $3.3 billion, up 6% year over year.
    - Net revenues were $4.7 billion, up 2% year-over-year. Net interest income was $1.3 billion, up 11% year-over-year. Non-interest income remained $3.4 billion, as the lower guarantee income due to the impact of higher interest rates on the fair values of our guarantee assets was offset by an increase in net investment gains due to higher margins on new loan purchases and greater spread tightening.
    - Benefit for credit losses was $0.1 billion for 2021, compared to a provision for credit losses of $0.1 billion for 2020, primarily driven by a reserve release due to reduced expected credit losses related to COVID-19 as economic conditions improved.

RISK MANAGEMENT

Overview

To achieve our mission of providing liquidity, stability, and affordability to the U.S. housing market, we take risks as an integral part of our business activities. Risk is the possibility that events will occur that adversely affect our financial strength, safe and sound operations, and ability to achieve our mission, strategic, and business objectives. Risk can manifest itself in many ways and the responsibility for risk management resides at all levels of the company. We seek to take risks in a safe and sound, well-controlled manner to earn acceptable risk-adjusted returns on a corporate-wide, divisional, and, where applicable, transaction basis. Our goal is to maintain an effective risk culture where employees are risk aware, collaborative, transparent, and individually accountable for their decisions, and to conduct business in an effective, legal, and ethical manner.

We utilize a risk taxonomy to define, classify, and report risks that we face in operating our business. These risks have the potential to adversely affect our current or projected financial and operational resilience. Risks are classified into the following categories:

- Credit Risk;
- Market Risk;
- Liquidity Risk;
- Operational Risk;
- Compliance Risk;
- Legal Risk;
- Strategic Risk; and
- Reputation Risk.

These risks are factored into our business decisions, as appropriate, with legal, strategic, and reputation risks managed outside of the three lines of defense, which are referenced in ***Enterprise Risk Governance Structure*** below. For more discussion of these and other risks facing our business, see **Risk Factors**. See **Liquidity and Capital Resources** for a discussion of liquidity risk.

Enterprise Risk Framework

The enterprise risk framework (the Framework) defines how we manage risk to achieve our mission, strategic, and business objectives. By serving as the basis for managing risk in a consistent, effective, and efficient manner, the Framework supports our financial strength and safe and sound operations through a range of stressful conditions. The Framework is implemented through Freddie Mac's enterprise risk management program, which consists of our enterprise-wide risk management practices and processes (the ERM Program).

The Framework includes the following components:

- **Risk Culture** - Risk culture is the set of corporate values, competencies, and behaviors related to risk taking and risk management at Freddie Mac. Management supports an effective risk culture by establishing clear risk objectives, assigning accountability, and setting a tone at the top so that employees feel empowered to challenge business decisions without fear of negative consequences. An effective risk culture promotes an environment where employees who take and manage risks for the company are risk aware, collaborative, and transparent.
- **Risk Governance** - Risk governance is the set of corporate requirements and processes that must be followed to make and implement risk decisions across the company. Effective risk governance establishes a reporting and escalation path for risks and issues across the enterprise. Freddie Mac's risk governance structure provides forums for transparent communication of risks and issues, as well as risk management and control activities. Risk governance is established through:
  - **Assignments of Risk Authority** - Risk authority is vested in an individual employee to make risk decisions for the company, which include internally approving policies, transactions, significant changes, and/or accepting risk. Individual business or functional risk officers in the first and second lines of defense, as described in ***Enterprise Risk Governance Structure***, below, may be assigned risk authority for specific risk areas and functions, as appropriate.
  - **Corporate Risk Policies and Standards** - Corporate risk policies and standards define roles and responsibilities with respect to risk management, establish limits to risk taking authority, and set forth escalation and reporting requirements.
  - **Risk Governance Structure** - The risk governance structure consists of management- and Board-level committees with roles and responsibilities formalized in their charters.
- **Risk Appetite** - Risk appetite is the level of risk, both in aggregate and by risk type, within the company's risk capacity that

the Board of Directors and management are willing to assume to achieve the company's strategic goals. The risk appetite is integrated and aligned with the strategic plans for the company and each business division. The risk appetite is approved by the Board of Directors and then by FHFA as Conservator, and consists of qualitative risk appetite statements and quantitative metrics with limits.

- **Risk Identification, Assessment, Control, and Monitoring Processes** - Our ERM Program supports risk management through enterprise-wide practices and processes designed to identify, assess, control, monitor, and report on all risks, including emerging, significant, and top risks.
- **Risk Reporting** - Our risk management framework requires accurate and timely reporting needed for managing risks. Regular reporting is provided to senior management and to the Board of Directors, or appropriate Board committees, at an aggregate level to provide a comprehensive view of the company's risk position; its adherence to established Board limits and management thresholds; risk drivers; emerging, significant, and top risks; internal control deficiencies; issues and their remediation status; and stress testing and scenario analysis.

FHFA has increased supervisory expectations related to how risk is managed and overseen by management and the Board of Directors, and specifically the role of ERM to provide independent risk oversight and effective challenge. As a result, we must continue to invest in our risk management practices to meet these expectations.

Enterprise Risk Governance Structure

We manage risk using a three-lines-of-defense risk management model and governance structure that includes enterprise-wide oversight by the Board of Directors and its committees, the CRO, and the CCO.

The information and diagram below present the responsibilities associated with our three-lines-of-defense risk management model and risk governance structure. The risk governance structure also includes division risk committees to actively discuss and monitor division-specific risk profiles, risk decisions, and risk appetite metrics, limits and thresholds, and risk type committees to oversee certain enterprise-wide risks.

For more information on the role of the Board of Directors and its committees, see **Directors, Corporate Governance, and Executive Officers - Corporate Governance -** ***Board of Directors and Board Committee Information.***

Board

Board of Directors

- Provides enterprise-wide risk oversight, including through its committees
- Approves the Enterprise Risk Policy, which establishes the enterprise risk management program and framework
- Approves the Strategic Plan
- Approves the enterprise risk appetite, which must be aligned with the Strategic Plan, subject to FHFA (as Conservator) approval

Risk Committee

- Reviews and recommends the Enterprise Risk Policy and the enterprise risk appetite to the Board of Directors for approval
- Assists the Board in the oversight of our enterprise risk framework and adherence to the Board-approved risk appetite
- Reviews significant enterprise risk exposures, risk management strategies, and top and emerging risks
- Reviews changes to business practices or new business initiatives that may significantly impact the enterprise risk profile, the achievement of Freddie Mac's business strategy, or the ability to operate within the Board-approved risk appetite

Operations & Technology Committee

- Oversees Freddie Mac's information, operations, and technology strategies and planning, and the implementation of technology initiatives
- Oversees, in conjunction with the Risk Committee of the Board, Freddie Mac's management of information (including cybersecurity), technology, operational resiliency, and certain third party risks
- Reviews and recommends to the Board for approval the annual Enterprise Operations and Technology Division (EOT) business plan, including relevant performance indicators, and evaluates EOT against the plan
- Monitors and evaluates trends in technology that may affect Freddie Mac's strategy and business objectives

Mission & Housing Sustainability Committee

- Oversees the development, planning, implementation, performance, and execution of Freddie Mac's mission-related strategies and significant initiatives, including compliance with fair lending requirements, and sustainability initiatives with climate implications or impacts

Audit Committee

- Provides oversight of the integrity of the company's financial statements and internal controls
- Reviews management's guidelines and policies governing the processes for assessing and managing our risks
- Reviews Freddie Mac's major risk exposures, and the steps management has taken to monitor and control such exposures
- Appoints and oversees independent public accountant
- Oversees performance of the Internal Audit Division
- Reviews compliance with legal and regulatory requirements

Management

Enterprise Risk Committee

- Established by the CEO and chaired by the CRO, comprising members of senior management
- Monitors the risk profile of each business division and the management of the company's risk exposures consistent with the ERP
- Reviews aggregate enterprise-wide key risks, including top, emerging, and elevated risk exposures

FIRST LINE OF DEFENSE

Business Divisions

- Responsible, with support from our Enterprise divisions, for identifying, measuring, monitoring, controlling, and reporting risks in adherence to the established risk appetite, risk limits, risk thresholds, and risk policies and standards approved by senior management and/or our Board or Board Committees

SECOND LINE OF DEFENSE

Enterprise Risk Management

- Responsible for risk leadership and independent oversight of risk across the company
- Develops the enterprise risk management program and framework and issues corporate risk policies and standards which include establishing a risk taxonomy, risk appetite, risk limits, and other metrics and indicators
- Monitors, evaluates, and reports on our performance against the enterprise risk framework and corporate risk policies and standards, including oversight and escalation of risk issues as appropriate
- Responsible for approval of significant risk activities
- Responsible for reporting on aggregate risk to senior management, the Board, and the Board Risk Committee
- Provides oversight of first line risk management activities

Compliance

- Responsible for the independent assessment and oversight of ethics and compliance risk across the company
- Advises employees and business divisions on ethical and regulatory matters
- Develops enterprise compliance and ethics programs to properly manage the risk of failure to comply with all relevant laws, rules, and regulations governing our business
- Issues and maintains compliance policies and standards for the enterprise, which are designed to effectively govern, identify, measure, monitor, test, and report compliance risk inherent in our business activities
- Establishes and maintains the enterprise Code of Conduct to promote a culture of ethical business conduct in the workplace and among our third parties

THIRD LINE OF DEFENSE

Internal Audit

- Responsible for evaluating the design adequacy, operational effectiveness, and efficiency of governance, risk management, and control processes, for both the first and second lines of defense

Credit Risk

Overview

Credit risk is the risk associated with the inability or failure of a borrower, issuer, or counterparty to meet its financial and/or contractual obligations. We are exposed to both mortgage credit risk and counterparty credit risk.

Mortgage credit risk is the risk associated with the inability or failure of a borrower to meet its financial and/or contractual obligations. We are exposed to two types of mortgage credit risk:

- **Single-Family mortgage credit risk**, through our ownership or guarantee of loans in our Single-Family mortgage portfolio and
- **Multifamily mortgage credit risk**, through our ownership or guarantee of loans in our Multifamily mortgage portfolio.

Counterparty credit risk is the risk associated with the inability or failure of a counterparty to meet its contractual obligations.

In the sections below, we provide a general discussion of our enterprise risk framework and current risk environment for mortgage credit risk, including natural disaster and climate risk, and for counterparty credit risk.

Allowance for Credit Losses

We recognize an allowance for credit losses that is deducted from or added to the amortized cost basis of the financial asset to present the net amount expected to be collected on the financial asset on the balance sheet. For Single-Family credit exposures, we estimate the allowance for credit losses for loans on a pooled basis using a discounted cash flow model that evaluates a variety of factors to estimate the cash flows we expect to collect. The discounted cash flow model forecasts cash flows over the loan's remaining contractual life, adjusted for expectations of prepayments, and using our historical experience, adjusted for current and forecasted economic conditions. These projections require significant management judgment, and we face uncertainties and risks related to the models we use for financial accounting and reporting purposes. For further information on our accounting policies and methods for estimating our allowance for credit losses and related management judgments, see **MD&A - Critical Accounting Estimates**.

For Multifamily credit exposures, we estimate the allowance for credit losses using a loss-rate method to estimate the net amount of cash flows we expect to collect. The loss rate method is based on a probability of default and loss given default framework that estimates credit losses by considering a loan's underlying characteristics and current and forecasted economic conditions. Loan characteristics considered by our model include vintage, loan term, current DSCR, current LTV ratio, occupancy rate, and interest rate hedges. We generally forecast economic conditions over a reasonable and supportable two-year period prior to reverting to historical averages at the model input level over a five-year period, using a linear reversion method. We also consider as model inputs expected prepayments, contractually specified extensions, expected recoveries from collateral posting requirements, and expected recoveries from credit enhancements that are not freestanding contracts. Management adjustments to our model output may be necessary to take into consideration current economic events and other external factors.

In 1Q 2022, we adopted accounting guidance that eliminates the recognition and measurement of TDRs. Upon adoption of this guidance, we no longer measure an allowance for credit losses for TDRs we reasonably expect will occur, and we no longer recognize an incremental allowance for credit losses for the economic concession granted to a borrower experiencing financial difficulty for changes in the timing and amount of contractual cash flows when a loan is restructured. See **Note 4** for additional information on the adoption of this new accounting guidance.

The tables below present a summary of the changes in our allowance for credit losses and key allowance for credit losses ratios.

Table 14 - Allowance for Credit Losses Activity

	December 31, 2022			December 31, 2021			December 31, 2020		
(Dollars in millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Allowance for credit losses:									
Beginning balance	$5,440	$78	$5,518	$6,353	$200	$6,553	$5,233	$68	$5,301
Provision (benefit) for credit losses	1,772	69	1,841	(919)	(122)	(1,041)	1,320	132	1,452
Charge-offs	(505)	—	(505)	(1,107)	—	(1,107)	(592)	—	(592)
Recoveries collected	148	—	148	197	—	197	210	—	210
Net charge-offs	(357)	—	(357)	(910)	—	(910)	(382)	—	(382)
Other[1]	891	—	891	916	—	916	182	—	182
Ending balance	**$7,746**	**$147**	**$7,893**	**$5,440**	**$78**	**$5,518**	**$6,353**	**$200**	**$6,553**
Average loans outstanding during the year[2]	$2,929,728	$33,054	$2,962,782	$2,597,016	$23,736	$2,620,752	$2,113,212	$19,546	$2,132,758
Net charge-offs to average loans outstanding	0.01 %	— %	0.01 %	0.04 %	— %	0.03 %	0.02 %	— %	0.02 %
Components of ending balance of allowance for credit losses:									
Mortgage loans held-for-investment	$7,314	$77	$7,391	$4,913	$34	$4,947	$5,628	$104	$5,732
Other[3]	432	70	502	527	44	571	725	96	821
Total ending balance	**$7,746**	**$147**	**$7,893**	**$5,440**	**$78**	**$5,518**	**$6,353**	**$200**	**$6,553**

(1) Primarily includes capitalization of past due interest related to non-accrual loans that receive payment deferral plans and loan modifications.

(2) Based on amortized cost basis of held-for-investment loans for which we have not elected the fair value option.

(3) Includes allowance for credit losses related to advances of pre-foreclosure costs, accrued interest receivable, and off-balance sheet credit exposures.

Table 15 - Allowance for Credit Losses Ratios

	December 31, 2022			December 31, 2021		
(Dollars in millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Allowance for credit losses on mortgage loans held-for-investment	$7,314	$77	$7,391	$4,913	$34	$4,947
Total loans outstanding[1]	2,981,401	47,094	3,028,495	2,806,535	26,743	2,833,278
Non-accrual loans[1]	10,095	42	10,137	18,650	—	18,650
Allowance for credit losses[2] to total loans outstanding	0.25 %	0.16 %	0.24 %	0.18 %	0.13 %	0.17 %
Non-accrual loans to total loans outstanding	0.34	0.09	0.33	0.66	—	0.66
Allowance for credit losses[3] to non-accrual loans	72.45	183.33	72.91	26.34	NM	26.53

(1) Based on amortized cost basis of held-for-investment loans for which we have not elected the fair value option.

(2) Represent allowance for credit losses on total held-for-investment loans.

(3) NM - not meaningful due to the non-accrual loans balance rounding to zero.

- **2022 vs. 2021**
  - The ratio of non-accrual loans to total loans outstanding decreased as borrowers continued to exit forbearance and complete loan workout activities that returned their mortgages to current status.
  - The ratios of allowance for credit losses to total loans outstanding and to non-accrual loans increased as the allowance for credit losses increased due to declining observed and forecasted house price appreciation. The ratio of allowance for credit losses to non-accrual loans also increased as the balance of loans in non-accrual status decreased.

See **Note 6** for additional information on our allowance for credit losses and **Note 4** for additional information on our non-accrual policy.

The table below shows the contractual principal payments due by specified timeframe for held-for-investment loans outstanding as of the period end.

Table 16 - Principal Amounts Due for Held-for-Investment Loans

	December 31, 2022				
(In millions)	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through 15 Years	Due after 15 Years	Total
Single-Family:					
Fixed-rate	$91,831	$393,828	$1,064,089	$1,367,345	$2,917,093
Adjustable-rate	786	3,397	9,644	10,585	24,412
Total Single-Family	**92,617**	**397,225**	**1,073,733**	**1,377,930**	**2,941,505**
Multifamily:					
Fixed-rate	265	6,283	31,489	3,149	41,186
Adjustable-rate	268	2,062	4,863	—	7,193
Total Multifamily	**533**	**8,345**	**36,352**	**3,149**	**48,379**
Cost basis and fair value adjustments, net					**39,825**
Total(1)					**$3,029,709**

(1) Includes $1.2 billion multifamily held-for-investment loans for which we have elected the fair value option as of December 31, 2022.

Single-Family Mortgage Credit Risk

We manage our exposure to Single-Family mortgage credit risk, which is a type of consumer credit risk, using the following principal strategies:

- Maintaining prudent underwriting standards and quality control practices and managing seller/servicer performance;
- Transferring credit risk to third-party investors;
- Monitoring loan performance and characteristics;
- Engaging in loss mitigation activities; and
- Managing foreclosure and REO activities.

Maintaining Prudent Underwriting Standards and Quality Control Practices and Managing Seller/Servicer Performance

We employ multiple strategies to maintain loan quality:

- Underwriting standards, as published in our Guide and incorporated in Freddie Mac Loan Advisor®, establish the requirements for eligibility, documentation, and representations and warranties;
- Loan quality control practices, including post-close credit review and the remedy management repurchase process, help to validate that the loan origination process is acceptable to us and loans are produced to perform at or above expected levels; and
- Seller/servicer management, including review of their in-house quality control as well as our loan performance monitoring, helps to maintain quality control for loans sold and/or serviced by third parties.

Underwriting Standards

We use a delegated underwriting process in connection with our acquisition of single-family loans whereby we set eligibility and underwriting standards, and sellers represent and warrant to us that loans they sell to us meet these standards. Our eligibility and underwriting standards are used to assess loans based on a number of characteristics.

Limits are established on the purchase of loans with certain higher risk characteristics. These limits are designed to balance our credit risk exposure while supporting affordable housing in a responsible manner. Our purchase guidelines generally provide for:

- A maximum original LTV ratio of 97% for creditworthy first-time homebuyers and for a targeted segment of creditworthy borrowers meeting certain AMI requirements under our affordable housing initiatives;
- A maximum original LTV ratio of 95% for all other home purchase and no cash-out refinance loans; and
- A maximum original LTV ratio of 80% for cash-out refinance loans.

We implemented certain changes to our underwriting standards during the COVID-19 pandemic, and some of these changes may negatively affect the expected performance of loans purchased during the affected periods. The pandemic may also have strained sellers' ability to increase their operational capacity to handle the historically high volume of refinance mortgages in recent years while maintaining proper quality control, which may further impact the credit quality of the loans we purchased during the affected periods. In addition, the CARES Act requires creditors to report to credit bureaus that loans in relief programs, such as forbearance plans, repayment plans, and loan modification programs, are current as long as the loans were current prior to entering into the relief programs and the borrowers remain in compliance with the programs. As a result, our ability to evaluate purchases of new loans may be adversely affected as credit scores may not fully reflect the impact of relief programs, offered by us or other creditors, into which borrowers may have entered during the affected periods.

Loan Advisor is our main tool for assessing loan eligibility and documentation. Loan Advisor is a set of integrated software applications and services designed to give lenders access to our view of risk, loan quality, and eligibility during the origination process, which promotes efficient commerce between lenders and Freddie Mac. As a key component of Loan Advisor, Loan Product Advisor® (LPA) takes advantage of proprietary data models and intelligent automation to help lenders validate that submitted loans meet our underwriting standards. LPA features tools and offerings that leverage algorithms to enhance the origination process, and generates an assessment of a loan’s credit risk and overall quality.

Historically, the majority of our purchase volume was assessed using either LPA, Fannie Mae's comparable software Desktop Underwriter (DU), or the seller's proprietary automated underwriting system. We have implemented steps to require the loans we purchase to be assessed by one of Freddie Mac's proprietary underwriting software tools, LPA or Loan Quality Advisor®, prior to purchase. Substantially all of the loans we purchase are now assessed by Freddie Mac's proprietary underwriting software, helping validate their compatibility with our risk appetite. Any loans that are not assessed by Freddie Mac’s proprietary underwriting software are manually underwritten by the seller in accordance with Guide requirements.

With Loan Advisor, lenders can actively monitor representation and warranty relief earlier in the mortgage loan production process. Loan Advisor offers limited representation and warranty relief for certain loan components that satisfy automated data analytics related to appraisal quality, valuation, borrower assets, borrower income, and certain condominium project requirements. In general, limited representation and warranty relief is only offered when information provided by lenders is validated through the use of independent data sources.

If we discover that the representations or warranties related to a loan were breached (i.e., that contractual standards were not followed), we can exercise certain contractual remedies to mitigate our actual or potential credit losses. These contractual remedies include the ability to require the seller or servicer to repurchase the loan at its current UPB, reimburse us for losses realized with respect to the loan after consideration of any other recoveries, and/or indemnify us. Our current remedies framework provides for the categorization of loan origination defects for loans with settlement dates on or after January 1, 2016. Among other items, the framework provides that "significant defects" will result in a repurchase request or a repurchase alternative, such as recourse or indemnification.

Under our current selling and servicing representation and warranty framework for our mortgage loans, we relieve sellers of repurchase obligations for breaches of certain selling representations and warranties for certain types of loans, including:

- Loans that have established an acceptable payment history for 36 months (12 months for relief refinance loans) of consecutive, on-time payments after purchase, subject to certain exclusions and
- Loans that have satisfactorily completed a quality control review.

An independent dispute resolution process for alleged breaches of selling or servicing representations and warranties on our loans allows for a neutral third party to render a decision on demands that remain unresolved after the existing appeal and escalation processes have been exhausted.

Quality Control Practices

We employ a quality control process to review underwriting documentation and decision-making for compliance with our standards using both statistical random and targeted sampling. Pursuant to Guide requirements, we initiate these sampling reviews to timely identify breaches of representations and warranties. Proprietary tools, such as Quality Control Advisor®, provide greater structure and transparency into our review process. Sellers may appeal our ineligible loan determination prior to the repurchase.

We also perform quality control reviews on loans that have defaulted within the representation and warranty period and require repurchase by the seller if a breach is identified.

Managing Seller/Servicer Performance

We actively monitor seller and servicer performance, including compliance with our standards. We maintain approval standards for our seller/servicers, which include requiring our sellers to maintain an in-house quality control program with written procedures that operates independently of the seller’s underwriting and origination functions. We monitor servicer performance using our Servicer Success Scorecard. In addition, we perform servicing and loan modification quality control reviews on selected servicers through random sampling of delinquent loans and executed loan modifications.

Underwriting Restrictions Related to Purchase Agreement

The Purchase Agreement requires us to limit our acquisition of certain single-family mortgage loans as follows:

- A maximum of 6% of purchase money mortgages and 3% of refinance mortgages over the preceding 52-week period can have two or more of the following characteristics at origination: combined LTV ratio greater than 90%; debt-to-income ratio greater than 45%; and FICO or equivalent credit score less than 680.
- Acquisitions of single-family mortgage loans secured by either second homes or investment properties are limited to 7% of the single-family mortgage loan acquisitions over the preceding 52-week period.
- Subject to such exceptions as FHFA may prescribe to permit us to acquire single-family mortgage loans that are currently eligible for acquisition, we were required to implement a program reasonably designed to ensure that each single-family mortgage loan acquired is: (1) a qualified mortgage; (2) exempt from the CFPB's ability-to-repay requirements; (3) secured by an investment property, subject to the restrictions above; (4) a refinancing with streamlined underwriting for high LTV ratios; (5) a loan with temporary underwriting flexibilities due to exigent circumstances, as determined in consultation with FHFA; or (6) secured by manufactured housing.

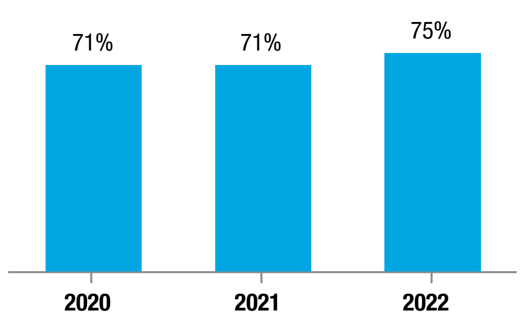
Limits imposed by the Purchase Agreement on our acquisitions of single-family loans with certain LTV, DTI, and credit score characteristics at origination and on our acquisitions of single-family loans secured by second homes or investment properties have been suspended, and will remain suspended until six months after Treasury notifies Freddie Mac that such suspension has been terminated. As of February 22, 2023, we have not received such notification. For additional information, see **MD&A - Conservatorship and Related Matters -** ***Limits on our Secondary Market Activities and Single-Family Loan Acquisitions***.

Loan Purchase Credit Characteristics

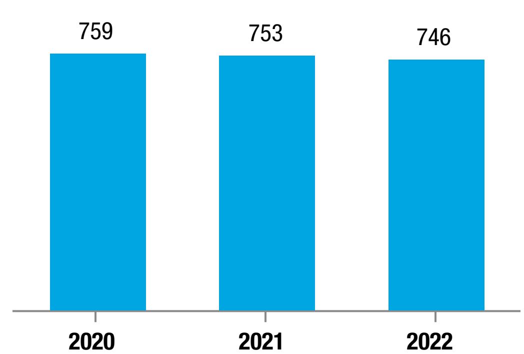
We monitor and evaluate market conditions that could affect the credit quality of our single-family loan purchases. Additionally, when managing our new acquisitions, we consider our risk limits and guidance from FHFA and capital requirements under the ERCF. This may affect the volume and characteristics of our loan acquisitions.

The charts below show the credit profile of the single-family loans we purchased or guaranteed. The average original LTV increased in 2022 compared to 2021 due to the increase in the percentage of loan acquisitions related to home purchases as home purchase loans typically have higher LTV ratios than refinance loans. The average original credit score decreased in 2022 compared to 2021 as the credit scores associated with the refinance loans decreased. The percentage of loans with a DTI ratio greater than 45% also increased in 2022 compared to 2021 due to changes in market conditions, such as increasing house prices and higher mortgage interest rates in recent periods.

Weighted Average Original LTV Ratio



Weighted Average Original Credit Score[1]



(1) Weighted average original credit score is generally based on three credit bureaus (Equifax, Experian, and TransUnion).

The table below contains additional information about the single-family loans we purchased or guaranteed.

Table 17 - Single-Family New Business Activity

	Year Ended December 31,					
	2022		2021		2020	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	% of Total
20- and 30-year or more, amortizing fixed-rate	$489,698	91 %	$1,041,281	86 %	$919,452	85 %
15-year or less, amortizing fixed-rate	44,424	8	173,069	14	166,827	15
Adjustable-rate	6,503	1	5,229	—	3,788	—
Total	**$540,625**	**100 %**	**$1,219,579**	**100 %**	**$1,090,067**	**100 %**
Percentage of purchases						
DTI ratio > 45%		17 %		11 %		10 %
Original LTV ratio > 90%		19		11		11
Transaction type:						
Cash window		26		43		61
Guarantor swap		74		57		39
Property type:						
Detached single-family houses and townhouses		92		93		93
Condominium or co-op		8		7		7
Occupancy type:						
Primary residence		90		93		94
Second home		3		3		3
Investment property		7		4		3
Loan purpose:						
Purchase		63		35		30
Cash-out refinance		25		25		18
Other refinance		12		40		52

Transferring Credit Risk to Third-Party Investors

Types of Credit Enhancements

Our Charter requires coverage by specified credit enhancements or participation interests on single-family loans with LTV ratios above 80% at the time of purchase. Most of our loans with LTV ratios above 80% are protected by primary mortgage insurance, which provides loan-level protection against loss up to a specified amount, the premium for which is typically paid by the borrower. Generally, an insured loan must be in default and the borrower's interest in the underlying property must have been extinguished, such as through a short sale or foreclosure sale, before a claim can be filed under a primary mortgage insurance policy. The mortgage insurer has a prescribed period of time within which to process a claim and make a determination as to its validity and amount.

In addition to obtaining credit enhancements required by our Charter, we also enter into various CRT transactions in which we transfer mortgage credit risk to third parties. The table below contains a summary of the types of credit enhancements we use to transfer credit risk on our single-family loans. See **MD&A - Our Business Segments - Single-Family** ***- Products and Activities*** for more information on our CRT transactions.

Category	Products	CRT	Coverage type	Accounting treatment
Primary mortgage insurance	Primary mortgage insurance	No	Front-end	Not Freestanding
STACR	STACR Trust notes	Yes	Back-end	Freestanding
	STACR debt notes	Yes	Back-end	Debt
ACIS	ACIS	Yes	Front-end/Back-end	Freestanding
Other	Senior subordinate securitizations	Yes	Back-end	Debt/Guarantee
	Lender risk-sharing	Yes	Front-end	Freestanding
	Other insurance/reinsurance products	Yes	Front-end	Freestanding

Single-Family Mortgage Portfolio CRT Issuance

The table below provides the UPB of the mortgage loans covered by CRT transactions issued during the periods presented as well as the maximum coverage provided by those transactions.

Table 18 - Single-Family Mortgage Portfolio CRT Issuance

	Year Ended December 31,					
	2022		2021		2020	
(In millions)	UPB(1)	Maximum Coverage(2)	UPB(1)	Maximum Coverage(2)	UPB(1)	Maximum Coverage(2)
STACR	$325,721	$12,720	$574,705	$11,024	$427,155	$11,141
ACIS	225,070	7,611	464,158	7,689	421,181	3,843
Other	2,617	622	5,979	1,258	17,101	2,717
Less: UPB with more than one type of CRT	—	—	(216,386)	—	(388,340)	(769)
Total CRT Issuance	**$553,408**	**$20,953**	**$828,456**	**$19,971**	**$477,097**	**$16,932**

(1) Represents the UPB of the assets included in the associated reference pool or securitization trust, as applicable.

(2) For STACR transactions, represents the balance held by third parties at issuance. For ACIS transactions, represents the aggregate limit of insurance purchased from third parties at issuance.

Single-Family Mortgage Portfolio Credit Enhancement Coverage Outstanding

The table below provides information on the UPB and maximum coverage associated with credit-enhanced loans in our Single-Family mortgage portfolio.

Table 19 - Single-Family Mortgage Portfolio Credit Enhancement Coverage Outstanding

	December 31, 2022		
(Dollars in millions)	UPB(1)	% of Portfolio	Maximum Coverage(2)
Primary mortgage insurance(3)	$609,123	21%	$155,022
STACR	1,188,017	40	35,111
ACIS	938,409	31	19,774
Other	41,572	1	11,105
Less: UPB with multiple credit enhancements and other reconciling items(4)	(945,062)	(32)	—
Single-Family mortgage portfolio - credit-enhanced	**1,832,059**	**61**	**221,012**
Single-Family mortgage portfolio - non-credit-enhanced	1,153,986	39	N/A
Total	**$2,986,045**	**100%**	**$221,012**

	December 31, 2021		
(Dollars in millions)	UPB(1)	% of Portfolio	Maximum Coverage(2)
Primary mortgage insurance(3)	$545,293	20%	$135,330
STACR	1,024,013	37	32,641
ACIS	911,643	32	15,678
Other	44,633	2	11,129
Less: UPB with multiple credit enhancements and other reconciling items(4)	(1,034,546)	(38)	—
Single-Family mortgage portfolio - credit-enhanced	**1,491,036**	**53**	**194,778**
Single-Family mortgage portfolio - non-credit-enhanced	1,301,188	47	N/A
Total	**$2,792,224**	**100%**	**$194,778**

(1) Represents the current UPB of the assets included in the associated reference pool or securitization trust, as applicable.

(2) For STACR transactions, represents the outstanding balance held by third parties. For ACIS transactions, represents the remaining aggregate limit of insurance purchased from third parties.

(3) Amounts exclude certain loans for which we do not control servicing, as the coverage information for these loans is not readily available to us.

(4) Other reconciling items primarily include timing differences in reporting cycles between the UPB of certain CRT transactions and the UPB of the underlying loans.

Credit Enhancement Coverage Characteristics

The table below provides the serious delinquency rates for the credit-enhanced and non-credit-enhanced loans in our Single-Family mortgage portfolio. The credit-enhanced categories are not mutually exclusive as a single loan may be covered by both primary mortgage insurance and other credit enhancements.

Table 20 - Serious Delinquency Rates for Credit-Enhanced and Non-Credit-Enhanced Loans in Our Single-Family Mortgage Portfolio

	December 31, 2022		December 31, 2021	
(% of portfolio based on UPB)(1)	% of Portfolio(2)	SDQ Rate	% of Portfolio(2)	SDQ Rate
Credit-enhanced:				
Primary mortgage insurance	21 %	1.05 %	20 %	1.79 %
CRT and other	56	0.68	47	1.24
Non-credit-enhanced	39	0.57	47	0.93
Total	**N/A**	**0.66**	**N/A**	**1.12**

(1) Excludes loans underlying certain securitization products for which loan-level data is not available.

(2) Percentages do not total to 100% as a single loan may be included in multiple line items.

The table below provides information on the amount of credit enhancement coverage by year of origination associated with loans in our Single-Family mortgage portfolio.

Table 21 - Credit Enhancement Coverage by Year of Origination

	December 31, 2022		December 31, 2021	
(Dollars in millions)	UPB	% of UPB with Credit Enhancement	UPB	% of UPB with Credit Enhancement
Year of Loan Origination				
2022	$438,339	55 %	N/A	N/A
2021	1,054,844	64	$1,059,299	40 %
2020	776,425	67	867,122	68
2019	131,637	71	157,971	71
2018	52,921	77	66,149	78
2017 and prior	531,879	48	641,683	50
Total	**$2,986,045**	**61**	**$2,792,224**	**53**

The following table provides information on the characteristics of the loans in our Single-Family mortgage portfolio without credit enhancement.

Table 22 - Single-Family Mortgage Portfolio Without Credit Enhancement(1)

	December 31, 2022		December 31, 2021	
(Dollars in millions)	UPB	% of Portfolio	UPB	% of Portfolio
Low original LTV ratio(1)(2)	$704,432	24 %	$687,116	25 %
Short-term(1)(3)	214,256	7	216,458	8
Recently acquired(1)(4)	102,829	3	252,875	9
Other(1)(5)	132,469	5	144,739	5
Single-Family mortgage portfolio - non-credit-enhanced	**$1,153,986**	**39 %**	**$1,301,188**	**47 %**

(1) Loans with multiple characteristics are assigned to categories in this table based on the following order: low original LTV ratio, short-term, and recently acquired.

(2) Represents loans with an original LTV ratio less than or equal to 60%. Previously loans were assigned to this category based on current LTV ratios. Certain amounts in the prior periods have been reclassified to conform to the current presentation.

(3) Represents loans with an original maturity of 20 years or less.

(4) Represents loans that were recently acquired and have not been included in a reference pool.

(5) Primarily includes government guaranteed loans, ARM loans, loans with an original LTV ratio greater than 97%, loans that fail the delinquency requirements for CRT transactions, and relief refinance loans and loans that were acquired before the inception of our CRT programs in 2013.

Credit Enhancement Recoveries

The table below presents the details of the credit enhancement recovery receivables we have recognized on our consolidated balance sheets. These amounts are included in other assets. See **Note 3** and **Note 6** for additional information on accounting for credit enhancements.

Table 23 - Single-Family Credit Enhancement Receivables

(In millions)	December 31, 2022	December 31, 2021
Freestanding credit enhancement expected recovery receivables, net of allowance	$364	$114
Primary mortgage insurance receivables, net of allowance	49	76
Total credit enhancement receivables	**$413**	**$190**

Monitoring Loan Performance and Characteristics

We review loan performance, including delinquency statistics and related loan characteristics, in conjunction with housing market and economic conditions, to assess credit risk when estimating our allowance for credit losses. We also use this information to determine if our pricing and eligibility standards reflect the risk associated with the loans we purchase and guarantee. We review the payment performance of our loans to facilitate early identification of potential problem loans, which could inform our loss mitigation strategies. We also review performance metrics for additional loan characteristics that may expose us to concentrations of credit risk.

Loan Characteristics

The table below contains a description of some of the credit characteristics that we monitor for loans in our Single-Family mortgage portfolio.

Credit Characteristic	Description	Impact on Credit Quality
LTV ratio	Ratio of the UPB of the loan to the value of the underlying property collateralizing the loan. Original LTV ratio is measured at loan origination, while CLTV ratio is defined as the ratio of the current loan UPB to the estimated current property value	• Measures ability of the underlying property to cover our exposure on the loan • Higher LTV ratios indicate higher risk, as proceeds from sale of the property may not cover our exposure on the loan • Lower LTV ratios indicate borrowers are more likely to repay
Credit score	Statistically-derived number that may indicate a borrower's likelihood to repay debt. Original credit score represents each borrower's FICO score at the time of origination or our purchase, while current credit score represents each borrower's most recent FICO score, which is obtained by Freddie Mac as of the first month of the most recent quarter	• Borrowers with higher credit scores are generally more likely to repay or have the ability to refinance their loans than those with lower scores
Loan purpose	Indicates how the borrower intends to use the proceeds from a loan (i.e., purchase, cash-out refinance, or other refinance)	• Cash-out refinancings, which increase the LTV ratios, generally have a higher risk of default than loans originated in purchase or other refinance transactions
Property type	Indicates whether the property is a detached single-family house, townhouse, condominium, or co-op	• Detached single-family houses and townhouses are the predominant type of single-family property • Condominiums historically have experienced greater volatility in house prices than detached single-family houses, which may expose us to more risk
Occupancy type	Indicates whether the borrower intends to use the property as a primary residence, second home, or investment property	• Loans on primary residence properties tend to have lower credit risk than loans on second homes or investment properties
Product type	Indicates the type of loan based on key loan terms, such as the contractual maturity, type of interest rate, and payment characteristics of the loan	• Loan products that contain terms which result in scheduled changes in monthly payments may result in higher risk • Shorter loan terms result in faster repayment of principal and may indicate lower risk
DTI ratio	Ratio of the borrowers' total monthly debt payments to gross monthly income. One indicator of the creditworthiness of the borrowers, as it measures borrowers' ability to manage monthly payments and repay debts	• Borrowers with lower DTI ratios are generally more likely to repay their loans than those with higher DTI ratios, holding all other factors equal • DTI ratios are at the time of origination and may not be indicative of the borrowers' current credit worthiness
Geographic concentration	Indicates whether our mortgage portfolio is diversified geographically	• Geographic concentrations may increase the exposure of our mortgage portfolio to credit risk, as regional economic conditions may affect a borrower's ability to repay and the underlying property value • Geographic diversification reduces the credit risk impact of an economic downturn in, or a catastrophic event that disproportionately affects, a particular geographic area
Loan age	Number of years since loan origination	• Credit losses on mortgage loans typically are low during the first few years after origination and may increase subsequently depending on macroeconomic conditions and other factors as the effect of underwriting wanes

The tables below contain details of the characteristics of the loans in our Single-Family mortgage portfolio.

Table 24 - Credit Quality Characteristics of Our Single-Family Mortgage Portfolio

	December 31, 2022				
(Dollars in millions)	UPB	Original Credit Score (1)	Current Credit Score (1)(2)	Original LTV Ratio	Current LTV Ratio
Single-Family mortgage portfolio year of origination:					
2022	$438,339	745	742	76 %	74 %
2021	1,054,844	752	758	71	59
2020	776,425	761	766	71	51
2019	131,637	746	752	76	50
2018	52,921	736	736	76	47
2017 and prior	531,879	737	752	75	34
Total	**$2,986,045**	**750**	**756**	**73**	**54**

	December 31, 2021				
(Dollars in millions)	UPB	Original Credit Score (1)	Current Credit Score (1)(2)	Original LTV Ratio	Current LTV Ratio
Single-Family mortgage portfolio year of origination:					
2021	$1,059,299	752	751	71 %	66 %
2020	867,122	760	769	71	56
2019	157,971	746	751	76	55
2018	66,149	736	736	76	52
2017	88,800	741	746	75	46
2016 and prior	552,883	737	752	75	36
Total	**$2,792,224**	**751**	**756**	**72**	**55**

(1) Original credit score is based on three credit bureaus (Equifax, Experian, and TransUnion). Current credit score is based on Experian only.

(2) Credit scores for certain recently acquired loans may not have been updated by the credit bureau since the loan acquisition, and therefore, the original credit scores also represent the current credit scores.

Table 25 - Characteristics of the Loans in Our Single-Family Mortgage Portfolio

	Year Ended December 31,					
	2022		2021		2020	
(Dollars in millions)	Amount	% of Total	Amount	% of Total	Amount	% of Total
20- and 30-year or more, amortizing fixed-rate	$2,575,810	87 %	$2,358,755	85 %	$1,950,612	84 %
15-year or less, amortizing fixed-rate	371,017	12	393,341	14	326,410	14
Adjustable-rate and other(1)	39,218	1	40,128	1	49,404	2
Total	**$2,986,045**	**100 %**	**$2,792,224**	**100 %**	**$2,326,426**	**100 %**
Percentage of portfolio based on UPB						
Original LTV ratio range:						
60% and below		24 %		25 %		22 %
Above 60% to 80%		51		51		51
Above 80% to 90%		11		11		12
Above 90% to 100%		13		12		13
Above 100%		1		1		2
Portfolio weighted average original LTV ratio		73		72		74
Current LTV ratio range:						
60% and below		63		58		51
Above 60% to 80%		28		35		37
Above 80% to 90%		6		5		10
Above 90% to 100%		3		2		2
Above 100%		—		—		—
Portfolio weighted average current LTV ratio		54		55		58
Original credit score(2):						
740 and above		64		65		64
700 to 739		21		20		20
680 to 699		7		7		7
660 to 679		4		4		4
620 to 659		3		3		4
Less than 620		1		1		1
Portfolio weighted average original credit score		750		751		749
Current credit score(2)(3):						
740 and above		70		70		70
700 to 739		15		15		15
680 to 699		5		5		5
660 to 679		3		4		3
620 to 659		4		4		4
Less than 620		3		2		3
Portfolio weighted average current credit score		756		756		754
DTI ratio:						
Above 45%		15		14		14
Portfolio weighted average DTI ratio		35		34		35
Property type:						
Detached single-family houses and townhouse		93		93		92
Condominium or co-op		7		7		8
Occupancy type at origination:						
Primary residence		91		91		90
Second home		4		4		4
Investment property		5		5		6
Loan purpose:						
Purchase		41		36		38
Cash-out refinance		22		22		19
Other refinance		37		42		43

(1) The "other" class consists of Alt-A, interest-only, and option ARM loans.

(2) Original credit score is generally based on three credit bureaus (Equifax, Experian, and TransUnion). Current credit score is based on Experian only.

(3) Credit scores for certain recently acquired loans may not have been updated by the credit bureau since the loan acquisition, and therefore, the original credit scores also represent the current credit scores.

Participants in the mortgage market have characterized single-family loans based upon their overall credit quality at the time of origination, including as prime or subprime. While we use the terms subprime and Alt-A in this Form 10-K, there is no universally accepted definition of subprime or Alt-A, and the classification of such loans may differ from company to company. We have not historically characterized the loans in our Single-Family mortgage portfolio as either prime or subprime for purposes of evaluating credit risk, and we do not rely on these loan classifications to evaluate the credit risk exposure relating to such loans in our Single-Family mortgage portfolio. To evaluate credit risk, we monitor the amount of loans we have guaranteed with characteristics that indicate a higher degree of credit risk.

There are also several types of loans that contain terms which result in scheduled changes in the borrower's monthly payments after specified initial periods, such as option ARM and interest-only loans. These products may result in higher credit risk because the payment changes may increase the borrower's monthly payment, resulting in a higher risk of default. Only a small percentage of our Single-Family mortgage portfolio consists of option ARM, Alt-A, and interest-only loans. We fully discontinued purchases of option ARM loans in 2007, Alt-A loans in 2009, and interest-only loans in 2010.

The following table presents the combination of credit score and CLTV ratio attributes of loans in our Single-Family mortgage portfolio.

Table 26 - Single-Family Mortgage Portfolio Attribute Combinations[1]

	December 31, 2022											
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 90		CLTV > 90 to 100		CLTV > 100		All Loans	
(Original Credit score)	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate[1]	% of Portfolio	SDQ Rate[2]	% of Portfolio	SDQ Rate[2]	% of Portfolio	SDQ Rate[2]	% of Portfolio	SDQ Rate
740 and above	40 %	0.22 %	18 %	0.25 %	4 %	0.23 %	2 %	0.16 %	— %	NM	64 %	0.23 %
700 to 739	12	0.70	6	0.75	2	0.72	1	0.38	—	NM	21	0.71
680 to 699	5	1.16	2	1.28	—	NM	—	NM	—	NM	7	1.18
660 to 679	3	1.65	1	1.77	—	NM	—	NM	—	NM	4	1.68
620 to 659	2	2.46	1	2.78	—	NM	—	NM	—	NM	3	2.54
Less than 620	1	5.97	—	NM	—	NM	—	NM	—	NM	1	6.52
Total	**63 %**	**0.66**	**28 %**	**0.67**	**6 %**	**0.60**	**3 %**	**0.37**	**— %**	**NM**	**100 %**	**0.66**

	December 31, 2021											
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 90		CLTV > 90 to 100		CLTV > 100		All Loans	
(Original Credit score)	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate[1]	% of Portfolio	SDQ Rate[2]	% of Portfolio	SDQ Rate[2]	% of Portfolio	SDQ Rate[2]	% of Portfolio	SDQ Rate
740 and above	37 %	0.48 %	23 %	0.46 %	4 %	0.33 %	1 %	0.13 %	— %	NM	65 %	0.46 %
700 to 739	10	1.42	8	1.25	1	0.76	1	0.38	—	NM	20	1.31
680 to 699	5	2.17	2	1.94	—	NM	—	NM	—	NM	7	2.04
660 to 679	3	2.78	1	2.48	—	NM	—	NM	—	NM	4	2.67
620 to 659	2	3.77	1	3.68	—	NM	—	NM	—	NM	3	3.77
Less than 620	1	6.69	—	NM	—	NM	—	NM	—	NM	1	7.50
Total	**58 %**	**1.17**	**35 %**	**1.03**	**5 %**	**0.75**	**2 %**	**0.46**	**— %**	**NM**	**100 %**	**1.12**

(1) Excludes loans underlying certain securitization products for which original credit score was not available.

(2) NM - not meaningful due to the percentage of the portfolio rounding to zero.

Certain of the loan attributes shown above may indicate a higher risk of default. For example, loans with LTV ratios over 90% or credit scores below 620 may be higher risk. A single loan may fall within more than one risk category. Certain combinations of loan attributes can indicate an even higher degree of credit risk, such as loans with both higher LTV ratios and lower credit scores.

Geographic Concentrations

We purchase mortgage loans from across the U.S. However, local economic conditions can affect the borrower's ability to repay and the value of the underlying collateral, leading to concentrations of credit risk in certain geographic areas. In addition, certain states and municipalities may pass laws that limit our ability to foreclose or evict and make it more difficult and costly to manage our risk.

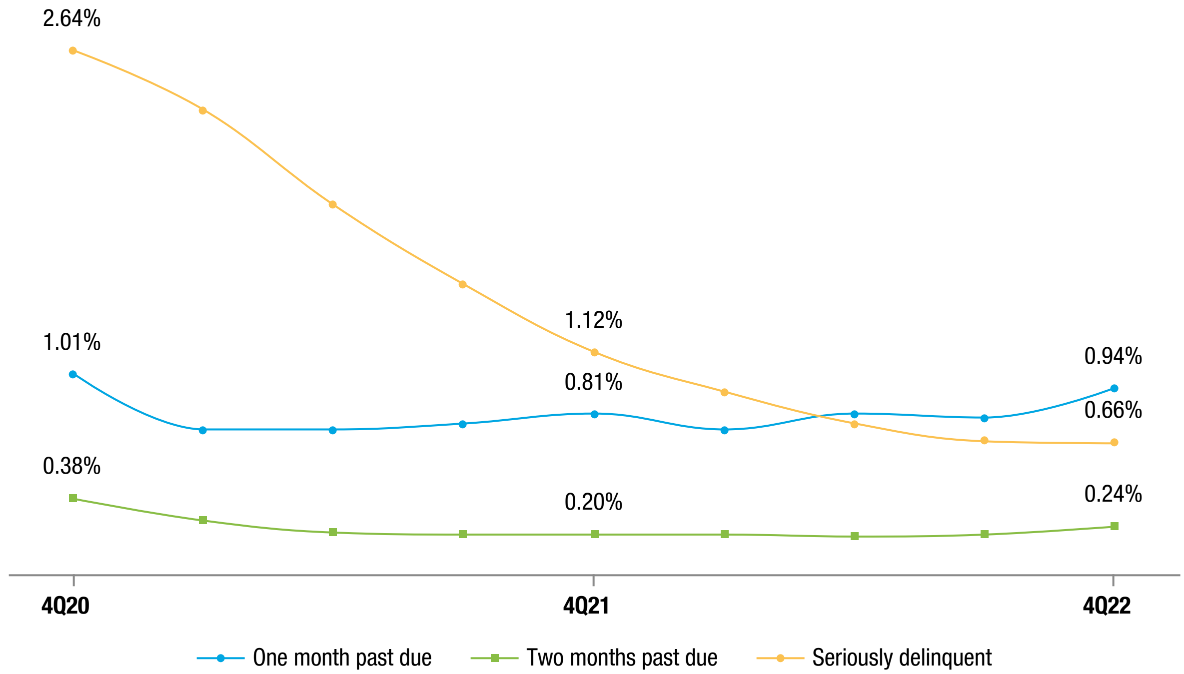
See **Note 15** for more information about the geographic distribution of our Single-Family mortgage portfolio.

Delinquency Rates

We report Single-Family delinquency rates based on the number of loans in our Single-Family mortgage portfolio that are past due as reported to us by our servicers as a percentage of the total number of loans in our Single-Family mortgage portfolio.

The chart below shows the delinquency rates of mortgage loans in our Single-Family mortgage portfolio.

Single-Family Delinquency Rates



The percentages of loans that were one month past due and two months past due increased as of December 31, 2022 compared to December 31, 2021. The percentage of loans one month past due can be volatile due to seasonality and other factors that may not be indicative of default. As a result, the percentage of loans two months past due tends to be a better early performance indicator than the percentage of loans one month past due.

Our Single-Family serious delinquency rate decreased to 0.66% as of December 31, 2022, compared to 1.12% as of December 31, 2021, as borrowers continued to exit forbearance and completed loan workout activities that returned their mortgages to current status.

The longer a loan remains delinquent, the greater the associated costs we incur. Loans that remain delinquent for more than one year, and are not in active forbearance plans, are more challenging to resolve as many of these borrowers may not be in contact with the servicer, may not be eligible for loan modifications, or may determine that it is not economically beneficial for them to enter into a loan modification due to the amount of costs incurred on their behalf while the loan was delinquent. The table below presents the length of time our loans have been seriously delinquent.

Table 27 - Seriously Delinquent Single-Family Loans

	Year Ended December 31,								
	2022			2021			2020		
(Dollars in millions)	UPB	Loan Count	% of Total[(1)]	UPB	Loan Count	% of Total[(1)]	UPB	Loan Count	% of Total[(1)]
<= 1 year	$11,660	59,889	66 %	$13,372	70,678	48 %	$61,126	290,666	92 %
> 1 year and <= 2 years	2,628	14,877	17	13,761	65,871	45	2,531	16,286	5
> 2 years and <= 4 years	2,263	13,025	14	1,330	8,151	5	984	5,707	2
> 4 years	531	2,491	3	523	2,522	2	553	2,648	1
Total	**$17,082**	**90,282**	**100 %**	**$28,986**	**147,222**	**100 %**	**$65,194**	**315,307**	**100 %**

(1) Based on loan count.

See **Note 4** for additional information on the payment status of our single-family mortgage loans.

Engaging in Loss Mitigation Activities

We offer a variety of borrower assistance programs, including refinance programs for certain eligible loans and loan workout activities for struggling borrowers. See **MD&A - Our Business Segments - Single-Family** and **Note 4** for more information on our loss mitigation activities.

Relief Refinance Program

The following table includes information about the performance of our relief refinance mortgage portfolio.

Table 28 - Single-Family Relief Refinance Loans

	December 31, 2022			December 31, 2021		
(Dollars in millions)	UPB	Loan Count	SDQ Rate	UPB	Loan Count	SDQ Rate
Above 125% original LTV	$6,554	51,953	1.46 %	$8,084	61,100	2.69 %
Above 100% to 125% original LTV	12,678	100,262	1.39	15,538	116,683	2.51
Above 80% to 100% original LTV	22,172	192,937	1.08	27,035	222,332	2.05
80% and below original LTV	33,093	398,119	0.73	40,442	460,777	1.36
Total	**$74,497**	**743,271**	**0.96**	**$91,099**	**860,892**	**1.79**

Loan Workout Activities

The table below contains credit characteristic data on our single-family modified loans.

Table 29 - Credit Characteristics of Single-Family Modified Loans

	December 31, 2022				December 31, 2021			
(Dollars in millions)	UPB	% of Portfolio	CLTV Ratio	SDQ Rate	UPB	% of Portfolio	CLTV Ratio	SDQ Rate
Loan modifications[1]	$26,794	1 %	49 %	8.62 %	$21,891	1 %	51 %	14.65 %

(1) Primarily includes loans modified through the Freddie Mac Flex Modification program and excludes certain loans for which we do not control servicing.

The table below contains information about the payment performance of modified loans in our Single-Family mortgage portfolio, based on the number of loans that were current or paid off one year and, if applicable, two years after modification.

Table 30 - Payment Performance of Single-Family Modified Loans[1]

	Quarter of Loan Modification Completion							
	4Q 2021	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020
Current or paid off one year after modification:	86 %	86 %	87 %	85 %	83 %	70 %	64 %	59 %
Current or paid off two years after modification:	N/A	N/A	N/A	N/A	85	72	68	67

(1) Primarily includes loans modified through the Freddie Mac Flex Modification program and excludes certain loans for which we do not control servicing.

Managing Foreclosure and REO Activities

In a foreclosure, we may acquire the underlying property and later sell it, using the proceeds of the sale to reduce our losses. We typically acquire properties as a result of borrower defaults and subsequent foreclosures or deeds in lieu of foreclosure on loans that we own or guarantee. We evaluate the condition of, and market for, newly acquired REO properties, determine if repairs will be performed and manage such repairs, determine occupancy status and whether there are legal or other issues to be addressed, and determine our sale or disposition strategy. We have revised our REO repair program to increase the number of homes we refurbish to attract more owner-occupant buyers. When we sell REO properties, we typically provide an initial period where we consider offers by owner occupants and entities engaged in community stabilization activities before offers by investors. We also consider disposition strategies, such as auctions, as appropriate to improve collateral recoveries and/or when traditional sales strategies (i.e., marketing via Multiple Listing Service and a real estate agent) may not be as effective. Our management of REO properties is also governed by federal fair housing/fair lending requirements.

We are subject to various state and local laws that affect the foreclosure process. The pace and volume of REO acquisitions are affected not only by the delinquent loan population but also by when we can initiate the foreclosure process and the length of the process. These factors extend the time it takes for loans to be foreclosed upon and for the underlying properties to transition to REO.

The volume of our foreclosure sales was approximately 4,000, 3,000, and 4,000 in 2022, 2021, and 2020, respectively. The increase in 2022 compared to 2021 was primarily driven by the expiration of the COVID-19-related foreclosure moratorium.

The table below shows our Single-Family REO activity. Our REO inventory increased in 2022 compared to 2021 primarily due to the expiration of the foreclosure moratorium.

Table 31 - Single-Family REO Activity

	Year Ended December 31,					
	2022		2021		2020	
(Dollars in millions)	Number of Properties	Amount	Number of Properties	Amount	Number of Properties	Amount
Beginning balance - REO	1,615	$179	1,766	$199	4,989	$565
Additions	2,137	266	1,693	159	2,361	214
Dispositions	(1,534)	(165)	(1,844)	(179)	(5,584)	(580)
Ending balance - REO	**2,218**	**280**	**1,615**	**179**	**1,766**	**199**
Beginning balance, valuation allowance		(3)		(1)		(10)
Change in valuation allowance		1		(2)		9
Ending balance, valuation allowance		**(2)**		**(3)**		**(1)**
Ending balance - REO, net		**$278**		**$176**		**$198**

Collateral Deficiency Ratios

Collateral deficiency ratios are the percentages of our realized losses when loans are resolved by the completion of REO dispositions and third-party foreclosure sales or short sales. Collateral deficiency ratios are calculated as the amount of our recognized losses divided by the aggregate UPB of the related loans. The amount of recognized losses is equal to the amount by which the UPB of the loans exceeds the amount of sales proceeds from disposition of the properties, net of capitalized repair and selling expenses, if applicable. Collateral deficiency excludes recoveries from credit enhancements and certain expenses and costs related to the foreclosure process that are recognized on our consolidated financial statements, such as property taxes, homeowner's insurance premiums, property maintenance costs, and the cost of funding the loans after they are repurchased from the associated security pool. Our overall loss severity is typically higher than the collateral deficiency when these items are included.

The table below presents Single-Family collateral deficiency ratios for REO dispositions and third-party foreclosure sales. We did not have a significant number of short sales in 2022.

Table 32 - Single-Family Collateral Deficiency Ratios

	Year Ended December 31,		
	2022	2021	2020
REO dispositions and third-party foreclosure sales(1)	(5.5)	6.8	20.4

(1) Negative ratios indicate that the amount of sales proceeds from disposition of the properties, net of capitalized repair and selling expenses, exceeded the UPB of the related loan.

Our collateral deficiency ratios decreased during 2022 compared to 2021, primarily driven by house price appreciation in recent periods as well as effective cost control and disposition strategies.

REO Property Status

A significant portion of our REO portfolio is unable to be marketed at any given time because the properties are occupied, involved in legal matters (e.g., bankruptcy or other litigation), or subject to a redemption period, which is a post-foreclosure period during which borrowers may reclaim a foreclosed property. Redemption periods increase the average holding period of our inventory by 10% or more. As of December 31, 2022, approximately 34% of our REO properties were unable to be marketed because the properties were occupied, located in states with a redemption period, or subject to other legal matters. Another 33% of the properties were being prepared for sale (i.e., valued, marketing strategies determined, and repaired). As of December 31, 2022, approximately 26% of our REO properties were listed and available for sale, and 7% of our inventory was pending the settlement of sales. Though it varied significantly by state, the average holding period of our single-family REO properties, excluding any redemption period, was 343 days and 284 days for our REO dispositions during 2022 and 2021, respectively. The increase in the average holding period in 2022 compared to 2021 was primarily due to increases in both the number of homes we repaired and the scope of such repairs.

Multifamily Mortgage Credit Risk

We manage our exposure to multifamily mortgage credit risk, which is a type of commercial real estate credit risk, using the following principal strategies:

- Maintaining policies and procedures for new business activity, including prudent underwriting standards;
- Transferring credit risk to third-party investors; and
- Managing our portfolio, including loss mitigation activities.

Maintaining Policies and Procedures for New Business Activity, Including Prudent Underwriting Standards

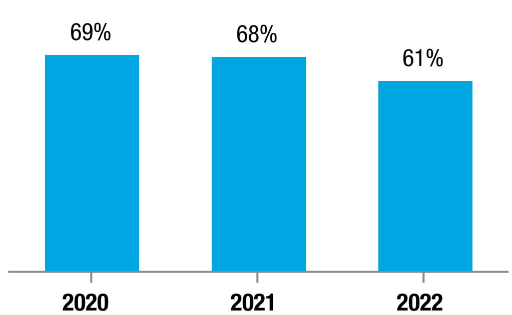
We use a prior approval underwriting approach for multifamily loans, completing our own underwriting, credit review, and legal review for each new loan prior to issuing a loan purchase commitment. This helps us to maintain credit discipline throughout the process. Occasionally, we securitize loans or bonds contributed by third parties that are underwritten by us after origination. As multifamily loans are generally nonrecourse to the borrower, our underwriting standards focus on the LTV ratio and DSCR, which estimates a borrower's ability to repay the loan using the secured property's cash flows, after expenses. A higher DSCR and/or a lower LTV indicates lower credit risk. Our standards define maximum LTV ratios and minimum DSCRs that vary based on the characteristics and features of the loan. Loans are generally underwritten with a maximum original LTV ratio of 80% and a DSCR of greater than 1.25, assuming monthly payments that reflect amortization of principal. However, certain loans may have a higher LTV ratio and/or a lower DSCR, typically where this will serve our mission and contribute to achieving our affordable housing goals.

Underwriting consideration is also given to other qualitative factors, such as borrower experience, the type of loan, location of the property, and the strength of the local market. These and other factors, including the LTV ratio and DSCR, ultimately affect the amount of expected credit loss on a given loan. Sellers provide certain representations and warranties regarding the loans they sell to us and are required to repurchase loans for which there has been a breach of representation or warranty. These representations and warranties are made as of the date the loan is sold to Freddie Mac, and unless Freddie Mac agrees to an exception to the representation and warranty at purchase, the repurchase remedy may be claimed upon proof of the breach. However, repurchases of multifamily loans have been rare due to our underwriting approach, which is completed prior to issuance of a loan purchase commitment.

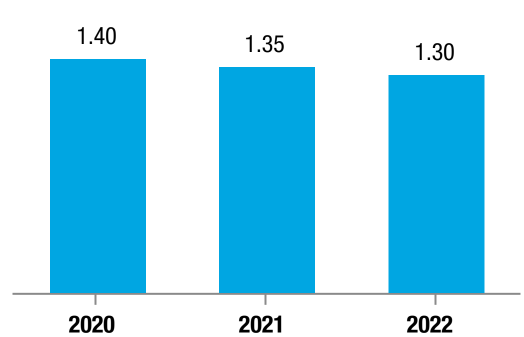
Multifamily loans may be amortizing or interest-only (for the full term or a portion thereof) and have a fixed or variable rate of interest. Multifamily loans generally amortize over a thirty-year period, but have shorter contractual maturity terms than single-family loans, typically ranging from five to ten years. As a result, most multifamily loans require a balloon payment at maturity, making a borrower's ability to refinance or pay off the loan at maturity a key attribute. Some borrowers may be unable to refinance during periods of rising interest rates or adverse market conditions, increasing the likelihood of borrower default.

The charts below provide the weighted average original LTV and DSCR for our new business activity for the periods presented.

Weighted Average Original LTV Ratio



Weighted Average Original DSCR



The table below presents the percentage of our Multifamily new business activity that had certain characteristics that may be considered higher risk.

Table 33 - Percentage of Multifamily New Business Activity With Higher Risk Characteristics

	Year Ended December 31,		
	2022	2021	2020
Original LTV ratio greater than 80%	1 %	1 %	1 %
Original DSCR less than or equal to 1.10	2	1	1

Transferring Credit Risk to Third-Party Investors

Types of Credit Enhancements

In connection with the acquisition, guarantee, and/or securitization of a loan or group of loans, we may obtain various forms of credit protection that reduce our credit risk exposure to the underlying mortgage borrower and reduce our required capital. For example, at the time of loan acquisition or guarantee, we may obtain recourse and/or indemnification protection from our lenders or sellers. After acquisition, we reduce our credit risk exposure to the underlying borrower primarily through our senior subordinate securitizations.

The following table summarizes our principal types of credit enhancements. See **Our Business Segments - Multifamily - *Products and Activities*** for additional information on our securitization and CRT products.

Category	Products	CRT	Coverage Type	Accounting Treatment
Subordination	K Certificates	Yes	Back-end	Guarantee
	Other securitization products:			
	• Securitizations of purchased collateral	Yes	Back-end	Guarantee
	• Securitizations of collateral contributed by third parties	No	Front-end	Guarantee
SCR	SCR Trust notes	Yes	Back-end	Freestanding
	SCR debt notes	Yes	Back-end	Debt
MCIP	MCIP	Yes	Back-end	Freestanding
Lender risk-sharing	Loss sharing	Yes	Front-end	Freestanding

Multifamily Mortgage Portfolio CRT Issuance

The table below provides the UPB of the multifamily mortgage loans covered by CRT transactions issued during the periods presented as well as the maximum coverage provided by those transactions.

Table 34 - Multifamily Mortgage Portfolio CRT Issuance

	December 31,					
	2022		2021		2020	
(In millions)	UPB(1)	Maximum Coverage(2)	UPB(1)	Maximum Coverage(2)	UPB(1)	Maximum Coverage(2)
Subordination	$49,799	$3,334	$68,836	$5,079	$66,187	$5,741
SCR	11,487	193	14,502	827	—	—
MCIP	11,487	399	—	—	2,646	65
Lender risk-sharing	1,072	159	1,015	110	1,568	217
Less: UPB with more than one type of CRT	(11,487)	—	—	—	—	—
Total CRT Issuance	**$62,358**	**$4,085**	**$84,353**	**$6,016**	**$70,401**	**$6,023**

(1) Represents the UPB of the assets included in the associated reference pool or securitization trust, as applicable.

(2) For subordination, represents the UPB of the securities that are held by third parties at issuance and are subordinate to the securities we guarantee. For SCR transactions, represents the UPB of securities held by third parties at issuance. For MCIP transactions, represents the aggregate limit of insurance purchased from third parties at issuance. For lender risk-sharing, represents the maximum amount of loss recovery that is available subject to the terms of counterparty agreements at issuance.

Multifamily Mortgage Portfolio Credit Enhancement Coverage Outstanding

While we obtain various forms of credit protection in connection with the acquisition, guarantee, and/or securitization of a loan or group of loans, our principal credit enhancement type is subordination, which is created through our senior subordinate securitization transactions. Through senior subordinate securitizations, we have transferred a substantial amount of the expected and stressed credit risk on the Multifamily mortgage portfolio, thereby reducing our overall credit risk exposure and required capital. As of December 31, 2022 and December 31, 2021, our maximum coverage provided by subordination in nonconsolidated VIEs was $41.7 billion and $43.9 billion, respectively.

The table below presents the UPB and delinquency rates for both credit-enhanced and non-credit-enhanced loans underlying our Multifamily mortgage portfolio.

Table 35 - Credit-Enhanced and Non-Credit-Enhanced Loans Underlying Our Multifamily Mortgage Portfolio

	December 31,			
	2022		2021	
(Dollars in millions)	UPB	Delinquency Rate	UPB	Delinquency Rate
Credit-enhanced:				
Subordination	$358,813	0.12 %	$360,113	0.08 %
Other	38,870	0.12	28,565	0.16
Total credit-enhanced	**397,683**	**0.12**	**388,678**	**0.08**
Non-credit-enhanced	31,619	0.08	25,985	0.05
Total	**$429,302**	**0.12**	**$414,663**	**0.08**

The table below provides information on the level of subordination outstanding on our securitizations with subordination.

Table 36 - Level of Subordination Outstanding

	December 31,			
	2022		2021	
(Dollars in millions)	UPB	Delinquency Rate	UPB	Delinquency Rate
Less than 10%	$140,722	0.02 %	$109,174	— %
10% or greater	218,091	0.19	250,939	0.11
Total	**$358,813**	**0.12**	**$360,113**	**0.08**
Weighted average subordination level	12%		12%	

The increase in the "Less than 10%" level of subordination outstanding in 2022 was driven by ongoing issuances of K Certificate securitizations with lower subordination levels. The lower subordination levels are still expected to absorb a substantial amount of expected and stressed credit losses. We have not experienced significant credit losses associated with our guarantees on our senior subordinate securitizations.

In addition to the credit enhancements listed above, we have various other credit enhancements related to our multifamily unsecuritized loans, securitizations, and other mortgage-related guarantees, in the form of collateral posting requirements, pool insurance, bond insurance, loss sharing agreements, and other similar arrangements. These credit enhancements, along with the proceeds received from the sale of the underlying mortgage collateral, are designed to enable us to recover all or a portion of our losses on our mortgage loans or the amounts paid under our financial guarantee contracts. Our historical losses paid under our guarantee contracts and related recoveries pursuant to these agreements have not been significant.

The table below contains details on the loans underlying our Multifamily mortgage portfolio that are not credit-enhanced.

Table 37 - Credit Quality of Our Multifamily Mortgage Portfolio Without Credit Enhancement

	December 31,			
	2022		2021	
(Dollars in millions)	UPB	Delinquency Rate	UPB	Delinquency Rate
Mortgage loans held-for-sale	$9,138	0.29 %	$12,596	0.07 %
Mortgage loans held-for-investment:				
Held by Freddie Mac	15,468	—	7,180	—
Held by consolidated trusts	4,665	—	4,097	—
Other mortgage-related guarantees	2,348	—	2,112	0.16
Total	**$31,619**	**0.08**	**$25,985**	**0.05**

Managing Our Portfolio, Including Loss Mitigation Activities

To help mitigate our potential losses, we generally require sellers to act as the primary servicer for loans they have sold to us, including property monitoring tasks beyond those typically performed by single-family servicers. We typically transfer the role of master servicer in our K Certificate transactions to third parties. Servicers for unsecuritized loans over $1 million must generally provide us with an assessment of the mortgaged property at least annually based on the servicer's analysis of the property as well as the borrower's financial statements. We use this assessment and other information to evaluate the credit quality of our mortgage portfolio and to identify potential problem loans. In situations where a borrower or property is in distress, the frequency of communications with the borrower may be increased. We rate servicing performance on a regular basis, and we may conduct on-site reviews to confirm compliance with our standards.

Substantially all of our guarantees have first loss credit protection provided by subordination. As a result, our primary credit risk exposure stems from unsecuritized loans and consolidated loans underlying our Multifamily PCs and other securitization products. Our credit exposure to unsecuritized held-for-sale mortgage loans is short-term and transitory in nature, as this portfolio will generally be used as collateral in future senior subordinate securitizations.

Our unsecuritized held-for-investment mortgage loans will generally be used as collateral in future Multifamily PCs. Although we initially retain the credit risk exposure to the mortgage loans underlying these transactions, we expect to transfer a portion of the credit risk using our back-end MCIP and SCR products.

For loans that remain unsecuritized, if they were to become delinquent, we may offer a workout option to give the borrower an opportunity to bring the loan current and retain ownership of the property, such as providing a short-term extension of up to 12 months. These arrangements are entered into with the expectation that we will recover our initial investment or minimize our losses. We do not enter into these arrangements in situations where we believe we would experience a loss in the future that is greater than or equal to the loss we would experience if we foreclosed on the property at the time of the agreement. Our multifamily loan modification and other workout activities on unsecuritized loans have been minimal in the last three years.

Various federal, state, and local laws may affect our business processes and financial results. Future changes in these laws may adversely impact our borrowers or make it more difficult and costly for us to manage our credit risk. Rent restrictions and eviction moratoriums may adversely impact the cash flows generated by the underlying properties, while foreclosure moratoriums may limit our ability to pursue certain loss mitigation actions (e.g., foreclosure) upon a borrower default.

See **Note 15** for more information about the geographic distribution of our Multifamily mortgage portfolio.

REO Activity

As a result of the strong property performance of our Multifamily mortgage portfolio, we had no REO properties as of December 31, 2022, and December 31, 2021.

Natural Disaster and Climate Risk Management

Natural disasters in areas where we own or guarantee mortgage loans expose us to credit risk by damaging properties that secure loans in our mortgage portfolio and by negatively impacting the ability of borrowers to make payments on mortgage loans. Climate change is increasing the frequency and severity of natural disasters, and as development continues in hazard-prone areas, the risk of adverse impacts to property values and housing affordability will grow. Furthermore, the impacts of climate change are expected to be greatest for low-income and minority households that tend to be disproportionately located in high-risk areas.

This negative impact from natural disasters like floods, hurricanes, and wildfires constitutes our physical climate risk. We also face climate transition risk, which is the negative impact from the transition to a low-carbon economy. Changing policies, like the introduction of carbon taxes or new energy efficiency requirements, coupled with changing market preferences, could affect housing in the form of increased energy costs, substantial retrofits, and impacts to property values. The extent of our transition risk exposure depends on the timing and nature of the policies; a disorderly transition could result in a significant financial burden to our borrowers.

Historically, our losses from natural disasters have not been significant due to the role of third-party insurance. We require all homes underlying single-family mortgages in our portfolio to have homeowner's insurance coverage throughout the life of the loan. In addition, for homes located in SFHAs, we also require flood insurance coverage. Sellers are required to determine whether homes underlying single-family mortgages are located in a SFHA and, if so, to confirm that flood insurance coverage exists at the time the loan is sold to Freddie Mac. Servicers are also required to confirm and provide evidence that flood insurance on these homes is maintained throughout the life of the loan and is in amounts needed to comply with federal government and Freddie Mac requirements. If a borrower fails to obtain and maintain required flood insurance coverage, servicers must directly place such coverage.

We also have insurance requirements to address catastrophic risks for properties securing multifamily mortgages. Seller/servicers are required to determine whether any buildings at multifamily properties are located in SFHAs and to confirm flood insurance in compliance with federal government and Freddie Mac requirements is in place throughout the life of the mortgage. In addition, we require property insurance to cover earthquake damage if required by a seismic risk assessment. Insurance for all relevant perils is required to cover building replacement cost as well as to cover business income rental value collateral. If a multifamily borrower fails to maintain required insurance, servicers must directly place required coverage. We confirm insurance compliance prior to loan purchase during the underwriting process. We also review insurance compliance post-purchase and prior to securitization and require our seller/servicers to report details of insurance compliance annually. Our Multifamily segment uses property surveys, virtual maps, and environmental and property condition reports to identify properties that are potentially at higher risk for natural disasters related to flooding and earthquakes.

For both single-family and multifamily loans, all insurers must be licensed, or otherwise authorized by law, to conduct business in the jurisdictions where the properties underlying the loans are located. We require a minimum financial strength rating for the insurer that must be provided by S&P Global, Demotech, AM Best, or KBRA.

Freddie Mac's loss exposure is further limited by the geographic diversity of our mortgage portfolio, borrower equity in the properties underlying mortgage loans, disaster relief options for borrowers, our credit risk transfer products, and community support provided by FEMA and local and federal governments for areas affected by natural disasters. Physical resiliency and energy efficiency can also reduce physical and transition climate risks. For additional information on the geographic diversity of our mortgage portfolio and our management of Single-Family and Multifamily mortgage credit risk, see **Note 15** and **MD&A - Risk Management - *Credit Risk***, respectively.

Climate change could impact the effectiveness of our current mitigations. As hazard events grow more frequent and severe, there is increasing likelihood that property insurers will have to raise premiums or limit the level of coverage offered. Significant changes in the insurance market are already observable in locations that experience the highest risk of flood, hurricane, and wildfire events. Rising insurance costs or limited availability could result in property-owners having less coverage and bearing the risk of significant loss from a hazard event. Whether through increased premiums or uninsured losses, adverse changes in the insurance landscape could increase the costs of housing and impact property values in areas most affected.

While our geographic diversification will continue to be a significant mitigant of loss at the portfolio level, climate change increases the likelihood of experiencing extreme events across the country that could, in aggregate, amount to more substantial losses at the portfolio level than have been historically observed. There may also be more limited geographic diversification for transition risk as policies at the federal or state level may simultaneously impact a large portion of our portfolio.

In 2022, we continued to institute formal climate risk governance and incorporate climate risk into risk management processes. Our cross-divisional Climate Risk Advisory Group met regularly to discuss climate risk-related topics, prioritize climate risk activities, and identify climate risks and issues for escalation to senior management and the Board Risk Committee. We also continued to build our climate risk management framework, address data gaps, advance research initiatives, and develop methodologies to quantify our exposure to physical and transition climate risks.

FHFA has instructed us to designate climate change as a priority concern and actively consider its effects in our decision making; this was reflected in the requirements of our 2022 Conservatorship Scorecard and remains the case in 2023.

For additional information, see **Risk Factors** ***- Credit Risks - We are exposed to increased credit losses and credit-related expenses in the event of a major natural disaster, other catastrophic event, or significant climate change effects*** and ***Operational Risks - Climate change concerns could adversely affect our business, affect customer activity levels, and damage our reputation.***

Counterparty Credit Risk

We are exposed to counterparty credit risk as a result of our contracts with sellers and servicers, credit enhancement providers, financial intermediaries, clearinghouses, and other counterparties, as well as through our guarantees of Fannie Mae securities underlying commingled resecuritization transactions. We primarily manage our exposure to counterparty credit risk by maintaining eligibility standards, evaluating creditworthiness and monitoring performance, and working with underperforming counterparties and limiting our losses from their nonperformance of obligations, when possible.

In the sections below, we discuss our management of counterparty credit risk for each type of counterparty to which we have significant exposure.

Single-Family Sellers and Servicers

In our Single-Family business, we do not originate mortgage loans or have our own loan servicing operation. Instead, we purchase loans from sellers and engage servicers, which perform loan servicing functions on our behalf. We establish underwriting and servicing standards for our sellers and servicers to follow and have contractual arrangements with them under which they represent and warrant that the loans they sell to us meet our standards and that they will service loans in accordance with our standards. We acquire a significant portion of our single-family loan purchase volume from several large lenders, and a large percentage of our loans are also serviced by several large servicers. If our sellers or servicers lack appropriate controls, experience a failure in their controls, or experience an operational disruption, including as a result of financial stress, legal or regulatory actions, or ratings downgrades, we could experience a decline in mortgage servicing quality and/or be less likely to recover losses through lender repurchases, recourse agreements, or other credit enhancements, where applicable. We are also exposed to the settlement risk from the non-performance of single-family sellers as a result of our forward settlement loan purchase programs, as discussed in the ***Financial Intermediaries, Clearinghouses, and Other Counterparties - Forward Settlement Counterparties*** section below.

For our mortgage-related securities, we guarantee the payment of principal and interest, and when the underlying borrowers do not make their mortgage payments, our Guide generally requires Single-Family servicers to advance the missed mortgage interest payments for up to 120 days. After this time, Freddie Mac will make the missed mortgage principal and interest payments until the mortgages are no longer held by the securitization trust.

In addition, when borrowers do not pay certain other expenses, such as property taxes and homeowner's insurance premiums, our Guide generally requires single-family servicers to advance the funds for these expenses in order to protect or preserve our interest in or legal right to the properties. These advances are ultimately collectible from the borrowers. If the borrowers reperform through loan workout activities, the missed payments and incurred expenses will be collected from the borrowers. Should the borrower not reinstate the loan, we will reimburse the servicer for the advanced amounts at completion of foreclosures or loan workout activities.

Our eligibility standards for sellers and servicers require the following: a demonstrated operating history in residential mortgage origination and servicing, or an eligible agent acceptable to us; a quality control program that meets our standards; and sufficient net worth, capital, liquidity, and funding sources, as well as adequate insurance coverage. In September 2022, Freddie Mac announced the updated minimum financial eligibility requirements for sellers and servicers. See **MD&A - Regulation and Supervision -** ***Updated Minimum Financial Eligibility Requirements for Enterprise Seller/Servicers*** for more information.

We perform ongoing monitoring and review of our exposure to individual sellers or servicers in accordance with our counterparty credit risk management practices, including requiring our counterparties to provide regular financial reporting to us. We also monitor and rate our sellers and servicers' compliance with our standards and periodically review their operational processes.

We actively manage the current quality of loan originations of our largest single-family sellers by performing loan quality control sampling reviews and communicating loan defect rates and the causes of those defects to such sellers on a monthly basis. If we discover that the representations or warranties related to a loan were breached (i.e., that contractual standards were not followed), we can exercise certain contractual remedies to mitigate our actual or potential credit losses. If necessary, we work with these sellers to develop an appropriate plan of corrective action.

We use a variety of tools and techniques to engage our single-family sellers and servicers and limit our losses, including the following:

- **Repurchases and other remedies** - For certain violations of our single-family selling or servicing policies, we can require the counterparty to repurchase loans or provide alternative remedies, such as reimbursement of realized losses or indemnification, and/or suspend or terminate the selling and servicing relationship. As of both December 31, 2022 and December 31, 2021, the UPB of loans subject to repurchase requests issued to our single-family sellers and servicers was approximately $1.3 billion. See **Note 15** for additional information about loans subject to repurchase requests.
- **Incentives and compensatory fees** - We pay various incentives to single-family servicers for completing workouts of problem loans. We also assess compensatory fees if single-family servicers do not achieve certain benchmarks with respect to servicing delinquent loans.
- **Servicing transfers** - From time to time, we may facilitate the transfer of servicing as a result of poor servicer performance, or for certain groups of single-family loans that are delinquent or are deemed at risk of default, to servicers that we believe have the capabilities and resources necessary to improve the loss mitigation associated with the loans. We may also facilitate the transfer of servicing on loans at the request of the servicer.

We may disqualify or suspend a seller or servicer with or without cause at any time. Once a seller or servicer is disqualified or suspended, we no longer purchase loans from that counterparty and generally no longer allow that counterparty to service loans for us, while seeking to transfer servicing of existing portfolios.

Non-depository Sellers and Servicers

We have significant exposure to non-depository and smaller depository financial institutions in our Single-Family business. We acquire a large portion of our business from non-depository institutions, and some of these non-depository institutions service a large share of our loans. These institutions may not have the same financial strength or operational capacity, or be subject to the same level of regulatory oversight, as large depository institutions. We monitor and review the financial stability of our non-depository counterparties. However, if these counterparties experience financial difficulty, we could see a decline in mortgage servicing quality and/or be less likely to recover losses. In 2023, we expect the risk from non-depository counterparties to remain elevated due to continuing difficult operating conditions.

The table below summarizes the concentration of our Single-Family mortgage purchases acquired from non-depository sellers.

Table 38 - Single-Family Mortgage Purchases from Non-Depository Sellers

	2022	2021
	% of Purchases	% of Purchases
Top five non-depository sellers	31 %	30 %
Other non-depository sellers	39	41
Total	**70 %**	**71 %**

The table below summarizes the concentration of non-depository servicers of our Single-Family mortgage portfolio.

Table 39 - Single-Family Mortgage Portfolio Non-Depository Servicers

	December 31, 2022		December 31, 2021	
	% of Portfolio(1)	% of Seriously Delinquent Single-Family Loans	% of Portfolio(1)	% of Seriously Delinquent Single-Family Loans
Top five non-depository servicers	20 %	22 %	19 %	17 %
Other non-depository servicers	34	32	35	32
Total	**54 %**	**54 %**	**54 %**	**49 %**

(1) Excludes loans for which we do not exercise control over the associated servicing.

Multifamily Sellers and Servicers

We acquire a significant portion of our multifamily loan purchase volume from several large lenders, and a large percentage of our loans are also serviced by several large servicers. We are exposed to the risk that multifamily sellers and servicers could come under financial stress, which could potentially cause degradation in the quality of the servicing they provide us, including their monitoring of each property's financial performance and physical condition. This could also, in certain cases, reduce the likelihood that we could recover losses through lender repurchases, recourse agreements, or other credit enhancements, where applicable. This risk primarily relates to multifamily loans that we hold on our consolidated balance sheets where we retain all of the related credit risk.

The majority of our multifamily loans are securitized using trusts that are administered by master servicers who bear responsibility to advance funds in the event of payment shortfalls, including principal and interest payments related to loans in forbearance. For the majority of our K Certificate transactions, we utilize one of three large depository institutions as master servicer. For our other securitization products and a smaller number of K Certificate securitizations, we serve as master servicer. In instances where payment shortfalls occur, the master servicer is required to make advances as long as such advances have not been deemed non-recoverable. For multifamily loans purchased and held in our mortgage-related investments portfolio, the primary servicers are not required to advance funds in the event of payment shortfalls and therefore do not present significant counterparty credit risk from this source.

Credit Enhancement Providers

We have exposure to credit enhancement providers through certain credit enhancements we obtain on single-family loans. If any of our credit enhancement providers fail to fulfill their obligations, we may not receive reimbursement for credit losses to which we are contractually entitled pursuant to our credit enhancements.

We maintain eligibility standards for mortgage insurers and other insurers and reinsurers. For mortgage insurers, our eligibility requirements include financial requirements determined using a risk-based framework and are designed to promote their ability to provide consistent liquidity throughout the mortgage cycle. Our mortgage insurers are required to submit audited financial information and certify compliance with the Private Mortgage Insurer Eligibility Requirements on an annual basis. Our eligibility requirements also include operational requirements.

We monitor our exposure to individual insurers by performing periodic analysis of the ability of each insurer to remain solvent under various adverse economic conditions. Monitoring performance and potentially identifying underperformance allows us to plan for loss mitigation. If our credit enhancement providers fail to meet their obligations to reimburse us for claims, we could experience an increase in credit losses.

Primary Mortgage Insurers

We currently cannot differentiate pricing for primary mortgage insurers based on counterparty strength or revoke a primary mortgage insurer's status as an eligible insurer without FHFA approval. Further, we generally do not select the insurance provider on a specific loan, because the selection is made by the lender at the time the loan is originated. Accordingly, we are limited in our ability to manage our concentration risk with respect to primary mortgage insurers. Although the financial condition of our mortgage insurers improved in recent years, there is still a risk that some of these counterparties may fail to fully meet their obligations under a stress economic scenario because they are monoline entities primarily exposed to mortgage credit risk. We continue to acquire new loans with mortgage insurance from the mortgage insurers shown in the table below. For more information about counterparty credit risk associated with mortgage insurers, see **Note 15**.

The table below summarizes our exposure to single-family mortgage insurers as of December 31, 2022. In the event a mortgage insurer fails to perform, the coverage amounts represent our maximum exposure to credit losses resulting from such a failure.

Table 40 - Single-Family Primary Mortgage Insurers

			December 31, 2022	
(In millions)	Credit Rating(1)	Credit Rating Outlook(1)	UPB	Coverage(2)
Arch Mortgage Insurance Company	A	Stable	$112,946	$28,924
Mortgage Guaranty Insurance Corporation (MGIC)	BBB+	Stable	113,045	29,127
Radian Guaranty Inc. (Radian)	BBB+	Stable	106,612	26,552
Essent Guaranty, Inc.	BBB+	Stable	95,423	24,628
Enact	BBB	Stable	95,703	23,884
National Mortgage Insurance (NMI)	BBB	Stable	82,713	21,266
Others	N/A	N/A	2,681	641
Total			**$609,123**	**$155,022**

(1) Ratings and outlooks are for the corporate entity to which we have the greatest exposure. Latest rating available as of December 31, 2022. Represents the lower of S&P and Moody's credit ratings and outlooks stated in terms of the S&P equivalent.

(2) Coverage amounts exclude coverage primarily related to certain loans for which we do not control servicing, and may include coverage provided by consolidated affiliates and subsidiaries of the counterparty.

ACIS Counterparties

As part of our ACIS transactions, we regularly obtain insurance coverage from global insurers and reinsurers. These transactions incorporate features designed to increase the likelihood that we will recover on the claims we file with the insurers and reinsurers. In each transaction, we require the individual insurers and reinsurers to post collateral to cover portions of their exposure, which helps to promote certainty and timeliness of claim payment. In addition, while private mortgage insurance companies are required to be monoline (i.e., to participate solely in the mortgage insurance business, although the holding company may be a diversified insurer), our insurers and reinsurers generally participate in multiple types of insurance businesses, which helps to diversify their risk exposure.

The table below displays the concentration of our single-family credit risk exposure to our ACIS counterparties.

Table 41 - Single-Family ACIS Counterparties

	December 31, 2022		December 31, 2021	
(In millions)	Maximum Coverage(1)	% of Total	Maximum Coverage(1)	% of Total
Top five ACIS counterparties	$9,093	46 %	$6,847	44 %
All other ACIS counterparties	10,682	54	8,831	56
Total	**$19,775**	**100 %**	**$15,678**	**100 %**

(1) Represents maximum coverage exclusive of the collateral posted to secure the counterparties' obligations.

As of December 31, 2022 and December 31, 2021, our ACIS counterparties posted collateral, which may include cash, U.S. Treasury securities, and agency securities, of $4.6 billion and $4.1 billion, respectively. There is a possibility that, if our ACIS counterparties become insolvent, a third-party involved in the restructure process could cancel a contract or contracts and prevent us from accessing collateral for future claims despite current collateral provisions. We have taken steps to reduce the associated legal risk.

Financial Intermediaries, Clearinghouses, and Other Counterparties

Derivative Counterparties

We use cleared derivatives, exchange-traded derivatives, OTC derivatives, and forward sales and purchase commitments to mitigate risk, and are exposed to the non-performance of each of the related financial intermediaries and clearinghouses. Our financial intermediaries and clearinghouse credit exposure relates principally to interest-rate derivative contracts. We maintain internal standards for approving new derivative counterparties, clearinghouses, and clearing members.

Cleared and exchange-traded derivatives expose us to counterparty credit risk of central clearinghouses and our clearing members. The use of cleared and exchange-traded derivatives mitigates our counterparty credit risk exposure to individual counterparties because a central counterparty is substituted for individual counterparties, and changes in the value of open contracts are settled daily via payments made through the clearinghouse. We are required to post initial and variation margin to the clearinghouses. The amount of initial margin we must post for cleared and exchange-traded derivatives may be based, in part, on S&P or Moody's credit rating of our long-term senior unsecured debt securities. Our obligation to post margin may increase as a result of the lowering or withdrawal of our credit rating by S&P or Moody's.

OTC derivatives expose us to counterparty credit risk of individual counterparties because these transactions are executed and settled directly between us and each counterparty, exposing us to potential losses if a counterparty fails to meet its contractual obligations. When a counterparty in OTC derivatives that is subject to a master netting agreement has a net obligation to us, generally, the counterparty is obligated to deliver collateral in the form of cash, securities, or a combination of both, to satisfy its obligation to us under the master netting agreement. Our OTC derivatives also require us to post collateral to counterparties when we are in a derivative liability position. See **Note 10** for additional information on our collateral posting for our OTC derivatives.

We also execute forward purchase and sale commitments of mortgage-related securities, including dollar roll transactions, that are treated as derivatives for accounting purposes and utilize the MBSD/FICC as a clearinghouse. As a clearing member of the clearinghouse, we post margin to the MBSD/FICC and are exposed to the counterparty credit risk of the organization. In June 2022, the FICC amended the MBSD clearing rules to provide that variation margin payments constitute daily settlement of exposure and not a component of the required fund deposit. In the event a clearing member fails and causes losses to the MBSD/FICC, we could be subject to the loss of the margin that we have posted to the MBSD/FICC. Moreover, our exposure could exceed the amount of margin we have posted to the MBSD/FICC, as clearing members are generally required to cover losses caused by defaulting members on a pro rata basis. As of December 31, 2022, the gross fair value of such forward purchase and sale commitments that were in derivative asset positions was $9 million.

Over time, our exposure to derivative counterparties varies depending on changes in fair values, which are affected by changes in interest rates and other factors. Due to risk limits with certain counterparties, we may be forced to execute transactions with lower returns with other counterparties when managing our interest-rate risk. We manage our exposure through master netting and collateral agreements and stress-testing to evaluate potential exposure under possible adverse market scenarios. Collateral is typically transferred within one business day based on the values of the related derivatives. We regularly review the market values of the securities pledged to us, primarily agency and U.S. Treasury securities, to manage our exposure to loss. We conduct additional reviews of our exposure when market conditions dictate or certain events affecting an individual counterparty occur. When non-cash collateral is posted to us, we require collateral in excess of our exposure to satisfy the net obligation to us in accordance with the counterparty agreement.

In the event a counterparty defaults, our economic loss may be higher than the uncollateralized exposure of our derivatives if we are not able to replace the defaulted derivatives in a timely and cost-effective fashion (e.g., due to a significant interest rate movement during the period or other factors). We could also incur economic losses if non-cash collateral posted to us by the defaulting counterparty cannot be liquidated at prices that are sufficient to recover the amount of such exposure.

The table below compares the gross fair value of our derivative asset positions after counterparty netting with our net exposure to these positions after considering cash and non-cash collateral held.

Table 42 - Derivative Counterparty Credit Exposure

	December 31, 2022		
(Dollars in millions)	Number of Counterparties	Fair Value - Gain Positions	Fair Value - Gain Positions, Net of Collateral
OTC interest-rate swap and swaption counterparties (by rating):			
AA- or above	1	$165	$6
A+, A, or A-	6	1,752	16
Cleared and exchange-traded derivatives	2	28	50
Total	**9**	**$1,945**	**$72**

Approximately 99% of our exposure at fair value for OTC interest-rate swap and option-based derivatives, excluding amounts related to our posting of cash collateral in excess of our derivative liability determined at the counterparty level, was collateralized at December 31, 2022. The remaining exposure was generally due to market movements between the measurement of a derivative at fair value and our receipt of the related collateral. The concentration of our derivative exposure among our primary OTC derivative counterparties remains high and could further increase.

Other Investments Counterparties

We are exposed to the non-performance of institutions relating to other investments (including non-mortgage-related securities and cash and cash equivalents) transactions, including those entered into on behalf of our securitization trusts. Our policies require that the institution be evaluated using our internal rating model prior to our entering into such transactions. We monitor the financial strength of these institutions and may use collateral maintenance requirements to manage our exposure to individual counterparties.

The major financial institutions with which we transact regarding our other investments (including non-mortgage-related securities and cash and cash equivalents) include other GSEs, Treasury, the Federal Reserve Bank of New York, GSD/FICC, highly-rated supranational institutions, depository and non-depository institutions, brokers and dealers, and government money market funds. For more information on our other investments portfolio, see **MD&A - Liquidity and Capital Resources**.

We utilize the GSD/FICC as a clearinghouse to transact many of our trades involving securities purchased under agreements to resell, securities sold under agreements to repurchase, and other non-mortgage related securities. As a clearing member of GSD/FICC, we are required to post initial and variation margin payments and are exposed to the counterparty credit risk of GSD/FICC (including its clearing members). In the event a clearing member fails and causes losses to the GSD/FICC clearing system, we could be subject to the loss of the margin that we have posted to the GSD/FICC. Moreover, our exposure could exceed that amount, as members are generally required to cover losses caused by defaulting members on a pro rata basis.

As part of our other investments portfolio, we enter into secured lending arrangements to provide financing for certain Freddie Mac securities and other assets related to our guarantee businesses. These transactions differ from those we use for liquidity purposes, as the borrowers may not be major financial institutions, potentially exposing us to the institutional credit risk of these institutions. We also provide liquidity to certain of our small and medium-sized lenders through our early funding programs, where we advance funds to lenders for mortgage loans prior to the loans being pooled and securitized. In some cases, the early funded mortgages are ultimately delivered through cash window purchase transactions.

Forward Settlement Counterparties

We are exposed to the non-performance (settlement risk) of counterparties relating to the forward settlement of loans and securities (including agency debt, agency residential mortgage-backed securities, and cash window loans). Our policies require that the counterparty be evaluated using our internal counterparty rating model prior to our entering into such transactions. We monitor the financial strength of these counterparties and may use collateral maintenance requirements or offsetting transactions to manage our exposure to individual counterparties.

Fannie Mae

We have counterparty credit risk exposure to Fannie Mae through our ability to commingle TBA-eligible Fannie Mae collateral in certain of our resecuritization products. When we resecuritize Fannie Mae securities in our commingled resecuritization products, our guarantee covers timely payments of principal and interest on such securities. If Fannie Mae were to fail to make a payment on a Fannie Mae security that we resecuritized, we would be responsible for making the payment to the securities holders. We will be dependent on FHFA, Fannie Mae, and Treasury (pursuant to Fannie Mae's and our respective Purchase Agreements with Treasury) to avoid a liquidity event or default in the event of a payment failure by Fannie Mae. For additional information on commingled resecuritizations and the associated risks, see **MD&A - Our Business Segments - Single-Family, MD&A - Regulation and Supervision** - ***Resecuritization Fee for New Issuances of Commingled Securities*** and **Risk Factors**.

Document Custodians

We use third-party document custodians to provide loan document certification and custody services for the loans that we purchase and securitize. In many cases, our sellers and servicers or their affiliates also serve as document custodians for us. Our ownership rights to the loans that we own or that back our securitization products could be challenged if a seller or servicer intentionally or negligently pledges, sells, or fails to obtain a release of prior liens on the loans that we purchased, which could result in financial losses to us. When a seller or servicer, or one of its affiliates, acts as a document custodian for us, the risk that our ownership interest in the loans may be adversely affected is increased, particularly in the event the seller or servicer were to become insolvent. To manage these risks, we establish qualifying standards for our document custodians and maintain legal and contractual arrangements that identify our ownership interest in the loans. We also monitor the financial strength of our document custodians on an ongoing basis in accordance with our counterparty credit risk management framework, and we require transfer of documents to a different third-party document custodian if we have concerns about the solvency or competency of the document custodian.

Market Risk

Overview

Our business segments have embedded exposure to market risk, which is the economic risk associated with adverse changes in interest rates, volatility, and spreads. Market risk can adversely affect future cash flows, or economic value, as well as earnings and net worth. The primary sources of interest-rate risk are from our investments in mortgage-related assets, the debt we issue to fund these assets, and our Single-Family guarantees.

Our mortgage-related assets are held in both business segments and consist of unsecuritized mortgage loans and mortgage-related securities. Typically, an existing loan or bond investment in our investments portfolio is worth less to an investor when interest rates (yields) rise and worth more when they decline. For a majority of our single-family mortgage-related assets, the borrower has the option to make unscheduled principal payments at any time before maturity without incurring a prepayment penalty. Thus, our mortgage-related asset portfolio is also exposed to uncertainty as to when borrowers will exercise their option and pay the outstanding principal balance of their loans. We face similar (and in most cases directionally opposite) exposure related to unsecured debt. Unsecured debt is typically worth less to an investor when interest rates (yields) rise and worth more when they decline. In addition, we issue debt with embedded options, such as an option to call, which provides us flexibility concerning the timing of our debt maturities.

Our Single-Family guarantee market risk exposure results from upfront fees (including buy-downs), buy-ups, and float. Upfront fees are cash we receive at loan acquisition as compensation for our guarantee. From an interest-rate risk standpoint, receiving upfront fees increases risk as the actual prepayment rate of the loans we purchase may be different than our original estimates and may vary based on changes in interest rates. As interest rates decrease, loans typically prepay more quickly, resulting in accelerated recognition of upfront fees in earnings and a higher annualized rate of income. The opposite occurs as interest rates increase, resulting in slower recognition of upfront fees in earnings and a lower annualized rate of income. We incorporate upfront fees in our interest-rate risk metrics by assuming upfront fees are equivalent to the sale of an interest-only security, allowing for modeling and aggregation of the interest-rate exposure of upfront fees with the rest of our interest-rate exposures. Conversely, buy-ups are treated as the purchase of an interest-only security as they represent the excess borrower interest payments remaining from the securitization process that we effectively purchase from the seller.

Interest-rate risk related to float arises from the timing differences between the borrowers' principal payments on the loans and the reduction of the security balance. This can lead to significant interest expense if the interest amount paid to a security investor is higher than the reinvestment amount earned by the securitization trust on payments received from borrowers and paid to us as trust management income. In general, as interest rates decrease and prepayments increase, this expense to Freddie Mac increases. Conversely, as interest rates increase and prepayments decrease, this expense to Freddie Mac decreases.

We actively manage our economic exposure to interest rate fluctuations. Our primary goal in managing interest-rate risk is to reduce the amount of change in the value of our future cash flows due to future changes in interest rates. We use models to analyze possible future interest-rate scenarios, along with the cash flows of our assets and liabilities over those scenarios.

Management of Market Risk

We employ risk management practices that seek to maintain certain interest-rate characteristics of our assets and liabilities within our risk limits through a number of different strategies, including:

- Asset selection and structuring, such as acquiring or structuring mortgage-related securities with certain expected prepayment and other characteristics;
- Issuance of both callable and non-callable unsecured debt; and
- Use of interest-rate derivatives, including swaps, swaptions, and futures.

Our use of derivatives is an important part of our strategy to manage interest-rate risk. When deciding to use derivatives to mitigate our exposures, we consider a number of factors, including cost, exposure to counterparty credit risks, and our overall risk management strategy. See **MD&A - Risk Management - *Counterparty Credit Risk*** and **Risk Factors** for more discussion of our market risk exposures, including those related to derivatives, institutional counterparties, and other market risks.

Although we have limited ability to manage spread risk, we employ the following strategies:

- Limiting the size of our assets that are exposed to spread risk;
- Using short-TBA positions to hedge certain assets, primarily loans acquired through our cash window that are awaiting securitization and portions of our agency mortgage-related securities portfolio; and
- Entering into certain transactions and spread-related derivatives to offset our spread exposures.

Interest-Rate Risk

Interest-rate risk is the economic risk related to adverse changes in the level or volatility of interest rates. A change in the level of interest rates (represented by a parallel shift of the yield curve, all else constant) exposes our assets and liabilities to risk, potentially affecting expected future cash flows and their present values. This is reflected in our PVS-L and duration gap disclosures. Similarly, changes in the shape or slope of the yield curve (often reflecting changes in the market's expectation of future interest rates) expose our assets and liabilities to risk, potentially affecting expected future cash flows and their present values. This is reflected in our PVS-YC disclosure. Volatility risk is the risk that changes in the market's expectation of the magnitude of future variations in interest rates will adversely affect our economic value. We are exposed to volatility risk in both our mortgage-related assets and liabilities, especially in instruments with embedded options.

Measurement of Interest-Rate Risk

We calculate our exposure to changes in interest rates for our interest-rate sensitive assets and liabilities using effective duration and effective convexity, based on our models.

- Effective duration measures the percentage change in the price of financial instruments from a 100 bps change in interest rates. Financial instruments with positive duration increase in value as interest rates decline. Conversely, financial instruments with negative duration increase in value as interest rates rise.
- Effective convexity measures the change in effective duration for a 100 bps change in interest rates. Effective duration is not constant over the entire yield curve and effective convexity measures how effective duration changes over large changes in interest rates.

Together, effective duration and effective convexity provide a measure of an instrument's overall price sensitivity to changes in interest rates. We utilize the concepts of effective duration and effective convexity in calculating our primary interest-rate risk measures: duration gap and PVS.

- **Duration gap -** The net effective duration of our overall portfolio of interest-rate sensitive assets and liabilities is expressed in months as our duration gap. Duration gap measures the difference in price sensitivity to interest rate changes between our financial assets and liabilities and is expressed in months relative to the value of assets. For example, assets with a six-month duration and liabilities with a five-month duration would result in a positive duration gap of one month.

The table below shows various duration gap measurements and the effects that changes in interest rates would generally have on portfolio value.

Negative Duration Gap	Zero Duration Gap	Positive Duration Gap
Asset Duration < Liability Duration	**Asset Duration = Liability Duration**	**Asset Duration > Liability Duration**
Net portfolio will increase in value when interest rates rise and decrease in value when interest rates fall.	Net portfolio economic value will be unchanged. The change in the value of assets from an instantaneous move in interest rates, either up or down, would be expected to be accompanied by an equal and offsetting change in the value of liabilities.	Net portfolio will increase in value when interest rates fall and decrease in value when interest rates rise.

We actively measure and manage our duration gap exposure. In addition to duration gap management, we also measure and manage the price sensitivity of our portfolio to a number of different specific interest rate changes along the yield curve. The price sensitivity of an instrument to specific changes in interest rates is known as the instrument's key rate duration risk. By managing our duration exposure both in aggregate through duration gap and to specific changes in interest rates through key rate duration, we expect to limit our exposure to interest rate changes for a wide range of interest rate yield curve scenarios.

- **PVS -** PVS is an estimate of the change in the present value of the cash flows of our financial assets and liabilities from an instantaneous shock to interest rates, assuming spreads are held constant and no rebalancing actions are undertaken. PVS is measured in two ways, one measuring the estimated sensitivity of our portfolio's value to a 50 bps parallel movement in interest rates (PVS-L) and the other to a nonparallel movement (PVS-YC), resulting from a 25 bps change in slope of the yield curve. The 50 bps shift and 25 bps change in slope of the yield curve used for our PVS measures reflect reasonably possible near-term changes that we believe provide a meaningful measure of our interest-rate risk sensitivity.

  To calculate PVS, the interest rate shock is applied to the duration (and convexity for PVS-L) of all interest-rate sensitive financial instruments. The resulting change in value for the aggregate portfolio is computed for both the up-rate and down-rate shock, and whichever produces the more adverse outcome is the PVS. In cases where both the up-rate and down-rate shocks result in a positive effect, the PVS is zero. PVS results are shown on a pre-tax basis.

Interest-Rate Risk Results

The following tables provide our duration gap, estimated point-in-time, and minimum and maximum PVS-L and PVS-YC results, and an average of the daily values and standard deviation. The table below also provides PVS-L estimates assuming an immediate 100 bps shift in the yield curve. The interest-rate sensitivity of a mortgage portfolio varies across a wide range of interest rates.

Table 43 - PVS-YC and PVS-L Results Assuming Shifts of the Yield Curve

	December 31, 2022			December 31, 2021		
	PVS-YC	PVS-L		PVS-YC	PVS-L	
(In millions)	25 bps	50 bps	100 bps	25 bps	50 bps	100 bps
Assuming shifts of the yield curve, (gains) losses on:(1)						
Assets:						
Investments	$362	($3,131)	($6,340)	$368	$3,531	$7,101
Guarantees(2)	(93)	512	1,090	(242)	(1,181)	(1,830)
Total assets	**269**	**(2,619)**	**(5,250)**	**126**	**2,350**	**5,271**
Liabilities	68	1,958	3,912	18	(2,385)	(4,870)
Derivatives	(336)	648	1,278	(144)	94	(217)
Total	**$1**	**($13)**	**($60)**	**$—**	**$59**	**$184**
PVS	**$1**	**$—**	**$—**	**$—**	**$59**	**$184**

(1) The categorization of the PVS impact between assets, liabilities, and derivatives on this table is based upon the economic characteristics of those assets and liabilities, not their accounting classification. For example, purchase and sale commitments of mortgage-related securities and debt of consolidated trusts held by the mortgage-related investments portfolio are both categorized as assets on this table.

(2) Represents the interest-rate risk from our guarantees, which include buy-ups, float, and upfront fees (including buy-downs).

Table 44 - Duration Gap and PVS Results

	Year Ended December 31,					
	2022			2021		
(Duration gap in months, **dollars in millions**)	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps
Average	—	$5	$5	0.2	$8	$50
Minimum	(0.4)	—	—	(1.2)	—	—
Maximum	0.4	18	77	1.0	45	200
Standard deviation	0.1	4	11	0.4	7	44

The disclosure in our Monthly Volume Summary reports, which are available on our website **www.freddiemac.com/investors/financials/monthly-volume-summaries.html**, reflects the average of the daily PVS-L, PVS-YC, and duration gap estimates for a given reporting period (a month, a quarter, or a year).

Derivatives enable us to reduce our economic interest-rate risk exposure as we continue to align our derivative portfolio with the changing duration of our economically hedged assets and liabilities. The table below shows that the PVS-L risk levels, assuming a 50 bps shift in the yield curve for the periods presented, would have been higher if we had not used derivatives.

Table 45 - PVS-L Results Before Derivatives and After Derivatives

	PVS-L (50 bps)		
(In millions)	Before Derivatives	After Derivatives	Effect of Derivatives
December 31, 2022(1)	$645	$—	($645)
December 31, 2021(2)	508	59	(449)

(1) Before derivatives, our adverse PVS-L rate movement was +50 bps whereas after derivatives our adverse PVS-L rate movement was -50 bps.

(2) Before derivatives, our adverse PVS-L rate movement was -50 bps whereas after derivatives our adverse PVS-L rate movement was +50 bps.

Spread Risk

Spread risk is the risk that yields in different asset classes may not move together and may adversely affect our economic value. This risk arises principally because interest rates on our mortgage-related investments may not move in tandem with interest rates on our financial liabilities and derivatives, potentially affecting the effectiveness of our hedges. We are exposed to the following types of market spread risk:

- Market spread risk arising from mortgage-related investments, including loans and securities, and certain non-mortgage investments;
- Market spread risk arising from our use of LIBOR-, SOFR-, and Treasury-based instruments in our risk management activities; and
- Market spread risk arising from the difference in time between when we commit to purchase a mortgage loan through our pipeline path and when we either securitize the loan or hedge it by using forward TBA securities or derivatives. During this time, market spreads can widen, causing losses due to changes in fair value.

Spread duration measures the percentage change in the price of financial instruments from a change in spread over the benchmark interest rates. Unlike effective duration, spread duration typically only impacts the discounting of an instrument's cash flows, and not the underlying cash flows themselves. This discounting impact creates a measure that is typically positive, where the instrument increases in value as spreads decline and decreases in value as spreads widen.

Limitations of Interest-Rate Risk Measures

While we believe that PVS and duration gap are useful risk management tools, they should be understood as estimates rather than as precise measurements. Mis-estimation of economic market risk could result in over or under hedging of interest-rate risk, significant economic losses, and an adverse impact on earnings. The limitations of our economic market risk measures include the following:

- Our PVS and duration gap estimates are determined using models that involve our judgment of interest-rate and prepayment assumptions.
- There could be times when we hedge differently than our model estimates during the period, such as when we are making changes or market updates to these models.
- PVS and duration gap do not capture the potential effect of certain other market risks, such as changes in volatility and market spread risk. The effect of these other market risks can be significant.
- Our sensitivity analyses for PVS and duration gap contemplate only certain movements in interest rates and are performed at a particular point in time based on the estimated fair value of our existing portfolio.
- Although the mortgage-related investments portfolio and Single-Family guarantees are the primary sources of interest-rate risk to the company, other core businesses also contribute to our interest-rate risk and may be managed differently. We have certain assets that have a relatively short holding period. As a result, we may manage the risk of these assets based on their disposition, while our risk measures use long-term cash flows. Hedging these businesses at times requires additional assumptions concerning risk metrics to accommodate changes in pricing that may not be related to the future cash flow of the assets. This could create a perceived risk exposure as the hedged risk may differ from the modeled risk.
- The choice of the benchmark rate used to model and hedge our positions is a significant assumption. The effectiveness of our hedges ultimately depends on how closely the different instruments (assets, liabilities, and derivatives) react to the underlying chosen benchmark. In the simplest example, all instruments would have interest-rate risk based on the same underlying benchmark, in our case, the swap rate. In practice, however, different instruments react differently versus the benchmark rate, which creates a market spread between the benchmark rate and the instrument. As the market spreads of these instruments move differently, our ability to predict the behavior of each instrument relative to the others is reduced, potentially affecting the effectiveness of our hedges.
- Our reported measurements do not include the sensitivity to interest-rate changes of net worth and the following assets and liabilities:
    - **Credit guarantee activities** - We currently do not hedge the interest-rate exposure of our credit guarantees except for the interest-rate exposure related to upfront fees (including buy-downs), buy-ups, float, and STACR debt notes.
    - **Other assets and other liabilities** - We do not include other miscellaneous assets and liabilities, primarily deferred tax assets, accounts payable and receivable, and non-cash basis adjustments.

Earnings Sensitivity to Market Risk

The GAAP accounting treatment for our financial assets and liabilities (i.e., some are measured at amortized cost, while others are measured at fair value) creates variability in our GAAP earnings when interest rates and spreads change. We manage this variability of GAAP earnings, which may not reflect the economics of our business, using fair value hedge accounting.

Interest Rate Related Earnings Sensitivity

While we manage our interest-rate risk exposure on an economic basis to a low level as measured by our models, our GAAP financial results are subject to significant earnings variability from period to period based on changes in market conditions.

In an effort to reduce our GAAP earnings variability and better align our GAAP results with the economics of our business, we elect hedge accounting for certain single-family mortgage loans and certain debt instruments. See **Note 9** for additional information on hedge accounting.

Earnings Sensitivity to Changes in Interest Rates

We evaluate a range of interest rate scenarios to determine the sensitivity of our earnings due to changes in interest rates and to determine our fair value hedge accounting strategies. The interest rate scenarios evaluated include parallel shifts in the yield curve in which interest rates increase or decrease by 100 bps, non-parallel shifts in the yield curve in which long-term interest rates increase or decrease by 100 bps, and non-parallel shifts in the yield curve in which short-term and medium-term interest rates increase or decrease by 100 bps. This evaluation identifies the net effect on comprehensive income from changes in fair value attributable to changes in interest rates for financial instruments measured at fair value, including the effects of fair value hedge accounting, for each of the identified scenarios. This evaluation does not include the net effect on comprehensive income from interest-rate sensitive items that are not measured at fair value (e.g., amortization of mortgage loan premiums and discounts, changes in fair value of held-for-sale mortgage loans for which we have not elected the fair value option, etc.) or from changes in our future contractual net interest income due to repricing of our interest-bearing assets and liabilities. The before-tax results of this evaluation are shown in the table below.

Table 46 - Earnings Sensitivity to Changes in Interest Rates

(In millions)	December 31, 2022	December 31, 2021
Interest Rate Scenarios[(1)]		
Parallel yield curve shifts:		
+100 bps	$30.5	$16.7
-100 bps	(30.5)	(16.7)
Non-parallel yield curve shifts - long-term interest rates:		
+100 bps	79.2	(27.3)
-100 bps	(79.2)	27.3
Non-parallel yield curve shifts - short-term and medium-term interest rates:		
+100 bps	(48.6)	44.0
-100 bps	48.6	(44.0)

(1) The earnings sensitivity presented is calculated using the change in interest rates and net effective duration exposure.

The actual effect of changes in interest rates on our comprehensive income in any given period may vary based on a number of factors, including, but not limited to, the composition of our assets and liabilities, the actual changes in interest rates that are realized at different terms along the yield curve, and the effectiveness of our hedge accounting strategies. Even if implemented properly, our hedge accounting programs may not be effective in reducing earnings volatility, and our hedges may fail in any given future period, which could expose us to significant earnings variability in that period. In addition, after dedesignation of a fair value hedging relationship, the amount of amortization of the fair value hedging basis adjustment associated with the previously designated hedged item that we recognize in a period may differ from the change in fair value of the previously designated hedging instrument during that period, which may create variability in our earnings. See **Risk Factors - Market Risks - *Changes in interest rates could negatively affect the fair value of our financial assets and liabilities, results of operations, and net worth*** for additional information.

Spread-Related Earnings Sensitivity

We have limited ability to manage our spread risk exposure and, therefore, the volatility of market spreads may contribute to significant GAAP earnings variability. For financial assets measured at fair value, we generally recognize fair value losses when market spreads widen. Conversely, for financial liabilities measured at fair value, we generally recognize fair value gains when market spreads widen. Certain accounting elections we make, such as election of the fair value option, may affect the amount of spread volatility recognized in our results of operations.

Transition from LIBOR

ICE Benchmark Administration Limited, the administrator of LIBOR, ceased publishing the 1-week and 2-month U.S. Dollar LIBOR settings at the end of 2021. It plans to cease publishing the other, most widely used, tenors of U.S. Dollar LIBOR after June 2023. The U.K. Financial Conduct Authority, which regulates LIBOR publication, announced that it would not compel panel bank submissions after all publication of U.S. Dollar LIBOR ceased. Freddie Mac has exposure to LIBOR, including financial instruments that mature after or extend beyond June 2023. Our exposure arises from floating rate securities that we historically issued, loans and securities we acquired (including loans we subsequently resecuritized), and derivatives we entered into that reference LIBOR. To manage the risk related to the LIBOR transition and prepare for and continue progress towards an orderly transition from LIBOR, we have formed LIBOR transition committees across businesses, functions, and products to develop appropriate strategies to address this transition. Senior management and the committees are working with FHFA on our plans for transition implementation. We also provide ongoing public communications, updates, and education about the status of this transition.

The Federal Reserve Board and the Federal Reserve Bank of New York convened the Alternative Reference Rates Committee (ARRC), a group of private-market participants, to help ensure a successful transition from U.S. Dollar LIBOR to a more robust reference rate. The Federal Reserve Bank of New York began publishing the ARRC's recommended alternative, SOFR, in April 2018. Various industry groups have continued working to implement plans and documentation to facilitate a transition to SOFR as the new market-accepted benchmark. We have been a member of the ARRC since 2018 and have participated in many of its working groups.

On March 15, 2022, President Biden signed into law the Adjustable Interest Rate (LIBOR) Act (the “Act”). The Act established a uniform benchmark replacement process for transitioning legacy contracts that either lack or contain insufficient contractual provisions addressing the permanent cessation of LIBOR. The Act includes a safe harbor from litigation for determining persons who have discretion to select the replacement index for LIBOR and who select the Federal Reserve Board-recommended replacement. On December 16, 2022, the Federal Reserve Board issued final regulations to implement Federal Reserve Board-selected benchmark replacements for specific types of LIBOR referenced contracts, including a category of covered contacts that apply only to the GSEs. On December 22, 2022, Freddie Mac, under the guidance of FHFA, announced it will use the Federal Reserve Board selected benchmark replacement rates for specified Freddie Mac LIBOR-indexed contracts.

We support the ARRC’s recommendation to replace U.S. Dollar LIBOR with SOFR and have taken steps to transition to that reference rate. We have issued SOFR-based debt securities and executed SOFR-based securitizations and interest-rate derivatives transactions. We purchase single-family ARMs and multifamily floating-rate loans indexed to SOFR, and we no longer purchase single-family ARMs and multifamily floating-rate loans tied to LIBOR. Beginning mid-2021, we ceased issuing multifamily LIBOR-based securities. We continue to work with our customers, investors, and servicers to prepare to transition existing LIBOR-based ARM products containing ARRC-recommended fallback language to SOFR-based ARM products. In addition, at the end of 2021, we transitioned from LIBOR to SOFR in measuring our interest-rate risk.

For a discussion of the risks related to the LIBOR transition, see **Risk Factors - Market Risks** ***- The discontinuance of LIBOR could negatively affect the fair value of our financial assets and liabilities, results of operations, and net worth. The transition to the recommended replacement rate could present operational problems and may subject us to possible litigation risk.***

Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, or systems or from external events. Operational risk is inherent in all of our activities. Operational risk events include breakdowns related to people, process, and/or technology that could result in financial loss, legal actions, regulatory fines, and reputational harm.

Operational Risk Management and Risk Profile

Our operational risk management methodology includes risk identification, measurement, monitoring, control, and reporting. When operational risk events are identified, our policies require that the events be documented and analyzed to determine whether changes are required in our systems, people, and/or processes to mitigate the risk of future events.

In order to evaluate and monitor the risks associated with business processes, each business line periodically completes an assessment using the RCSA methodology. The methodology is designed to identify and assess the business line's exposure to operational risk and determine if action is required to manage the risk to an acceptable level.

In addition to the RCSA process, we employ several tools to identify, measure, and monitor operational risks, including loss event data, key risk indicators, root cause analysis, and testing. Our operational risk methodology requires that the primary responsibility for managing both the day-to-day risk and longer-term or emerging risks lies with the business divisions, with independent oversight performed by the second line of defense.

We continue to face heightened operational risk and expect the risk to remain elevated for the near term. This elevated risk profile is due to the layering impact of several factors including: legacy systems requiring upgrade for operational resiliency; reliance on manual processes and models; volume and complexity of business initiatives, including new initiatives we are pursuing as required by the Conservatorship Scorecard; external events such as cybersecurity attacks, other security incidents, and third-party failures; and issues requiring remediation. Other factors contributing to our heightened operational risk are discussed in **Risk Factors** - ***Operational Risks***.

While our operational risk profile remains elevated, we are continuing to strengthen our operational control environment by building out our operational risk resources within the first and second lines of defense.

Operational Resiliency Risk

Operational resiliency risk is the risk of the inability of an organization to quickly adapt to disruptions while maintaining continuous business operations and safeguarding its people, assets, and overall reputation. The inability to manage resiliency risk of our critical processes and supporting technology can negatively impact our ability to meet our business objectives. For select applications, we have successfully completed the infrastructure migration to the cloud, enabling near continuous availability across primary and alternate data centers. However, further improvements are underway to reduce resiliency risk of our business critical processes. These improvements are designed to enable stability of business critical processes and meet the desired recovery time objectives.

CSP

We continue to make investments to support the ongoing development and maintenance of the CSP. The CSP is owned and operated by CSS, which is jointly owned by Freddie Mac and Fannie Mae. While we exercise influence over CSS through our representation on the CSS Board of Managers, we do not control its day-to-day operations. Freddie Mac, Fannie Mae, FHFA, and CSS continue to work together to monitor the operational effectiveness of the platform.

We rely on CSS and the CSP for the operation of many of our single-family securitization activities. Our business activities would be adversely affected and the market for Freddie Mac securities would be disrupted if the CSP were to fail or otherwise become unavailable to us or if CSS were unable to perform its obligations to us. As the CSP has an operational dependency on Fannie Mae to administer Freddie Mac issued commingled securities, an operational failure at Fannie Mae could also adversely impact the ability of CSS to perform its obligations to Freddie Mac. In the event of a CSS operational failure, we may be unable to issue certain new single-family mortgage-related securities, and investors in mortgage-related securities hosted on the CSS platform may experience payment delays.

For additional information, see **Risk Factors** - ***Operational Risks - A failure in our operational systems or infrastructure, or those of third parties, could impair our ability to provide market liquidity, disrupt our business, damage our reputation, and cause financial losses.***

Cybersecurity Risk

Our operations rely on the secure, accurate, and timely receipt, storage, transmission, and other processing of confidential and other information (including personal information) in our systems and networks and in those of our customers, counterparties, service providers, and financial institutions. Cybersecurity risks for companies like ours have increased significantly in recent years. Like many companies and government entities, from time to time we have been, and expect to continue to be, the target of attempted cyberattacks and other information security threats, including those from nation-state and nation-state supported actors.

We continue to invest in the cybersecurity area to strengthen our capabilities to prevent, detect, respond to and mitigate risk, and protect our systems, networks, and other technology assets against unauthorized attempts to access confidential or other information (including personal information) or to disrupt or degrade our business operations. We have obtained insurance coverage relating to cybersecurity risks. However, this insurance may not be sufficient to provide adequate loss coverage or the insurer may deny coverage for a particular claim, and such insurance may not always be available to us on commercially reasonable terms or at all. Although to date we have not experienced any cyberattacks resulting in significant impact to our company, there is no assurance that our cybersecurity risk management program will prevent cyberattacks from having significant impacts in the future.

Insider threats also remain a significant risk as the workforce diversifies to include contractors, remote workers, and part-time employees. Our third-party vendors and their supply chain connections remain another significant risk. While we have strengthened our capabilities over critical third-party monitoring and surveillance with continued focus on detecting deliberate actions such as malicious exploitation, theft or destruction of data (including personal information), or the compromise of our systems or networks, our control over the security posture of our third-party vendors and their supply chain connections remains limited.

For additional information, see **Risk Factors** ***- Operational Risks - Potential cybersecurity threats are changing rapidly and advancing in sophistication. We may not be able to protect our systems and networks, or the confidentiality of our confidential or other information (including personal information), from cyberattacks and other unauthorized access, disclosure, and disruption.***

Third-Party Risk

Third-party risk is the risk of failure of an individual or entity engaged to deliver a product, service, or process to, or on behalf of, Freddie Mac. We rely on third parties, and their supply chains, to support critical processes and core functions, and are exposed to operational risks as a result of this reliance. These third parties could experience, directly or through their supply chains, failures due to process breakdowns, technology outages, cyberattacks and other security incidents, adverse financial conditions, or other disruptions. We continue to enhance our enterprise capabilities to manage third-party operational risks. While we continue to mature our program, we may be exposed to associated elevated risks. Our use of third parties increases exposure to data breaches through third parties that access and store our data (including personal information) and their supply chains. Efforts are underway to improve our controls and procedures related to third-party data sharing. We have increased our monitoring of third parties with which we do business that we deem to be critical to our operations; however, our control over their security posture remains limited. We also continue to strengthen our processes related to identifying material subcontractors and service providers of the third parties with which we do business and managing the associated operational risk.

In addition to credit risk exposure, sellers and servicers expose us to operational risk, including operational resilience, information, and reporting risks. Sellers and servicers also expose us to compliance risk resulting from non-compliance with applicable laws, regulations, and FHFA supervisory or conservator requirements. For additional information on our monitoring of our sellers and servicers and related risks, see **MD&A - Risk Management** *- Counterparty Credit Risk* and **Risk Factors** ***- Operational Risks - We rely on third parties, or their vendors and other business partners, for certain important functions. Any failures by those third parties to deliver products or services, or to manage risks effectively, could disrupt our business operations, or expose us to other operational risks.***

Model Risk

Model risk is the potential for adverse consequences from model errors or decisions based on the incorrect use or application of model outputs. Models, in general, face significant challenges in accurately forecasting key inputs into our financial projections. These can include, but are not limited to, projections of mortgage rates, house prices, credit defaults, yields, prepayments, and interest rates. In response, we are managing this increased risk by closely monitoring model performance and applying model overlays and adjustments when deemed appropriate. These will be driven by the latest developments and emerging trends in the economy, as well as any additional government interventions and internal policy changes. However, these adjustments incorporate subjectivity and may be based upon judgment. Actual results could differ from our estimates, and the use of different judgments and assumptions related to these estimates could have a material impact on our consolidated financial statements.

Model development, changes to existing models, and model risks are managed in each business line according to our three-lines-of-defense framework. New model development and changes to existing models undergo a review process. Each business periodically reviews model performance, embedded assumptions, limitations, and modeling techniques, and updates its models as it deems appropriate. ERM independently validates the work done by the business lines (e.g., conducting independent assessments of ongoing monitoring results, model risk ratings, performance monitoring, and reporting against thresholds and alerts).

Given the importance and complexity of models in our business, model development may take significant time to complete. Delays in our model development process could affect our ability to make sound business and risk management decisions, and increase our exposure to risk. We have procedures designed to manage this risk.

For additional information, see **Risk Factors** ***- Operational Risks - We face risks and uncertainties associated with the models that we use to inform business and risk management decisions and for financial accounting and reporting purposes***.

Compliance Risk

Compliance risk is the risk of non-compliance with applicable laws, regulations, FHFA supervisory or conservator requirements, trustee agreement requirements, or ethical standards (collectively, regulatory obligations). We have established a compliance program, leveraging the three lines of defense enterprise risk framework, to oversee and manage compliance risk, including effective challenge of our business areas' compliance with such obligations, as appropriate. We maintain policies and procedures that provide the governance framework for the identification, measurement, monitoring, testing, reporting, and remediation of compliance issues. We have continued to enhance our overall compliance program, including risk assessments, monitoring, testing, and reporting. To the extent that regulatory concerns are identified, we coordinate with FHFA and our internal auditors to assess the impact and remediate the concerns, as appropriate. For additional information relating to our compliance program, see **Risk Factors -** ***Legal and Compliance Risks***.

Effectiveness of Our Disclosure Controls and Procedures

Management, including our CEO and CFO, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2022. As of that date, we had one material weakness related to conservatorship, which remained unremediated, causing us to conclude that our disclosure controls and procedures were not effective at a reasonable level of assurance. For additional information, see **Controls and Procedures**.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our business activities require that we maintain adequate liquidity to meet our financial obligations as they come due and meet the needs of customers in a timely and cost-efficient manner. We also must maintain adequate capital resources to avoid being placed into receivership by FHFA.

Sources and Uses of Funds

Our primary source of funding for the assets on our balance sheet is the issuance of debt. In addition to the funding provided by issuing debt, our other sources of funds include:

- Principal payments on and sales of securities and loans that we own;
- Repurchase transactions;
- Interest income on securities and loans that we own; and
- Guarantee fees (inclusive of fees that we receive at the time we purchase a loan).

We use these sources to fund the assets on our balance sheet. Our primary uses of funds include:

- Principal payments upon the maturity, redemption, or repurchase of our debt;
- Payments of interest on our debt and other expenses;
- Purchases of mortgage loans, including purchases of seriously delinquent or modified loans underlying our securities, mortgage-related securities, and other investments; and
- Payments related to derivative contracts and posting or pledging of collateral to third parties in connection with secured financing and daily trade activities.

In addition to the sources and uses of cash described above, we are involved in various legal proceedings, including those discussed in **Legal Proceedings**, which may result in a need to use cash to settle claims or pay certain costs or receipt of cash from settlements.

Our securities and other obligations are not guaranteed by the U.S. government and do not constitute a debt or obligation of the U.S. government or any agency or instrumentality thereof, other than Freddie Mac. We continue to manage our debt issuances to remain in compliance with the aggregate indebtedness limits set forth in the Purchase Agreement.

Liquidity Management Framework

The support provided by Treasury pursuant to the Purchase Agreement enables us to have adequate liquidity to conduct our normal business activities. However, the costs and availability of our debt funding could vary for a number of reasons, including the uncertainty about the future of the GSEs and any future downgrades in our credit ratings or the credit ratings of the U.S. government.

We are required to comply with minimum short-, medium-, and long-term liquidity requirements established by FHFA. These requirements are based on cash flows needed under a stressed scenario that assumes, among other things, that for short- and medium-term debt, we may not have access to funding from the market for an extended period of time and therefore must fund our cash needs utilizing certain liquid assets in our portfolio.

The minimum liquidity requirements have four components:

- A 30-day cash flow stress test that assumes we continue to provide liquidity to the market while holding a $10 billion buffer above outflows;
- A 365-day metric that requires us to hold liquidity to meet our expected cash outflows over 365 days and to continue to provide liquidity to the market under certain stress conditions;
- A specified minimum long-term debt to less-liquid asset ratio. Less-liquid assets are those that are not eligible to be pledged as collateral to the FICC; and
- A requirement that we fund our assets with liabilities that have a specified minimum term relative to the term of the assets.

We make extensive use of the Federal Reserve's payment system in our business activities. The Federal Reserve requires that we fully fund our accounts at the Federal Reserve Bank of New York to the extent necessary to cover cash payments on our debt and mortgage-related securities each day, before the Federal Reserve Bank of New York, acting as our fiscal agent, will initiate such payments. Although we seek to maintain sufficient intraday liquidity to fund our activities through the Federal Reserve's payment system, we have limited access to cash once the debt markets are closed for the day. Insufficient cash may cause our account to be overdrawn, potentially resulting in penalties and reputational harm.

Maintaining sufficient liquidity is of primary importance to, and a cost of, our business. Under our liquidity management practices and policies, we:

- Manage intraday cash needs and provide for the contingency of an unexpected cash demand;
- Maintain cash and non-mortgage investments to enable us to meet ongoing cash obligations for a limited period of time, assuming no access to unsecured debt markets;
- Maintain unencumbered securities with a value greater than or equal to the largest projected daily cash shortfall for an extended period of time, assuming no access to unsecured debt markets; and
- Manage the maturity of our unsecured debt based on our asset profile.

To facilitate cash management, we forecast cash outflows and inflows using assumptions and models. These forecasts help us to manage our liabilities with respect to the timing of our cash flows. Differences between actual and forecasted cash flows have resulted in higher costs from issuing a higher amount of debt than needed or unexpectedly needing to issue debt, and may do so in the future. Differences between actual and forecasted cash flows also could result in our account at the Federal Reserve Bank of New York being overdrawn. We maintain daily cash reserves to manage this risk.

Liquidity

Primary Sources of Liquidity

The following table lists the sources of our liquidity, the balances as of the dates shown, and a brief description of their importance to Freddie Mac.

Table 47 - Liquidity Sources

(In millions)	December 31, 2022[1]	December 31, 2021[1]	Description
Other Investments Portfolio - Liquidity and Contingency Operating Portfolio	$114,339	$80,262	The liquidity and contingency operating portfolio, included within our other investments portfolio, is primarily used for short-term liquidity management.
Mortgage Loans and Mortgage-Related Securities	25,853	43,393	The liquid portion of our mortgage-related investments portfolio can be pledged or sold for liquidity purposes. The amount of cash we may be able to successfully raise may be substantially less than the balance.

(1) Represents carrying value for the liquidity and contingency operating portfolio, included within our other investments portfolio, and UPB for the liquid portion of the mortgage-related investments portfolio.

Other Investments Portfolio

Our other investments portfolio is important to our cash flow, collateral management, asset and liability management, and ability to provide liquidity and stability to the mortgage market.

Our liquidity and contingency operating portfolio primarily includes securities purchased under agreements to resell and non-mortgage-related securities. Our non-mortgage-related securities consist of U.S. Treasury securities and other investments that we could sell to provide us with an additional source of liquidity to fund our business operations. We also maintain non-interest-bearing deposits at the Federal Reserve Bank of New York and interest-bearing deposits at commercial banks. Our interest-bearing deposits at commercial banks totaled $5.0 billion and $3.5 billion as of December 31, 2022 and December 31, 2021, respectively.

The other investments portfolio also included cash collateral posted to us primarily by derivatives counterparties of $2.7 billion and $1.2 billion as of December 31, 2022 and December 31, 2021, respectively. We have invested this collateral primarily in securities purchased under agreements to resell and non-mortgage-related securities as part of our liquidity and contingency operating portfolio, although the collateral may be subject to return to our counterparties based on the terms of our master netting and collateral agreements. See **MD&A - Our Portfolios** - ***Investments Portfolio - Other Investments Portfolio*** for more information about our other investments portfolio.

Mortgage Loans and Mortgage-Related Securities

We invest principally in mortgage loans and mortgage-related securities, certain categories of which are largely unencumbered and liquid. Our primary source of liquidity among these mortgage assets is our holdings of agency securities.

In addition, we hold certain single-family loans and multifamily loans that could be securitized and would then be available for sale or for use as collateral for repurchase agreements. Due to the large size of our portfolio of liquid assets, the amount of mortgage-related assets that we may successfully sell or borrow against in the event of a liquidity crisis or significant market disruption may be substantially less than the amount of mortgage-related assets we hold. There would likely be insufficient market demand for large amounts of these assets over a prolonged period of time, which would limit our ability to sell or borrow against these assets.

We hold other mortgage assets, but given their characteristics, they may not be available for immediate sale or for use as collateral for repurchase agreements. These assets principally consist of single-family delinquent and modified loans.

We are subject to limits on the amount of mortgage assets we can sell in any calendar month without review and approval by FHFA and, if FHFA so determines, Treasury. See **Conservatorship and Related Matters - *Limits on Our Mortgage-Related Investments Portfolio and Indebtedness*** for additional details.

Primary Sources of Funding

The following table lists the sources of our funding, the balances as of the dates shown, and a brief description of their importance to Freddie Mac.

Table 48 - Funding Sources

(In millions)	December 31, 2022[1]	December 31, 2021[1]	Description
Debt of Freddie Mac	$166,762	$177,131	Debt of Freddie Mac is used to fund our business activities.
Debt of Consolidated Trusts	2,979,070	2,803,054	Debt of consolidated trusts is used primarily to fund our Single-Family guarantee activities. This type of debt is principally repaid by the cash flows of the associated mortgage loans. As a result, our repayment obligation is limited to amounts paid pursuant to our guarantee of principal and interest and to purchase modified or seriously delinquent loans from the trusts.

(1) Represents the carrying value of debt balances after consideration of offsetting arrangements.

Debt of Freddie Mac

We issue debt of Freddie Mac to fund our operations. Competition for funding can vary with economic, financial market, and regulatory environments. The amount, type, and term of debt issued is based on a variety of factors and is designed to meet our ongoing cash needs and to comply with our Liquidity Management Framework.

We may use the following types of products as part of our funding and liquidity management activities:

- **Securities sold under agreements to repurchase** - Collateralized short-term borrowings where we sell securities to a counterparty with an agreement to repurchase those securities at a future date.
- **Discount notes and Reference Bills®** - We issue short-term instruments with maturities of one year or less. These products are generally sold on a discounted basis, paying principal only at maturity. Reference Bills are auctioned to dealers on a regular schedule, while discount notes are issued in response to investor demand and our cash needs.
- **Medium-term notes** - We issue a variety of fixed-rate and variable-rate medium-term notes, including callable and noncallable securities, and zero-coupon securities, with various maturities.
- **Reference Notes® securities** - Reference Notes securities are non-callable fixed-rate securities, which we generally issue with original maturities greater than or equal to two years.

As of December 31, 2022, our aggregate indebtedness, calculated as the par value of debt of Freddie Mac, was $178.1 billion, which was below the $300.0 billion debt cap limit imposed by the Purchase Agreement. The Purchase Agreement debt limit cap decreased to $270.0 billion on January 1, 2023 as a result of the decrease in the Mortgage Asset limit under the Purchase Agreement to $225.0 billion on December 31, 2022. Our aggregate indebtedness to meet our funding needs is constrained by the debt cap limit. We disclose the amount of our indebtedness on this basis monthly under the caption "Indebtedness Pursuant to the Purchase Agreement - Total Debt Outstanding" in our Monthly Volume Summary reports, which are available on our website at **www.freddiemac.com/investors/financials/monthly-volume-summaries.html**.

To fund our business activities, we depend on the continuing willingness of investors to purchase our debt securities. Changes or perceived changes in the government's support of us could have a severe negative effect on our access to the debt markets and on our debt funding costs.

In addition, any change in applicable legislative or regulatory exemptions, including those described in **Regulation and Supervision**, could adversely affect our access to some debt investors, thereby potentially increasing our debt funding costs.

The table below summarizes the par value and the average rate of debt of Freddie Mac securities we issued or paid off, including regularly scheduled principal payments, payments resulting from calls, and payments for repurchases. We call, exchange, or repurchase our outstanding debt securities from time to time for a variety of reasons, including managing our funding composition and supporting the liquidity of our debt securities.

Table 49 - Debt of Freddie Mac Activity

	Year Ended December 31,			
	2022		2021	
(Dollars in millions)	Par Value	Average Rate[1]	Par Value	Average Rate[1]
Short-term:				
Beginning balance	$—	— %	$4,955	1.31 %
Issuances	95,098	2.61	22,050	0.04
Repayments	—	—	(24,569)	0.15
Maturities	(87,382)	2.52	(2,436)	1.49
Ending balance	**7,716**	**3.49**	**—**	**—**
Securities sold under agreements to repurchase	11,991	3.86	7,333	(0.10)
Offsetting arrangements	(11,991)		(7,333)	
Securities sold under agreement to repurchase, net	**—**	**—**	**—**	**—**
Total short-term debt	**7,716**	**3.49**	**—**	**—**
Long-term:				
Beginning balance	181,613	1.11	281,386	1.12
Issuances	42,292	4.00	1,090	0.60
Repayments	(3,450)	4.22	(58,067)	0.70
Maturities	(50,092)	0.39	(42,794)	1.06
Total long-term debt	**170,363**	**2.22**	**181,615**	**1.11**
Total debt of Freddie Mac, net	**$178,079**	**2.28 %**	**$181,615**	**1.11 %**

(1) Average rate is weighted based on par value.

Our outstanding total debt of Freddie Mac balance decreased primarily due to a lower mortgage-related investments portfolio balance and lower cash window purchase volume. Our callable debt provides us with the option to repay the outstanding principal balance of the debt prior to its contractual maturity date. As of December 31, 2022, $96.0 billion of the outstanding $109.2 billion of callable debt may be called within one year, not including callable debt due to contractually mature within one year.

Maturity and Redemption Dates

The following table presents the debt of Freddie Mac by contractual maturity date and earliest redemption date. The earliest redemption date refers to the earliest call date for callable debt and the contractual maturity date for all other debt of Freddie Mac.

Table 50 - Maturity and Redemption Dates

	As of December 31, 2022		As of December 31, 2021	
(Par value in millions)	Contractual Maturity Date	Earliest Redemption Date	Contractual Maturity Date	Earliest Redemption Date
Debt of Freddie Mac[1]:				
1 year or less	$60,534	$156,515	$55,958	$118,436
1 year through 2 years	32,261	3,820	38,688	35,724
2 years through 3 years	51,658	13,071	13,274	1,745
3 years through 4 years	5,739	212	35,436	12,076
4 years through 5 years	7,603	170	4,717	87
Thereafter	27,623	11,630	31,736	11,741
STACR and SCR debt[2]	4,652	4,652	9,139	9,139
Total debt of Freddie Mac	**$190,070**	**$190,070**	**$188,948**	**$188,948**

(1) Includes payables related to securities sold under agreements to repurchase that we offset against receivables related to securities purchased under agreements to resell on our consolidated balance sheets, when such amounts meet the conditions for offsetting in the accounting guidance.

(2) STACR debt notes and SCR debt notes are subject to prepayment risk as their payments are based upon the performance of a reference pool of mortgage assets that may be prepaid by the related mortgage borrower at any time generally without penalty and are, therefore, included as a separate category in the table.

Debt of Consolidated Trusts

The largest component of debt on our consolidated balance sheets is debt of consolidated trusts, which relates to securitization transactions that we consolidate for accounting purposes. We primarily issue this type of debt by securitizing mortgage loans to finance our Single-Family activities. When we consolidate securitization trusts, we recognize on our consolidated balance sheets the assets held by the trusts, the majority of which are mortgage loans, and the debt issued by the trusts, the majority of which are Level 1 Securitization Products.

Debt of consolidated trusts represents our liability to third parties that hold beneficial interests in our consolidated securitization trusts. Debt of consolidated trusts is principally repaid from the cash flows of the mortgage loans held by the securitization trusts that issued the debt. In circumstances when the cash flows of the mortgage loans are not sufficient to repay the debt, we make up the shortfall because we have guaranteed the payment of principal and interest on the debt. In certain circumstances, we have the right and/or obligation to purchase the loan from the trust prior to its contractual maturity. For more information on our purchases of loans from trusts, see **Our Business Segments - Single-Family -** ***Business Overview.***

At December 31, 2022, our estimated net exposure to this type of debt (including the amounts that are due to Freddie Mac for debt of consolidated trusts that we purchased) is recognized as the allowance for credit losses on mortgage loans held by consolidated trusts. See **Note 6** for details on our allowance for credit losses.

The table below shows the issuance and extinguishment activity for the debt of our consolidated trusts.

Table 51 - Debt of Consolidated Trusts Activity

	Year Ended December 31,	
(In millions)	2022	2021
Beginning balance	$2,732,056	$2,240,602
Issuances	776,015	1,532,367
Repayments and extinguishments	(578,504)	(1,040,913)
Ending balance	**2,929,567**	**2,732,056**
Unamortized premiums and discounts	49,503	70,998
Debt of consolidated trusts	**$2,979,070**	**$2,803,054**

Credit Ratings

Our ability to access the capital markets and other sources of funding, as well as our cost of funds, may be affected by our credit ratings. The table below indicates our credit ratings as of January 31, 2023.

Table 52 - Freddie Mac Credit Ratings

	Nationally Recognized Statistical Rating Organization		
	S&P	Moody's	Fitch
Senior long-term debt	AA+	Aaa	AAA
Short-term debt	A-1+	P-1	F-1+
Preferred stock(1)	D	Ca	C
Outlook	Stable	Not on Watch	Stable

(1) Does not include senior preferred stock issued to Treasury.

Our credit ratings and outlooks are primarily based on the support we receive from Treasury and, therefore, are affected by changes in the credit ratings and outlooks of the U.S. government.

A security rating is not a recommendation to buy, sell, or hold securities. It may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

Contractual Obligations

Our contractual obligations affect our liquidity and capital resource needs and primarily include the debt (and associated interest payments) and derivative liabilities recognized on our consolidated balance sheets. We also have contractual obligations recognized in other liabilities on our consolidated balance sheets, including payments to our qualified and non-qualified defined contribution plans and other benefit plans, and future cash payments due under our obligations to make delayed equity contributions to LIHTC partnerships.

We also have contractual obligations associated with our commitments to purchase loans and mortgage-related securities from third parties, most of which are accounted for as derivatives, as well as certain off-balance sheet obligations that are legally binding and enforceable, including guarantees, unfunded lending arrangements, and obligations to advance funds upon the occurrence of certain events. See ***Off-Balance Sheet Arrangements*** for additional information on the potential effects of our off-balance sheet obligations on our liquidity and capital resources.

The amount and timing of payments due related to debt of Freddie Mac are discussed in ***Primary Sources of Funding***. Most of our purchase commitments are scheduled to occur within the next 12 months. The amount and timing of certain other of our contractual obligations are uncertain, including future payments of principal and interest related to debt of consolidated trusts held by third parties, STACR and SCR transactions, cash settlements on derivative agreements not yet accrued, guarantee payments, and commitments to advance funds under certain off-balance sheet arrangements.

Off-Balance Sheet Arrangements

We enter into certain business arrangements that are not recorded on our consolidated balance sheets or that may be recorded in amounts that differ from the full contractual or notional amount of the transaction that affect our short- and long-term liquidity needs. These off-balance sheet arrangements primarily consist of guarantees and commitments. Certain of these arrangements present credit risk exposure. See **MD&A - Risk Management - *Credit Risk*** for additional information on our credit risk exposure on off-balance sheet arrangements.

Guarantees

We have certain off-balance sheet arrangements related to our mortgage-related guarantee activities. Our off-balance sheet arrangements related to mortgage-related guarantees primarily consist of guaranteed K Certificates. Our guarantee of these securities and other mortgage-related guarantees may result in liquidity needs to cover potential cash flow shortfalls from borrower defaults.

We have the ability to commingle TBA-eligible Fannie Mae collateral in certain of our resecuritization products. When we resecuritize Fannie Mae securities in our commingled resecuritization products, our guarantee covers timely payments of principal and interest on such securities. Accordingly, commingling Fannie Mae collateral in our resecuritization transactions increases our off-balance sheet liquidity exposure as we do not have control over the Fannie Mae collateral. See **Note 3** for additional information on our mortgage-related guarantees and guarantees of Fannie Mae securities.

Commitments

We enter into certain commitments, including commitments to purchase securities under agreements to resell, commitments to purchase multifamily loans, and unfunded multifamily lending arrangements, that are not recorded on our consolidated balance sheets. We have elected the fair value option for certain of our commitments to purchase multifamily loans. We also have entered into other commitments to purchase or sell mortgage loans or mortgage-related securities that are accounted for as derivative instruments. These commitments are recognized on our consolidated balance sheets at fair value.

In addition, in connection with certain of our multifamily other mortgage-related guarantee arrangements and other securitization products, we have provided commitments to advance funds, commonly referred to as "liquidity guarantees." These guarantees require us to advance funds to third parties that enable them to repurchase tendered bonds or securities that are unable to be remarketed. At both December 31, 2022 and December 31, 2021, there were no liquidity guarantee advances outstanding. See **Note 5** and **Note 9** for additional information on our commitments.

Cash Flows

- **2022 vs. 2021** - Cash and cash equivalents (including restricted cash and cash equivalents) decreased by $3.8 billion from $10.2 billion as of December 31, 2021 to $6.4 billion as of December 31, 2022, primarily due to a decrease in trust cash driven by lower loan prepayments. We also used available cash flows to increase our investments in securities purchased under agreements to resell.
- **2021 vs. 2020** - Cash and cash equivalents (including restricted cash and cash equivalents) decreased by $13.7 billion from $23.9 billion as of December 31, 2020 to $10.2 billion as of December 31, 2021, primarily due to a decrease in trust cash driven by lower loan prepayments and a decline in our operating cash due to a lower cash window purchase forecast and continued funding of maturities, calls, and buybacks of debt of Freddie Mac without issuing new debt.

Capital Resources

The GSE Act specifies certain capital requirements for us and authorizes FHFA to establish other capital requirements as well as to increase our minimum capital levels or establish additional capital and reserve requirements for particular purposes. In October 2008, FHFA suspended capital classification of us during conservatorship, in light of the Purchase Agreement.

Our entry into conservatorship resulted in significant changes to the assessment of our capital adequacy and our management of capital. We entered into the Purchase Agreement with Treasury, pursuant to which we issued to Treasury both senior preferred stock and a warrant to purchase 79.9% of our common stock outstanding on a fully diluted basis on the date of exercise. Under the Purchase Agreement, Treasury made a commitment to provide us with equity funding in certain conditions to eliminate deficits in our net worth. Our ability to obtain equity funding from Treasury pursuant to its commitment under the Purchase Agreement has enabled us to avoid being placed into receivership by FHFA and maintain the confidence of the debt markets as having very high-quality credit, upon which our business model is dependent. The amount of available funding remaining under the Purchase Agreement was $140.2 billion as of December 31, 2022, which will be reduced by any future draws.

Pursuant to the Purchase Agreement, we will not have a dividend requirement to Treasury on the senior preferred stock until our Net Worth Amount exceeds the amount of adjusted total capital necessary to meet capital requirements and buffers set forth in the ERCF. Based on our Net Worth Amount of $37.0 billion as of December 31, 2022, no dividend is payable to Treasury for the quarter ended December 31, 2022. Under the Purchase Agreement, the payment of dividends does not reduce the outstanding liquidation preference on the senior preferred stock. Our cumulative senior preferred stock dividend payments totaled $119.7 billion as of December 31, 2022.

The aggregate liquidation preference of the senior preferred stock owned by Treasury was $107.9 billion as of December 31, 2022. The aggregate liquidation preference of the senior preferred stock will be increased, at the end of each fiscal quarter through the Capital Reserve End Date, by an amount equal to the increase in the Net Worth Amount, if any, during the immediately prior fiscal quarter. In addition, to the extent that we draw additional funds in the future, the aggregate liquidation preference will increase by the amount of those draws. For additional information on the Purchase Agreement, warrant and senior preferred stock, including our dividend requirement on the senior preferred stock and the commitment fee to be paid to Treasury after the Capital Reserve End Date, see **MD&A - Conservatorship and Related Matters, Note 2,** and **Note 11**.

The table below presents activity related to our net worth.

Table 53 - Net Worth Activity

	Year Ended December 31,		
(In millions)	**2022**	**2021**	**2020**
Ending balance, December 31 of prior year	$28,033	$16,413	$9,122
Cumulative-effect adjustment(1)	—	—	(240)
Beginning balance, January 1	28,033	16,413	8,882
Comprehensive income	8,985	11,620	7,531
Capital draws from Treasury	—	—	—
Senior preferred stock dividends declared	—	—	—
Total equity / net worth	**$37,018**	**$28,033**	**$16,413**
Remaining Treasury funding commitment	$140,162	$140,162	$140,162
Aggregate draws under Purchase Agreement	71,648	71,648	71,648
Aggregate cash dividends paid to Treasury	119,680	119,680	119,680
Liquidation preference of the senior preferred stock	107,878	97,959	86,539

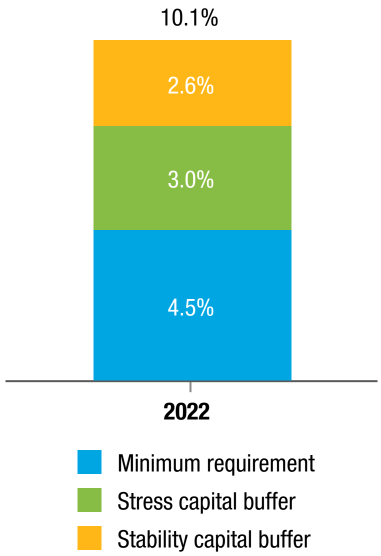
(1) Cumulative-effect adjustment related to our adoption of CECL on January 1, 2020.

ERCF

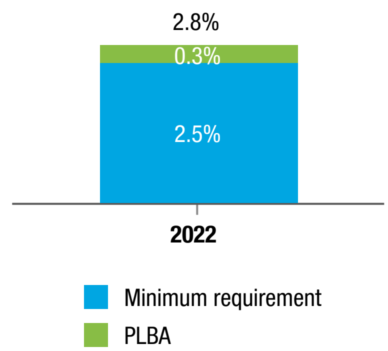
FHFA established the ERCF as a new enterprise regulatory capital framework for Freddie Mac and Fannie Mae in December 2020. Our current capital levels are significantly below the levels that would be required under the ERCF. The ERCF has a transition period for compliance, and we are not required to comply with the regulatory capital requirements or the buffer requirements while in conservatorship. In general, the compliance date for the regulatory capital requirements will be the later of the date of termination of our conservatorship and any later compliance date provided in a transition order, and the compliance date for buffer requirements in the ERCF will be the date of termination of our conservatorship. With respect to the ERCF's advanced approaches requirements, the compliance date is January 1, 2025 or any later compliance date specified by FHFA.

The charts below present the ERCF capital adequacy requirements under the risk-based capital requirement (CET1 capital ratio relative to RWA) and leverage capital requirement (Tier 1 capital ratio relative to ATA) as of December 31, 2022.

Risk-Based Capital Requirement: CET1 Capital Ratio



Leverage Capital Requirement: Tier 1 Capital Ratio



The ERCF establishes risk-based and leverage capital requirements and includes supplemental capital requirements relating to the amount and form of the capital we hold, based largely on definitions of capital used in U.S. banking regulators' regulatory capital framework. The ERCF capital requirements contain both statutory capital elements (total capital and core capital) and regulatory capital elements (CET1 capital, Tier 1 capital, and adjusted total capital). The ERCF also includes a requirement that we hold prescribed capital buffers that can be drawn down in periods of financial stress and then rebuilt over time as economic conditions improve. If we fall below the prescribed buffer amounts, we must restrict capital distributions such as stock repurchases and dividends, as well as discretionary bonus payments to executives, until the buffer amounts are restored.

Risk-Based Capital Requirements

Under the ERCF risk-based capital requirements, we must maintain our CET1 capital, Tier 1 capital, and adjusted total capital ratios equal to at least 4.5%, 6.0%, and 8.0%, respectively, of RWA. We must also maintain statutory total capital equivalent to at least 8.0% of the total RWA. To avoid limitations on capital distributions and discretionary bonus payments tied to executive compensation, we also must maintain CET1 capital that exceeds the risk-based capital requirements by at least the amount of the PCCBA. The PCCBA consists of three separate component buffers—a stress capital buffer, a stability capital buffer, and a countercyclical capital buffer.

- The stress capital buffer must be at least 0.75% of our ATA as of the last day of the previous calendar quarter. FHFA will periodically re-size the stress capital buffer to the extent that FHFA's eventual program for supervisory stress tests determines that our peak capital exhaustion under a severely adverse stress scenario would exceed 0.75% of ATA.
- The stability capital buffer is tailored to the risk that our default or other financial distress could pose to the liquidity, efficiency, competitiveness, or resiliency of national housing finance markets. The stability capital buffer is based on our share of residential mortgage debt outstanding. As of December 31, 2022, our stability capital buffer was 0.61% of ATA.
- The countercyclical capital buffer is currently set at 0.0% of our ATA. FHFA has indicated that it will adjust the countercyclical capital buffer taking into account the macro-financial environment in which we operate, such that the buffer would be deployed only when excess aggregate credit growth is judged to be associated with a build-up of system-wide risk.

Leverage Capital Requirements

Under the ERCF leverage capital requirements, we must maintain our Tier 1 capital ratio equal to at least 2.5% of ATA. We must also maintain our statutory core capital ratio equal to at least 2.5% of ATA. To avoid limits on capital distributions and discretionary bonus payments tied to executive compensation, we also must maintain Tier 1 capital that exceeds the leverage capital requirements by at least the amount of the PLBA. The PLBA is equal to 50% of our stability capital buffer.

Oversight, Governance, and Reporting

Our capital management is governed by policies, standards, and procedures overseen by key governing bodies. The CMC is responsible for the oversight of compliance with the ERCF capital framework, including reporting, model changes, and stress testing activities, as well as any other related policy initiatives. The CMC helps to ensure that we maintain an integrated and coherent capital monitoring and adequacy assessment process and meet both internal and regulatory capital reporting, monitoring, forecasting, and stress testing requirements. The CMC is overseen by the Head of Capital and Resolution Planning and the CFO, and reports directly to the Capital Committee, which is overseen by the CEO and our President.

The Capital Committee, composed primarily of executive officers across the various divisions (including the CFO, CRO, and heads of business), oversees the CMC and provides governance across overall capital management. In addition, ERM and Internal Audit conduct independent assessments of capital management and implementation. These assessments are intended to help ensure that our capital execution, assessment, and monitoring are consistent and in compliance with the ERCF.

Under the ERCF, we are required to submit quarterly ERCF capital reports to FHFA. These requirements include quarterly quantitative information to support the ERCF capital amount and ratio calculations and the underlying enterprise model risk weighting calculations. We are also required to provide quarterly ERCF public disclosures starting in 1Q 2023 for the period ended December 31, 2022, and submit an annual capital plan to FHFA starting in 2Q 2023. Pursuant to an FHFA rule on stress testing of regulated entities, we are required to conduct annual stress tests using scenarios specified by FHFA to determine whether we have sufficient capital to absorb losses as a result of adverse economic conditions. Under the rule, we must publicly disclose the results of the stress test under the "severely adverse" scenario. See **MD&A - Regulation and Supervision - *Capital Standards and Public Disclosures*** for additional information on the ERCF including our reporting requirements.

Capital Metrics

The table below presents the components of our regulatory capital.

Table 54 - Regulatory Capital Components

(In billions)	December 31, 2022
Total equity	$37
Less:	
Senior preferred stock	73
Perpetual noncumulative preferred stock	14
Common equity	(50)
Deferred tax assets arising from temporary differences that exceed 10% of CET1 capital and other regulatory adjustments	5
Common equity Tier 1 capital	**(55)**
Add: Perpetual noncumulative preferred stock	14
Tier 1 capital	**(41)**
Tier 2 capital adjustments	—
Adjusted total capital	**($41)**

The table below presents the components of our statutory capital.

Table 55 - Statutory Capital Components

(In billions)	December 31, 2022
Total equity	$37
Less:	
Senior preferred stock	73
AOCI, net of taxes	(1)
Core capital	**(35)**
General allowance for foreclosure losses(1)	8
Total statutory capital	**($27)**

(1) Includes our allowance for credit losses.

The table below presents our capital metrics under the ERCF.

Table 56 - ERCF Available Capital and Capital Requirements

(In billions)	December 31, 2022
Adjusted total assets	$3,710
Risk-weighted assets (standardized approach):	
Credit risk	778
Market risk	51
Operational risk	70
Total risk-weighted assets	**$899**

(In billions)	December 31, 2022
Stress capital buffer	$27
Stability capital buffer	23
Countercyclical capital buffer amount	—
PCCBA	**$50**
PLBA	11

	December 31, 2022				
(Dollars in billions)	Minimum Capital Requirement	Applicable Buffer	Capital Requirement (Including Buffer[1])	Available Capital (Deficit)	Capital Shortfall
Risk-based capital amounts:					
Total capital (statutory)	$72	N/A	$72	($27)	($99)
CET1 capital	40	$50	90	(55)	(145)
Tier 1 capital	54	50	104	(41)	(145)
Adjusted total capital	72	50	122	(41)	(163)
Risk-based capital ratios[2]:					
Total capital (statutory)	8.0 %	N/A	8.0 %	(3.1)%	(11.1)%
CET1 capital	4.5	5.6 %	10.1	(6.2)	(16.3)
Tier 1 capital	6.0	5.6	11.6	(4.6)	(16.2)
Adjusted total capital	8.0	5.6	13.6	(4.6)	(18.2)
Leverage capital amounts:					
Core capital (statutory)	$93	N/A	$93	($35)	($128)
Tier 1 capital	93	$11	104	(41)	(145)
Leverage capital ratios[3]:					
Core capital (statutory)	2.5 %	N/A	2.5 %	(1.0)%	(3.5)%
Tier 1 capital	2.5	0.3 %	2.8	(1.1)	(3.9)

(1) PCCBA for risk-based capital and PLBA for leverage capital.

(2) As a percentage of RWA.

(3) As a percentage of ATA.

At December 31, 2022, our maximum payout ratio under the ERCF was 0.0%, which applies to limit our capital distributions and discretionary bonus payments discussed under the risk-based and leverage capital requirements.

CONSERVATORSHIP AND RELATED MATTERS

Conservator Powers Over Our Company

FHFA has broad powers when acting as our Conservator. Upon its appointment, the Conservator immediately succeeded to all rights, titles, powers, and privileges of Freddie Mac and of any stockholder, officer, or director of Freddie Mac with respect to Freddie Mac and its assets. The Conservator also succeeded to the title to all books, records, and assets of Freddie Mac held by any other legal custodian or third party.

Under the GSE Act, the Conservator may take any actions it determines are necessary to put us in a safe and solvent condition and appropriate to carry on our business and preserve and conserve our assets and property. The Conservator's powers include the ability to transfer or sell any of our assets or liabilities, subject to certain limitations and post-transfer notice provisions, without any approval, assignment of rights or consent of any party. However, the GSE Act provides that loans and mortgage-related assets that have been transferred to a Freddie Mac securitization trust must be held by the Conservator for the beneficial owners of the trust and cannot be used to satisfy our general creditors.

We conduct our business subject to the direction of FHFA as our Conservator. The Conservator has authorized the Board of Directors to oversee management's conduct of our business operations so we can operate in the ordinary course. The directors serve on behalf of, exercise authority as provided by, and owe their fiduciary duties of care and loyalty to the Conservator. The Conservator retains the authority to withdraw or revise the authority it has provided at any time. The Conservator also retains certain significant authorities for itself and has not provided them to the Board of Directors. The Conservator continues to provide strategic direction for the company and directs the efforts of the Board of Directors and management to implement its strategy. Many management decisions are subject to review and/or approval by FHFA and management frequently receives direction from FHFA on various matters involving day-to-day operations.

Our current business objectives reflect direction we have received from the Conservator, including in the Conservatorship Scorecards. At the direction of the Conservator, we have made changes to certain business practices that are designed to provide support for the mortgage market in a manner that serves our mission and other non-financial objectives. Given our mission and the important role our Conservator has placed on Freddie Mac in addressing housing and mortgage market conditions, we sometimes take actions that could have a negative impact on our business, operating results, or financial condition. Certain of these actions are intended to help homeowners, renters, and the mortgage market.

Purchase Agreement, Warrant, and Senior Preferred Stock

In connection with our entry into conservatorship, we entered into the Purchase Agreement with Treasury. Under the Purchase Agreement, we issued to Treasury both senior preferred stock and a warrant to purchase common stock. The Purchase Agreement, warrant, and senior preferred stock do not contain any provisions causing them to terminate or cease to exist upon the termination of conservatorship. The conservatorship, Purchase Agreement, warrant, and senior preferred stock materially limit the rights of our common and preferred stockholders (other than Treasury).

Pursuant to the Purchase Agreement we issued to Treasury one million shares of Variable Liquidation Preference Senior Preferred Stock with an initial liquidation preference of $1 billion and a warrant to purchase, for a nominal price, shares of our common stock equal to 79.9% of the total number of shares outstanding. The senior preferred stock and warrant were issued to Treasury as an initial commitment fee in consideration of Treasury's commitment to provide funding to us under the Purchase Agreement. We did not receive any cash proceeds from Treasury as a result of issuing the senior preferred stock or the warrant. Under the Purchase Agreement, our ability to repay the liquidation preference of the senior preferred stock is limited, and we will not be able to do so for the foreseeable future, if at all.

The Purchase Agreement provides that, on a quarterly basis, we generally may draw funds up to the amount, if any, by which our total liabilities exceed our total assets, as reflected on our GAAP consolidated balance sheets for the applicable fiscal quarter, provided that the aggregate amount funded under the Purchase Agreement may not exceed Treasury's commitment. The amount of any draw will be added to the aggregate liquidation preference of the senior preferred stock and will reduce the amount of available funding remaining. Deficits in our net worth have made it necessary for us to make substantial draws on Treasury's funding commitment under the Purchase Agreement, with the majority of these draws occurring from 2008 to 2011. In addition, increases in our Net Worth Amount since December 2017 have been, or will be, added to the aggregate liquidation preference of the senior preferred stock. The liquidation preference of the senior preferred stock will continue to be increased at the end of each fiscal quarter through the Capital Reserve End Date, by an amount equal to the increase in the Net Worth Amount, if any, during the immediately prior fiscal quarter. As of December 31, 2022, the aggregate liquidation preference of the senior preferred stock was $107.9 billion, and the amount of available funding remaining under the Purchase Agreement was $140.2 billion, which will be reduced by any future draws.

For more information on the Purchase Agreement, warrant, and senior preferred stock, see **Note 2**.

The Purchase Agreement and warrant contain covenants that significantly restrict our business and capital activities. For example, the Purchase Agreement provides that, until the senior preferred stock is repaid or redeemed in full, we may not, without the prior written consent of Treasury:

- Pay dividends on our equity securities, other than the senior preferred stock or warrant, or repurchase our equity securities;
- Issue any additional equity securities, except in limited instances;
- Exit from conservatorship, except in limited circumstances;
- Sell, transfer, lease, or otherwise dispose of any assets, other than dispositions for fair market value in the ordinary course of business, consistent with past practices, and in other limited circumstances; and
- Issue any subordinated debt.

In addition, the Purchase Agreement requires us to comply with the ERCF as published in December 2020, disregarding any subsequent amendment or other modification to that rule. The Purchase Agreement also places limits on our mortgage-related investments portfolio, indebtedness, secondary market activities, single-family loan acquisitions, and multifamily loan purchase activity, as described below. For more information on the Purchase Agreement covenants, see **Note 2**, and for related risks, see **Risk Factors - *Conservatorship and Related Matters***.

Limits on Our Mortgage-Related Investments Portfolio and Indebtedness

Our ability to acquire and sell mortgage assets is significantly constrained by limitations under the Purchase Agreement and other limitations imposed by FHFA:

- The Purchase Agreement limits the size of our mortgage-related investments portfolio to a maximum of $225 billion effective December 31, 2022. The calculation of mortgage assets subject to the Purchase Agreement cap includes the UPB of mortgage assets and 10% of the notional value of interest-only securities. Our mortgage-related investments portfolio was $114.5 billion as of December 31, 2022, including $21.8 billion representing 10% of the notional amount of the interest-only securities we held as of December 31, 2022.
- With respect to the composition of our mortgage-related investments portfolio, FHFA instructed us to (1) hold no more than $20 billion in Single-Family agency MBS with all dollar caps to be based on UPB and (2) hold no collateralized mortgage obligations (CMOs), which are also sometimes referred to as REMICs. We have a holding period limit to sell any new CMO tranches created but not sold at issuance. CMOs do not include tranches initially retained from reperforming loans senior subordinate securitizations.
- Under the Purchase Agreement, we may not incur indebtedness that would result in the par value of our aggregate indebtedness exceeding 120% of the amount of mortgage assets we are permitted to own on December 31 of the immediately preceding calendar year. Our debt cap under the Purchase Agreement decreased to $270 billion on January 1, 2023 as a result of the decrease in the mortgage assets limit under the Purchase Agreement to $225 billion on December 31, 2022. As of December 31, 2022, our aggregate indebtedness for purposes of the debt cap was $178.1 billion.
- FHFA has indicated that any portfolio sales should be commercially reasonable transactions that consider impacts to the market, borrowers, and neighborhood stability.

Our decisions with respect to managing the mortgage-related investments portfolio affect our business segments. In order to achieve all of our portfolio goals, it is possible that we may forgo economic opportunities in one business segment in order to pursue opportunities in the other business segment.

Limits on Our Secondary Market Activities and Single-Family Loan Acquisitions

The Purchase Agreement restricts our secondary market activities and single-family loan acquisitions:

- Secondary Market Activities - We cannot vary the pricing or any other term of the acquisition of a single-family loan based on the size, charter type, or volume of business of the seller of the loan and are required to:
  - Offer to purchase loans for cash consideration and operate this cash window with non-discriminatory pricing and
  - Comply with directives, regulations, restrictions, or other requirements prescribed by FHFA related to equitable secondary market access by community lenders.
- Single-Family Loan Acquisitions - We are required to limit our acquisition of certain single-family mortgage loans.
  - Subject to such exceptions as FHFA may prescribe to permit us to acquire single-family mortgage loans that are currently eligible for acquisition, we were required to implement a program reasonably designed to ensure that each single-family mortgage is:
    - A qualified mortgage;

- Expressly exempt from the CFPB's ability-to-repay requirements;
- If secured by an investment property, subject to the related Purchase Agreement restriction described below, which has been suspended;
- A refinancing with streamlined underwriting for high LTV ratios;
- A loan with temporary underwriting flexibilities due to exigent circumstances, as determined in consultation with FHFA; or
- Secured by manufactured housing.

The Purchase Agreement also includes restrictions on the volume of our cash window activities, acquisitions of single-family loans with certain LTV, DTI, and credit score characteristics at origination, and acquisitions of single-family loans secured by second homes or investment properties, but these requirements have been suspended until six months after Treasury notifies Freddie Mac that such suspension has been terminated.

We will continue to manage these activities in accordance with our risk limits and guidance from FHFA.

Limits on Our Multifamily Loan Purchase Activity

The amount and type of multifamily loans that we purchase are significantly influenced by the loan purchase cap established by FHFA for our multifamily business. In November 2022, FHFA announced that the 2023 loan purchase cap for the multifamily business will be $75 billion, down from $78 billion in 2022. FHFA will continue to require at least 50% of the Multifamily new business activity to be mission-driven, affordable housing. FHFA has changed certain definitions of mission-driven, affordable housing and, in 2023, such definitions will include a new category focused on preserving affordability in workforce housing and loans to finance energy and water efficiency improvements with units affordable to renters at or below 80% of AMI, up from 60% of AMI in 2022. In 2023, FHFA will remove the requirement that 25% of the Multifamily new business activity be affordable to renters at or below 60% of AMI. FHFA will monitor the multifamily mortgage market and will update the multifamily cap and mission-driven minimum requirements if the data shows changes in the market that warrant adjustments. However, if FHFA determines the actual size of the market is smaller than was initially projected, FHFA will not reduce the cap.

The Purchase Agreement also includes restrictions on our multifamily loan purchase activity, but these Purchase Agreement restrictions have been suspended until six months after Treasury notifies Freddie Mac that such suspension has been terminated.

FHFA's Strategic Plan: Fiscal Years 2022-2026 and Conservatorship Scorecard

In April 2022, FHFA released its Strategic Plan for fiscal years 2022-2026. This Strategic Plan provides a framework that outlines FHFA's priorities for these years as regulator of the Federal Home Loan Bank System and as regulator and conservator of Freddie Mac and Fannie Mae. The Strategic Plan continues the existing priorities and formalizes areas of focus for FHFA and its regulated entities by establishing three goals:

- Secure the regulated entities' safety and soundness;
- Foster housing finance markets that promote equitable access to affordable and sustainable housing; and
- Reasonably steward FHFA's infrastructure.

In November 2021, FHFA released the 2022 Conservatorship Scorecard. The purpose of this Scorecard is to hold the Enterprises and CSS accountable for fulfilling their core mission requirements by promoting sustainable and equitable access to affordable housing and operating in a safe and sound manner. For more information on the 2022 Conservatorship Scorecard, see **Executive Compensation - CD&A - *Determination of 2022 At-Risk Deferred Salary - At-Risk Deferred Salary Based on Conservatorship Scorecard Performance***.

On January 4, 2023, FHFA released the 2023 Conservatorship Scorecard. Each year, FHFA releases an annual Scorecard to communicate and provide public awareness of its priorities and expectations for the Enterprises and CSS. For more information on the 2023 Conservatorship Scorecard, see our Current Report on Form 8-K filed on January 6, 2023.

For more information on the conservatorship and related matters, see **Regulation and Supervision**, **Risk Factors - *Conservatorship and Related Matters***, **Note 2**, **Note 11**, and **Directors, Corporate Governance, and Executive Officers - Corporate Governance - *Board of Directors and Board Committee Information - Authority of the Board of Directors and Board Committees.***

Equitable Housing Finance Plan

On June 8, 2022, FHFA announced the public release of the Enterprises' Equitable Housing Finance Plans for 2022-2024. The 2022-2024 plan activities are intended to identify and address barriers experienced by renters, aspiring homeowners, and current homeowners – particularly in traditionally underserved minority communities, including using SPCPs to originate loans. The plan activities will be updated annually.

Additionally, FHFA has created a pilot transparency framework for the Enterprises to accompany these plans. This framework requires Freddie Mac and Fannie Mae to publish and maintain a list of pilots and test-and-learn activities on their public websites.

REGULATION AND SUPERVISION

In addition to our oversight by FHFA as our Conservator, we are subject to regulation and oversight by FHFA under our Charter and the GSE Act and to certain regulation by other government agencies. Furthermore, regulatory activities by other government agencies can affect us indirectly, even if we are not directly subject to such agencies' regulation or oversight, such as regulations that modify requirements applicable to the purchase or servicing of mortgages.

Federal Housing Finance Agency

FHFA is an independent agency of the federal government responsible for oversight of the operations of Freddie Mac, Fannie Mae, and the FHLBs.

Under the GSE Act, FHFA has safety and soundness authority that is comparable to, and in some respects broader than, that of the federal banking agencies. FHFA is responsible for implementing the various provisions of the GSE Act that were added by the Reform Act.

Receivership and Resolution Planning

Under the GSE Act, FHFA must place us into receivership if FHFA determines in writing that our assets are less than our obligations or we have not been paying our debts as they become due, in each case for a period of 60 days. FHFA has notified us that the measurement period for any mandatory receivership determination with respect to our assets and obligations would commence no earlier than the SEC public filing deadline for our quarterly or annual financial statements and would continue for 60 calendar days after that date. FHFA has also advised us that, if, during such a 60-day period, we receive funds from Treasury in an amount at least equal to the deficiency amount under the Purchase Agreement, the Director of FHFA will not make a mandatory receivership determination.

In addition, we could be put into receivership at the discretion of the Director of FHFA at any time for other reasons set forth in the GSE Act. The statutory grounds for discretionary appointment of a receiver include: a substantial dissipation of assets or earnings due to unsafe or unsound practices; the existence of an unsafe or unsound condition to transact business; an inability to meet our obligations in the ordinary course of business; a weakening of our condition due to unsafe or unsound practices or conditions; critical undercapitalization; undercapitalization and no reasonable prospect of becoming adequately capitalized; the likelihood of losses that will deplete substantially all of our capital; or by consent.

Certain aspects of conservatorship and receivership operations of Freddie Mac, Fannie Mae, and the FHLBs are addressed in an FHFA rule on conservatorship and receivership. Among other provisions, FHFA generally will not permit payment of securities litigation claims during conservatorship, and claims by current or former shareholders arising as a result of their status as shareholders would receive the lowest priority of claim in receivership. In addition, administrative expenses of the conservatorship will be deemed to be administrative expenses of receivership and capital distributions may not be made during conservatorship, except as specified in the rule.

In May 2021, FHFA published a final rule that requires Freddie Mac and Fannie Mae to develop credible resolution plans, also known as living wills. The purpose of the rule is to require each Enterprise to develop a resolution plan to facilitate its rapid and orderly resolution under FHFA's receivership authority in a manner that: (1) minimizes disruption in the national housing finance markets by providing for the continued operation of the core business lines of the Enterprise in receivership by a newly constituted LLRE; (2) preserves the value of the Enterprise's franchise and assets; (3) facilitates the division of assets and liabilities between the LLRE and the receivership estate; (4) ensures that investors in mortgage-backed securities guaranteed by the Enterprises and in Enterprise unsecured debt bear losses in accordance with the priority of payments established in the GSE Act, while minimizing unnecessary losses and costs to these investors; and (5) fosters market discipline by making clear that no extraordinary government support will be available to indemnify investors against losses or fund the resolution of an Enterprise. The rule also addresses procedural requirements related to the frequency and timing for submission of initial and subsequent resolution plans to FHFA. The rule provides a set of required and prohibited assumptions when developing the resolution plans, including assuming that receivership may occur under the severely adverse economic conditions provided by FHFA in conjunction with any stress testing required or another scenario provided by FHFA, not assuming the provision or continuation of extraordinary government support (including support under the Purchase Agreement), and reflecting statutory provisions that obligations and securities of the Enterprises are not guaranteed by the United States and do not constitute a debt or obligation of the United States. Our first resolution plan must be submitted to FHFA in April 2023.

The appointment of FHFA as receiver would immediately terminate the conservatorship. In the event of receivership, the GSE Act requires FHFA, as the receiver, to organize a LLRE with respect to Freddie Mac. Among other requirements, the GSE Act provides that this LLRE:

- Would succeed to Freddie Mac's Charter and thereafter operate in accordance with and subject to such Charter;
- Would assume, acquire, or succeed to our assets and liabilities to the extent that such assets and liabilities are transferred

by FHFA to the LLRE; and

- Would not be permitted to assume, acquire, or succeed to any of our obligations to shareholders.

Placement into receivership would likely have a material adverse effect on holders of our common stock and preferred stock, and could have a material adverse effect on holders of our debt securities and Freddie Mac mortgage-related securities. Should we be placed into receivership, different assumptions would be required to determine the carrying value of our assets, which could lead to substantially different financial results. For more information on the risks to our business relating to receivership and uncertainties regarding the future of our business, see **Risk Factors - Conservatorship and Related Matters.**

Capital Standards and Public Disclosures

The GSE Act specifies certain capital requirements for us and authorizes FHFA to establish other capital requirements as well as to increase our minimum capital requirements or to establish additional capital and reserve requirements for particular purposes. In 2008, FHFA suspended capital classification of us during conservatorship, in light of the Purchase Agreement.

Originally published in December 2020, the ERCF rule was amended by FHFA three times in 2022, with the final amendment published in June 2022.

The ERCF establishes risk-based and leverage capital requirements for the Enterprises, and includes the following:

- Supplemental capital requirements relating to the amount and form of the capital we hold, based largely on definitions of capital used in U.S. banking regulators' regulatory capital framework. The final rule includes leverage-based and risk-based requirements, which together determine the requirements for each tier of capital;
- A requirement that we hold prescribed capital buffers that can be drawn down in periods of financial stress and then rebuilt over time as economic conditions improve. If we fall below the prescribed buffer amounts, we must restrict capital distributions such as stock repurchases and dividends, as well as discretionary bonus payments to executives, until the buffer amounts are restored;
- A requirement to file quarterly public capital reports with FHFA, regardless of our status in conservatorship;
- A requirement to maintain capital for operational and market risk, in addition to our credit risk;
- Specific minimum percentages, or "floors," on the risk-weights applicable to single-family and multifamily exposures, which have the effect of increasing the capital required to be held for loans otherwise subject to lower risk weights;
- Specific floors on the risk-weights applicable to retained portions of credit risk transfer transactions, which have the effect of decreasing the capital relief obtained from these transactions; and
- Additional elements based on U.S. banking regulators' regulatory capital framework, including the phased implementation of advanced approaches as an alternative to the standardized approach for measuring risk weighted assets.

The ERCF will require us to hold substantially more capital than prior requirements. Our current capital levels are significantly below the levels that would be required under the ERCF. The ERCF has a transition period for compliance. In general, the compliance date for the regulatory capital requirements in the ERCF will be the later of the date of termination of our conservatorship and any later compliance date provided in a consent order or other transition order, and the compliance date for buffer requirements in the ERCF will be the date of termination of our conservatorship. With respect to the ERCF’s advanced approaches requirements, the compliance date is January 1, 2025 or any later compliance date specified by FHFA. Further, the Purchase Agreement includes a covenant requiring us to comply with the ERCF disregarding any subsequent amendment or other modifications to the final rule as published in December 2020. Consistent with FHFA instruction, we are reporting our regulatory capital requirements under the ERCF as subsequently amended by FHFA. Therefore, we are not in compliance with this Purchase Agreement covenant. FHFA has acknowledged this noncompliance.

In February 2022, FHFA issued a final rule that amended the ERCF by refining the PLBA and risk-based capital treatment of retained CRT exposure for the Enterprises. Specifically, the final rule replaced the fixed PLBA equal to 1.5% of an Enterprise's ATA with a dynamic PLBA equal to 50% of the Enterprise's stability capital buffer (which is related to the Enterprise's relative share of total residential mortgage debt outstanding that exceeds 5%); replaced the prudential floor of 10% on the risk weight assigned to any retained CRT exposure with a prudential floor of 5% on the risk weight assigned to any retained CRT exposure; and removed the requirement that an Enterprise must apply an overall effectiveness adjustment to its retained CRT exposures. The final rule also made technical corrections to various provisions of the ERCF. For additional information on these capital standards, see **Note 18** and on risks related to non-compliance with the Purchase Agreement, see **Risk Factors – *Conservatorship and Related Matters - The Purchase Agreement and the terms of the senior preferred stock significantly limit our business activities. In the event of non-compliance with any Purchase Agreement covenants, Treasury may be entitled to specific performance, damages, and other remedies, and if the corrective actions we were to take were determined by FHFA to be insufficient, FHFA could impose penalties on us or take other remedial actions.***

FHFA has also amended the ERCF to introduce new public disclosure requirements for the Enterprises. The requirements include quarterly quantitative and annual qualitative disclosures related to risk management, corporate governance, capital structure, and capital requirements and buffers under the standardized approach. The required public disclosures cover 11 categories, with each category containing certain qualitative and quantitative disclosures, many of which are identical or similar to the disclosures applicable to U.S. banking organizations subject to the standardized approach. The compliance date for our first public disclosures under the new requirements is no later than 10 business days after we file this 2022 Annual Report on Form 10-K.

The third amendment to the ERCF rule requires the Enterprises to submit annual capital plans to FHFA and provide prior notice for certain capital actions. The amendment also incorporates the determination of the stress capital buffer, an element of the ERCF, into the capital planning process. We must submit our first capital plan to FHFA by May 20, 2023.

Pursuant to an FHFA rule on stress testing of regulated entities, Freddie Mac and Fannie Mae are required to conduct annual stress tests using scenarios specified by FHFA to determine whether each Enterprise has sufficient capital to absorb losses as a result of adverse economic conditions. Under the rule, the Enterprises must publicly disclose the results of the stress test under the "severely adverse" scenario. In accordance with FHFA guidance, in August 2022, we disclosed the results of our 2022 "severely adverse" scenario stress test.

New Products

The GSE Act requires Freddie Mac and Fannie Mae to obtain the approval of FHFA before initially offering any product (as defined in the statute), subject to certain exclusions. The GSE Act also requires us to provide FHFA with written notice of any new activity that we consider not to be a product. While FHFA published an interim final rule on prior approval of new products to implement these statutory requirements in July 2009, it stated that permitting us to engage in new products is inconsistent with the goals of conservatorship and instructed us not to submit such requests under the interim final rule. On December 20, 2022, FHFA published a rule that replaces the interim final rule. The final rule outlines the process for FHFA review and timelines for approving a new product, which is defined as any new activity that FHFA determines merits public notice and comment about whether it is in the public interest. The rule states that FHFA may approve a new product if the Director of FHFA determines that it is authorized by the Enterprise's Charter, is in the public interest, and is consistent with maintaining the safety and soundness of the Enterprise or the mortgage finance system. The rule also establishes a new objective test for determining whether an activity is a new activity, and clarifies certain exclusions.

Enterprise Fair Lending and Fair Housing Compliance

On December 20, 2021, FHFA released an advisory bulletin to provide FHFA's supervisory expectations and guidance to Freddie Mac and Fannie Mae on fair lending and fair housing compliance. FHFA considers ensuring Enterprise compliance with fair lending laws part of FHFA's obligation to further the purposes of the Fair Housing Act in its program of regulatory and supervisory oversight of the Enterprises and its responsibility to ensure that the Enterprises comply with applicable laws.

FHFA's fair lending policy statement generally articulates its policy on fair lending and how FHFA uses its authorities to ensure compliance with fair lending laws. The Enterprises are subject to several associated fair lending requirements, such as requirements to obtain and maintain data relevant to ensuring compliance with fair lending laws, report certain information to FHFA pursuant to FHFA's reporting order on fair lending, include certain information related to fair lending in their annual housing reports, and comply with fair lending requirements associated with other FHFA processes and requirements. The Enterprises are also subject to HUD oversight related to fair housing. FHFA and HUD have signed a memorandum of understanding regarding cooperation and coordination with respect to fair housing and fair lending. In certain circumstances, FHFA will provide notification to HUD and the U.S. Department of Justice of information that suggests a violation of the Fair Housing Act or that indicates a possible pattern or practice of discrimination in violation of the Fair Housing Act.

Affordable Housing Goals

We are subject to annual affordable housing goals. We view the purchase of loans that are eligible to count toward our affordable housing goals to be a principal part of our mission and business, and we are committed to facilitating the financing of affordable housing for very low-, low-, and moderate-income families. In light of the affordable housing goals, we may make adjustments to our strategies for purchasing loans, which could potentially increase our credit losses. These strategies could include entering into purchase and securitization transactions with lower expected economic returns than our typical transactions. In February 2010, FHFA stated that it does not intend for us to undertake uneconomic or high-risk activities in support of the housing goals nor does it intend for the state of conservatorship to be a justification for withdrawing our support from these market segments.

FHFA housing goals applicable to our 2022 purchases consist of four goals and two subgoals for single-family owner-occupied housing, one multifamily affordable housing goal, and two multifamily affordable housing subgoals. The single-family goals are expressed as a percentage of the total number of eligible loans underlying our total single-family loan purchases, while the multifamily goals are expressed in terms of minimum numbers of units financed.

We may achieve a single-family or multifamily housing goal by meeting or exceeding the FHFA benchmark level for that goal

(Benchmark Level). We also may achieve a single-family goal by meeting or exceeding the actual share of the market that meets the criteria for that goal (Market Level).

If the Director of FHFA finds that we failed (or there is a substantial probability that we will fail) to meet a housing goal and that achievement of the housing goal was or is feasible, the Director may require the submission of a housing plan that describes the actions we will take to achieve the unmet goal. FHFA has the authority to take actions against us if we fail to submit a required housing plan, submit an unacceptable plan, fail to comply with a plan approved by FHFA, or fail to submit certain mortgage purchase data, information or reports as required by law. See **Risk Factors - *Legal And Compliance Risks* - *We may make certain changes to our business in an attempt to meet our housing goals, duty to serve, and equitable housing finance requirements, which may adversely affect our profitability.***

Affordable Housing Goals Results

In October 2022, FHFA informed us that, for 2021, we achieved all five of our single-family affordable housing goals and all three of our multifamily goals. Our performance on the goals, as determined by FHFA, is set forth in the table below.

Table 57 - 2021 and 2020 Affordable Housing Goals Results

	2021			2020		
Affordable Housing Goals	**Benchmark Level**	**Market Level**	**Results**	**Benchmark Level**	**Market Level**	**Results**
Single-Family:						
Low-income home purchase goal	24 %	26.7 %	27.4 %	24 %	27.6 %	28.5 %
Very low-income home purchase goal	6 %	6.8 %	6.3 %	6 %	7.0 %	6.9 %
Low-income areas home purchase goal	18 %	22.9 %	21.8 %	18 %	22.4 %	21.8 %
Low-income areas home purchase subgoal	14 %	19.1 %	18.0 %	14 %	17.6 %	17.1 %
Low-income refinance goal	21 %	26.1 %	24.8 %	21 %	21.0 %	19.7 %
Multifamily:						
Low-income goal (units)	315,000	N/A	373,225	315,000	N/A	473,338
Very low-income subgoal (units)	60,000	N/A	87,854	60,000	N/A	107,105
Small multifamily (5-50 units) low-income subgoal	10,000	N/A	31,913	10,000	N/A	28,142

We expect to report our performance with respect to the 2022 affordable housing goals included in Tables 58 and 59 below in March 2023. At this time, based on preliminary information, we are on track to meet all six of our single-family goals and all three of our multifamily goals. We expect that FHFA will make a final determination on our 2022 performance following the release of market data in 2023.

2022-2024 Single-Family Affordable Housing Goals

In December 2021, FHFA announced its higher benchmark levels for the single-family affordable housing goals for Freddie Mac for 2022 through 2024. These goals include two new single-family home purchase subgoals: a minority census tracts home purchase subgoal and a low-income census tracts home purchase subgoal. These two new goals replace the previous low-income areas subgoal.

Our single-family affordable housing goal benchmark levels for 2022-2024 are set forth below.

Table 58 - 2022-2024 Single-Family Affordable Housing Goal Benchmark Levels

Affordable Housing Goals	Benchmark Levels for 2022-2024
Single-Family:	
Low-income home purchase goal	28 %
Very low-income home purchase goal	7 %
Low-income areas home purchase goal(1)	20 %
Minority census tracts home purchase subgoal	10 %
Low-income census tracts home purchase subgoal	4 %
Low-income refinance goal	26 %

(1) The low-income areas home purchase goal benchmark level is the sum of (1) the minority census tracts home purchase subgoal, (2) the low-income census tracts home purchase subgoal, and (3) a disaster areas increment set in accordance with existing practice. Each year, FHFA notifies Freddie Mac by letter of the disaster areas increment for that year only. The disaster areas increment for 2022 was set at 6%, and it has not yet been set for 2023 and 2024. Therefore, the low-income areas home purchase goal benchmark level of 20% applies only to 2022.

2022 Multifamily Affordable Housing Goals

In December 2021, FHFA announced its benchmark levels for the multifamily affordable housing goals for Freddie Mac for 2022.

Our multifamily affordable housing goal benchmark levels for 2022 are set forth below.

Table 59 - 2022 Multifamily Affordable Housing Goal Benchmark Levels

Affordable Housing Goals	Benchmark Levels for 2022 (units)
Multifamily:	
Low-income goal	415,000
Very low-income subgoal	88,000
Small multifamily (5-50 units) low-income subgoal	23,000

Multifamily Affordable Housing Goals for 2023-2024

In December 2022, FHFA published a final rule specifying its multifamily affordable housing goals for Freddie Mac for 2023-2024. Under FHFA's previous housing goals regulation, the multifamily housing goals for the Enterprises included benchmark levels based on the total number of affordable units in multifamily properties financed by mortgage loans purchased by the Enterprise each year. This new rule amended the regulation to establish benchmark levels for the multifamily housing goals for 2023 and 2024 based on a new methodology – the percentage of affordable units in multifamily properties financed by mortgages purchased by the Enterprise each year.

Our 2023-2024 affordable housing goal benchmark levels are set forth below.

Table 60 - 2023-2024 Multifamily Affordable Housing Goal Benchmark Levels

Affordable Housing Goals	Benchmark Levels for 2023-2024 (% of units)
Multifamily:	
Low-income goal	61 %
Very low-income subgoal	12
Small multifamily (5-50 units) low-income subgoal	2.5

Duty to Serve Underserved Markets Plan

The GSE Act establishes a duty for Freddie Mac and Fannie Mae to serve three underserved markets (manufactured housing, affordable housing preservation, and rural areas) by providing leadership in developing loan products and flexible underwriting guidelines to facilitate a secondary market for mortgages for very low-, low-, and moderate-income families in those markets. Under a final rule issued by FHFA to implement our duty to serve these underserved markets, we are required to establish three-year plans that describe the activities and objectives we will undertake to serve each underserved market.

Freddie Mac is currently operating under an underserved markets plan for 2022-2024. In 2022, FHFA evaluated Freddie Mac and Fannie Mae's 2021 Duty to Serve performance under their respective Plans and determined that each Enterprise complied with its Duty to Serve requirements in all three underserved markets. For 2021, FHFA assigned Freddie Mac a rating of High Satisfactory for its activities in the manufactured housing market, a rating of Low Satisfactory for its activities in the affordable housing preservation market, and a rating of Low Satisfactory for its activities in the rural housing market.

Affordable Housing Fund Allocations

The GSE Act requires us to set aside in each fiscal year an amount equal to 4.2 basis points of each dollar of total new business purchases and pay such amount to certain housing funds. FHFA suspended this requirement when we were placed into conservatorship. However, in December 2014, FHFA terminated the suspension and instructed us to begin setting aside and paying amounts into those funds, subject to any subsequent guidance or instruction from FHFA.

During 2022, we completed $0.6 trillion of new business purchases subject to this requirement and accrued $258 million of related expense, of which $168 million is related to the Housing Trust Fund administered by HUD and $90 million is related to the Capital Magnet Fund administered by Treasury. We are prohibited from passing through the costs of these allocations to the originators of the loans that we purchase.

Portfolio Activities

The GSE Act provides FHFA with the power to regulate the size and composition of our mortgage-related investments portfolio. The GSE Act requires FHFA to establish, by regulation, criteria governing portfolio holdings to ensure the holdings are backed by sufficient capital and consistent with our mission and safe and sound operations. FHFA adopted the portfolio holdings criteria established in the Purchase Agreement, as it may be amended from time to time, for so long as we remain subject to the Purchase Agreement. See **Conservatorship and Related Matters - *Limits on Our Mortgage-Related Investments Portfolio and Indebtedness*** for more information.

Resecuritization Fee for New Issuances of Commingled Securities

As a result of the ERCF, Freddie Mac has been charging a 50 bps fee for any newly-issued commingled security since July 1, 2022. This fee applies to collateral issued by Fannie Mae based on the UPB of the collateral when it is used for a new commingled security. Freddie Mac has not been applying the fee to any Freddie Mac-issued collateral used for a new commingled security. Due to the market's reaction to this fee, our issuances of commingled securities effectively ceased after July 1, 2022.

In June 2022, FHFA announced that it would explore alternatives to this fee to support the continued function and long-term viability of UMBS and the TBA market, including conducting a review of the ERCF in the near term to ensure that the risks of commingled securities are appropriately reflected. Based on recent regulatory guidance, following FHFA's analysis of potential impacts of the fee on the UMBS market, on January 19, 2023 we, Fannie Mae, and the Director of FHFA announced that we would revise the fee for new commingled securities from 50 bps to 9.375 bps, effective April 1, 2023. For additional information, see **Risk Factors - Market Risks - *If the UMBS does not continue to receive widespread market acceptance, the liquidity and price performance of our Single-Family mortgage-related securities and our market share and profitability could be adversely affected.***

Updated Minimum Financial Eligibility Requirements for Enterprise Seller/Servicers

In August 2022, FHFA and Ginnie Mae issued a joint announcement of their updated minimum financial eligibility requirements for Enterprise seller/servicers and Ginnie Mae issuers. Freddie Mac announced the updated changes on September 21, 2022. The new requirements contain changes related to incorporating enhanced definitions of capital and liquidity, reducing the procyclicality of the current liquidity requirements, and incorporating lessons learned from the pandemic. They also include higher supplemental requirements applicable only to large non-depositories, defined as non-depositories having $50 billion or more of total single-family servicing UPB, as well as a new origination liquidity requirement for sellers that originate greater than $1 billion in single-family first lien mortgages in the most recent calendar year. The majority of the requirements are effective on September 30, 2023.

FICO 10T and VantageScore 4.0

In October 2022, FHFA announced the validation and approval of both the FICO 10T and the VantageScore 4.0 credit score models for use by the Enterprises. FHFA expects that implementation of the FICO 10T and VantageScore 4.0 models will be a multiyear effort. Once implemented, lenders will be required to deliver both FICO 10T and VantageScore 4.0 credit scores with each loan sold to the Enterprises. FHFA and the Enterprises will conduct outreach to stakeholders to ensure a smooth transition to the newer credit score models.

FHFA also announced that the Enterprises will work toward changing the requirement that lenders provide credit reports from all three nationwide consumer reporting agencies (CRAs). Instead, the Enterprises will require lenders to provide credit reports from two of the three nationwide CRAs. The Enterprises will work with stakeholders on a plan for implementing the change from a tri-merge credit report requirement to a bi-merge credit report requirement.

Targeted Pricing Changes to Enterprise Pricing Framework

On October 24, 2022, FHFA announced targeted changes to the Enterprises’ guarantee fee pricing by eliminating upfront fees for certain borrowers and affordable mortgage products, while implementing targeted increases to the upfront fees for most cash-out refinance loans.

As part of the pricing changes stemming from FHFA’s ongoing review of the Enterprises’ pricing framework, FHFA has eliminated upfront fees for:

- First-time homebuyers at or below 100 percent of AMI in most of the United States and below 120 percent of AMI in high-cost areas;
- Home Possible and HomeReady loans (Freddie Mac and Fannie Mae’s flagship affordable mortgage programs);
- HFA Advantage and HFA Preferred loans; and
- Certain single-family Duty to Serve mortgages.

Freddie Mac announced the updated changes on October 31, 2022. The implementation of new fees for cash-out refinance loans began on February 1, 2023. All other announced fee changes went into effect on December 1, 2022.

On January 19, 2023, FHFA announced further changes to Freddie Mac and Fannie Mae’s single-family pricing framework by introducing redesigned and recalibrated upfront fee matrices for purchase, rate-term refinance, and cash-out refinance loans. These pricing changes broadly impact purchase and rate-term refinance loans and build on upfront fee changes previously announced by FHFA, which have been integrated into our pricing grids. The new fee matrices consist of three base grids by loan purpose for purchase, rate-term refinance, and cash-out refinance loans—recalibrated to new credit score and loan-to-value ratio categories—along with associated loan attributes for each.

The updated fees will take effect for deliveries and acquisitions beginning May 1, 2023, to minimize the potential for market or pipeline disruption.

Special Purpose Credit Programs

Consistent with federal regulation and guidance, Freddie Mac has developed an SPCP product offering for use by seller/servicers and has also developed processes for expedited review of third-party SPCPs for potential approval.

Department of Housing and Urban Development

HUD has regulatory authority over Freddie Mac with respect to fair lending. All aspects of the credit or housing-related business practices of Freddie Mac are potentially subject to federal anti-discrimination laws, as well as state and local fair housing and fair lending statutes. In addition, the GSE Act prohibits discriminatory practices in our loan purchase activities, requires us to submit data to HUD to assist in its fair lending investigations of primary market lenders with which we do business, and requires us to undertake remedial actions against such lenders found to have engaged in discriminatory lending practices. HUD periodically reviews and comments on our underwriting and appraisal guidelines for consistency with the Fair Housing Act and the anti-discrimination provisions of the GSE Act.

Department of the Treasury

Treasury has significant rights and powers as a result of the Purchase Agreement. In addition, under our Charter, the Secretary of the Treasury has approval authority over our issuances of notes, debentures, and substantially identical types of unsecured debt obligations (including the interest rates and maturities of these securities), as well as new types of mortgage-related securities issued subsequent to the enactment of the Financial Institutions Reform, Recovery and Enforcement Act of 1989. The Secretary of the Treasury has performed this debt securities approval function by coordinating GSE debt offerings with Treasury funding activities. Our Charter also authorizes Treasury to purchase Freddie Mac debt obligations not exceeding $2.25 billion in aggregate principal amount at any time.

Consumer Financial Protection Bureau

The CFPB regulates consumer financial products and services. The CFPB has adopted a number of final rules relating to loan origination, finance, and servicing practices. These rules include an ability-to-repay rule, which requires loan originators to make a reasonable and good faith determination that a borrower has a reasonable ability to repay the loan according to its terms. This rule provides certain protection from liability for originators making loans that satisfy the definition of a qualified mortgage. The ability-to-repay rule applies to most loans acquired by Freddie Mac, and for loans covered by the rule, FHFA has directed us to limit our single-family acquisitions to those that generally would constitute qualified mortgages under that rule. The directive generally restricts us from acquiring loans that are not fully amortizing, have a term greater than 30 years, or have points and fees in excess of 3% of the total loan amount (or other higher threshold amounts that vary by year of origination for loans with certain low UPBs).

Under the current ability-to-repay rule, qualified mortgages include loans for which lenders consider and verify the borrower’s income, assets, debts, and DTI or residual income, meet the newly established pricing thresholds, and satisfy the product features, pricing, points, and fee requirements.

Securities and Exchange Commission

We are subject to the reporting requirements applicable to registrants under the Exchange Act, including the requirement to file with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. Although our common stock is required to be registered under the Exchange Act, we continue to be exempt from certain federal securities law requirements, including the following:

- Securities we issue or guarantee are "exempted securities" and may be sold without registration under the Securities Act of 1933;
- We are excluded from the definitions of "government securities broker" and "government securities dealer" under the Exchange Act;
- The Trust Indenture Act of 1939 does not apply to securities issued by us; and
- We are exempt from the Investment Company Act of 1940 and the Investment Advisers Act of 1940, as we are an "agency, authority, or instrumentality" of the U.S. for purposes of such Acts.

Proposed Rule Regarding Conflicts of Interest in Securitizations

On January 25, 2023, the SEC re-proposed a rule to restrict sponsors and other securitization participants from engaging in transactions that would result in material conflicts of interest with respect to investors in asset-backed securities. The proposed rule would restrict securitization participants from engaging in certain transactions with respect to an asset-backed security for a period ending one year after the initial sale of that security and also specifies certain prohibited transaction types. Under the proposal, CRT transactions may be deemed material conflicts of interest with respect to investors in our asset-backed securities. The proposed rule would exempt Freddie Mac from the definition of a securitization participant for so long as our asset-backed securities are fully guaranteed by us and we are operating under the conservatorship of FHFA with capital support from the United States. As a result, if adopted as proposed, the rule could limit or potentially prohibit our ability to enter into future CRT transactions following our exit from conservatorship. Although it appears the rule's effect on us will be limited while we are under conservatorship, questions remain regarding the proposed rule and there can be no assurance that the final rule will not be modified such that it would have a material adverse effect on our business.

Other Legislative and Regulatory Matters

LIBOR Act

In March 2022, President Biden signed into law the Consolidated Appropriations Act which includes the Adjustable Interest Rate (LIBOR) Act. This law became effective immediately and (1) establishes a clear and uniform process, on a nationwide basis, for replacing LIBOR in existing contracts, the terms of which do not provide for the use of a clearly defined or practicable replacement benchmark rate, without affecting the ability of parties to use any appropriate benchmark rate in new contracts; (2) precludes litigation related to existing contracts, the terms of which do not provide for the use of a clearly defined or practicable replacement benchmark rate; and (3) allows existing contracts that reference LIBOR but provides for the use of a clearly defined fallback and practicable replacement rate to operate according to their terms.

Interagency Plan to Advance Property Appraisal and Valuation Equity

In March 2022, the Interagency Committee to Advance Property Appraisal and Valuation Equity released an Action Plan to which more than a dozen federal agencies, including FHFA, contributed. The Action Plan outlines the historical role of racism in the valuation of residential property; examines the various forms of bias that can appear in residential property valuation practices; describes affirmative steps that federal agencies will take to advance equity in the appraisal process; and outlines further recommendations that government and industry stakeholders can initiate. The Action Plan broadly underscores the Biden Administration’s focus on equity and fair lending, particularly in the collateral appraisal and valuation space.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with GAAP requires us to make a number of judgments and assumptions that affect estimates of the reported amounts within our consolidated financial statements. Critical accounting estimates are important to the presentation of our financial condition and results of operations and require management to make difficult, complex, or subjective judgments and estimates, often regarding matters that are inherently uncertain. Actual results could differ from our estimates, and the use of different judgments and assumptions related to these estimates could have a material impact on our consolidated financial statements.

Our critical accounting estimates and policies relate to the Single-Family allowance for credit losses. For additional information about our critical accounting estimates and significant accounting policies, see the notes accompanying our consolidated financial statements.

Single-Family Allowance for Credit Losses

The Single-Family allowance for credit losses represents our estimate of expected credit losses over the contractual term of the mortgage loans. The Single-Family allowance for credit losses pertains to all single-family loans classified as held-for-investment on our consolidated balance sheets.

Determining the appropriateness of the Single-Family allowance for credit losses is a complex process that is subject to numerous estimates and assumptions requiring significant management judgment about matters that involve a high degree of subjectivity. This process involves the use of models that require us to make judgments about matters that are difficult to predict, the most significant of which is the probability of default. Our estimate of expected credit losses incorporates these judgments into an internally-based model that uses a Monte Carlo simulation which generates many possible house price scenarios for up to 40 years for each metropolitan statistical area (MSA). These scenarios are used to estimate loan-level expected future cash flows and credit losses based on each loan's individual characteristics.

Changes in forecasted house price growth rates can have a significant effect on our allowance for credit losses estimates. These growth rates are used to develop the detailed forecasted life-of-loan house price growth rates for each MSA. The table below shows our nationwide forecasted house price growth rates of which the December 31, 2022 and December 31, 2021 forecasts were used in determining our allowance for credit losses for the respective period end. See **Note 6** for additional information regarding our current period provision for credit losses and estimation process.

Table 61 - Forecasted House Price Growth Rates

	2023	2024
December 31, 2022	(3.0)%	(1.8)%

	2022	2023
September 30, 2022[1]	6.7 %	(0.2)%
June 30, 2022[1]	12.8	4.0
March 31, 2022[1]	10.4	5.0
December 31, 2021	6.2	2.5

(1) Current year forecast includes actual rates observed in the prior months.

The sensitivity of our allowance for credit losses to house price growth rates changes over time depending on current and forecasted economic conditions and the current characteristics of our portfolio. To assess the sensitivity of our allowance for credit loss estimates to forecasted house price growth rates for the current period end, we compared the estimates under the above December 31, 2022 forecast to model estimates using a decrease of 300 bps to the forecasted house price growth rate 12 months from the current period end, including generating an updated Monte Carlo simulation of house price scenarios, with all other factors held constant. The comparison did not result in a material increase in our allowance for credit losses.

This sensitivity analysis assesses hypothetical changes to our forecasted house price growth rates which are calculated separately from our allowance for credit losses process. The sensitivity analysis is not reflected in management's forecast of house price growth rates nor in our allowance for credit losses for the current period end. Further it is not intended to imply management’s expectation of future changes in our forecasts or any other variables that may change as a result. It is difficult to estimate how potential changes in any one factor or input might affect the allowance for credit losses because management considers a wide variety of factors and inputs in estimating expected credit losses, and changes in one factor or input may offset changes in other factors or inputs. In addition, changes in forecasted house price growth rates result in non-linear impacts to the measurement of the allowance for credit losses and are therefore not incrementally proportional.

We regularly evaluate the underlying estimates and models we use when determining the Single-Family allowance for credit losses and update our assumptions to reflect our historical experience and current view of economic factors. For additional information on uncertainty and risks related to models, see **Risk Factors - *Operational Risks - We face risks and uncertainties associated with the models that we use to inform business and risk management decisions and for financial accounting and reporting purposes.*** Changes in our forecasts or the occurrence of actual economic conditions that differ significantly from our forecasts may significantly affect the measurement of our Single-Family allowance for credit losses.

We believe the level of our Single-Family allowance for credit losses is appropriate based on internal reviews of the factors and methodologies used. No single statistic or measurement determines the appropriateness of the allowance for credit losses. Changes in one or more of the estimates or assumptions used to calculate the Single-Family allowance for credit losses could have a material impact on the allowance for credit losses and provision for credit losses.

Risk Factors

RISK FACTORS SUMMARY

The summary of risks below provides an overview of the principal risks that could affect our business, financial condition, results of operations, cash flows, reputation, strategies, and/or prospects. This summary does not contain all of the information that may be important to you, and you should read the more detailed discussion of risks that follows this summary.

Conservatorship and Related Matters

- Freddie Mac's future is uncertain.
- FHFA, as our Conservator, controls our business activities. We may be required to take actions that reduce our profitability, are difficult to implement, or expose us to additional risk.
- The Purchase Agreement and the terms of the senior preferred stock significantly limit our business activities. In the event of non-compliance with any Purchase Agreement covenants, Treasury may be entitled to specific performance, damages, and other remedies, and if the corrective actions we were to take were determined by FHFA to be insufficient, FHFA could impose penalties on us or take other remedial actions.
- If FHFA placed us into receivership, our assets would be liquidated. The liquidation proceeds might not be sufficient to pay claims outstanding against Freddie Mac, repay the liquidation preference of our preferred stock, or make any distribution to our common stockholders.
- Our business and results of operations may be materially adversely affected if we are unable to attract and retain well-qualified and diverse employees across the company. The conservatorship, uncertainty of our future, and limitations on our executive and employee compensation put us at a disadvantage compared to other companies in attracting and retaining employees. In addition, we face increased competition for talented executives and other employees as a result of the increased availability of external job opportunities.

Credit Risks

- We are subject to mortgage credit risk. Credit losses and costs related to this risk could adversely affect our financial results.
- We face significant risks related to our delegated underwriting process for single-family loans, including risks related to sellers' origination operations, data accuracy, and mortgage fraud. Our delegated process relies on sellers' ability to originate and deliver loans that consistently meet our underwriting standards, and their failure to do so may impact the credit quality of the loans we purchase.
- Declines in national or regional house prices, other adverse changes in the housing market, or adverse macroeconomic conditions, could negatively affect our Single-Family and Multifamily businesses.
- We are exposed to counterparty credit risk with respect to our business counterparties. Our financial results may be adversely affected if one or more of our counterparties fail to meet their contractual obligations to us.
- Our loss mitigation activities may be unsuccessful or costly and may adversely affect our financial results.
- We have been, and will continue to be, adversely affected by delays and deficiencies in the single-family foreclosure process.
- We are exposed to increased credit losses and credit-related expenses in the event of a major natural disaster, other catastrophic event, or significant climate change effects.
- Our CRT transactions may not be available to us in adverse economic conditions. These transactions also lower our profitability.

Market Risks

- Changes in interest rates could negatively affect the fair value of our financial assets and liabilities, results of operations, and net worth.
- Changes in market spreads could negatively affect the fair value of our financial assets and liabilities, results of operations, and net worth.
- A significant decline in the price performance of, or demand for, our UMBS could have an adverse effect on the volume and/or profitability of our new Single-Family business activity.
- If the UMBS does not continue to receive widespread market acceptance, the liquidity and price performance of our Single-Family mortgage-related securities and our market share and profitability could be adversely affected.
- Commingling certain Fannie Mae securities in resecuritizations has increased our counterparty risk.
- The profitability of our Multifamily business could be adversely affected by market competition and/or decreased investor demand for our K Certificates and other securities.
- The discontinuance of LIBOR could negatively affect the fair value of our financial assets and liabilities, results of

operations, and net worth. The transition to the recommended replacement rate could present operational problems and may subject us to possible litigation risk.

Liquidity Risks

- Our activities may be adversely affected by limited availability of financing and increased funding costs.
- Any downgrade in the credit ratings of the U.S. government would likely be followed by a downgrade in our credit ratings. A downgrade in the credit ratings of our debt could adversely affect our liquidity and other aspects of our business.

Operational Risks

- A failure in our operational systems or infrastructure, or those of third parties, could impair our ability to provide market liquidity, disrupt our business, damage our reputation, and cause financial losses.
- Potential cybersecurity threats are changing rapidly and advancing in sophistication. We may not be able to protect our systems and networks, or the confidentiality of our confidential or other information (including personal information), from cyberattacks and other unauthorized access, disclosure, and disruption.
- We rely on third parties, or their vendors and other business partners, for certain important functions. Any failures by those third parties to deliver products or services, or to manage risks effectively, could disrupt our business operations, or expose us to other operational risks.
- We face risks and uncertainties associated with the models that we use to inform business and risk management decisions and for financial accounting and reporting purposes.
- Climate change concerns could adversely affect our business, affect customer activity levels, and damage our reputation.

Legal and Compliance Risks

- Legislative or regulatory changes or actions could adversely affect our business activities and financial results. We face risk of non-compliance with our legal and regulatory obligations.
- We may make certain changes to our business in an attempt to meet our housing goals, duty to serve, and equitable housing finance requirements, which may adversely affect our profitability.

Other Risks

- The COVID-19 pandemic has significantly, potentially permanently, affected general economic conditions and the housing market. Our business and financial condition may be adversely affected by the effects of the COVID-19 pandemic.
- Geopolitical conditions, including acts of war or terrorism, could lead to economic consequences that may have an indirect adverse effect on our business.

Conservatorship and Related Matters

Freddie Mac's future is uncertain.

Our future structure and role in the mortgage industry will be determined by the Administration, Congress, and FHFA. It is possible, and perhaps likely, that there will be significant changes that will materially affect our business model and results of operations. Some or all of our functions could be transferred to other institutions, and we could cease to exist as a stockholder-owned company. If any of these events occur, our shares could diminish in value, or cease to have any value. Our stockholders may not receive any compensation for such loss in value.

Several bills have been introduced in past sessions of Congress concerning the future status of Freddie Mac, Fannie Mae, and the mortgage finance system, including bills that provided for the wind down of Freddie Mac and Fannie Mae and modification of the terms of the Purchase Agreement. While none of these bills was enacted, it is possible that similar or new bills will be introduced and considered in the future.

The conservatorship is indefinite in duration. The likelihood, timing, and circumstances under which we might emerge from conservatorship are uncertain. Our current capital levels are significantly below the levels that would be required under the ERCF. Under the Purchase Agreement, we cannot exit from conservatorship, other than in connection with receivership, unless (1) all currently pending material litigation relating to the conservatorship and/or the Purchase Agreement has been resolved or settled and (2) for two or more consecutive periods we have CET1 capital (which does not include our senior preferred stock) of at least 3% of our ATA under the ERCF. However, it will likely be very difficult for us to build the requisite amount of CET1 capital under the ERCF, as we may be required to start paying dividends to Treasury on the senior preferred stock under the net worth sweep dividend requirement before we reach such amount of CET1 capital. Once we start paying such dividends to Treasury, we will generally not be able to increase our capital through retained earnings. While we are currently increasing our net worth as a result of changes to our senior preferred stock dividend requirement, the increases in our net worth since September 30, 2019 have been or will be added to the aggregate liquidation preference of the senior preferred stock. In addition, our ability to increase our capital, other than through retained earnings, is limited, and it may not be possible for us to raise private capital on acceptable terms, if at all. Under the Purchase Agreement, we can raise up to $70.0 billion of capital through the issuance of common stock only after Treasury has exercised in full its warrant to purchase 79.9% of our common stock and pending material conservatorship-related litigation has been resolved or settled. Treasury's potential substantial equity ownership in our company, along with restrictions imposed on our business and post-recapitalization dividends and fees we will be required to pay to Treasury, will reduce our attractiveness as an investment opportunity for third-party investors. It is uncertain whether or when we will be able to retain or raise sufficient capital to permit an end to our conservatorship, and this may not happen for several years or at all. For additional information on the conservatorship, Purchase Agreement, and terms of the senior preferred stock, see **Note 2**.

Treasury would be required to consent to the termination of our conservatorship other than as discussed above or in connection with receivership, and there can be no assurance Treasury would do so. Even if the conservatorship is terminated, we would remain subject to the Purchase Agreement and the terms of the senior preferred stock unless they are terminated or amended.

Even if the conservatorship ends and the voting rights of common stockholders are restored, we could effectively remain under the control of the U.S. government because of the Purchase Agreement, Treasury's warrant to acquire nearly 80% of our common stock for nominal consideration, or Treasury's ownership of our common stock after it exercises its warrant. If Treasury exercises the warrant, the ownership interest of our existing common stockholders will be substantially diluted.

FHFA, as our Conservator, controls our business activities. We may be required to take actions that reduce our profitability, are difficult to implement, or expose us to additional risk.

We are under the control of FHFA, as our Conservator, and are not managed to maximize stockholder returns. FHFA determines our strategic direction. We face a variety of different, and sometimes competing, business objectives and FHFA-mandated activities, such as the initiatives we are pursuing under the Conservatorship Scorecards. Some of the activities FHFA has required us to undertake have been costly and/or difficult to implement, such as development and support of the CSP. The current Administration has not articulated a formal position on housing finance reform or the future of Freddie Mac and Fannie Mae. Nonetheless, the Administration and FHFA have indicated that their current areas of focus in the housing market include issues related to affordability, equity, sustainability, and climate change. For example, in 4Q 2021, the Administration and FHFA announced actions to promote affordable and sustainable housing, and our 2022 Conservatorship Scorecard included several objectives related to promoting sustainable and equitable housing finance markets, affordable housing opportunities, and consideration of climate change risks. In addition to oversight by FHFA as our Conservator, we are subject to regulation and oversight by FHFA under our Charter and the GSE Act and to certain regulation by other government agencies. FHFA has the power to require us from time to time to change our processes, take action, and/or stop taking action that could impact our business.

FHFA has required us to make changes to our business that have adversely affected our financial results and could require us to make additional changes at any time. For example, FHFA may require us to undertake activities that (1) reduce our profitability; (2) expose us to additional credit, market, funding, operational, and other risks; or (3) provide additional support for the mortgage market that serves our mission, but adversely affects our financial results. The recent announcement to implement newer credit score models may introduce complexities to our business and economic model, the timing and impact of which are uncertain at this time.

FHFA also has required us to take other actions that may adversely affect our business or financial results, such as requiring us to maintain increased liquidity and directing us to amend the CSS LLC agreement in a manner that limits our influence over CSS Board decisions. During conservatorship, the CSS Board Chair must be designated by FHFA, and all CSS Board decisions require the affirmative vote of the Board Chair. FHFA also has the right to appoint up to three additional CSS Board members. In October 2021, the three additional CSS Board members FHFA previously appointed left the CSS Board. These seats have not been filled, and if FHFA appoints three additional independent members, the CSS Board members we and Fannie Mae appoint could be outvoted by non-GSE designated Board members on any matter during conservatorship and on a number of significant matters after conservatorship. It is possible that FHFA may require us to make additional changes to the CSS LLC agreement, or may otherwise impose restrictions or provisions relating to CSS or the UMBS, that may adversely affect us.

From time to time, FHFA has prevented us from engaging in business activities or transactions that we believe would be profitable, and it may do so again in the future. For example, FHFA has limited the size and composition of our mortgage-related investments portfolio and the amount and type of new single-family and multifamily loans we may acquire. We may be required to adopt business practices that help serve our mission and other non-financial objectives, but that may negatively affect our future financial results. Congress or FHFA may require us to set aside or otherwise pay monies to fund third-party initiatives, such as the existing requirement under the GSE Act that we allocate amounts for certain housing funds. FHFA also could require us to take actions that would adversely affect our ability to compete and innovate, such as through its proposed rule for new GSE products and activities; changing our risk appetite (including risk limits); and limiting our control over pricing. FHFA is also Conservator of Fannie Mae, our primary competitor. FHFA's actions, as Conservator of both companies, could require us and Fannie Mae to take a uniform approach to certain activities, limiting innovation and competition and possibly putting us at a competitive disadvantage because of differences in our respective businesses. FHFA also could limit our ability to compete with new entrants and other institutions. The combination of the restrictions on our business activities and our potential inability to generate sufficient revenue through our guarantee activities to offset the effects of those restrictions may have an adverse effect on our results of operations and financial condition.

Furthermore, the conservatorship has resulted in one material weakness in our internal control over financial reporting that could result in errors in our reported results, which could have a material adverse effect on our business and operations. Our material weakness relates specifically to the impact of the conservatorship on our disclosure controls and procedures. Because we are under the control of FHFA, some of the information that we may need to meet our disclosure obligations may be solely within the knowledge of FHFA. As our Conservator, FHFA has the power to take actions without our knowledge that could be material to our shareholders and other stakeholders, and could significantly affect our financial performance or our continued existence as an ongoing business. Because FHFA currently functions as both our regulator and our Conservator, there are inherent structural limitations on our ability to design, implement, test or operate effective disclosure controls and procedures relating to information known to FHFA. As a result, we have not been able to update our disclosure controls and procedures in a manner that adequately ensures the accumulation and communication to management of information known to FHFA that is needed to meet our disclosure obligations under the federal securities laws, including disclosures affecting our financial statements. Given the structural nature of this material weakness, we do not expect to remediate this weakness while we are under conservatorship. See **Controls and Procedures** for further discussion of management's conclusions on our disclosure controls and procedures and internal control over financial reporting.

The Purchase Agreement and the terms of the senior preferred stock significantly limit our business activities. In the event of non-compliance with any Purchase Agreement covenants, Treasury may be entitled to specific performance, damages, and other remedies, and if the corrective actions we were to take were determined by FHFA to be insufficient, FHFA could impose penalties on us or take other remedial actions.

The Purchase Agreement and the terms of the senior preferred stock place significant restrictions on our ability to manage our business, including limiting (1) our secondary market activities; (2) our single-family and multifamily loan acquisitions; (3) the amount of indebtedness we may incur; (4) the size of our mortgage-related investments portfolio; and (5) our ability to pay dividends, transfer certain assets, raise capital, pay down the liquidation preference of the senior preferred stock, and exit conservatorship. The Purchase Agreement also requires us to comply with the ERCF as published in December 2020, disregarding any subsequent amendment or other modification to that rule.

The Purchase Agreement prohibits us from taking a variety of actions without Treasury's consent. Treasury has the right to withhold its consent for any reason. The restrictions on our business under the Purchase Agreement, senior priority position and net worth sweep dividend provisions of the senior preferred stock, and warrant held by Treasury could adversely affect our ability to attract capital from the private sector in the future, should we be in a position to do so. For more information, see ***Conservatorship and Related Matters - Freddie Mac's Future is Uncertain***.

In the event of non-compliance with any Purchase Agreement covenants Treasury may be entitled to specific performance, damages, and other such remedies as may be available at law or in equity.

If FHFA placed us into receivership, our assets would be liquidated. The liquidation proceeds might not be sufficient to pay claims outstanding against Freddie Mac, repay the liquidation preference of our preferred stock, or make any distribution to our common stockholders.

We can be put into receivership at the discretion of the Director of FHFA at any time for a number of reasons set forth in the GSE Act. Several bills were introduced in past sessions of Congress that provided for Freddie Mac to be placed into receivership. In addition, FHFA could be required to place us into receivership if Treasury were unable to provide us with funding requested under the Purchase Agreement to address a deficit in our net worth. Treasury might not be able to provide the requested funding if, for example, the U.S. government were not fully operational because Congress had failed to approve funding or the government had reached its borrowing limit. For more information, see **MD&A - Regulation and Supervision.**

Being placed into receivership would terminate our conservatorship. The purpose of receivership is to liquidate our assets and resolve claims against us. The appointment of FHFA as our receiver would terminate all rights and claims that our stockholders and creditors might have against our assets or under our Charter as a result of their status as stockholders or creditors, other than possible payment upon our liquidation.

The GSE Act provides that, if we were placed into receivership, the mortgages underlying our mortgage-related securities (and the payments thereon) would be held for the benefit of the holders of those securities and not for the benefit of any receivership estate or LLRE. However, payments on the mortgages underlying our mortgage-related securities might not be sufficient to make full payments of principal and interest on the securities. If we were unable to fulfill our guarantee, the holders of our mortgage-related securities would experience delays in receiving payments because the relevant systems are not designed to make partial payments, and they could ultimately suffer losses on their investments to the extent the payments on the mortgages underlying our mortgage-related securities were not sufficient to make full payments of principal and interest on the securities. In addition, when administering the receivership claims process, FHFA could treat similarly situated creditors unequally, including treating creditors with claims related to senior unsecured debt securities and creditors with claims related to guarantee obligations on mortgage-related securities unequally, if FHFA determines such treatment is necessary to maximize the value of the assets of Freddie Mac, to maximize the present value return from the sale or other disposition of the assets of Freddie Mac, or to minimize the amount of any loss realized upon the sale or other disposition of the assets of Freddie Mac, as long as all creditors would receive at least as much as they would in a liquidation. During receivership or conservatorship, FHFA may take any authorized action that FHFA determines is in the best interest of Freddie Mac or FHFA, including the public that FHFA serves.

If our assets were liquidated, the liquidation proceeds might not be sufficient to pay the secured and unsecured claims against us (including claims on our guarantees), repay the liquidation preference on any series of our preferred stock, or make any distribution to our common stockholders. Proceeds would first be applied to the secured and unsecured claims against us, the administrative expenses of the receiver, and the liquidation preference of the senior preferred stock. Any remaining proceeds would then be available to repay the liquidation preference of other series of preferred stock. Only after the liquidation preference of all series of preferred stock is repaid would any proceeds be available for distribution to the holders of our common stock.

Our business and results of operations may be materially adversely affected if we are unable to attract and retain well-qualified and diverse employees across the company. The conservatorship, uncertainty of our future, and limitations on our executive and employee compensation put us at a disadvantage compared to other companies in attracting and retaining employees. In addition, we face increased competition for talented executives and other employees as a result of the increased availability of external job opportunities.

Our business is highly dependent on the talents and efforts of our employees. While our employee population increased during 2022, voluntary employee turnover in 2022 continued to remain high compared to historical experience. We continue to focus on attracting and retaining talent, to manage our business effectively, implement strategic initiatives successfully, and control operational risk.

The conservatorship, uncertainty of our future, and limitations on executive and employee compensation have had, and are likely to continue to have, an adverse effect on our ability to retain and recruit talent. The restrictions on the type of compensation we may pay while under conservatorship include:

- The Equity in Government Compensation Act of 2015 limits the compensation and benefits for our Chief Executive Officer to the same level in effect as of January 1, 2015 while we are in conservatorship or receivership. Accordingly, annual direct compensation for our Chief Executive Officer is limited to base salary at an annual rate of $600,000.
- The Stop Trading on Congressional Knowledge Act of 2012, known as the STOCK Act, and related FHFA regulations prohibit our senior executives from receiving bonuses during conservatorship.
- FHFA, as our Conservator, has the authority to approve the terms and amount of our executive compensation and may require us to make changes to our executive compensation program. For additional information on restrictions on executive compensation, see **Executive Compensation – CD&A –** ***Other Executive Compensation Considerations – Legal, Regulatory, and Conservator Restrictions on Executive Compensation***.
- The terms of our senior preferred stock purchase agreement with Treasury contain specified restrictions relating to compensation, including a prohibition on selling or issuing equity securities without Treasury's prior written consent except under limited circumstances, which effectively eliminates our ability to offer equity-based compensation to our employees.

These restrictions may reduce our flexibility to offer compensation deemed competitive, which may adversely affect our ability to attract and retain executives and other employees. These restrictions also prohibit our ability to motivate and reward high performance with compensation structures that provide upside potential to our executives, putting us at a disadvantage to other companies in attracting and retaining executives. In addition, the uncertainty of potential action by Congress or the Administration with respect to our future – including whether we will exit conservatorship, how long it may take before we exit conservatorship, or whether housing finance reform will result in a significant restructuring of the company or the company no longer continuing to exist – also negatively affects our ability to recruit and retain executives and other employees.

The cap on our Chief Executive Officer compensation historically has made retention and succession planning for this position difficult, and it may make it difficult to attract qualified candidates for this critical role in the future.

We face competition from the financial services and technology industries, and from businesses outside of these industries, for well-qualified and diverse talent. This competition has made the attraction and retention of executive and employee talent more challenging. If this increased competition persists and if we are unable to attract and retain executives and other employees with the necessary skills and talent, we may face increased operational risk. Leadership departures, or multiple such departures at approximately the same time, could materially adversely affect our business, results of operations, and financial condition.

Credit Risks

We are subject to mortgage credit risk. Credit losses and costs related to this risk could adversely affect our financial results.

Mortgage credit risk is the risk that a borrower will fail to make timely payments on a loan we own or guarantee. This exposes us to the risk of credit losses and credit-related expenses, which could adversely affect our financial results. We are primarily exposed to mortgage credit risk with respect to the single-family and multifamily loans and securities reflected as assets on our consolidated balance sheets. We are also exposed to mortgage credit risk with respect to guaranteed securities and guarantee arrangements that are not reflected as assets on our consolidated balance sheets, including K Certificates and certain other senior subordinate securitizations.

We continue to have loans in our Single-Family mortgage portfolio with certain characteristics that are typically associated with higher levels of credit risk. See **MD&A - Risk Management** ***- Single-Family Mortgage Credit Risk - Monitoring Loan Performance and Characteristics*** for additional information on the characteristics of the loans in our Single-Family mortgage portfolio. We also expect to continue acquiring loans with higher LTV ratios through our Home Possible and Home One initiatives, as well as loans with higher DTI ratios, generally up to 50%, which will increase our exposure to credit risk. Our efforts to increase eligible borrowers' access to single-family mortgage credit, including our affordable housing program and our plan for fulfilling our duty to serve underserved markets and FHFA requirements and guidance related to equitable housing, may expose us to increased mortgage credit risk.

We face significant risks related to our delegated underwriting process for single-family loans, including risks related to sellers' origination operations, data accuracy, and mortgage fraud. Our delegated process relies on sellers' ability to originate and deliver loans that consistently meet our underwriting standards, and their failure to do so may impact the credit quality of the loans we purchase.

We delegate to our sellers the underwriting for the single-family loans we purchase or securitize. Our contracts with sellers describe mortgage eligibility and underwriting standards, and the sellers represent and warrant to us that the loans they deliver to us meet these standards.

We rely on the strength of our sellers' origination processes and controls. We perform operational risk evaluations to test our counterparties' control environments. However, our review may not detect weak operations that could lead to errors in seller decisions concerning, for example, loan underwriting, correspondent approvals, property valuations, and insurance coverage.

We do not independently verify most of the information provided to us before we purchase or securitize a loan. This exposes us to the risk that one or more of the parties involved in a transaction (such as the borrower, property seller, broker, appraiser, title agent, loan officer, or lender) misrepresented facts about the borrower, property, or loan, or otherwise engaged in fraud. Additionally, we rely on the accuracy of information provided by servicers, which exposes us to the risk that the data provided to us may be inaccurate.

We review a sample of loans after we purchase them to determine if they comply with our contractual standards. However, our review may not detect any misrepresentations by the parties involved in the transaction, detect loan fraud, or reduce our exposure to these risks.

We can exercise certain contractual remedies, including requiring repurchase of the loan, for loans that do not meet our standards. However, at the direction of FHFA, we have significantly revised our representation and warranty framework (including changes to remedies for certain defects) to relieve sellers of certain repurchase obligations with respect to single-family loans in specific cases. As a result, we may face greater exposure to credit and other losses under this revised framework, because our ability to seek recovery or repurchase from sellers is more limited, and we must identify breaches of representations and warranties early in the life of the loan.

Our suite of tools, collectively referred to as Loan Advisor, offers limited representation and warranty relief for certain loan components that satisfy automated data analytics related to appraisal quality, collateral valuation, certain condominium project requirements, borrower assets, and borrower income. In general, limited representation and warranty relief is offered when information provided by the lender is validated against independent data sources. However, there is a risk that the enhanced tools and processes provided by Loan Advisor will not enable us to identify all breaches in a timely manner. In addition, there is a risk that data provided by the independent data sources is not accurate, impacting the representation and warranty relief decision. In turn, this could increase our exposure to credit and other losses. For more information, see **MD&A - Risk Management** *- Single-Family Mortgage Credit Risk* and **MD&A - Risk Management** *- Operational Risk - Third-Party Risk*.

Declines in national or regional house prices, other adverse changes in the housing market, or adverse macroeconomic conditions, could negatively affect both our Single-Family and Multifamily businesses.

Our financial results and business volumes can be negatively affected by declines in house prices, other adverse changes in the housing market, or adverse macroeconomic conditions. This could (1) significantly increase our expected credit losses; (2) result in higher stress losses for both the Single-Family and Multifamily portfolios; (3) increase our losses on foreclosure alternatives, third-party sales, and dispositions of REO properties; (4) reduce our returns or result in losses on our Single-Family and Multifamily guarantee business, as default rates could be higher than we expected when we issued the guarantees; (5) negatively affect the value of our unsecuritized loans, which could cause us to change our disposition strategies for our Single-Family delinquent and modified loans; or (6) adversely impact our ability to transfer credit risk. For more information regarding these risks, see **MD&A - Risk Management** *- Credit Risk*.

The proportion of our refinance loan purchases to total loan purchases has decreased as mortgage interest rates have increased. This could increase our exposure to mortgage credit risk, as refinance loans (particularly those that do not involve "cash-out") generally present less credit risk than purchase loans. Cash-out refinance loans acquired in a higher interest-rate environment similarly expose us to greater mortgage credit risk. Some of our seller/servicer counterparties are highly dependent on refinance loan volumes. A decrease in such volumes could adversely affect these counterparties, which could increase our exposure to counterparty credit risk.

We are exposed to counterparty credit risk with respect to our business counterparties. Our financial results may be adversely affected if one or more of our counterparties fail to meet their contractual obligations to us.

We depend on our institutional counterparties to provide services that are critical to our business. We face the risk that one or more of our counterparties may fail to meet their contractual obligations to us. Our major counterparties include sellers, servicers, credit enhancement providers, and counterparties to derivatives, short-term lending, and other funding transactions (e.g., cash and other investments transactions). For more information, see **MD&A - Risk Management** - ***Counterparty Credit Risk***.

Many of our major counterparties provide several types of services to us. The concentration of our exposure to our counterparties remains high. Efforts we take to reduce exposure to financially weak counterparties could increase the relative concentration of our exposure to other counterparties, increase our costs, and reduce our revenue. It is possible that our counterparties could experience challenging market conditions that could adversely affect their liquidity and financial condition and cause some of them to fail. Many of our counterparties are subject to increasingly complex regulatory requirements and oversight, which place additional stress on their resources and may affect their ability or willingness to do business with us.

Credit risk related to Single-Family seller/servicers

We are exposed to credit risk from the seller/servicers of our Single-Family loans, as described below.

- ***A decline in servicing performance*** **-** A decline in a servicer's performance, such as delayed foreclosures or missed opportunities for foreclosure alternatives, could significantly affect our ability to mitigate credit losses and could affect the overall credit performance of our Single-Family mortgage portfolio. A large volume of seriously delinquent loans, the complexity of the servicing function, and heightened liquidity requirements are significant factors contributing to the risk of a decline in performance by servicers. Servicers may experience financial and other difficulties due to the advances they are required to make to us on delinquent single-family mortgages, including mortgages subject to forbearance plans. We could be adversely affected if our servicers lack appropriate controls, experience a failure in their controls, or experience a disruption in their ability to service loans, including as a result of legal or regulatory actions or ratings downgrades. We also are exposed to fraud by third parties in the loan servicing function, particularly with respect to short sales and other dispositions of non-performing assets.

  We could attempt to mitigate our exposure to a poorly performing servicer by terminating its right to service our loans; however, in a highly adverse economic environment, there could be scarce capacity in the marketplace and we may not be able to find successor servicers who have the capacity to service the affected loans and who are also willing to assume the representations and warranties of the terminated servicer. In addition, terminating a large servicer may not be feasible because of the operational and capacity challenges related to transferring large servicing portfolios. There is also a possibility that the performance of some loans may degrade during the transition to new servicers. During a period of heightened delinquencies, we may incur costs and potential increases in servicing fees if we replace a servicer with a high concentration of loans in default, which are more costly to service. We may also be exposed to concentrations of credit risk among certain servicers.

- ***A failure by seller/servicers to fulfill their obligations to repurchase loans or indemnify us as a result of breaches of representations and warranties*** **-** While we may have the contractual right to require a seller or servicer to repurchase loans from us, it may be difficult, expensive, and time-consuming to enforce such repurchase obligations. We could enter into settlements to resolve repurchase obligations; however, the amounts we receive under any such settlements may be less than the losses we ultimately incur on the underlying loans.

  Under our representation and warranty framework, as may be revised from time to time in response to FHFA instruction, we are required in some cases to utilize an alternative remedy, such as indemnification, in lieu of repurchase. The amount we recover under an alternative remedy may be less than the amount we could have recovered in a repurchase.

- ***Increased exposure to non-depository and smaller financial institutions*** **-** A large volume of our single-family loans is acquired from and serviced by non-depository and smaller financial institutions. Some of these institutions may not have the same financial strength or operational capacity, or be subject to the same level of regulatory oversight, as large depository institutions. As a result, we face increased risk that these counterparties could fail to perform their obligations to us. In particular, non-depository servicers grew their servicing portfolios in the last several years as a result of higher originations. This appears to have resulted in operational strains that have subjected some of these servicers to regulatory scrutiny. This rapid growth could expose us to increased risks if any operational strain adversely affects these servicers' servicing performance or their financial strength. These institutions also service portfolios for other investors and guarantors (i.e., Fannie Mae and Ginnie Mae) and operational issues related to those portfolios could affect the performance of our portfolio. In addition, these servicers may not always have ready access to appropriate sources of liquidity to finance their operations, particularly during periods when the mortgage market is experiencing a downturn. If these servicers reduce their servicing portfolios, overall servicing capacity may be constrained.

Our seller/servicers also have a significant role in servicing loans in our Multifamily mortgage portfolio. We are exposed to the risk that multifamily seller/servicers could come under financial pressure, which could potentially cause a decline in their servicing performance and cause us to terminate their right to service our loans, potentially resulting in further concentration of exposure to other seller/servicers.

We are also exposed to settlement risk from the non-performance of sellers and servicers as a result of our forward settlement loan purchase programs in our Single-Family and Multifamily businesses.

Credit risk related to counterparties to derivatives, funding, short-term lending, securities, and other transactions

We have significant exposure to institutions in the financial services industry relating to derivatives, funding, short-term lending, securities, securities purchased under agreements to resell, secured lending, forward settlement of loans and securities, and other transactions (e.g., cash and other investments transactions). These transactions are critical to our business, including our ability to:

- Manage interest-rate risk and other risks related to our investments in mortgage-related assets;
- Fund our business operations; and
- Service our customers.

We face the risk of operational failure of the clearing members, exchanges, clearinghouses, or other financial intermediaries we use to facilitate derivatives, short-term lending, securities, and other transactions. If a clearing member or clearinghouse were to fail, we could lose the collateral or margin posted with the clearing member or clearinghouse.

We are a clearing member of the clearinghouses through which we execute mortgage-related and Treasury securities transactions. As a result, we could be subject to losses because we are required to participate in the coverage of losses incurred by other clearing members if they fail to meet their obligations to the clearinghouse.

If our counterparties to short-term lending transactions fail, we are exposed to losses to the extent the transaction is unsecured or the collateral posted to us is insufficient.

Credit risk related to mortgage insurers and other credit enhancement providers

If a mortgage insurer fails to meet its obligations to reimburse us for claims, our credit losses could increase. In addition, if a regulator determines that a mortgage insurer lacks sufficient capital to pay all claims when due, the regulator could take action that might affect the timing and amount of claim payments made to us. We face similar risks with respect to our counterparties on ACIS and comparable transactions.

We cannot differentiate pricing based on the strength of a mortgage insurer or revoke a mortgage insurer's status as an eligible insurer without FHFA approval. In addition, we generally do not select the mortgage insurance provider on a specific loan because the selection is usually made by the lender at the time the loan is originated. As a result, we could acquire a concentration of risk to certain insurance providers.

Our loss mitigation activities may be unsuccessful or costly and may adversely affect our financial results.

Our loss mitigation activities may not be successful. The costs we incur related to loan modifications and other loss mitigation activities have been, and could continue to be, significant. For example, we generally bear the full cost of the monthly payment reductions related to modifications of loans we own or guarantee, as well as all applicable servicer incentive fees for our single-family mortgage modifications.

We could be required to make changes to our loss mitigation activities that could make these activities more costly to us. FHFA, as Conservator and regulator, may continue to issue directives and Advisory Bulletins to assist borrowers and align servicing practices for the GSEs. These directives and Advisory Bulletins could make these activities more costly to us, especially with regard to loan modification initiatives. FHFA may continue to issue these directives and Advisory Bulletins for a variety of reasons, including consumer relief and alignment of the prepayment behavior of our and Fannie Mae's respective UMBS.

We have loans on trial period plans as required under certain loan modification programs. Some of these loans may fail to complete the trial period or fail to qualify for our other borrower assistance programs. For these loans, the trial period will have effectively delayed the foreclosure process and could increase our costs.

The type of loss mitigation activities we pursue could affect prepayments on our Single-Family securities (e.g., UMBS, 55-day MBS, PCs, and REMICs), which could affect the value of these securities or the earnings from the assets in our mortgage-related investments portfolio. In addition, loss mitigation activities may adversely affect our ability to securitize, resecuritize, and sell the loans subject to those activities.

We devote significant resources to our borrower assistance initiatives. The size and scope of these efforts may compete with other business opportunities or corporate initiatives.

For more information on our loss mitigation activities, see **MD&A - Our Business Segments - Single-Family - *Business Results - Loss Mitigation Activities*** and **MD&A - Risk Management - *Single-Family Mortgage Credit Risk - Engaging***

***in Loss Mitigation Activities*.**

We have been, and will continue to be, adversely affected by delays and deficiencies in the single-family foreclosure process.

The average length of time for foreclosure of a Freddie Mac Single-Family loan has significantly increased since 2008, particularly in states that require a judicial foreclosure process, and may further increase. Delays in the foreclosure process could cause our expenses to increase. For example, properties awaiting foreclosure could deteriorate until we acquire them, resulting in increased expenses to repair and maintain the properties. Foreclosure process delays could also adversely affect trends in house prices regionally or nationally, which could adversely affect our financial results. Pursuant to FHFA guidance and the CARES Act, we were required to suspend COVID-19-related foreclosures, other than for vacant or abandoned properties, until July 31, 2021, and COVID-19-related REO evictions until September 30, 2021. These foreclosure and eviction moratoriums will result in higher costs and expenses for the affected properties. Additionally, the CARES Act requirement of up to 18 months forbearance and the moratorium on foreclosure activities will have a negative impact on foreclosure timelines in the future.

We are exposed to increased credit losses and credit-related expenses in the event of a major natural disaster, other catastrophic event, or significant climate change effects.

The occurrence, severity, and duration of a major natural or environmental disaster or other catastrophic event, in an area where we own or guarantee mortgage loans could increase our credit losses and credit-related expenses. A natural disaster or catastrophic event that either damages or destroys single-family or multifamily real estate underlying mortgage loans that we own or guarantee, or negatively affects the ability of borrowers to continue to make payments on mortgage loans that we own or guarantee, could increase our serious delinquency rates and average loan loss severity in the affected areas. Such events could generate credit losses and credit-related expenses and have a material adverse effect on our business and financial results. While homeowner and flood insurance may offset some of this risk, insurance coverage may not be adequate. Additionally, borrowers may not be required to purchase certain types of insurance, such as earthquake insurance or flood insurance for properties located outside SFHAs.

An increased frequency and intensity of major natural disasters may be indicative of the impact of climate change and are expected to persist for the foreseeable future. Although historically our losses from these events have not been significant, we remain exposed to risk, particularly in connection with geographically widespread weather events, changes in weather patterns, and significant climate change effects, such as rising sea levels, wildfires, and increased storms and flooding.

Significant long-term climate change effects could increase the vulnerability of an area to natural disasters, which could discourage housing activity, decrease mortgage originations, and negatively impact property values in affected areas. Investors may place greater weight on these risks when making asset pricing decisions, which could increase our cost or affect our ability to transfer risk. Increases in the intensity and frequency of natural disasters, particularly with respect to flooding in areas not designated as SFHAs (i.e., in areas where we do not require flood insurance), as well as any decrease in the willingness of insurers to provide coverage in certain areas for certain perils, will increase the foregoing risks. In addition, the unpredictability of natural disasters and the complexity of forecasting long-term climate change effects negatively affect our ability to forecast losses from such events.

Further, actions taken by Congress, the Administration, state and municipal governments, and FHFA in response to climate change concerns may create transition risks that impact the housing market and our business. For example, policy actions to address climate change could result in a potentially disruptive transition away from carbon-intense industries. Such a transition could impact certain industries and regional economies, affecting property values and the ability of borrowers in those industries or regions to pay their mortgage loans. We also have transition risk from policies that target energy efficiency of the housing sector, or which increase energy prices, and could lead to costly retrofits or high utility bills, either of which could increase the costs of homeownership and impact property values.

Our CRT transactions may not be available to us in adverse economic conditions. These transactions also lower our profitability.

Our ability to transfer credit risk (and the cost to us of doing so) could change rapidly depending on market conditions. Adverse market conditions may result in insufficient investor demand for CRT transactions at acceptable prices. For example, high interest rates, elevated inflation, and other market uncertainty could delay or otherwise impact our planned CRT transactions. It is possible that our CRT strategies and structuring decisions may not prevent us from incurring substantial losses. For instance, it takes time to transfer risk and we are exposed to credit losses during this pipeline period. Additionally, some of our CRT transactions have early termination clauses or maturity dates that are earlier than the maturities of the reference mortgage loans, and we may also seek to terminate certain CRT transactions by repurchasing the related securities. We will be exposed to increased credit risk on the reference mortgage loans after termination of such transactions. Additionally, we retain a portion of the risk of future losses on loans covered by CRT transactions, including all or a portion of the first loss risk in Single-Family STACR and ACIS transactions and Multifamily MCIP and SCR transactions. The costs associated with CRT transactions are significant and may increase. For some CRT transactions, there may be a significant difference in time between when we recognize a credit loss in earnings and when we recognize the related recovery in earnings, and this lag could adversely affect our financial results in the earlier period. Changes in regulatory guidance, such as capital requirements under the ERCF, may cause us to modify our CRT activities.

Market Risks

Changes in interest rates could negatively affect the fair value of our financial assets and liabilities, results of operations, and net worth.

Our financial results, including the amount of interest income we receive and interest expense we pay, can be significantly affected by changes in interest rates.

Interest rates can fluctuate for many reasons, including changes in the fiscal and monetary policies of the federal government and its agencies as well as geopolitical events or changes in general economic conditions, such as increased inflation.

Changes in interest rates could adversely affect the cash flows and prepayment rates on assets that we own and related debt and derivatives. In addition, changes in interest rates could adversely affect the prepayment rate or default rate on the loans that we guarantee. For example, when interest rates decrease, borrowers are more likely to prepay their loans by refinancing them at a lower rate. An increased likelihood of prepayment on the loans underlying our mortgage-related securities may adversely affect the value of these securities.

The Federal Reserve is currently in the midst of increasing its benchmark interest rates and reducing the size of its balance sheet, including Treasuries and MBS. This has increased volatility in the interest rates markets and MBS spreads. We could be adversely impacted by this volatility.

Additionally, we may issue callable debt instruments to manage the duration and prepayment risk of expected cash flows of the mortgage assets we own. We may exercise the option to repay the outstanding principal balance when interest rates decrease. However, we may replace the called debt at a higher spread due to the market conditions at that time. In the event we decide not to call our debt, we may incur higher hedging costs.

We incur costs as a result of our risk management activities, which may not be successful. Our interest-rate risk management activities are designed to reduce our economic exposure to changes in interest rates to a low level as measured by our models. However, the accounting treatment for certain of our assets and liabilities, including derivatives, creates variability in our earnings when interest rates fluctuate, as some assets and liabilities are measured at amortized cost and some are measured at fair value, while all derivatives are measured at fair value. While we use hedge accounting to attempt to reduce interest-rate-related earnings volatility, our hedge accounting programs may not be effective in reducing this variability. In addition, differences in amortization between our assets and the liabilities we use to fund them, including amortization of fair value hedging basis adjustments, may also be affected by changes in interest rates and prepayment rates and may contribute to earnings variability.

Changes in market spreads could negatively affect the fair value of our financial assets and liabilities, results of operations, and net worth.

Changes in market conditions, including changes in interest rates, liquidity, prepayment, and/or default expectations and the level of uncertainty in the market for a particular asset class, may cause fluctuations in market spreads. Our financial results and net worth can be significantly affected by changes in market spreads, especially results driven by financial instruments that are measured at fair value. These instruments include trading securities, available-for-sale securities, derivatives, loans held-for-sale, and loans and debt with the fair value option elected.

A narrowing or tightening of the market spreads on a given asset is typically associated with an increase in the fair value of that asset. Narrowing market spreads may reduce the number of attractive investment opportunities and could increase the cost of activities we may undertake to support the liquidity and price performance of our UMBS and other securities. Consequently, a tightening of the market spreads on our assets may adversely affect our future financial results and net worth. A widening of the market spreads on a given asset is typically associated with a decline in the fair value of that asset or tightening of the market spread on a given liability is typically associated with a decline in the fair value of that liability, which may adversely affect our near-term financial results and net worth. While wider market spreads may create favorable investment opportunities, our ability to take advantage of any such opportunities is limited due to various restrictions on the size and composition of our mortgage-related investments portfolio. See **MD&A - Conservatorship and Related Matters** for additional information on these restrictions.

Changes in market spreads also affect the fair value of our debt with the fair value option elected. A narrowing or tightening of the market spreads on a given liability is typically associated with an increase in the fair value of that liability, which is recognized as a loss by us.

A significant decline in the price performance of, or demand for, our UMBS could have an adverse effect on the volume and/or profitability of our Single-Family business activity.

Our UMBS are an integral part of our loan purchase program. Our competitiveness in purchasing single-family loans from our sellers and the volume and profitability of our Single-Family business activity are directly affected by the price performance of

UMBS issued by us relative to comparable Fannie Mae-issued UMBS. If our UMBS were to trade at a discount relative to comparable Fannie Mae securities due to prepayment performance or other factors, such a difference in relative pricing may create an incentive for sellers to conduct a disproportionate share of their single-family business with Fannie Mae.

It is possible that a liquid market for our UMBS may not be sustained, which could adversely affect their price performance and our single-family market share. A significant reduction in our market share, and thus in the volume of loans that we securitize, or a reduction in the trading volume of our UMBS could reduce the liquidity of our UMBS. While we may decide to employ various strategies to support the liquidity and price performance of our UMBS, any such strategies may fail or adversely affect our business and financial results. We may cease any such activities at any time, or FHFA could require us to do so, which could adversely affect the liquidity and price performance of our UMBS. We may incur costs to support our presence in the agency securities market and to support the liquidity and price performance of our securities.

Liquidity-related price differences could occur between UMBS issued by us and comparable Fannie Mae-issued UMBS due to factors that are largely outside of our control. For example, the level of the Federal Reserve's purchases and sales of agency mortgage-related securities, including the reduction in the Federal Reserve's purchases of mortgage-related securities, could affect the demand for and values of our UMBS. Therefore, any strategies we employ to reduce any liquidity-related price differences may not reduce or eliminate any such price differences over the long term.

We may experience price differences with Fannie Mae on individual new production pools of TBA-eligible mortgages, particularly with respect to specified pools and our multilender securities. From time to time, we may need to adjust our pricing for a particular new production pool category or introduce new initiatives to maintain alignment and competitiveness with Fannie Mae with respect to the acquisition of such pools. Depending on the amount of pricing adjustments in any period, it is possible that they could adversely affect the profitability of our Single-Family business for that period. This risk is heightened with FHFA restrictions on our cash window volumes and on pooling, limiting our pooling flexibility and ability to manage alignment. For more information, see **MD&A - Our Business Segments - Single-Family -** ***Business Overview - Products and Activities***.

If the UMBS does not continue to receive widespread market acceptance, the liquidity and price performance of our Single-Family mortgage-related securities and our market share and profitability could be adversely affected.

As part of the combined UMBS market, we have been required by FHFA to align certain of our Single-Family mortgage purchase offerings, servicing, and securitization programs, policies and practices with Fannie Mae to achieve and maintain market acceptance of the UMBS. We cannot provide any assurance that these efforts will reduce the pricing disparities discussed above over the long-term. A number of factors may make it difficult for us to maintain alignment with Fannie Mae, including increased refinances, the introduction or expansion of automation and other innovations, and changes in the industry. These alignment activities may adversely affect our business and our ability to compete with Fannie Mae. We may be required to further align our business processes with those of Fannie Mae. Uncertainty concerning the extent of the alignment between Freddie Mac's and Fannie Mae's mortgage purchase, servicing, and securitization programs, policies, and practices may affect the degree to which the UMBS receives widespread market acceptance.

If investors do not continue to accept the fungibility of Freddie Mac and Fannie Mae UMBS and instead prefer Fannie Mae UMBS over Freddie Mac UMBS, this could affect the liquidity or market value of our Single-Family mortgage-related securities and have a significant adverse impact on our business, liquidity, financial condition, net worth, and results of operations, and could affect the liquidity or market value of our Single-Family mortgage-related securities. Investor preferences could also result in the emergence of enterprise-specific markets for these securities.

The ERCF requires us to hold capital to account for the counterparty credit risk of Fannie Mae. Given the resulting risk weights for commingled securities or crossholding of Enterprise UMBS, it is possible that the fungibility of UMBS will be reduced and that enterprise-specific markets will re-emerge. The ERCF risk weighting may cause each Enterprise to choose whether to stipulate delivery of its own UMBS or to provision excess capital to account for the risk of receiving the other Enterprise’s UMBS. Further, the ERCF requirements and the resulting 50 bps fee we, Fannie Mae, and the Director of FHFA announced we would charge for newly-issued commingled securities caused such issuances effectively to cease after July 1, 2022, undermining the goal of fungibility of Freddie Mac and Fannie Mae UMBS. Although we, Fannie Mae, and the Director of FHFA recently announced a future reduction to 9.375 bps, there is no assurance that this reduction will result in the resumption of commingled security issuance at previous levels.

Commingling certain Fannie Mae securities in resecuritizations has increased our counterparty risk.

We have counterparty credit exposure to Fannie Mae due to investors' ability to commingle certain Freddie Mac and Fannie Mae securities in resecuritizations. When we resecuritize Fannie Mae securities, our guarantee of timely principal and interest extends to the underlying Fannie Mae securities. In the event that Fannie Mae were to fail to make a payment on a Fannie Mae security that we resecuritized, Freddie Mac would be responsible for making the payment. We do not control or limit the amount of resecuritized Fannie Mae securities that we could be required to guarantee. We will be dependent on FHFA, Fannie Mae, and Treasury (pursuant to Fannie Mae's and our respective Purchase Agreements with Treasury) to avoid a liquidity event or default in the event of a payment default by Fannie Mae. We have not modified our liquidity strategies to address the possibility of non-timely payment by Fannie Mae, but we may do so in the future.

We and Fannie Mae both rely on the Federal Reserve Banks to make payments on our respective mortgage-related securities. As noted above, in the event that Fannie Mae were to fail to make a payment on a Fannie Mae security that we resecuritized, Freddie Mac would be responsible for providing the Federal Reserve Banks with the funds to make the payment. If we failed to provide the Federal Reserve Banks with all funds to make such payment on such resecuritized Fannie Mae securities, the Federal Reserve Banks would not make any payment on any of our outstanding Freddie Mac-issued UMBS, Supers, REMICs, or other securities to be paid on that payment date, regardless of whether such Freddie Mac-issued securities were backed by Fannie Mae-issued securities.

The profitability of our Multifamily business could be adversely affected by market competition and/or decreased investor demand for our K Certificates and other securities.

Our current Multifamily business model is highly dependent on our ability to purchase and securitize loans at terms that provide us with an appropriate economic return. The actions of our competitors, including their pricing, credit standards, and loan structures, along with the actions we and our competitors take to support affordable multifamily housing could reduce the volume and profitability of our multifamily business. A significant decrease in demand for K Certificates and/or other securities could have an adverse impact on our profitability to the extent that our holding period for the loans increases and we are exposed to credit, spread, and other market risks for a longer period of time or receive reduced proceeds from securitization. We employ various strategies to support the liquidity of our K Certificates, but those strategies could fail or adversely affect our business. We may cease such activities at any time, or FHFA could require us to do so, which could adversely affect the liquidity and price performance of our K Certificates and/or other securities.

The discontinuance of LIBOR could negatively affect the fair value of our financial assets and liabilities, results of operations, and net worth. The transition to the recommended replacement rate could present operational problems and may subject us to possible litigation risk.

ICE Benchmark Administration Limited, the administrator of LIBOR, ceased publishing the 1-week and 2-month U.S. Dollar LIBOR settings at the end of 2021. It plans to cease publishing the other, most widely used, tenors of U.S. Dollar LIBOR after June 2023. The U.K. Financial Conduct Authority, which regulates LIBOR publication, announced that it would not compel panel bank submissions after all publication of U.S. Dollar LIBOR ceased. Although the discontinuance of the U.S. Dollar LIBOR tenors that continue to be published is therefore expected in mid-2023, we are not able to predict whether SOFR, the ARRC-recommended alternative reference rate, will become the market-accepted replacement benchmark, whether the backward-looking or forward-looking form of SOFR will become the market-preferred form of SOFR, or what impact such a transition may have on our business, results of operations, and financial condition.

The transition from LIBOR could affect the financial performance of instruments we hold, require changes to hedging strategies, and adversely affect our financial performance. The transition could adversely affect the pricing, liquidity, value of, return on, and trading for a broad array of financial products that are included in our financial assets and liabilities. We have various financial products, including mortgage loans, mortgage-related securities, and derivatives, that are tied to LIBOR, and many of these products will mature after June 2023. While the documentation for certain of these products provides us with discretion to select an alternative reference rate if LIBOR is discontinued, there is a possibility of disputes, litigation, and other actions arising with customers, investors, and counterparties concerning, for example, our exercise of this discretion or the interpretation of fallback language and related provisions. In certain other cases, the documentation limits our discretion to select an alternative reference rate if LIBOR is no longer available or representative, creating uncertainty and the risk of legal disputes. On March 15, 2022, President Biden signed into law the Adjustable Interest Rate (LIBOR) Act (the “Act”). The Act established a uniform benchmark replacement process for transitioning legacy contracts that either lack or contain insufficient contractual provisions addressing the permanent cessation of LIBOR. The Act includes a safe harbor from litigation for determining persons who have discretion to select the replacement index for LIBOR and who select the Federal Reserve Board-recommended replacement. On December 16, 2022, the Federal Reserve Board issued final regulations to implement Federal Reserve Board-selected benchmark replacements for specific types of LIBOR referenced contracts, including a category of covered contacts that apply only to the GSEs. On December 22, 2022, Freddie Mac, under the guidance of FHFA, announced it will use the Federal Reserve Board selected benchmark replacement rates for specified Freddie Mac LIBOR-indexed contracts. It is uncertain whether the documentation for our products will allow those products to qualify for the legal protection against litigation contained in the Act. These potential challenges in implementing an alternative reference rate could result in customers, investors, and counterparties acquiring fewer products and entering into fewer transactions, which could result in losses or reputational damage or otherwise adversely affect our business.

The large volume of products and transactions that may require changes to documentation, systems, or remediation could present substantial operational and legal challenges and result in significant costs. We may be unable to have a consistent approach to the LIBOR transition with respect to our products, including within a particular class of products, which could disrupt the market for those products. It is possible that actions we take in connection with the discontinuance of LIBOR, including the adoption of SOFR, could subject us to basis risk, monetary losses, and possible disputes and litigation. In addition, the transition could result in inquiries or other actions from regulators with respect to our preparation, readiness, and transition plans.

The use of SOFR as the alternative reference rate for LIBOR-based products may present certain market concerns. Among the concerns, although SOFR term rates are now published and certain uses for such rates have been recommended by the ARRC, the ARRC-recommended scope of use of SOFR term rates is limited. Compounded averages of overnight SOFR represent backward-looking risk-free rates, whereas U.S. Dollar LIBOR has various forward-looking tenors and reflects a credit risk component. It is still uncertain how soon acceptance and widespread market adoption of SOFR will occur, whether the use of overnight SOFR and SOFR averages will predominate over the use of SOFR term rates, whether SOFR will be more or less volatile than LIBOR during times of economic stress, and whether sufficient liquidity of SOFR-based products will develop.

As described above, we have identified material exposures to LIBOR but cannot reasonably estimate the expected impact or other consequences of such exposure. For additional information regarding the actions we have taken to prepare for an orderly transition from LIBOR, see **MD&A - Risk Management** - ***Market Risk - Transition from LIBOR***.

Liquidity Risks

Our activities may be adversely affected by limited availability of financing and increased funding costs.

The amount, type, and cost of our unsecured funding directly affects our interest expense and results of operations. A number of factors could make such financing more difficult to obtain; more expensive; or unavailable on any terms, including market and other factors, monetary policy, changes in U.S. government support for us, and reduced demand for our debt securities.

Market and Other Factors

Our ability to obtain funding in the public unsecured debt markets or by selling or pledging mortgage-related and other securities as collateral to other institutions could change rapidly or cease. The cost of available funding could increase significantly due to changes in monetary policy, interest rates, market confidence, operational risks, regulatory requirements, or other factors such as competing supply.

Prolonged wide market spreads on long-term debt could cause us to reduce our long-term debt issuances and increase our reliance on short-term and callable debt issuances. Such increased reliance on short-term and callable debt could increase the risk that we may be unable to refinance our debt when it becomes due and result in a greater use of derivatives. Greater derivatives use could increase the variability of our comprehensive income or increase our credit exposure to our counterparties. Additionally, we may incur higher hedging costs in the event that we decide not to call our debt.

We may incur higher funding costs due to our liquidity management requirements, practices, and procedures, including FHFA minimum liquidity requirements that limit the size and the allowable investments in our other investments portfolio. Our practices and procedures may not provide us with sufficient liquidity to meet our ongoing cash obligations under all circumstances. In particular, we believe that our liquidity contingency plans may be inadequate or difficult to execute during a liquidity crisis or period of significant market turmoil. If we cannot access the unsecured debt markets, our ability to repay maturing indebtedness and fund our operations could be significantly impaired or eliminated, as our alternative sources of liquidity (e.g., cash and other investments) may not be sufficient to meet our liquidity needs. We have limited ability to use the less liquid assets in our mortgage-related investments portfolio as a significant source of liquidity (e.g., through sales or as collateral in secured borrowing transactions).

We make extensive use of the Federal Reserve's payment system in our business activities. The Federal Reserve requires that we fully fund accounts at the Federal Reserve Bank of New York to the extent necessary to cover cash payments on our debt and mortgage-related securities each day, before the Federal Reserve Bank of New York, acting as our fiscal agent, will initiate such payments. Although we seek to maintain sufficient intraday liquidity to fund our activities through the Federal Reserve's payment system, we have limited access to cash once the debt markets are closed for the day. Insufficient cash may cause our account to be overdrawn, potentially resulting in penalties and reputational harm. Unlike certain of our competitors, we do not have access to the Federal Reserve's discount window.

Changes in U.S. Government Support

Treasury supports us through the Purchase Agreement and Treasury's ability to purchase up to $2.25 billion of our obligations under its permanent statutory authority. Changes or perceived changes in the U.S. government's support for us could have a severe negative effect on our access to the unsecured debt markets and our debt funding costs. Our access to the unsecured debt markets and the costs of our debt funding could be adversely affected by several factors relating to U.S. government support, including uncertainty about the future of the GSEs; any concerns by debt investors that we face increasing risk of being placed in receivership; and future draws that significantly reduce the amount of available funding remaining under the Purchase Agreement.

Pursuant to the Purchase Agreement, it is possible that we may be required to pay a dividend to Treasury in the future that would cause us to fall below our capital requirements under the ERCF. In addition, we and Treasury are required to agree to a periodic commitment fee that we will pay to Treasury for a five-year period (after we have reached prescribed capital levels) in return for Treasury's remaining funding commitment.

Reduced Demand for Debt Securities

If investor demand for our debt securities were to decrease, our liquidity, business, and results of operations could be materially adversely affected. The willingness of investors to purchase and hold our debt securities can be influenced by many factors, including changes in the world economy, changes in inflation and exchange rates, and regulatory and political factors, as well as the availability of and investor preferences for other investments. We compete for debt funding with Fannie Mae, the FHLBs, and other institutions. Our funding costs and liquidity contingency plans may also be affected by changes in the amount of, and demand for, debt issued by Treasury. Our debt is considered a high quality liquid asset (HQLA) because it can be easily and immediately converted into cash at little or no loss of value. Any changes by investors in how they view our debt or regulatory changes causing our debt to no longer be considered an HQLA could significantly increase our debt funding costs or reduce our ability to issue debt.

If investors were to reduce their purchases of our debt securities or divest their holdings, our funding costs could increase and our business activities could be curtailed. The market for our debt securities may become less liquid as a result of our having reached the Purchase Agreement limits on the size of our mortgage-related investments portfolio and the amount of our unsecured debt, or future reductions in those limits. This could lead to a decrease in demand for our debt securities and an increase in our funding costs.

Any downgrade in the credit ratings of the U.S. government would likely be followed by a downgrade in our credit ratings. A downgrade in the credit ratings of our debt could adversely affect our liquidity and other aspects of our business.

Any downgrade in the credit ratings of the U.S. government would be expected to be accompanied by a downgrade in our credit ratings. In addition to a downgrade in the credit ratings of or outlook on the U.S. government, several other events could adversely affect our debt credit ratings, including actions by governmental entities, changes in government support for us, regulatory designations of our debt, future GAAP losses, and additional draws under the Purchase Agreement. Any such downgrades could lead to major disruptions in the mortgage and financial markets and to our business due to lower liquidity and prices for our securities, higher borrowing costs, lower asset values, and higher credit losses, and could cause us to experience net losses and net worth deficits.

For more information, see **MD&A - Liquidity and Capital Resources.**

Operational Risks

A failure in our operational systems or infrastructure, or those of third parties, could impair our ability to provide market liquidity, disrupt our business, damage our reputation, and cause financial losses.

Operational risk is elevated due to the volume, complexity, and pace of change across the company. We face significant levels of operational risk due to a variety of factors, including the size and complexity of our business operations, the amount of change to our core systems required to keep pace with market demands, regulatory requirements, and business initiatives, and the ever-changing cybersecurity landscape. Shortcomings or failures in our internal processes, people, or systems, or those of third parties with which we interact, could lead to impairment of our liquidity, disruption of our business (e.g., issuing mortgage and/or debt securities), incorrect or late payments, errors in our financial statements, liability to customers or investors, further legislative or regulatory intervention, reputational damage, and financial and economic loss.

Our business is highly dependent on our ability to process a large number of transactions on a daily basis and manage and analyze significant amounts of information, much of which is provided by third parties. This information may be incorrect, or we may fail to properly manage or analyze it.

The transactions we process are complex and are subject to various legal, accounting, tax, and regulatory standards, which can change rapidly in response to external events, such as the implementation of government-mandated programs and changes in market conditions. Our financial, accounting, payment, data processing, or other operating systems and facilities may contain design flaws or may fail to operate properly, adversely affecting our ability to process transactions, including our ability to compile and process legally required information. We have certain systems that require manual support and intervention, which may lead to heightened risk of system failures. The inability of our systems to accommodate a high volume of transactions or new types of transactions or products could constrain our ability to pursue new business initiatives or improve existing business activities.

Our technological connections with our customers, counterparties, service providers, and other financial institutions continue to increase, which increases our risk exposure with respect to an operational failure of their infrastructure systems. We have developed, and expect to continue to develop, software tools for use by our customers in the customers' loan production, loan servicing, and other processes. These tools may fail to operate properly, which could disrupt our, or our customers', business and adversely affect our relationships with our customers.

We continue to increase our use of a third-party cloud infrastructure platform for both customer-facing applications and internal-use applications. If we do not implement changes to this platform in a well-managed, secure, and effective manner, we may experience unplanned service disruptions or unplanned costs which may harm our business and operating results. In addition, our cloud infrastructure providers, or other service providers, could experience system breakdowns or failures, outages, downtime, cyberattacks and other security incidents, adverse changes to financial condition, bankruptcy, or other adverse conditions, which could have a material adverse effect on our business and reputation. Thus, our plans to increase the amount of our infrastructure that we outsource to the cloud or to other third parties may increase our risk exposure.

We face increased operational risk due to the magnitude and complexity of the new initiatives we are undertaking. Some of these initiatives require significant changes to our operational systems. In some cases, the changes must be implemented within a short period of time. Our legacy systems may create increased operational risk for these new initiatives.

We also face significant organizational risks related to CSS and the operation and continued development of the CSP. We rely on CSS and the CSP (which is owned and operated by CSS) for the operation of many of our Single-Family securitization activities. Our business operations would be adversely affected and the market for Freddie Mac securities would be disrupted if the CSP were to fail or otherwise become unavailable to us or if CSS were unable to perform its obligations to us. As the CSP has an operational dependency on Fannie Mae to administer Freddie Mac-issued commingled securities, an operational failure at Fannie Mae could also adversely impact the ability of CSS to perform its obligations to Freddie Mac. In the event of a CSS operational failure, we may be unable to issue certain new single-family mortgage-related securities, and investors in mortgage-related securities hosted on the CSS platform may experience payment delays. Any measures we could take to mitigate these risks might not be sufficient to prevent our business from being harmed. We update our internal systems and processes on a regular basis, including to improve existing processes and respond to market and regulatory developments. We could be adversely affected if CSS and/or the CSP are unable to make any necessary corresponding changes to their systems and processes in a timely manner. CSS could adopt or prioritize strategies that could adversely affect its ability to perform its obligations to us.

Our employees could act improperly for their own or third-party gain and cause unexpected losses or reputational damage. While we have processes and systems in place designed to prevent and detect fraud, these processes may not be successful.

Most of our key business activities are conducted in the Washington D.C. metropolitan area and represent a concentrated risk of people, technology, and facilities. As a result, an infrastructure disruption in or around our offices or affecting the power grid, such as from a terrorist event, active shooter, or natural disaster, could significantly adversely affect our ability to conduct normal business operations. Any measures we take to mitigate this risk may not be sufficient to respond to the full range of events that may occur or allow us to resume normal business operations in a timely manner.

Potential cybersecurity threats are changing rapidly and advancing in sophistication. We may not be able to protect our systems and networks, or the confidentiality of our confidential or other information (including personal information), from cyberattacks and other unauthorized access, disclosure, and disruption.

Our operations rely on the secure, accurate, and timely receipt, storage, transmission, and other processing of confidential and other information (including personal information) in our systems and networks and with counterparties, vendors, service providers, and financial institutions.

Cybersecurity risks for companies like ours have significantly increased in recent years, in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists, and other external parties, including foreign state-sponsored actors. There have been several highly publicized cases involving financial services companies, consumer-based companies, and other organizations reporting the unauthorized disclosure, dissemination, theft, or destruction of client, customer, or other confidential information (including personal information), corporate information, intellectual property, cash, or other valuable assets. There have also been several highly publicized cases where hackers have requested "ransom" payments in exchange for not disclosing customer information (including personal information) or for not making the targets' computer systems unavailable. In addition, there have been cases where hackers have misled company personnel into making unauthorized transfers of funds to the hackers' accounts.

Like many companies and government entities, from time to time we have been, and expect to continue to be, the target of attempted cyberattacks and other security incidents. Such incidents may include malware, ransomware, denial-of-service attacks, social engineering, unauthorized access, human error, theft or misconduct, fraud, and phishing, as part of an effort to disrupt operations, potentially test cybersecurity capabilities, or obtain confidential, proprietary, or other information (including personal information). We could also be adversely affected by cyberattacks or other security incidents that target the infrastructure of the internet, as such incidents could cause widespread unavailability of websites and degrade website performance. Our risk and exposure to these matters remain heightened because of, among other things, the evolving nature and increasing frequency, levels of persistence, sophistication, and intensity of these threats, our role in the financial services industry, the outsourcing of some of our business operations, and the current global economic and political environment. The increase in remote work environments increases the risk that we may experience cybersecurity incidents as a result of our employees, vendors, service providers, and other third parties with which we interact working remotely on less secure systems and environments.

Because we are interconnected with and dependent on third-party vendors, exchanges, clearinghouses, fiscal and paying agents, and other financial institutions, we could be adversely affected if any of them are subject to a successful cyberattack or other security incident. Third parties with which we do business may also be sources of cybersecurity or other technology risks. We routinely transmit and receive confidential, proprietary, and other information (including personal information) by electronic means. This information could be subject to interception, misuse, or mishandling. Our exposure to these risks could increase as a result of our migration of core systems and applications to a third-party cloud environment. While we generally perform cybersecurity diligence on our key vendors, because we do not control third parties with whom we do business and our ability to monitor their cybersecurity posture is limited, we cannot ensure that the cybersecurity measures they take will be sufficient to protect any information we share with them. Due to applicable laws and regulations or contractual obligations, we may be held responsible for data breaches resulting from cyberattacks or other security incidents attributed to third parties with whom we do business in relation to the information we share with them.

Although we devote significant resources to protecting our critical assets and provide employee awareness training about phishing, malware, and other cybersecurity risks, these measures may not provide effective security. Our computer systems, software, end point devices, and networks may be vulnerable to cyberattacks and other security incidents, supply chain disruptions, or other attempts to harm them or misuse or steal information (including personal information). We routinely identify cybersecurity threats as well as vulnerabilities in our systems and work to address them, but these efforts may be insufficient. Outside parties may attempt to induce employees, customers, counterparties, vendors, service providers, financial institutions, or other users of our systems or networks to disclose confidential, proprietary, or other information (including personal information) in order to gain access to our systems and networks and the information they contain. Unauthorized access or disclosure, or breaches of our security, also may result from human error. We may not be able to anticipate, prevent, detect, recognize, or react to threats to our systems, networks, and assets, or implement effective preventative measures against cyberattacks or other security incidents, especially because the techniques used change frequently or are not recognized until launched.

A cyberattack or other security incident could occur and persist for an extended period of time without detection. We expect that any investigation of such an incident would take time, during which we would not necessarily know the extent of the harm or how best to remediate it. Although to date we have not experienced any such incident resulting in significant impact to the company, our cybersecurity risk management program may not prevent such an incident from having a significant impact in the future. We have obtained insurance coverage relating to cybersecurity risks, but this insurance may not be sufficient to provide adequate loss coverage (including if the insurer denies future claims) and may not continue to be available to us on economically reasonable terms, or at all. Further, we cannot ensure that any limitations of liability provisions in our agreements with vendors, customers, and other third parties with which we do business would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any particular claim in connection with a cyberattack or other security incident.

The occurrence of one or more cyberattacks or other security incidents could result in thefts of important assets (such as cash or source code) or the unauthorized disclosure, misuse, or corruption of confidential, proprietary, and other information (including personal and other information about our borrowers, our customers, or our counterparties) or could otherwise cause interruptions or malfunctions in our operations or the operations of our customers or counterparties. This could result in significant losses or reputational damage, adversely affect our relationships with our customers and counterparties, negatively affect our competitive position, or otherwise harm our business. We could also face regulatory and other legal action, including for any failure to provide timely disclosure concerning, or appropriately to limit trading in our securities following, an incident. We might be required to expend significant additional resources to modify our internal controls and other protective measures or to investigate and remediate vulnerabilities or other exposures, and we might be subject to litigation and financial losses that are not fully insured. In addition, customers, counterparties, vendors, service providers, financial intermediaries, and governmental organizations may not be adequately protecting the information that we share with them. As a result, a cyberattack or other security incident on their systems and networks, or a breach of their cybersecurity measures, may result in harm to our business and business relationships.

We rely on third parties, or their vendors and other business partners, for certain important functions. Any failures by those third parties to deliver products or services, or to manage risks effectively, could disrupt our business operations, or expose us to other operational risks.

Our use of third parties, including vendors, service providers, sellers, and servicers, exposes us to the risk of failures in their risk and control environments. We outsource certain key functions to these external parties, including some that are critical to financial reporting, our mortgage-related investment activity, loan underwriting, loan servicing, UMBS issuance and administration (i.e., CSS), and data processing. We may enter into other key outsourcing relationships in the future and continue to expand our existing reliance on public cloud services. Additionally, we may be fully reliant on a third party to complete certain business operations (e.g., financial market utilities that provide the infrastructure for transferring, clearing, and settling payments, securities, and other financial transactions). If one or more of these key external parties were not able to perform their functions for a period of time, perform them at an acceptable service level or handle changing volumes, or if one or more of them experiences a disruption in its own business or technology from any cause, our business operations could be constrained, disrupted, or otherwise negatively affected. Our use of third parties also exposes us to other harm, such as in the event of a cyberattack or other security incident impacting our data (including personal information), fraud, or damage to our reputation if one or more of these third parties fails to maintain adequate risk and control environments. Our ability to monitor the activities or performance of certain third parties may be limited based on restricted access to and availability of risk management information for the third party, which may make it difficult for us to assess and manage the risks associated with these relationships.

We face risks and uncertainties associated with the models that we use to inform business and risk management decisions and for financial accounting and reporting purposes.

We use models to project significant factors in our businesses, including, but not limited to, interest rates and house prices under a variety of scenarios. We also use models to project borrower prepayment and default behavior and loss severity over long periods of time. Models are inherently imperfect predictors of actual results. There is inherent uncertainty associated with model projections of economic variables and the downstream projections of prepayment and default behavior dependent on these variables.

Uncertainty and risks related to models may arise from a number of sources, including the following:

- We could fail to design, implement, operate, adjust, or use our models as intended. We may fail to code a model correctly, we could use incorrect or insufficient data inputs or fail to fully understand the data inputs, or model implementation software could malfunction. We may not have performed user acceptance testing appropriately or correctly, including allowing sufficient testing time and resources and using the right subject matter experts before deploying the model. The complexity and interconnectivity of our models create additional risk regarding the accuracy of model output. We may not be able to deploy or update models in a timely manner.
- When market conditions change in unforeseen ways, our model projections may not accurately reflect these conditions, or we may not fully understand the model outputs. For example, models may not fully reflect the effect of certain government policy changes or new industry trends. In such cases, it is often necessary to make assumptions and judgments to accommodate the effect of scenarios that are not sufficiently well represented in the historical data. While we may adjust our models in response to new events, considerable residual uncertainty remains. As a result of uncertainty within the current economic environment, we expect our models to face significant challenges in accurately forecasting key inputs into our financial projections. These can include, but are not limited to, projections of mortgage and other interest rates, house prices, credit defaults, yields, and prepayments.
- We also use selected third-party models. While the use of such models may reduce our risk where no internal model is available, it exposes us to additional risk, as third parties typically do not provide us with proprietary information regarding their models. We have little control over the processes by which these models are adjusted or changed. As a result, we may be unable to fully evaluate the risks associated with the use of such models.

Our use of models could affect decisions concerning the purchase, sale, securitization, and CRT activities of loans; the purchase and sale of securities; funding; the setting of guarantee fee prices; and the management of interest-rate, market, and credit risk. Our use of models also affects our quality-control sampling strategies for loans in our Single-Family mortgage portfolio and potential settlements with our counterparties. Models are part of the process used to grant representation and warranty relief, which may be granted inappropriately if the models are incorrect. We also use models in our financial reporting process, including when measuring our allowance for credit losses and applying hedge accounting. See **MD&A - Risk Management - Market Risk** and **Critical Accounting Estimates** for more information on our use of models.

Climate change concerns could adversely affect our business, affect customer activity levels, and damage our reputation.

Climate change represents a key risk driver that may have significant impacts on the economy, the finance sector, and the housing market over the short-, medium-, and long-term. The increasing risk from physical hazards, like flood and wildfire, and the financial impacts of low-carbon policies may affect housing affordability, property values, and the terms and conditions of mortgages available for purchase. In connection with the transition to a low-carbon economy, legislative or public policy changes and changes in consumer sentiment could negatively impact the businesses and financial condition of both our customers and seller/servicers, which may decrease revenues from those counterparties and increase credit risk associated with loans and other credit exposures to those counterparties. Additionally, the governmental and supervisory focus on climate change could also result in our becoming subject to new or heightened regulatory requirements related to operational resiliency, climate risk disclosure, or stress testing for various climate stress scenarios. Any such requirements could result in increased regulatory, compliance, or other costs or higher capital requirements. Further, our business, reputation, and ability to attract and retain employees may also be harmed if our response to climate change is perceived to be ineffective or insufficient.

Legal and Compliance Risks

Legislative or regulatory changes or actions could adversely affect our business activities and financial results. We face risk of non-compliance with our legal and regulatory obligations.

We operate in a highly regulated industry and are subject to heightened supervision from FHFA, as our Conservator. Our compliance systems and programs may not be adequate to confirm that we are in compliance with all legal, regulatory, and other requirements. We could incur fines or other negative consequences for violations of such requirements. We also rely upon third parties and their respective compliance risk management programs. The failure or limits of any such third-party compliance programs may expose us to legal and compliance risk.

Our business may be directly adversely affected by future legislative, regulatory, or judicial actions at the federal, state, and local levels. Such actions could affect us in a number of ways, including by imposing significant additional legal, compliance, and other costs on us, limiting our business activities, and diverting management attention or other resources. Such actions, and any required changes to our business or operations or those of third parties upon whom we rely in response thereto (i.e., seller/servicers), could result in reduced profitability and increased compliance risk. If we were not to comply with our legal and regulatory obligations, this could result in enforcement actions, investigations, fines, monetary and other penalties, and harm to our reputation. For example, we are, or may in the future become, subject to a variety of complex and evolving laws, regulations, rules, and standards in the United States (at the federal, state, and local level), as well as contractual obligations. We expect the Administration will continue to implement a regulatory reform agenda with heightened focus on fair lending, affordability, equity, sustainability, and climate change.

We may make certain changes to our business in an attempt to meet our housing goals, duty to serve, and equitable housing finance requirements, which may adversely affect our profitability.

We may make adjustments to our loan sourcing and purchase strategies in an effort to meet our housing goals and subgoals, including modifying some of our underwriting standards and expanding the use of targeted initiatives to reach underserved populations. For example, we may purchase loans that offer lower expected returns on our investment and potentially increase our exposure to credit losses. We may also make changes to our business in response to our duty to serve underserved markets or equitable housing finance requirements that could adversely affect our profitability.

If we do not meet our housing goals or duty to serve requirements, and FHFA finds that the goals or requirements were feasible, we may become subject to a housing plan that could require us to take additional steps that could potentially adversely affect our profitability. While we may achieve these housing goals by meeting or exceeding either the FHFA benchmark level or the market level, these increases to the benchmark levels may require additional changes to our business, and we may not meet these housing goals. In addition, because we did not meet one of our housing goals for 2020 and FHFA determined that achievement of that goal was feasible, FHFA required us to submit a housing plan that indicates (1) how we plan to meet the missed goal during 2022 to 2024, (2) how we will monitor to ensure that low- and moderate-income borrowers are better served in future refinance markets, and (3) what we can do to help low- and moderate-income borrowers who did not refinance in the 2020-2021 refinance market. We submitted our housing plan to FHFA in February 2022. If we fail to comply with a housing plan that is approved by FHFA, FHFA could take additional action against us.

Other Risks

The COVID-19 pandemic has significantly, potentially permanently, affected general economic conditions and the housing market. Our business and financial condition may be adversely affected by the effects of the COVID-19 pandemic.

Certain adverse consequences of the COVID-19 pandemic continue to impact the macroeconomic environment. The extent of the continuing impact of COVID-19 on the economic environment, the housing market, and our business depends on future developments, which are highly uncertain and difficult to predict, including, but not limited to, the severity and duration of any resurgence of COVID-19 variants and how quickly and to what extent economic and operating conditions and consumer and business spending can return to either their pre-pandemic levels or their new equilibria. While we are prepared to reinstate various COVID-related adjustments if necessary, future mitigation efforts could be insufficient to address the pandemic's adverse effects.

Geopolitical conditions, including acts of war or terrorism, could lead to economic consequences that may have an indirect adverse effect on our business.

Our business, financial condition, and results of operations could be indirectly and adversely affected by geopolitical events, including acts of war or terrorism, civil unrest, or any outbreak or escalation of hostilities throughout the world, such as the ongoing conflict between Russia and Ukraine. Although our business is limited to the United States housing market, we may still be affected by such events because volatility or uncertainty in global or domestic political conditions can significantly affect economic conditions and financial markets, continuing or worsening inflationary pressures and associated changes in monetary policy or potential economic recession, and increasing construction prices due to supply constraints.

Legal Proceedings

We are involved, directly or indirectly, in a variety of legal proceedings arising from time to time in the ordinary course of business and in connection with the conservatorship and Purchase Agreement. See **Note 17** for more information regarding our involvement as a party to various legal proceedings. In addition, over the last several years, numerous lawsuits have been filed against the U.S. government and, in some cases, the Secretary of the Treasury and the Director of FHFA, challenging certain government actions related to the conservatorship (including actions taken in connection with the imposition of conservatorship) and the Purchase Agreement. Freddie Mac is not a party to these lawsuits. Several of the lawsuits seek to invalidate the net worth sweep dividend provisions of the senior preferred stock, which were implemented pursuant to the August 2012 amendment to the Purchase Agreement. Some of these cases also have challenged the constitutionality of the structure of FHFA. A number of cases have been dismissed (some of which have been appealed), and others remain pending.

These cases include three that have been filed at the U.S. Court of Federal Claims: Fairholme Funds, Inc., et al. vs. the United States of America, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation and two other similar cases. The Fairholme Funds case was originally filed against the United States of America on July 9, 2013 and an amended complaint was filed under seal on March 8, 2018. A redacted public version was filed on May 11, 2018 and adds Freddie Mac and Fannie Mae as nominal defendants. The amended complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking or exaction of private property for public use without just compensation, and that by enacting the net worth sweep, the government breached the fiduciary duty it owed to Freddie Mac and Fannie Mae, and implied-in-fact contracts between the United States on the one hand and Freddie Mac and Fannie Mae on the other. The plaintiffs ask that plaintiffs, Freddie Mac, and Fannie Mae be awarded (1) just compensation for the government's alleged taking or exaction of their property, (2) damages for the government's breach of fiduciary duties, and (3) damages for the government's breach of the alleged implied-in-fact contracts. In addition, plaintiffs seek pre- and post-judgment interest, attorneys' fees, costs, and other expenses. On February 22, 2022, the Federal Circuit held that all of the plaintiffs' claims should be dismissed. On July 22, 2022, plaintiffs filed a petition for a writ of certiorari with the U.S. Supreme Court seeking review of the Federal Circuit's decision. On January 9, 2023, the U.S. Supreme Court denied the petition for a writ of certiorari. On February 3, 2023, the U.S. Court of Federal Claims entered judgment confirming dismissal of the case.

The two similar cases are: (1) *Reid and Fisher vs. the United States of America and Federal Home Loan Mortgage Corporation* (filed on February 26, 2014), and (2) *Perry Capital LLC vs. the United States of America, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation* (filed on August 15, 2018). The *Reid and Fisher* case is pending. In *Perry Capital*, the parties filed a stipulation of dismissal on January 30, 2023.

Pershing Square Capital Management, L.P. (Pershing) is a plaintiff in one of the lawsuits. Pershing has filed reports with the SEC, most recently in March 2014, indicating that it beneficially owned more than 5% of our common stock. We do not know Pershing's current beneficial ownership of our common stock. For more information, see **Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

Pursuant to the Purchase Agreement, in addition to satisfying other conditions, all currently pending material litigation related to our conservatorship and/or the Purchase Agreement must be resolved or settled and we must indemnify Treasury and the United States from and against any loss, cost, or damage of any kind arising out of our placement into conservatorship or the August 2012 amendment to the Purchase Agreement in order to exit from conservatorship.

Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

MARKET INFORMATION

Common Stock

Our common stock is traded in the over-the-counter market and quoted on the OTCQB, operated by OTC Markets Group Inc., under the ticker symbol "FMCC." Over-the-counter market quotations for our common stock reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not necessarily represent actual transactions.

Holders

As of January 31, 2023, we had 1,507 common stockholders of record.

Recent Sales of Unregistered Securities

The securities we issue are "exempted securities" under the Securities Act of 1933. As a result, we do not file registration statements with the SEC with respect to offerings of our securities.

Following our entry into conservatorship, we suspended the operation of, and ceased making grants under, equity compensation plans. Previously, we had provided equity compensation under these plans to employees and members of our Board of Directors. Under the Purchase Agreement, we cannot issue any new options, rights to purchase, participations, or other equity interests without Treasury's prior approval. However, grants outstanding as of the date of the Purchase Agreement remain in effect in accordance with their terms. As of December 31, 2022, no RSUs and no stock options were outstanding. See **Note 11** for more information.

ISSUER PURCHASES OF EQUITY SECURITIES

We did not repurchase any of our common or preferred stock during 2022. Additionally, we do not currently have any outstanding authorizations to repurchase common or preferred stock. Under the Purchase Agreement, we cannot repurchase our common or preferred stock without Treasury's prior consent, and we may only purchase or redeem the senior preferred stock in certain limited circumstances set forth in the certificate of designation of the senior preferred stock.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.

P.O. Box 43006

Providence, RI 02940-3006

Telephone: 877-373-6374

https://www-us.computershare.com/investor

Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Federal Home Loan Mortgage Corporation

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Federal Home Loan Mortgage Corporation, a stockholder-owned government sponsored enterprise, and its subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of income and comprehensive income, of equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO because a material weakness in internal control over financial reporting existed as of that date related to disclosure controls and procedures that do not provide adequate mechanisms for information known to the Federal Housing Finance Agency ("FHFA") that may have financial statement disclosure ramifications to be communicated to management of the Company.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A – Controls and Procedures. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 consolidated financial statements, and our opinion regarding the effectiveness of the Company’s internal control over financial reporting does not affect our opinion on those consolidated financial statements.

Change in Accounting Principle

As discussed in Note 6 to the consolidated financial statements, the Company changed the manner in which it accounts for credit losses in 2020.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in management's report referred to above. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Emphasis of Matter – Conservatorship

As discussed in Note 2, in September 2008, the Company was placed into conservatorship by FHFA. The U.S. Department of the Treasury ("Treasury") has committed financial support to the Company, and FHFA, as Conservator, provided for the Board of Directors to perform certain functions and to oversee management and the Board delegated to management authority to conduct business operations during conservatorship. The Company is dependent upon the continued support of the Treasury and FHFA.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses for Single-Family Mortgage Loans Held-for-Investment - Probability of Default

As described in Note 6 to the consolidated financial statements, the Company's allowance for credit losses for single-family mortgage loans held-for-investment was $7.3 billion as of December 31, 2022. Management estimates the allowance for credit losses for single-family loans on a pooled basis using a discounted cash flow model. Management projects cash flows they expect to collect using historical experience, such as historical default rates and severity of loss based on loan characteristics, adjusted for current and forecasted economic conditions. As disclosed by management, the process involves the use of models that require management to make judgments about matters that are difficult to predict, the most significant of which is the probability of default. Management's estimate of expected credit losses is sensitive to changes in forecasted house price growth rates, which affect both the probability of default and severity of expected credit losses. Management's forecast of house price growth rates leverages an internally based model that uses a Monte Carlo simulation which generates many possible house price scenarios for up to 40 years for each metropolitan statistical area.

The principal considerations for our determination that performing procedures relating to the allowance for credit losses for single-family mortgage loans held-for-investment specific to the probability of default is a critical audit matter are (i) the significant judgment by management when determining the probability of default which is affected by the forecasted house price growth rates determined by management, (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating audit evidence related to management's determination of the probability of default and forecasted house price growth rates, and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the determination of the allowance for credit losses for single-family mortgage loans held-for-investment, including controls over the probability of default. These procedures also included, among others (i) testing management's process for determining the probability of default and forecasted house price growth rates used in estimating the allowance for credit losses for single-family mortgage loans held-for-investment, and (ii) testing the completeness, accuracy, reliability and relevance of the data used by management. These procedures also included the use of professionals with specialized skill and knowledge to assist in evaluating the appropriateness of management's models used in determining the probability of default and forecasted house growth rates and evaluating the reasonableness of the outputs of the models.

/s/ PricewaterhouseCoopers LLP

Washington, DC

February 22, 2023

We have served as the Company's auditor since 2002.

FREDDIE MAC

Consolidated Statements of Income and Comprehensive Income

	Year Ended December 31,		
(In millions, except share-related amounts)	**2022**	**2021**	**2020**
Net interest income			
Interest income	$83,458	$61,527	$62,340
Interest expense	(65,453)	(43,947)	(49,569)
Net interest income	**18,005**	**17,580**	**12,771**
Non-interest income			
Guarantee income	783	1,032	1,442
Investment gains, net	1,969	2,746	1,813
Other income	507	593	633
Non-interest income	**3,259**	**4,371**	**3,888**
Net revenues	**21,264**	**21,951**	**16,659**
(Provision) benefit for credit losses	(1,841)	1,041	(1,452)
Non-interest expense			
Salaries and employee benefits	(1,509)	(1,398)	(1,344)
Credit enhancement expense	(2,118)	(1,518)	(1,058)
Benefit for (decrease in) credit enhancement recoveries	236	(542)	323
Legislative assessments expense	(3,009)	(2,882)	(2,327)
Other expense	(1,419)	(1,453)	(1,572)
Non-interest expense	**(7,819)**	**(7,793)**	**(5,978)**
Income before income tax expense	**11,604**	**15,199**	**9,229**
Income tax expense	(2,277)	(3,090)	(1,903)
Net income	**9,327**	**12,109**	**7,326**
Other comprehensive income (loss), net of taxes and reclassification adjustments	(342)	(489)	205
Comprehensive income	**$8,985**	**$11,620**	**$7,531**
Net income	$9,327	$12,109	$7,326
Amounts attributable to senior preferred stock	(8,985)	(11,620)	(7,291)
Net income attributable to common stockholders	**$342**	**$489**	**$35**
Net income per common share	**$0.11**	**$0.15**	**$0.01**
Weighted average common shares (in millions)	3,234	3,234	3,234

The accompanying notes are an integral part of these consolidated financial statements.

FREDDIE MAC

Consolidated Balance Sheets

(In millions, except share-related amounts)	December 31, 2022	2021
Assets		
Cash and cash equivalents (includes $707 and $1,695 of restricted cash and cash equivalents)	$6,360	$10,150
Securities purchased under agreements to resell	87,295	71,203
Investment securities, at fair value	38,701	53,015
Mortgage loans held-for-sale (includes $3,218 and $10,498 at fair value)	12,197	19,778
Mortgage loans held-for-investment (net of allowance for credit losses of $7,391 and $4,947 and includes $1,214 and $0 at fair value)	3,022,318	2,828,331
Accrued interest receivable, net	8,529	7,474
Deferred tax assets, net	5,777	6,214
Other assets (includes $5,890 and $6,594 at fair value)	27,156	29,421
Total assets	**$3,208,333**	**$3,025,586**
Liabilities and equity		
Liabilities		
Accrued interest payable	$7,309	$6,268
Debt (includes $3,047 and $2,478 at fair value)	3,145,832	2,980,185
Other liabilities (includes $759 and $287 at fair value)	18,174	11,100
Total liabilities	**3,171,315**	**2,997,553**
Commitments and contingencies (Notes 5, 9, 18)		
Equity		
Senior preferred stock (liquidation preference of $107,878 and $97,959)	72,648	72,648
Preferred stock, at redemption value	14,109	14,109
Common stock, $0.00 par value, 4,000,000,000 shares authorized, 725,863,886 shares issued and 650,059,553 shares outstanding	—	—
Retained earnings	(45,666)	(54,993)
AOCI, net of taxes, related to:		
Available-for-sale securities	(84)	297
Other	(104)	(143)
AOCI, net of taxes	(188)	154
Treasury stock, at cost, 75,804,333 shares	(3,885)	(3,885)
Total equity	**37,018**	**28,033**
Total liabilities and equity	**$3,208,333**	**$3,025,586**

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on our consolidated balance sheets.

(In millions)	December 31, 2022	2021
Assets:		
Cash and cash equivalents (includes $610 and $1,595 of restricted cash and cash equivalents)	$611	$1,596
Securities purchased under agreements to resell	9,703	34,000
Investment securities, at fair value	126	420
Mortgage loans held-for-investment	2,971,601	2,784,626
Accrued interest receivable, net	7,944	7,019
Other assets	5,019	11,265
Total assets of consolidated VIEs	**$2,995,004**	**$2,838,926**
Liabilities:		
Accrued interest payable	$6,619	$5,823
Debt	2,979,070	2,803,054
Total liabilities of consolidated VIEs	**$2,985,689**	**$2,808,877**

The accompanying notes are an integral part of these consolidated financial statements.

FREDDIE MAC

Consolidated Statements of Equity

(In millions)	Shares Outstanding: Senior Preferred Stock	Shares Outstanding: Preferred Stock	Shares Outstanding: Common Stock	Senior Preferred Stock	Preferred Stock, at Redemption Value	Common Stock, at Par Value	Retained Earnings	AOCI, Net of Tax	Treasury Stock, at Cost	Total Equity
Balance at December 31, 2019	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**($74,188)**	**$438**	**($3,885)**	**$9,122**
Comprehensive income:										
Net income	—	—	—	—	—	—	7,326	—	—	7,326
Other comprehensive income (loss):										
Changes in net unrealized gains (losses) on available-for-sale securities (net of taxes of $133 million)	—	—	—	—	—	—	—	502	—	502
Reclassification adjustment for gains on available-for-sale securities included in net income (net of taxes of $83 million)	—	—	—	—	—	—	—	(310)	—	(310)
Other (net of taxes of $6 million)	—	—	—	—	—	—	—	13	—	13
Comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**7,326**	**205**	**—**	**7,531**
Cumulative effect from adoption of CECL	—	—	—	—	—	—	(240)	—	—	(240)
Ending balance at December 31, 2020	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**($67,102)**	**$643**	**($3,885)**	**$16,413**
Comprehensive income:										
Net income	—	—	—	—	—	—	12,109	—	—	12,109
Other comprehensive income (loss):										
Changes in net unrealized gains (losses) on available-for-sale securities (net of taxes of $36 million)	—	—	—	—	—	—	—	(134)	—	(134)
Reclassification adjustment for gains on available-for-sale securities included in net income (net of taxes of $101 million)	—	—	—	—	—	—	—	(379)	—	(379)
Other (net of taxes of $4 million)	—	—	—	—	—	—	—	24	—	24
Comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**12,109**	**(489)**	**—**	**11,620**
Ending balance at December 31, 2021	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**($54,993)**	**$154**	**($3,885)**	**$28,033**
Comprehensive income:										
Net income	—	—	—	—	—	—	9,327	—	—	9,327
Other comprehensive income (loss):										
Changes in net unrealized gains (losses) on available-for-sale securities (net of taxes of $96 million)	—	—	—	—	—	—	—	(362)	—	(362)
Reclassification adjustment for gains on available-for-sale securities included in net income (net of taxes of $5 million)	—	—	—	—	—	—	—	(19)	—	(19)
Other (net of taxes of $10 million)	—	—	—	—	—	—	—	39	—	39
Comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**9,327**	**(342)**	**—**	**8,985**
Ending balance at December 31, 2022	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**($45,666)**	**($188)**	**($3,885)**	**$37,018**

The accompanying notes are an integral part of these consolidated financial statements.

FREDDIE MAC

Consolidated Statements of Cash Flows

(In millions)	Year Ended December 31, 2022	2021	2020
Cash flows from operating activities			
Net income	$9,327	$12,109	$7,326
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Amortization of cost basis adjustments	(1,264)	(1,922)	214
Provision (benefit) for credit losses	1,841	(1,041)	1,452
Investment gains, net	(2,763)	(4,312)	(3,390)
Deferred income tax expense	528	473	(590)
Mortgage loans acquired as held-for-sale:			
Purchases	(45,093)	(59,270)	(69,908)
Proceeds from sales and repayments	49,389	70,281	68,181
Net change in:			
Income taxes receivable	(751)	(586)	845
Accrued interest receivable	(1,038)	396	(1,046)
Accrued interest payable	1,041	57	(238)
Other, net	708	168	(1,939)
Net cash provided by (used in) operating activities	**11,925**	**16,353**	**907**
Cash flows from investing activities			
Investment securities:			
Purchases	(132,913)	(124,710)	(159,202)
Proceeds from sales	122,442	154,352	175,422
Proceeds from maturities and repayments	13,821	7,701	31,504
Mortgage loans acquired held-for-investment:			
Purchases	(160,884)	(542,222)	(695,645)
Proceeds from sales	3,438	9,255	11,657
Proceeds from repayments	352,204	757,186	744,571
Secured lending arrangements:			
Advances	(170,456)	(264,790)	(144,828)
Proceeds from repayments	370	501	1,515
Net (increase) decrease in securities purchased under agreements to resell	(20,750)	26,467	(39,143)
Cash flows related to derivatives	4,769	1,070	(9,185)
Other, net	(643)	(560)	(21)
Net cash provided by (used in) investing activities	**11,398**	**24,250**	**(83,355)**
Cash flows from financing activities			
Debt of consolidated trusts:			
Proceeds from issuance	359,806	825,632	811,707
Repayments and redemptions	(388,033)	(782,545)	(713,382)
Debt of Freddie Mac:			
Proceeds from issuance	137,339	23,153	465,260
Repayments	(140,970)	(127,911)	(452,548)
Net increase (decrease) in securities sold under agreements to repurchase	4,658	7,333	(9,843)
Other, net	87	(4)	(46)
Net cash provided by (used in) financing activities	**(27,113)**	**(54,342)**	**101,148**
Net increase (decrease) in cash and cash equivalents (includes restricted cash and cash equivalents)	(3,790)	(13,739)	18,700
Cash and cash equivalents (includes restricted cash and cash equivalents) at the beginning of year	10,150	23,889	5,189
Cash and cash equivalents (includes restricted cash and cash equivalents) at end of period	**$6,360**	**$10,150**	**$23,889**
Supplemental cash flow information			
Cash paid for:			
Debt interest	$75,441	$69,093	$70,073
Income taxes	2,500	3,204	1,690
Non-cash investing and financing activities (Notes 4, 7, and 8)			

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

NOTE 1

Summary of Significant Accounting Policies

Freddie Mac is a GSE chartered by Congress in 1970, with a mission to provide liquidity, stability, and affordability to the U.S. housing market. We are regulated by FHFA, the SEC, HUD, and Treasury, and are currently operating under the conservatorship of FHFA. For more information on the roles of FHFA and Treasury, see **Note 2**. Throughout our consolidated financial statements and related notes, we use certain acronyms and terms which are defined in the **Glossary**.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with GAAP and include our accounts as well as the accounts of other entities in which we have a controlling financial interest. All intercompany balances and transactions have been eliminated.

We are operating under the basis that we will realize assets and satisfy liabilities in the normal course of business as a going concern and in accordance with the authority provided by FHFA to our Board of Directors to oversee management's conduct of our business operations.

We have reclassified certain amounts within non-interest expense in our consolidated statements of income to better present the significant drivers of our non-interest expense activity. Prior period amounts have been reclassified to conform to the current period presentation. These reclassifications did not change the total amounts of non-interest expense, net income, or comprehensive income in any period presented.

Use of Estimates

The preparation of our consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. Management has made significant estimates to report the allowance for credit losses on single-family mortgage loans. Actual results could be different from these estimates.

Consolidation and Equity Method Accounting

For each entity with which we are involved, we determine whether the entity should be consolidated in our financial statements. We consolidate entities in which we have a controlling financial interest. The method for determining whether a controlling financial interest exists varies depending on whether the entity is a VIE. For entities that are not VIEs, we hold a controlling financial interest in entities where we hold a majority of the voting rights or a majority of a limited partnership's kick-out rights through voting interests. We do not currently consolidate any entities which are not VIEs. We use the equity method to account for our interests in entities in which we do not have a controlling financial interest, but over which we have significant influence.

Cash and Cash Equivalents

Highly liquid investment securities that have an original maturity of three months or less are accounted for as cash equivalents. Original maturity means the original maturity to us when we acquire the investment, not the original maturity of the instrument itself. Cash collateral accepted from counterparties that we do not have the right to use for general corporate purposes is classified as restricted cash and cash equivalents on our consolidated balance sheets. Restricted cash and cash equivalents include cash remittances received from servicers of the underlying assets of our consolidated trusts which are deposited into a separate custodial account. We invest the cash held in the custodial account in short-term investments and are entitled to the interest income earned on these short-term investments, which is recorded as interest income on our consolidated statements of income.

Comprehensive Income

Comprehensive income includes all changes in equity during a period, except those resulting from investments by, or distributions to, stockholders. We define comprehensive income as consisting of net income plus other comprehensive income, which primarily consists of unrealized gains and losses on available-for-sale securities.

Other Significant Accounting Policies

The table below identifies our other significant accounting policies and the related note in which information about them can be found.

Note	Accounting Policy
Note 3	Securitizations and Variable Interest Entities
Note 4	Mortgage Loans
Note 5	Guarantees and Other Off-Balance Sheet Credit Exposures
Note 6	Allowance for Credit Losses
Note 7	Investment Securities
Note 8	Debt
Note 9	Derivatives
Note 10	Collateralized Agreements and Offsetting Arrangements
Note 11	Stockholders' Equity
Note 11	Earnings Per Share
Note 13	Income Taxes
Note 14	Segment Reporting
Note 16	Fair Value Disclosures

Recently Adopted Accounting Guidance

Standard	Description	Date of Adoption	Effect on Consolidated Financial Statements
ASU 2021-04, Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options	The amendments in this Update require issuers to account for modifications or exchanges of freestanding equity-classified written call options based on the reason for the modification or exchange, to issue equity, to issue or modify debt, or for other reasons.	January 1, 2022	The adoption of the amendments did not have a material effect on our consolidated financial statements.
ASU 2022-02, Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures	The amendments in this Update eliminate the recognition and measurement guidance related to TDRs in ASC Subtopic 310-40 for entities that have adopted ASC Topic 326.	January 1, 2022 for the amendments related to the elimination of the recognition and measurement of TDRs;	We elected to early adopt the amendments related to the elimination of the recognition and measurement of TDRs on January 1, 2022 on a prospective basis. This change did not have a material effect on our consolidated financial statements. See **Note 4** for additional information on the adoption of these amendments and the new required disclosures.
	The amendments in this Update also require disclosure of current period gross write-offs by year of origination for financing receivables within the scope of ASC Subtopic 326-20.	January 1, 2023 for the amendments related to disclosure of gross write-offs by year of origination.	We do not expect the adoption of the amendments related to disclosure of gross write-offs by year of origination to have a material effect on our consolidated financial statements.
ASU 2022-06, Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848	The amendments in this Update extend the sunset date of applying Topic 848 guidance to December 31, 2024.	December 21, 2022	The adoption of the amendments did not have a material effect on our consolidated financial statements.

Recently Issued Accounting Guidance, Not Yet Adopted Within Our Consolidated Financial Statements

Standard	Description	Date of Planned Adoption	Effect on Consolidated Financial Statements
ASU 2022-01, Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method	The amendments in this Update provide clarifications of the guidance in ASC Topic 815 on fair value hedge accounting of interest rate risk for portfolios of financial assets. The ASU amends the guidance in ASU 2017-12 that, among other things, establishes the "last-of-layer" method for making the fair value hedge accounting for these portfolios more accessible by allowing the entities to apply the portfolio layer method to portfolios of all financial assets, including both prepayable and nonprepayable financial assets.	January 1, 2023	We do not expect the adoption of these amendments to have a material effect on our consolidated financial statements.

NOTE 2

Conservatorship and Related Matters

Business Objectives

We operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of FHFA, as our Conservator. The conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations. Upon its appointment, FHFA, as Conservator, immediately succeeded to all rights, titles, powers, and privileges of Freddie Mac, and of any stockholder, officer, or director thereof, with respect to the company and its assets. The Conservator also succeeded to the title to all books, records, and assets of Freddie Mac held by any other legal custodian or third party. The Conservator provided for the Board of Directors to perform certain functions and to oversee management, and the Board of Directors delegated to management authority to conduct business operations so that the company can continue to operate in the ordinary course. The directors serve on behalf of, and perform such functions as provided by, the Conservator.

We are subject to certain constraints on our business activities under the Purchase Agreement. However, the support provided by Treasury pursuant to the Purchase Agreement currently enables us to maintain our access to the debt markets and to have adequate liquidity to conduct our normal business activities, although the costs of our debt funding could vary. Our ability to access funds from Treasury under the Purchase Agreement is critical to keeping us solvent.

Our current business objectives reflect direction we have received from the Conservator (including the Conservatorship Scorecards). At the direction of the Conservator, we have made changes to certain business practices that are designed to provide support for the mortgage market in a manner that serves our mission and other non-financial objectives but may not contribute to our profitability. Certain of these objectives are intended to help homeowners and the mortgage market and may help to mitigate future credit losses. Some of these initiatives affect our near- and long-term financial results. Given our mission and the important role the Administration and our Conservator have placed on Freddie Mac in addressing housing and mortgage market conditions, we may be required to take actions that could have a negative impact on our business, operating results, or financial condition.

Under the Purchase Agreement, we cannot return capital to stockholders other than Treasury, the holder of our senior preferred stock. Our future is uncertain, and the conservatorship has no specified termination date. We do not know what changes may occur to our business model during or following conservatorship, including whether we will continue to exist. Our Conservator has not made us aware of any plans to make any significant changes that would affect our ability to continue as a going concern. Our future structure and role will be determined by the Administration, Congress, and FHFA. It is possible, and perhaps likely, that there will be significant changes to our business beyond the near term.

Purchase Agreement and Warrant

Overview

On September 7, 2008, we, through FHFA, in its capacity as Conservator, entered into the Purchase Agreement with Treasury. The Purchase Agreement was subsequently amended and restated on September 26, 2008, and further amended on May 6, 2009, December 24, 2009, August 17, 2012, December 21, 2017, September 27, 2019, January 14, 2021, and September 14, 2021. The amount of available funding remaining under the Purchase Agreement was $140.2 billion as of December 31, 2022. This amount will be reduced by any future draws.

The Purchase Agreement requires Treasury, upon the request of the Conservator, to provide funds to us after any quarter in which we have a negative net worth (that is, our total liabilities exceed our total assets, as reflected on our consolidated balance sheets). In addition, the Purchase Agreement requires Treasury, upon the request of the Conservator, to provide funds to us if the Conservator determines, at any time, that it will be mandated by law to appoint a receiver for us unless we receive these funds from Treasury. In exchange for Treasury's funding commitment, we issued to Treasury, as an aggregate initial commitment fee, one million shares of Variable Liquidation Preference Senior Preferred Stock (with an initial liquidation preference of $1 billion), which we refer to as the senior preferred stock, and a warrant to purchase, for a nominal price, shares of our common stock equal to 79.9% of the total number of shares of our common stock outstanding on a fully diluted basis at the time the warrant is exercised, which we refer to as the warrant. We received no cash proceeds or other consideration from Treasury for issuing the senior preferred stock or the warrant. The amount of any draw will be added to the aggregate liquidation preference of the senior preferred stock. Deficits in our net worth have made it necessary for us to make substantial draws on Treasury's funding commitment under the Purchase Agreement. Pursuant to the December 2017 Letter Agreement, the liquidation preference of the senior preferred stock increased by $3.0 billion on December 31, 2017. Pursuant to the September 2019 Letter Agreement and January 2021 Letter Agreement, increases in the Net Worth Amount, if any, during the immediately prior fiscal quarter have been, or will be, added to the liquidation preference of the senior preferred stock at the end of each fiscal quarter, from September 30, 2019 through the Capital Reserve End Date. As a result, the liquidation preference of the senior preferred stock increased from $106.7 billion on September 30, 2022 to $107.9 billion on December 31, 2022 based on the increase in our Net Worth Amount during 3Q 2022 and will increase to $109.7 billion on March 31, 2023 based on the increase in our Net Worth Amount during 4Q 2022. Under the Purchase Agreement, our ability to repay the liquidation preference of the senior preferred stock is limited, and we will not be able to do so for the foreseeable future, if at all. In addition to increases based on quarterly increases in our Net Worth Amount, as discussed above, the liquidation preference will increase if we receive additional draws under the Purchase Agreement or if any dividends or quarterly commitment fees payable under the Purchase Agreement are not paid in cash.

Treasury, as the holder of the senior preferred stock, is entitled to receive quarterly cash dividends, when, as, and if declared by our Board of Directors. The dividends we have paid to Treasury on the senior preferred stock have been declared by, and paid at the direction of, the Conservator, acting as successor to the rights, titles, powers, and privileges of the Board of Directors. Through December 31, 2012, the senior preferred stock accrued quarterly cumulative dividends at a rate of 10% per year. Under the August 2012 amendment to the Purchase Agreement, the fixed dividend rate was replaced with a net worth sweep dividend beginning in the first quarter of 2013.

Accordingly, our cash dividend requirement for each quarter from January 1, 2013 until the Capital Reserve End Date is the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter, less the applicable Capital Reserve Amount, exceeds zero. The term Net Worth Amount is defined as the total assets of Freddie Mac (excluding Treasury's commitment and any unfunded amounts thereof), less our total liabilities (excluding any obligation in respect of capital stock), in each case as reflected on our consolidated balance sheets prepared in accordance with GAAP. If the calculation of the dividend payment for a quarter does not exceed zero, then no dividend will accrue or be payable for that quarter. The applicable Capital Reserve Amount is currently the amount of adjusted total capital necessary to meet capital requirements and buffers set forth in the ERCF. This Capital Reserve Amount will remain in effect until the last day of the second consecutive fiscal quarter during which we have reached and maintained such level of capital (the Capital Reserve End Date). As a result, we will not be required to pay a dividend on the senior preferred stock to Treasury until we have built sufficient net worth to meet the capital requirements and buffers set forth in the ERCF. If for any reason we were not to pay our dividend requirement on the senior preferred stock in full in any future period until the Capital Reserve End Date, the unpaid amount would be added to the liquidation preference and the applicable Capital Reserve Amount would thereafter be zero.

After the Capital Reserve End Date, we will be subject to a new periodic cash dividend requirement. Our quarterly senior preferred stock dividend requirement will be an amount equal to the lesser of (1) 10% per annum on the then-current liquidation preference of the senior preferred stock and (2) a quarterly amount equal to the increase in the Net Worth Amount, if any, during the immediately prior fiscal quarter. If for any reason we were not to pay our dividend requirement on the senior preferred stock in full in any future period after the Capital Reserve End Date, the unpaid amount would be added to the liquidation preference and immediately following such failure and for all dividend periods thereafter until the dividend period following the date on which we shall have paid in cash full cumulative dividends, the dividend amount will be 12% per annum on the then-current liquidation preference of the senior preferred stock. The amounts payable for dividends on the senior preferred stock could be substantial and will have an adverse impact on our financial position and net worth. The senior preferred stock is senior in liquidation preference to our common stock and all other series of preferred stock.

In addition to the issuance of the senior preferred stock and warrant, we are required under the Purchase Agreement to pay a quarterly commitment fee to Treasury. Under the Purchase Agreement, the fee was to be determined in an amount mutually agreed to by us and Treasury with reference to the market value of Treasury's funding commitment as then in effect. However, pursuant to the August 2012 amendment to the Purchase Agreement, as further amended by the January 2021 Letter Agreement, for each quarter commencing January 1, 2013, no periodic commitment fee under the Purchase Agreement will be set, accrue, or be payable. Pursuant to the January 2021 Letter Agreement, by the Capital Reserve End Date, we and Treasury, in consultation with the Chairman of the Federal Reserve, will mutually agree on a periodic commitment fee that we will pay for Treasury's remaining funding commitment with respect to the five-year period commencing on the first January 1 after the Capital Reserve End Date.

The Purchase Agreement includes significant restrictions on our ability to manage our business, including limits on the amount of indebtedness we can incur, the size of our mortgage-related investments portfolio, our secondary market activities, and our single-family and multifamily loan acquisitions.

The Purchase Agreement has an indefinite term and can terminate only in limited circumstances, which do not include the end of the conservatorship. The Purchase Agreement therefore could continue after the conservatorship ends. However, Treasury's consent is required for a termination of conservatorship other than in connection with receivership or under the limited circumstances specified in the Purchase Agreement involving maintenance of certain capital and resolution of currently pending material litigation related to our conservatorship and the Purchase Agreement. Treasury has the right to exercise the warrant, in whole or in part, at any time on or before September 7, 2028.

Purchase Agreement Covenants

The Purchase Agreement provides that, until the senior preferred stock is repaid or redeemed in full, we may not, without the prior written consent of Treasury:

- Declare or pay any dividend (preferred or otherwise) or make any other distribution with respect to any Freddie Mac equity securities (other than with respect to the senior preferred stock or warrant);
- Redeem, purchase, retire, or otherwise acquire any Freddie Mac equity securities (other than the senior preferred stock or warrant);
- Sell or issue any Freddie Mac equity securities (other than the senior preferred stock, warrant, and common stock issuable upon exercise of the warrant and certain issuance(s) of common stock after the occurrence of both Treasury's exercise in full of its warrant to acquire 79.9% of our common stock and resolution of currently pending material litigation relating to our conservatorship and the Purchase Agreement);
- Terminate the conservatorship (other than in connection with a receivership or under limited circumstances involving maintenance of certain capital levels and resolution of currently pending material litigation related to our conservatorship and the Purchase Agreement);
- Sell, transfer, lease, or otherwise dispose of any assets, other than dispositions for fair market value:
  - To a limited life regulated entity (in the context of a receivership);
  - Of assets and properties in the ordinary course of business, consistent with past practice;
  - Of assets and properties having fair market value individually or in aggregate less than $250 million in one transaction or a series of related transactions;
  - In connection with our liquidation by a receiver;
  - Of cash or cash equivalents for cash or cash equivalents; or
  - To the extent necessary to comply with the covenant described below relating to the reduction of our mortgage-related investments portfolio;
- Issue any subordinated debt;
- Enter into a corporate reorganization, recapitalization, merger, acquisition, or similar event; or
- Engage in transactions with affiliates unless the transaction is:
  - Pursuant to the Purchase Agreement, the senior preferred stock, or the warrant;
  - Upon arm's length terms; or
  - A transaction undertaken in the ordinary course or pursuant to a contractual obligation or customary employment arrangement in existence on the date of the Purchase Agreement.

In addition, the Purchase Agreement requires us to comply with the ERCF as published in December 2020, disregarding any subsequent amendment or other modification to that rule. Consistent with FHFA instruction, we are reporting our regulatory capital requirements under the ERCF as subsequently amended by FHFA. Therefore, we are not in compliance with this Purchase Agreement covenant. FHFA has acknowledged this noncompliance. For additional information on the ERCF, see **Note 18**.

The Purchase Agreement limits the size of our mortgage-related investments portfolio to a maximum amount of $225 billion effective December 31, 2022. The calculation of mortgage assets subject to the Purchase Agreement cap includes the UPB of mortgage assets and 10% of the notional value of interest-only securities.

Under the Purchase Agreement, we also may not, without the prior written consent of Treasury, incur indebtedness that would result in the par value of our aggregate indebtedness exceeding 120% of the amount of mortgage assets we are permitted to own on December 31 of the immediately preceding calendar year. Our debt cap under the Purchase Agreement was $300 billion in 2022 and decreased to $270 billion on January 1, 2023 as a result of the decrease in the mortgage assets limit under the Purchase Agreement to $225 billion on December 31, 2022. The mortgage asset and indebtedness limitations are determined without giving effect to the changes to the accounting guidance for transfers of financial assets and consolidation of VIEs, under which we consolidated certain VIEs in our consolidated financial statements as of January 1, 2010.

In addition, the Purchase Agreement provides that we may not enter into any new compensation arrangements or increase amounts or benefits payable under existing compensation arrangements of any named executive officer or other executive officer (as such terms are defined by SEC rules) without the consent of the Director of FHFA, in consultation with the Secretary of the Treasury.

The Purchase Agreement also provides that, on an annual basis, we are required to deliver a risk management plan to Treasury setting out our strategy for reducing our enterprise-wide risk profile and the actions we will take to reduce the financial and operational risk associated with each of our reportable business segments.

The Purchase Agreement also restricts our secondary market activities and single-family and multifamily loan acquisitions:

- Secondary Market Activities - We cannot vary the pricing or any other term of the acquisition of a single-family loan based on the size, charter type, or volume of business of the seller of the loan and are required to:
  - Offer to purchase loans for cash consideration and operate this cash window with non-discriminatory pricing;
  - Beginning on January 1, 2022, limit the volume purchased through the cash window to $1.5 billion per lender during any period comprising four calendar quarters; and
  - Comply with directives, regulations, restrictions, or other requirements prescribed by FHFA related to equitable secondary market access by community lenders.
- Multifamily New Business Activity - We are required to cap multifamily loan purchases at $80 billion in any 52-week period, subject to annual adjustment by FHFA based on changes in the Consumer Price Index. At least 50% of our multifamily loan purchases in any calendar year must be, at the time of acquisition, classified as mission-driven pursuant to FHFA guidelines.
- Single-Family Loan Acquisitions - We are required to limit our acquisition of certain single-family mortgage loans.
  - A maximum of 6% of purchase money mortgages and 3% of refinance mortgages over the preceding 52-week period can have two or more of the following characteristics at origination: combined LTV ratio greater than 90%; DTI ratio greater than 45%; and FICO or equivalent credit score less than 680.
  - We are required to limit acquisitions of single-family mortgage loans secured by either second homes or investment properties to 7% of the single-family mortgage loan acquisitions over the preceding 52-week period.
  - Subject to such exceptions as FHFA may prescribe to permit us to acquire single-family mortgage loans that are currently eligible for acquisition, we are required to implement a program reasonably designed to ensure that each single-family mortgage is:
    - A qualified mortgage;
    - Expressly exempt from the CFPB's ability-to-repay requirements;
    - If secured by an investment property, subject to the related Purchase Agreement restriction described below, which has been suspended;
    - A refinancing with streamlined underwriting for high LTV ratios;
    - A loan with temporary underwriting flexibilities due to exigent circumstances, as determined in consultation with FHFA; or
    - Secured by manufactured housing.

In September 2021, the Purchase Agreement requirements related to the $1.5 billion limit on our cash window volumes and requirements related to our multifamily loan purchase activity, acquisitions of single-family loans with certain LTV, DTI, and credit score characteristics at origination, and acquisitions of single-family loans secured by second homes or investment properties were suspended. Each such suspension shall terminate six months after Treasury notifies us that such suspension has been terminated.

Warrant Covenants

The warrant we issued to Treasury includes, among others, the following covenants:

- Our SEC filings under the Exchange Act will comply in all material respects as to form with the Exchange Act and the rules and regulations thereunder;
- Without the prior written consent of Treasury, we may not permit any of our significant subsidiaries to issue capital stock or equity securities, or securities convertible into or exchangeable for such securities, or any stock appreciation rights or other profit participation rights to any person other than Freddie Mac or its wholly-owned subsidiaries;
- We may not take any action that will result in an increase in the par value of our common stock;
- Unless waived or consented to in writing by Treasury, we may not take any action to avoid the observance or performance of the terms of the warrant and we must take all actions necessary or appropriate to protect Treasury's rights against impairment or dilution; and
- We must provide Treasury with prior notice of specified actions relating to our common stock, such as setting a record date for a dividend payment, granting subscription or purchase rights, authorizing a recapitalization, reclassification, merger or similar transaction, commencing a liquidation of the company, or any other action that would trigger an adjustment in the exercise price or number or amount of shares subject to the warrant.

Termination Provisions

The Purchase Agreement provides that the Treasury's funding commitment will terminate under any of the following circumstances:

- The completion of our liquidation and fulfillment of Treasury's obligations under its funding commitment at that time;

- The payment in full of, or reasonable provision for, all of our liabilities (whether or not contingent, including mortgage guarantee obligations); and
- The funding by Treasury of the maximum amount of the commitment under the Purchase Agreement.

In addition, Treasury may terminate its funding commitment and declare the Purchase Agreement null and void if a court vacates, modifies, amends, conditions, enjoins, stays, or otherwise affects the appointment of the Conservator or otherwise curtails the Conservator's powers. Treasury may not terminate its funding commitment under the Purchase Agreement solely by reason of our being in conservatorship, receivership or other insolvency proceeding, or due to our financial condition or any adverse change in our financial condition.

Waivers and Amendments

The Purchase Agreement provides that most provisions of the agreement may be waived or amended by mutual written agreement of the parties; however, no waiver or amendment of the agreement is permitted that would decrease Treasury's aggregate funding commitment or add conditions to Treasury's funding commitment if the waiver or amendment would adversely affect in any material respect the holders of our debt securities or mortgage guarantee obligations.

Third-Party Enforcement Rights

In the event of our default on payments with respect to our debt securities or mortgage guarantee obligations, if Treasury fails to perform its obligations under its funding commitment and if we and/or the Conservator are not diligently pursuing remedies in respect of that failure, the holders of these debt securities or mortgage guarantee obligations may file a claim in the United States Court of Federal Claims for relief requiring Treasury to fund to us the lesser of:

- The amount necessary to cure the payment defaults on our debt securities and mortgage guarantee obligations and
- The lesser of:
  - The deficiency amount and
  - The maximum amount of the commitment less the aggregate amount of funding previously provided under the commitment.

Any payment that Treasury makes under those circumstances will be treated for all purposes as a draw under the Purchase Agreement that will increase the liquidation preference of the senior preferred stock.

Impact of Conservatorship and Related Developments on the Mortgage-Related Investments Portfolio

Our mortgage-related investments portfolio for purposes of the FHFA and Purchase Agreement caps was $114.5 billion at December 31, 2022, including $21.8 billion representing 10% of the notional amount of the interest-only securities we held as of December 31, 2022. Our ability to acquire and sell mortgage assets continues to be significantly constrained by limitations imposed by the Purchase Agreement and FHFA.

With respect to the composition of our mortgage-related investments portfolio, FHFA has instructed us to (1) hold no more than $20 billion in Single-Family agency MBS with all dollar caps to be based on UPB and (2) hold no collateralized mortgage obligations (CMOs), which are also sometimes referred to as REMICs. We will have a holding period limit to sell any new CMO tranches created but not sold at issuance. CMOs do not include tranches initially retained from reperforming loans senior subordinate securitizations.

Government Support for Our Business

We receive substantial support from Treasury and are dependent upon its continued support in order to continue operating our business. Our ability to access funds from Treasury under the Purchase Agreement is critical to:

- Keeping us solvent;
- Allowing us to focus on our primary business objectives under conservatorship; and
- Avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions.

At December 31, 2022, our assets exceeded our liabilities under GAAP. As a result, FHFA will not submit a draw request from Treasury on our behalf. Based on our Net Worth Amount at December 31, 2022 and the applicable Capital Reserve Amount, we will not have a dividend requirement to Treasury in March 2023. Since conservatorship began through December 31, 2022, we have paid cash dividends of $119.7 billion to Treasury at the direction of the Conservator.

See **Note 8** and **Note 11** for more information on the conservatorship and the Purchase Agreement.

Related Parties as a Result of Conservatorship

As a result of our issuance to Treasury of the warrant to purchase shares of our common stock equal to 79.9% of the total number of shares of our common stock outstanding, on a fully diluted basis, we are deemed a related party to the U.S. government. During the years ended December 31, 2022, 2021, and 2020, no transactions outside of normal business activities have occurred between us and the U.S. government (or any of its related parties), except for the following:

- The transactions with Treasury discussed above in ***Purchase Agreement and Warrant*** and ***Government Support for Our Business***;
- The transactions entered into whereby we and Fannie Mae, in conjunction with Treasury, provided assistance to state and local HFAs. Treasury will reimburse Freddie Mac for initial guarantee losses on these transactions;
- The allocation or transfer of 4.2 bps of each dollar of new business purchases to certain housing funds as required under the GSE Act. During the years ended December 31, 2022, 2021, and 2020, we recognized $0.3 billion, $0.5 billion, and $0.5 billion, respectively, of expense related to the affordable housing funds; and
- The legislated guarantee fees on single-family loans that are remitted to Treasury as required by law. During the years ended December 31, 2022, 2021, and 2020, we recognized $2.8 billion, $2.3 billion, and $1.8 billion, respectively, of expense related to the legislated guarantee fees.

In addition, we are deemed a related party with Fannie Mae as both we and Fannie Mae have the same relationships with FHFA and Treasury. All transactions between us and Fannie Mae have occurred in the normal course of business in conservatorship other than our relationship with CSS discussed below.

In October 2013, FHFA announced the formation of CSS. CSS is a limited liability company equally-owned by Freddie Mac and Fannie Mae, and CSS is also deemed a related party. In connection with the formation of CSS, we entered into a limited liability company (LLC) agreement with Fannie Mae. Additionally, we and Fannie Mae each appointed two executives to the CSS Board of Managers and signed governance and operating agreements for CSS, including an updated customer services agreement with Fannie Mae and CSS in May 2019. In June 2019, we entered into an agreement with Fannie Mae regarding the commingling of certain of our mortgage securities and related indemnification obligations. During the year ended December 31, 2022, we contributed $65 million of capital to CSS, and we have contributed $798 million since the fourth quarter of 2014. The carrying value of our investment in CSS was ($2) million and $8 million as of December 31, 2022 and December 31, 2021, respectively.

In January 2020, FHFA directed Freddie Mac and Fannie Mae to amend the LLC agreement for CSS to change the structure of the Board of Managers (CSS Board). The revised LLC agreement also removed the requirement that any CSS Board decision must be approved by at least one of the CSS Board members appointed by Freddie Mac and one appointed by Fannie Mae. These amendments reduce Freddie Mac's and Fannie Mae's ability to control CSS Board decisions, even after conservatorship, including decisions about strategy, business operations, and funding.

Under the revised CSS LLC agreement, the CSS Board will continue to include two Freddie Mac and two Fannie Mae representatives, and it will also include two additional members: the Chief Executive Officer of CSS and an independent, non-Executive Chair. During conservatorship, the CSS Board Chair shall be designated by FHFA, and all CSS Board decisions will require the affirmative vote of the Board Chair. During conservatorship, FHFA also may appoint up to three additional independent members to the CSS Board, who along with the Board Chair and the Chief Executive Officer of CSS may continue to serve on the CSS Board after conservatorship. FHFA appointed a CSS Board member to serve as Chair in January 2020, and FHFA subsequently appointed three additional CSS Board members, one in June 2020 and two in January 2021. In October 2021, FHFA announced that it had named a new interim CSS Board Chair and that the independent members FHFA previously appointed had left the CSS Board. If FHFA were to appoint three additional independent members to the CSS Board, the CSS Board members we and Fannie Mae appoint could be outvoted by non-GSE designated Board members on any matter during conservatorship and on a number of significant matters, including approval of the annual budget and strategic plan for CSS, if either we or Fannie Mae exits from conservatorship. Certain material post-conservatorship decisions, however, would require approval of at least one Board member designated by us and one designated by Fannie Mae, including those decisions involving a material change in CSS's functionality, such as the addition of a new business line or reduction in CSS's support of the UMBS, capital contributions beyond those necessary to support CSS's ordinary business operations, appointment or removal of the Chief Executive Officer of CSS, and admission of new members.

NOTE 3

Securitizations and Variable Interest Entities

Our primary business activities in Single-Family and Multifamily involve the securitization of loans or other mortgage-related assets using trusts that are VIEs. These trusts issue beneficial interests in the loans or other mortgage-related assets that they own. We guarantee the principal and interest payments on some or all of the issued beneficial interests in substantially all of our securitization transactions. We also use trusts that are VIEs in certain CRT products.

Consolidated VIEs

We consolidate VIEs when we have a controlling financial interest in the VIE and are therefore considered the primary beneficiary of the VIE. We are the primary beneficiary of a VIE when we have both the power to direct the activities of the VIE that most significantly impact its economic performance and exposure to losses or benefits of the VIE that could potentially be significant to the VIE. We evaluate whether we are the primary beneficiary of VIEs in which we have interests at both inception and on an ongoing basis, and the primary beneficiary determination may change over time as our interest in the VIE changes. Generally, the assets of our consolidated VIEs can be used only to settle obligations of the VIE, and the creditors of our consolidated VIEs have recourse to the general credit of Freddie Mac only to the extent that we have provided a guarantee to the VIE.

When we consolidate a VIE, we recognize the assets and liabilities of the VIE on our consolidated balance sheets and account for those assets and liabilities based on the applicable GAAP for each specific type of asset or liability. Assets and liabilities that we transfer to a VIE at, after, or shortly before the date we become the primary beneficiary of the VIE are initially measured at the same amounts that they would have been measured if they had not been transferred, and no gain or loss is recognized on these transfers. For all other VIEs that we consolidate, we recognize the assets and liabilities of the VIE at fair value, and we recognize a gain or loss for the difference between:

- The sum of the fair value of the consideration paid, the fair value of any noncontrolling interests, and the reported amount of any previously held interests and
- The net fair value of the assets and liabilities recognized.

Single-Family

Securitization Products

Level 1 Securitization Products

Level 1 Securitization Products consist of UMBS, 55-day MBS, and PCs, which are all pass-through debt securities that represent undivided beneficial interests in a pool of loans held by a securitization trust. All Level 1 Securitization Products are backed only by mortgage loans we have acquired. We serve as both administrator and guarantor for these trusts. As administrator, we have the right to establish servicing terms and direct loss mitigation activities for the loans held by these trusts. As guarantor, we guarantee the payment of principal and interest on these securities in exchange for a guarantee fee, and we have the right to purchase delinquent loans from the trust to help improve the economic performance of the trust. We absorb all credit losses of these trusts through our guarantee of the principal and interest payments.

The economic performance of these trusts is most significantly affected by the performance of the underlying loans. Our rights as administrator and guarantor provide us with the power to direct the activities that most significantly affect the performance of the underlying loans. We also have the obligation to absorb losses of these trusts that could potentially be significant through our guarantee of principal and interest payments. Accordingly, we concluded that we are the primary beneficiary of and, therefore, consolidate these trusts.

Loans held by these trusts are recognized on our consolidated balance sheets as mortgage loans held-for-investment. The corresponding securities held by third parties are recognized on our consolidated balance sheets as debt. We extinguish the outstanding debt of the related consolidated trust and recognize gains or losses on debt extinguishment for the difference between the consideration paid and the debt carrying value when we purchase these securities as investments in our mortgage-related investments portfolio. Sales of these securities that were previously held as investments in our mortgage-related investments portfolio are accounted for as debt issuances.

At December 31, 2022 and December 31, 2021, we were the primary beneficiary of, and therefore consolidated, Level 1 securitization trusts with assets totaling $2.9 trillion and $2.7 trillion, respectively. Our exposure for guarantees to consolidated securitization trusts is generally equal to the UPB of the loans recorded on our consolidated balance sheets.

Other Securitization Products

We are the primary beneficiary of and, therefore, consolidate the trusts used to issue certain of our Single-Family other securitization products when we have the ability to direct the activities that most significantly affect the economic performance of the trusts and we have the obligation to absorb credit losses through our guarantee of some or all of the issued securities. As a result, we consolidated trusts used to issue these products with underlying assets totaling $5.0 billion and $6.1 billion at December 31, 2022 and December 31, 2021, respectively.

Multifamily

Securitization Products

Multifamily PCs

Multifamily PCs are fully guaranteed pass-through securities with a 55-day payment delay that are collateralized by a single underlying mortgage loan held by a securitization trust. We serve as both administrator and guarantor for these trusts. As administrator, we have the right to establish servicing terms and direct loss mitigation activities for the loans held by these trusts. As guarantor, we guarantee the payment of principal and interest on these securities in exchange for a guarantee fee, and we have the right to purchase a delinquent loan from the trust. We absorb all credit losses of these trusts through our guarantee of the principal and interest payments.

The economic performance of these trusts is most significantly affected by the performance of the underlying loans. Our rights as administrator and guarantor provide us with the power to direct the activities that most significantly affect the performance of the underlying loans. We also have the obligation to absorb losses of these trusts that could potentially be significant through our guarantee of principal and interest payments. Accordingly, we concluded that we are the primary beneficiary of and, therefore, consolidate these trusts.

We consolidated VIEs used in these securitizations with underlying assets totaling $29.3 billion and $18.8 billion at December 31, 2022 and December 31, 2021, respectively.

Other Securitization Products

We are the primary beneficiary of and, therefore, consolidate the trusts used to issue certain of our Multifamily other securitization products when we have the ability to direct the activities that most significantly affect the economic performance of the VIEs and we have the obligation to absorb credit losses through our guarantee of the issued securities.

We consolidated VIEs used in these securitizations with underlying assets totaling $1.1 billion and $0.5 billion at December 31, 2022 and December 31, 2021, respectively.

WI K-Deal Certificates

In a WI K-Deal Certificate transaction, we forward sell a K Certificate that will be issued in the future to a WI K-Deal trust at a fixed price, thereby reducing our exposure to future changes in interest rates and K Certificate spreads. The WI K-Deal trust simultaneously issues guaranteed securities (WI Certificates).

The economic performance of our WI K-Deal trusts is most significantly affected by the performance of the underlying assets. We manage the underlying assets of the trust prior to the delivery of the K Certificate and determine which K Certificate will be delivered into the trust. Therefore, we have the power to direct the activities that are most significant to the WI K-Deal trust. We also initially have economic exposure to the variability of the trust through our guarantee of the issued WI Certificates. As a result, we are the primary beneficiary of and, therefore, initially consolidate the trusts used to issue WI Certificates. Upon delivering the K Certificate into the trust, we no longer have a variable interest and therefore deconsolidate the WI K-Deal trust.

During 2022 and 2021, we issued $14.7 billion and $2.0 billion, respectively, of WI Certificates, and initially consolidated the trusts. As of December 31, 2022, we continued to consolidate WI K-Deal trusts with underlying assets totaling $0.8 billion.

Nonconsolidated VIEs

Single-Family

Securitization Products

We do not consolidate certain of our Single-Family other securitization products, including senior subordinate securitizations backed by seasoned loans, because we do not have the ability to direct the loss mitigation activities of the underlying loans, which is the most significant activity affecting the economic performance of the VIE. When we sell loans in this type of transaction, we derecognize the transferred loans and account for our guarantee to the nonconsolidated VIE. We account for our investments in the beneficial interests issued by the nonconsolidated VIE, if any, as investments in debt securities. We also do not consolidate the trusts used to issue certain other types of our Single-Family other securitization products when we do not have the ability to direct the activities that most significantly affect the economic performance of the VIE.

Resecuritization Products

We create resecuritization products primarily by using Level 1 Securitization Products, our previously issued resecuritization products, or similar TBA-eligible products issued and guaranteed by Fannie Mae as the underlying collateral. In a typical resecuritization transaction, previously issued Level 1 Securitization Products or resecuritization products are transferred to a resecuritization trust that issues beneficial interests in the underlying collateral. We establish parameters that define eligibility standards for assets that may be used as collateral for each of our resecuritization programs. Resecuritization products can then be created based on the parameters that we have established. Similar to our Level 1 Securitization Products, we guarantee the full payment of principal and interest to the investors in our resecuritization products.

The main types of resecuritization products we create are single-class resecuritization products (Supers, Giant MBS, and Giant PCs) and multiclass resecuritization products (REMICs and Strips).

- Single-class resecuritization products - These securities are direct pass-throughs of the cash flows of the underlying collateral, which may be previously issued Level 1 Securitization Products, single-class resecuritization products, or similar TBA-eligible products issued and guaranteed by Fannie Mae. We do not consolidate the trusts used in these transactions unless we have the unilateral ability to liquidate the trust (for example if we own all of the trust's issued beneficial interests), as these transactions do not result in any new or incremental risk to the holders of the securities issued by the resecuritization trust and because we are not exposed to any incremental rights to receive benefits or obligations to absorb losses that could be significant to the resecuritization trust.

  We account for purchases of single-class resecuritization products that we issue that are substantially the same as the underlying collateral as debt extinguishment of a pro-rata portion of the underlying Level 1 Securitization Product. We account for purchases of single-class resecuritization products that we issue that are not considered substantially the same as the underlying collateral as investments in debt securities. Single-class resecuritization products that we issue that are backed entirely by Freddie Mac collateral are considered substantially the same as the underlying collateral, while commingled single-class resecuritization products that we issue are not considered substantially the same as the underlying collateral.
- Multiclass resecuritization products - These securities are multiclass resecuritizations of the cash flows of the underlying collateral, which may be previously issued Level 1 Securitization Products, single-class resecuritization products, multiclass resecuritization products, or similar TBA-eligible products issued and guaranteed by Fannie Mae. The activity that most significantly impacts the economic performance of our multiclass resecuritization trusts is typically the initial design and structuring of the trust. Substantially all multiclass resecuritization trusts are created as part of transactions in which an investor or dealer participates in the decisions made during the design and establishment of the trust. As a result, we do not have the unilateral ability to direct the activities of our multiclass resecuritization trusts that most significantly impact the economic performance of those trusts. In addition, unless we retain a portion of the issued multiclass resecuritization products, we do not have the right to receive benefits or the obligation to absorb losses that could potentially be significant to the trusts because we have already provided a guarantee on the underlying assets. As a result, we have concluded that we are not the primary beneficiary of our multiclass resecuritization trusts and, therefore, do not consolidate those trusts unless we have the unilateral ability to liquidate the trust.

  When we purchase a multiclass resecuritization product as an investment in our mortgage-related investments portfolio, we record the security as an investment in debt securities rather than extinguishment of debt since we are investing in the debt securities of a nonconsolidated entity. Similarly, sales of multiclass resecuritization products previously held as investments in our mortgage-related investments portfolio are accounted for as sales of investments in debt securities. See **Note 7** for additional information on accounting for investments in debt securities.

With the exception of commingled securities, our investments in, and guarantees of, securities issued by resecuritization trusts do not create any incremental exposure to loss because we already guarantee the underlying collateral. As a result, we do not receive any incremental guarantee fees in exchange for our guarantee, and, accordingly, we do not recognize any additional guarantee assets, guarantee obligations, or reserves for guarantee losses related to resecuritization trusts. In a typical multiclass resecuritization, we receive a one-time transaction fee which represents compensation for both the structuring and creation of the securities and for our ongoing administrative responsibilities to service the securities. We recognize the portion of the transaction fee related to creation of the securities immediately in earnings. We defer the portion of the fee related to ongoing administrative responsibilities and amortize it over the life of the associated trust.

When we issue commingled resecuritization products, our guarantee of the Fannie Mae securities used as collateral creates incremental exposure to loss because our guarantee covers timely payment of principal and interest on such products from underlying Fannie Mae securities. If Fannie Mae were to fail to make a payment on a Fannie Mae security that we resecuritized, we would be responsible for making the payment. However, we view the likelihood of being required to perform on our guarantee of Fannie Mae securities as remote due to Fannie Mae's status as a GSE and the funding commitment available to it through its senior preferred stock purchase agreement with Treasury. We did not charge an incremental fee for commingled securities issued prior to July 1, 2022; however, effective July 1, 2022, we began to charge a fee for any commingled security issued after that date.

CRT Products

We transfer the credit risk exposure on mortgage loans that we own or guarantee using CRT products, including STACR Trust notes. In STACR Trust notes transactions, a trust issues credit-linked notes whose repayments are based on the credit performance of a reference pool of mortgage loans. The trust uses the proceeds from the issuance of the notes to purchase short-term eligible investments and makes periodic payments of principal and interest on the notes to investors. We make payments to the trust to support payment of the interest due on the notes, and we receive payments from the trust that otherwise would have been made to the noteholders to the extent there are credit events on the mortgages in the reference pool. The note balances are reduced by the amount of the payments to us. The trust was designed to create and pass along to its interest holders the variability related to the credit risk of the mortgages in the reference pool. We do not have a variable interest in the risk that the trust was designed to create and pass along to its interest holders or the power to direct the activities that most significantly affect the economic performance of the VIE. As a result, we do not consolidate the trusts used in the STACR Trust note transactions.

We account for our obligations to make certain payments to the STACR Trust note VIEs to support payment of the interest due on the notes as derivative instruments. We account for our rights to receive payments from the STACR Trust note VIEs to the extent there are credit events on the mortgages in the reference pool as freestanding credit enhancement contracts. Freestanding contracts are entered into separately and apart from any other financial instrument or in conjunction with some other transaction and are legally detachable and separately exercisable. We recognize the payments we make to transfer credit risk under freestanding credit enhancements, which primarily consist of STACR Trust notes and ACIS transactions in Single-Family, in credit enhancement expense in our consolidated statements of income when they are incurred. We recognize expected recoveries from such transactions in other assets with an offsetting reduction to non-interest expense, at the same time that we recognize an allowance for credit losses on the covered loans, measured on the same basis as the allowance for credit losses on the covered loans. Credit enhancements that are not freestanding contracts are considered when measuring our allowance for credit losses. See **Note 6** for additional information on credit enhancements that are not freestanding contracts.

Multifamily

Securitization Products

K Certificates

In a K Certificate transaction, we sell multifamily loans to a non-Freddie Mac trust that issues senior and subordinate securities, and simultaneously purchase and place the senior securities into a Freddie Mac trust that issues guaranteed K Certificates. In these transactions, we guarantee the senior securities issued by the non-Freddie Mac trust but do not issue or guarantee the subordinate securities. We receive a guarantee fee in exchange for our guarantee. In certain of our K Certificate securitizations, we may also serve as master servicer. However, in contrast to most single-family transactions, the rights to direct loss mitigation activities of the underlying loans and to purchase delinquent loans from the securitization trust are generally held by the investor in the most subordinate remaining securities issued by the non-Freddie Mac trust, and therefore we do not have any power to direct those activities unless we are the investor in the most subordinate remaining securities. We do not typically invest in the subordinate securities issued in our K Certificate transactions.

The economic performance of our K Certificate trusts is most significantly affected by the performance of the underlying loans. We do not consolidate our K Certificate securitization trusts that have subordination because we do not have the ability to direct the loss mitigation activities of the underlying loans, which is the most significant activity affecting the economic performance of the VIE.

When we sell loans in a K Certificate transaction, we derecognize the transferred loans and account for our guarantee to the nonconsolidated VIE. We account for our investments in the beneficial interests issued by the trusts used in our K Certificate transactions as investments in debt securities.

Other Securitization Products

We do not consolidate the trusts used to issue our other securitization products when we do not have the ability to direct the activities that most significantly affect the economic performance of the VIE. For those products, we account for our guarantee to the nonconsolidated VIE. We account for our investments in the beneficial interests issued by the trusts used in our other securitization products as investments in debt securities.

CRT Products

In Multifamily, we may transfer credit risk on mortgage loans that we own or guarantee by entering into SCR Trust note transactions, which are similar to STACR Trust note transactions in Single-Family. We do not consolidate the trusts used in SCR Trust note transactions and account for SCR Trust note transactions in the same manner as we account for STACR Trust note transactions.

Assets and Liabilities of Nonconsolidated VIEs

The following table presents the carrying amounts and classification of the assets and liabilities recorded on our consolidated balance sheets that relate to our variable interests in VIEs for which we are not the primary beneficiary and with which we were involved in the design and creation and have a significant continuing involvement, our maximum exposure to loss as a result of our involvement with such VIEs, and the total assets of the VIEs. Our involvement with such VIEs primarily consists of guarantees that we have issued to the VIE, some of which are accounted for as derivative instruments, and investments in debt securities issued by the VIE. See **Note 5** for additional information on our guarantees to nonconsolidated VIEs.

Total assets shown in the table below represents the remaining UPB of the mortgage loans or other noncash financial assets held by the VIE and excludes cash and nonfinancial assets held by the VIE. Maximum exposure to loss shown in the table below is primarily based on the remaining UPB of the guaranteed securities issued by the VIE and represents the contractual amounts that could be lost if the assets of the VIE (including the assets in the related reference pool for CRT products) became worthless at the balance sheet date, without consideration of proceeds from related collateral liquidation and possible recoveries under credit enhancements. We do not believe the maximum exposure to loss from our involvement with nonconsolidated VIEs is representative of the actual loss we are likely to incur based on our historical loss experience and after consideration of proceeds from related collateral liquidation and available credit enhancements.

Table 3.1 - Nonconsolidated VIEs(1)

	December 31, 2022				
	Carrying Amounts of the Assets and Liabilities On the Consolidated Balance Sheets				
(In millions)	Investment securities	Accrued Interest Receivable and Other Assets(2)	Liabilities(2)	Total Assets	Maximum Exposure to Loss
Single-Family:					
Securitization products	$965	$175	$436	$31,614	$25,772
Resecuritization products(3)	5,092	61	659	119,267	119,267
CRT products(4)	—	197	52	30,549	105
Total Single-Family	**6,057**	**433**	**1,147**	**181,430**	**145,144**
Multifamily:					
Securitization products(5)	7,808	4,931	4,920	360,869	319,117
CRT products(4)	—	2	2	972	—
Total Multifamily	**7,808**	**4,933**	**4,922**	**361,841**	**319,117**
Other	**—**	**8**	**5**	**185**	**435**
Total	**$13,865**	**$5,374**	**$6,074**	**$543,456**	**$464,696**

	December 31, 2021				
	Carrying Amounts of the Assets and Liabilities On the Consolidated Balance Sheets				
(In millions)	Investment securities	Accrued Interest Receivable and Other Assets(2)	Liabilities(2)	Total Assets	Maximum Exposure to Loss
Single-Family:					
Securitization products	$1,050	$177	$442	$33,438	$27,538
Resecuritization products(3)	9,960	86	79	110,765	110,765
CRT products(4)	—	186	24	23,605	44
Total Single-Family	**11,010**	**449**	**545**	**167,808**	**138,347**
Multifamily:					
Securitization products(5)	5,496	5,350	4,688	362,627	318,756
CRT products(4)	—	2	1	—	—
Total Multifamily	**5,496**	**5,352**	**4,689**	**362,627**	**318,756**
Other	**—**	**8**	**5**	**357**	**629**
Total	**$16,506**	**$5,809**	**$5,239**	**$530,792**	**$457,732**

(1) Prior period amounts have been reclassified to conform to the current period presentation.

(2) Other assets primarily include our guarantee assets. Liabilities primarily include our guarantee obligations.

(3) Total assets and maximum exposure to loss are based on the UPB of Fannie Mae securities underlying commingled Freddie Mac resecuritization trusts. We exclude noncommingled resecuritization trusts from these amounts as we have already guaranteed the underlying collateral and therefore noncommingled resecuritizations do not involve any incremental assets or create any incremental exposure to credit risk. Total assets exclude $0.1 billion and $0.4 billion as of December 31, 2022 and December 31, 2021, respectively, of Fannie Mae securities that we have guaranteed that are included in resecuritization trusts that we have consolidated as we own all of the outstanding securities issued by the VIE.

(4) Maximum exposure to loss is based on our expected recovery receivables. We also have exposure to loss from our obligations to make certain payments to the VIE to support payment of the interest due on the notes issued by the VIE, which we account for as derivative instruments. The notional value of these derivative instruments is equal to the total assets of the VIE.

(5) Includes total assets of $0.4 billion and $0.1 billion as of December 31, 2022 and December 31, 2021, respectively, related to VIEs in which our interest would no longer absorb significant variability as the guaranteed securities have completely paid off.

We also obtain interests in various other entities created by third parties through the normal course of business that may be VIEs, such as through purchases of multifamily loans, guarantees of multifamily housing revenue bonds, as a derivative counterparty, or through other activities. To the extent that we were not involved in the design or creation of these VIEs, they are excluded from the table above. Our interests in these VIEs are generally passive in nature and are not expected to result in us obtaining a controlling financial interest in these VIEs in the future. As a result, we do not consolidate these VIEs and we account for our interests in these VIEs in the same manner that we account for our interests in other third-party transactions.

NOTE 4

Mortgage Loans

The table below provides details of the loans on our consolidated balance sheets.

Table 4.1 - Mortgage Loans

	December 31, 2022			December 31, 2021		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Held-for-sale UPB	$3,564	$9,544	$13,108	$5,446	$14,871	$20,317
Cost basis and fair value adjustments, net	(696)	(215)	(911)	(813)	274	(539)
Total held-for-sale loans, net	**2,868**	**9,329**	**12,197**	**4,633**	**15,145**	**19,778**
Held-for-investment UPB	2,941,505	48,379	2,989,884	2,742,851	26,657	2,769,508
Cost basis and fair value adjustments, net	39,896	(71)	39,825	63,684	86	63,770
Allowance for credit losses	(7,314)	(77)	(7,391)	(4,913)	(34)	(4,947)
Total held-for-investment loans, net[1]	**2,974,087**	**48,231**	**3,022,318**	**2,801,622**	**26,709**	**2,828,331**
Total mortgage loans, net	**$2,976,955**	**$57,560**	**$3,034,515**	**$2,806,255**	**$41,854**	**$2,848,109**

(1) Includes $1.2 billion multifamily held-for-investment loans for which we have elected the fair value option as of December 31, 2022.

For the purposes of certain single-family mortgage loan disclosures below, we present loans by class of financing receivable type. Financing receivable classes used for disclosure consist of: "20- and 30-year or more, amortizing fixed-rate," "15-year or less, amortizing fixed-rate," and "adjustable-rate and other." The "other" class consists of Alt-A, interest-only, and option ARM loans.

We own both single-family loans, which are secured by one- to four-unit residential properties, and multifamily loans, which are secured by properties with five or more residential rental units. Our single-family loans are predominantly first lien, fixed-rate loans secured by the borrower's primary residence. We do not typically acquire loans that have experienced more-than-insignificant deterioration in credit quality since origination as of our acquisition date, although we may acquire such loans in connection with certain of our securitization activities or other mortgage-related guarantees.

Upon acquisition, we classify a loan as either held-for-investment or held-for-sale. Loans that we have the ability and intent to hold for the foreseeable future, including loans held by consolidated trusts and loans we intend to securitize using an entity we will consolidate, are classified as held-for-investment. Loans that we intend to sell are classified as held-for-sale.

Held-for-investment loans for which we have not elected the fair value option are reported on our consolidated balance sheets at their amortized cost basis, net of the allowance for credit losses. The amortized cost basis is based on a loan's outstanding UPB, net of deferred fees and other cost basis adjustments (including unamortized premiums and discounts, fees we receive or pay when we acquire loans, commitment-related derivative basis adjustments, hedge accounting-related basis adjustments, and other pricing adjustments), excluding accrued interest receivable. Accrued interest receivable for both held-for-investment and held-for-sale loans is separately presented on our consolidated balance sheets and excluded for the purposes of disclosure of the amortized cost basis of mortgage loans held-for-investment.

Held-for-sale loans for which we have not elected the fair value option are reported at lower-of-cost-or-fair-value determined on an individual loan basis on our consolidated balance sheets. Any excess of a held-for-sale loan's cost over its fair value is recognized as a valuation allowance in investment gains, net on our consolidated statements of income, with subsequent changes in this valuation allowance also being recorded in investment gains, net. Premiums, discounts, and other cost basis adjustments (including lower-of-cost-or-fair-value adjustments) are deferred and not amortized.

We elect the fair value option for certain multifamily loans. Loans for which we have elected the fair value option are measured at fair value on a recurring basis, with subsequent gains or losses related to changes in fair value reported in investment gains, net on our consolidated statements of income. All fees, upfront costs, and other cost basis adjustments are recognized in earnings as incurred.

Cash flows related to loans originally classified as held-for-investment are classified as either investing activities (e.g., principal repayments) or operating activities (e.g., interest payments received from borrowers included within net income) on our consolidated statements of cash flows. Cash flows related to loans originally classified as held-for-sale are classified as operating activities on our consolidated statements of cash flows.

The table below provides details of the UPB of loans we purchased and sold during the periods presented.

Table 4.2 - Loans Purchased and Sold

(In millions)	Year Ended December 31, 2022	2021	2020
Single-Family			
Purchases:			
Held-for-investment loans	$540,472	$1,215,276	$1,085,907
Sale of held-for-sale loans[1]	2,211	5,514	8,959
Multifamily			
Purchases:			
Held-for-investment loans	25,052	9,363	9,642
Held-for-sale loans	44,997	59,093	69,739
Sale of held-for-sale loans[2]	50,280	70,355	66,704

(1) Our sales of single-family loans reflect the sale of single-family seasoned loans.

(2) Our sales of multifamily loans occur primarily through the issuance of Multifamily K Certificates.

Reclassifications

We reclassify loans from held-for-investment to held-for-sale depending on our intent and ability to hold the loan for the foreseeable future. Upon reclassification from held-for-investment to held-for-sale, we perform a collectability assessment. When we determine that a loan to be reclassified has experienced more-than-insignificant deterioration in credit quality since origination, the excess of the loan's amortized cost basis over its fair value is written off against the allowance for credit losses prior to the reclassification. If the write-off amount exceeds the existing allowance for credit losses amount, an additional provision for credit losses is recognized. Any remaining allowance for credit losses after the write-off is reversed through provision for credit losses.

We reclassify loans from held-for-sale to held-for-investment when we have both the intent and ability to hold the loan for the foreseeable future. Upon reclassification from held-for-sale to held-for-investment, we reverse the loan's held-for-sale valuation allowance, if any, and establish an allowance for credit losses as needed.

The table below presents the allowance for credit losses or valuation allowance that was reversed or established due to loan reclassifications between held-for-investment and held-for-sale during the periods presented.

Table 4.3 - Loan Reclassifications[1]

	2022			2021		
(In millions)	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed
Single-Family reclassifications from:						
Held-for-investment to held-for-sale	$1,231	$30	$—	$1,642	$66	$—
Held-for-sale to held-for-investment[2]	249	15	16	266	18	—
Multifamily reclassifications from:						
Held-for-investment to held-for-sale	1,394	2	(4)	2,602	7	—
Held-for-sale to held-for-investment	39	—	—	76	—	—

(1) Amounts exclude reclassifications related to loans for which we have elected the fair value option.

(2) Allowance for credit losses established upon reclassifications from held-for-sale to held-for-investment to reflect the net amount we expect to collect on the loan. Loans with prior charge-offs may have a negative allowance for credit losses established upon reclassification.

Interest Income

We recognize interest income on an accrual basis except when we believe the collection of principal and interest in full is not reasonably assured, which generally occurs when a loan is three monthly payments or more past due, at which point we place the loan on non-accrual status unless the loan is well secured and in the process of collection based upon an individual loan assessment. A loan is considered past due if a full payment of principal and interest is not received within one month of its due date. We charge off outstanding accrued interest receivable through interest income when loans are placed on non-accrual status and recognize interest income on a cash basis while a loan is on non-accrual status.

Cost basis adjustments on held-for-investment loans are amortized into interest income over the contractual life of the loan using the effective interest method. No amortization is recognized during periods in which a loan is on non-accrual status.

A non-accrual loan is returned to accrual status when the collectability of principal and interest in full is reasonably assured. For single-family loans, we generally determine that collectability is reasonably assured when the loan returns to current payment status. For multifamily loans, the collectability of principal and interest is considered reasonably assured based on an analysis of the factors specific to the loan being assessed. Upon a loan's return to accrual status, all previously reversed interest income is recognized and amortization of any basis adjustments into interest income is resumed.

For loans in active forbearance plans related to the COVID-19 pandemic that were current prior to receiving forbearance, we continue to accrue interest income while the loan is in forbearance and is three or more monthly payments past due when we believe the available evidence indicates that collectability of principal and interest is reasonably assured based on management judgment, taking into consideration additional factors, the most important of which is current LTV ratio. When we accrue interest on loans that are three or more monthly payments past due, we measure an allowance for expected credit losses on unpaid accrued interest receivable balances such that the balance sheet reflects the net amount of interest we expect to collect. See **Note 6** for additional information on the allowance for credit losses on accrued interest receivable and **Note 12** for additional information on interest income on mortgage loans.

The table below presents the amortized cost basis of non-accrual loans as of the beginning and the end of the periods presented, including the interest income recognized for the period that is related to the loans on non-accrual status as of the period end.

Table 4.4 - Amortized Cost Basis of Held-for-Investment Loans on Non-accrual

	Non-accrual Amortized Cost Basis		Interest Income Recognized(1)
(In millions)	December 31, 2021	December 31, 2022	Year Ended December 31, 2022
Single-Family:			
20- and 30-year or more, amortizing fixed-rate	$17,013	$9,307	$172
15-year or less, amortizing fixed-rate	844	427	5
Adjustable-rate and other	793	361	6
Total Single-Family	**18,650**	**10,095**	**183**
Total Multifamily	**—**	**42**	**2**
Total Single-Family and Multifamily	**$18,650**	**$10,137**	**$185**

	Non-accrual Amortized Cost Basis		Interest Income Recognized(1)
(In millions)	December 31, 2020	December 31, 2021	Year Ended December 31, 2021
Single-Family:			
20- and 30-year or more, amortizing fixed-rate	$12,151	$17,013	$197
15-year or less, amortizing fixed-rate	696	844	7
Adjustable-rate and other	830	793	8
Total Single-Family	**13,677**	**18,650**	**212**
Total Multifamily	**—**	**—**	**—**
Total Single-Family and Multifamily	**$13,677**	**$18,650**	**$212**

(1) Represents the amount of payments received during the period, including those received while the loans were on accrual status, for the held-for-investment loans on non-accrual status as of period end.

The table below provides the amount of accrued interest receivable, net presented on our consolidated balance sheets and the amount of accrued interest receivable related to loans on non-accrual status at the end of the periods that was charged off.

Table 4.5 - Accrued Interest Receivable, Net and Related Charge-offs

	Accrued Interest Receivable, Net		Accrued Interest Receivable Related Charge-offs	
(In millions)	December 31, 2022	December 31, 2021	Year Ended December 31, 2022	Year Ended December 31, 2021
Single-Family loans	$7,967	$7,065	($236)	($742)
Multifamily loans	220	125	—	—

Credit Quality

Single-Family

The current LTV ratio is one key factor we consider when estimating our allowance for credit losses for single-family loans. As current LTV ratios increase, the borrower's equity in the home decreases, which may negatively affect the borrower's ability to refinance (outside of our relief refinance programs) or to sell the property for an amount at or above the balance of the outstanding loan.

The tables below present the amortized cost basis of single-family held-for-investment loans by current LTV ratio. Our current LTV ratios are estimates based on available data through the end of each period presented. For reporting purposes:

- Alt-A loans continue to be presented in the "adjustable-rate and other" category following modification, even though the borrower may have provided full documentation of assets and income to complete the modification and
- Option ARM loans continue to be presented in the "adjustable-rate and other" category following modification, even though the modified loan no longer provides for optional payment provisions.

Table 4.6 - Amortized Cost Basis of Single-Family Held-for-Investment Loans by Current LTV Ratio and Vintage

	December 31, 2022						
	Year of Origination						Total
(In millions)	2022	2021	2020	2019	2018	Prior	
Current LTV Ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	$66,153	$394,498	$489,315	$87,188	$38,955	$407,819	$1,483,928
> 60 to 80	158,421	424,141	190,167	28,991	7,870	10,426	820,016
> 80 to 90	79,901	90,006	4,405	569	164	419	175,464
> 90 to 100	86,109	8,911	397	56	24	143	95,640
> 100	2,568	49	6	6	5	156	2,790
Total 20- and 30-year or more, amortizing fixed-rate	**393,152**	**917,605**	**684,290**	**116,810**	**47,018**	**418,963**	**2,577,838**
15-year or less, amortizing fixed-rate							
≤ 60	16,752	119,379	109,685	14,606	5,578	68,240	334,240
> 60 to 80	13,042	22,007	2,503	132	16	16	37,716
> 80 to 90	1,601	368	7	—	—	1	1,977
> 90 to 100	570	5	—	—	—	1	576
> 100	3	—	—	—	—	1	4
Total 15-year or less, amortizing fixed-rate	**31,968**	**141,759**	**112,195**	**14,738**	**5,594**	**68,259**	**374,513**
Adjustable-rate and other							
≤ 60	1,255	2,779	1,524	634	428	15,139	21,759
> 60 to 80	2,322	1,956	214	76	28	445	5,041
> 80 to 90	1,127	186	5	1	1	34	1,354
> 90 to 100	836	11	—	—	—	14	861
> 100	26	—	—	—	—	9	35
Total Adjustable-rate and other	**5,566**	**4,932**	**1,743**	**711**	**457**	**15,641**	**29,050**
Total Single-Family loans	**$430,686**	**$1,064,296**	**$798,228**	**$132,259**	**$53,069**	**$502,863**	**$2,981,401**
Total for all loan product types by current LTV ratio:							
≤ 60	$84,160	$516,656	$600,524	$102,428	$44,961	$491,198	$1,839,927
> 60 to 80	173,785	448,104	192,884	29,199	7,914	10,887	862,773
> 80 to 90	82,629	90,560	4,417	570	165	454	178,795
> 90 to 100	87,515	8,927	397	56	24	158	97,077
> 100	2,597	49	6	6	5	166	2,829
Total Single-Family loans	**$430,686**	**$1,064,296**	**$798,228**	**$132,259**	**$53,069**	**$502,863**	**$2,981,401**

(In millions)	December 31, 2021 Year of Origination 2021	2020	2019	2018	2017	Prior	Total
Current LTV Ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	$260,244	$397,680	$77,812	$39,143	$61,434	$405,467	$1,241,780
> 60 to 80	467,193	334,560	60,570	18,914	12,715	17,354	911,306
> 80 to 90	124,074	28,944	2,034	482	208	818	156,560
> 90 to 100	66,851	1,083	126	45	29	309	68,443
> 100	75	2	4	8	18	328	435
Total 20- and 30-year or more, amortizing fixed-rate	**918,437**	**762,269**	**140,546**	**58,592**	**74,404**	**424,276**	**2,378,524**
15-year or less, amortizing fixed-rate							
≤ 60	93,732	111,899	17,335	7,161	13,602	78,001	321,730
> 60 to 80	52,521	18,834	1,136	137	54	36	72,718
> 80 to 90	3,785	168	6	2	2	3	3,966
> 90 to 100	598	2	1	1	1	2	605
> 100	4	—	—	1	1	3	9
Total 15-year or less, amortizing fixed-rate	**150,640**	**130,903**	**18,478**	**7,302**	**13,660**	**78,045**	**399,028**
Adjustable-rate and other							
≤ 60	2,054	1,554	727	543	1,657	17,517	24,052
> 60 to 80	2,435	535	209	90	190	795	4,254
> 80 to 90	417	16	6	3	4	66	512
> 90 to 100	116	—	—	—	—	30	146
> 100	1	—	—	—	—	18	19
Total Adjustable-rate and other	**5,023**	**2,105**	**942**	**636**	**1,851**	**18,426**	**28,983**
Total Single-Family loans	**$1,074,100**	**$895,277**	**$159,966**	**$66,530**	**$89,915**	**$520,747**	**$2,806,535**
Total for all loan product types by current LTV ratio:							
≤ 60	$356,030	$511,133	$95,874	$46,847	$76,693	$500,985	$1,587,562
> 60 to 80	522,149	353,929	61,915	19,141	12,959	18,185	988,278
> 80 to 90	128,276	29,128	2,046	487	214	887	161,038
> 90 to 100	67,565	1,085	127	46	30	341	69,194
> 100	80	2	4	9	19	349	463
Total Single-Family loans	**$1,074,100**	**$895,277**	**$159,966**	**$66,530**	**$89,915**	**$520,747**	**$2,806,535**

Multifamily

The table below presents the amortized cost basis of our multifamily held-for-investment loans, for which we have not elected the fair value option, by credit quality indicator, based on available data through the end of each period presented. These indicators involve significant management judgment and are defined as follows:

- "Pass" is current and adequately protected by the borrower's current financial strength and debt service capacity;
- "Special mention" has administrative issues that may affect future repayment prospects but does not have current credit weaknesses. In addition, this category generally includes loans in forbearance;
- "Substandard" has a weakness that jeopardizes the timely full repayment; and
- "Doubtful" has a weakness that makes collection or liquidation in full highly questionable and improbable based on existing conditions.

Table 4.7 - Amortized Cost Basis of Multifamily Held-for-Investment Loans by Credit Quality Indicator and Vintage

	December 31, 2022							
	Year of Origination							
(In millions)	2022	2021	2020	2019	2018	Prior	Revolving Loans	Total
Category:								
Pass	$21,854	$7,638	$6,546	$4,784	$1,077	$2,646	$1,924	$46,469
Special mention	—	39	65	232	7	113	—	456
Substandard	—	1	3	27	7	131	—	169
Doubtful	—	—	—	—	—	—	—	—
Total	**$21,854**	**$7,678**	**$6,614**	**$5,043**	**$1,091**	**$2,890**	**$1,924**	**$47,094**

	December 31, 2021							
	Year of Origination							
(In millions)	2021	2020	2019	2018	2017	Prior	Revolving Loans	Total
Category:								
Pass	$6,955	$7,116	$5,273	$979	$610	$2,795	$2,275	$26,003
Special mention	—	40	372	—	3	42	—	457
Substandard	—	62	171	4	2	44	—	283
Doubtful	—	—	—	—	—	—	—	—
Total	**$6,955**	**$7,218**	**$5,816**	**$983**	**$615**	**$2,881**	**$2,275**	**$26,743**

Past Due Status

The table below presents the amortized cost basis of our single-family and multifamily held-for-investment loans, for which we have not elected the fair value option, by payment status. We report single-family loans in forbearance as past due during the forbearance period to the extent that payments are past due based on the loan's original contractual terms, irrespective of the forbearance plan, based on the information reported to us by our servicers. We report multifamily loans in forbearance as current as long as the borrower is in compliance with the forbearance agreement, including the agreed upon repayment plan, even if payments are past due based on the loan's original contractual terms.

Table 4.8 - Amortized Cost Basis of Held-for-Investment Loans by Payment Status

	December 31, 2022						
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure[1]	Total	Three Months or More Past Due and Accruing Interest	Non-accrual With No Allowance[2]
Single-Family:							
20- and 30-year or more, amortizing fixed-rate	$2,541,057	$19,820	$4,603	$12,358	$2,577,838	$3,432	$522
15-year or less, amortizing fixed-rate	372,065	1,590	250	608	374,513	191	9
Adjustable-rate and other	28,262	325	88	375	29,050	30	67
Total Single-Family	**2,941,384**	**21,735**	**4,941**	**13,341**	**2,981,401**	**3,653**	**598**
Total Multifamily	**47,039**	**13**	**—**	**42**	**47,094**	**—**	**42**
Total Single-Family and Multifamily	**$2,988,423**	**$21,748**	**$4,941**	**$13,383**	**$3,028,495**	**$3,653**	**$640**

Referenced footnotes are included after the prior period table.

	December 31, 2021						
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure[1]	Total	Three Months or More Past Due and Accruing Interest	Non-accrual With No Allowance[2]
Single-Family:							
20- and 30-year or more, amortizing fixed-rate	$2,338,076	$14,833	$3,214	$22,401	$2,378,524	$5,784	$857
15-year or less, amortizing fixed-rate	396,030	1,550	230	1,218	399,028	392	13
Adjustable-rate and other	27,752	280	89	862	28,983	95	102
Total Single-Family	**2,761,858**	**16,663**	**3,533**	**24,481**	**2,806,535**	**6,271**	**972**
Total Multifamily	**26,743**	**—**	**—**	**—**	**26,743**	**—**	**—**
Total Single-Family and Multifamily	**$2,788,601**	**$16,663**	**$3,533**	**$24,481**	**$2,833,278**	**$6,271**	**$972**

(1) Includes $1.6 billion and $0.7 billion of loans that were in the process of foreclosure as of December 31, 2022 and December 31, 2021, respectively.

(2) Loans with no allowance for loan losses primarily represent those loans that were previously charged off and, therefore, the collateral value is sufficiently in excess of the amortized cost to result in recovery of the entire amortized cost basis if the property were foreclosed upon or otherwise subject to disposition. We exclude the amounts of allowance for credit losses on accrued interest receivable and advances of pre-foreclosure costs when determining whether a loan has an allowance for credit losses.

At the instruction of FHFA, we purchase single-family loans from trusts when they reach 24 months of delinquency, except for loans that meet certain criteria (e.g., permanently modified or foreclosure referral), which may be purchased sooner. Many delinquent single-family loans are purchased from trusts before they reach 24 months of delinquency under one of the exceptions provided. We must obtain FHFA's approval to implement changes to our policy to purchase loans from trusts. We implemented the 24-month policy on January 1, 2021. Prior to that time, in accordance with FHFA instruction, we generally purchased single-family loans from trusts if they were delinquent for 120 days, subject to certain exceptions.

When we purchase single-family or multifamily loans from the trust, we record an extinguishment of the corresponding portion of debt of consolidated trusts and we reclassify the loans from mortgage loans held-for-investment by consolidated trusts to mortgage loans held-for-investment by Freddie Mac. We purchased $11.4 billion and $4.2 billion in UPB of such loans from consolidated trusts during the years ended December 31, 2022 and December 31, 2021, respectively.

Loan Restructurings

In 1Q 2022, we adopted accounting guidance in ASU 2022-02 that eliminates the recognition and measurement of TDRs. Upon adoption of this guidance, we no longer measure an allowance for credit losses for TDRs we reasonably expect will occur, and we evaluate all loan restructurings according to the accounting guidance for loan refinancing and restructuring to determine whether the restructuring should be accounted for as a new loan or a continuation of the existing loan. We derecognize the existing loan and account for the restructured loan as a new loan if the effective yield on the restructured loan is at least equal to the effective yield for comparable loans with similar collection risks and the modifications to the original loan are more than minor. If a loan restructuring does not meet these conditions, we carryforward the existing loan's amortized cost basis and account for the restructured loan as a continuation of the existing loan. Substantially all of our loan restructurings involving borrowers experiencing financial difficulty are accounted for as a continuation of the existing loan.

The discounted cash flow model we use in measuring our Single-Family allowance for credit losses forecasts cash flows we expect to collect using our historical experience, including the effects of our loss mitigation activities involving borrowers experiencing financial difficulty. When we account for a loan restructuring as a continuation of the existing loan, we update the loan's effective interest rate based on the restructured terms and recognize interest income prospectively using the new effective rate. We also update the prepayment-adjusted effective interest rate used to discount cash flows in measuring our allowance for credit losses to reflect the loan's restructured terms. As a result, subsequent to our adoption of the accounting guidance that eliminates the recognition and measurement of TDRs, we no longer recognize an allowance for credit losses for the economic concession granted to a borrower for changes in the timing and amount of contractual cash flows when a loan is restructured. However, because we adopted such guidance prospectively, we continue to use the loan's prepayment-adjusted effective interest rate just prior to the restructuring, with no adjustments made to the effective interest rate for changes in the timing of expected cash flows subsequent to the restructuring, for loans that were restructured and accounted for as TDRs prior to our adoption of the guidance and that have not been subsequently modified after our adoption of the guidance. As a result, we continue to measure an allowance for credit losses for the economic concession granted to a borrower for changes in the timing and amount of contractual cash flows for such loans.

Single-Family Loan Restructurings

We offer several types of restructurings to single-family borrowers that may result in a payment delay, interest rate reduction, term extension, or combination thereof. We do not offer principal forgiveness.

We offer the following types of restructurings to single-family borrowers that result in only a payment delay:

- **Forbearance plans** - Arrangements that require reduced or no payments during a defined period that provides borrowers additional time to return to compliance with the original mortgage terms or to implement another type of loan workout option. Borrowers may exit forbearance by repaying all past due amounts thus fully reinstating the loan, paying off the loan in full, or entering into a repayment plan, a payment deferral plan, or a trial period plan pursuant to a loan modification. We offer forbearance of up to 12 months to single-family borrowers experiencing financial difficulty (and up to 18 months for certain borrowers affected by the COVID-19 pandemic). Borrowers may receive an initial forbearance term of one to six months and, if necessary, one or more forbearance term extensions of one to six months, as long as the delinquency of the mortgage does not exceed 12 months (and up to 18 months for certain borrowers affected by the COVID-19 pandemic).
- **Repayment plans** - Contractual plans that allow borrowers a specific period of time to return to current status by paying the normal monthly payment plus additional agreed upon delinquent amounts. Repayment plans must have a term greater than one month and less than or equal to 12 months and the monthly repayment plan payment amount must not exceed 150% of the contractual mortgage payment amount.
- **Payment deferral plans** - Arrangements that allow borrowers to return to current status by deferring delinquent principal and interest into a non-interest-bearing principal balance that is due at the earlier of the payoff date, maturity date, or sale of the property. The remaining mortgage term, interest rate, payment schedule, and maturity date remain unchanged, and no trial period plan is required. The number of months of payments deferred varies based upon the type of hardship the borrower is experiencing.

In addition, we also offer single-family borrowers loan modifications, which are contractual plans that may involve changing the terms of the loan such as payment delays, interest rate reductions, term extensions, or a combination of these items. Payment delays in our loan modification programs most commonly consist of adding outstanding indebtedness, such as delinquent interest, to the UPB of the loan, and may also include principal forbearance, in which a portion of the principal balance becomes non-interest-bearing and is due at the earlier of the payoff date, maturity date, or sale of the property. Our modification programs generally require completion of a trial period of at least three months prior to receiving the modification. During the loan modification trial period, borrowers make payments that are an estimate of the anticipated modified payment amount, which is generally lower than the amount required by the loan's original contractual terms. As a result, loans in these modifications are granted a delay in the payment due under the original contractual terms during the trial period. We continue to report single-family loans in loan modification trial period plans as delinquent to the extent that payments are past due based on the loan's original contractual terms. The amortized cost basis of loans in trial period modification plans was $1.3 billion as of December 31, 2022. Most of these loans are 20- and 30-year or more, amortizing fixed-rate loans.

Most of our modifications involve a combination of: (1) a payment delay in the form of adding outstanding indebtedness to the UPB of the loan and (2) an interest rate reduction, a term extension, or both.

For purposes of the disclosure related to single-family loan restructurings involving borrowers experiencing financial difficulty, we exclude loans that were held-for-sale either at the time of restructuring or at the period end. The table below presents the amortized cost basis of single-family held-for-investment loan restructurings involving borrowers experiencing financial difficulty that we entered into during 2022.

Table 4.9 - Single-Family Loan Restructurings Involving Borrowers Experiencing Financial Difficulty(1)

	2022				
(Dollars in millions)	Payment Delay(2)	Payment Delay and Term Extension	Payment Delay, Term Extension, and Interest Rate Reduction	Total	Total as % of Class of Financing Receivable(3)
Single-Family:					
20- and 30-year or more, amortizing fixed-rate	$21,968	$2,810	$6,699	$31,477	1.2 %
15-year or less, amortizing fixed-rate	1,318	16	1	1,335	0.4
Adjustable-rate and other	386	38	104	528	1.8
Total Single-Family loan restructurings	**$23,672**	**$2,864**	**$6,804**	**$33,340**	**1.1**

(1) Type of loan restructurings reflects the cumulative effects of the loan restructurings received during the period. Includes loan modifications in the period in which the borrower completes the trial period and the loan is permanently modified.

(2) Includes $12.5 billion related to payment deferral plans for 2022. Also includes forbearance plans, repayment plans, and loan modifications that only involve payment delays.

(3) Based on the amortized cost basis as of period end, divided by the total period-end amortized cost basis of the corresponding financing receivable class of single-family held-for-investment loans.

The table below shows the financial effect of single-family held-for-investment loan restructurings involving borrowers experiencing financial difficulty that we entered into during 2022.

Table 4.10 – Financial Effects of Single-Family Loan Restructurings Involving Borrowers Experiencing Financial Difficulty(1)

	2022		
(Dollars in thousands)	Weighted-Average Interest Rate Reduction	Weighted-Average Months of Term Extension	Weighted-Average Payment Deferral or Principal Forbearance(2)
Single-Family:			
20- and 30-year or more, amortizing fixed-rate	1.4 %	187	$21
15-year or less, amortizing fixed-rate	0.6	356	23
Adjustable-rate and other	2.3	223	26

(1) Averages are based on payment deferral plans and loan modifications completed during 2022. The financial effects of forbearance plans and repayment plans consist of a payment delay of between one and twelve months. In addition, the financial effect of a forbearance plan is included at the time the forbearance plan is completed if the borrower exits forbearance by entering into a payment deferral plan or loan modification.

(2) Primarily related to payment deferral plans. Amounts are based on non-interest-bearing principal balances on the restructured loans.

The following table provides the amortized cost basis of single-family held-for-investment loans restructured during 2022 involving borrowers experiencing financial difficulty that subsequently defaulted (i.e., loans that became two months delinquent) during 2022.

Table 4.11 - Subsequent Defaults of Single-Family Restructured Loans Involving Borrowers Experiencing Financial Difficulty(1)

	2022			
(In millions)	Payment Delay	Payment Delay and Term Extension	Payment Delay, Term Extension, and Interest Rate Reduction	Total
Single-Family:				
20- and 30-year or more, amortizing fixed-rate	$1,746	$215	$408	$2,369
15-year or less, amortizing fixed-rate	95	—	—	95
Adjustable-rate and other	39	5	6	50
Total Single-Family	**$1,880**	**$220**	**$414**	**$2,514**

(1) Excludes forbearance plans and repayment plans as borrowers are typically past due based on the loan's original contractual terms at the time the borrowers enter into these plans.

The table below presents the amortized cost basis of single-family held-for-investment loans restructured during 2022 by payment status. While a single-family loan is in a forbearance plan or repayment plan, payments continue to be due based on the loan's original contractual terms because the loan has not been permanently modified. As a result, we report single-family loans in forbearance plans and repayment plans as delinquent to the extent that payments are past due based on the loan's original contractual terms. Loans that have been restructured by entering into a payment deferral plan or loan modification are reported as delinquent to the extent that payments are past due based on the loan's restructured terms.

Table 4.12 - Payment Status of Single-Family Restructured Loans Involving Borrowers Experiencing Financial Difficulty

	December 31, 2022				
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due	Total
Single-Family:					
20- and 30-year or more, amortizing fixed-rate	$19,766	$2,819	$1,973	$6,919	$31,477
15-year or less, amortizing fixed-rate	781	124	91	339	1,335
Adjustable-rate and other	328	35	26	139	528
Total Single-Family	**$20,875**	**$2,978**	**$2,090**	**$7,397**	**$33,340**

Multifamily Loan Restructurings

We offer several types of restructurings to multifamily borrowers that may result in a payment delay, interest rate reduction, term extension, principal forgiveness, or combination thereof. In certain cases, we offer multifamily borrowers forbearance plans that allow borrowers to defer monthly payments during a defined period. After the forbearance period ends, the borrowers are required to repay forborne loan amounts in monthly installments. In addition, in certain cases, for maturing loans we may provide term extensions with no changes to the effective borrowing rate. In other cases, we may make more significant modifications of terms for borrowers experiencing financial difficulty, such as interest rate reductions, term extensions, principal forbearance and/or forgiveness, or some combination of these items. There were no restructuring activities related to multifamily held-for-investment loans involving borrowers experiencing financial difficulty during 2022.

Prior Period Troubled Debt Restructuring Information

Prior to the adoption of ASU 2022-02, a modification to the contractual terms of a loan that resulted in granting a concession to a borrower experiencing financial difficulties was considered a TDR. A concession was deemed granted when, as a result of the restructuring, we did not expect to collect all amounts due, including interest accrued, at the original contractual interest rate. As appropriate, we also considered other qualitative factors in determining whether a concession was deemed granted, including whether the borrower's modified interest rate was consistent with that of a non-troubled borrower. We did not consider restructurings that resulted in an insignificant delay in payment to be a concession. We generally considered a delay in monthly amortizing payments of three months or less to be insignificant.

We elected to suspend TDR accounting for eligible modifications under Section 4013 of the CARES Act during the period beginning on March 1, 2020 and ending on January 1, 2022.

Prior to the adoption of ASU 2022-02, we measured an allowance for credit losses for TDRs we reasonably expected to occur and recognized an allowance for credit losses for the economic concession granted to a borrower for changes in the timing and amount of contractual cash flows when a loan was restructured. We reported single-family loans with modifications that were classified as TDRs based on the original product categories of the loans before modifications. The tables below include loans that were reclassified from held-for-investment to held-for-sale after TDR modifications.

The table below provides details of our single-family loan modifications that were classified as TDRs during the periods presented.

Table 4.13 - Single-Family TDR Modification Metrics

	2021	2020
Percentage of single-family loan modifications that were classified as TDRs with:		
Interest rate reductions and related term extensions	13%	15%
Principal forbearance and related interest rate reductions and term extensions	33	22
Average coupon interest rate reduction	0.4 %	0.3 %
Average months of term extension	155	179

The table below presents the volume of single-family and multifamily loans that were newly classified as TDRs during the periods presented. Loans classified as a TDR in one period may be subject to further action (such as a modification or remodification) in a subsequent period. In such cases, the subsequent action would not be reflected in the table below since the loan would already have been classified as a TDR.

Table 4.14 - TDR Activity

	Year Ended December 31,			
	2021		2020	
(Dollars in millions)	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis
Single-Family[(1)(2)]:				
20- and 30-year or more, amortizing fixed-rate	13,448	$2,368	22,471	$4,169
15-year or less, amortizing fixed-rate	1,620	167	2,584	283
Adjustable-rate and other	680	96	1,634	263
Total Single-Family	**15,748**	**2,631**	**26,689**	**4,715**
Multifamily	—	—	—	—

(1) The pre-TDR amortized cost basis for single-family loans initially classified as TDRs during the years ended December 31, 2021 and December 31, 2020 was $2.6 billion and $4.7 billion, respectively.

(2) Includes certain bankruptcy events and forbearance plans, repayment plans, payment deferral plans, and modification activities that did not qualify for the temporary relief related to TDRs provided by the CARES Act, based on servicer reporting at the time of the TDR event.

The table below presents the volume of our TDR modifications that experienced payment defaults (i.e., loans that became two months delinquent or completed a loss event) during the applicable periods and had completed a modification during the year preceding the payment default.

Table 4.15 - Payment Defaults of Completed TDR Modifications

	Year Ended December 31,			
	2021		2020	
(Dollars in millions)	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis
Single-Family:				
20- and 30-year or more, amortizing fixed-rate	3,044	$535	10,339	$1,869
15-year or less, amortizing fixed-rate	121	13	482	58
Adjustable-rate and other	367	58	879	163
Total Single-Family	**3,532**	**606**	**11,700**	**2,090**
Multifamily	—	—	—	—

Non-Cash Investing and Financing Activities

During the years ended December 31, 2022, December 31, 2021, and December 31, 2020, we acquired $396.7 billion, $705.4 billion, and $435.5 billion, respectively, of loans held-for-investment in exchange for the issuance of debt of consolidated trusts in guarantor swap transactions. We received approximately $174.6 billion, $263.9 billion, and $141.7 billion of loans held-for-investment from sellers during the years ended December 31, 2022, December 31, 2021, and December 31, 2020, respectively, to satisfy advances to lenders that were recorded in other assets on our consolidated balance sheets.

NOTE 5

Guarantees and Other Off-Balance Sheet Credit Exposures

Our guarantee activities primarily consist of mortgage-related guarantees in which we agree to absorb the credit risk of mortgage loans or other mortgage-related assets. In exchange for providing this guarantee, we receive an upfront or ongoing guarantee fee that is designed to be commensurate with the risks assumed and that will, over the long-term, provide us with cash flows that are expected to exceed the credit-related and administrative expenses of the underlying financial instruments. The profitability of our guarantee activities may vary and will depend on a number of factors, including our guarantee fee and the actual credit performance of the underlying financial instruments that we have guaranteed.

We do not separately recognize guarantees to consolidated VIEs as we have already recognized the assets and liabilities of those VIEs on our consolidated balance sheets. When we issue a guarantee to a nonconsolidated VIE or other third party that exposes us to incremental credit risk, we recognize both a guarantee obligation at fair value and the consideration we receive for providing the guarantee, which typically consists of a guarantee asset that represents the fair value of future guarantee fees. As a practical expedient, the measurement of the fair value of the guarantee obligation is set equal to the consideration we receive to provide the guarantee, and no gain or loss is recognized upon issuance of the guarantee. Subsequently, we recognize changes in the fair value of the guarantee asset in current period earnings and amortize the guarantee obligation into earnings as we are released from risk under the guarantee. We also recognize an allowance for expected credit losses over the contractual period in which we are exposed to credit risk. See **Note 6** for additional information on our allowance for credit losses on financial guarantees and other off-balance sheet credit exposures.

Guarantee Activities

Mortgage-Related Guarantees

Nonconsolidated Securitization Products

The majority of our mortgage-related guarantees involve securitizations of multifamily mortgage loans where we do not consolidate the securitization trust. In these transactions, we guarantee the principal and interest payments on the senior classes of beneficial interests issued by the securitization trust(s). Our maximum exposure on these guarantees is generally limited to the UPB of the beneficial interests that we have guaranteed. We have credit protection in the form of subordination that will absorb losses prior to us having to absorb losses under our guarantee, thereby reducing our expected credit losses related to such guarantees. See **Note 3** for additional information on nonconsolidated VIEs.

Other Mortgage-Related Guarantees

In certain circumstances, we provide a credit guarantee of mortgage-related assets held by third parties, in exchange for a guarantee fee, without securitizing those assets. These guarantees consist of the following:

- Long-term standby commitments of single-family loans which obligate us to purchase the covered loans when they become seriously delinquent. Periodically, certain of our customers seek to terminate long-term standby commitments and simultaneously enter into guarantor swap transactions to obtain our securities backed by many of the same loans.
- Guarantees of the timely payment of principal and interest for certain multifamily bonds, which primarily consist of multifamily housing revenue bonds that were issued by HFAs.

Our maximum exposure on these guarantees is limited to the UPB of the mortgage-related assets that we have guaranteed.

Guarantees of Fannie Mae Securities

We have the ability to commingle TBA-eligible Fannie Mae collateral in certain of our resecuritization products. We extend our guarantee of these products to cover principal and interest that are payable from the underlying Fannie Mae collateral. Because both Freddie Mac and Fannie Mae are under the common control of FHFA, and due to Fannie Mae's status as a GSE and the funding commitment available to it through its senior preferred stock purchase agreement with Treasury, we view the likelihood of being required to perform on our guarantee of Fannie Mae collateral as remote. See **Note 3** for additional information on guarantees of Fannie Mae securities.

The table below shows information about our mortgage-related guarantees and guarantees of Fannie Mae securities, including the UPB of the loans or securities underlying the guarantee, the maximum potential amount of future payments that we could be required to make under the guarantee, the liability we have recognized on our consolidated balance sheets for the guarantee, and the maximum remaining term of the guarantee. This table does not include our unrecognized guarantees, such as guarantees to consolidated VIEs or to resecuritization trusts that do not expose us to incremental credit risk. We do not believe the potential amount of future payments we could be required to make is representative of the actual payments we will be required to make or the actual loss we are likely to incur, based on our historical loss experience and after consideration of proceeds from related collateral liquidation, including possible recoveries under credit enhancements.

Table 5.1 - Financial Guarantees(1)

	December 31, 2022			
(**Dollars in millions**, terms in years)	UPB	Maximum Exposure	Recognized Liability(2)	Maximum Remaining Term
Single-Family mortgage-related guarantees:				
Nonconsolidated securitization products(3)	$31,604	$25,772	$391	40
Other mortgage-related guarantees	9,476	9,476	203	29
Total Single-Family mortgage-related guarantees	**41,080**	**35,248**	**594**	
Multifamily mortgage-related guarantees:				
Nonconsolidated securitization products(3)(4)	360,869	319,117	4,889	37
Other mortgage-related guarantees	10,510	10,510	379	36
Total Multifamily mortgage-related guarantees	**371,379**	**329,627**	**5,268**	
Guarantees of Fannie Mae securities(5)	119,267	119,267	—	39
Other	$185	$435	$—	29

	December 31, 2021			
(**Dollars in millions**, terms in years)	UPB	Maximum Exposure	Recognized Liability(2)	Maximum Remaining Term
Single-Family mortgage-related guarantees:				
Nonconsolidated securitization products(3)	$33,438	$27,538	$398	39
Other mortgage-related guarantees	10,587	10,587	251	30
Total Single-Family mortgage-related guarantees	**44,025**	**38,125**	**649**	
Multifamily mortgage-related guarantees:				
Nonconsolidated securitization products(3)(4)	$362,627	$318,756	$4,673	38
Other mortgage-related guarantees	10,508	10,508	404	32
Total Multifamily mortgage-related guarantees	**373,135**	**329,264**	**5,077**	
Guarantees of Fannie Mae securities(5)	110,765	110,765	—	40
Other	$357	$629	$—	29

(1) Prior period amounts have been reclassified to conform to the current period presentation.

(2) Excludes allowance for credit losses on off-balance sheet credit exposures. See **Note 6** for additional information on our allowance for credit losses on off-balance sheet credit exposures.

(3) Maximum exposure is based on remaining UPB of the guaranteed securities issued by the VIE.

(4) Includes UPB of $0.4 billion and $0.1 billion as of December 31, 2022 and December 31, 2021, respectively, related to VIEs in which our interest would no longer absorb significant variability as the guaranteed securities have completely paid off. In addition, includes UPB of $2.1 billion and $2.2 billion related to guarantees that are accounted for as derivatives as of December 31, 2022 and December 31, 2021, respectively.

(5) Excludes $0.1 billion and $0.4 billion as of December 31, 2022 and December 31, 2021, respectively, of guarantees of Fannie Mae securities which we have consolidated as we own all of the outstanding securities issued by the VIE.

The table below shows the payment status of the mortgage loans underlying our mortgage-related guarantees.

Table 5.2 – UPB of Loans Underlying Our Mortgage-Related Guarantees by Payment Status

	December 31, 2022				
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total
Single-Family	$36,241	$2,072	$748	$2,019	$41,080
Multifamily	370,911	23	12	433	371,379
Total	**$407,152**	**$2,095**	**$760**	**$2,452**	**$412,459**

	December 31, 2021				
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total
Single-Family	$38,964	$2,040	$692	$2,341	$44,037
Multifamily	372,764	47	7	317	373,135
Total	**$411,728**	**$2,087**	**$699**	**$2,658**	**$417,172**

Other Guarantees

We also enter into certain transactions that are accounted for as derivative instruments and are also considered guarantees under GAAP. These transactions include our obligation to make certain payments to VIEs to support payment of the interest due on the notes issued by those VIEs in certain CRT transactions, certain interest-rate guarantees related to our securitization and resecuritization products, certain market value guarantees, and guarantees of third-party derivative instruments. These transactions generally provide for no limitation on the maximum potential future payments under the guarantee, and we generally reduce our exposure to such guarantees through separate derivative contracts with third parties. The approximate remaining term of these guarantees varies and in many cases is based on the maturity of the underlying mortgage loans. See **Note 9** for additional information on derivative instruments.

Indemnifications

In connection with certain business transactions, we may provide indemnification to counterparties for claims arising out of breaches of certain obligations (e.g., those arising from representations and warranties) in contracts entered into in the normal course of business. Our assessment is that the risk of any material loss from such a claim for indemnification is remote and there are no significant probable and estimable losses associated with these contracts. In addition, we provided indemnification for litigation defense costs to certain former officers who are subject to ongoing litigation. See **Note 17** for information on ongoing litigation. The recognized liabilities on our consolidated balance sheets related to indemnifications were not significant at both December 31, 2022 and December 31, 2021.

Other Off-Balance Sheet Credit Exposures

In addition to our guarantees, we enter into other agreements that expose us to off-balance sheet credit risk. These agreements may require us to transfer cash before or upon settlement of our contractual obligation. We recognize an allowance for credit losses for those agreements not measured at fair value or otherwise recognized in the financial statements. Most of these commitments expire in less than one year. See **Note 6** for additional discussion of our allowance for credit losses on our off-balance sheet credit exposures. The table below shows our other off-balance sheet credit exposures.

Table 5.3 - Other Off-Balance Sheet Credit Exposures

(In millions)	December 31, 2022	December 31, 2021
Mortgage loan purchase commitments[1]	$9,609	$14,645
Other commitments[2]	22,293	6,094
Total	**$31,902**	**$20,739**

(1) Includes $0.5 billion and $3.8 billion of commitments for which we have elected the fair value option as of December 31, 2022 and December 31, 2021, respectively. Excludes mortgage loan purchase commitments accounted for as derivative instruments. See **Note 9** for additional information on commitments accounted for as derivative instruments.

(2) Consists of unfunded portion of revolving lines of credit, liquidity guarantees, and other commitments.

NOTE 6

Allowance for Credit Losses

On January 1, 2020, we adopted CECL. The general objective of CECL is to recognize an allowance for credit losses that is deducted from or added to the amortized cost basis of the financial asset to present the net amount expected to be collected on the financial asset on the balance sheet. In 1Q 2022, we adopted accounting guidance that eliminates the recognition and measurement of TDRs. Upon adoption of this guidance, we no longer incorporate the expected credit losses for TDRs we reasonably expect will occur in our estimation of the allowance for credit losses. See **Note 4** for more information on the adoption of the new accounting guidance.

The table below summarizes changes in our allowance for credit losses.

Table 6.1 - Details of the Allowance for Credit Losses

	December 31, 2022			December 31, 2021			December 31, 2020		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Beginning balance	$5,440	$78	$5,518	$6,353	$200	$6,553	$5,233	$68	$5,301
Provision (benefit) for credit losses	1,772	69	1,841	(919)	(122)	(1,041)	1,320	132	1,452
Charge-offs	(505)	—	(505)	(1,107)	—	(1,107)	(592)	—	(592)
Recoveries collected	148	—	148	197	—	197	210	—	210
Other(1)	891	—	891	916	—	916	182	—	182
Ending balance	**$7,746**	**$147**	**$7,893**	**$5,440**	**$78**	**$5,518**	**$6,353**	**$200**	**$6,553**
Components of the ending balance of the allowance for credit losses:									
Mortgage loans held-for-investment	$7,314	$77	$7,391	$4,913	$34	$4,947	$5,628	$104	$5,732
Other(2)	432	70	502	527	44	571	725	96	821
Total ending balance	**$7,746**	**$147**	**$7,893**	**$5,440**	**$78**	**$5,518**	**$6,353**	**$200**	**$6,553**

(1) Primarily includes capitalization of past due interest related to non-accrual loans that receive payment deferral plans and loan modifications.

(2) Includes allowance for credit losses related to advances of pre-foreclosure costs, accrued interest receivable, and off-balance sheet credit exposures.

- **2022 vs. 2021 -** A provision for credit losses for 2022 compared to a benefit for credit losses for 2021 primarily driven by declining observed and forecasted house price appreciation.
- **2021 vs. 2020 -** A benefit for credit losses for 2021 compared to a provision for credit losses for 2020 primarily driven by a reserve release due to reduced expected credit losses related to COVID-19 during 2021 as economic conditions improved, partially offset by an increase in expected losses on new single-family loans due to growth in our Single-Family mortgage portfolio.

In addition, charge-offs decreased in 2022 compared to 2021 due to a decrease in charge-offs of accrued interest receivable during 2022. Charge-offs increased in 2021 compared to 2020 due to an increase in the number of loans we placed on non-accrual status.

Allowance for Credit Losses Methodology

We recognize changes in the allowance for credit losses through provision for credit losses on our consolidated statements of income.

Mortgage Loans Held-for-Investment

Our allowance for credit losses on mortgage loans pertains to single-family and multifamily loans classified as held-for-investment for which we have not elected the fair value option. We measure the allowance for credit losses on a pooled basis when our loans share similar risk characteristics. We record charge-offs in the period in which a loan is deemed uncollectible. Proceeds received in excess of amounts previously written off are recorded as a decrease to non-interest expense on our consolidated statements of income.

Single-Family

We estimate the allowance for credit losses for single-family loans on a pooled basis using a discounted cash flow model that evaluates a variety of factors to estimate the cash flows we expect to collect. If we determine that foreclosure on the underlying collateral is probable, we measure the allowance for credit losses for single-family loans based upon the fair value of the collateral, less costs to sell, adjusted for estimated proceeds from credit enhancements that are not freestanding contracts.

The discounted cash flow model we use to estimate the single-family loan allowance for credit losses forecasts cash flows over the loan's remaining contractual term, adjusted for expectations of prepayments. As a result, we do not revert to historical loss information for single-family loans. Cash flow estimates are discounted at the loan's prepayment-adjusted effective interest rate, which is adjusted for projections in the underlying benchmark interest rate for adjustable-rate loans. We project cash flows we expect to collect using our historical experience, such as historical default rates and severity of loss, based on loan characteristics, such as current LTV ratios, delinquency status, geography, and borrowers' credit scores. These cash flow estimates are adjusted for current and forecasted economic conditions, such as current and forecasted interest rates and house price growth rates, and estimated recoveries from loss mitigation activities, credit enhancements that are not freestanding contracts, and disposition of collateral, less estimated disposition costs.

Our estimate of expected credit losses is sensitive to changes in forecasted house price growth rates, which affect both the probability of default and severity of expected credit losses, and changes in forecasted interest rates, as declining (increasing) interest rates typically result in higher (lower) expected prepayments and a shorter (longer) estimated loan life, and therefore lower (higher) expected credit losses. Our forecast of house price growth rates leverages an internally based model and uses a nationwide house price growth forecast for the next three years. A Monte Carlo simulation generates many possible house price scenarios for up to 40 years for each metropolitan statistical area (MSA). These scenarios are used to estimate loan-level expected future cash flows and credit losses based on each loan's individual characteristics. Our forecast of interest rates incorporates various interest rate scenarios over the remaining contractual life of the loan based on current interest rates and implied market volatilities.

These projections require significant management judgment. We rely on third parties to provide certain model inputs used in our projections. At loan delivery, the seller provides us with loan data, which includes borrower and loan characteristics and underwriting information. Each subsequent month, the servicers provide us with monthly loan-level servicing data, including delinquency and loss information.

We review the outputs of our model by considering qualitative factors such as current economic events and other external factors to determine whether the model outputs are consistent with our expectations. Further management adjustments may be necessary to take into consideration the qualitative factors that have occurred but that are not yet reflected in the factors used to derive the model outputs or the uncertainty inherent in our projections. Significant judgment is exercised in making these adjustments.

Credit enhancements that are not freestanding contracts are obtained contemporaneously with, and in contemplation of, the origination of a financial instrument, and effectively travel with the financial instrument upon sale. Credit enhancements that are not freestanding contracts include primary mortgage insurance, which provides us with loan-level protection up to a specified percentage.

Expected recoveries from credit enhancements that are not freestanding contracts are considered in determining the allowance for loan losses as discussed above, resulting in a reduction in the recognized provision for credit losses by the amount of the expected recoveries. Subsequent to foreclosure and charge-off of the allowance for credit losses, we reclassify expected recoveries from credit enhancements that were not freestanding contracts and were previously offset against the allowance for credit losses as separate receivables. We do not consider potential recoveries from freestanding credit enhancement contracts when measuring our allowance for credit losses.

Multifamily

We estimate the allowance for credit losses for multifamily loans using a loss-rate method to estimate the net amount of cash flows we expect to collect. The loss-rate method is based on a probability of default and loss given default framework that estimates credit losses by considering a loan's underlying characteristics and current and forecasted economic conditions. Loan characteristics considered by our model include vintage, loan term, current DSCR, current LTV ratio, occupancy rate, and interest rate hedges. We generally forecast economic conditions over a reasonable and supportable two-year period prior to reverting to historical averages at the model input level over a five-year period, using a linear reversion method. We also consider as model inputs expected prepayments, contractually specified extensions, expected recoveries from collateral posting requirements, and the expected recoveries from credit enhancements that are not freestanding contracts.

Our loss rates incorporate published historical commercial loan performance data, which we calibrate for differences between that data and our portfolio experience. Except for cases of fraud and certain other types of borrower defaults, most multifamily loans are nonrecourse to the borrower. As a result, the cash flows of the underlying property (including any credit enhancements that are not freestanding contracts) serve as the primary source of funds for repayment of the loan. For loans where we determined that the borrower is experiencing financial difficulty and repayment of the loan is expected to be provided substantially through the operation or sale of the collateral, we measure the allowance for credit losses using the fair value of the underlying collateral, less estimated costs to sell, adjusted for estimated proceeds from credit enhancements that are not freestanding contracts. Factors considered by management in determining whether a borrower is experiencing financial difficulty include the borrower's current payment status and an evaluation of the underlying property's operating performance as represented by its current DSCR, its available credit enhancements, the current LTV ratio, the management of the underlying property, and the property's geographic location.

We review the outputs of our model considering qualitative factors such as current economic events and other external factors to determine whether the model outputs are consistent with our expectations. Further management adjustments may be necessary to take into consideration the qualitative factors that have occurred but that are not yet reflected in the factors used to derive the model outputs.

Advances of Pre-foreclosure Costs

We may incur expenses related to a mortgage loan subsequent to its original acquisition but prior to foreclosure (pre-foreclosure costs). These expenses are generally to protect or preserve our interest or legal right in or to the property prior to foreclosure, such as property taxes or homeowner's insurance premiums owed by the borrower. Many of these expenses are advanced by the servicer and are reimbursable from the borrower. If the borrower ultimately defaults, we reimburse the servicer for the advances it has made. Upon advance by the servicer, we recognize a receivable for the amounts due from the borrower and a payable for amounts due to the servicer. We recognize an allowance for credit losses for amounts that we do not ultimately expect to collect from the borrower.

Accrued Interest Receivable

When we accrue interest on mortgage loans that are three or more monthly payments past due, we measure an allowance for expected credit losses on the unpaid accrued interest receivable balances such that the balance sheet reflects the net amount of accrued interest we expect to collect. For additional information on our policy for recognition of interest income on mortgage loans, see **Note 4**.

Off-Balance Sheet Credit Exposures

We recognize an allowance for credit losses on off-balance sheet credit exposures for our guarantees that are not measured at fair value and other off-balance sheet arrangements based on expected credit losses over the contractual period in which we are exposed to credit risk through a present contractual obligation to extend credit, unless that obligation is unconditionally cancellable by us. We include this allowance for credit losses on off-balance sheet credit exposures within other liabilities on our consolidated balance sheets, with changes recognized through provision for credit losses on our consolidated statements of income.

Our methodologies for estimating the allowance for credit losses on off-balance sheet credit exposures for our Single-Family and Multifamily guarantees are generally consistent with our methodologies for estimating the allowance for credit losses for single-family mortgage loans and multifamily mortgage loans, respectively.

We obtain credit enhancements for certain of our guarantees through the creation of unguaranteed subordinated securities issued by nonconsolidated securitization trusts that absorb first losses prior to us having to perform on our guarantee of the senior securities. We consider the effect of subordination and other credit enhancements that are not freestanding contracts when measuring the allowance for credit losses on off-balance sheet credit exposures and, as a result, recognize such an allowance only if expected credit losses exceed the remaining amount of subordination. For many of our guarantees, expected credit losses do not exceed the remaining amount of subordination. We have not recorded an allowance for credit losses on our guarantees of Fannie Mae securities due to the support provided to Fannie Mae by the U.S. government, the importance of Fannie Mae to the liquidity and stability of the U.S. housing market, and the long history of zero credit losses on Fannie Mae securities.

NOTE 7

Investment Securities

The table below summarizes the fair values of our investments in debt securities by classification.

Table 7.1 - Investment Securities

(In millions)	December 31, 2022	December 31, 2021
Trading securities	$32,167	$49,003
Available-for-sale securities	6,534	4,012
Total fair value of investment securities	**$38,701**	**$53,015**

We currently classify and account for our securities as either available-for-sale or trading. Securities classified as available-for-sale and trading are reported at fair value with changes in fair value included in AOCI, net of taxes and investment gains, net, respectively. See **Note 16** for more information on how we determine the fair value of securities.

We generally record purchases and sales of securities on the trade date when the related forward commitments are exempt from the accounting guidance for derivatives. Alternatively, we record purchases and sales of securities on the expected settlement date, with a corresponding derivative recorded on the trade date, when the related forward commitments are not exempt from the accounting guidance for derivatives.

For most of our securities, interest income is recognized using the effective interest method, which considers the contractual terms of the security. Deferred items, including premiums, discounts, and other basis adjustments, are amortized into interest income over the contractual lives of the securities.

For certain securities, interest income is recognized using the prospective effective interest method. We apply this method to securities that can contractually be prepaid or otherwise settled in such a way that we may not recover substantially all of our recorded investment. Under this method, we recognize as interest income, over the expected life of the securities, the excess of the cash flows expected to be collected over the securities' carrying value. We update our estimates of expected cash flows periodically and recognize changes in the calculated effective interest rate on a prospective basis.

For securities classified as trading or available-for-sale, we classify the cash flows as investing activities because we hold these securities for investment purposes. In cases where the transfer of a security represents a secured borrowing, we classify the related cash flows as financing activities.

Trading Securities

The table below presents the fair values of our trading securities by major security type. Our non-mortgage-related securities primarily consist of investments in U.S. Treasury securities.

Table 7.2 - Trading Securities

(In millions)	December 31, 2022	December 31, 2021
Mortgage-related securities	$8,334	$16,231
Non-mortgage-related securities	23,833	32,772
Total fair value of trading securities	**$32,167**	**$49,003**

For trading securities held at December 31, 2022, 2021, and 2020, we recorded net unrealized losses of $1.8 billion, $0.6 billion, and $0.3 billion during 2022, 2021 and 2020, respectively.

Available-for-Sale Securities

At both December 31, 2022 and December 31, 2021, all available-for-sale securities were mortgage-related securities.

The table below provides details of the securities classified as available-for-sale on our consolidated balance sheets.

Table 7.3 - Available-for-Sale Securities

(In millions)	Amortized Cost Basis	Gross Unrealized Gains in Other Comprehensive Income	Gross Unrealized Losses in Other Comprehensive Income	Fair Value	Accrued Interest Receivable
December 31, 2022	$6,644	$194	($304)	$6,534	$15
December 31, 2021	3,638	376	(2)	4,012	10

The fair value of our available-for-sale securities held at December 31, 2022 scheduled to contractually mature after ten years was $1.5 billion, with an additional $4.3 billion scheduled to contractually mature after five years through ten years.

Gains and losses on the sale of securities are included in investment gains, net, including those gains (losses) reclassified into earnings from AOCI. We use the specific identification method for determining the cost basis of a security in computing the gain or loss.

The table below summarizes the gross realized gains and gross realized losses from sales of available-for-sale securities.

Table 7.4 - Gross Realized Gains and Gross Realized Losses from Sales of Available-for-Sale Securities

	Year Ended December 31,		
(In millions)	2022	2021	2020
Gross realized gains	$34	$540	$501
Gross realized losses	(10)	(60)	(108)
Net realized gains	**$24**	**$480**	**$393**

Non-Cash Investing and Financing Activities

During the years ended December 31, 2022, December 31, 2021, and December 31, 2020, we recognized $9.0 billion, $34.8 billion, and $30.8 billion, respectively, of investments in securities in exchange for the issuance of debt of consolidated trusts through partial sales of commingled single-class resecuritization products that were previously consolidated.

During the years ended December 31, 2022 and December 31, 2021, we derecognized $13.3 billion and $1.1 billion, respectively, of mortgage-related securities and debt of consolidated trusts where we were no longer deemed the primary beneficiary.

During the year ended December 31, 2022, we purchased $6.6 billion and sold $6.8 billion of non-mortgage-related securities that were traded, but not settled at December 31, 2022. We settled our purchase and sale obligations during the first quarter of 2023.

NOTE 8

Debt

The table below summarizes the balances of total debt on our consolidated balance sheets.

Table 8.1 - Total Debt

	December 31,	
(In millions)	2022	2021
Debt of consolidated trusts	$2,979,070	$2,803,054
Debt of Freddie Mac:		
Short-term debt	7,712	—
Long-term debt	159,050	177,131
Total debt of Freddie Mac	**166,762**	**177,131**
Total debt	**$3,145,832**	**$2,980,185**

Debt securities that we issue are classified as either debt of consolidated trusts held by third parties or debt of Freddie Mac. We issue debt of Freddie Mac to fund our operations.

Our debt is reported at amortized cost, with the exception of certain debt for which we elected the fair value option. Deferred items, including premiums, discounts, issuance costs, and hedge accounting-related basis adjustments, are reported as a component of total debt. These items are amortized and reported through interest expense using the effective interest method over the contractual life of the related indebtedness. Amortization of premiums, discounts, and issuance costs begins at the time of debt issuance. Amortization of hedge accounting-related basis adjustments begins upon the discontinuation of the related hedge relationship.

We elected the fair value option on debt that contains embedded derivatives, including certain STACR and SCR debt notes, and certain other debt issuances. Changes in the fair value of these debt obligations are recorded in investment gains, net, with any upfront costs and fees incurred or received in exchange for the issuance of the debt being recognized in earnings as incurred and not deferred. Related interest expense continues to be reported as interest expense based on the stated terms of the debt securities. For additional information on our election of the fair value option, see **Note 16**.

When we repurchase or call outstanding debt securities, we recognize the difference between the amount paid to redeem the debt security and the carrying value in earnings as a component of investment gains, net. Contemporaneous transfers of cash between us and a creditor in connection with the issuance of a new debt security and satisfaction of an existing debt security are accounted for as either an extinguishment or a modification of an existing debt security. If the debt securities have substantially different terms, the transaction is accounted for as an extinguishment of the existing debt security. The issuance of a new debt security is recorded at fair value, fees paid to the creditor are expensed as incurred, and fees paid to third parties are deferred and amortized into interest expense over the life of the new debt security using the effective interest method. If the terms of the existing debt security and the new debt security are not substantially different, the transaction is accounted for as a modification of the existing debt. Fees paid to the creditor are deferred and amortized into interest expense over the life of the modified debt security using the effective interest method and fees paid to third parties are expensed as incurred.

We also engage in dollar roll transactions whereby we enter into an agreement to sell and subsequently repurchase (or purchase and subsequently resell) agency securities. When these transactions involve securities issued by consolidated entities, they are treated as issuances and extinguishments of debt.

Under the Purchase Agreement, without the prior written consent of Treasury, we may not incur indebtedness that would result in the par value of our aggregate indebtedness exceeding 120% of the amount of mortgage assets we are allowed to own on December 31 of the immediately preceding calendar year. Because of this debt limit, we may be restricted in the amount of debt we are allowed to issue to fund our operations. Under the Purchase Agreement, the amount of our "indebtedness" is determined without giving effect to the January 1, 2010 change in the accounting guidance related to transfers of financial assets and consolidation of VIEs. Therefore, "indebtedness" generally does not include debt of consolidated trusts held by third parties. We also cannot become liable for any subordinated indebtedness without the prior consent of Treasury. See **Note 2** for information regarding restrictions on the amount of mortgage-related securities that we may own.

Our debt cap under the Purchase Agreement decreased from $300 billion to $270 billion on January 1, 2023 pursuant to the January 2021 Letter Agreement. As of December 31, 2022, our aggregate indebtedness for purposes of the debt cap was $178.1 billion. Our aggregate indebtedness calculation primarily includes the par value of short- and long-term debt.

Debt of Consolidated Trusts

Debt of consolidated trusts held by third parties represent our liability to third parties that hold beneficial interests in our consolidated trusts. Debt of consolidated trusts held by third parties are subject to prepayment risk as their payments are based upon the performance of the underlying mortgage loans that may be prepaid by the related mortgage borrower at any time generally without penalty.

The table below summarizes the debt of consolidated trusts based on underlying loan product type.

Table 8.2 - Debt of Consolidated Trusts

	December 31, 2022				December 31, 2021			
(In millions)	Contractual Maturity	UPB	Carrying Amount[1]	Weighted Average Coupon[2]	Contractual Maturity	UPB	Carrying Amount[1]	Weighted Average Coupon[2]
Single-Family[3]:								
20-and 30-year or more, fixed-rate	2023 - 2061	$2,507,235	$2,550,137	2.76 %	2022 - 2061	$2,297,650	$2,358,397	2.62 %
15-year or less, fixed-rate	2023 - 2038	367,844	374,339	2.14	2022 - 2037	390,320	399,647	2.13
Adjustable-rate and other	2023 - 2053	23,561	24,153	3.04	2022 - 2052	24,248	24,921	2.31
Total Single-Family		**2,898,640**	**2,948,629**			**2,712,218**	**2,782,965**	
Multifamily	2023 - 2052	30,927	30,441	2.66	2022 - 2051	19,838	20,089	2.17
Total debt of consolidated trusts		**$2,929,567**	**$2,979,070**			**$2,732,056**	**$2,803,054**	

(1) Includes $1.9 billion and $1.1 billion at December 31, 2022 and December 31, 2021, respectively, of debt of consolidated trusts that represents the fair value of debt for which the fair value option was elected.

(2) The effective interest rate for debt of consolidated trusts was 2.39% and 1.71% as of December 31, 2022 and December 31, 2021, respectively.

(3) Prior period was revised to conform to the current period presentation.

Short-Term Debt

Discount notes, Reference Bills securities, and medium-term notes are unsecured general corporate obligations. Discount notes and Reference Bills securities pay only principal at maturity. Securities sold under agreements to repurchase are effectively collateralized borrowings where we sell securities with an agreement to repurchase such securities at a future date. Certain medium-term notes that have original maturities of one year or less are classified as short-term debt for purposes of this presentation.

The table below summarizes the balances and effective interest rates for short-term debt.

Table 8.3 - Short-Term Debt

	December 31, 2022			December 31, 2021		
(In millions)	Par Value	Carrying Amount	Weighted Average Effective Rate	Par Value	Carrying Amount	Weighted Average Effective Rate
Short-term debt:						
Discount notes and Reference Bills®	$6,826	$6,822	3.71 %	$—	$—	— %
Medium-term notes	890	890	1.81	—	—	—
Securities sold under agreements to repurchase	11,991	11,991	3.86	7,333	7,333	(0.10)
Offsetting arrangements[1]	(11,991)	(11,991)		(7,333)	(7,333)	
Total short-term debt	**$7,716**	**$7,712**	**3.49 %**	**$—**	**$—**	**— %**

(1) We offset payables related to securities sold under agreements to repurchase against receivables related to securities purchased under agreements to resell on our consolidated balance sheets, when such amounts meet the conditions for offsetting in the accounting guidance.

Long-Term Debt

The table below summarizes our long-term debt.

Table 8.4 - Long-Term Debt

	December 31, 2022				December 31, 2021			
(In millions)	Contractual Maturity	Par Value	Carrying Amount(1)	Weighted Average Effective Rate(2)	Contractual Maturity	Par Value	Carrying Amount(1)	Weighted Average Effective Rate(2)
Long-term debt:								
Fixed-rate:								
Medium-term notes — callable	2023 - 2050	$103,584	$103,528	1.96 %	2022 - 2050	$68,411	$68,364	0.80 %
Medium-term notes — non-callable	2023 - 2028	2,747	2,747	0.73	2022 - 2028	6,551	6,573	0.54
Reference Notes securities — non-callable	2023 - 2032	49,801	49,832	1.76	2022 - 2032	59,412	59,413	1.19
STACR and SCR debt notes	2031 - 2032	90	93	13.00	2031 - 2042	103	106	12.69
Variable-rate:								
Medium-term notes — callable	2023 - 2027	4,691	4,689	3.95	2022 - 2025	166	166	1.75
Medium-term notes — non-callable	2026	47	47	8.10	2022 - 2026	33,090	33,087	0.23
STACR	2023 - 2042	4,562	4,448	8.79	2023 - 2042	9,036	8,875	4.13
Zero-coupon:								
Medium-term notes — non-callable	2023 - 2039	4,841	2,913	6.11	2022 - 2039	4,846	2,740	6.05
Other	2047 - 2052	—	137	0.82	2047 - 2051	—	74	0.45
Hedging-related basis adjustments		N/A	(9,384)			N/A	(2,267)	
Total long-term debt		**$170,363**	**$159,050**	**2.20 %**		**$181,615**	**$177,131**	**1.07 %**

(1) Represents par value, net of associated discounts or premiums and issuance costs. Includes $1.1 billion and $1.4 billion at December 31, 2022 and December 31, 2021, respectively, of long-term debt that represents the fair value of debt for which the fair value option was elected.

(2) Based on carrying amount.

A portion of our long-term debt is callable. Callable debt gives us the option to redeem the debt security at par on one or more specified call dates or at any time on or after a specified call date.

The table below summarizes the contractual maturities of long-term debt securities at December 31, 2022.

Table 8.5 - Contractual Maturities of Long-Term Debt and Debt Securities

(In millions)	Amounts
Annual Maturities	
Long-term debt (excluding STACR and SCR debt notes):	
2023	$40,827
2024	32,261
2025	51,658
2026	5,739
2027	7,603
Thereafter	27,623
Debt of consolidated trusts, STACR, and SCR debt notes(1)	2,934,219
Total	**3,099,930**
Net discounts, premiums, debt issuance costs, hedge-related, and other basis adjustments(2)	38,190
Total debt of consolidated trusts, STACR, SCR and long-term debt	**$3,138,120**

(1) Contractual maturities of these debt securities are not presented because they are subject to prepayment risk, as their payments are based upon the performance of a pool of mortgage assets that may be prepaid by the related mortgage borrower at any time generally without penalty.

(2) Other basis adjustments primarily represent changes in fair value on debt where we have elected the fair value option.

Non-Cash Investing and Financing Activities

During the year ended December 31, 2020, we issued $0.8 billion of debt of Freddie Mac in exchange for cash collateral that was previously pledged by sellers.

NOTE 9

Derivatives

We analyze the interest-rate sensitivity of financial assets and liabilities across a variety of interest-rate scenarios based on market prices, models, and economics. We use derivatives primarily to hedge interest-rate sensitivity mismatches between our financial assets and liabilities. We designate certain derivatives as hedging instruments in qualifying hedge accounting relationships. Interest-rate risk management derivatives that are not designated in qualifying hedge accounting relationships are economic hedges of financial instruments measured at fair value on a recurring basis or of other transactions or instruments that expose us to interest-rate risk. When we use derivatives to mitigate our exposures, we consider a number of factors, including cost, exposure to counterparty credit risk, and our overall risk management strategy.

We principally use interest-rate swaps, purchased or written options (including swaptions), and exchange-traded futures in our interest-rate risk management activities. We routinely enter into commitments to purchase and sell investments in mortgage-related securities, purchase and sell mortgage loans, and purchase and extinguish or issue debt of our consolidated trusts. Most of these commitments meet the definition of a derivative and, therefore, are subject to the accounting guidance for derivatives and hedging. We also enter into certain types of guarantees that are accounted for as derivatives. These guarantees primarily include our obligation to support payment of the interest due on the notes issued by VIEs used in certain CRT transactions.

Derivatives are reported at their fair value on our consolidated balance sheets. Changes in fair value on derivatives not in qualifying fair value hedge relationships are recorded as investment gains, net, on our consolidated statements of income. Derivatives in a net asset position, including net derivative interest receivable or payable, are reported as derivative assets, net, which is included in other assets on our consolidated balance sheets. Similarly, derivatives in a net liability position, including net derivative interest receivable or payable, are reported as derivative liabilities, net, which is included in other liabilities on our consolidated balance sheets. We offset fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement. Non-cash collateral held is not recognized on our consolidated balance sheets as we do not obtain effective control over the collateral, and non-cash collateral posted is not derecognized from our consolidated balance sheets as we do not relinquish effective control over the collateral. Therefore, non-cash collateral held or posted is not presented as an offset against derivative assets or derivative liabilities on our consolidated balance sheets. See **Note 10** for additional information on collateral and offsetting related to derivative instruments.

We evaluate whether financial instruments that we purchase or issue contain embedded derivatives. We generally elect to measure newly acquired or issued financial instruments that contain embedded derivatives at fair value, with changes in fair value recorded in earnings.

On our consolidated statements of cash flows, cash flows related to derivatives are classified as either operating activities (such as periodic settlements of interest payments) or investing activities (such as variation margin payments and cash flows related to the acquisition and termination of derivatives) depending on the nature of the activity. Cash flows related to physical settlement of forward commitments accounted for as derivative instruments are classified as operating, investing, or financing activities depending on the financial instruments to which they relate.

Hedge Accounting

We apply fair value hedge accounting to certain single-family mortgage loans where we hedge the changes in fair value of these loans attributable to the designated benchmark interest rate, using interest-rate swaps. We also apply fair value hedge accounting to certain issuances of debt where we hedge the changes in fair value of the debt attributable to the designated benchmark interest rate, using interest-rate swaps. Under the last-of-layer fair value hedge accounting strategy, we hedge the changes in fair value of a portion of a closed pool of single-family mortgage loans that is not expected to be affected by prepayments, defaults, and other events affecting the timing and amount of cash flows. As part of this strategy, we have also elected to measure the change in fair value of the hedged item on the basis of the benchmark rate component of the contractual coupon cash flows determined at the hedge inception and by assuming the hedged item has a term that reflects only the designated cash flows being hedged.

We apply hedge accounting to qualifying hedge relationships. A qualifying hedge relationship exists when changes in the fair value of a derivative hedging instrument are expected to be highly effective in offsetting changes in the fair value of the hedged item attributable to the risk being hedged during the term of the hedge relationship. No amounts have been excluded from the assessment of hedge effectiveness. To assess hedge effectiveness, we use a statistical regression analysis.

At inception of the hedge relationship, we prepare formal contemporaneous documentation of our risk management objective and strategies for undertaking the hedge.

If a hedge relationship qualifies for fair value hedge accounting, all changes in fair value of the derivative hedging instrument, including interest accruals, are recognized in the same consolidated statements of income line item used to present the earnings effect of the hedged item. Therefore, changes in the fair value of the hedged item, mortgage loans and debt, attributable to the risk being hedged are recognized in interest income and interest expense, respectively, along with the changes in the fair value of the respective derivative hedging instruments.

Changes in the fair value of the hedged item attributable to the risk being hedged are recognized as a cumulative basis adjustment against the mortgage loans and debt. The cumulative basis adjustments are amortized to the same consolidated statements of income line item used to present the changes in fair value of the hedged item using the effective interest method considering the contractual terms of the hedged item, with amortization beginning no later than the period in which hedge accounting was discontinued.

Derivative Assets and Liabilities at Fair Value

The table below presents the notional value and fair value of derivatives reported on our consolidated balance sheets.

Table 9.1 - Derivative Assets and Liabilities at Fair Value[1]

	December 31, 2022			December 31, 2021		
	Notional or Contractual Amount	Derivatives at Fair Value		Notional or Contractual Amount	Derivatives at Fair Value	
(In millions)		Assets	Liabilities		Assets	Liabilities
Not designated as hedges						
Interest-rate risk management derivatives:						
Swaps	$480,824	$1,762	($526)	$561,393	$1,941	($3,579)
Written options	46,101	—	(1,857)	34,861	—	(1,597)
Purchased options[2]	92,010	4,302	—	137,873	3,589	—
Futures	182,330	—	—	126,528	—	—
Total interest-rate risk management derivatives	**801,265**	**6,064**	**(2,383)**	**860,655**	**5,530**	**(5,176)**
Mortgage commitment derivatives	29,354	12	(11)	83,656	79	(86)
CRT-related derivatives[3]	31,647	—	(55)	24,586	—	(28)
Other	14,426	2	(624)	13,100	17	(30)
Total derivatives not designated as hedges	**876,692**	**6,078**	**(3,073)**	**981,997**	**5,626**	**(5,320)**
Designated as fair value hedges						
Interest-rate risk management derivatives:						
Swaps	181,298	321	(7,847)	154,819	54	(2,685)
Total derivatives designated as fair value hedges	**181,298**	**321**	**(7,847)**	**154,819**	**54**	**(2,685)**
Receivables (payables)		35	(25)		27	(39)
Netting adjustments[4]		(6,127)	10,187		(5,247)	7,762
Total derivative portfolio, net	**$1,057,990**	**$307**	**($758)**	**$1,136,816**	**$460**	**($282)**

(1) Derivative interest receivable (payable) is included in the respective fair value of the derivative asset (liability) and is no longer presented separately. Certain prior period amounts have been reclassified to conform to the current period presentation.

(2) Includes swaptions on credit indices with a notional or contractual amount of $10.1 billion and $9.4 billion at December 31, 2022 and December 31, 2021 respectively, and a fair value of $2.0 million and $1.0 million at December 31, 2022 and December 31, 2021, respectively.

(3) Includes derivative instruments related to CRT transactions that are considered freestanding credit enhancements.

(4) Represents counterparty netting and cash collateral netting.

Gains and Losses on Derivatives

The table below presents the gains and losses on derivatives not designated in qualifying hedge relationships. These amounts are reported on our consolidated statements of income as investment gains, net.

Table 9.2 - Gains and Losses on Derivatives[1]

	Year Ended December 31,		
(In millions)	2022	2021	2020
Not designated as hedges			
Interest-rate risk management derivatives:			
Swaps	$970	$1,007	($3,433)
Written options	(903)	($77)	($161)
Purchased options	1,794	($716)	$2,633
Futures	2,249	$235	($2,442)
Total interest-rate risk management derivatives fair value gains (losses)	**4,110**	**449**	**(3,403)**
Mortgage commitment derivatives	2,743	713	(1,856)
CRT-related derivatives[2]	(172)	9	113
Other	(225)	(20)	108
Total derivatives not designated as hedges fair value gains (losses)	**$6,456**	**$1,151**	**($5,038)**

(1) Accrual of periodic cash settlements on swaps is included in the respective gain (loss) of the derivative and is no longer presented separately. Certain prior period amounts have been reclassified to conform to the current period presentation.

(2) Includes derivative instruments related to CRT transactions that are considered freestanding credit enhancements.

Fair Value Hedges

The table below presents the effects of fair value hedge accounting by consolidated statements of income line item, including the gains and losses on derivatives and hedged items designated in qualifying hedge relationships and other components due to the application of hedge accounting.

Table 9.3 - Gains and Losses on Fair Value Hedges

	Year Ended December 31,					
	2022		2021		2020	
(In millions)	Interest Income	Interest Expense	Interest Income	Interest Expense	Interest Income	Interest Expense
Total amounts of income and expense line items presented in our consolidated statements of income in which the effects of fair value hedges are recorded:	$83,458	($65,453)	$61,527	($43,947)	$62,340	($49,569)
Interest contracts on mortgage loans held-for-investment:						
Gain (loss) on fair value hedging relationships:						
Hedged items	(5,817)	—	(457)	—	5,071	—
Derivatives designated as hedging instruments	5,000	—	529	—	(4,836)	—
Interest accruals on hedging instruments	(294)	—	(433)	—	(434)	—
Discontinued hedge related basis adjustments amortization	(79)	—	(1,884)	—	(2,840)	—
Interest contracts on debt:						
Gain (loss) on fair value hedging relationships:						
Hedged items	—	7,130	—	2,698	—	(49)
Derivatives designated as hedging instruments	—	(7,267)	—	(2,895)	—	11
Interest accruals on hedging instruments	—	(1,053)	—	931	—	835
Discontinued hedge related basis adjustment amortization	—	(8)	—	55	—	60

The table below presents the cumulative basis adjustments and the carrying amounts of the hedged item by its respective balance sheet line item.

Table 9.4 - Cumulative Basis Adjustments Due to Fair Value Hedging

	December 31, 2022					
		Cumulative Amount of Fair Value Hedging Basis Adjustment Included in the Carrying Amount			Closed Portfolio Under the Last-of-Layer Method	
(In millions)	Carrying Amount Assets / (Liabilities)	Total	Under the Last-of-Layer Method	Discontinued - Hedge Related	Total Amount by Amortized Cost Basis	Designated Amount by UPB
Mortgage loans held-for-investment	$1,108,098	($3,122)	($959)	($2,163)	$79,070	$11,516
Mortgage loans held-for-sale	67	1	—	1	—	—
Debt	(142,511)	9,384	—	123	—	—

	December 31, 2021					
		Cumulative Amount of Fair Value Hedging Basis Adjustment Included in the Carrying Amount			Closed Portfolio Under the Last-of-Layer Method	
(In millions)	Carrying Amount Assets / (Liabilities)	Total	Under the Last-of-Layer Method	Discontinued - Hedge Related	Total Amount by Amortized Cost Basis	Designated Amount by UPB
Mortgage loans held-for-investment	$855,173	$2,774	$—	$2,774	$—	$—
Debt	(124,235)	2,267	—	(30)	—	—

NOTE 10

Collateralized Agreements and Offsetting Arrangements

Derivative Portfolio

We refer to standardized interest-rate futures contracts and options on futures contracts as exchange-traded derivatives. Cleared derivatives refer to interest-rate swaps that the U.S. Commodity Futures Trading Commission has determined are subject to the central clearing requirement of the Dodd-Frank Act. OTC derivatives refer to those derivatives that are bilaterally negotiated with counterparties and settled with those counterparties.

Our use of cleared derivatives, exchange-traded derivatives, and OTC derivatives exposes us to counterparty credit risk in the event our counterparties fail to meet their contractual obligations. We are required to post margin in connection with our derivatives transactions. The use of cleared and exchange-traded derivatives decreases our credit risk exposure to individual counterparties because a central counterparty is substituted for individual counterparties. OTC derivatives expose us to the credit risk of individual counterparties because transactions are executed and settled between us and each counterparty, exposing us to potential losses if a counterparty fails to meet its obligations.

Our use of interest-rate swaps and option-based derivatives is subject to internal credit and legal reviews. On an ongoing basis, we review the credit fundamentals of all of our derivative counterparties, clearinghouses, and clearing members to confirm that they continue to meet our internal risk management standards.

Over-the-Counter Derivatives

We use master netting and collateral agreements to reduce our credit risk exposure to our OTC derivative counterparties for interest-rate swap and option-based derivatives. Master netting agreements provide for the netting of amounts receivable and payable from an individual counterparty, as well as posting of collateral in the form of cash, Treasury securities or agency mortgage-related or debt securities, or a combination of both by either the counterparty or us, depending on which party is in a liability position. Although it is our practice not to repledge assets held as collateral, these agreements may allow us or our counterparties to repledge all or a portion of the collateral.

We have master netting agreements in place with all of our OTC derivative counterparties. On a daily basis, the market value of each counterparty's derivatives outstanding is calculated to determine the amount of our net credit exposure, which is equal to the market value of derivatives in a net gain position by counterparty after giving consideration to collateral posted. In the event a counterparty defaults on its obligations under the derivatives agreement and the default is not remedied in the manner prescribed in the agreement, we have the right under the agreement to sell the collateral. As a result, our use of master netting and collateral agreements reduces our exposure to our counterparties in the event of default.

A significant majority of our net uncollateralized exposure to OTC derivative counterparties is concentrated with three counterparties, all of which were investment grade as of December 31, 2022. We regularly review the market value of securities pledged as collateral and derivative counterparty collateral posting thresholds, where applicable, in an effort to manage our exposure to losses.

For certain OTC derivatives, the amount of collateral we pledge to counterparties related to our derivative instruments is determined after giving consideration to our credit rating. The aggregate fair value of our OTC derivative instruments containing credit-risk related contingent features, netted by counterparty, that were in a liability position on December 31, 2022 and December 31, 2021 was $27 million and $2.0 billion, respectively, for which we posted cash and non-cash collateral of $17 million and $1.9 billion, respectively, in the normal course of business. A reduction in our credit ratings may trigger additional collateral requirements related to these OTC derivative instruments. If a reduction in our credit ratings had triggered additional collateral requirements related to these OTC derivative instruments on December 31, 2022 and December 31, 2021, the maximum additional collateral we would have been required to post to our counterparties would be $10 million and $108 million, respectively.

Cleared and Exchange-Traded Derivatives

The majority of our interest-rate swaps are subject to the central clearing requirement. Changes in the value of open exchange-traded contracts and cleared derivatives are settled daily via payments made through the clearinghouse. We net our exposure to cleared derivatives by clearinghouse and clearing member. A reduction in our credit ratings could cause the clearinghouses or clearing members we use for our cleared and exchange-traded derivatives to demand additional collateral.

Other Derivatives

Many of our transactions involving forward purchase and sale commitments of mortgage-related securities utilize the MBSD/FICC as a clearinghouse. As a clearing member of the clearinghouse, we post margin to the MBSD/FICC and are exposed to the counterparty credit risk of the organization (including its clearing members). In June 2022, the FICC amended the MBSD clearing rules to provide that variation margin payments constitute daily settlement of exposure and not a component of the required fund deposit. As a result, for our forward purchase and sale commitments of mortgage-related securities transacted with MBSD/FICC, we changed the characterization of variation margin payments from posting of margin collateral to settlements. In the event a clearing member fails and causes losses to the MBSD/FICC clearing system, we could be subject to loss, as members are generally required to cover losses caused by defaulting members on a pro rata basis. It is difficult to estimate our maximum exposure under these transactions, as this would require an assessment of transactions that we and other members of the MBSD/FICC may execute in the future.

Securities Purchased Under Agreements to Resell

As an investor, we enter into arrangements to purchase securities under agreements to subsequently resell the identical or substantially the same securities to our counterparty. Our counterparties to these transactions are required to pledge the purchased securities as collateral for their obligation to repurchase those securities at a later date. While such transactions involve the legal transfer of securities, they are accounted for as secured financings because the transferor does not relinquish effective control over the securities transferred. These agreements may allow us to repledge all, or a portion, of the collateral pledged to us, and we may repledge such collateral periodically, although it is not typically our practice to repledge collateral that has been pledged to us. For certain transactions with central clearing organizations, we receive a net amount of collateral when there is an offsetting position related to securities sold under agreements to repurchase.

We consider the types of securities being pledged to us as collateral when determining how much we lend in transactions involving securities purchased under agreements to resell. Additionally, we regularly review the market values of these securities compared to amounts loaned in an effort to manage our exposure to losses.

We utilize the GSD/FICC as a clearinghouse to transact many of our trades involving securities purchased under agreements to resell, securities sold under agreements to repurchase, and other non-mortgage related securities. As a clearing member of GSD/FICC, we are required to post initial and variation margin payments and are exposed to the counterparty credit risk of GSD/FICC (including its clearing members). In the event a clearing member fails and causes losses to the GSD/FICC clearing system, we could be subject to the loss of the margin that we have posted to the GSD/FICC. Moreover, our exposure could exceed that amount, as members are generally required to cover losses caused by defaulting members on a pro rata basis. It is difficult to estimate our maximum exposure under these transactions, as this would require an assessment of transactions that we and other members of the GSD/FICC may execute in the future.

Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase are effectively collateralized borrowings where we sell securities with an agreement to repurchase such securities at a future date. We are required to pledge the sold securities to the counterparties to these transactions as collateral for our obligation to repurchase these securities at a later date. Similar to the securities purchased under agreements to resell transactions, these transactions involve the legal transfer of securities. However, they are accounted for as secured financings because the transferor does not relinquish effective control over the securities transferred. These agreements may allow our counterparties to repledge all or a portion of the collateral. For certain transactions with central clearing organizations, we pledge a net amount of collateral when there is an offsetting position related to securities purchased under agreements to resell.

Offsetting of Financial Assets and Liabilities

When we receive cash collateral, we recognize the amount received along with a corresponding obligation to return the collateral. When we post cash collateral, we derecognize the amount posted and record a corresponding asset for our right to receive the return of the collateral. We generally do not recognize or derecognize collateral received or pledged in the form of securities as the transferor in such arrangements does not relinquish effective control over the securities transferred. See **Note 9** for additional information on our consolidated balance sheets presentation of collateral related to derivatives transactions. At December 31, 2022 and December 31, 2021, all amounts of cash collateral related to derivatives with master netting and collateral agreements were offset against derivative assets, net or derivative liabilities, net, as applicable.

We offset payables related to securities sold under agreements to repurchase against receivables related to securities purchased under agreements to resell when such amounts meet the conditions for balance sheet offsetting. The table below presents offsetting and collateral information related to derivatives, securities purchased under agreements to resell, and securities sold under agreements to repurchase which are subject to enforceable master netting agreements or similar arrangements.

Table 10.1 - Offsetting and Collateral Information of Financial Assets and Liabilities

	December 31, 2022					
		Amount Offset in the Consolidated Balance Sheets				
(In millions)	Gross Amount Recognized	Counterparty Netting	Cash Collateral Netting[1]	Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets[2]	Net Amount
Assets:						
Derivatives:						
OTC derivatives	$6,385	($4,468)	($1,681)	$236	($214)	$22
Cleared and exchange-traded derivatives	28	—	22	50	—	50
Mortgage commitment derivatives	19	—	—	19	(4)	15
Other	2	—	—	2	—	2
Total derivatives	**6,434**	**(4,468)**	**(1,659)**	**307**	**(218)**	**89**
Securities purchased under agreements to resell	99,286	(11,991)	—	87,295	(87,295)	—
Total	**$105,720**	**($16,459)**	**($1,659)**	**$87,602**	**($87,513)**	**$89**
Liabilities:						
Derivatives:						
OTC derivatives	($10,230)	$4,468	$5,702	($60)	$23	($37)
Cleared and exchange-traded derivatives	(25)	—	17	(8)	8	—
Mortgage commitment derivatives	(11)	—	—	(11)	—	(11)
Other	(679)	—	—	(679)	—	(679)
Total derivatives	**(10,945)**	**4,468**	**5,719**	**(758)**	**31**	**(727)**
Securities sold under agreements to repurchase	(11,991)	11,991	—	—	—	—
Total	**($22,936)**	**$16,459**	**$5,719**	**($758)**	**$31**	**($727)**

	December 31, 2021					
		Amount Offset in the Consolidated Balance Sheets				
(In millions)	Gross Amount Recognized	Counterparty Netting	Cash Collateral Netting[1]	Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets[2]	Net Amount
Assets:						
Derivatives:						
OTC derivatives	$5,551	($4,318)	($963)	$270	($250)	$20
Cleared and exchange-traded derivatives	60	(4)	38	94	—	94
Mortgage commitment derivatives	79	—	—	79	—	79
Other	17	—	—	17	—	17
Total derivatives	**5,707**	**(4,322)**	**(925)**	**460**	**(250)**	**210**
Securities purchased under agreements to resell	78,536	(7,333)	—	71,203	(71,203)	—
Total	**$84,243**	**($11,655)**	**($925)**	**$71,663**	**($71,453)**	**$210**
Liabilities:						
Derivatives:						
OTC derivatives	($7,861)	$4,318	$3,418	($125)	$—	($125)
Cleared and exchange-traded derivatives	(39)	4	22	(13)	13	—
Mortgage commitment derivatives	(86)	—	—	(86)	—	(86)
Other	(58)	—	—	(58)	—	(58)
Total derivatives	**(8,044)**	**4,322**	**3,440**	**(282)**	**13**	**(269)**
Securities sold under agreements to repurchase	(7,333)	7,333	—	—	—	—
Total	**($15,377)**	**$11,655**	**$3,440**	**($282)**	**$13**	**($269)**

(1) Excess cash collateral held is presented as a derivative liability, while excess cash collateral posted is presented as a derivative asset.

(2) Does not include the fair value amount of non-cash collateral posted or held that exceeds the associated net asset or liability, netted by counterparty, presented on the consolidated balance sheets. Mortgage commitment derivatives exclude collateral posted totaling $0.8 billion as of December 31, 2021. There was no variation margin collateral for mortgage commitment derivatives as of December 31, 2022, as a result of the MBSD/FICC clearing rules change. For securities purchased under agreements to resell, includes $54.7 billion and $33.5 billion of collateral that we had the right to repledge as of December 31, 2022 and December 31, 2021, respectively. At December 31, 2022, we repledged less than $0.1 billion of collateral and at December 31, 2021, we did not repledge collateral.

Collateral Pledged

The table below summarizes the fair value of the securities pledged as collateral by us for derivatives and collateralized borrowing transactions, including securities that the secured party may repledge.

Table 10.2 - Collateral in the Form of Securities Pledged

	December 31, 2022			
(In millions)	Derivatives	Securities Sold Under Agreements to Repurchase	Other[1]	Total
Trading securities	$1,533	$2,910	$1,347	$5,790
Other assets	—	6,543	—	6,543
Total securities pledged	**$1,533**	**$9,453**	**$1,347**	**$12,333**

	December 31, 2021			
(In millions)	Derivatives	Securities Sold Under Agreements to Repurchase	Other[1]	Total
Debt of consolidated trusts[2]	$—	$—	$161	$161
Trading securities	1,542	7,333	1,115	9,990
Total securities pledged	**$1,542**	**$7,333**	**$1,276**	**$10,151**

(1) Includes other collateralized borrowings and collateral related to transactions with certain clearinghouses.

(2) Represents debt of consolidated trusts held by us in our mortgage-related investments portfolio which are recorded as a reduction to debt of consolidated trusts on our consolidated balance sheets.

The table below presents the remaining contractual maturity of our gross obligations for our securities sold under agreements to repurchase. The collateral for such obligations consisted primarily of U.S. Treasury securities.

Table 10.3 - Remaining Contractual Maturity

	December 31, 2022				
(In millions)	Overnight and Continuous	30 days or Less	After 30 days Through 90 days	Greater Than 90 days	Total
Securities sold under agreements to repurchase	$—	$11,991	$—	$—	$11,991

	December 31, 2021				
(In millions)	Overnight and Continuous	30 days or Less	After 30 days Through 90 days	Greater Than 90 days	Total
Securities sold under agreements to repurchase	$—	$3,085	$4,248	$—	$7,333

NOTE 11

Stockholders' Equity and Earnings Per Share

Senior Preferred Stock

Pursuant to the Purchase Agreement described in **Note 2**, we issued one million shares of senior preferred stock to Treasury on September 8, 2008, in partial consideration of Treasury's commitment to provide funds to us.

Shares of the senior preferred stock have a par value of $1 and have a stated value and initial liquidation preference of $1 billion, or $1,000 per share. The liquidation preference of the senior preferred stock is subject to adjustment. See **Note 2** for a detailed discussion of the liquidation preference of the senior preferred stock.

Treasury, as the holder of the senior preferred stock, is entitled to receive quarterly cash dividends, when, as, and if declared by our Board of Directors. The dividends we have paid to Treasury on the senior preferred stock have been declared by, and paid at the direction of, the Conservator, acting as successor to the rights, titles, powers, and privileges of the Board of Directors. The dividend is presented in the period in which it is determinable for the senior preferred stock, as a reduction to net income attributable to common stockholders and net income per common share. The dividend is declared and paid in the following period and recorded as a reduction to equity in the period declared. There were no cash dividends paid in 2022, 2021, or 2020. See **Note 2** for additional information concerning our senior preferred stock dividends.

The senior preferred stock is senior to our common stock and all other outstanding series of our preferred stock, as well as any capital stock we issue in the future, as to both dividends and rights upon liquidation. The senior preferred stock provides that we may not, at any time, declare or pay dividends on, make distributions with respect to, redeem, purchase or acquire, or make a liquidation payment with respect to, any common stock or other securities ranking junior to the senior preferred stock unless:

- Full cumulative dividends on the outstanding senior preferred stock (including any unpaid dividends added to the liquidation preference) have been declared and paid in cash and
- All amounts required to be paid with the net proceeds of any issuance of capital stock for cash (as described below) have been paid in cash.

Shares of the senior preferred stock are not convertible. Shares of the senior preferred stock have no general or special voting rights, other than those set forth in the certificate of designation for the senior preferred stock or otherwise required by law. The consent of holders of at least two-thirds of all outstanding shares of senior preferred stock is generally required to amend the terms of the senior preferred stock or to create any class or series of stock that ranks prior to or on parity with the senior preferred stock.

We are not permitted to redeem the senior preferred stock prior to the termination of Treasury's funding commitment set forth in the Purchase Agreement; however, we are permitted to pay down the liquidation preference of the outstanding shares of senior preferred stock to the extent of accrued and unpaid dividends previously added to the liquidation preference and not previously paid down and quarterly commitment fees previously added to the liquidation preference and not previously paid down. Pursuant to the January 2021 Letter Agreement, we are permitted to issue common stock with aggregate gross proceeds of up to $70 billion after Treasury's exercise in full of its warrant to acquire 79.9% of our common stock and resolution of currently pending material litigation related to our conservatorship and the Purchase Agreement, and we are permitted to use the net proceeds of such issuance(s) to build capital. If we issue any other shares of capital stock for cash while the senior preferred stock is outstanding, the net proceeds of such issuances must be used to pay down the liquidation preference of the senior preferred stock; however, the liquidation preference of each share of senior preferred stock may not be paid down below $1,000 per share prior to the termination of Treasury's funding commitment. Following the termination of Treasury's funding commitment, we may pay down the liquidation preference of all outstanding shares of senior preferred stock at any time, in whole or in part. If, after termination of Treasury's funding commitment, we pay down the liquidation preference of each outstanding share of senior preferred stock in full, the shares will be deemed to have been redeemed as of the payment date.

The table below provides a summary of our senior preferred stock outstanding at December 31, 2022.

Table 11.1 - Senior Preferred Stock

(**In millions**, except initial liquidation preference price per share)	Shares Authorized	Shares Outstanding	Total Par Value	Initial Liquidation Preference Price per Share	Total Liquidation Preference
Non-draw Adjustments:					
2008	1.00	1.00	$1.00	$1,000	$1,000
2017	—	—	—	N/A	3,000
2019	—	—	—	N/A	3,674
2020	—	—	—	N/A	7,217
2021	—	—	—	N/A	11,420
2022	—	—	—	N/A	9,919
Total non-draw adjustments	**1.00**	**1.00**	**1.00**		**36,230**
Draw Adjustments:					
2008	—	—	—	N/A	13,800
2009	—	—	—	N/A	36,900
2010	—	—	—	N/A	12,500
2011	—	—	—	N/A	7,971
2012	—	—	—	N/A	165
2018	—	—	—	N/A	312
Total draw adjustments	**—**	**—**	**—**		**71,648**
Total senior preferred stock	**1.00**	**1.00**	**$1.00**		**$107,878**

No cash was received from Treasury under the Purchase Agreement in 2022 because we had positive net worth at December 31, 2021, March 31, 2022, June 30, 2022, and September 30, 2022 and, consequently, FHFA did not request a draw on our behalf in 2022. At December 31, 2022, our assets exceeded our liabilities under GAAP; therefore, no draw is being requested from Treasury under the Purchase Agreement. The aggregate liquidation preference of the senior preferred stock owned by Treasury was $107.9 billion as of December 31, 2022 and $98.0 billion as of December 31, 2021.

Common Stock Warrant

Pursuant to the Purchase Agreement described in **Note 2**, on September 7, 2008, we issued a warrant to purchase common stock to Treasury, in partial consideration of Treasury's commitment to provide funds to us.

The warrant may be exercised in whole or in part at any time on or before September 7, 2028, by delivery to us of a notice of exercise, payment of the exercise price of $0.00001 per share, and the warrant. If the market price of one share of our common stock is greater than the exercise price, then, instead of paying the exercise price, Treasury may elect to receive shares equal to the value of the warrant (or portion thereof being canceled) pursuant to the formula specified in the warrant. Upon exercise of the warrant, Treasury may assign the right to receive the shares of common stock issuable upon exercise to any other person.

We account for the warrant in permanent equity. At issuance on September 7, 2008, we recognized the warrant at fair value, and we do not recognize subsequent changes in fair value while the warrant remains classified in equity. We recorded an aggregate fair value of $2.3 billion for the warrant as a component of additional paid-in-capital. We derived the fair value of the warrant using a modified Black-Scholes model. If the warrant is exercised, the stated value of the common stock issued will be reclassified to common stock on our consolidated balance sheets. The warrant was determined to be in-substance non-voting common stock, because the warrant's exercise price of $0.00001 per share is considered non-substantive (compared to the market price of our common stock). As a result, the shares associated with the warrant are included in the computation of basic and diluted earnings per share. The weighted average shares of common stock for the years ended December 31, 2022, 2021, and 2020 included shares of common stock that would be issuable upon full exercise of the warrant issued to Treasury.

Preferred Stock

We have the option to redeem our preferred stock on specified dates, at their redemption price plus dividends accrued through the redemption date. However, without the consent of Treasury, we are restricted from making payments to purchase or redeem preferred stock as well as paying any preferred dividends, other than dividends on the senior preferred stock. All 24 classes of preferred stock are perpetual and non-cumulative, and carry no significant voting rights or rights to purchase additional Freddie Mac stock or securities. Costs incurred in connection with the issuance of preferred stock are charged to additional paid-in capital.

The table below provides a summary of our preferred stock outstanding at their redemption values at December 31, 2022.

Table 11.2 - Preferred Stock

(**In millions**, except redemption price per share)	Issue Date	Shares Authorized	Shares Outstanding	Total Par Value	Redemption Price per Share	Total Outstanding Balance	Redeemable On or After	OTCQB Symbol
Preferred stock:								
1996 Variable-rate(1)	April 26, 1996	5.00	5.00	$5.00	$50.00	$250	June 30, 2001	FMCCI
5.81%	October 27, 1997	3.00	3.00	3.00	50.00	150	October 27, 1998	(2)
5%	March 23, 1998	8.00	8.00	8.00	50.00	400	March 31, 2003	FMCKK
1998 Variable-rate(3)	September 23 and 29, 1998	4.40	4.40	4.40	50.00	220	September 30, 2003	FMCCG
5.10%	September 23, 1998	8.00	8.00	8.00	50.00	400	September 30, 2003	FMCCH
5.30%	October 28, 1998	4.00	4.00	4.00	50.00	200	October 30, 2000	(2)
5.10%	March 19, 1999	3.00	3.00	3.00	50.00	150	March 31, 2004	(2)
5.79%	July 21, 1999	5.00	5.00	5.00	50.00	250	June 30, 2009	FMCCK
1999 Variable-rate(4)	November 5, 1999	5.75	5.75	5.75	50.00	287	December 31, 2004	FMCCL
2001 Variable-rate(5)	January 26, 2001	6.50	6.50	6.50	50.00	325	March 31, 2003	FMCCM
2001 Variable-rate(6)	March 23, 2001	4.60	4.60	4.60	50.00	230	March 31, 2003	FMCCN
5.81%	March 23, 2001	3.45	3.45	3.45	50.00	173	March 31, 2011	FMCCO
6%	May 30, 2001	3.45	3.45	3.45	50.00	173	June 30, 2006	FMCCP
2001 Variable-rate(7)	May 30, 2001	4.02	4.02	4.02	50.00	201	June 30, 2003	FMCCJ
5.70%	October 30, 2001	6.00	6.00	6.00	50.00	300	December 31, 2006	FMCKP
5.81%	January 29, 2002	6.00	6.00	6.00	50.00	300	March 31, 2007	(2)
2006 Variable-rate(8)	July 17, 2006	15.00	15.00	15.00	50.00	750	June 30, 2011	FMCCS
6.42%	July 17, 2006	5.00	5.00	5.00	50.00	250	June 30, 2011	FMCCT
5.90%	October 16, 2006	20.00	20.00	20.00	25.00	500	September 30, 2011	FMCKO
5.57%	January 16, 2007	44.00	44.00	44.00	25.00	1,100	December 31, 2011	FMCKM
5.66%	April 16, 2007	20.00	20.00	20.00	25.00	500	March 31, 2012	FMCKN
6.02%	July 24, 2007	20.00	20.00	20.00	25.00	500	June 30, 2012	FMCKL
6.55%	September 28, 2007	20.00	20.00	20.00	25.00	500	September 30, 2017	FMCKI
2007 Fixed-to-floating rate(9)	December 4, 2007	240.00	240.00	240.00	25.00	6,000	December 31, 2012	FMCKJ
Total, preferred stock		**464.17**	**464.17**	**$464.17**		**$14,109**		

(1) Dividend rate resets quarterly and is equal to the sum of three-month LIBOR plus 1% divided by 1.377, and is capped at 9.00%.

(2) Issued through private placement.

(3) Dividend rate resets quarterly and is equal to the sum of three-month LIBOR plus 1% divided by 1.377, and is capped at 7.50%.

(4) Dividend rate resets on January 1 every five years after January 1, 2005 based on a five-year Constant Maturity Treasury rate, and is capped at 11.00%. Optional redemption on December 31, 2004 and on December 31 every five years thereafter.

(5) Dividend rate resets on April 1 every two years after April 1, 2003 based on the two-year Constant Maturity Treasury rate plus 0.10%, and is capped at 11.00%. Optional redemption on March 31, 2003 and on March 31 every two years thereafter.

(6) Dividend rate resets on April 1 every year based on 12-month LIBOR minus 0.20%, and is capped at 11.00%. Optional redemption on March 31, 2003 and on March 31 every year thereafter.

(7) Dividend rate resets on July 1 every two years after July 1, 2003 based on the two-year Constant Maturity Treasury rate plus 0.20%, and is capped at 11.00%. Optional redemption on June 30, 2003 and on June 30 every two years thereafter.

(8) Dividend rate resets quarterly and is equal to the sum of three-month LIBOR plus 0.50% but not less than 4.00%.

(9) Dividend rate is set at an annual fixed rate of 8.375% from December 4, 2007 through December 31, 2012. For the period beginning on or after January 1, 2013, dividend rate resets quarterly and is equal to the higher of: (a) the sum of three-month LIBOR plus 4.16% per annum; or (b) 7.875% per annum. Optional redemption on December 31, 2012 and on December 31 every five years thereafter.

Stock-Based Compensation

Following the implementation of the conservatorship in September 2008, we suspended the operation of and/or ceased making grants under our stock-based compensation plans. Under the Purchase Agreement, we cannot issue any new options, rights to purchase, participations or other equity interests without Treasury's prior approval.

We did not repurchase or issue any of our common shares or non-cumulative preferred stock during 2022 and 2021. Common stock delivered under these stock-based compensation plans consists of treasury stock or shares acquired in market transactions on behalf of the participants. At both December 31, 2022 and December 31, 2021, no RSUs were outstanding. There were 41,160 shares of restricted stock outstanding at both December 31, 2022 and December 31, 2021, respectively. At December 31, 2022 and December 31, 2021, no stock options were outstanding.

Earnings Per Share

During 2021 and 2020, we had participating securities related to RSUs with dividend equivalent rights that received dividends as declared on an equal basis with common shares but were not obligated to participate in undistributed net losses. These participating securities consisted of vested RSUs that earned dividend equivalents at the same rate when and as declared on common stock.

Consequently, in accordance with accounting guidance, we use the "two-class" method of computing earnings per common share. The "two-class" method is an earnings allocation formula that determines earnings per share for common stock and participating securities based on dividends declared and participation rights in undistributed earnings.

Basic earnings per common share is computed as net income attributable to common stockholders divided by the weighted average common shares for the period. The weighted average common shares for the period includes the weighted average number of shares that are associated with the warrant for our common stock issued to Treasury pursuant to the Purchase Agreement. These shares are included since the warrant is unconditionally exercisable by the holder at a minimal cost.

Our diluted earnings per common share is the same as our basic earnings per common share because we had no common equivalent shares outstanding during the periods presented which could have had a dilutive or antidilutive effect.

Dividends and Dividend Restrictions

No common dividends were declared in 2022, 2021, and 2020. No dividends were paid during 2022, 2021, and 2020 on the senior preferred stock as a result of the increase in the applicable Capital Reserve Amount pursuant to the September 2019 and January 2021 Letter Agreements. We did not declare or pay dividends on any other series of Freddie Mac preferred stock outstanding during 2022, 2021, and 2020.

Our payment of dividends is subject to the following restrictions:

- **Restrictions Relating to the Conservatorship** - The Conservator has prohibited us from paying any dividends on our common stock or on any series of our preferred stock (other than the senior preferred stock). FHFA has instructed our Board of Directors that it should consult with and obtain the approval of FHFA before taking actions involving dividends. In addition, FHFA has adopted a regulation prohibiting us from making capital distributions during conservatorship, except as authorized by the Director of FHFA.
- **Restrictions Under the Purchase Agreement** - The Purchase Agreement prohibits us and any of our subsidiaries from declaring or paying any dividends on Freddie Mac equity securities (other than with respect to the senior preferred stock or warrant) without the prior written consent of Treasury.
- **Restrictions Under the GSE Act** - Under the GSE Act, FHFA has authority to prohibit capital distributions, including payment of dividends, if we fail to meet applicable capital requirements. However, our capital requirements have been suspended during conservatorship.
- **Restrictions Under our Charter** - Without regard to our capital classification, we must obtain prior written approval of FHFA to make any capital distribution that would decrease total capital to an amount less than the risk-based capital level or that would decrease core capital to an amount less than the minimum capital level. As noted above, our capital requirements have been suspended during conservatorship.
- **Restrictions Relating to Preferred Stock** - Payment of dividends on our common stock is also subject to the prior payment of dividends on our 24 series of preferred stock and one series of senior preferred stock, representing an aggregate of 464,170,000 shares and 1,000,000 shares outstanding, respectively, as of December 31, 2022. Payment of dividends on all outstanding preferred stock, other than the senior preferred stock, is subject to the prior payment of dividends on the senior preferred stock.

Delisting of Common Stock and Preferred Stock from NYSE

On July 8, 2010, we delisted our common stock and 20 previously listed classes of preferred stock from the NYSE as directed by our Conservator.

Our common stock and the classes of preferred stock that were previously listed on the NYSE are traded exclusively in the OTCQB Marketplace. Shares of our common stock now trade under the ticker symbol FMCC. We expect that our common stock and the previously listed classes of preferred stock will continue to trade in the OTCQB Marketplace so long as market makers demonstrate an interest in trading the common and preferred stock.

NOTE 12

Net Interest Income

The table below presents the components of net interest income per our consolidated statements of income.

Table 12.1 - Components of Net Interest Income

	Year Ended December 31,		
(In millions)	**2022**	**2021**	**2020**
Interest income			
Mortgage loans	$79,826	$59,130	$59,290
Investment securities	1,640	2,261	2,581
Other	1,992	136	469
Total interest income	**83,458**	**61,527**	**62,340**
Interest expense			
Debt of consolidated trusts	(61,404)	(42,209)	(46,281)
Debt of Freddie Mac:			
Short-term debt	(238)	—	(606)
Long-term debt	(3,811)	(1,738)	(2,682)
Total interest expense	**(65,453)**	**(43,947)**	**(49,569)**
Net interest income	**18,005**	**17,580**	**12,771**
(Provision) benefit for credit losses	(1,841)	1,041	(1,452)
Net interest income after benefit (provision) for credit losses	**$16,164**	**$18,621**	**$11,319**

NOTE 13

Income Taxes

Income Tax Expense

Total income tax expense includes:

- Current income tax expense, which represents the amount of federal tax paid or payable to (or refundable from) the Internal Revenue Service, including interest and penalties and amounts accrued for unrecognized tax benefits, if any, and
- Deferred income tax expense, which represents the net change in the deferred tax asset or liability balance during the year, including any change in the valuation allowance.

The table below presents the components of our federal income tax expense for the past three years. We are exempt from state and local income taxes.

Table 13.1 - Federal Income Tax Expense

	Year Ended December 31,		
(In millions)	2022	2021	2020
Current income tax expense	($1,749)	($2,617)	($2,493)
Deferred income tax expense	(528)	(473)	590
Total income tax expense	**($2,277)**	**($3,090)**	**($1,903)**

Income tax expense decreased from 2021 to 2022 primarily due to a decrease in pre-tax book income, and increased from 2020 to 2021 primarily due to an increase in pre-tax book income.

The table below presents the reconciliation between our federal statutory income tax rate and our effective tax rate for the past three years.

Table 13.2 - Reconciliation of Federal Statutory Income Tax Rate to Effective Tax Rate

	Year Ended December 31,					
	2022		2021		2020	
(Dollars in millions)	Amount	Percent	Amount	Percent	Amount	Percent
Statutory corporate tax rate	($2,437)	21.0 %	($3,192)	21.0 %	($1,938)	21.0 %
Tax-exempt interest	7	(0.1)	20	(0.2)	25	(0.3)
Tax credits	190	(1.6)	133	(0.9)	55	(0.6)
Valuation allowance	18	(0.2)	(11)	0.1	(4)	0.1
Other	(55)	0.5	(40)	0.3	(41)	0.4
Effective tax rate	**($2,277)**	**19.6 %**	**($3,090)**	**20.3 %**	**($1,903)**	**20.6 %**

Deferred Tax Assets, Net

We use the asset and liability method of accounting for income taxes for financial reporting purposes. Under this method, deferred tax assets and liabilities are recognized based upon the expected future tax consequences of existing temporary differences between the financial reporting and the tax reporting basis of assets and liabilities using enacted statutory tax rates as well as tax net operating loss and tax credit carryforwards, if any. To the extent tax laws change, deferred tax assets and liabilities are adjusted in the period that the tax change is enacted. The realization of our net deferred tax assets is dependent upon the generation of sufficient taxable income.

The table below presents the balance of significant deferred tax assets and liabilities at December 31, 2022 and December 31, 2021. The valuation allowance relates to capital loss carryforwards included in Other items, net that we expect to expire unused.

Table 13.3 - Deferred Tax Assets and Liabilities[1]

	Year Ended December 31,	
(In millions)	2022	2021
Deferred tax assets:		
Deferred fees	$2,197	$3,760
Basis differences related to derivative instruments	1,745	2,105
Credit related items and allowance for loan losses	1,457	815
Basis differences related to assets held-for-investment and held-for-sale	1,549	546
Unrealized (gains)/losses related to available-for-sale securities	23	—
Other items, net	155	178
Total deferred tax assets	**7,126**	**7,404**
Deferred tax liabilities:		
Unrealized (gains)/losses related to available-for-sale securities	—	(79)
Basis differences related to fair value hedge accounting	(1,315)	(1,059)
Total deferred tax liabilities	**(1,315)**	**(1,138)**
Valuation allowance	(34)	(52)
Deferred tax assets, net	**$5,777**	**$6,214**

(1) Prior period amounts have been reclassified to conform to the current period presentation.

Valuation Allowance

A valuation allowance is recorded to reduce the net deferred tax asset when it is more likely than not that all or part of our tax benefits will not be realized. On a quarterly basis, we determine whether a valuation allowance is necessary. In doing so, we consider all evidence available, both positive and negative, in determining whether, based on the weight of the evidence, it is more likely than not that the net deferred tax asset will be realized.

We are not permitted to consider in our analysis the impacts proposed legislation may have on our business because the timing and certainty of those actions are unknown and beyond our control.

Based on all positive and negative evidence available at December 31, 2022, we determined that it is more likely than not that our net deferred tax assets, except for the deferred tax asset related to our capital loss carryforwards, will be realized. A valuation allowance of $34 million has been recorded against our capital loss carryforward deferred tax asset.

Unrecognized Tax Benefits

We recognize a tax position taken or expected to be taken (and any associated interest and penalties) if it is more likely than not that it will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. We measure the tax position at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. We evaluated all income tax positions and determined that there were no uncertain tax positions that required reserves as of December 31, 2022.

NOTE 14

Segment Reporting

As shown in the table below, we have two reportable segments, Single-Family and Multifamily.

Segment	Description
Single-Family	Reflects results from our purchase, securitization, and guarantee of single-family loans, our investments in single-family loans and mortgage-related securities, the management of Single-Family mortgage credit risk and market risk, and any results of our treasury function that are not allocated to each segment.
Multifamily	Reflects results from our purchase, securitization, and guarantee of multifamily loans, our investments in multifamily loans and mortgage-related securities, and the management of Multifamily mortgage credit risk and market risk.

Segment Allocations and Results

Our measure of segment profit and loss for each segment is net income and comprehensive income calculated using the same accounting policies we use to prepare our general purpose financial statements in conformity with GAAP. The results of each reportable segment include directly attributable revenues and expenses. We allocate interest expense and other funding and hedging-related costs and returns on certain investments to each reportable segment using a funds transfer pricing process. In 2022, we updated our funds transfer pricing methodologies to allocate gains and losses on derivative instruments to Multifamily to offset interest rate-related changes in fair value on guarantee assets. We fully allocate to each reportable segment administrative expenses and other centrally-incurred costs that are not directly attributable to a particular segment using various methodologies depending on the nature of the expense. As a result, the sum of each income statement line item for the two reportable segments is equal to that same income statement line item for the consolidated entity.

The table below presents the financial results for our Single-Family and Multifamily segments.

Table 14.1 - Segment Financial Results

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Net interest income	**$17,067**	**$938**	**$18,005**	**$16,273**	**$1,307**	**$17,580**	**$11,592**	**$1,179**	**$12,771**
Non-interest income									
Guarantee income	109	674	783	114	918	1,032	112	1,330	1,442
Investment gains, net	1,280	689	1,969	361	2,385	2,746	(112)	1,925	1,813
Other income	295	212	507	479	114	593	457	176	633
Non-interest income	**1,684**	**1,575**	**3,259**	**954**	**3,417**	**4,371**	**457**	**3,431**	**3,888**
Net revenues	**18,751**	**2,513**	**21,264**	**17,227**	**4,724**	**21,951**	**12,049**	**4,610**	**16,659**
(Provision) benefit for credit losses	(1,772)	(69)	(1,841)	919	122	1,041	(1,320)	(132)	(1,452)
Non-interest expense	(7,148)	(671)	(7,819)	(7,075)	(718)	(7,793)	(5,423)	(555)	(5,978)
Income before income tax expense	**9,831**	**1,773**	**11,604**	**11,071**	**4,128**	**15,199**	**5,306**	**3,923**	**9,229**
Income tax expense	(1,929)	(348)	(2,277)	(2,251)	(839)	(3,090)	(1,094)	(809)	(1,903)
Net income	**7,902**	**1,425**	**9,327**	**8,820**	**3,289**	**12,109**	**4,212**	**3,114**	**7,326**
Other comprehensive income (loss), net of taxes and reclassification adjustments	(24)	(318)	(342)	(379)	(110)	(489)	104	101	205
Comprehensive income	**$7,878**	**$1,107**	**$8,985**	**$8,441**	**$3,179**	**$11,620**	**$4,316**	**$3,215**	**$7,531**

We measure total assets for our reportable segments based on the mortgage portfolio for each segment. We operate our business in the U.S. and its territories, and accordingly, we generate no revenue from and have no long-lived assets, other than financial instruments, in geographic locations other than the U.S. and its territories.

The table below presents total assets for our Single-Family and Multifamily segments.

Table 14.2 - Segment Assets

(In millions)	December 31, 2022	December 31, 2021
Single-Family	$2,986,045	$2,792,224
Multifamily	429,302	414,663
Total segment assets	**3,415,347**	**3,206,887**
Reconciling items[1]	(207,014)	(181,301)
Total assets per consolidated balance sheets	**$3,208,333**	**$3,025,586**

(1) Reconciling items include assets in our mortgage portfolio that are not recognized on our consolidated balance sheets and assets recognized on our consolidated balance sheets that are not allocated to the reportable segments.

NOTE 15

Concentration of Credit and Other Risks

Concentrations of credit risk may arise when we do business with a number of customers or counterparties that engage in similar activities or have similar economic characteristics that make them vulnerable in similar ways to changes in industry conditions, which could affect their ability to meet their contractual obligations. Concentrations of credit risk may also arise when there are a limited number of counterparties in a certain industry. Based on our assessment of business conditions that could affect our financial results, we have determined that concentrations of credit risk exist among certain borrowers (including geographic concentrations), loan sellers and servicers, credit enhancement providers, and other investment counterparties. In the sections below, we discuss our concentration of credit risk for each of the groups to which we are exposed. For a discussion of our derivative counterparties, as well as related master netting and collateral agreements, see **Note 10**.

Single-Family Mortgage Portfolio

Single-family borrowers are primarily affected by house prices and interest rates, which are influenced by economic factors. Geographic concentrations may increase the exposure of our portfolio to credit risk, as regional economic conditions may affect a borrower's ability to repay and the underlying property value.

The table below summarizes the concentration by geographic area of our Single-Family mortgage portfolio. See **Note 3**, **Note 4**, and **Note 6** for more information about credit risk associated with single-family loans that we hold or guarantee.

Table 15.1 - Concentration of Credit Risk of Our Single-Family Mortgage Portfolio

	December 31, 2022			December 31, 2021		
(Dollars in millions)	Portfolio UPB(1)	% of Portfolio	SDQ Rate	Portfolio UPB(1)	% of Portfolio	SDQ Rate
Region(2):						
West	$906,123	30 %	0.49 %	$858,535	31 %	0.92 %
Northeast	695,944	23	0.82	660,103	24	1.37
North Central	436,294	15	0.65	416,214	15	0.98
Southeast	512,495	17	0.73	461,084	16	1.21
Southwest	434,907	15	0.63	395,953	14	1.14
Total	**$2,985,763**	**100 %**	**0.66**	**$2,791,889**	**100 %**	**1.12**
State:						
California	$516,891	17 %	0.51	$497,521	18 %	0.99
Texas	200,807	7	0.64	176,501	6	1.23
Florida	191,009	6	0.84	168,572	6	1.36
New York	129,935	4	1.16	120,655	4	2.07
Illinois	112,784	4	0.90	109,171	4	1.44
All other	1,834,337	62	0.63	1,719,469	62	1.03
Total	**$2,985,763**	**100 %**	**0.66**	**$2,791,889**	**100 %**	**1.12**

(1) Excludes UPB of loans underlying certain securitization products for which data was not available.

(2) Region designation: West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA); Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY).

Multifamily Mortgage Portfolio

Numerous factors affect the credit risk related to multifamily borrowers, the most significant of which are effective rents paid and capitalization rates for the mortgaged property. Effective rents paid vary among geographic regions of the United States. Geographic concentrations may increase the exposure of our portfolio to credit risk, as regional economic conditions may affect a multifamily borrower's ability to repay and the underlying property value. The average UPB for multifamily loans is significantly larger than for single-family loans and, therefore, individual defaults for multifamily borrowers can result in more significant losses.

The table below summarizes the concentration by geographic area of our Multifamily mortgage portfolio.

Table 15.2 - Concentration of Credit Risk of Our Multifamily Mortgage Portfolio

	December 31, 2022			December 31, 2021		
(Dollars in millions)	Portfolio UPB	% of Portfolio	Delinquency Rate(1)	Portfolio UPB	% of Portfolio	Delinquency Rate(1)
Region(2)(3):						
West	$107,260	25 %	0.04 %	$104,642	25 %	0.03 %
Northeast	106,478	25	0.28	104,293	25	0.21
North Central	40,524	9	0.16	36,452	9	0.15
Southeast	85,438	20	0.04	83,257	20	—
Southwest	89,602	21	0.08	86,019	21	0.03
Total	**$429,302**	**100 %**	**0.12**	**$414,663**	**100 %**	**0.08**

(1) Based on loans two monthly payments or more delinquent or in foreclosure.

(2) Region designation: West (AK, AZ, CA, GU, HI, ID, MT, NV, OR, UT, WA); Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY).

(3) The UPB of loans collateralized by properties located in multiple regions are reported entirely in the region with the largest underlying collateral UPB as of origination.

In the Multifamily mortgage portfolio, the primary concentration of credit risk is based on the legal structure of the investments we hold. Our exposure to credit risk in our senior subordinate securitization products is minimal, as the expected credit risk is generally absorbed by the subordinate tranches, which are typically sold to third-party investors. As a result, our Multifamily mortgage credit risk is primarily related to loans that have not been securitized. See **Note 3**, **Note 4**, **Note 5**, and **Note 6** for more information about credit risk associated with multifamily loans that we hold or guarantee.

Sellers and Servicers

We acquire a significant portion of our Single-Family and Multifamily loan purchase and guarantee volume from several large sellers. The table below summarizes the concentration of Single-Family and Multifamily sellers who provided 10% or more of our purchase and guarantee volume during the periods presented.

Table 15.3 - Seller Concentration

Single-family Sellers	2022	2021
United Wholesale Mortgage, LLC	10 %	7 %
Other top 10 sellers	41	43
Top 10 single-family sellers	**51 %**	**50 %**

Multifamily Sellers	2022	2021
Berkadia Commercial Mortgage, LLC	15 %	15 %
CBRE Capital Markets, Inc.	11	13
JLL Real Estate Capital, LLC	8	10
Other top 10 sellers	41	41
Top 10 Multifamily sellers	**75 %**	**79 %**

We purchase single-family loans from both depository and non-depository sellers. Non-depository institutions may not have the same financial strength or operational capacity, or be subject to the same level of regulatory oversight, as large depository institutions. Our top five non-depository sellers provided approximately 31% and 30% of our Single-Family purchase volume during 2022 and 2021, respectively.

If we discover that the representations or warranties related to a loan were breached (i.e., that contractual standards were not followed), we can exercise certain contractual remedies to mitigate our actual or potential credit losses. These contractual remedies include the ability to require the seller or servicer to repurchase the loan at its current UPB, reimburse us for losses realized with respect to the loan after consideration of any other recoveries, and/or indemnify us. Our current remedies framework provides for the categorization of loan origination defects for loans with settlement dates on or after January 1, 2016. Among other items, the framework provides that "significant defects" will result in a repurchase request or a repurchase alternative, such as recourse or indemnification.

Under our current selling and servicing representation and warranty framework for our mortgage loans, we relieve sellers of repurchase obligations for breaches of certain selling representations and warranties for certain types of loans, including:

- Loans that have established an acceptable payment history for 36 months (12 months for relief refinance loans) of consecutive, on-time payments after purchase, subject to certain exclusions and
- Loans that have satisfactorily completed a quality control review.

An independent dispute resolution process for alleged breaches of selling or servicing representations and warranties on our loans allows for a neutral third party to render a decision on demands that remain unresolved after the existing appeal and escalation processes have been exhausted.

As of both December 31, 2022 and December 31, 2021, the UPB of loans subject to our repurchase requests issued to our Single-Family sellers and servicers was approximately $1.3 billion (this figure includes repurchase requests for which appeals were pending). During 2022 and 2021, we recovered amounts with respect to $1.9 billion and $1.4 billion, respectively, in UPB of loans subject to our repurchase requests.

The ultimate amounts of recovery payments we receive from seller/servicers related to their repurchase obligations may be significantly less than the amount of our estimates of potential exposure to losses. Our expected credit losses for exposure to seller/servicers for their repurchase obligations are considered in our allowance for credit losses. See **Note 6** for further information.

We are also exposed to the risk that servicers might fail to service loans in accordance with the contractual requirements, resulting in increased credit losses. For example, our servicers have an active role in our loss mitigation efforts, and we, therefore, have exposure to them to the extent a decline in their performance results in a failure to realize the anticipated benefits of the loss mitigation plans. Since we do not have our own servicing operation, if our servicers lack appropriate controls, experience a failure in their controls, or experience an operating disruption in their ability to service loans, our business and financial results could be adversely affected.

Significant portions of our single-family and multifamily loans are serviced by several large servicers. The table below summarizes the concentration of Single-Family and Multifamily servicers who serviced 10% or more of our Single-Family mortgage portfolio and Multifamily mortgage portfolio as of December 31, 2022 and December 31, 2021.

Table 15.4 - Servicer Concentration

Single-Family Servicers	December 31, 2022[(1)]	December 31, 2021[(1)]
JPMorgan Chase Bank, N.A.	10 %	9 %
Other top 10 servicers	38	38
Top 10 Single-Family servicers	**48 %**	**47 %**
Multifamily Servicers[(2)]	**December 31, 2022**	**December 31, 2021**
Berkadia Commercial Mortgage, LLC	15 %	14 %
CBRE Capital Markets, Inc.	15	16
JLL Real Estate Capital LLC	11	11
Other top 10 servicers	38	39
Top 10 Multifamily servicers	**79 %**	**80 %**

(1) Percentage of servicing volume is based on the total Single-Family mortgage portfolio, which includes loans for which we do not exercise servicing control. However, loans for which we do not exercise servicing control are not included for purposes of determining the concentration of servicers who serviced more than 10% of our Single-Family mortgage portfolio.

(2) Represents Multifamily primary servicers.

We utilize both depository and non-depository servicers for single-family loans. Some of these non-depository servicers service a large share of our loans. As of December 31, 2022 and December 31, 2021, approximately 20% and 19% of our Single-Family mortgage portfolio, excluding loans for which we do not exercise control over the associated servicing, was serviced by our five largest non-depository servicers, on a combined basis. We routinely monitor the performance of our largest non-depository servicers.

For our mortgage-related securities, we guarantee the payment of principal and interest, and when the underlying borrowers do not make their mortgage payments, our Guide generally requires Single-Family servicers to advance the missed mortgage interest payments for up to 120 days. After this time, Freddie Mac will make the missed mortgage principal and interest payments until the mortgages are no longer held by the securitization trust.

In addition to principal and interest payments, borrowers are also responsible for other expenses such as property taxes and homeowner's insurance premiums. When borrowers do not pay these expenses, our Guide generally requires Single-Family servicers to advance the funds for these expenses in order to protect or preserve our interest in or legal right to the properties. These advances are ultimately collectible from the borrowers. If the borrowers reperform through loan workout activities, the missed payments and incurred expenses will be collected from them. We will reimburse the servicers for the advanced amounts when uncollected from the borrowers at completion of foreclosures or foreclosure alternatives.

On August 17, 2022, FHFA and Ginnie Mae issued a joint announcement of their updated minimum financial eligibility requirements for Enterprise seller/servicers and Ginnie Mae issuers. Freddie Mac announced the updated changes on September 21, 2022. The new requirements contain changes related to incorporating enhanced definitions of capital and liquidity, reducing the procyclicality of the current liquidity requirements, and incorporating lessons learned from the pandemic. They also include higher supplemental requirements applicable only to large non-depositories, defined as non-depositories having $50 billion or more of total single-family servicing UPB, as well as a new origination liquidity requirement for sellers that originate greater than $1 billion in single-family first lien mortgages in the most recent calendar year. The majority of the requirements are effective on September 30, 2023.

Multifamily loans utilize both primary and master servicers. Primary servicers service unsecuritized mortgage loans and are also typically engaged by master servicers to service on their behalf the mortgage loans underlying securitizations. For a majority of our K Certificate securitizations, we utilize one of three large financial depository institutions as master servicer. For our other securitization products and a smaller number of K Certificate securitizations, we serve as master servicer. Multifamily primary servicers included in the table above present potential operational risk and impact to the borrowers if the servicing needs to be transferred to another servicer. We also rely on master servicers of our multifamily securitization transactions to advance funds in the event of payment shortfalls, including principal and interest payments related to loans in forbearance. In instances where payment shortfalls occur, the master servicer is required to make advances as long as such advances have not been deemed unrecoverable. For multifamily loans purchased and held in our mortgage-related investments portfolio, the primary servicers are not required to advance funds in the event of payment shortfalls and, therefore, do not present significant counterparty credit risk from this source.

Credit Enhancement Providers

We have counterparty credit risk relating to the potential insolvency of, or nonperformance by, mortgage insurers that insure single-family loans we purchase or guarantee. We also have similar exposure to insurers and reinsurers through our ACIS and other insurance transactions where we purchase insurance policies as part of our CRT activities.

We evaluate the recovery and collectability from mortgage insurers as part of the estimate of our allowance for credit losses. See **Note 6** for additional information. As of December 31, 2022, mortgage insurers provided primary mortgage insurance coverage with maximum loss limits of $155.0 billion, for $609.1 billion of UPB, in connection with our Single-Family mortgage portfolio. These amounts are based on gross coverage without regard to netting of coverage that may exist to the extent an affected loan is covered under other types of insurance. Changes in our expectations related to recovery and collectability from our credit enhancement providers may affect our estimates of expected credit losses, perhaps significantly.

The table below summarizes the concentration of mortgage insurer counterparties who provided 10% or more of our overall primary mortgage insurance coverage.

Table 15.5 - Primary Mortgage Insurer Concentration

		Mortgage Insurance Coverage(1)	
Mortgage Insurer	**Credit Rating(2)**	**December 31, 2022**	**December 31, 2021**
Arch Mortgage Insurance Company	A	19 %	19 %
Mortgage Guaranty Insurance Corporation	BBB+	19	19
Radian Guaranty Inc.	BBB+	17	18
Essent Guaranty, Inc.	BBB+	16	15
Enact	BBB	15	15
National Mortgage Insurance Corporation	BBB	14	13
Total		**100 %**	**99 %**

(1) Coverage amounts exclude coverage primarily related to certain loans for which we do not control servicing, and may include coverage provided by affiliates and subsidiaries of the counterparty.

(2) Ratings are for the corporate entity to which we have the greatest exposure. Latest rating available as of December 31, 2022. Represents the lower of S&P and Moody's credit ratings stated in terms of the S&P equivalent.

As part of our ACIS transactions, we regularly obtain insurance coverage from global insurers and reinsurers. These transactions incorporate several features designed to increase the likelihood that we will recover on the claims we file with the insurers and reinsurers. In each transaction, we require the individual insurers and reinsurers to post collateral to cover portions of their exposure, which helps to promote certainty and timeliness of claim payment.

While private mortgage insurance companies are required to be monoline (i.e., to participate solely in the mortgage insurance business, although the holding company may be a diversified insurer), many of our insurers and reinsurers in these transactions participate in multiple types of insurance businesses, which helps diversify their risk exposure.

Other Investment Counterparties

We are exposed to the non-performance of counterparties relating to other investments (including non-mortgage-related securities and cash equivalents) transactions, including those entered into on behalf of our securitization trusts. Our policies require that the counterparty be evaluated using our internal counterparty rating model prior to our entering such transactions. We monitor the financial strength of our counterparties to these transactions and may use collateral maintenance requirements to manage our exposure to individual counterparties. The permitted term and dollar limits for each of these transactions are also based on the counterparty's financial strength.

Our other investments (including non-mortgage-related securities and cash equivalents) counterparties are primarily major financial institutions, including other GSEs, Treasury, the Federal Reserve Bank of New York, GSD/FICC, highly-rated supranational institutions, depository and non-depository institutions, brokers and dealers, and government money market funds. As of December 31, 2022 and December 31, 2021, including amounts related to our consolidated VIEs, the balance in our other investments portfolio was $134.0 billion and $129.7 billion, respectively. The balance consists primarily of cash, securities purchased under agreements to resell, U.S. Treasury securities, cash deposited with the Federal Reserve Bank of New York, and secured lending activities. As of December 31, 2022, all of our securities purchased under agreements to resell were fully collateralized. As of December 31, 2022 and December 31, 2021, $1.1 billion and $0.8 billion respectively, of our securities purchased under agreements to resell were used to provide financing to investors in Freddie Mac securities to increase liquidity and expand the investor base for those securities. These transactions differ from the securities purchased under agreements to resell that we use for liquidity purposes as the counterparties we face may not be major financial institutions and we are exposed to greater counterparty credit risk for these institutions.

NOTE 16

Fair Value Disclosures

The accounting guidance for fair value measurements and disclosures defines fair value, establishes a framework for measuring fair value and sets forth disclosure requirements regarding fair value measurements. This guidance applies whenever other accounting guidance requires or permits assets or liabilities to be measured at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

We use fair value measurements for the initial recording of certain assets and liabilities and periodic remeasurement of certain assets and liabilities on a recurring or non-recurring basis.

Fair Value Measurements

The accounting guidance for fair value measurements and disclosures establishes a three-level fair value hierarchy that prioritizes the inputs into the valuation techniques used to measure fair value. The levels of the fair value hierarchy are defined as follows in priority order:

- Level 1 - Inputs to the valuation techniques are based on quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs to the valuation techniques are based on observable inputs other than quoted prices in active markets for identical assets or liabilities.
- Level 3 - One or more inputs to the valuation technique are unobservable and significant to the fair value measurement.

We use quoted market prices and valuation techniques that seek to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs. Our inputs are based on the assumptions a market participant would use in valuing the asset or liability. Assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Valuation Risk and Controls Over Fair Value Measurements

Valuation risk is the risk that fair values used for financial disclosures, risk metrics, and performance measures do not reasonably reflect market conditions and prices.

We designed our control processes so that our fair value measurements are appropriate and reliable, that they are based on observable inputs where possible, and that our valuation approaches are consistently applied and the assumptions and inputs are reasonable. Our control processes provide a framework for segregation of duties and oversight of our fair value methodologies, techniques, validation procedures, and results.

Groups within our Finance Division, independent of our business functions, execute and validate the valuation processes and are responsible for determining the fair values of the majority of our financial assets and liabilities. In determining fair value, we consider the credit risk of our counterparties in estimating the fair values of our assets and our own credit risk in estimating the fair values of our liabilities. The fair values determined by our Finance Division are further verified by an independent group within our ERM Division.

The independent validation procedures performed by the ERM Division are intended to monitor that the prices we receive from third parties are consistent with our observations of market activity, and that fair value measurements developed using internal data reflect the assumptions that a market participant would use in pricing our assets and liabilities. These validation procedures include performing a daily price review and a monthly independent verification of fair value measurements through independent modeling, analytics, and comparisons to other market source data, if available. If we are unable to validate the reasonableness of a given price, we ultimately do not use that price for fair value measurements on our consolidated financial statements. These procedures are risk-based and are executed before we finalize the prices used in preparing our fair value measurements for our financial statements.

In addition to performing the validation procedures noted above, the ERM Division provides independent risk governance over all valuation processes by establishing and maintaining a corporate-wide valuation risk policy. The ERM Division also independently reviews significant judgments, methodologies, and valuation techniques to monitor compliance with established policies.

Our Valuation Risk Committee, which includes representation from our business lines, the ERM Division, and the Finance Division, provides senior management's governance over valuation processes, methodologies, controls, and fair value measurements. Identified exceptions are reviewed and resolved through the verification process and reviewed at the Valuation Risk Committee.

Where models are employed to assist in the measurement and verification of fair values, changes made to those models during the period are reviewed and approved according to the corporate model change governance process, with material changes reviewed at the Valuation Risk Committee. Inputs used by models are regularly updated for changes in the underlying data, assumptions, valuation inputs, and market conditions and are subject to the valuation controls noted above.

Use of Third-Party Pricing Data in Fair Value Measurement

Many of our valuation techniques use, either directly or indirectly, data provided by third-party pricing services or dealers. The techniques used by these pricing services and dealers to develop the prices generally are either:

- A comparison to recent transactions involving the instrument or transactions involving instruments with similar collateral and risk profiles, adjusted as necessary based on specific characteristics of the asset or liability being valued or
- Industry-standard modeling, such as a discounted cash flow model.

The prices provided by the pricing services and dealers reflect their observations and assumptions related to market activity, including risk premiums and liquidity adjustments. The models and related assumptions used by the pricing services and dealers are owned and managed by them and, in many cases, the significant inputs used in the valuation techniques are not reasonably available to us. However, we have an understanding of the processes and assumptions used to develop the prices based on our ongoing due diligence, which includes discussions with our vendors at least annually and often more frequently. We believe that the procedures executed by the pricing services and dealers, combined with our internal verification and analytical procedures, provide assurance that the prices used in our financial statements comply with the accounting guidance for fair value measurements and disclosures and reflect the assumptions that a market participant would use in pricing our assets and liabilities. The price quotes we receive are non-binding both to us and to our counterparties.

In many cases, we receive quotes from third-party pricing services or dealers and use those prices without adjustment. For a large majority of the assets and liabilities we value using pricing services and dealers, we obtain quotes from multiple external sources and use the median of the prices to measure fair value. This technique is referred to below as "median of external sources." The significant inputs used in the fair value measurement of assets and liabilities that are valued using the median of external sources pricing technique are the third-party quotes. Significant increases (decreases) in any of the third-party quotes in isolation may result in a significantly higher (lower) fair value measurement. In limited circumstances, we may be able to receive pricing information from only a single external source. This technique is referred to below as "single external source."

Valuation Techniques

The following table contains a description of the valuation techniques we use for fair value measurement and disclosure; the significant inputs used in those techniques (if applicable); the classification within the fair value hierarchy; and, for those measurements that we report on our consolidated balance sheets and are classified as Level 3 of the hierarchy, a narrative description of the uncertainty of the fair value measurement to changes in significant unobservable inputs. Although the uncertainties of the unobservable inputs are discussed below in isolation, interrelationships exist among the inputs such that a change in one unobservable input can result in a change to one or more of the other inputs. For example, the most common interrelationship that affects the majority of our fair value measurements is between future interest rates, prepayment speeds, and probabilities of default. Generally, a change in the assumption used for future interest rates results in a directionally opposite change in the assumption used for prepayment speeds and a directionally similar change in the assumption used for probabilities of default.

Each technique discussed below may not be used in a given reporting period, depending on the composition of our assets and liabilities measured at fair value and relevant market activity during that period.

	Instrument	Valuation Technique	Classification in the Fair Value Hierarchy
Investment Securities			
U.S. Treasury Securities		Quoted prices in active markets	Level 1
Mortgage-related securities	Majority of agency securities	Median of external sources	Level 2
	Certain other agency securities	Single external source	Level 2 or 3
	Certain securities with limited market activity	Discounted cash flows or risk metric pricing. Significant inputs used in the discounted cash flow technique include OAS. Significant increases (decreases) in the OAS in isolation would result in a significantly lower (higher) fair value measurement. Significant inputs used in the risk metric pricing technique include key risk metrics, such as key rate durations. Significant increases (decreases) in key rate durations in isolation would result in a significant increase (decrease) in the magnitude of change of fair value measurement in response to key rate movements. Under risk metric pricing, securities are valued by starting with a prior period price and adjusting that price for market changes in the key risk metric input used.	Level 3
Mortgage Loans			
Single-Family loans	GSE securitization market	Benchmark security pricing for actively traded mortgage-related securities with similar characteristics, adjusting for the value of our guarantee fee and our credit obligation related to performing our guarantee (see Guarantee obligation). The credit obligation is based on compensation we charge under current market pricing for loans that qualify under our current underwriting standards (Level 2) and internal credit models for loans that do not qualify under our current underwriting standards (Level 3).	Level 2 or 3
	Whole loan market	Median of external sources, referencing market activity for deeply delinquent and modified loans, where available.	Level 3
	Certain held-for-investment	Internal models that estimate the fair value of the underlying collateral for impaired loans. Significant inputs used by our internal models include REO disposition, short sale, and third-party sale values, combined with mortgage loan level characteristics using the repeat housing sales index to estimate the current fair value of the mortgage loan. Significant increases (decreases) in the historical average sales proceeds per mortgage loan in isolation would result in significantly higher (lower) fair value measurements.	Level 3
Multifamily loans	Held-for-sale	Discounted cash flows based on observable K Certificate market spreads. Market prices from a third-party pricing service using discounted cash flows incorporating credit spreads for similar loans based on the loan's LTV ratio and DSCR.	Level 2 Level 3
	Held-for-investment	Discounted cash flows based on observable K Certificate market spreads. Market prices from a third-party pricing service using discounted cash flows incorporating credit spreads for similar loans based on the loan's LTV ratio and DSCR.	Level 2 Level 3
Debt			
Debt of consolidated trusts		See Mortgage-related securities	Level 2 or 3
Debt of Freddie Mac		Median of external sources Single external source Published yield matrices	Level 2

	Instrument	Valuation Technique	Classification in the Fair Value Hierarchy
Other Assets / Other Liabilities			
Derivatives	Exchange-traded futures	Quoted prices in active markets	Level 1
	Interest-rate swaps	Discounted cash flows. Significant inputs include market-based interest rates.	Level 2
	Option-based derivatives	Option-pricing models. Significant inputs include interest-rate volatility matrices.	Level 2
	Purchase and sale commitments	See Mortgage-related securities	Level 2
Loan commitments	Multifamily loan purchase commitments	See Multifamily loans	Level 2 or 3
Guarantee assets	Single-Family	Median of external sources with adjustments for specific loan characteristics.	Level 3
	Multifamily	Discounted cash flows. Significant inputs include current OAS-to-benchmark interest rates for new guarantees. Significant increases (decreases) in the OAS in isolation would result in a significantly lower (higher) fair value measurement.	Level 3
Guarantee obligations	Single-Family	Delivery and guarantee fees that we charge under our current market pricing.	Level 2
		Internal credit models. Significant inputs include loan characteristics, loan performance, and status information.	Level 3
	Multifamily	Discounted cash flows. Significant inputs are similar to those used in the valuation technique for the Multifamily guarantee assets.	Level 3

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The table below presents our assets and liabilities measured on our consolidated balance sheets at fair value on a recurring basis subsequent to initial recognition, including instruments where we have elected the fair value option.

Table 16.1 - Assets and Liabilities Measured at Fair Value on a Recurring Basis

	December 31, 2022				
(In millions)	Level 1	Level 2	Level 3	Netting Adjustment[1]	Total
Assets:					
Investment securities:					
Available-for-sale	$—	$5,640	$894	$—	$6,534
Trading:					
Mortgage-related securities	—	5,603	2,731	—	8,334
Non-mortgage-related securities	23,453	380	—	—	23,833
Total trading securities	**23,453**	**5,983**	**2,731**	**—**	**32,167**
Total investment securities	**23,453**	**11,623**	**3,625**	**—**	**38,701**
Mortgage loans held-for-sale	—	2,908	310	—	3,218
Mortgage loans held-for-investment	—	1,104	110	—	1,214
Other assets:					
Guarantee assets	—	—	5,442	—	5,442
Derivative assets, net	—	6,397	2	(6,092)	307
Other assets	—	12	129	—	141
Total other assets	**—**	**6,409**	**5,573**	**(6,092)**	**5,890**
Total assets carried at fair value on a recurring basis	**$23,453**	**$22,044**	**$9,618**	**($6,092)**	**$49,023**
Liabilities:					
Debt:					
Debt of consolidated trusts	$—	$1,656	$288	$—	$1,944
Debt of Freddie Mac	—	1,003	100	—	1,103
Total debt	**—**	**2,659**	**388**	**—**	**3,047**
Other liabilities:					
Derivative liabilities, net	—	10,823	97	(10,162)	758
Other liabilities	—	1	—	—	1
Total other liabilities	**—**	**10,824**	**97**	**(10,162)**	**759**
Total liabilities carried at fair value on a recurring basis	**$—**	**$13,483**	**$485**	**($10,162)**	**$3,806**

Referenced footnote is included after the prior period table.

	December 31, 2021				
(In millions)	**Level 1**	**Level 2**	**Level 3**	**Netting Adjustment(1)**	**Total**
Assets:					
Investment securities:					
Available-for-sale	$—	$2,726	$1,286	$—	$4,012
Trading:					
Mortgage-related securities	—	12,845	3,386	—	16,231
Non-mortgage-related securities	31,780	992	—	—	32,772
Total trading securities	**31,780**	**13,837**	**3,386**	**—**	**49,003**
Total investment securities	**31,780**	**16,563**	**4,672**	**—**	**53,015**
Mortgage loans held-for-sale	—	10,498	—	—	10,498
Other assets:					
Guarantee assets	—	—	5,919	—	5,919
Derivative assets, net	33	5,630	17	(5,220)	460
Other assets	—	131	84	—	215
Total other assets	**33**	**5,761**	**6,020**	**(5,220)**	**6,594**
Total assets carried at fair value on a recurring basis	**$31,813**	**$32,822**	**$10,692**	**($5,220)**	**$70,107**
Liabilities:					
Debt:					
Debt of consolidated trusts	$—	$910	$184	$—	$1,094
Debt of Freddie Mac	—	1,274	110	—	1,384
Total debt	**—**	**2,184**	**294**	**—**	**2,478**
Other liabilities:					
Derivative liabilities, net	—	7,982	23	(7,723)	282
Other liabilities	—	4	1	—	5
Total other liabilities	**—**	**7,986**	**24**	**(7,723)**	**287**
Total liabilities carried at fair value on a recurring basis	**$—**	**$10,170**	**$318**	**($7,723)**	**$2,765**

(1) Represents counterparty netting and cash collateral netting.

Level 3 Fair Value Measurements

The table below presents a reconciliation of all assets and liabilities measured on our consolidated balance sheets at fair value on a recurring basis using significant unobservable inputs (Level 3), including transfers into and out of Level 3. The table also presents gains and losses due to changes in fair value, including both realized and unrealized gains and losses, recognized on our consolidated statements of income for Level 3 assets and liabilities.

Table 16.2 - Fair Value Measurements of Assets and Liabilities Using Significant Unobservable Inputs

	Year Ended December 31, 2022											
		Total Realized/Unrealized Gains/Losses [1]										
(In millions)	Balance, January 1, 2022	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3	Transfers out of Level 3[2]	Balance, December 31, 2022	Change in Unrealized Gains/Losses[1] Included in Net Income Related to Assets and Liabilities Still Held as of December 31, 2022[3]	Change in Unrealized Gains/Losses[1], Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of December 31, 2022
Assets												
Investment securities:												
Available-for-sale	$1,286	$30	($103)	$51	$—	($86)	($314)	$30	$—	$894	($1)	($41)
Trading	3,386	(1,309)	—	843	—	—	(169)	—	(20)	2,731	(595)	—
Total investment securities	**4,672**	**(1,279)**	**(103)**	**894**	**—**	**(86)**	**(483)**	**30**	**(20)**	**3,625**	**(596)**	**(41)**
Mortgage loans held-for-sale	—	(54)	—	—	—	(94)	(26)	486	(2)	310	(53)	—
Mortgage loans held-for-investment	—	(27)	—	—	—	—	(12)	149	—	110	(27)	—
Other assets:												
Guarantee assets	5,919	(783)	—	—	1,216	—	(910)	—	—	5,442	(783)	—
Other assets	101	62	—	(13)	17	(10)	(26)	—	—	131	62	—
Total other assets	6,020	(721)	—	(13)	1,233	(10)	(936)	—	—	5,573	(721)	—
Total assets	**10,692**	**(2,081)**	**(103)**	**881**	**1,233**	**(190)**	**(1,457)**	**665**	**(22)**	**9,618**	**(1,397)**	**(41)**
Liabilities												
Debt	$294	$14	$—	($21)	$163	$—	($62)	$—	$—	$388	$50	$—
Other liabilities	24	79	—	1	—	—	(7)	—	—	97	74	—
Total liabilities	**$318**	**$93**	**$—**	**($20)**	**$163**	**$—**	**($69)**	**$—**	**$—**	**$485**	**$124**	**$—**

Referenced footnotes are included after the prior period table.

(In millions)	Year Ended December 31, 2021											
	Balance, January 1, 2021	Total Realized/Unrealized Gains/Losses[1] Included in Earnings	Total Realized/Unrealized Gains/Losses[1] Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3	Transfers out of Level 3[2]	Balance, December 31, 2021	Change in Unrealized Gains/Losses[1] Included in Net Income Related to Assets and Liabilities Still Held as of December 31, 2021[3]	Change in Unrealized Gains/Losses[1], Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of December 31, 2021
Assets												
Investment securities:												
Available-for-sale	$1,588	$29	$7	$—	$—	($32)	($306)	$—	$—	$1,286	$26	$7
Trading	3,259	(869)	—	1,536	—	(277)	(83)	—	(180)	3,386	(872)	—
Total investment securities	**4,847**	**(840)**	**7**	**1,536**	**—**	**(309)**	**(389)**	**—**	**(180)**	**4,672**	**(846)**	**7**
Other assets:												
Guarantee assets	5,509	(378)	—	—	1,742	—	(954)	—	—	5,919	(378)	—
Other assets	171	(54)	—	(6)	19	(9)	(20)	—	—	101	(55)	—
Total other assets	5,680	(432)	—	(6)	1,761	(9)	(974)	—	—	6,020	(433)	—
Total assets	**10,527**	**(1,272)**	**7**	**1,530**	**1,761**	**(318)**	**(1,363)**	**—**	**(180)**	**10,692**	**(1,279)**	**7**
Liabilities												
Debt	$323	($30)	$—	($8)	$169	$—	($160)	$—	$—	$294	($19)	$—
Other liabilities	19	7	—	7	2	(1)	(10)	—	—	24	(3)	—
Total liabilities	**$342**	**($23)**	**$—**	**($1)**	**$171**	**($1)**	**($170)**	**$—**	**$—**	**$318**	**($22)**	**$—**

(1) For assets, increase and decrease in earnings and other comprehensive income is shown as gains and (losses), respectively. For liabilities, increase and decrease in earnings and comprehensive income is shown as (gains) and losses, respectively.

(2) Transfers out of Level 3 during 2022 and 2021 consisted primarily of certain mortgage-related securities due to an increased volume and level of activity in the market and availability of price quotes from dealers and third-party pricing services. Certain Freddie Mac securities are classified as Level 3 at issuance and generally are classified as Level 2 when they begin trading.

(3) Represents the amount of total gains or losses for the period, included in earnings, attributable to the change in unrealized gains and losses related to assets and liabilities classified as Level 3 that were still held at December 31, 2022 and December 31, 2021, respectively.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for Level 3 assets and liabilities measured on our consolidated balance sheets at fair value on a recurring basis.

Table 16.3 - Quantitative Information about Recurring Level 3 Fair Value Measurements

	December 31, 2022				
			Unobservable Inputs		
(**Dollars in millions**, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average(1)
Assets					
Investment securities:					
Available-for-sale	$557	Median of external sources	External pricing sources	$66.3 - $74.6	$70.5
	337	Other			
Trading	2,080	Single external source	External pricing sources	$0.0 - $5,702.4	$224.8
	651	Other			
Mortgage loans held-for-sale	310	Single external source	External pricing sources	$39.6 - $98.1	$76.6
Mortgage loans held-for-investment	110	Single external source	External pricing sources	$76.9 - $87.5	$80.6
Guarantee assets	5,084	Discounted cash flows	OAS	17 - 186 bps	45 bps
	358	Other			
Insignificant Level 3 assets(2)	131				
Total level 3 assets	**$9,618**				
Liabilities					
Insignificant Level 3 liabilities(2)	485				
Total level 3 liabilities	**$485**				

	December 31, 2021				
			Unobservable Inputs		
(**Dollars in millions**, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average(1)
Assets					
Investment securities:					
Available-for-sale	$839	Median of external sources	External pricing sources	$72.8 - $83.7	$77.0
	446	Other			
Trading	2,846	Single external source	External pricing sources	$0.0 - $7,343.1	$396.7
	541	Other			
Guarantee assets	5,531	Discounted cash flows	OAS	17 - 186 bps	45 bps
	388	Other			
Insignificant Level 3 assets(2)	101				
Total level 3 assets	**$10,692**				
Liabilities					
Insignificant Level 3 liabilities(2)	318				
Total level 3 liabilities	**$318**				

(1) Unobservable inputs were weighted primarily by the relative fair value of the financial instruments.

(2) Represents the aggregate amount of Level 3 assets or liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant.

Assets Measured at Fair Value on a Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. These adjustments usually result from the application of lower-of-cost-or-fair-value accounting or an allowance for credit losses based on the fair value of the underlying collateral. Certain of the fair values in the tables below were not obtained as of the period end, but were obtained during the period.

The table below presents assets measured on our consolidated balance sheets at fair value on a non-recurring basis.

Table 16.4 - Assets Measured at Fair Value on a Non-Recurring Basis

	December 31, 2022				December 31, 2021			
(In millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Mortgage loans[1]	$—	$386	$1,758	$2,144	$—	$12	$797	$809

(1) Includes loans that are classified as held-for-investment and have an allowance for credit losses based on the fair value of the underlying collateral and held-for-sale loans where the fair value is below cost.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for Level 3 assets measured on our consolidated balance sheets at fair value on a non-recurring basis.

Table 16.5 - Quantitative Information about Non-Recurring Level 3 Fair Value Measurements

	December 31, 2022				
			Unobservable Inputs		
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[1]
Mortgage loans	$1,657	Median of external sources	External pricing sources	$74.8 - $98.6	$86.3
	101	Other			
Total	**$1,758**				

	December 31, 2021				
			Unobservable Inputs		
(Dollars in millions, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[1]
Mortgage loans	$625	Median of external sources	External pricing sources	$61.9 - $107.1	$97.3
	172	Other			
Total	**$797**				

(1) Unobservable inputs were weighted primarily by the relative fair value of the financial instruments.

Fair Value of Financial Instruments

The table below presents the carrying value and estimated fair value of our financial instruments. For certain types of financial instruments, such as cash and cash equivalents, securities purchased under agreements to resell, secured lending, and certain debt, the carrying value on our GAAP balance sheets approximates fair value, as these assets and liabilities are short-term in nature and have limited fair value volatility.

Table 16.6 - Fair Value of Financial Instruments

	December 31, 2022						
			Fair Value				
(In millions)	GAAP Measurement Category(1)	Carrying Amount	Level 1	Level 2	Level 3	Netting Adjustments(2)	Total
Financial Assets							
Cash and cash equivalents	Amortized cost	$6,360	$6,360	$—	$—	$—	$6,360
Securities purchased under agreements to resell	Amortized cost	87,295	—	99,286	—	(11,991)	87,295
Investments securities:							
Available-for-sale	FV - OCI	6,534	—	5,640	894	—	6,534
Trading	FV - NI	32,167	23,453	5,983	2,731	—	32,167
Total investments securities		**38,701**	**23,453**	**11,623**	**3,625**	**—**	**38,701**
Mortgage loans:							
Loans held by consolidated trusts		2,971,601	—	2,331,969	244,045	—	2,576,014
Loans held by Freddie Mac		62,914	—	25,921	32,460	—	58,381
Total mortgage loans	**Various(3)**	**3,034,515**	**—**	**2,357,890**	**276,505**	**—**	**2,634,395**
Other assets:							
Guarantee assets	FV - NI	5,442	—	—	5,445	—	5,445
Derivative assets, net	FV - NI	307	—	6,397	2	(6,092)	307
Other assets(4)	Various	1,739	—	907	835	—	1,742
Total other assets		**7,488**	**—**	**7,304**	**6,282**	**(6,092)**	**7,494**
Total financial assets		**$3,174,359**	**$29,813**	**$2,476,103**	**$286,412**	**($18,083)**	**$2,774,245**
Financial Liabilities							
Debt:							
Debt of consolidated trusts		$2,979,070	$—	$2,564,323	$701	$—	$2,565,024
Debt of Freddie Mac		166,762	—	175,673	3,162	(11,991)	166,844
Total debt	**Various(5)**	**3,145,832**	**—**	**2,739,996**	**3,863**	**(11,991)**	**2,731,868**
Other liabilities:							
Guarantee obligations	Amortized cost	5,779	—	—	6,016	—	6,016
Derivative liabilities, net	FV - NI	758	—	10,823	97	(10,162)	758
Other liabilities(4)	FV - NI	20	—	1,025	211	—	1,236
Total other liabilities		**6,557**	**—**	**11,848**	**6,324**	**(10,162)**	**8,010**
Total financial liabilities		**$3,152,389**	**$—**	**$2,751,844**	**$10,187**	**($22,153)**	**$2,739,878**

(1) FV - NI denotes fair value through net income. FV - OCI denotes fair value through other comprehensive income.

(2) Represents counterparty netting, cash collateral netting.

(3) As of December 31, 2022, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value and FV - NI were $3.0 trillion, $9.0 billion and $4.4 billion, respectively.

(4) For other assets, includes advances to lenders, secured lending, and loan commitments. For other liabilities, includes loan commitments.

(5) As of December 31, 2022, the GAAP carrying amounts measured at amortized cost and FV - NI were $3.1 trillion and $3.0 billion, respectively.

			December 31, 2021				
			Fair Value				
(In millions)	GAAP Measurement Category(1)	Carrying Amount	Level 1	Level 2	Level 3	Netting Adjustments(2)	Total
Financial Assets							
Cash and cash equivalents	Amortized cost	$10,150	$10,150	$—	$—	$—	$10,150
Securities purchased under agreements to resell	Amortized cost	71,203	—	78,536	—	(7,333)	71,203
Investments securities:							
Available-for-sale	FV - OCI	4,012	—	2,726	1,286	—	4,012
Trading	FV - NI	49,003	31,780	13,837	3,386	—	49,003
Total investments securities		**53,015**	**31,780**	**16,563**	**4,672**	**—**	**53,015**
Mortgage loans:							
Loans held by consolidated trusts		2,784,626	—	2,563,588	238,133	—	2,801,721
Loans held by Freddie Mac		63,483	—	35,856	29,803	—	65,659
Total mortgage loans	**Various(3)**	**2,848,109**	**—**	**2,599,444**	**267,936**	**—**	**2,867,380**
Other assets:							
Guarantee assets	FV - NI	5,919	—	—	5,923	—	5,923
Derivative assets, net	FV - NI	460	33	5,630	17	(5,220)	460
Other assets(4)	Various	6,326	—	1,404	5,008	—	6,412
Total other assets		**12,705**	**33**	**7,034**	**10,948**	**(5,220)**	**12,795**
Total financial assets		**$2,995,182**	**$41,963**	**$2,701,577**	**$283,556**	**($12,553)**	**$3,014,543**
Financial Liabilities							
Debt:							
Debt of consolidated trusts		$2,803,054	$—	$2,803,030	$656	$—	$2,803,686
Debt of Freddie Mac		177,131	—	185,793	3,957	(7,333)	182,417
Total debt	**Various(5)**	**2,980,185**	**—**	**2,988,823**	**4,613**	**(7,333)**	**2,986,103**
Other liabilities:							
Guarantee obligations	Amortized cost	5,716	—	—	6,240	—	6,240
Derivative liabilities, net	FV - NI	282	—	7,982	23	(7,723)	282
Other liabilities(4)	FV - NI	13	—	4	101	—	105
Total other liabilities		**6,011**	**—**	**7,986**	**6,364**	**(7,723)**	**6,627**
Total financial liabilities		**$2,986,196**	**$—**	**$2,996,809**	**$10,977**	**($15,056)**	**$2,992,730**

(1) FV - NI denotes fair value through net income. FV - OCI denotes fair value through other comprehensive income.

(2) Represents counterparty netting and cash collateral netting.

(3) As of December 31, 2021, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value and FV - NI were $2.8 trillion, $9.3 billion and $10.5 billion, respectively.

(4) For other assets, includes advances to lenders, secured lending, and loan commitments. For other liabilities, includes loan commitments.

(5) As of December 31, 2021, the GAAP carrying amounts measured at amortized cost and FV - NI were $3.0 trillion and $2.5 billion, respectively.

Fair Value Option

We elected the fair value option for certain mortgage loans and loan commitments and certain debt issuances.

Mortgage Loans and Loan Commitments

We elected the fair value option for certain fixed-rate multifamily loan purchase commitments and certain multifamily loans that were acquired for securitization to offset the changes in fair value of the derivatives that we use to economically hedge the interest rate risk of the loans and commitments. The multifamily loans are classified either as held-for-investment or as held-for-sale on our consolidated balance sheets based on management's intent and ability and are measured at fair value on a recurring basis, with subsequent gains or losses related to changes in fair value (net of accrued interest income) reported in investment gains, net, on our consolidated statements of income. We elected to report separately the portion of the changes in fair value of the loans related to accrued interest from the remaining changes in fair value. Related interest income continues to be reported, based on the stated terms of the loans, as interest income on our consolidated statements of income.

Debt of Consolidated Trusts and Debt of Freddie Mac

We elected the fair value option on debt that contains embedded derivatives, including certain STACR and SCR debt notes, and certain other debt issuances. Fair value changes are recorded in investment gains, net, on our consolidated statements of income. For debt where we have elected the fair value option, upfront costs and fees are recognized in earnings as incurred and not deferred. Related interest expense continues to be reported as interest expense based on the stated terms of the debt securities.

The table below presents the fair value and UPB related to multifamily loan purchase commitments and loans and debt for which we have elected the fair value option.

Table 16.7 - Difference between Fair Value and UPB for Certain Financial Instruments with Fair Value Option Elected(1)

	December 31, 2022			December 31, 2021		
(In millions)	Fair value	UPB	Difference	Fair value	UPB	Difference
Mortgage loans held-for-sale	$3,218	$3,421	($203)	$10,498	$10,224	$274
Mortgage loans held-for-investment	1,214	1,368	(154)	—	—	—
Debt of Freddie Mac	892	881	11	1,252	1,220	32
Debt of consolidated trusts	1,656	1,833	(177)	958	958	—
Other assets/other liabilities	11	N/A	N/A	127	N/A	N/A

(1) Excludes interest-only securities related to debt of consolidated trusts and debt of Freddie Mac with a fair value of $0.5 billion and $0.3 billion as of December 31, 2022 and December 31, 2021, respectively.

Changes in Fair Value Under the Fair Value Option Election

The table below presents the changes in fair value related to items for which we have elected the fair value option. These amounts are included in investment gains, net, on our consolidated statements of income.

Table 16.8 - Changes in Fair Value under the Fair Value Option Election

	December 31, 2022	December 31, 2021	December 31, 2020
(In millions)	Gains (Losses)		
Mortgage loans held-for-sale	($987)	($407)	$1,247
Mortgage loans held-for-investment	(154)	—	—
Debt of Freddie Mac	(30)	50	335
Debt of consolidated trusts	458	17	4
Other assets/other liabilities	(362)	1,271	2,288

Changes in fair value attributable to instrument-specific credit risk were not material for the periods presented for assets or liabilities for which we elected the fair value option.

NOTE 17

Legal Contingencies

We are involved, directly or indirectly, in a variety of legal and regulatory proceedings arising from time to time in the ordinary course of business (including, among other things, contractual disputes, personal injury claims, employment-related litigation, and other legal proceedings incidental to our business) and in connection with the conservatorship and Purchase Agreement. We are frequently involved, directly or indirectly, in litigation involving mortgage foreclosures. From time to time, we are also involved in proceedings arising from our termination of a seller's or servicer's eligibility to sell loans to, and/or service loans for, us. In these cases, the former seller or servicer sometimes seeks damages against us for wrongful termination under a variety of legal theories. In addition, we are sometimes sued in connection with the origination or servicing of loans. These suits typically involve claims alleging wrongful actions of sellers and servicers. Our contracts with our sellers and servicers generally provide for indemnification of Freddie Mac against liability arising from sellers' and servicers' wrongful actions with respect to loans sold to or serviced for Freddie Mac.

Litigation claims and proceedings of all types are subject to many uncertainties (including appeals and procedural filings), and there can be no assurance as to the ultimate outcome of those actions (including the matters described below). In accordance with the accounting guidance for contingencies, we reserve for litigation claims and assessments asserted or threatened against us when a loss is probable (as defined in such guidance) and the amount of the loss can be reasonably estimated. The actual costs of resolving legal actions may be substantially higher or lower than the amounts accrued for those actions.

It is not possible for us to predict the actions the U.S. government (including Treasury and FHFA) might take in response to any ruling or finding in any of these lawsuits or any future lawsuits. However, it is possible that we could be adversely affected by these events, including, for example, by changes to the Purchase Agreement, or any resulting actual or perceived changes in the level of U.S. government support for our business.

Putative Securities Class Action Lawsuit: Ohio Public Employees Retirement System vs. Freddie Mac, Syron, Et Al.

This putative securities class action lawsuit was filed against Freddie Mac and certain former officers on January 18, 2008 in the U.S. District Court for the Northern District of Ohio purportedly on behalf of a class of purchasers of Freddie Mac stock from August 1, 2006 through November 20, 2007. FHFA later intervened as Conservator, and the plaintiff amended its complaint on several occasions. The plaintiff alleged, among other things, that the defendants violated federal securities laws by making false and misleading statements concerning our business, risk management, and the procedures we put into place to protect the company from problems in the mortgage industry. The plaintiff seeks unspecified damages and interest, and reasonable costs and expenses, including attorney and expert fees.

In August 2018, the District Court denied the plaintiff's motion for class certification, and in January 2019, the Sixth Circuit denied plaintiff's petition for leave to appeal that decision. On September 17, 2020, the District Court granted a request from the plaintiff for summary judgment and entered final judgment in favor of Freddie Mac and the other defendants. On October 9, 2020, the plaintiff filed a notice of appeal in the Sixth Circuit. On January 27, 2021, Freddie Mac filed a motion to dismiss the appeal, which the Sixth Circuit denied on January 6, 2022.

Litigation Concerning the Purchase Agreement in the U.S. District Court for the District of Columbia

In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations. This is a consolidated class action lawsuit filed by private individual and institutional investors (collectively, "Class Plaintiffs") against FHFA, Fannie Mae, and Freddie Mac.

Fairholme Funds, Inc., et al. v. FHFA, et al. This is an individual plaintiffs' lawsuit by certain institutional investors ("Individual Plaintiffs") against FHFA, Fannie Mae, and Freddie Mac.

Plaintiffs in each of the District of Columbia lawsuits filed an amended complaint on November 1, 2017 alleging claims for breach of contract, breach of the implied covenant of good faith and fair dealing, breach of fiduciary duties, and violation of Delaware and Virginia corporate law. Additionally, the Class Plaintiffs brought derivative claims against FHFA for breach of fiduciary duties and the Individual Plaintiffs brought claims under the Administrative Procedure Act. Both sets of claims are generally based on allegations that the net worth sweep dividend provisions of the senior preferred stock that were implemented pursuant to the August 2012 amendments nullified certain of the shareholders' rights, including the rights to receive dividends and a liquidation preference. On September 28, 2018, the District Court dismissed all of the claims except those for breach of the implied covenant of good faith and fair dealing. The cases were consolidated for trial.

On September 23 and October 11, 2022, the District Court ruled on the parties' motions for summary judgment and related matters. The rulings limited the Plaintiffs' remaining damages theories to those based on the decline in Freddie Mac's and Fannie Mae's share value immediately after the Third Amendment. The Plaintiffs have asserted losses based on the decline in value of Freddie Mac's common and junior preferred stock from August 16 to August 17, 2012. During the trial in October and early November 2022, the Plaintiffs requested that the jury award $832 million plus pre-judgment interest as damages against Freddie Mac. The jury in that trial was not able to reach a unanimous verdict and on November 7, 2022 the judge declared a mistrial. The Court set a new trial for July 24, 2023. At this time, we do not believe the likelihood of loss is probable; therefore, we have not established an accrual in connection with these lawsuits. However, it is reasonably possible that the Plaintiffs could prevail in this matter and, if so, we may incur a loss up to $832 million plus pre-judgment interest as discussed above. We estimate that prejudgment interest, if awarded, would be calculated at a rate of 6%.

NOTE 18

Regulatory Capital

ERCF

The GSE Act specifies certain capital requirements for us and authorizes FHFA to establish other capital requirements as well as to increase our minimum capital levels or to establish additional capital and reserve requirements for particular purposes. In October 2008, FHFA suspended capital classification of us during conservatorship, in light of the Purchase Agreement.

FHFA established the ERCF as a new enterprise regulatory capital framework for Freddie Mac and Fannie Mae in December 2020. Our current capital levels are significantly below the levels that would be required under the ERCF. The ERCF has a transition period for compliance, and we are not required to comply with the regulatory capital requirements or the buffer requirements while in conservatorship. In general, the compliance date for the regulatory capital requirements will be the later of the date of termination of our conservatorship and any later compliance date provided in a transition order, and the compliance date for buffer requirements in the ERCF will be the date of termination of our conservatorship. Pursuant to the final rule, we are required to comply with the regulatory capital reporting requirements under the ERCF in 2022, and we filed our initial quarterly capital report on May 27, 2022. With respect to the ERCF's advanced approaches requirements, the compliance date is January 1, 2025 or any later compliance date specified by FHFA.

The ERCF establishes risk-based and leverage capital requirements and includes supplemental capital requirements relating to the amount and form of the capital we hold, based largely on definitions of capital used in U.S. banking regulators' regulatory capital framework. The ERCF capital requirements contain both statutory capital elements (total capital and core capital) and regulatory capital elements (CET1 capital, Tier 1 capital, and adjusted total capital). The ERCF also includes a requirement that we hold prescribed capital buffers that can be drawn down in periods of financial stress and then rebuilt over time as economic conditions improve. If we fall below the prescribed buffer amounts, we must restrict capital distributions such as stock repurchases and dividends, as well as discretionary bonus payments to executives, until the buffer amounts are restored.

Risk-Based Capital Requirements

Under the ERCF risk-based capital requirements, we must maintain our CET1 capital, Tier 1 capital, and adjusted total capital ratios equal to at least 4.5%, 6.0%, and 8.0%, respectively, of RWA. We must also maintain statutory total capital equivalent to at least 8.0% of the total RWA. To avoid limits on capital distributions and discretionary bonus payments tied to executive compensation, we also must maintain CET1 capital that exceeds the risk-based capital requirements by at least the amount of the PCCBA. The PCCBA consists of three separate component buffers—a stress capital buffer, a stability capital buffer, and a countercyclical capital buffer.

- The stress capital buffer must be at least 0.75% of our ATA as of the last day of the previous calendar quarter. FHFA will periodically re-size the stress capital buffer to the extent that FHFA's eventual program for supervisory stress tests determines that our peak capital exhaustion under a severely adverse stress scenario would exceed 0.75% of ATA.
- The stability capital buffer is tailored to the risk that our default or other financial distress could pose to the liquidity, efficiency, competitiveness, or resiliency of national housing finance markets. The stability capital buffer is based on our share of residential mortgage debt outstanding. As of December 31, 2022, our stability capital buffer was 0.61% of ATA.
- The countercyclical capital buffer is currently set at 0.0% of our ATA. FHFA has indicated that it will adjust the countercyclical capital buffer taking into account the macro-financial environment in which we operate, such that the buffer would be deployed only when excess aggregate credit growth is judged to be associated with a build-up of system-wide risk.

Leverage Capital Requirements

Under the ERCF leverage capital requirements, we must maintain our Tier 1 capital ratio equal to at least 2.5% of ATA. We must also maintain our statutory core capital ratio equal to at least 2.5% of ATA. To avoid limits on capital distributions and discretionary bonus payments tied to executive compensation, we also must maintain Tier 1 capital that exceeds the leverage capital requirements by at least the amount of the PLBA. The PLBA is equal to 50% of our stability capital buffer.

Capital Metrics

The table below presents our capital metrics under the ERCF.

Table 18.1 - ERCF Available Capital and Capital Requirements

(In billions)	December 31, 2022
Adjusted total assets	$3,710
Risk-weighted assets (standardized approach)	899

	December 31, 2022		
(Dollars in billions)	Minimum Capital Requirement	Capital Requirement (Including Buffer[1])	Available Capital (Deficit)
Risk-based capital amounts:			
Total capital (statutory)	$72	$72	($27)
CET1 capital	40	90	(55)
Tier 1 capital	54	104	(41)
Adjusted total capital	72	122	(41)
Risk-based capital ratios[2]:			
Total capital (statutory)	8.0 %	8.0 %	(3.1)%
CET1 capital	4.5	10.1	(6.2)
Tier 1 capital	6.0	11.6	(4.6)
Adjusted total capital	8.0	13.6	(4.6)
Leverage capital amounts:			
Core capital (statutory)	$93	$93	($35)
Tier 1 capital	93	104	(41)
Leverage capital ratios[3]:			
Core capital (statutory)	2.5 %	2.5 %	(1.0)%
Tier 1 capital	2.5	2.8	(1.1)

(1) PCCBA for risk-based capital and PLBA for leverage capital.

(2) As a percentage of RWA.

(3) As a percentage of ATA.

Controls and Procedures

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by the Board of Directors, management, and other personnel to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. It is a process that involves human diligence and compliance and is, therefore, subject to lapses in judgment and breakdowns resulting from human error. It also can be circumvented by collusion or improper management override. Because of its limitations, there is a risk that internal control over financial reporting may not prevent or detect, on a timely basis, errors that could cause a material misstatement of the financial statements.

We assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making our assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control — Integrated Framework (2013 Framework). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis by a company's internal controls. Based on our assessment, we identified a material weakness related to our inability to update our disclosure controls and procedures in a manner that adequately ensures the accumulation and communication to management of information known to FHFA that is needed to meet our disclosure obligations under the federal securities laws, including disclosures affecting our consolidated financial statements.

We have been under conservatorship of FHFA since September 6, 2008. FHFA is an independent agency that currently functions as both our Conservator and our regulator with respect to our safety, soundness, and mission. Because we are in conservatorship, some of the information that we may need to meet our disclosure obligations may be solely within the knowledge of FHFA. As our Conservator, FHFA has the power to take actions without our knowledge that could be material to investors and could significantly affect our financial performance. Although we and FHFA have attempted to design and implement disclosure policies and procedures to account for the conservatorship and accomplish the same objectives as disclosure controls and procedures for a typical reporting company, there are inherent structural limitations on our ability to design, implement, test, or operate effective disclosure controls and procedures under the circumstances of conservatorship. As our Conservator and regulator, FHFA is limited in its ability to design and implement a complete set of disclosure controls and procedures relating to us, particularly with respect to current reporting pursuant to Form 8-K. Similarly, as a regulated entity, we are limited in our ability to design, implement, operate, and test the controls and procedures for which FHFA is responsible. For example, FHFA may formulate certain intentions with respect to the conduct of our business that, if known to management, would require consideration for disclosure or reflection in our financial statements, but that FHFA, for regulatory reasons, may be constrained from communicating to management. As a result of these considerations, we have concluded that this control deficiency constitutes a material weakness in our internal control over financial reporting.

Because of this material weakness, we have concluded that our internal control over financial reporting was not effective as of December 31, 2022 based on the COSO criteria (2013 Framework). PricewaterhouseCoopers LLP, an independent registered public accounting firm, audited the effectiveness of our internal control over financial reporting as of December 31, 2022 and also determined that our internal control over financial reporting was not effective. PricewaterhouseCoopers LLP's report appears in **Financial Statements — Report of Independent Registered Public Accounting Firm**.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms and that such information is accumulated and communicated to management of the company, including the company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we must apply judgment in implementing possible controls and procedures.

Management, including the company's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2022. As a result of management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2022, at a reasonable level of assurance, because we have not been able to update our disclosure controls and procedures to provide reasonable assurance that information known by FHFA on an ongoing basis is communicated from FHFA to Freddie Mac's management in a manner that allows for timely decisions regarding our required disclosure under the federal securities laws. As discussed above, we consider this situation to be a material weakness in our internal control over financial reporting. Based on discussions with FHFA and the structural nature of this continuing weakness, we believe it is likely that we will not remediate this material weakness while we are under conservatorship.

MITIGATING ACTIONS RELATED TO THE MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As described above under ***Management's Report on Internal Control Over Financial Reporting***, we have one material weakness in internal control over financial reporting as of December 31, 2022 that we have not remediated.

Given the structural nature of this material weakness, we believe it is likely that we will not remediate it while we are under conservatorship. However, both we and FHFA have continued to engage in activities and employ procedures and practices intended to permit accumulation and communication to management of information needed to meet our disclosure obligations under the federal securities laws. These include the following:

- FHFA has established the Division of Conservatorship Oversight and Readiness, which is intended to facilitate operation of the company with the oversight of the Conservator.
- We provide drafts of our SEC filings to FHFA personnel for their review and comment prior to filing. We also provide drafts of certain external press releases and statements to FHFA personnel for their review and comment prior to release.
- FHFA personnel, including senior officials, review our SEC filings prior to filing, including this Form 10-K, and engage in discussions with us regarding issues associated with the information contained in those filings. Prior to filing this Form 10-K, FHFA provided us with a written acknowledgment that it had reviewed the Form 10-K, was not aware of any material misstatements or omissions in the Form 10-K, and had no objection to our filing the Form 10-K.
- Our senior management meets regularly with senior leadership at FHFA, including, but not limited to, the Director.
- FHFA representatives attend meetings frequently with various groups within the company to enhance the flow of information and to provide oversight on a variety of matters, including accounting, credit and capital markets management, external communications, and legal matters.
- Senior officials within FHFA's accounting group meet frequently with our senior financial executives regarding our accounting policies, practices, and procedures.

In view of our mitigating actions related to this material weakness, we believe that our consolidated financial statements for the year ended December 31, 2022 have been prepared in conformity with GAAP.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING DURING THE QUARTER ENDED DECEMBER 31, 2022

We evaluated the changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2022 and concluded that there were no changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Directors, Corporate Governance, and Executive Officers

DIRECTORS

Election of Directors

As Conservator, FHFA determines the size of the Board of Directors and the scope of its authority. At the start of the conservatorship, FHFA determined that the Board of Directors is to have a Non-Executive Chair and is to consist of a minimum of 9 and not more than 13 directors. FHFA determined that the CEO is the only executive officer permitted to serve as a member of the Board of Directors.

In addition, because FHFA as Conservator has succeeded to the rights of all stockholders of the company, the Conservator elects the directors each year by written consent in lieu of an annual meeting. Accordingly, we will not solicit proxies, distribute a proxy statement to stockholders, or hold an annual meeting of stockholders to elect directors during the conservatorship. Prior to each election by written consent, the Board of Directors identifies director nominees for the Conservator's consideration. When there is a vacancy, the Board of Directors may exercise the authority provided to it by the Conservator to fill such vacancy, subject to review by the Conservator.

In February 2022, the Conservator executed a written consent electing each of our 13 directors listed below.

- **Mark H. Bloom**
- **Kathleen L. Casey**
- **Kevin G. Chavers**
- **Michael J. DeVito**
- **Lance F. Drummond**
- **Aleem Gillani**
- **Mark B. Grier**
- **Luke S. Hayden**
- **Christopher E. Herbert**
- **Grace A. Huebscher**
- **Sara Mathew**
- **Allan P. Merrill**
- **Alberto G. Musalem**

See **Directors, Corporate Governance, and Executive Officers - Directors - *Director Biographical Information*** for information about each of our current directors. The terms of our directors will end on the date the director retires or resigns, the effective date of the Conservator's next election of directors by written consent, or the date of the next annual meeting of our stockholders, whichever occurs first.

Director Criteria, Diversity, Qualifications, Experience, and Tenure

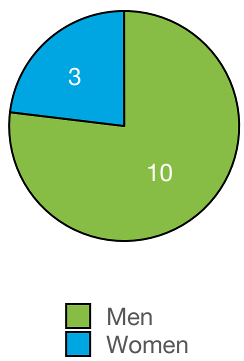
Our Board of Directors seeks candidates for directorship who have achieved a high level of stature, success, and respect in their principal occupations and exemplify high standards of integrity.

We selected our directors as candidates because of their character, judgment, experience, and expertise. In selecting candidates, we follow the requirements set forth in our Charter, the Guidelines, and the Corporate Governance Rule. When identifying director nominees, the Nominating and Governance Committee considers, among other factors, the talents and skills then available on the Board of Directors, the continued involvement of incumbent directors in business and professional activities relevant to us, the skills and experience that should be represented on the Board of Directors, and the availability of other individuals with desirable skills to join the Board of Directors. Specifically, the Nominating and Governance Committee seeks candidates that would complement the knowledge the Board of Directors collectively has in the areas of business, finance, accounting, risk management, technology (including cybersecurity), public policy, mortgage lending, real estate, low-income housing, homebuilding, regulation of financial institutions, DEI, climate risk, and any other areas that may be relevant to our safe and sound operation. We also consider whether a candidate's other commitments, including the number of other board memberships held by the candidate, would permit the candidate to devote sufficient time to the candidate's duties and responsibilities as a director. In addition, our Charter provides that our Board of Directors has at least one person from each of the homebuilding, mortgage lending, and real estate industries and at least one person from an organization representing community or consumer interests or one person who has demonstrated a career commitment to the provision of housing for low-income households.

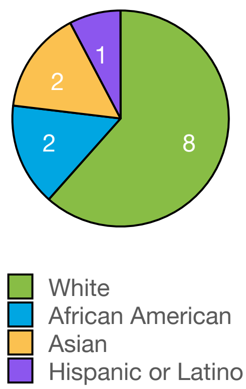
As set forth in the Guidelines, the Board of Directors seeks to have a diversity of talent, perspectives, experience, and cultures among its members, including people of different racial or ethnic backgrounds, women, and people with disabilities, and these are important factors in the Board of Directors' candidate solicitation and nomination processes. FHFA requires us to ensure, to the maximum extent possible in balance with financially safe and sound business practices, inclusion of people with different racial or ethnic backgrounds, women, and people with disabilities in our process of nominating directors, as we do in all of our activities.

Prioritizing diversity as an important part of our candidate solicitation and nomination process has resulted in a Board of Directors with members who have a variety of backgrounds and overall experience. Over half of our directors are women, minorities, or both. Our Non-Executive Chair is a racially and ethnically diverse woman, and a woman and/or racial or ethnic minority serves in a leadership position as the Chair of the Audit, Compensation and Human Capital (CHC), Executive, and Risk Committees. Our Board of Directors also values having a balance of longer-serving directors with institutional knowledge and newer directors that bring fresh perspectives and ideas. The charts below provide information on the composition of our Board of Directors by demographic background and tenure, as of February 21, 2023.

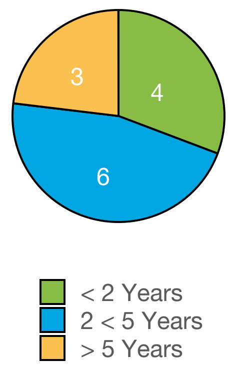
Gender



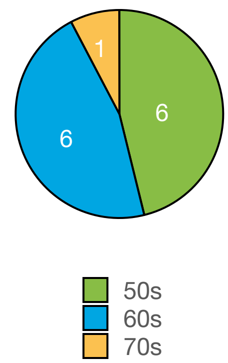
Race/Ethnicity



Tenure



Age



Director Biographical Information

The following summarizes each director's Board service, experience, qualifications, attributes, and/or skills that led to their selection as a director, and provides other biographical information, as of February 21, 2023.

Mark H. Bloom

Age	Director Since	Freddie Mac Committees	Public Company Directorships
58	November 2019	• Compensation and Human Capital • Executive • Operations and Technology, Chair • Risk	• None

Mr. Bloom is an experienced executive who has held a variety of leadership positions at the intersection of finance, technology, and risk management. He brings to the Board of Directors technological expertise to drive efficiency and enhance the customer experience.

Experience and Qualifications

- Global Chief Information Officer of Arthur J. Gallagher & Co., a global insurance brokerage and risk management services firm (2022-present)
- Management Consultant, Operations & Technology (2021-2022)
- Global Chief Technology Officer and a member of the Management Board of Aegon N.V. (2016-2021)
- Various positions at Citigroup, Inc., including Managing Director, Head of Global Consumer Digital and Operations Technology (2007-2016)
- Various positions at JPMorgan Chase & Company, including SVP, Chase Home Financial Technology (2001-2007)
- SVP, eBusiness Solutions at CACI International, Inc. (1999-2001)

Kathleen L. Casey

Age	Director Since	Freddie Mac Committees	Public Company Directorships
56	October 2019	• Audit • Mission and Housing Sustainability • Nominating and Governance	• None

Ms. Casey is an experienced leader with extensive financial regulatory policy experience. She brings high-level regulatory and financial oversight experience as well as a deep understanding of financial markets and governance to the Board of Directors.

Experience and Qualifications

- Senior Advisor with Patomak Global Partners, a financial services consulting firm (2012-present)
- Member of the Board of HSBC Holdings Plc (2014-2020), including service during her tenure on the Group Audit, Financial System Vulnerabilities, Nominations & Corporate Governance, and Group Risk Committees
- Commissioner of the Securities and Exchange Commission (2006-2011)
- Various roles with the U.S. Senate, including Staff Director and Counsel of the Senate Banking, Housing, and Urban Affairs Committee and Staff Director of the Senate Banking Committee's Subcommittee on Financial Institutions and Regulatory Relief (1993-2006)
- Member of the Board of Sepio Systems Inc., a cybersecurity firm focused on hardware access management (2020-present)
- Member of the Library of Congress Trust Fund Board (2011-present)
- Member of the Financial Accounting Foundation Board of Trustees (2018-2022); Chair (2020-2022)
- Member of the International Valuation Standards Council Board of Trustees (2016-2022)
- Chair of the Alternative Investment Management Association Council (2012-2016)

Kevin G. Chavers

Age	Director Since	Freddie Mac Committees	Public Company Directorships
59	February 2022	• Audit • Mission and Housing Sustainability • Nominating and Governance	• Chimera Investment Corporation

Mr. Chavers brings extensive experience in mortgage finance, capital markets, business operations and strategy, and public and private housing finance policy to the Board of Directors.

Experience and Qualifications

- Various positions at BlackRock, Inc., including Managing Director, Global Fixed Income Investment Team, Managing Director, Global Public Policy Group, and Managing Director, BlackRock Solutions, Financial Markets Advisory Group (2011-2021)
- Various positions at Morgan Stanley, including Managing Director, Senior Relationship Management and Head, Mortgage Strategy & Execution (2003-2011)
- VP, Principal Finance Group, Mortgage Securities Department at Goldman Sachs & Company (1998-2003)
- Various positions in the U.S. Government (1989-1998), ultimately serving as President of Ginnie Mae (1995-1998)
- Associate at Milbank, Tweed, Hadley & McCloy LLP (1987-1989)
- Member of the Board and Risk Committee and Chair of the Compensation Committee of Chimera Investment Corporation, Inc. (2021-present)
- Member of the Board and Audit Committee of SMBC Americas Holdings, Inc. (2021-present)
- Member of the Board of Toorak Capital Partners (2021-present)
- Member of the Advisory Board of Ivory Innovations (2022-present)
- Independent Trustee of Optimum Funds (2021-present)

Michael J. DeVito

Age	Director Since	Freddie Mac Committees	Public Company Directorships
58	June 2021	• Executive	• None

Mr. DeVito brings more than 30 years of experience in the mortgage and financial services industries to Freddie Mac and its Board of Directors. He has extensive experience across home lending, including in loan origination, servicing, portfolio management, secondary marketing, credit, and risk management.

Experience and Qualifications

- CEO of Freddie Mac (2021-present)
- Various positions with Wells Fargo & Company, including EVP - Head of Home Lending of Wells Fargo (2017-2020), Head of Home Lending Production (2015-2017), Head of Home Lending Servicing (2013-2015), Head of Default Servicing (2011-2013), Head of Loan Workout (2009-2011), Head of Education Financial Services (2007-2009), and Head of Mortgage Retail Underwriting and Operations (1996-2007)

Lance F. Drummond

Age	Director Since	Freddie Mac Committees	Public Company Directorships
68	July 2015	• Audit • Compensation and Human Capital, Chair • Executive • Operations and Technology	• AvidXchange Holdings, Inc. • United Community Banks, Inc.

Mr. Drummond is a senior business leader who brings extensive experience, specializing in business transforming strategy development and execution, operations, technology, process re-engineering, and executive compensation oversight to the Board of Directors.

Experience and Qualifications

- Executive in Residence, Christopher Newport University (2015-2017)
- EVP of Operations and Technology of TD Canada Trust (2011-2014)
- EVP of Human Resources and Shared Services of Fiserv Inc. (2009-2011)
- SVP and Supply Chain Executive, Service and Fulfillment Executive for Global Technology and Operations, and eCommerce and ATM Executive of Bank of America (2002-2008)
- Various positions with Eastman Kodak Company, including Chief Operating Officer and Corporate VP of Kodak Professional Division (1976-2002)
- Member of the Board and Executive, Risk, and Talent & Compensation Committees, and Chair of the Nominating and Governance Committee of United Community Banks, Inc. (2018-present)
- Member of the Board and Compensation Committee and Chair of the Risk Management Committee of AvidXchange (2020-present)
- Member of the Board and Compensation and Human Capital Committee and Chair of the Audit Committee of the Financial Industry Regulatory Authority (FINRA) (2018-present)
- Member of the Board and Audit Committee of CurAegis Technologies, Inc. (2018-2020)

Aleem Gillani

Age	Director Since	Freddie Mac Committees	Public Company Directorships
60	January 2019	• Audit, Chair • Compensation and Human Capital • Executive	• None

Mr. Gillani is an executive with extensive experience at sophisticated financial institutions. His blend of industry, financial, and risk management experience provides valuable contributions to the Board's oversight of internal controls over financial reporting and risk management matters.

Experience and Qualifications

- Various positions with SunTrust Banks, Inc., including CFO and Corporate EVP, EVP and Corporate Treasurer, and SVP and Chief Market Risk Officer (2007-2018)
- SVP and Chief Market Risk Officer of PNC Financial Services Group, Inc. (2004-2007)
- Chief Market Risk Officer of BankBoston and FleetBoston Corp. (1996-2004)
- Advanced Management Program, Harvard Business School (2003)
- Member of the Board of SunTrust Robinson Humphrey (2011-2018)
- Founding Chair of the Market Risk Council for the Risk Management Association (1998)

Mark B. Grier

Age	Director Since	Freddie Mac Committees	Public Company Directorships
70	February 2020	• Executive • Nominating and Governance, Chair • Risk	• None

Mr. Grier is an executive with extensive finance, risk, and capital markets experience, who brings deep capital management expertise to the Board of Directors.

Experience and Qualifications

- Interim CEO of Freddie Mac (2021)
- Various positions with Prudential Financial, Inc., including Vice Chairman, Member of the Office of the Chairman, and CFO (1995-2019)
- Various positions with The Chase Manhattan Corporation and its predecessors, including EVP, Co-Head, Global Markets and EVP, Global Risk Management (1978-1995)
- Member of the Board of Trustees of The Geraldine R. Dodge Foundation (2021-present)
- Member of the Board of Trustees of Eisenhower Fellowships (2013-present)
- Chair of the Board of the Global Impact Investing Network (2017-2022)
- Member of the Board of Achieve Inc. (2009-2020); Chair (2014-2020)
- Member of the Board of Trustees of the Tragedy Assistance Program for Survivors (2013-2019)
- Vice Chair and Member of the Board of Directors of Prudential Financial, Inc. (2008-2019)

Luke S. Hayden III

Age	Director Since	Freddie Mac Committees	Public Company Directorships
66	February 2022	• Operations and Technology • Risk	• None

Mr. Hayden is an experienced executive who brings expertise in residential real estate finance, capital markets, and risk management to the Board of Directors.

Experience and Qualifications

- CEO of Hayden Consulting (2012-present)
- Vice Chairman of Residential Mortgage Services Holdings, Inc. (2013-2021)
- President of PHH Mortgage Corporation (2010-2012)
- EVP and Senior Managing Director at GMAC Residential Capital (2007-2008)
- Various positions including EVP at JPMorgan Chase & Company and its predecessors (1992-2005)
- Various positions at Security Pacifica National Bank, including SVP, Secondary Marketing, Residential Real Estate Group (1989-1992)
- Various positions at First Interest Bank of California, including SVP, Mortgage Division (1980-1989)
- Loan officer and loan purchaser at Ralph C. Sutro Company (1978-1980)

Christopher E. Herbert

Age	Director Since	Freddie Mac Committees	Public Company Directorships
62	March 2018	• Compensation and Human Capital • Executive • Mission and Housing Sustainability, Chair • Risk	• None

Mr. Herbert is an experienced leader in the governmental and educational sectors and provides the Board of Directors with in-depth knowledge of housing policy, including low-income housing, and urban development, including the financial and demographic dimensions of home ownership.

Experience and Qualifications

- Managing Director for Harvard University's Joint Center for Housing Studies and Lecturer in Urban Planning and Design at the Harvard Graduate School of Design (2015-present)
- Research Director for Harvard University's Joint Center for Housing Studies (2010-2014)
- Senior Associate at Abt Associates, Inc. (1997-2010)
- Member of the National Association of Realtors Strategic Think Tank (2022-present)
- Member of the Advisory Board of Ivory Innovations (2021-present)
- Member of the Habitat for Humanity Cost of Home Cabinet and Research Advisory Council (2019-present)
- Member of the Board of the Homeownership Preservation Foundation (2011-2019)
- Member of the Research Advisory Council for the Center for Responsible Lending (2006-2019)
- Member of the Board of GreenPath Financial Wellness (2017-2019)
- Member of the Federal Reserve Bank of Boston's Community Development Research Advisory Council (2014-2016)

Grace A. Huebscher

Age	Director Since	Freddie Mac Committees	Public Company Directorships
63	December 2017	• Compensation and Human Capital • Executive • Operations and Technology • Risk, Chair	• None

Ms. Huebscher is an executive with extensive experience in capital markets and real estate. She brings deep multifamily industry knowledge, entrepreneurial experience, and risk oversight and executive management expertise to the Board of Directors.

Experience and Qualifications

- Advisor to Capital One Commercial Bank (2017)
- President of Capital One Multifamily Finance, LLC (2013-2017)
- Co-Founder and CEO of Beech Street Capital, LLC (2009-2013)
- Various positions with Fannie Mae, including VP, Capital Markets (1997-2009)
- Member of the Board of The Kenyon Review (1998-present)
- Member of the Commercial Board of Governors of the Mortgage Bankers Association (2014-2017)

Sara Mathew

Age	Director Since	Freddie Mac Committees	Public Company Directorships
67	December 2013	• Executive, Chair	• Carnival Corporation & plc • Dropbox, Inc. • State Street Corporation

Ms. Mathew is an executive with global financial, technology, and general management experience. Ms. Mathew's extensive business, financial, and management experience, and her public company board and audit committee experience, positions her to make valuable contributions to Board oversight of our internal control over financial reporting and compliance matters.

Experience and Qualifications

- Various positions with Dun & Bradstreet Corporation (2001-2013), including Chairman and CEO (2010-2013); President and Chief Operating Officer (2007-2010); and SVP and CFO (2001-2006)
- Various finance and management positions with The Procter & Gamble Company, including VP of Finance for Australia, Asia, and India (1983-2001)
- Member of the Boards and Audit Committees of Carnival Corporation and Carnival plc (2022-present)
- Member of the Board and Audit and Compensation Committees of Dropbox, Inc. (2021-present)
- Member of the Board, member of the Executive and Examining and Audit Committees, Chair of the Human Resources Committee, and former member of the Nominating and Corporate Governance and Risk Committees of State Street Corporation (2018-present)
- Member of the Board and Audit Committee and Chair of the Compensation Committee of Xos, Inc. (formerly NextGen Acquisition Corporation) (2020-2022)
- Member of the Board and Audit Committee of Reckitt Benckiser Group plc (2019-2021)
- Member of the Board and Audit and Finance and Corporate Development Committees of Campbell Soup Company (2005-2019)
- Member of the Board; Chair of the Audit, Compliance & Risk Committee; member of the Nomination & Governance Committee; and former member of the Remuneration Committee of Shire plc (2015-2019)
- Member of the Board and Finance and Nominating and Corporate Governance Committees of Avon Products, Inc. (2014-2016)
- Member of the International Advisory Council of Zurich Financial Services Group (2012-2017)
- Member of the Board of Dun & Bradstreet Corporation (2008-2013)

Allan P. Merrill

Age	Director Since	Freddie Mac Committees	Public Company Directorships
56	September 2020	• Audit • Mission and Housing Sustainability • Nominating and Governance	• Beazer Homes USA, Inc.

Mr. Merrill is an executive in the homebuilding industry who brings extensive expertise and in-depth knowledge of the housing market as well as considerable executive leadership, financial experience, and public policy expertise to the Board of Directors.

Experience and Qualifications

- Various positions with Beazer Homes USA, Inc., including Chairman of the Board, President, and CEO, and EVP and CFO (2007-present)
- Various leadership positions with Move, Inc., including EVP of Corporate Development and Strategy, and President of Homebuilder.com, a division of Move, Inc. (2000-2007)
- Various positions with UBS Group AG and its predecessors, including Managing Director and Co-Head of the Global Resources Group (1987-2000)
- Member of the Board of Builder Homesite, Inc. (2011-present)
- Member of the Board of the Leading Builders of America (2011-present)
- Member of the Board of Harvard University's Joint Center for Housing Studies (1992-present)

Alberto G. Musalem

Age	Director Since	Freddie Mac Committees	Public Company Directorships
54	June 2021	• Compensation and Human Capital • Operations and Technology • Risk	• Man Group

Mr. Musalem is a financial executive who brings proven leadership and significant finance, capital markets, economics, and public policy experience to the Board of Directors.

Experience and Qualifications

- Adjunct Professor at Georgetown University (2022-present)
- CEO and Co-Founder of Evince Asset Management LP, a quantitative investment manager (2018-2022)
- EVP of the Federal Reserve Bank of New York (2014-2016)
- Chairman and Board Member of School the World (2012-2017)
- Managing Director and Partner of Tudor Investment Corporation (2000-2013)
- Adjunct Professor at Johns Hopkins University (2007)
- Economist at the International Monetary Fund (1996-2000)
- Analyst at Bankers Trust (1995)
- Analyst at McKinsey & Co. (1994)
- Member of the Board and the Audit and Risk and Remuneration Committees of the Man Group (2022-present)

CORPORATE GOVERNANCE

Our Corporate Governance Practices

We are committed to best practices in corporate governance. Our Board of Directors has adopted the Guidelines, which embody many of our long-standing practices, policies, and procedures and are available on our website at **www.freddiemac.com/governance/pdf/gov_guidelines.pdf**. Our Board of Directors reviews the Guidelines annually and regularly assesses them against the regulatory and legislative environment in which we operate as well as evolving best practices.

The Guidelines are designed to provide for effective collaboration between management and the Board of Directors. We have instituted the following specific corporate governance practices:

- Our Board of Directors has an independent Non-Executive Chair, whose responsibilities include presiding over Board meetings and executive sessions of the non-employee or independent directors.
- Each of our directors is independent, except for the CEO.
- Our directors are elected annually.
- Each of the Audit, CHC, Nominating and Governance, Mission and Housing Sustainability, Operations and Technology, and Risk Committees consists entirely of independent directors.
- Each committee operates pursuant to a written charter that has been approved by the Board of Directors. The charters are available at **http://www.freddiemac.com/governance/board-committees.html**.
- Independent directors meet regularly without management.
- The Board of Directors and each of the Audit, CHC, Nominating and Governance, Operations and Technology, and Risk Committees conduct an annual self-evaluation, as will the newly formed Mission and Housing Sustainability Committee.
- New directors receive a full orientation regarding the company and issues specific to the committees to which they have been appointed.
- All directors are provided with access to, and are encouraged to utilize, third-party continuing education.
- Management provides the Board of Directors and its committees with in-depth technical briefings on substantive issues affecting the company.
- The CHC Committee reviews management talent and succession planning at least annually.

Director Independence and Relevant Considerations

The Nominating and Governance Committee has evaluated the independence of each of our non-employee Board members and has made recommendations to the Board of Directors for determination and approval with respect thereto. For purposes of these determinations, we use the definition of independence set forth in Sections 4 and 5 of the Guidelines and in Section 303A.02 of the NYSE Listed Company Manual. Although our stock is no longer listed on the NYSE, certain of the corporate governance requirements of the NYSE Listed Company Manual, including those relating to independence, continue to apply to us because they are incorporated by reference in the Corporate Governance Rule. Based on the Nominating and Governance Committee's evaluation and recommendation, our Board of Directors made the following determinations. The Board of Directors determined that all current non-employee Board members are independent. Mr. DeVito is not considered to be an independent director due to his service as our CEO.

Our Board of Directors determined that all members of our Audit, CHC, and Nominating and Governance Committees, and the Chairs of the Mission and Housing Sustainability, Operations and Technology, and Risk Committees are independent within the meaning of Sections 4 and 5 of the Guidelines and Section 303A.02 of the NYSE Listed Company Manual. Our Board of Directors also determined that: (1) all members of our Audit Committee are independent within the meaning of Exchange Act Rule 10A-3 and Section 303A.06 of the NYSE Listed Company Manual; and (2) all members of our CHC Committee are independent within the meaning of Exchange Act Rule 10C-1 and Section 303A.02(a)(ii) of the NYSE Listed Company Manual.

In determining the independence of each Board member, the Board of Directors reviewed the following categories or types of relationships, in addition to those specifically addressed by the standards contained in Section 5 of the Guidelines, to determine whether those relationships, either individually or in aggregate, would constitute a material relationship between the director and us that would impair the director's judgment as a member of the Board of Directors or create the perception or appearance of such an impairment:

- **Employment Affiliations with Business Partners.** Mr. Herbert is employed by an organization that engages or has engaged in business with us resulting in payments between us and such organization. Under the Guidelines, no specific independence determination is required with respect to these payments because they do not exceed the greater of $1 million or 2% of the firm's consolidated gross revenues for each of the last three fiscal years. After considering the nature and extent of the specific relationships between these organizations and us, our Board of Directors concluded that the business relationship does not constitute a material relationship between Mr. Herbert and us that would impair his independence as our director.

  Immediate family members of Messrs. Chavers and Hayden and Ms. Huebscher are employed by companies that engage or have engaged in business with us resulting in payments between us and such companies. After considering the nature and extent of the specific relationships between the companies and the immediate family members, and between the companies and Freddie Mac, our Board of Directors concluded that these business relationships do not constitute a material relationship that would impair Messrs. Chavers' or Hayden's or Ms. Huebscher's independence as our directors.
- **Employment Affiliations with Competitors.** An immediate family member of Ms. Huebscher is employed by a company that is a competitor of Freddie Mac. After considering the nature and extent of the specific relationship between the competitor and the immediate family member and between the competitor and Freddie Mac, our Board of Directors concluded that the business relationship does not constitute a material relationship that would impair Ms. Huebscher's independence as our director.
- **Board Memberships with Business Partners.** Messrs. Chavers, Drummond, and Merrill serve as directors of other organizations that engage in business with us resulting in payments between us and such organizations. After considering the nature and extent of the specific relationship between each of those organizations and us, and the fact that these Board members are directors of these other organizations rather than employees, our Board of Directors concluded that those business relationships do not constitute material relationships that would impair their independence as our directors.
- **Financial Relationships with Business Partners.** Messrs. Bloom, Gillani, Grier, and Hayden each own stock in companies with which we conduct significant business, and such ownership represents a material portion of their respective net worth. To eliminate any potential conflict of interest that might arise as a result of their respective stock ownership, we have established mechanisms pursuant to which they will be recused from discussing and acting upon any matters considered by the Board of Directors or any of the committees of which they are or were a member and that directly relate to the company in which they have such stock ownership. In situations where matters are frequently presented to the Board of Directors regarding these companies, we have established formal recusal arrangements. The Audit Committee Chair, in consultation with the Non-Executive Chair (or the Non-Executive Chair alone in a situation involving the Audit Committee Chair), addresses any questions regarding whether recusal from a particular discussion or action is appropriate.

  In evaluating the independence of Messrs. Bloom, Gillani, Grier, and Hayden in light of their stock ownership of our business partners, our Board of Directors considered the nature and extent of our business relationships with such business partners and any potential impact that their respective stock ownership may have on their independent judgment as our directors, taking into account the relevant recusal mechanisms. Our Board of Directors concluded that these mechanisms addressed any actual or potential conflicts of interest with respect to the stock ownership. Accordingly, our Board of Directors concluded that the stock ownership of our business partners by Messrs. Bloom, Gillani, Grier, and Hayden do not constitute material relationships that would impair their independence as our directors.

Board of Directors and Board Committee Information

Authority of the Board of Directors and Board Committees

The directors serve on behalf of, and exercise authority as directed by, the Conservator and owe their fiduciary duties of care and loyalty to the Conservator. Although the Conservator has provided authority for the Board of Directors and its committees to function in accordance with the duties and authorities set forth in applicable statutes, regulations, guidance, orders, and directives, and our Bylaws and committee charters, the Conservator has reserved certain powers of approval for itself. The Conservator provided instructions to the Board of Directors in 2008, 2012, and 2017 for Freddie Mac to consult with and obtain the Conservator's decision before taking certain actions.

The Conservator's instructions as currently revised require that we obtain the Conservator's decision before taking action on any matters that require the consent of or consultation with Treasury under the Purchase Agreement. See **Note 2** for a list of matters that require the approval of Treasury under the Purchase Agreement.

The Conservator's revised instructions also require us to obtain the Conservator's decision before taking action in the areas identified in the table below. For some matters, the Conservator's revised instructions specify that our Board of Directors must review and approve the matter before we request the Conservator's decision, and for other matters the Board of Directors is expected to determine the appropriate level of the Board's engagement.

Matters Requiring Prior Board Review and Approval	Other Matters
• Redemptions or repurchases of our subordinated debt, except as may be necessary to comply with Section 5.7 of the Purchase Agreement; • Creation of any subsidiary or affiliate, or entering into a substantial transaction with a subsidiary or affiliate, except for routine, ongoing transactions with CSS or the creation of, or a transaction with, a subsidiary or affiliate undertaken in the ordinary course of business; • Changes to, or removal of, Board risk limits that would result in an increase in the amount of risk that may be taken by us; • Retention and termination of external auditors to perform an integrated audit of our financial statements and internal controls over financial reporting; • Termination of law firms serving as consultants to the Board; • Proposed amendments to our bylaws or Board committee charters; • Setting or increasing the compensation or benefits payable to members of the Board; and • Establishing the annual operating budget.	• Material changes in accounting policy; • Proposed changes in our business operations, activities, and transactions that, in the reasonable business judgment of our management, are more likely than not to result in a significant increase in credit, market, reputational, operational, or other key risks; • Matters, including our initiation or substantive response to litigation, that impact or question the Conservator's powers, our status in conservatorship, the legal effect of the conservatorship, interpretations of the Purchase Agreement or terms and conditions of the Financial Agency Agreement with Treasury or our performance under the Financial Agency Agreement; • Agreements with respect to any securities litigation claim, and agreements pursuant to which we settle, resolve, or compromise demands, claims, litigation, lawsuits, prosecutions, regulatory proceedings, or tax matters when the amount in dispute is more than $50 million, including each separate agreement with the same counterparty involving the same dispute or common facts when the aggregate amount in dispute totals more than $50 million (this provision excludes loan workouts, which are conducted in the ordinary course of business); • Mergers, acquisitions and changes in control of a Key Counterparty where we have a direct contractual right to cease doing business with such Key Counterparty or object to the merger or acquisition of such entity; • Changes to requirements, policies, frameworks, standards, or products that are aligned with Fannie Mae, pursuant to FHFA's direction; • Credit risk transfers that are new transaction types, recurring transactions with any material change in terms, and transactions that involve collateral types not previously included in a risk transfer transaction; • Mortgage servicing rights sales and transfers involving: ◦ 100,000 or more loans to a non-bank transferee; or ◦ 25,000 or more loans to any transferee servicer when the transfer would increase the number of the transferee's Freddie Mac- and Fannie Mae-owned seriously delinquent loans by at least 25 percent and the servicing transfer has a minimum of 500 seriously delinquent loans; and • Changes in employee compensation that could significantly impact our employees, including, but not limited to, retention awards, special incentive plans, and merit increase pool funding.

In addition, FHFA requires us to provide it with timely notice of: (1) activities that represent a significant change in current business practices, operations, policies, or strategies not otherwise addressed in the Conservator decision items referenced above; (2) exceptions and waivers to aligned requirements, policies, frameworks, standards, or products if not otherwise submitted to FHFA for Conservator approval as required above; and (3) accounting error corrections to previously issued financial statements that are not de minimis. FHFA will then determine whether any such items require Conservator approval. For more information on the conservatorship, see **MD&A - Conservatorship and Related Matters**.

Board Committees

The Board of Directors has seven standing committees: Audit, CHC, Executive, Mission and Housing Sustainability, Nominating and Governance, Operations and Technology, and Risk. All standing committees, other than the Executive Committee, meet regularly and are chaired by, and consist entirely of, independent directors. The committees perform essential functions on behalf of the Board of Directors. The committee chairs review and approve agendas for all meetings of their respective committees. Charters for the standing committees describe each committee's responsibilities and have been adopted by the Board of Directors and approved by the Conservator. These charters are available on our website at **http://www.freddiemac.com/governance/board-committees.html**. The membership of each committee as of February 21, 2023, except as otherwise noted below, and the number of meetings held by each committee in 2022 are set forth below, together with a description of the primary responsibilities of each committee.

Committee	Committee Meetings in 2022	Chair	Members
Audit Committee	9	Aleem Gillani	• Kathleen L. Casey • Kevin G. Chavers(1) • Lance F. Drummond • Allan P. Merrill
Compensation and Human Capital Committee	7	Lance F. Drummond	• Mark H. Bloom • Aleem Gillani • Christopher E. Herbert • Grace A. Huebscher(2) • Alberto G. Musalem
Executive Committee	None	Sara Mathew	• Mark H. Bloom • Michael J. DeVito • Lance F. Drummond • Aleem Gillani • Mark B. Grier • Christopher E. Herbert • Grace A. Huebscher
Mission and Housing Sustainability Committee (established July 2022)	3	Christopher E. Herbert	• Kathleen L. Casey • Kevin G. Chavers • Allan P. Merrill
Nominating and Governance Committee	7	Mark B. Grier	• Kathleen L. Casey(3) • Kevin G. Chavers(1) • Allan P. Merrill
Operations and Technology Committee	5	Mark H. Bloom	• Lance F. Drummond • Luke S. Hayden(4) • Grace A. Huebscher • Alberto G. Musalem
Risk Committee	6	Grace A. Huebscher	• Mark H. Bloom • Mark B. Grier • Luke S. Hayden(4) • Christopher E. Herbert • Alberto G. Musalem

(1) Mr. Chavers joined the Audit and Nominating and Governance Committees effective February 15, 2022.

(2) Ms. Huebscher joined the CHC Committee effective February 15, 2022.

(3) Ms. Casey left the Operations and Technology Committee effective September 23, 2022.

(4) Mr. Hayden joined the Operations and Technology and Risk Committees effective February 15, 2022.

Audit Committee

The Audit Committee provides oversight of the company's accounting and financial reporting and disclosure processes, the adequacy of the systems of disclosure and internal control established by management, and the audit of the company's financial statements. Among other things, the Audit Committee: (1) appoints the independent auditor and evaluates its independence and performance; (2) reviews the audit plans for and results of the independent audit and internal audits; and (3) reviews compliance with legal and regulatory requirements. The Audit Committee's activities during 2022 with respect to the oversight of the independent auditor are described in more detail in **Principal Accounting Fees and Services -** ***Approval of Independent Auditor Services and Fees.*** The Audit Committee also reviews Freddie Mac's ESG reporting and disclosures determined by management to be significant.

The Audit Committee also periodically reviews the company's guidelines and policies governing the processes for assessing and managing the company's risks and periodically reviews the company's major financial risk exposures and the steps management has taken to monitor and control such exposures. The Audit Committee also approves all decisions regarding the appointment, removal, and compensation of the General Auditor, who reports independently to the Audit Committee, as well as the annual incentive funding level for our Internal Audit division.

Our Audit Committee satisfies the definition of "audit committee" in Exchange Act Section 3(a)(58)(A) and the requirements of Exchange Act Rule 10A-3. Although our stock is no longer listed on the NYSE, certain of the corporate governance requirements of the NYSE Listed Company Manual, including those relating to audit committees, continue to apply to us because they are incorporated by reference in the Corporate Governance Rule. Our Audit Committee satisfies the "audit committee" requirements in Sections 303A.06 and 303A.07 of the NYSE Listed Company Manual. The Board of Directors has determined that all members of our Audit Committee are independent and financially literate and that Mr. Gillani, a member of the Audit Committee since January 2019 and its current chair, meets the definition of an "audit committee financial expert" under SEC regulations.

Compensation and Human Capital Committee

The CHC Committee oversees the company's compensation and benefits policies and programs, as well as other human capital matters, including: (1) an annual review of talent development programs and initiatives, including succession planning; (2) our DEI programs and policies, as well as the results of those programs and policies; and (3) the design and execution of initiatives to strengthen our culture and employee engagement. The company's processes for consideration and determination of executive compensation, and the role of the CHC Committee in those processes, are further described in **Executive Compensation - CD&A**. The CHC Committee Report is included in **Executive Compensation - CD&A -** ***Compensation and Human Capital Committee Report.***

Although the CHC Committee plays a significant role in considering and recommending executive compensation, FHFA is actively involved in determining such compensation in its role as our Conservator and as our regulator. The CHC Committee's authority and flexibility is, therefore, subject to certain limitations as discussed in **Executive Compensation - CD&A – Other Executive Compensation Considerations -** ***Legal, Regulatory, and Conservator Restrictions on Executive Compensation.***

For a discussion of the CHC Committee's conclusion that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on us, see **Executive Compensation - Compensation and Risk.**

For a discussion of the CHC Committee's role with respect to human capital generally, see **Introduction - Our Business - Primary Business Strategies -** ***Human Capital Management.***

The CHC Committee consists entirely of independent directors. None of the members of the CHC Committee during 2022 were officers or employees of Freddie Mac or had any relationship with us that would be required to be disclosed by us under Item 407(e)(4) of Regulation S-K.

Executive Committee

The Executive Committee consists of the Non-Executive Chair, the chair of each other standing committee, and our CEO. It consists of independent directors, with the exception of our CEO, and is authorized to exercise the corporate powers of the Board of Directors between Board meetings, except for those powers reserved to the Board of Directors by our Charter and Bylaws or otherwise.

Mission and Housing Sustainability Committee

The Mission and Housing Sustainability Committee, which was established in July 2022 and consists entirely of independent directors, has responsibility for overseeing the development, planning, implementation, performance, and execution of our strategies and significant initiatives related to delivering on our commitment to promote affordability, equity, and sustainability in housing. The Mission and Housing Sustainability Committee oversees (1) the development and execution of strategies, initiatives, and activities designed to help the company meet its affordable housing and Duty to Serve goals, increase sustainable access to credit, and implement its housing sustainability and equitable housing initiatives; (2) compliance with fair lending laws and regulations, including our fair lending compliance program and fair lending implications of key mission and housing sustainability initiatives; (3) the review of management reporting relating to the execution of our mission, housing sustainability, and fair lending strategies and initiatives; and (4) the review of sustainability initiatives with climate change implications or impacts.

Nominating and Governance Committee

The Nominating and Governance Committee, which consists entirely of independent directors, oversees the company's corporate governance, including reviewing the company's Bylaws and the Guidelines. The Nominating and Governance Committee also, among other things: (1) assists the Board of Directors and its committees in conducting annual self-evaluations and identifying qualified individuals to become directors; (2) reviews Board member independence and qualifications and recommends membership of the committees of the Board of Directors; and (3) reviews potential conflicts of interest for members of senior management as well as certain related person transactions.

Operations and Technology Committee

The Operations and Technology Committee consists entirely of independent directors, has responsibility for overseeing the development and execution of our enterprise information, operations, and technology strategies and the information, operational resiliency and supplier third-party programs. Specifically, the Operations and Technology Committee oversees: (1) our information, operations, and technology strategies and planning, and the implementation of technology initiatives critical to the achievement of our mission, strategy, and business objectives; (2) in conjunction with the Risk Committee, our management of information (including cybersecurity), technology, operational resiliency, and supplier third-party risk, including the possibility that these risks will adversely affect the achievement of our mission and business objectives; and (3) our information (including cybersecurity and information security) and operational resiliency programs, including risk and controls. The Operations and Technology Committee also reviews capabilities for and adequacy of resources allocated to operations and technology enterprise-wide and monitors and evaluates trends in technology that may affect our strategy and business objectives. See **Directors, Corporate Governance, and Executive Officers - Board of Directors and Board Committee Information - *Additional Board Oversight of Information and Cybersecurity Operations*** for additional information.

Risk Committee

The Risk Committee, which consists entirely of independent directors, oversees on an enterprise-wide basis the company's risk management framework, including credit risk, market risk, liquidity risk, operational risk, compliance risk, climate risk, and strategic risk. The Risk Committee reviews and recommends the company's enterprise risk policy and Board-level risk appetite statements, metrics, and limits to the Board of Directors for approval and, among other responsibilities, reviews significant: (1) enterprise risk exposures; (2) risk management strategies; (3) results of risk management reviews and assessments; and (4) emerging risks. The Risk Committee also reviews our exposure to the potential negative impacts of climate change, oversees the development and implementation of our climate risk framework, and reviews capabilities for and adequacy of resources allocated to ERM. The Risk Committee also approves all decisions regarding the appointment or removal of the CRO, and the CRO reports independently to the Risk Committee.

Additional Board Oversight of Information and Cybersecurity Operations

The Board of Directors and the Operations and Technology and Risk Committees oversee the company's information and cybersecurity operations by receiving periodic reports from the head of our Enterprise Operations and Technology division and other key officers. These updates include information regarding management's ongoing efforts to manage cybersecurity risk and the steps management has taken to address and mitigate the evolving cybersecurity threat environment. Senior management discusses cybersecurity developments with the Chairs of the Operations and Technology Committee and the Risk Committee and other Board members between Board and committee meetings, as necessary. Additionally, certain Board members are informed of, and have an opportunity to provide feedback on management's participation in, internal cybersecurity incident simulations, including tabletop exercises relating to cyberattacks, ransomware, and other security events. Members of the Board of Directors also receive reports from management regarding certain internal and industry-wide trends and exercises relating to these matters to assist with their oversight responsibilities. The company has procedures to escalate information regarding certain cybersecurity incidents to the appropriate Board members in a timely fashion. The Board of Directors and its committees also have authority, as they deem appropriate, to fulfill Board or committee responsibilities, to engage outside consultants or advisors, including technology and cybersecurity experts, and evaluate the company's information security program. See **MD&A - Risk Management - *Overview*** for more information on the Board of Directors' role in risk oversight.

Board Leadership Structure

The leadership structure established by the Conservator requires that the positions of CEO and Chair of the Board of Directors be held by different individuals. In addition, FHFA's Corporate Governance Rule requires that the position of Chair of the Board of Directors be filled by an independent director as defined under the rules of the NYSE.

Communications with Directors

Interested parties wishing to communicate any concerns or questions about Freddie Mac to the Board of Directors or its members may do so by U.S. mail, addressed to the Corporate Secretary, Freddie Mac, 8200 Jones Branch Drive, McLean, VA 22102-3110 or by email at **boardofdirectors@freddiemac.com**. Communications may be directed to the Non-Executive Chair, to any other director or directors, or to groups of directors, such as the independent or non-employee directors.

Codes of Conduct

We have separate codes of conduct for our employees and Board members. The employee code of conduct serves as the code of ethics for senior executives and financial officers. All employees, including senior executives and financial officers, are required to sign an annual acknowledgment that they have read the employee code of conduct and agree to abide by it and will report suspected deviations from the employee code of conduct. When joining our Board of Directors, our directors acknowledge that they have reviewed and understand the director code of conduct and agree to be bound by its provisions, and each director re-executes such confirmation annually.

Copies of our employee and director codes of conduct are available, and any amendments or waivers that would be required to be disclosed are posted on our website at **www.freddiemac.com/governance/code-conduct.html**.

Director Compensation

Non-employee Board members receive compensation in the form of cash retainers, paid on a quarterly basis. Non-employee directors are also reimbursed for reasonable out-of-pocket costs for attending meetings of the Board of Directors or a Board committee of which they are a member and for other reasonable expenses associated with carrying out their responsibilities as directors.

Our directors are compensated entirely in cash because the Purchase Agreement prohibits us from issuing any shares of our equity securities without the prior written consent of Treasury. See **Executive Compensation - CD&A - *Overview of EMCP***. Unlike compensation for our executive officers, there is no provision in the director compensation program for pay that varies depending on business results. Although incentive compensation may give management strong incentives to develop and execute business plans and achieve positive financial results, we believe that such incentive compensation is inconsistent with the oversight role of the Board.

2022 Non-Employee Director Compensation Levels

Board compensation levels during conservatorship are shown in the table below.

Table 62 - Board Compensation Levels

Board Service	Cash Compensation
Annual Retainer for Non-Executive Chair	$290,000
Annual Retainer for Non-Employee Directors (other than the Non-Executive Chair)	160,000
Committee Service	**Cash Compensation**
Annual Retainer for Audit Committee Chair	$25,000
Annual Retainer for Risk Committee Chair	15,000
Annual Retainer for Committee Chairs (other than Audit or Risk)	10,000
Annual Retainer for Audit Committee Members	10,000

2022 Director Compensation

The following table summarizes the 2022 compensation earned by all persons who served as a non-employee director during 2022.

Table 63 - Director Compensation

Non-Employee Director	Fees Earned or Paid in Cash[1]	Total
Sara Mathew	$290,000	$290,000
Mark H. Bloom	170,000	170,000
Kathleen L. Casey	170,000	170,000
Kevin G. Chavers[2]	148,750	148,750
Lance F. Drummond	180,000	180,000
Aleem Gillani	185,000	185,000
Mark B. Grier[3]	168,972	168,972
Luke S. Hayden[4]	140,000	140,000
Christopher E. Herbert[5]	164,701	164,701
Grace A. Huebscher[6]	174,486	174,486
Allan P. Merrill	170,000	170,000
Alberto G. Musalem	160,000	160,000
Saiyid T. Naqvi[7]	17,986	17,986

(1) We do not have pension or retirement plans for our non-employee directors, and all compensation is paid in cash with no other compensation paid. Therefore, we have omitted the "Change in Pension Value and Non-qualified Deferred Compensation Earnings" and "All Other Compensation" columns.

(2) Mr. Chavers joined the Board of Directors and the Audit Committee in February 2022.

(3) Mr. Grier became Chair of the Nominating and Governance Committee in February 2022.

(4) Mr. Hayden joined the Board of Directors in February 2022.

(5) Reflects partial annual compensation for service as Chair of the Mission and Housing Sustainability Committee. The committee was created, and Mr. Herbert became Chair, in July 2022.

(6) Ms. Huebscher stepped down as Chair of Nominating and Governance Committee and became the Chair of the Risk Committee in February 2022.

(7) Mr. Naqvi left the Board of Directors and stepped down as Chair of the Risk Committee in February 2022.

Indemnification

We have made arrangements to indemnify our directors against certain liabilities which are similar to the terms on which our executive officers are indemnified. For a description of such terms, see **Executive Compensation - CD&A - *Written Agreements Relating to NEO Employment - Indemnification Agreements***.

EXECUTIVE OFFICERS

As of February 21, 2023, our executive officers are as follows:

Michael J. DeVito

Age	Year of Affiliation	Position
58	2021	CEO

Mr. DeVito has served as our CEO and a member of our Board of Directors since June 2021. See **Directors, Corporate Governance, and Executive Officers - Directors - *Director Biographical Information*** for a biography of Mr. DeVito.

Michael T. Hutchins

Age	Year of Affiliation	Position
67	2013	President

Mr. Hutchins has served as our President since December 2020 after serving as our interim President beginning in November 2020. In this role, he oversees the company's Single-Family, Multifamily, Investments and Capital Markets, and Enterprise Operations and Technology divisions. He previously served as EVP - Investments and Capital Markets from January 2015 to November 2020 and as SVP - Investments and Capital Markets from July 2013 to January 2015. From 2007 to 2013, prior to joining Freddie Mac, Mr. Hutchins was Co-Founder and CEO of PrinceRidge, a financial services firm. Prior to founding PrinceRidge, he was with UBS Group AG from 1996 to 2007, holding a variety of senior management positions, including the Global Head of the Fixed Income Rates & Currencies Group. Prior to UBS, Mr. Hutchins worked at Salomon Brothers, Inc. from 1986 to 1996, where he held a number of management positions, including Co-Head of Fixed Income Capital Markets.

Christian M. Lown

Age	Year of Affiliation	Position
53	2020	EVP & CFO

Mr. Lown has served as our EVP & CFO since June 2020. In this role, he is responsible for the company's accounting, capital oversight, ESG, financial controls, financial planning and reporting, investor relations, procurement, and tax. Mr. Lown joined Freddie Mac from Navient Corporation where he served as EVP and CFO from March 2017 to June 2020. Prior to that, he served as Managing Director of the Financial Institutions Group and Co-Head of Global Financial Technology, North America Banks, and Diversified Finance at Morgan Stanley from 2006 to 2017; Director, Financial Institutions Group, at UBS AG from 2003 to 2006; and Associate, Financial Institutions Group, at Credit Suisse First Boston from 2001 to 2003.

John Glessner

Age	Year of Affiliation	Position
50	2010	SVP - Investments and Capital Markets

Mr. Glessner has served as our SVP - Investments and Capital Markets since April 2021. In this role, he is responsible for managing our liquidity, financing, securitization, and derivative activities as well as our portfolio of single-family mortgage securities and loan investments. From March 2018 to April 2021, he served as our SVP of Asset and Liability Management and Treasurer where he was responsible for overseeing our corporate treasury function, liquidity management, and interest-rate hedging activities. He also oversaw the Investments & Capital Markets division's counterparty credit risk activities and secured lending to our investors and customers. He previously worked in the Securities Sales & Trading Group and on the Collateralized Mortgage Obligation and Cash Window desks, among other areas. Prior to re-joining Freddie Mac in 2010, he held various trading positions at the Friedman, Billings, Ramsey Group and GMAC ResCap.

Anil D. Hinduja

Age	Year of Affiliation	Position
59	2015	EVP - CRO

Mr. Hinduja has served as our EVP - CRO and head of ERM since July 2015. In this role, he is responsible for the company's enterprise-wide risk framework and providing overall direction and leadership for the risk function. He joined Freddie Mac from Barclays PLC, where he served in increasingly broader risk management roles beginning in 2009, including CRO for Barclays Africa Group Limited, Group Credit Director for Retail Credit Risk, and CRO for Barclays' retail bank in the U.K. Prior to joining Barclays, he spent 19 years at Citigroup in diverse roles with increasing responsibility across finance, operations, sales and distribution, business, and risk management in global consumer businesses. These included Director for Global Consumer Credit Risk, CRO for the North America Consumer Lending Group, and President and CEO of Citi Home Equity.

Heidi Mason

Age	Year of Affiliation	Position
57	2022	EVP & General Counsel

Ms. Mason has served as our EVP and General Counsel since March 2022. In this role, she oversees all legal and regulatory strategies, services and resources. She also manages all corporate governance matters. Ms. Mason brings over 25 years of experience from across the legal spectrum, including mortgage lending and servicing, fair lending, credit access and regulatory matters, among others. Prior to joining Freddie Mac, Ms. Mason spent 17 years at Wells Fargo, most recently serving as EVP and Senior Deputy General Counsel. During her tenure at Wells Fargo, Ms. Mason led the legal support for all of its consumer businesses, including mortgage operations. She previously served as Head of the Wells Fargo corporate legal team, where she oversaw enterprise-wide legal support of corporate governance, securities, banking regulatory matters, employment law, and a host of other areas. From October 2020 to February 2022, Ms. Mason served as a Partner at ElevateNext Law, a majority woman-owned law firm that provided legal, consulting, and regulatory compliance services to financial services companies across the United States.

Frank Nazzaro

Age	Year of Affiliation	Position
61	2018	EVP - Enterprise Operations & Technology

Mr. Nazzaro has served as our EVP - Enterprise Operations & Technology (EO&T) since April 2021 after serving as Chief Information Officer from October 2019 to April 2021, and Acting Chief Information Officer from May 2019 to October 2019. He provides corporate-wide leadership for the company's technology strategy. Mr. Nazzaro is an accomplished senior technology executive with more than 20 years of experience in the financial services industry. With an in-depth knowledge in infrastructure and applications, he brings a wealth of experience in transformational IT activities and strong leadership capabilities essential to EO&T's strategic initiatives, including Cloud migration, Modern Delivery, and Employee Technology Experience. He joined Freddie Mac in 2018 as SVP and Chief Technology Officer leading Enterprise Technology Solutions. From 2016 to 2018, he was Group VP and CTO for Travelport LLC, where he led Cloud Architecture, Infrastructure, and Operations globally. From 2012 to 2016, he was CTO at CIT Group where he was responsible for Transformation, Architecture, Technology Strategy, and IT Infrastructure. He has held several senior technology and management roles at RBC Capital Markets, Bridgewater, and UBS.

Kevin Palmer

Age	Year of Affiliation	Position
46	2001	SVP - Multifamily

Mr. Palmer has served as our SVP and Head of Multifamily since May 2022. In this role, he oversees all aspects of the division's efforts to provide stability, liquidity and affordability throughout the rental housing market. Previously, Mr. Palmer led Portfolio Management for our Single-Family division, including supervision of the company's nearly $3 trillion guarantee book of business including servicing, pricing and analytics, and oversight of our real estate-owned portfolio, in addition to leading Single-Family CRT. Prior to that, he held various capital markets and risk management positions at the company.

Ravi Shankar

Age	Year of Affiliation	Position
59	2022	SVP - Single-Family Portfolio & Servicing

Mr. Shankar has served as our SVP and Head of Single-Family Portfolio & Servicing since rejoining in November 2022. In this role, Mr. Shankar oversees the division's portfolio management, servicing, and the operations and technology that support these activities. He also plays a significant role in supporting our mission to provide affordable and equitable housing. In addition, since November 2022, he has served as a member of the Board of Managers of CSS. Prior to that, Mr. Shankar held senior advisor positions at Boston Consulting Group from August 2021 to October 2022 and United Wholesale Mortgage from 2020 to 2021. Prior to that, and before rejoining Freddie Mac in 2022, Mr. Shankar served as SVP of Portfolio Management for Freddie Mac's Single-Family division from 2013 to 2016, and as deputy head of Freddie Mac's Investments & Capital Markets division from 2016 to 2019. He also spent seven years at JP Morgan Chase in a number of key roles, including CFO, Head of Capital Markets, and Portfolio Manager at Chase Home Finance. Prior to that, he worked in various senior positions with Citigroup for 16 years.

Jerry Weiss

Age	Year of Affiliation	Position
64	2003	EVP - Chief Administrative Officer

Mr. Weiss has served as our EVP - Chief Administrative Officer since August 2010 and served as Interim General Counsel from March 2021 to March 2022. As Chief Administrative Officer, he serves as the company's senior executive liaison to FHFA and Treasury, and he oversees the Government & Industry Relations, Public Relations & Digital Communications, Corporate Communications & Marketing, Conservatorship Affairs & Initiatives, Economic & Housing Research, Regulatory Affairs, Corporate Services, and Making Home Affordable - Compliance organizations. In addition, since November 2014, he has served as a member of the Board of Managers of CSS. Prior to August 2010, Mr. Weiss served as our CCO and in various other senior management capacities after joining us in October 2003. Before that, Mr. Weiss worked from 1990 to 2003 at Merrill Lynch Investment Managers, including as First VP and Global Head of Compliance. From 1982 to 1990, Mr. Weiss was with a national law practice in Washington, D.C., where he specialized in securities regulation and corporate finance matters.

Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

This section contains information regarding our compensation programs (all of which have been approved by FHFA) and the compensation of the following individuals who we determined to be our Named Executive Officers, or NEOs, for the year ended December 31, 2022.

Named Executive Officers	
Michael J. DeVito	CEO
Michael T. Hutchins	President
Christian M. Lown	EVP & CFO
Anil D. Hinduja	EVP - CRO
Jerry Weiss	EVP - Chief Administrative Officer[(1)]
Donna M. Corley	Former EVP - Single-Family Business[(2)]

(1) Mr. Weiss also served as interim General Counsel from March 10, 2021, to March 7, 2022.

(2) Ms. Corley served as EVP - Single-Family Business until May 25, 2022, and then EVP - Senior Advisor from May 26, 2022, until November 25, 2022.

For information on our primary business objectives and the progress we made during 2022 toward accomplishing those objectives, see **Introduction - About Freddie Mac** and **Introduction - Our Business**.

Overview of Executive Management Compensation Program

Compensation in 2022 for each NEO, other than Mr. DeVito, whose compensation is discussed below, was governed by the EMCP. The EMCP balances our need to retain and attract executive talent with promoting the conservatorship objectives included in FHFA's Conservatorship Scorecard, as well as goals separately established by management related to the commercial aspects of our business, which are included in our Corporate Scorecard. All compensation under the EMCP is delivered in cash because the Purchase Agreement does not permit us to provide equity-based compensation to our employees unless approved by Treasury.

FHFA has advised us that the design of the EMCP, which applies to our NEOs other than our CEO, was intended to fulfill and balance three primary objectives:

- *Maintain Lower Pay Levels to Conserve Taxpayer Resources.* Given our conservatorship status, the EMCP is designed generally to provide for lower pay levels relative to large financial services firms that are not in conservatorship.
- *Attract and Retain Executive Talent.* The EMCP is intended to attract and retain executive officers with the specialized skills and knowledge necessary to effectively manage a large financial services company. Executive officers with these qualifications are needed for the company to continue to fulfill its important role in providing liquidity, stability, and affordability to the housing market. We face competition for qualified executives from other companies. The CHC Committee regularly considers the level of our executive officers' compensation and whether changes are needed to attract and retain executive officers. See **Risk Factors** for a discussion of the risks associated with executive retention and succession planning.
- *Reduce Pay if Goals Are Not Achieved.* To support FHFA's goals for our conservatorship and encourage performance in furtherance of these goals, 30% of each NEO's Target TDC (other than the CEO's compensation) consists of At-Risk Deferred Salary subject to reduction based on corporate and individual performance as reflected in the Conservatorship and Corporate Scorecards.

FHFA's objectives for the EMCP and the legal and regulatory restrictions on our executive compensation described in **Executive Compensation - CD&A - *Other Executive Compensation Considerations* - *Legal, Regulatory, and Conservator Restrictions on Executive Compensation*** limit our ability to make changes to the EMCP and limit the amount and type of compensation we may pay our executive officers.

CEO Compensation

Compensation in 2022 for Mr. DeVito consists of an annual Base Salary level of $600,000, in compliance with the Equity in Government Compensation Act of 2015. Due to statutory limitations on his compensation, he does not participate in the EMCP and, therefore, did not receive any compensation subject to either corporate or individual performance in 2022. Mr. DeVito was eligible to participate in all employee benefit plans offered to Freddie Mac's other senior executives under the terms of those plans. See **Executive Compensation - 2022 Compensation Information For NEOs -** ***Summary Compensation Table*** for additional information.

Elements of Target TDC

For all NEOs other than the CEO, compensation under the EMCP in 2022 consisted of the following elements:

Deferred Salary

- The amount earned in each quarter, including interest, is paid (1) in the corresponding quarter in the first year following the performance year for Fixed Deferred Salary and (2) in the corresponding quarter in the second year following the performance year for At-Risk Deferred Salary[1]

At-Risk Deferred Salary

- To encourage achievement of conservatorship, corporate, and individual performance goals

Base Salary	Fixed Deferred Salary	Conservatorship Scorecard and Assessment Criteria	Corporate Scorecard / Individual
Cannot exceed $600,000 without approval from FHFA	To encourage executive retention Equal to total Deferred Salary less the At-Risk portion	Subject to reduction based on Conservatorship Scorecard performance and the Assessment Criteria	Subject to reduction based on performance against both the Corporate Scorecard and individual objectives

(1) For executive officers hired before January 1, 2020, including all eligible NEOs other than Mr. Lown, the deferral period for At-Risk Deferred Salary will change from one year to two years beginning with amounts earned in the 2023 performance period with a transition period provided solely for amounts earned in 2022.

As in past years, 30% of Target TDC for each NEO (other than our CEO) is At-Risk Deferred Salary, half of which is subject to reduction based on FHFA's assessment of the company's performance against goals established by FHFA. The other half is subject to reduction based on a combination of the company's performance against goals established by the Board for the performance year and individual performance. In 2019, FHFA directed us to increase the mandatory deferral period for At-Risk Deferred Salary received by certain executive officers (including our NEOs) from one year to two years. For executive officers hired before January 1, 2020, this change became effective for At-Risk Deferred Salary earned beginning January 1, 2022. For executive officers hired on or after January 1, 2020, the change became effective immediately. However, pursuant to an FHFA directive issued in June 2022, for executive officers hired before January 1, 2020, one-half of At-Risk Deferred Salary earned in 2022 will be paid in the corresponding quarter in the first year following the performance year and the remaining one-half of At-Risk Deferred Salary earned in 2022 will be paid in the corresponding quarter in the second year following the performance year. For compensation earned in 2023 and thereafter, all At-Risk Deferred Salary will be paid in quarterly installments in the second year following the performance year. This mandatory deferral period for At-Risk Deferred Salary applies for so long as the company is in Conservatorship.

The objectives against which 2022 corporate performance was measured, together with the assessment of actual performance against those objectives and the Assessment Criteria used by FHFA, are described in **Executive Compensation - CD&A -** ***Determination of 2022 At-Risk Deferred Salary - At-Risk Deferred Salary Based on Conservatorship Scorecard Performance*** and **Executive Compensation - CD&A -** ***Determination of 2022 At-Risk Deferred Salary - At-Risk Deferred Salary Based on Corporate Scorecard Goals and Individual Performance.*** These performance measures were chosen because they reflected our 2022 goals during conservatorship.

See **Executive Compensation - CD&A -** ***Other Executive Compensation Considerations - Effect of Termination of Employment*** for information on the effect of a termination of employment, including the timing and payment of any unpaid portion of Deferred Salary and related interest.

Determination of 2022 Target TDC for Eligible NEOs

Role of Compensation Consultant

As part of the annual process to determine the 2022 Target TDC for each of the eligible NEOs, the CHC Committee received guidance from Meridian Compensation Partners, LLC, or Meridian, its prior independent compensation consultant. Meridian provided guidance to the CHC Committee through June 2022. Beginning in July 2022, the CHC Committee engaged Pay Governance LLC, or Pay Governance, as its independent compensation consultant.

Neither Meridian nor Pay Governance has provided the CHC Committee with any non-executive compensation services, nor have the firms provided any consulting or other services to our management. The CHC Committee previously reviewed Meridian's, and in June 2022, in connection with its appointment, reviewed Pay Governance's independence based on the factors outlined in Exchange Act Rule 10C-1(b)(4) and determined that both firms were independent.

2022 Comparator Group Companies

The CHC Committee annually evaluates each eligible NEO's Target TDC in relation to the compensation of executive officers in comparable positions at companies that are either in a similar line of business or are otherwise comparable for purposes of recruiting and retaining individuals with the necessary skills and capabilities. We refer to this group of companies as the Comparator Group. Finding comparable companies for purposes of benchmarking executive compensation is challenging due to our unique business, structure and mission, and the large size of our book of business compared to other financial services firms. We believe the only directly comparable firm to us is Fannie Mae, but we use a broader group of companies to provide market benchmark data.

At FHFA's request, Freddie Mac and Fannie Mae use the same Comparator Group for benchmarking executive compensation to provide consistency in the market data used for compensation decisions for similar positions. Factors relevant to the selection of companies for our Comparator Group include their status as U.S. public companies, the industry in which they operate, and their size (in terms of assets and number of employees) relative to the size of Freddie Mac.

When there is either no reasonable match or insufficient data from the Comparator Group for a position, or if the CHC Committee's independent compensation consultant believes that additional data sources would strengthen the analysis of competitive market compensation levels, the CHC Committee may use alternative survey sources.

In 2022, FHFA instructed that we may benchmark between the 25th and 50th percentiles of the compensation reported by the Comparator Group, which replaced FHFA's prior guidance to benchmark to the lower end of the compensation reported by the Comparator Group.

The Comparator Group used in determining compensation for 2022 consisted of the following companies:

- The Allstate Corporation
- Ally Financial Inc.
- American Express Company
- American International Group, Inc.
- Bank of America Corporation*
- The Bank of New York Mellon Corporation
- Capital One Financial Corporation
- Citigroup Inc.*
- Citizens Financial Group, Inc.
- Discover Financial Services
- Fannie Mae
- Fifth Third Bancorp
- The Hartford Financial Services Group, Inc.
- JPMorgan Chase & Co*
- KeyCorp
- Mastercard Incorporated
- MetLife, Inc.
- Northern Trust Corporation
- PNC Financial Services Group, Inc.
- Prudential Financial, Inc.
- Regions Financial Corporation
- State Street Corporation
- Synchrony Financial
- Truist Financial Corporation
- U.S. Bancorp
- Visa, Inc.
- Voya Financial, Inc.
- Wells Fargo & Company*

* Only mortgage or real estate division-level compensation data from these diversified banking firms may be utilized where available and appropriate for the position being benchmarked.

The CHC Committee has determined that these same companies will comprise the 2023 Comparator Group.

Establishing Target TDC

The CHC Committee developed its 2022 Target TDC recommendations for the eligible NEOs by reviewing data from the Comparator Group.

2022 Target TDC

The following table sets forth the components of 2022 Target TDC for each of our eligible NEOs.

Table 64 - 2022 Target TDC

Named Executive Officer[(1)]	2022 Target TDC			
	Base Salary Rate	Fixed Deferred Salary	At-Risk Deferred Salary	Target TDC
Michael T. Hutchins	$600,000	$1,920,000	$1,080,000	$3,600,000
Christian M. Lown[(2)]	600,000	1,500,000	900,000	3,000,000
Anil D. Hinduja	600,000	1,220,000	780,000	2,600,000
Jerry Weiss	600,000	975,000	675,000	2,250,000
Donna M. Corley[(3)]	542,308	947,283	811,956	2,301,547

(1) Mr. DeVito did not participate in the EMCP in 2022 and therefore is not included in this table. For a discussion of his compensation, see **Executive Compensation - CD&A - *CEO Compensation.***

(2) In connection with his appointment as our CFO in June 2020, we agreed to pay Mr. Lown a cash sign-on award of $1,275,000 in recognition of forfeited compensation at his previous employer payable in three installments: $475,000 was paid in February 2021; $475,000 was paid in February 2022; and $325,000 will be paid in February 2023. If Mr. Lown is not an employee of Freddie Mac on an installment payment date because he voluntarily resigns from the company or if the company terminates his employment due to the occurrence of any of the Forfeiture Events described in the Recapture and Forfeiture Agreement, the installment will be forfeited. Each installment is subject to repayment if, prior to the first anniversary of an installment payment, Mr. Lown voluntarily resigns from the company or if the company terminates his employment due to the occurrence of any of the Forfeiture Events described in the Recapture and Forfeiture Agreement.

(3) On May 26, 2022, Ms. Corley stepped down from her position as head of Freddie Mac's Single-Family Business and she served as EVP - Special Advisor through the end of a transition period that ended November 25, 2022. The amounts in the table are prorated to reflect Ms. Corley's departure and adjusted for the applicable reduction to Fixed Deferred Salary under the EMCP. Ms. Corley's annualized 2022 Target TDC was $3,000,000 and consisted of a Base Salary of $600,000 and Deferred Salary of $2,400,000.

Executive Compensation Best Practices

What We Do	What We Don't Do
Clawback provisions with a significant portion of compensation subject to recapture and/or forfeiture	No agreements that guarantee a specific amount of compensation for a specified term of employment
Use of an independent compensation consultant by the CHC Committee	No golden parachute payments or other similar change in control provisions
Annual compensation risk review	No tax "gross-ups"
Evaluation of company performance against multiple measures, including non-financial measures	No hedging or pledging of company securities
No executive perquisites other than a relocation program	

Determination of 2022 At-Risk Deferred Salary

The CHC Committee and FHFA considered our achievements in pursuing our primary business objectives, as well as other factors, in determining the funding level for At-Risk Deferred Salary in 2022. FHFA determined the funding level for the portion of At-Risk Deferred Salary based on Conservatorship Scorecard performance and Assessment Criteria, and the CHC Committee determined, with FHFA's review and approval, the amounts payable to each eligible NEO for the portion of At-Risk Deferred Salary based on Corporate Scorecard goals and individual performance.

At-Risk Deferred Salary Based on Conservatorship Scorecard Performance

Half of each eligible NEO's 2022 At-Risk Deferred Salary, or 15% of Target TDC, was subject to reduction based on FHFA's assessment of (1) the company's performance against the goals in the 2022 Conservatorship Scorecard and (2) the Assessment Criteria described below. FHFA independently assessed our performance against the 2022 Conservatorship Scorecard and the Assessment Criteria and determined that a 97% funding level was justified for the portion of the eligible NEOs' At-Risk Deferred Salary. In assessing our performance against the 2022 Conservatorship Scorecard, the factors considered by FHFA included our completion of all of the Conservatorship Scorecard objectives and our performance against the Assessment Criteria.

In making its assessment, FHFA used the following criteria (collectively, the Assessment Criteria):

- Whether our products and programs fostered sustainable and equitable housing finance markets that support safe, decent, and affordable homeownership and rental opportunities.
- Whether we conducted business in a safe and sound manner.
- Whether we met expectations under all FHFA requirements, including those pertaining to capital, liquidity, and credit risk transfer.
- Whether we continued to manage operations while in conservatorship in a manner that preserves and conserves assets through the prudent stewardship of our resources.
- Whether we cooperated and collaborated with FHFA to meet the Conservator’s priorities, directives, and guidance throughout the course of the year.
- Whether we delivered work products that are high quality, thorough, creative, effective, and timely, and that consider effects on borrowers and renters, the company, the industry, and other stakeholders.
- Whether we ensured that DEI remained top priorities in strategic planning, operations, and business development.

The table below presents the 2022 Conservatorship Scorecard objectives and FHFA's assessment of our achievement against those objectives.

Performance Goals	FHFA's Summary of Performance
I. Promote Sustainable and Equitable Access to Affordable Housing (50%)	
Take significant actions to ensure that all borrowers and renters have equitable access to long-term affordable housing opportunities:	
• Develop strategies to support sustainable homeownership and affordable rental housing. - Improve availability of small-balance purchase and refinance mortgages.	All goals were achieved
• Develop high-quality Equitable Housing Finance Plans and take meaningful actions to achieve the goals and objectives of the plans.	Goal was achieved
• Meet Housing Goals and Duty-to-Serve requirements.	Goal was achieved
• Identify strategies and activities to facilitate greater affordable housing supply within the limits of charter authorities and submit recommendations to FHFA.	Goal was achieved
• Update the current pricing framework to increase support for core mission borrowers, while ensuring a level playing field for small and large sellers, fostering capital accumulation, and achieving viable returns on capital.	Goal was achieved
• Continue mortgage selling, servicing, and asset management efforts that promote sustainable home-retention solutions for borrowers affected by the COVID-19 pandemic.	Goal was achieved
Foster competition and efficiency in housing finance markets:	
• Modernize the single-family appraisal process to foster efficiency in mortgage markets, and address barriers to equitable valuation.	Goal was achieved
• Complete the final phase of validation and approval of credit score models and begin planning for implementation.	Goal was achieved
• Leverage technology and data to further promote efficiency and cost savings in mortgage processes.	Exceeded goal in components of objective where FHFA highlighted our aligned efforts with Fannie Mae, support and publication of Supplemental Consumer Information Form, industry outreach and driving external stakeholder engagement; goal was achieved in other components, with the exception of the publication delay in Uniform Appraisal Dataset specification.
• Research and assess opportunities to increase access for small and regional lenders to Freddie Mac multifamily products.	Goal was achieved
Manage new multifamily purchases to remain within the multifamily cap requirements announced in November 2021, including expanded affordability requirements.	Goal was achieved
II. Operate the Business in a Safe and Sound Manner (50%)	
Ensure that Freddie Mac is resilient to operational, market, credit, economic, and climate risks.	
• Address examination and supervision findings promptly.	Goal was achieved
• Maintain liquidity at levels required by FHFA and sufficient to sustain Freddie Mac's operations through severe stress events.	Goal was achieved
• Maintain effective risk management systems appropriate for entities that need to minimize risk to capital as they rebuild their capital buffers.	Goal was achieved
• Ensure a governance structure exists to prioritize the effects of climate change throughout decision-making.	Exceeded goal; FHFA acknowledged Freddie Mac's comprehensive and high-quality deliverables and commended our dedicated team; published Sustainability Accounting Standards Board report and climate research.
• Continue to ensure a successful transition away from LIBOR to approved alternative reference rates by continuing systems development and announcing plans for the transition of legacy products.	Goal was achieved
Transfer a meaningful amount of credit risk to private investors in a commercially reasonable and safe and sound manner, reducing risk to taxpayers.	Exceeded goal in Multifamily by transferring a substantial amount of credit risk beyond the goal; goal was achieved in Single-Family

At-Risk Deferred Salary Based on Corporate Scorecard Goals and Individual Performance

The other half of each eligible NEO's At-Risk Deferred Salary, also equal to 15% of Target TDC, was first subject to adjustment based on the company's performance against the Corporate Scorecard goals and other relevant factors, as determined by the CHC Committee. The Corporate Scorecard goals drive how we manage and improve the commercial aspects of our business and are intended to complement the FHFA Strategic Plan and Conservatorship Scorecard. Then, an adjustment can be applied based on the eligible NEO's individual performance. Any adjustment for individual performance, however, cannot result in an amount in excess of the eligible NEO's target for this portion of At-Risk Deferred Salary.

The CHC Committee considered management's assessment of its performance against the goals and also discussed the company's performance with our CEO. The Corporate Scorecard does not have assigned weightings for the various Corporate Scorecard goals. As a result, it was necessary for the CHC Committee to use its judgment in determining the overall level of performance. In making its determination, the CHC Committee considered that, despite the challenges posed by market conditions, the substantial majority of the Corporate Scorecard goals were achieved or exceeded. The CHC Committee also considered the company's achievement of key goals related to strengthening focus on the Support Mission and FHFA Priorities Corporate Scorecard goals and on building financial strength. It also considered the difficulty of achieving certain goals during a difficult economic environment that impacted the general mortgage market. As a first step in the process, the CHC Committee determined that the portion of NEO At-Risk Deferred Salary should reflect 95%, in light of its assessment of the company's performance against the Corporate Scorecard as well as other factors that it deemed relevant for consideration. The second step in the process to determine this portion of each eligible NEO's At-Risk Deferred Salary reflecting the individual performance assessments is described below under **Assessment of 2022 Individual Performance**.

The table below presents the 2022 Corporate Scorecard goals and the CHC Committee's assessment of our achievement against those goals.

Corporate Scorecard Goal	Assessment of Performance
Support Mission and FHFA Priorities	We completed or substantially completed all 2022 Conservatorship Scorecard objectives, achieved or exceeded our 2022 Single-Family and Multifamily affordable housing and feasible Duty to Serve goals, and executed on our corporate sustainability strategy.
Practice Risk Management Excellence	We achieved or exceeded all but one element of this goal, including managing risk within established limits, management identification of significant issues, and design and execution of milestones to reduce risk exposure and achieve compliance. We missed achieving the element of this goal related to timely remediation of significant issues.
Grow Talent for Today and Tomorrow	We achieved all elements of this goal, including those related to DEI, and conducted an engagement survey to seek employee feedback.
Deliver Results	We achieved the element of this goal related to corporate expenses. Although our financial results continued to be strong, we missed achieving the goals related to earnings and return on capital.

Assessment of 2022 Individual Performance

Half of each eligible NEO's 2022 At-Risk Deferred Salary was subject to reduction based on individual performance in 2022, as determined by the CHC Committee with FHFA's approval. The Board of Directors assessed the performance of our CEO, who does not receive at-risk deferred salary, with input from the CHC Committee. After assessing the company's performance against the 2022 Corporate Scorecard, the CHC Committee assessed individual performance of each eligible NEO, taking into consideration input from Mr. DeVito. Because certain individual performance objectives for eligible NEOs were either Corporate Scorecard goals or directly supported their achievement, performance against the Corporate Scorecard was one of the factors the CHC Committee used to determine the individual performance of the NEOs. In each case, the CHC Committee's determination regarding individual performance was consistent with Mr. DeVito's recommendation. FHFA reviewed and approved the compensation associated with these determinations.

Each eligible NEO's individual performance assessment and the funding level for the individual performance-based at-risk deferred salary for 2022 is discussed below.

Michael T. Hutchins, *President*

Performance Highlights

- Effectively led Freddie Mac's four major divisions: Single-Family, Multifamily, Investments & Capital Markets, and Enterprise Operations & Technology.
- Provided strong leadership on all aspects of the company, including advancing the company's mission to Make Home Possible, supporting the primary and secondary mortgage markets during challenging market and operating conditions, and focusing the company on enterprise-wide consistency to enhance risk management and governance practices.
- Partnered with other leaders to enhance the firm-wide ecosystem of analytical and forecasting capabilities for financial planning, capital forecasting, risk modeling, and stress testing.
- Continued to reduce the company's risk and strengthen operational capabilities with targeted investments for system modernization, business resiliency, cybersecurity, data management, and third-party risk management.
- Reorganized resources to improve accountability and focus in key areas; and provided opportunities for top/high potential talent to grow with new or additional responsibilities.

At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision

The CHC Committee determined that Mr. Hutchins should receive 97.5% of his At-Risk Deferred Salary that was subject to adjustment based on his individual performance after taking into account the company's performance against the Corporate Scorecard.

Christian M. Lown, *EVP & CFO*

Performance Highlights

- Led the advancement of several large financial projects, including a new enterprise-wide business planning process to better align how resources are invested and enhance investment governance and transparency.
- Partnered with other leaders to develop processes and controls for new financial reporting and public disclosures required under the ERCF.
- Continued focus on enhanced analytical and forecasting capabilities as well as improved financial analysis for business insights.
- Advanced corporate sustainability objectives, operational and productivity initiatives, technology and operating processes, and cost reduction strategies.
- Strong leadership in the ongoing development of the Finance division staff with continued focus on expanding hiring pipelines and skill sets needed for future organizational success as well as ongoing job rotation.

At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision

The CHC Committee determined that Mr. Lown should receive 100% of his At-Risk Deferred Salary that was subject to adjustment based on his individual performance after taking into account the company's performance against the Corporate Scorecard.

Anil D. Hinduja, *EVP - CRO*

Performance Highlights

- Partnered with division heads and the President to actively navigate through market volatility and initiate credit changes to achieve mission objectives and operate within Board and FHFA approved risk limits.
- Enhanced the company's risk appetite framework to meet mission and safety and soundness requirements through the economic cycle. Advanced the risk appetite approach to operate in conjunction with the capital plan incorporating tolerances for earnings and net worth depletion in moderate and severe stress scenarios.
- Increased focus on improving risk identification and assessment practices, remediating control deficiencies, and complying with regulatory requirements through execution of firm-wide programs.
- Established the climate risk framework and set the foundation for the program within the firm-wide ESG strategy.

At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision

The CHC Committee determined that Mr. Hinduja should receive 97.5% of his At-Risk Deferred Salary that was subject to adjustment based on his individual performance after taking into account the company's performance against the Corporate Scorecard.

***Jerry Weiss,** EVP - Chief Administrative Officer*

Performance Highlights

- Served in a dual capacity as both Chief Administrative Officer and interim General Counsel for the first quarter of the year. Effectively transitioned Legal responsibilities to new General Counsel.
- Played a key role in partnering with the CEO and the Board to enhance the engagement model for addressing strategic and forward-looking topics.
- Provided leadership to advance the company's mission to Make Home Possible, including the formation of new Board and management committees to further the affordability and housing sustainability elements of the company's mission.
- Partnered with other leaders to continue providing support to meet the evolving needs of the company, including addressing FHFA's regulatory and conservatorship initiatives, advancing housing and economic research and internal and external communications, and improving employees' on-site experience to support the company's hybrid work model.
- Provided strong leadership in the ongoing development of staff with continued focus on leadership and management skills development.

At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision

The CHC Committee determined that Mr. Weiss should receive 97.5% of his At-Risk Deferred Salary that was subject to adjustment based on his individual performance after taking into account the company's performance against the Corporate Scorecard.

***Donna M. Corley,** Former EVP - Single-Family Business and Senior Advisor*

Performance Highlights

- Had overall responsibility for the Single-Family division for the first half of 2022.
- Provided strategic direction and leadership to keep the division motivated and focused on corporate priorities; and initiated some actions to address risk management deficiencies within the division.
- Provided guidance to advance the firm's various housing goals including the Expanding Sustainable Housing and Equitable Housing Finance Plans.

At-Risk Deferred Salary (Corporate Scorecard/Individual) Funding Decision

The CHC Committee determined that Ms. Corley should receive 85% of her At-Risk Deferred Salary that was subject to adjustment based on her individual performance after taking into account the company's performance against the Corporate Scorecard.

2022 Deferred Salary

The following chart reports the actual amounts of 2022 Deferred Salary for each NEO, other than Mr. DeVito who was not eligible for 2022 Deferred Salary. The actual amount earned in each calendar quarter is scheduled to be paid one-half on the last pay date of the corresponding calendar quarter in 2023 and one-half on the last pay date of the corresponding calendar quarter in 2024, except for Mr. Lown, whose At-Risk Deferred Salary earned in 2022 will be paid on the last pay date of the corresponding calendar quarter in 2024. See **Executive Compensation - CD&A - *Overview of EMCP*** for additional information.

Table 65 - 2022 Deferred Salary

	2022 Actual Deferred Salary		
	Fixed	At-Risk	
Named Executive Officer		**Conservatorship Scorecard**	**Corporate Scorecard / Individual**
Michael T. Hutchins	$1,920,000	$523,800	$526,500
Christian M. Lown	1,500,000	436,500	450,000
Anil D. Hinduja	1,220,000	378,300	380,250
Jerry Weiss	975,000	327,375	329,063
Donna M. Corley	947,283	393,799	345,082

Written Agreements Relating to NEO Employment

We entered into agreements with each of our NEOs, in connection with their hiring, which set forth the specific initial levels of compensation, including, as applicable, Base Salary and Target TDC. The compensation of each NEO is subject to change by FHFA and the terms of the EMCP. See **Executive Compensation - CD&A - *Determination of 2022 Target TDC for Eligible NEOs - 2022 Target TDC*** for 2022 Target TDC amounts for our eligible NEOs. Other than the agreements described below, there are no remaining material provisions of any of the agreements we entered into with our NEOs in connection with their hiring as they have either been superseded by the EMCP, as described above, or the provisions are no longer effective, such as sign-on bonuses that have been paid and are no longer subject to repayment.

We entered into a memorandum agreement with Mr. DeVito in connection with his hiring as our CEO. Consistent with the Equity in Government Compensation Act of 2015, the agreement provides for direct compensation consisting solely of Base Salary at the rate of $600,000 per year. In addition, the agreement provides that Mr. DeVito is eligible to participate in all employee benefit plans offered to Freddie Mac's other executive officers. See **Executive Compensation - CD&A - *CEO Compensation*** for more information. In connection with Mr. DeVito's appointment as our CEO, he was offered relocation benefits to reimburse him for his costs associated with relocating to the Washington, D.C. area. These relocation benefits are subject to repayment if, within two years of receiving them, Mr. DeVito terminates his employment with us for any reason or Freddie Mac terminates his employment due to the occurrence of forfeiture events relating to material inaccurate information, termination for felony conviction or willful misconduct, gross neglect or gross misconduct, or violation of a post termination non-competition covenant.

We entered into a letter agreement with Mr. Lown in connection with his employment as our EVP & CFO. The terms of Mr. Lown's agreement provided him with an annual Target TDC opportunity of $3,000,000, consisting of Base Salary of $600,000, Fixed Deferred Salary of $1,500,000, and At-Risk Deferred Salary of $900,000, as well as the opportunity to participate in all employee benefit plans offered to our executive officers pursuant to the terms of those plans, and certain relocation benefits. The letter agreement with Mr. Lown also provided for a cash sign-on award of $1,275,000 in recognition of forfeited compensation at his previous employer, payable in three installments: $475,000 was paid in February 2021; $475,000 was paid in February 2022; and $325,000 will be paid in February 2023. If Mr. Lown is not an employee of Freddie Mac on an installment payment date due to his voluntary resignation or if Freddie Mac has terminated his employment due to the occurrence of any of the Forfeiture Events described in the Recapture and Forfeiture Agreement, the installment will be forfeited. Each installment will be subject to repayment in the event that, prior to the first anniversary of an installment payment date, Mr. Lown voluntarily resigns from his employment with Freddie Mac for any reason or Freddie Mac terminates his employment due to the occurrence of any of the Forfeiture Events described in the Recapture and Forfeiture Agreement.

In connection with her separation from the company, we entered into a Separation Agreement and General Release with Ms. Corley. Pursuant to the terms of the Separation Agreement and General Release, Ms. Corley stepped down as EVP - Single-Family Business on May 26, 2022, and served as EVP - Senior Advisor through the end of a transition period that ended November 25, 2022. In connection with her separation, we entered into a Second Separation Agreement and General Release with Ms. Corley, which incorporates the terms of the first Separation Agreement and General Release and provides no additional payments or consideration.

We have also entered into restrictive covenant and confidentiality agreements with each of our NEOs. The non-competition and non-solicitation provisions included in the restrictive covenant and confidentiality agreements are described in **Executive Compensation - CD&A - *Written Agreements Relating to NEO Employment - Restrictive Covenant and Confidentiality Agreements.***

The NEOs are not currently entitled to severance benefits upon any type of termination event. For additional information on compensation and benefits payable in the event of a termination of employment, see **Executive Compensation - 2022 Compensation Information for NEOs - *Potential Payments Upon Termination of Employment***.

Restrictive Covenant and Confidentiality Agreements

Each of our NEOs is subject to a restrictive covenant and confidentiality agreement with us. Each agreement provides that the NEO will not seek or accept employment with designated competitors that involves performing similar duties for 12 months immediately following termination of employment, regardless of whether the executive officer's employment is terminated by the executive officer, by us, or by mutual agreement. During this period, each NEO agrees not to solicit or recruit any of our managerial employees. The agreements also provide for the confidentiality of information that constitutes trade secrets or proprietary or other confidential information. In addition, the restrictive covenant and confidentiality agreement provides in some circumstances for a six-month "cooling off" period after a separation from employment, during which the NEO will be prohibited from participating directly or indirectly in a transaction involving Freddie Mac.

Recapture and Forfeiture Agreement

To participate in the EMCP, each of our eligible NEOs has entered into a Recapture and Forfeiture Agreement. Mr. DeVito was not eligible to participate in the EMCP due to his service as our CEO and, as such, has not entered into a Recapture and Forfeiture Agreement.

The Recapture and Forfeiture Agreement provides for the recapture and/or forfeiture of Deferred Salary (including related interest) earned, paid, or to be paid pursuant to the terms of the EMCP if, after providing the required notice, our Board of Directors, in the good faith exercise of its sole discretion, determines that a Forfeiture Event has occurred. The Forfeiture Events and compensation subject to recapture and/or forfeiture are described below.

Materially Inaccurate Information

- **Forfeiture Event -** The NEO has earned or obtained the legally binding right to a payment of Deferred Salary based on materially inaccurate financial statements or any other materially inaccurate performance measure.
- **Compensation Subject to Recapture and/or Forfeiture -** Any Deferred Salary earned up to two years prior to the Forfeiture Event in excess of the amount that the Board of Directors determines Freddie Mac would have paid if the Forfeiture Event had been considered at the time of the earlier compensation decisions (amounts may vary depending on the specific Forfeiture Event).

Termination for Felony Conviction or Willful Misconduct

- **Forfeiture Event -** The NEO's employment is terminated in any of the following circumstances:
  - Termination of employment because the NEO is convicted of, or pleads guilty or nolo contendere to, a felony;
  - Subsequent to termination of employment, the NEO is convicted of, or pleads guilty or nolo contendere to, a felony, based on conduct occurring prior to termination, and within one year of such conviction or plea, the Board of Directors determines that such conduct is materially harmful to Freddie Mac; or
  - Termination of employment because, or, within two years of termination, the Board of Directors determines that, the NEO engaged in willful misconduct in the performance of their duties that was materially harmful to Freddie Mac.
- **Compensation Subject to Recapture and/or Forfeiture -** Any Deferred Salary earned during the two years prior to the date that the NEO is terminated, any Deferred Salary scheduled to be paid within two years after termination, and any cash payment made or to be made as consideration for any release of claims agreement.

Gross Neglect or Gross Misconduct

- **Forfeiture Event -** The NEO's employment is terminated because, in carrying out their duties, the NEO engages in conduct that constitutes gross neglect or gross misconduct that is materially harmful to Freddie Mac, or, within two years after the NEO's termination of employment, the Board of Directors determines that the NEO, prior to their termination, engaged in such conduct.
- **Compensation Subject to Recapture and/or Forfeiture -** Any Deferred Salary paid at the time of termination or subsequent to the date of termination, including any cash payment made as consideration for any release of claims agreement.

Violation of a Post-Termination Non-Competition Covenant

- **Forfeiture Event -** The NEO violates a post-termination non-competition covenant set forth in the restrictive covenant and confidentiality agreement in effect when a payment of Deferred Salary is scheduled to be made.
- **Compensation Subject to Recapture and/or Forfeiture -** 50% of the Deferred Salary paid during the twelve months immediately preceding the violation and 100% of any unpaid Deferred Salary.

Under the Recapture and Forfeiture Agreement, the Board of Directors has discretion to determine the appropriate dollar amount, if any, to be recaptured from and/or forfeited by the NEO, which is intended to be the gross amount of compensation in excess of what Freddie Mac would have paid the NEO had Freddie Mac taken the Forfeiture Event into consideration at the time such compensation decision was made.

Indemnification Agreements

We have entered into an indemnification agreement with each of our directors and executive officers (including each of our NEOs). The form of agreement provides that indemnification rights under the agreement would terminate if and when the executive officer remained employed by Freddie Mac after ceasing to report directly to the CEO or President with respect to any claims arising from matters occurring after the officer no longer reported directly to the CEO or President. In that event, similar indemnification rights would continue to be available to such executive officer under our Bylaws going forward. The indemnification agreement provides that we will indemnify the indemnitee to the fullest extent permitted by our Bylaws and Virginia law. This obligation includes, subject to certain terms and conditions, indemnification against all liabilities and reasonable expenses (including attorneys' fees) actually incurred by the indemnitee in connection with any threatened or pending action, suit, or proceeding, except such liabilities and expenses as are incurred because of the indemnitee's willful misconduct or knowing violation of criminal law. The indemnification agreements provide that if requested by the indemnitee, we will advance expenses, subject to repayment by the indemnitee of any funds advanced if it is ultimately determined that the indemnitee is not entitled to indemnification. The rights to indemnification under the indemnification agreements are not exclusive of any other right the indemnitee may have under any statute, agreement, or otherwise. Our obligations under the indemnification agreements will continue after the indemnitee is no longer a director or officer of the company with respect to any possible claims based on the fact that the indemnitee was a director or officer, and the indemnification agreements will remain in effect in the event the conservatorship is terminated. The indemnification agreements also provide that indemnification for actions instituted by FHFA will be governed by the standards set forth in FHFA’s Rule on Golden Parachute and Indemnification Payments.

Other Executive Compensation Considerations

Accounting Restatement Resulting from Misconduct

If, as a result of misconduct, we are required to prepare an accounting restatement due to material non-compliance with financial reporting requirements, the CEO and CFO are required to reimburse us for amounts determined in accordance with Section 304 of the Sarbanes-Oxley Act of 2002.

Effect of Termination of Employment

The timing and payment of any unpaid portion of Deferred Salary and related interest is based upon the reason for termination, as discussed in ***Potential Payments Upon Termination of Employment.***

Perquisites

We believe that perquisites should be a minimal part of the compensation package for our NEOs. Total annual perquisites for any NEO cannot exceed $25,000 without FHFA approval, and we do not provide a gross-up to cover any taxes due on the perquisite itself. The company offers no executive perquisites other than a relocation program.

SERP and SERP II

After our NEOs have satisfied the one-year service requirement, they are eligible to participate in our SERP. The SERP is designed to provide participants with the full amount of benefits to which they would have been entitled under our Thrift/401(k) Plan if that plan was not subject to certain dollar limits under the Internal Revenue Code. This is referred to as the "SERP Benefit." For participants in the EMCP, no SERP Benefit is accrued with respect to annual pay in excess of two times a participant's Base Salary.

The SERP II was available to employees who were participants in the company's Pension Plan as of the date the Pension Plan was terminated. It was intended to provide participants with the full amount of the benefits to which they would have been entitled under the tax-qualified Transitional Plan (see our Annual Report on Form 10-K filed on February 19, 2015, for additional information) if that plan was not subject to certain dollar limits under the Internal Revenue Code. This was referred to as the "SERP II Benefit." Mr. Weiss and Ms. Corley were the only NEOs who were eligible for the SERP II Benefit in 2022.

For additional information regarding these benefits, see **Executive Compensation - 2022 Compensation Information for NEOs** - ***Nonqualified Deferred Compensation***.

Stock Ownership, Hedging, and Pledging Policies

Our stock ownership guidelines were suspended when conservatorship began because we ceased paying our executive officers stock-based compensation. The Purchase Agreement prohibits us from issuing any shares of our equity securities without the prior written consent of Treasury. The suspension of stock ownership requirements is expected to continue through conservatorship and until such time that we resume granting stock-based compensation.

Pursuant to our company policy, all employees, including our NEOs, and our directors are prohibited from:

- Engaging in all transactions (including purchasing and selling equity and non-equity securities) involving our securities (except selling company securities owned prior to the implementation of the policy and then only with pre-clearance);
- Purchasing or selling derivative securities related to our equity securities or dealing in any derivative securities related to our equity securities;
- Transacting in options (other than options granted by us, and then only with pre-clearance) or other hedging instruments related to our securities; and
- Holding our securities in a margin account or pledging our securities as collateral for a loan.

Legal, Regulatory, and Conservator Restrictions on Executive Compensation

The amount of compensation we may pay our NEOs is subject to a number of legal, regulatory, and conservator restrictions, particularly while we are in conservatorship. Conservatorship also significantly affects the process by which the CHC Committee determines our executive officers' compensation. We describe below legal and regulatory requirements that significantly affect our executive compensation program and policies.

Requirements Applicable During Conservatorship

While we are in conservatorship, we are subject to additional legal and regulatory requirements relating to our executive compensation, including the following:

- *Equity in Government Compensation Act.* The Equity in Government Compensation Act of 2015 limits the compensation and benefits for our CEO to the same level in effect as of January 1, 2015, while we are in conservatorship or receivership. This law also provides that compensation and benefits for our CEO may not be increased while we are in conservatorship or receivership. Accordingly, annual direct compensation for our CEO is limited to Base Salary at an annual rate of $600,000. See **Executive Compensation - CD&A - *CEO Compensation*** for additional information.
- *STOCK Act.* Pursuant to the STOCK Act and related FHFA regulations, our senior officers, including our NEOs, are prohibited from receiving bonuses during conservatorship. FHFA defines a bonus as a payment that rewards an employee for work performed, where details of the award (such as the decision to grant it or its amounts) are determined after the performance period using discretion or inherently subjective measures.
- *FHFA Instructions – Executive Compensation.* The powers of FHFA as our Conservator include the authority to set executive compensation. FHFA, as Conservator, has retained the authority to approve the terms and amounts of our executive compensation. In its instructions to us, FHFA directed that management obtain FHFA's decision before entering into new compensation arrangements or increasing amounts or benefits payable under existing compensation arrangements of NEOs or other executive officers as defined in SEC rules.
- *FHFA Instructions – Other Compensation*. Pursuant to FHFA instructions, FHFA's decision as Conservator is required with regard to any changes in employee compensation that could significantly impact our employees, including but not limited to retention awards for senior officers, special incentive plans, and merit increase pool funding.
- *FHFA Directives.* As Conservator, from time to time FHFA issues or updates directives that relate to compensation of our executives and other employees. Pursuant to its currently applicable directives, FHFA has directed us to:
  - Limit base salaries for all executive officers to no more than $600,000;

- Adjust the mandatory deferral period for At-Risk Deferred Salary as described under **Executive Compensation - CD&A - *Overview of EMCP - Elements of Target TDC***; and
- Include in our policies and procedures penalties for executive officers and certain other covered employees who are found to have engaged in specified activities, including the recapture and/or forfeiture of Deferred Salary in appropriate circumstances to the extent permitted by law. See **Executive Compensation - CD&A - *Written Agreements Related to NEO Employment - Recapture and Forfeiture Agreement*** for a description of the compensation forfeiture and recoupment provisions we have implemented pursuant to this FHFA directive.
- May target between the 25th and 50th percentiles of the market compensation when recommending compensation to be provided to any senior officers, unless FHFA has granted an exception.

- *Shareholder Powers.* FHFA, as Conservator, has all powers of our shareholders. Accordingly, we have not held shareholders' meetings since entering into conservatorship, nor have we held any shareholder advisory votes on executive compensation.
- *Golden Parachute Regulation.* A golden parachute payment generally refers to a compensatory payment that is contingent on or provided in connection with termination of employment. FHFA regulation pursuant to the GSE Act generally prohibits us from making golden parachute payments to any current or former director, officer, or employee of the company during any period in which we are in conservatorship, receivership, or other troubled condition, unless either a specific exemption applies or the Director of FHFA approves the payments. Specific exemptions include qualified pension or retirement plans, nondiscriminatory employee plans or programs that meet specified requirements, and bona fide deferred compensation plans or arrangements that meet specified requirements.

Other Applicable Requirements

We are also subject to legal and regulatory requirements relating to our executive compensation that apply whether or not we are in conservatorship, including the following:

- *Purchase Agreement.* Under the terms of the Purchase Agreement, until the senior preferred stock is repaid or redeemed in full:
  - We may not enter into any new compensation arrangements with, or increase amounts or benefits payable under existing compensation arrangements of, any NEOs or other executive officers as defined in SEC rules without the consent of the Director of FHFA, in consultation with the Secretary of the Treasury.
  - We may not sell or issue any equity securities without the prior written consent of Treasury except under limited circumstances, which effectively eliminates our ability to offer stock-based compensation.
- *Our Charter.* Under our Charter and related FHFA regulations, FHFA as our regulator must approve any termination benefits we offer to our NEOs and certain other officers identified by FHFA.
- *GSE Act.* Pursuant to the GSE Act and related FHFA regulations, FHFA as our regulator has specified oversight authority over our executive compensation. The GSE Act directs FHFA to prohibit us from providing compensation to our NEOs and certain other officers identified by FHFA that is not reasonable or comparable with compensation for employment in other similar businesses involving similar duties and responsibilities. FHFA may at any time review the reasonableness and comparability of an executive officer's compensation and may require us to withhold any payment to the executive officer during such review. The GSE Act also provides that, if we are classified as significantly undercapitalized, FHFA's prior written approval is required to pay any bonus to an executive officer or to provide certain increases in compensation to an executive officer.

Section 162(m) Limits on the Tax Deductibility of Compensation

Section 162(m) of the Internal Revenue Code imposes a $1 million limit on the amount that we may annually deduct for compensation (including performance-based compensation) to: (1) anyone serving as CEO or CFO at any time during the year, (2) the three highest paid NEOs (other than the CEO and CFO) employed by us at any time during the year, and (3) any individual who was a CEO, CFO, or one of the top three highest paid NEOs after 2016 and who is receiving Freddie Mac compensation.

Compensation and Human Capital Committee Report

The CHC Committee has reviewed and discussed the **CD&A** with management and, based on such review and discussion, has recommended to the Board of Directors that the **CD&A** be included in this Form 10-K.

This report is respectfully submitted by the members of the CHC Committee.

Lance F. Drummond, Chair

Mark H. Bloom

Aleem Gillani

Christopher E. Herbert

Grace A. Huebscher

Alberto G. Musalem

COMPENSATION AND RISK

Our management conducted an assessment of our compensation policies and practices that apply to employees at all levels, including those participating in the EMCP. The assessment was conducted by members of our ERM and Human Resources divisions, and included an evaluation of:

- The types of compensation offered (including fixed, variable, and deferred);
- Eligibility for participation in compensation programs;
- Compensation program design and governance;
- The process for establishing performance objectives;
- Processes and program approvals for our compensation programs; and
- An executive incentive plan risk assessment provided by the Committee’s independent compensation consultant.

The assessment was discussed with the CHC Committee in January 2023. Management's conclusion, with which the CHC Committee concurred, is that the company's compensation programs and practices do not encourage unnecessary or excessive risk behaviors in pursuit of Corporate or Conservatorship Scorecard objectives or otherwise, and the programs and practices would not be reasonably likely to have a material adverse effect on Freddie Mac.

CEO PAY RATIO

SEC rules require annual disclosure of the ratio of a company's CEO's total annual compensation to that of its median employee. For 2022, we used the median employee who we identified as of December 31, 2021, who was employed by the company as of December 31, 2022. There have not been any changes in our population or compensation arrangements since 2021 that we reasonably believe would result in a significant change in the pay ratio disclosure. We are using payroll data as reported on Form W-2, Box 5 and annualizing it for individuals who had not worked the full year. Except as noted below, we calculated that employee's total annual compensation for 2022 using the same method required for calculating total annual compensation for our CEO (and other NEOs) for purposes of ***Table 67 - Summary Compensation Table***.

The table below sets forth the total annual compensation for our CEO and median employee and the ratio between the two.

Table 66 - CEO Pay Ratio

	CEO Pay Ratio	
Employee	Total Compensation	Ratio
Michael J. DeVito (CEO)	$631,385	**3.9 to 1**
Median Employee	161,130(1)	

(1) Reflects actual 2022 total compensation for the median employee except for estimated incentive compensation payment because, as of the filing of this Form 10-K, we have not concluded our performance year 2022 compensation planning process for employees other than our NEOs. This estimate includes the projected incentive payout for individuals with similar performance ratings.

Given the different methodologies that companies may use to determine their CEO pay ratio, the ratio reported above should not be used as a basis for comparison between companies.

2022 COMPENSATION INFORMATION FOR NEOs

The following sections set forth compensation information for our NEOs: Mr. DeVito (who has served as CEO since June 1, 2021); Mr. Lown (who has served as our CFO since June 15, 2020); the three other most highly compensated executive officers who were serving as executive officers as of December 31, 2022; and Ms. Corley, who left the company in November 2022 but otherwise would have been one of the three most highly compensated executive officers as of December 31, 2022.

Summary Compensation Table

Table 67 - Compensation Summary

Named Executive Officer	Year	Salary		Bonus[3]	Non-Equity Incentive Plan Compensation[4]	All Other Compensation[5]	Total
		Earned During Year[1]	Deferred[2]				
Michael J. DeVito[6]	2022	$600,000	$—	$—	$—	$31,385	$631,385
CEO	2021	355,385	—	—	—	87,647	443,032
Michael T. Hutchins	2022	600,000	1,920,000	—	1,053,372	105,744	3,679,116
President	2021	600,000	1,675,000	—	936,468	102,838	3,314,306
	2020	623,077	1,675,000	—	884,476	119,239	3,301,792
Christian M. Lown	2022	600,000	1,500,000	475,000	889,957	104,925	3,569,882
EVP & CFO	2021	600,000	1,500,000	475,000	864,864	116,682	3,556,546
	2020	334,616	815,934	—	447,610	49,096	1,647,256
Anil D. Hinduja	2022	600,000	1,220,000		760,769	104,379	2,685,148
EVP - CRO	2021	600,000	1,220,000	—	749,174	102,610	2,671,784
	2020	623,077	1,220,000		707,581	115,622	2,666,280
Jerry Weiss[6]	2022	600,000	975,000		658,358	103,901	2,337,259
EVP - Chief Administrative Officer	2021	600,000	975,000	—	648,324	102,488	2,325,812
Donna M. Corley[6][7]	2022	542,308	947,283		741,042	122,127	2,352,760
Former EVP - Single-Family Business and Senior Advisor	2021	600,000	1,176,923	—	721,918	102,588	2,601,429

(1) Amounts shown in this sub-column consist of base salary paid during the year on a bi-weekly basis. Calendar year 2020 contained 27 bi-weekly pay periods, rather than the usual 26 bi-weekly pay periods. The 2020 base salary rate for each executive officer was as follows: for Mr. Hutchins: $600,000; for Mr. Lown: $600,000; and for Mr. Hinduja: $600,000.

(2) Amounts shown reflect Fixed Deferred Salary earned during the year. The interest rate for Fixed Deferred Salary earned during 2022, 2021, and 2020 was 0.195%, 0.05%, and 0.795%, respectively, which is equal to 50% of the one-year Treasury Bill rate as of December 31 of the applicable prior year. Fixed Deferred Salary earned during each quarter is paid in cash on the last pay date of the corresponding quarter in the following year, along with accrued interest. Interest on Fixed Deferred Salary earned during 2022, 2021, and 2020 is included in All Other Compensation.

(3) Amount shown reflects a cash sign-on payment made to Mr. Lown in connection with his hiring in 2020. Although we classified the payment in the "Bonus" column for purposes of the Summary Compensation Table, it is not considered a "bonus" under the STOCK Act. Please see **Executive Compensation - CD&A - *Written Agreements Relating to NEO Employment*** and **Executive Compensation - CD&A - *Other Executive Compensation Considerations - Legal, Regulatory, and Conservator Restrictions on Executive Compensation*** for additional details.

(4) Amounts shown reflect At-Risk Deferred Salary earned during each year, as well as interest on that At-Risk Deferred Salary. The interest rate for At-Risk Deferred Salary earned during 2022, 2021, and 2020 was the same as noted for the interest rate for the Fixed Deferred Salary. Except in the case of Mr. Lown, At-Risk Deferred Salary earned during each quarter of 2020 and 2021 will be paid in cash on the last pay date of the corresponding quarter in the following year. Except in the case of Mr. Lown, At-Risk Deferred Salary earned during each quarter of 2022, one-half will be paid in cash on the last pay date of the corresponding quarter in the following year and the remaining one-half will be paid on the last pay date of the corresponding quarter of the second calendar year. For Mr. Lown, At-Risk Deferred Salary earned during each quarter will be paid in cash on the last pay date of the corresponding quarter in the second calendar year. See **Executive Compensation - CD&A - *Determination of 2022 At-Risk Deferred Salary*** *and* **Executive Compensation - CD&A - *EMCP Overview***.

(5) Amounts for 2022 reflect: (1) contributions made under our tax-qualified Thrift/401(k) Plan for plan year 2022; (2) accruals earned pursuant to the SERP Benefit for plan year 2022; (3) interest on Fixed Deferred Salary earned during 2022; and (4) amounts relating to accrued vacation time, as described below. The amounts for 2022 are as follows:

Named Executive Officer	Thrift/401(k) Plan Contributions	SERP Benefit Accruals	Interest on Fixed Deferred Salary	Other
Michael J. DeVito	$12,079	$19,306	$—	
Michael T. Hutchins	25,925	76,075	3,744	
Christian M. Lown	25,925	76,075	2,925	
Anil D. Hinduja	25,925	76,075	2,379	
Jerry Weiss	25,925	76,075	1,901	
Donna M. Corley	18,300	46,777	1,847	55,203

Employer contributions to the Thrift/401(k) Plan are generally available on the same terms to all our employees. After the first year of employment, we match up to 6% of eligible compensation at 100% of the employee's contributions. Also, after their first year of employment, employees receive an additional employer contribution to our Thrift/401(k) Plan equal to 2.5% of compensation earned in the prior year. Employee contributions, our matching contributions, and the 2.5% employer contribution are invested in accordance with the employee's investment elections and are immediately vested. For additional information regarding the SERP Benefit, see **Executive Compensation - 2022 Compensation Information for NEOs - *Nonqualified Deferred Compensation*.**

Perquisites are valued at their aggregate incremental cost to us. During the years reported, the aggregate value of perquisites received by any NEO was less than $10,000. Therefore, in accordance with SEC rules, amounts shown under "All Other Compensation" do not include perquisites. The amount reported in "Other" reflects the payment of accrued unused vacation hours payable upon termination of employment pursuant to the terms of the company's vacation policy.

(6) Pursuant to SEC reporting requirements, because Messrs. DeVito and Weiss and Ms. Corley first became NEOs in 2021, information for 2020 is not required to be disclosed.

(7) On May 26, 2022, Ms. Corley stepped down from her position as head of Freddie Mac’s Single-Family Business and she served as EVP - Special Advisor through the end of a transition period that ended November 25, 2022. The amounts in the table are prorated to reflect Ms. Corley's departure and adjusted for the applicable reduction to Fixed Deferred Salary under the EMCP.

Grants of Plan-Based Awards

The following table contains information concerning grants of plan-based awards to each of the NEOs during 2022. The Purchase Agreement prohibits us from issuing equity securities without Treasury's prior written consent. No stock awards were granted during 2022. For a description of the performance and other measures used to determine payouts, see **Executive Compensation - CD&A - *Elements of Target Total Direct Compensation*** - ***Determination of 2022 Target TDC for NEOs*** - ***Determination of 2022 At-Risk Deferred Salary*** - ***2022 Deferred Salary***.

Table 68 - Grants of Plan-Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[2]	
Named Executive Officer[1]	**At-Risk Deferred Salary Award**	**Threshold**	**Target/Maximum**
Michael T. Hutchins	Conservatorship Scorecard	—	$540,000
	Corporate Scorecard/Individual	—	540,000
	Total	**—**	**1,080,000**
Christian M. Lown	Conservatorship Scorecard	—	450,000
	Corporate Scorecard/Individual	—	450,000
	Total	**—**	**900,000**
Anil D. Hinduja	Conservatorship Scorecard	—	390,000
	Corporate Scorecard/Individual	—	390,000
	Total	**—**	**780,000**
Jerry Weiss	Conservatorship Scorecard	—	337,500
	Corporate Scorecard/Individual	—	337,500
	Total	**—**	**675,000**
Donna M. Corley	Conservatorship Scorecard	—	405,978
	Corporate Scorecard/Individual	—	405,978
	Total	**—**	**811,956**

(1) Mr. DeVito was not eligible to receive Deferred Salary in 2022, and therefore are not included in this table.

(2) The amounts reported reflect At-Risk Deferred Salary granted in 2022 which is subject to reduction based on: (1) corporate performance against the Conservatorship Scorecard; and (2) the company's performance against the Corporate Scorecard goals and an officer's individual performance. The amount of At-Risk Deferred Salary actually earned can range from 0% of target (reported in the Threshold column) to a maximum of 100% of target (reported in the Target/Maximum column). Actual At-Risk Deferred Salary amounts earned during 2022 are reported in the **Non-Equity Incentive Plan Compensation** column of **Table 67 - Summary Compensation Table**.

Outstanding Equity Awards at Fiscal Year-End

None of the NEOs had unexercised options or unvested RSUs as of December 31, 2022.

Option Exercises and Stock Vested

None of the NEOs exercised options or had RSUs vest during 2022.

Pension Benefits

No Pension Benefits table is presented here as the Pension Plan termination was completed in 2015. For additional information, see **Executive Compensation - CD&A - *Other Executive Compensation Considerations***.

Nonqualified Deferred Compensation

Non-qualified deferred compensation for the NEOs consists of the SERP Benefit and, for those NEOs who were eligible for the Transitional Plan (or those NEOs who may have deferred Roth contributions into their Thrift/401(k) Plan account), the SERP II Benefit. The SERP and SERP II are unfunded, non-qualified defined contribution plans designed to provide participants with the full amount of benefits to which they would have been entitled under the Thrift/401(k) Plan and Transitional Plan (for those NEOs eligible) if these plans were not subject to certain dollar limits under the Internal Revenue Code.

The SERP Benefit equals the amount of the employer matching and 2.5% contributions for each NEO that would have been made to the Thrift/401(k) Plan during the year, based upon the participant's eligible compensation, without application of those limits, less the amount of the matching contributions and 2.5% contributions made to the Thrift/401(k) Plan during the year, but does not take into account pay that exceeds two times the NEO's Base Salary. We believe the SERP Benefit is an appropriate benefit because offering such a benefit helps us remain competitive with the companies in our Comparator Group.

To be eligible for the SERP Benefit, the NEO must be eligible for matching contributions and the 2.5% contribution under the Thrift/401(k) Plan for part of the year, as discussed in Footnote 5 to ***Table 67 - Summary Compensation Table.*** In addition, to be eligible for the portion of the SERP Benefit attributable to employer matching contributions, the NEO must contribute the maximum amount permitted under the terms of the Thrift/401(k) Plan on either a pre- or post-tax basis.

The SERP II Benefit provided an accrual for each year an NEO participated in the Transitional Plan equal to the amount of the employer contribution that would have been made to the Transitional Plan for the year, without application of the Internal Revenue Code limits, less the amount of the contribution actually made to the Transitional Plan, but does not take into account pay that exceeds two times the NEO's Base Salary. The SERP II also provides participants with the flexibility to make Roth contributions to the Thrift/401(k) Plan and still receive employer matching contributions as noted above.

Participants are credited with earnings or losses in their SERP and SERP II Benefit accounts based upon each participant's individual direction of the investment of such notional amounts among the virtual investment funds available under the SERP and SERP II, which are the same as the investment options available under the Thrift/401(k) Plan. SERP and SERP II Benefits are generally distributed in a lump sum 90 days after the end of the calendar year in which a separation from service occurs. A six-month delay in the commencement of distributions on account of a separation from service applies to key employees, in accordance with Internal Revenue Code Section 409A. If the NEO dies, the vested SERP Benefit is paid in the form of a lump sum within 90 days of death, and the SERP II Benefit is paid by March 31st following the year the NEO dies.

The following table shows the contributions, earnings, withdrawals and distributions, and accumulated balances under the SERP and SERP II Benefits for each NEO.

Table 69 - SERP and SERP II Benefits

Named Executive Officer	Executive Contribution in 2022(1)	Freddie Mac Accruals in 2022(2)	Aggregate Earnings in 2022(3)	Aggregate Withdrawals/ Distributions	Balance at December 31, 2022(4)
Michael J. DeVito					
SERP Benefit	$—	$19,306	$130	$—	$19,436
Michael T. Hutchins					
SERP Benefit	—	76,075	(131,645)	—	684,638
Christian M. Lown					
SERP Benefit	—	76,075	(12,700)	—	114,874
Anil D. Hinduja					
SERP Benefit	—	76,075	(126,834)	0	569,664
Jerry Weiss					
SERP Benefit	—	76,075	(333,071)	0	1,838,070
SERP II Benefit	—	—	(109,728)	0	423,286
Donna M. Corley					
SERP Benefit	—	46,777	(279,743)	0	1,101,751
SERP II Benefit	—	—	2,660	0	174,039

(1) The SERP and SERP II do not allow for employee contributions.

(2) Amounts reported reflect accruals under the SERP during 2022, including the 2.5% contribution accruals which will be allocated to NEO accounts in 2023. These amounts are also reported in the "All Other Compensation" column in **Table 67 - Summary Compensation Table**.

(3) Amounts reported represent the total interest and other earnings credited to each NEO under the SERP and SERP II Benefits.

(4) Amounts reported reflect the accumulated balances under the SERP and SERP II Benefits for each NEO and include the plan year 2022 accruals noted in footnote 2 above. All NEOs are fully vested in their SERP and, for Mr. Weiss and Ms. Corley, their SERP II Benefit account balances.

The following 2021 SERP Benefit accrual amounts were reported in the "All Other Compensation" column in the 2021 Summary Compensation Table as compensation for each NEO for whom accruals were made during 2021: Mr. Hutchins: $77,350, Mr. Hinduja: $77,350, Mr. Weiss: $77,350, Ms. Corley: $77,350, Mr. Lown: $49,427. See our Annual Report on Form 10-K filed on February 10, 2022.

Potential Payments Upon Termination of Employment

The EMCP addresses the treatment of Base Salary and Deferred Salary upon various termination events. Base Salary ceases upon an NEO's termination of employment, regardless of the termination reason. An NEO generally does not need to be employed by us on the payment date to receive payments of Deferred Salary (including related interest) that are unpaid at the time of termination of employment. The following table describes the effect of various termination events upon unpaid Deferred Salary. The actual payment of any level of termination benefits that is not otherwise provided for in the EMCP is subject to FHFA review and approval.

- **Forfeiture Event -** All earned but unpaid Fixed and At-Risk Deferred Salary (including related interest) is subject to forfeiture upon the occurrence of a Forfeiture Event, as described above under **Executive Compensation - CD&A - *Written Agreements Relating to NEO Employment - Recapture and Forfeiture Agreement***.
- **Death -** All earned but unpaid Fixed and At-Risk Deferred Salary (including related interest) is paid in full as soon as administratively possible, but not later than 90 calendar days after the date of death. Any earned but unpaid At-Risk Deferred Salary is not subject to reduction based on corporate and individual performance if the reduction has not been determined as of the date of death.
- **Long-Term Disability -** All earned but unpaid Fixed and At-Risk Deferred Salary (including related interest) is paid in full in accordance with the Approved Payment Schedule. Any earned but unpaid At-Risk Deferred Salary is not subject to reduction based on corporate and individual performance if the reduction has not been determined as of the termination date.
- **Any Other Reason (including, but not limited to, voluntary termination, retirement, and involuntary termination for any reason other than a Forfeiture Event) -** All earned but unpaid Deferred Salary (including related interest) is paid in accordance with the Approved Payment Schedule, and earned but unpaid At-Risk Deferred Salary remains subject to the performance assessment and reduction process. Except in the case of retirement, the amount of earned but unpaid Fixed Deferred Salary will be reduced by 2% for each full or partial month by which the NEO's termination precedes January 31 of the second calendar year following the calendar year in which the Fixed Deferred Salary is earned. No such reduction is applicable if an NEO retires, which is deemed to have occurred upon a voluntary termination of employment after attaining or exceeding 62 years of age, without regard to length of service, or attaining or exceeding 55 years of age with 10 or more years of service.

The table below describes the compensation and benefits that would have been payable to each NEO had the officer terminated their employment under various circumstances as of December 31, 2022.

The table below does not address changes in control, as we are not obligated to provide any additional compensation to our NEOs in connection with a change in control. The table also does not address potential payments upon a termination for cause, which is a termination resulting from the occurrence of an event or conduct described in the Recapture and Forfeiture Agreement. All earned but unpaid Deferred Salary is subject to forfeiture upon the occurrence of such a termination. However, the amount of compensation, if any, to be recaptured and/or forfeited is determined by the Board of Directors, which can only occur following the occurrence of a for cause termination. See **Executive Compensation - CD&A - *Written Agreements Relating to NEO Employment - Recapture and Forfeiture Agreement***.

The table below does not include vested balances in the SERP and SERP II. All NEOs are fully vested in their account balances. Amounts shown in the table also do not include certain items available to all employees generally upon a termination event.

The table below also does not include stock options or RSUs, as there were no outstanding stock options or RSUs held by NEOs as of December 31, 2022.

Table 70 - Compensation and Benefits if NEO Terminated Employment as of December 31, 2022

Named Executive Officer[1]	Death	Disability	Retirement[2]	All Other Not For Cause Terminations[3]
Michael T. Hutchins				
Deferred Salary:				
Fixed	$1,920,000	$1,920,000	$1,920,000	
At Risk-Conservatorship Scorecard[4]	540,000	540,000	523,800	
At Risk-Corporate Scorecard/Individual[5]	540,000	540,000	526,500	
Interest on Deferred Salary[6]	3,650	6,906	6,819	
Total	**$3,003,650**	**$3,006,906**	**$2,977,119**	
Christian M. Lown				
Deferred Salary:				
Fixed	$1,500,000	$1,500,000		$1,110,000
At Risk-Conservatorship Scorecard[4][7]	450,000	450,000		436,500
At Risk-Corporate Scorecard/Individual[5][7]	450,000	450,000		450,000
Interest on Deferred Salary[6]	2,920	6,440		5,627
Total	**$2,402,920**	**$2,406,440**		**$2,002,127**
Anil D. Hinduja				
Deferred Salary:				
Fixed	$1,220,000	$1,220,000		$902,800
At Risk-Conservatorship Scorecard[4]	390,000	390,000		378,300
At Risk-Corporate Scorecard/Individual[5]	390,000	390,000		380,250
Interest on Deferred Salary[6]	2,433	4,663		3,981
Total	**$2,002,433**	**$2,004,663**		**$1,665,331**
Jerry Weiss				
Deferred Salary:				
Fixed	$975,000	$975,000	$975,000	
At Risk-Conservatorship Scorecard[4]	337,500	337,500	$327,375	
At Risk-Corporate Scorecard/Individual[5]	337,500	337,500	$329,063	
Interest on Deferred Salary[6]	2,008	3,877	$3,823	
Total	**$1,652,008**	**$1,653,877**	**$1,635,261**	
Donna M. Corley[8]				
Deferred Salary:				
Fixed				$947,283
At Risk-Conservatorship Scorecard[4]				393,799
At Risk-Corporate Scorecard/Individual[5]				345,082
Interest on Deferred Salary[6]				3,530
Total	**$—**	**$—**	**$—**	**$1,689,694**

(1) Mr. DeVito is excluded from this table because he was not eligible for any additional compensation in connection with a termination of employment.

(2) Messrs. Hutchins and Weiss are the only retirement-eligible NEOs under the EMCP.

(3) All Other Not For Cause Terminations refer to (1) voluntary terminations other than for retirement; or (2) involuntary terminations other than for cause. No amount is shown for Messrs. Hutchins and Weiss because they are retirement eligible. In accordance with early termination provisions in the EMCP, the amounts disclosed for Deferred Salary: Fixed for all other NEOs have been reduced by 26% to reflect a December 31, 2022 termination event.

(4) The amounts reported for Deferred Salary: At Risk-Conservatorship Scorecard reflect the funding level determined by FHFA with respect to performance against the 2022 Conservatorship Scorecard. In cases of death or disability, the process for determining funding level is waived if the funding level has not been determined at the date of termination.

(5) The amounts reported for Deferred Salary: At Risk-Corporate Scorecard/Individual in the Retirement and All Other Not For Cause Terminations columns reflect the assessment of 2022 performance approved by the CHC Committee and FHFA. For death or disability, the provisions are the same as for the amounts reported for Deferred Salary: At Risk-Conservatorship Scorecard.

(6) Interest on Deferred Salary is accrued and paid in accordance with the terms of the EMCP. The amount of interest in the Death column assumes that payment occurs on the 90th day following the date of death, which is assumed to be December 31, 2022. The interest on At-Risk Deferred Salary in the case of disability and all other not for cause terminations is calculated as follows: for Mr. Lown, for two years based on the two-year deferral period in accordance with the EMCP for executive officers hired on or after January 1, 2020; and for all other NEOs, pursuant to the FHFA directive issued in June 2022 (refer to the Elements of Target TDC section), for one year for one-half of the At-Risk Deferred Salary earned in 2022 and the remaining one-half based on the two-year deferral period.

(7) The amounts reported for At-Risk Deferred Salary reflect amounts earned by Mr. Lown in 2022 and do not include At-Risk Deferred Salary earned by Mr. Lown in 2021 that, pursuant to the EMCP, we will pay to him in 2023.

(8) On May 26, 2022, Ms. Corley stepped down from her position as head of Freddie Mac's Single-Family Business and she served as EVP - Special Advisor through the end of a transition period that ended November 25, 2022. The information in the table reflects what she was actually paid.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

SECURITY OWNERSHIP

Our only class of voting stock is our common stock. Upon its appointment as Conservator, FHFA immediately succeeded to the voting rights of holders of our common stock. The following table shows the beneficial ownership of our common stock as of February 21, 2023, by our directors, our NEOs, all of our directors and executive officers as a group, and holders of more than 5% of our common stock. Beneficial ownership is determined in accordance with SEC rules for computing the number of shares of common stock beneficially owned by a person and the ownership percentage of that person. As of February 21, 2023, each director and NEO, and all of our directors and executive officers as a group, owned less than 1% of our outstanding common stock. We ceased paying our executive officers and directors stock-based compensation when we entered conservatorship. In addition, the Purchase Agreement prohibits us from issuing any of our equity securities, including as compensation to our directors and executive officers, without the prior written consent of Treasury, and no equity securities, other than the senior preferred stock issued to Treasury, have been issued since we entered conservatorship. In addition, company policy prohibits directors and executive officers from engaging in transactions involving our equity securities, except selling company securities owned prior to the implementation of the policy. See **Executive Compensation - CD&A - *Other Executive Compensation Considerations - Stock Ownership, Hedging, and Pledging Policies*** for additional information. Unless otherwise noted, the information presented below is based on information provided to us by the individuals or entities specified in the table.

Stock Ownership By Directors and Executive Officers

Table 71 - Stock Ownership by Directors and Executive Officers

Directors and Named Executive Officers	Position	Common Stock Beneficially Owned Excluding Stock Options(1)	Stock Options Exercisable Within 60 Days of Feb. 21, 2023	Total Common Stock Beneficially Owned
Mark H. Bloom	Director	—	—	—
Kathleen L. Casey	Director	—	—	—
Kevin G. Chavers	Director	—	—	—
Lance F. Drummond	Director	—	—	—
Aleem Gillani	Director	—	—	—
Mark B. Grier	Director	—	—	—
Luke S. Hayden	Director	—	—	—
Christopher E. Herbert	Director	—	—	—
Grace A. Huebscher	Director	—	—	—
Sara Mathew	Director	—	—	—
Allan P. Merrill	Director	—	—	—
Alberto G. Musalem	Director	—	—	—
Michael J. DeVito	CEO & Director	—	—	—
Michael T. Hutchins	President	—	—	—
Christian M. Lown	EVP & CFO	—	—	—
Anil D. Hinduja	EVP - CRO	—	—	—
Jerry Weiss	EVP - Chief Administrative Officer	—	—	—
Donna M. Corley	Former EVP - Single-Family Business and Senior Advisor	5,998	—	5,998
All directors and executive officers as a group (23 persons)		**6,902**	**—**	**6,902**(2)

(1) Includes shares of stock beneficially owned as of February 21, 2023.

(2) Represents shares of stock beneficially owned prior to the company's entry into conservatorship.

Stock Ownership by Greater-Than 5% Holders

Table 72 - Stock Ownership by Greater-Than 5% Holders

5% Holders[1]	Common Stock Beneficially Owned	Percent of Class
U.S. Department of the Treasury 1500 Pennsylvania Avenue, NW Washington, D.C. 20220	Variable[2]	79.9%

(1) Pershing Square Capital Management, L.P., PS Management GP, LLC, and William A. Ackman ("Pershing") have filed certain reports on Schedule 13D, the latest of which was filed on March 31, 2014. In that report, Pershing reported a beneficial ownership percentage calculation of 9.78%, based solely on the 650,039,533 shares of our common stock outstanding as reported in our Annual Report on Form 10-K filed on February 27, 2014, and excluding the shares issuable to Treasury pursuant to the Warrant. The Schedule 13D indicated that Pershing also had additional economic exposure to approximately 8,434,958 notional shares of common stock, bringing the total aggregate economic exposure on the date of that filing to 72,010,523 shares of common stock (approximately 11.08% of the outstanding common stock). In that filing, Pershing indicated that because it believes our common stock is not a voting security, it had determined not to file future reports on Schedule 13D. We do not know Pershing's current beneficial ownership of our common stock.

(2) In September 2008, we issued Treasury the Warrant to purchase, for one one-thousandth of a cent ($0.00001) per share, shares of our common stock equal to 79.9% of the total number of shares of our common stock outstanding on a fully diluted basis at the time the Warrant is exercised. The Warrant may be exercised in whole or in part at any time until September 7, 2028. As of the date of this filing, Treasury has not exercised the Warrant. The information above assumes Treasury beneficially owns no other shares of our common stock.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

We have no shares of common stock available for issuance upon the exercise of options, warrants, and rights under our existing equity compensation plans as of December 31, 2022. Prior to conservatorship, stockholders approved the Employee Stock Purchase Plan, the 2004 Stock Compensation Plan, and the 1995 Stock Compensation Plan (together, the "Employee Plans"), and the 1995 Directors' Stock Compensation Plan (the "Directors' Plan"). The authorizations to issue shares of common stock under the Employee Plans and Directors' Plan have expired pursuant to their respective terms. Therefore, we are not providing an Equity Compensation Table.

Certain Relationships And Related Transactions

POLICY GOVERNING RELATED PERSON TRANSACTIONS

The Board of Directors has adopted a written policy governing the approval of related person transactions. This policy sets forth procedures for the review and approval or ratification of transactions involving related persons. Under the policy, "related person" means any person who is, or was at any time since the beginning of our last completed fiscal year, a director, a director nominee, an executive officer, or an immediate family member of any of the foregoing persons.

Under authority delegated by the Board of Directors, the Nominating and Governance Committee, or its Chair or other designated member under certain circumstances, each an Authorized Approver, is responsible for applying the Related Person Transactions Policy. Transactions covered by the Related Person Transactions Policy consist of any transaction, arrangement, or relationship or series of similar transactions, arrangements, or relationships, in which:

- The aggregate amount involved exceeded or is expected to exceed $120,000;
- We were or are expected to be a participant; and
- Any related person had or will have a direct or indirect material interest.

The Related Person Transactions Policy includes a list of categories of transactions identified by the Board of Directors as having no significant potential for an actual conflict of interest or the appearance of a conflict or benefit to a related person, and thus such transactions are not considered potential related person transactions subject to review.

Our Legal division (or our Compliance department in certain limited circumstances) assesses whether any proposed transaction involving a related person is covered by the Related Person Transactions Policy. If so, the transaction is reviewed by the appropriate Authorized Approver.

In determining whether to approve or ratify a related person transaction covered by the Related Person Transactions Policy, the Authorized Approver reviews and considers all relevant information, which may include:

- The nature of the related person's interest in the transaction;
- The approximate total dollar value of, and extent of the related person's interest in, the transaction;
- Whether the transaction was or would be undertaken in the ordinary course of business;
- Whether the transaction is proposed to be, or was, entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party; and
- The purpose, and potential benefits to us, of the transaction.

TRANSACTIONS WITH 5% SHAREHOLDERS

In connection with our entry into conservatorship, we issued the Warrant to Treasury to purchase shares of our common stock equal to 79.9% of the total number of shares of our common stock outstanding, on a fully diluted basis. There have been a number of transactions between us and Treasury since the beginning of 2022, as discussed in **MD&A - Consolidated Results of Operations**, **MD&A - Liquidity and Capital Resources**, **MD&A - Conservatorship and Related Matters**, **MD&A - Regulation and Supervision**, **Note 2**, **Note 8**, and **Note 11**.

We are the compliance agent for Treasury for certain foreclosure avoidance activities under HAMP. Among other duties, as the program compliance agent, we conduct examinations and review servicer compliance with the published requirements for the program.

FHFA, as Conservator, approved the Purchase Agreement and our role as compliance agent in the MHA Program and the Memorandum of Understanding with Treasury, FHFA, and Fannie Mae under the HFA Initiative. FHFA also instructed us to implement a $5,000 principal reduction incentive under HAMP in which Treasury will pay the incentive for borrowers with certain of our HAMP modified loans. The remaining transactions described in the sections referenced above did not require review and approval under any of our policies and procedures relating to transactions with related persons.

TRANSACTIONS WITH INSTITUTIONS RELATED TO EXECUTIVE OFFICERS

Mr. Lown’s brother, Jeffrey Lown, serves as the CEO and President of Cherry Hill Mortgage Investment Corporation (“Cherry Hill”) and serves as the President and a director of one of Cherry Hill’s subsidiaries, Aurora Financial Group Inc. (“Aurora”).

Aurora is a single-family servicer servicing approximately 33,951 loans with a UPB of $7.8 billion as of December 31, 2022. These transactions are conducted in the ordinary course and on an arm's length basis.

CONSERVATORSHIP AGREEMENTS

Treasury, FHFA, and the Federal Reserve have taken a number of actions to support us during conservatorship, including entering into the Purchase Agreement, described in this Form 10-K. See **MD&A - Conservatorship and Related Matters** and **Note 2**.

Principal Accounting Fees and Services

DESCRIPTION OF FEES

PricewaterhouseCoopers LLP has served as our independent public accountants since 2002. The following is a description of fees billed to us by PricewaterhouseCoopers LLP during 2022 and 2021.

Auditor Fees(1)

Table 73 - Auditor Fees

(In thousands)	2022	2021
Audit Fees(2)	$20,649	$22,744
Audit-Related Fees(3)	6,381	7,530
Tax Fees(4)	1,844	2,432
All Other Fees(5)	55	10
Total	**$28,929**	**$32,716**

(1) These fees represent amounts billed (including reimbursable expenses within the designated year).

(2) Audit fees include fees in connection with quarterly reviews of our interim financial information and the audit of our annual consolidated financial statements.

(3) Audit-related fees include: (1) fees for the performance of certain agreed-upon procedures regarding aspects of compliance with the Purchase Agreement covenants; (2) attestation-related services on debt offerings; (3) compliance evaluation of the minimum servicing standards as set forth in the Uniform Single Attestation Program for Mortgage Bankers; (4) fees related to accounting policy consultations; (5) fees for the performance of certain agreed-upon procedures related to our risk transfer and structured transactions, pursuant to engagement letters with the company, including where the fees are billed to and paid by unconsolidated trusts created in connection with such transactions; and (6) fees related to certain wire system and ESG reporting attestations.

(4) The tax fees related to non-audit tax compliance and consulting services arising from research and development tax credits and advice and recommendations related to tax planning and reporting matters.

(5) All other fees include: (1) our subscription to a web-based suite of human resources benchmark data; and (2) our subscription to accounting research and disclosure software.

APPROVAL OF INDEPENDENT AUDITOR SERVICES AND FEES

Under its charter, the Audit Committee is responsible for the following:

- Appointing our independent public accounting firm (subject to FHFA approval as required);
- Approving all audit and non-audit services permitted under applicable law to be performed by the independent public accounting firm (subject to FHFA approval as required);
- Approving our independent public accounting firm's proposed integrated audit scope and approach with respect to the annual audit; and
- Overseeing the performance of, and relationship with, our independent public accounting firm.

The Sarbanes-Oxley Act of 2002 and related SEC rules require that all services provided to companies subject to the reporting requirements of the Exchange Act by their independent auditors be pre-approved by their audit committee or by authorized members of the committee, with certain exceptions. The Audit Committee's charter requires that the Audit Committee pre-approve any audit services, and any non-audit services permitted under applicable law, to be performed by our independent auditors (or to designate one or more members of the Audit Committee to pre-approve such services and report such pre-approval to the Audit Committee).

Audit services that are within the scope of an auditor's engagement approved by the Audit Committee prior to the performance of those services are deemed pre-approved and do not require separate pre-approval. Audit services not within the scope of an Audit Committee-approved engagement, as well as permissible non-audit services, must be separately pre-approved by the Audit Committee.

When the Audit Committee pre-approves a service, it sets a dollar limit for such service. Management obtains pre-approval of the Audit Committee, or of the Chair of the Audit Committee (when the Chair of the Audit Committee has been delegated such authority), before it incurs fees exceeding the dollar limit. If the Chair of the Audit Committee approves the increase, the Chair will report such approval at the Audit Committee's next scheduled meeting. The Audit Committee has delegated to the Chair the authority to address requests to pre-approve certain additional audit and non-audit services to be performed by the company's independent auditor with fees totaling up to a maximum of $250,000 per quarter, with reporting of any such approval decisions to the Audit Committee at its next scheduled meeting. The pre-approval procedure is administered by our senior financial management, which reports throughout the year to the Audit Committee. The Audit Committee pre-approved all audit, audit-related, tax, and other services performed by our independent public accounting firm in 2022 and 2021.

The Audit Committee appoints the independent public accounting firm on an annual basis. In connection with applicable partner rotation requirements, the Audit Committee and its Chair are involved in considering the selection of the independent registered public accounting firm's new lead partner and concurring/reviewing partner. In evaluating the performance of the independent public accounting firm, the Audit Committee considers a number of factors, including the following:

- The firm's status as a registered public accounting firm with the Public Company Accounting Oversight Board (United States), or PCAOB, as required by the Sarbanes-Oxley Act of 2002 and the Rules of the PCAOB;
- Its independence and processes for maintaining its independence;
- Its approach to resolving significant accounting and auditing matters;
- Its capability and expertise in handling the complexity of the company's business, including the capability and expertise of the lead audit partner and of the key members of the engagement team;
- Historical and recent performance, including the extent and quality of the independent public accounting firm's communications with the Audit Committee, and the results of a management survey of the independent public accounting firm's overall performance;
- Data related to audit quality and performance, including recent PCAOB inspection reports on the firm; and
- The appropriateness of its fees, both on an absolute basis and as compared with peers.

The Audit Committee has determined that the non-audit services rendered by PricewaterhouseCoopers during its most recent fiscal year are compatible with maintaining PricewaterhouseCoopers' independence.

Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

(1) Consolidated Financial Statements

The consolidated financial statements required to be filed in this Form 10-K are included in **Financial Statements and Supplementary Data**.

(2) Financial Statement Schedules

None.

(3) Exhibits

An **Exhibit Index** has been filed as part of this Form 10-K beginning on page 282.

Glossary

This Glossary includes acronyms and defined terms that are used throughout this report.

- **ACIS** - Agency Credit Insurance Structure - Transactions in which we purchase insurance policies that provide credit protection for certain specified credit events that are typically allocated to the non-issued notional credit risk positions of a STACR transaction. We also enter into other ACIS transactions that provide credit protection for certain specified credit events on loans not included in a reference pool created for a STACR transaction, or provide front-end credit risk transfer as loans come into the portfolio. Under each of these insurance policies, we pay monthly premiums that are determined based on the outstanding balance of the reference pool. When specific credit events occur, we generally receive compensation from the insurance policy up to an aggregate limit based on actual losses.
- **Administration** - Executive branch of the U.S. government.
- **Agency securities** - Generally refers to mortgage-related securities issued or guaranteed by the GSEs or government agencies.
- **Alt-A loan** - Although there is no universally accepted definition of Alt-A, many mortgage market participants have classified single-family loans as Alt-A if these loans have credit characteristics that range between their prime and subprime categories, if these loans are underwritten with lower or alternative income or asset documentation requirements compared to a full documentation loan, or both. We categorize loans in our single-family mortgage portfolio as Alt-A if the lender that delivered them to us classified the loans as Alt-A, or if the loans had reduced documentation requirements as well as a combination of certain credit characteristics and expected performance characteristics at acquisition which, when compared to full documentation loans in our portfolio, indicate that the loan should be classified as Alt-A. In the event we purchase a refinance loan and the original loan had been previously identified as Alt-A, such refinance loan may no longer be categorized as an Alt-A loan because the refinance loan is not identified by the servicer as an Alt-A loan. We categorize our investments in non-agency mortgage-related securities as Alt-A if the securities were identified as such based on information provided to us when we entered into these transactions.
- **AMI** - Area Median Income.
- **AOCI** - Accumulated other comprehensive income (loss), net of taxes.
- **ARM** - Adjustable-rate mortgage - A mortgage loan with an interest rate that adjusts periodically over the life of the loan based on changes in a benchmark index.
- **ASU** - Accounting Standards Update.
- **ATA** - Adjusted total assets.
- **Back-end coverage type** - Applies to transactions in which the credit risk transfer occurs after our purchase of the loan or guarantee of a security.
- **Bps** - Basis points - One one-hundredth of 1%. This term is commonly used to quote the yields of debt instruments or movements in interest rates.
- **Capital Reserve Amount** - See ***Net worth sweep dividend, Net Worth Amount, Capital Reserve Amount, and Capital Reserve End Date*** for additional information.
- **Capital Reserve End Date** - See ***Net worth sweep dividend, Net Worth Amount, Capital Reserve Amount, and Capital Reserve End Date*** for additional information.
- **CARES Act** - Coronavirus Aid, Relief, and Economic Security Act - An economic stimulus bill signed into law on March 27, 2020, designed to mitigate the negative economic effects of the COVID-19 pandemic in the United States.
- **CCF** - Conservatorship Capital Framework - An economic capital system with detailed formulae provided by FHFA to evaluate and manage our financial risk and to make economic business decisions while in conservatorship.
- **CCO** - Chief Compliance Officer.
- **CD&A** - Compensation Discussion and Analysis.
- **CECL** - The Current Expected Credit Losses impairment model as defined by FASB ASC Topic 326, Financial Instruments - Credit Losses, pursuant to ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments; ASU 2019-04, Codification Improvements to Financial Instruments - Credit Losses (Topic 326); ASU 2019-05, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments; and ASU 2019-11, Codification Improvements to Financial Instruments - Credit Losses (Topic 326).
- **CEO** - Chief Executive Officer.
- **CET1** - Common Equity Tier 1.
- **CFO** - Chief Financial Officer.
- **CFPB** - Consumer Financial Protection Bureau.
- **Charge-offs** - Represent the amount of a financial asset that is removed from our consolidated balance sheets when

deemed uncollectible, regardless of when the impact of the credit loss was recorded on our consolidated statements of comprehensive income. For mortgage loans, generally the amount of a charge-off is the recorded investment in excess of the fair value of the loan's collateral.

- **Charter** - The Federal Home Loan Mortgage Corporation Act, as amended, 12 U.S.C. § 1451 et seq.
- **CHC Committee** - The Compensation and Human Capital Committee of the Board.
- **CMBS** - Commercial mortgage-backed security - A security backed by loans on commercial property (often including multifamily rental properties) as opposed to one-to-four family residential real estate.
- **CMC** - Capital Management Council.
- **Comprehensive income** - Consists of net income plus other comprehensive income (loss).
- **Conforming loan/Conforming loan limit** - A conventional single-family loan with an original principal balance that is equal to or less than the applicable statutory conforming loan limit, which is a dollar amount cap on the original principal balance of single-family loans we are permitted by law to purchase or securitize. The conforming loan limit is determined annually based on changes in FHFA's house price index.
- **Conservator** - FHFA, acting in its capacity as Conservator of Freddie Mac.
- **Conservatorship Scorecard** - FHFA's mechanism for outlining specific conservatorship priorities for Freddie Mac, Fannie Mae, and their joint venture, Common Securitization Solutions, LLC[SM].
- **Convexity** - A measure of how much a financial instrument's duration changes as interest rates change.
- **Corporate Governance Rule** - FHFA's rule regarding the Responsibilities of Board of Directors, Corporate Practices and Corporate Governance Matters.
- **Credit enhancement** - A financial arrangement that is designed to reduce credit risk by partially or fully compensating an investor in a mortgage or security (e.g., Freddie Mac) in the event of specified losses. Examples of credit enhancements include insurance, CRT transactions, overcollateralization, indemnification agreements, and government guarantees.
- **Credit fee** - A fee charged to sellers above base contractual guarantee fees to compensate us for higher levels of risk in some loan products.
- **Credit risk transfer (CRT) transactions** - Arrangements where we actively transfer the credit risk exposure on mortgages that we own or guarantee.
- **Credit score** - Credit score data is based on FICO scores, a credit scoring system developed by Fair, Isaac and Co. FICO scores are currently the most commonly used credit scores. FICO scores are ranked on a scale of approximately 300 to 850 points with a higher value indicating a lower likelihood of credit default.
  - **Original credit score** - The credit score of the borrower at the time of loan origination or our purchase.
  - **Current credit score** - The credit score of the borrower as of the first month of the most recent quarter.
- **CRO** - Chief Risk Officer.
- **CSS** - Common Securitization Solutions, LLC.
- **CSP** - Common Securitization Platform.
- **Current LTV Ratio or CLTV** - The current LTV ratios are management estimates, which are updated on a monthly basis. Current market values are estimated by adjusting the value of the property at origination based on changes in the market value of homes in the same geographic area since that time. Changes in market value of single-family properties are derived from our internal index, which measures price changes for repeat sales and refinancing activity on the same properties using Freddie Mac and Fannie Mae single-family loan acquisitions. Estimates of the current LTV ratio exclude any secondary financing by third parties.
- **December 2017 Letter Agreement** - An agreement that we through the Conservator, acting on our behalf, entered into with Treasury on December 21, 2017 to amend the Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms, and Conditions of Variable Liquidation Preference Senior Preferred Stock (Par Value $1.00 Per Share) dated September 27, 2012.
- **Deed in lieu of foreclosure** - An alternative to foreclosure in which the borrower voluntarily conveys title to the property to the lender and the lender accepts such title (sometimes together with an additional payment by the borrower) in full satisfaction of the mortgage indebtedness.
- **DEI** - Diversity, Equity, and Inclusion.
- **Delinquency** - A failure to make timely payments of principal and/or interest on a loan. For single-family loans, we generally report delinquency rate information based on the number of loans that are seriously delinquent. We report single-family loans in forbearance as delinquent during the forbearance period to the extent that payments are past due based on the loan's original contractual terms, irrespective of the forbearance plan. For multifamily loans, we report delinquency rate information based on the UPB of loans that are two monthly payments or more past due or in the process of foreclosure. Loans that have been modified or received forbearance are not counted as delinquent as long as the borrower is performing pursuant to the terms of the modified loan or forbearance agreement. Unless stated otherwise, multifamily delinquency rates presented in this Form 10-K refer to gross delinquency rates before consideration of risk transfers.

- **Derivative** - A financial instrument whose value depends upon the characteristics and value of an underlying such as a financial asset or index. Examples of underlyings include security or commodity prices, interest or currency rates, and other financial indices.
- **Director** - Director or Acting Director.
- **Dodd-Frank Act** - Dodd-Frank Wall Street Reform and Consumer Protection Act.
- **Dollar roll transactions** - Transactions whereby we enter into an agreement to sell and subsequently repurchase (or purchase and subsequently resell) agency securities.
- **DSCR** - Debt Service Coverage Ratio - An indicator of future credit performance for multifamily loans. The DSCR estimates a multifamily borrower's ability to service its mortgage obligation using the secured property's cash flow, after deducting non-mortgage expenses from income. The higher the DSCR, the more likely a multifamily borrower will be able to continue servicing its loan obligation.
- **DTI** - Debt-to-income.
- **Duration** - A measure of a financial instrument's price sensitivity to changes in interest rates.
- **Duration gap** - One of our primary interest-rate risk measures. Duration gap is a measure of the difference between the estimated durations of our interest rate sensitive assets and liabilities. We present the duration gap of our financial instruments in units expressed as months. A duration gap of zero implies that the change in value of our interest rate sensitive assets from an instantaneous change in interest rates would be expected to be accompanied by an equal and offsetting change in the value of our interest rate sensitive liabilities, thus leaving economic value unchanged.
- **EMCP** - Executive Management Compensation Program.
- **Enterprises** - Freddie Mac and Fannie Mae.
- **ERC** - Enterprise Risk Committee.
- **ERCF** - Enterprise Regulatory Capital Framework - Final rule adopted by FHFA in 2020 that establishes a new regulatory capital framework for Freddie Mac and Fannie Mae.
- **ERM** - Enterprise Risk Management.
- **ERP** - Enterprise Risk Policy - The ERP sets forth the core components of the enterprise risk framework that defines how we identify, assess, manage, control, and report on risks.
- **ESG** - Environmental, Social, and Governance.
- **EVP** - Executive Vice President.
- **Exchange Act** - Securities Exchange Act of 1934, as amended.
- **Fannie Mae** - Federal National Mortgage Association.
- **FASB** - Financial Accounting Standards Board.
- **Federal Reserve** - Board of Governors of the Federal Reserve System.
- **FEMA** - Federal Emergency Management Agency.
- **FHA** - Federal Housing Administration.
- **FHFA** - Federal Housing Finance Agency - An independent agency of the U.S. government with responsibility for regulating Freddie Mac, Fannie Mae, and the FHLBs.
- **FHLB** - Federal Home Loan Bank.
- **55-day MBS** - A single-class pass-through security with a 55-day payment delay for non-TBA-eligible fixed-rate mortgage loans. Freddie Mac began issuing 55-day MBS on and after June 3, 2019.
- **FINRA** - Financial Industry Regulatory Authority.
- **Fixed-rate loan** - Refers to a loan originated at a specific rate of interest that remains constant over the life of the loan. For purposes of presentation in this report, we have categorized a number of modified loans as fixed-rate loans, even though the modified loans have rate adjustment provisions. In these cases, while the terms of the modified loans provide for the interest rate to adjust in the future, such future rates are determined at the time of the modification rather than at a subsequent date.
- **Foreclosure alternative** - A workout option pursued when a home retention action is not successful or not possible. A foreclosure alternative is either a short sale or deed in lieu of foreclosure.
- **Foreclosure or foreclosure sale** - Refers to our completion of a transaction provided for by the foreclosure laws of the applicable state, in which a delinquent borrower's ownership interest in a mortgaged property is terminated and title to the property is transferred to us or to a third party. When we, as loan holder, acquire a property in this manner, we pay for it by extinguishing some or all of the mortgage debt.
- **Freddie Mac mortgage-related securities** - Securities we issue and guarantee that are backed by mortgages.
- **Front-end coverage type** - Applies to transactions in which the credit risk transfer occurs prior to, or simultaneously with, our purchase or guarantee of the loan.

- **FSOC** - Financial Stability Oversight Council.
- **GAAP** - Generally accepted accounting principles in the United States of America.
- **Giant MBS** - Resecuritizations of newly issued 55-day MBS (and/or Giant MBS), and/or 55-day MBS (and/or Giant MBS) that Freddie Mac has issued in exchange for non-TBA-eligible PCs and non-TBA-eligible Giant PCs that have been delivered to Freddie Mac in response to the exchange offer. Giant MBS are single-class securities that involve the direct pass-through of all cash flows of the underlying collateral to holders of the beneficial interests.
- **Giant PCs** - Resecuritizations of previously issued PCs or Giant PCs. Giant PCs are single-class securities that involve the direct pass through of all cash flows of the underlying collateral to holders of the beneficial interests.
- **Ginnie Mae** - Government National Mortgage Association, which guarantees the timely payment of principal and interest on mortgage-related securities backed by federally insured or guaranteed loans, primarily those insured by FHA or guaranteed by the VA.
- **Green Advantage loan** - A multifamily loan that we offer under our Green Advantage initiative, whereby borrowers finance the installation of green technologies that reduce energy and water consumption.
- **GSD/FICC** - Government Securities Division of the Fixed Income Clearing Corporation.
- **GSE Act** - The Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Reform Act.
- **GSEs** - Government-sponsored enterprises - Refers to certain legal entities created by the U.S. government, including Freddie Mac, Fannie Mae, and the FHLBs.
- **Guarantee fee** - The fee that we receive for guaranteeing the payment of principal and interest to mortgage security investors, which consists primarily of a combination of a monthly guarantee fee paid as a percentage of the UPB of the underlying loans, and initial upfront payments, such as credit fees.
- **Guidelines** - Corporate Governance Guidelines, as revised.
- **HAMP** - Home Affordable Modification Program - Refers to the effort under the MHA Program whereby the U.S. government, Freddie Mac, and Fannie Mae committed funds to help eligible homeowners avoid foreclosure and keep their homes through loan modifications. HAMP ended in December 2016.
- **HERA** - Housing and Economic Recovery Act.
- **HFA** - State or local Housing Finance Agency.
- **HUD** - U.S. Department of Housing and Urban Development.
- **Initial margin** - The collateral that we post with a derivatives clearinghouse or to a counterparty in order to do business with such clearinghouse or trade with such counterparty. The amount of initial margin varies over time.
- **Interest-only loan** - A loan that allows the borrower to pay only interest (either fixed-rate or adjustable-rate) for a fixed period of time before payments of principal begin. After the interest-only period, the borrower may choose to refinance the loan, pay off the principal balance in total, or pay the scheduled principal and interest payment due on the loan.
- **January 2021 Letter Agreement** - An agreement that we through the Conservator, acting on our behalf, entered into with Treasury on January 14, 2021 to further amend (1) the Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms, and Conditions of Variable Liquidation Preference Senior Preferred Stock (Par Value $1.00 Per Share) dated September 30, 2019 and (2) the Purchase Agreement.
- **K Certificates** - Structured pass-through certificates backed primarily by recently originated multifamily loans purchased by Freddie Mac.
- **Legislated guarantee fees** - The 10 basis point increase in guarantee fees we implemented for all single-family residential mortgages delivered to us on or after April 1, 2012, at the direction of FHFA pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011 as extended by the Infrastructure Investment and Jobs Act. We are required to charge and remit to Treasury this 10 basis point fee for all single-family residential mortgage loans delivered to us through October 1, 2032.
- **Level 1 Securitization Products** - Single-class pass-through securities that represent undivided beneficial interests in trusts that hold pools of loans. These products include UMBS, 55-day MBS, and PCs.
- **LIBOR** - London Interbank Offered Rate.
- **LIHTC partnerships** - Low-income housing tax credit partnerships - These LIHTC partnerships invest directly in limited partnerships that own and operate affordable multifamily rental properties that generate federal income tax credits and deductible operating losses.
- **Liquidation preference** - Generally refers to an amount that holders of preferred securities are entitled to receive out of available assets upon liquidation of a company. The initial liquidation preference of our senior preferred stock was $1.0 billion. The aggregate liquidation preference of our senior preferred stock includes the initial liquidation preference plus amounts funded by Treasury under the Purchase Agreement, as well as $3.0 billion added pursuant to the December 2017 Letter Agreement. In addition, pursuant to the September 2019 Letter Agreement and January 2021 Letter Agreement, increases in the Net Worth, if any, during the immediately prior fiscal quarter have been, or will be, added to the liquidation of the senior preferred stock at the end of each fiscal quarter, from September 30, 2019 through the Capital Reserve End Date. We may make payments to reduce the liquidation preference of the senior preferred stock only in

limited circumstances.

- **Liquidity and Contingency Operating Portfolio** - Subset of our other investments portfolio. Consists of cash and cash equivalents, certain securities purchased under agreements to resell, and certain non-mortgage-related securities.
- **LLC** - Limited liability company.
- **LLRE** - Limited life regulated entity.
- **Long-term debt** - Debt due after one year based on the original contractual maturity of the debt instrument. Our long-term debt issuances include medium-term notes, Reference Notes securities, STACR debt notes, and SCR debt notes.
- **LTV ratio** - Loan-to-value ratio - The ratio of the unpaid principal amount of a loan to the value of the property that serves as collateral for the loan, expressed as a percentage. We report LTV ratios based solely on the amount of the loan purchased or guaranteed by us.
- **Market spread** - The difference between the yields of two debt securities, or the difference between the yield of a debt security and a benchmark yield, such as LIBOR or SOFR. We measure market spreads primarily using our models.
- **MBS** - Mortgage-backed security.
- **MBSD/FICC** - Mortgage-Backed Securities Division of the Fixed Income Clearing Corporation.
- **MCIP** - Multifamily Credit Insurance Pool.
- **MD&A** - Management's Discussion and Analysis of Financial Condition and Results of Operations.
- **Mortgage assets** - Refers to both loans and mortgage-related securities we hold in our mortgage-related investments portfolio.
- **MSA** - Metropolitan Statistical Area.
- **Multifamily loan** - A loan secured by a property with five or more residential rental units or by a manufactured housing community.
- **Multifamily new business activity** - Represents loan purchases, issuances of other mortgage-related guarantees, and issuances of other securitization products for which we have not previously purchased the underlying loans.
- **Net Worth Amount** - See ***Net worth sweep dividend, Net Worth Amount, Capital Reserve Amount, and Capital Reserve End Date*** for additional information.
- **Net worth** - The amount by which our total assets exceed our total liabilities as reflected on our consolidated balance sheets prepared in conformity with GAAP.
- **Net worth sweep dividend**, **Net Worth Amount, Capital Reserve Amount, and Capital Reserve End Date** - For each quarter from January 1, 2013 through the Capital Reserve End Date, the dividend requirement on the senior preferred stock will be the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter, less the applicable Capital Reserve Amount, exceeds zero. The term Net Worth Amount is defined as the total assets of Freddie Mac (excluding Treasury's commitment and any unfunded amounts thereof), less our total liabilities (excluding any obligation in respect of capital stock), in each case as reflected on our consolidated balance sheets prepared in conformity with GAAP. If the calculation of the dividend payment for a quarter does not exceed zero, then no dividend shall accrue or be payable for that quarter. The applicable Capital Reserve Amount was $3.0 billion for 2018, increased to $20.0 billion in 3Q 2019 pursuant to the September 2019 Letter Agreement, and later increased further to the amount of adjusted total capital necessary to meet capital requirements and buffers set forth in the ERCF. If we were not to pay our dividend requirement on the senior preferred stock in full in any future period until the Capital Reserve End Date, the applicable Capital Reserve Amount would thereafter be zero. The Capital Reserve End Date is the last day of the second consecutive fiscal quarter during which Freddie Mac has had and maintained capital equal to or in excess of all of the capital requirements and buffers under the ERCF.
- **Non-accrual loan** - A loan for which we are not accruing interest income. We place loans on non-accrual status when we believe collectability of principal and interest in full is not reasonably assured, which generally occurs when a loan is three monthly payments past due, unless the loan is well secured and in the process of collection based upon an individual loan assessment. For loans in active forbearance plans related to the COVID-19 pandemic that were current prior to receiving forbearance, we continue to accrue interest income while the loan is in forbearance and is three or more monthly payments past due when we believe the available evidence indicates that collectability of principal and interest is reasonably assured.
- **NYSE** - New York Stock Exchange.
- **OAS** - Option-adjusted spread - An estimate of the incremental yield spread between a particular financial instrument (e.g., a security, loan, or derivative contract) and a benchmark yield curve (e.g., LIBOR, SOFR, agency, or U.S. Treasury securities). This includes consideration of potential variability in the instrument's cash flows resulting from any options embedded in the instrument, such as prepayment options. When the OAS on a given asset widens, the fair value of that asset will typically decline, all other market factors being equal. The opposite is true when the OAS on a given asset tightens.
- **Optigo®** - Freddie Mac's Multifamily lender network and loan offerings.

- **Option ARM loan** - Loans that permit a variety of repayment options, including minimum, interest-only, fully amortizing 30-year, and fully amortizing 15-year payments. The minimum payment alternative for option ARM loans allows the borrower to make monthly payments that may be less than the interest accrued for the period. The unpaid interest is added to the principal balance of the loan, known as negative amortization. For our non-agency mortgage-related securities that are backed by option ARM loans, we categorize securities as option ARM if the securities were identified as such based on information provided to us when we entered into these transactions. We have not identified option ARM securities as either subprime or Alt-A securities.
- **Original LTV ratio** - A credit measure for loans, calculated as the UPB of the loan divided by the lesser of the appraised value of the property at the time of loan origination or the borrower's purchase price.
- **OTC** - Over-the-counter.
- **OTCQB** - A marketplace, operated by the OTC Markets Group Inc., for OTC-traded U.S. companies that are registered and current in their reporting with the SEC or a U.S. banking or insurance regulator.
- **PCs** - Participation Certificates - Single-class pass-through securities that we issue and guarantee as part of a securitization transaction. Typically we purchase loans from sellers, place a pool of loans into a PC trust, and issue PCs from that trust. The PCs are generally transferred to the seller of the loans as consideration for the loans or are sold to third-party investors or retained by us if we purchased the loans for cash.
  - **Gold PCs** - Single-class pass-through securities with a 45-day payment delay that Freddie Mac issued for fixed-rate mortgage loans prior to June 3, 2019. Freddie Mac no longer issues Gold PCs. Existing Gold PCs are eligible for exchange into UMBS (for TBA-eligible securities) or 55-day MBS (for non-TBA-eligible securities).
  - **ARM PCs** - Single-class pass-through securities with a 75-day payment delay for ARM products.
- **PCCBA** - Prescribed capital conservation buffer amount.
- **Pension Plan** - The Federal Home Loan Mortgage Corporation Employees' Pension Plan.
- **PLBA** - Prescribed leverage buffer amount.
- **Primary mortgage market** - The market where lenders originate loans by lending funds to borrowers. We do not lend money directly to homeowners and do not participate in this market.
- **Purchase Agreement / Senior Preferred Stock Purchase Agreement** - An agreement that we through the Conservator, acting on our behalf, entered into with Treasury on September 7, 2008, relating to Treasury's purchase of senior preferred stock and warrant, which was subsequently amended and restated on September 26, 2008 and further amended on May 6, 2009, December 24, 2009, August 17, 2012, December 21, 2017, September 27, 2019, January 14, 2021, and September 14, 2021.
- **PVS** - Portfolio Value Sensitivity - One of our primary interest-rate risk measures. PVS measures are estimates of the amount of average potential pre-tax loss in the value of our financial assets and liabilities due to parallel (PVS-L) and non-parallel (PVS-YC) changes in SOFR.
- **RCSA** - Risk and Control Self-Assessment.
- **Reform Act** - The Federal Housing Finance Regulatory Reform Act of 2008, which, among other things, amended the GSE Act by establishing a single regulator, FHFA, for Freddie Mac, Fannie Mae, and the FHLBs.
- **REIT** - Real estate investment trust.
- **Relief refinance loan** - A single-family loan delivered to us for purchase or guarantee that meets the criteria of one of our relief refinance programs which include Enhanced Relief Refinance and other legacy programs.
- **REMIC** - Real Estate Mortgage Investment Conduit - A type of multiclass mortgage-related security that divides the cash flows (principal and interest) of the underlying mortgage-related assets into two or more classes that meet the investment criteria and portfolio needs of different investors. This structure allows commingling of TBA-eligible Freddie Mac and Fannie Mae collateral.
- **REO** - Real estate owned - Real estate which we have acquired through a foreclosure sale or through a deed in lieu of foreclosure.
- **Reperforming loan** - A single-family unsecuritized loan that was previously three months or more past due based on the loan’s original contractual terms or in the process of foreclosure, but the borrower subsequently made payments or entered into payment deferral plans such that the loan returns to less than three months past due, or a performing modified loan, which is a loan that was modified and is less than three months past due and is not in the process of foreclosure.
- **Reputation risk** - The risk of damage to the Freddie Mac brand and reputation from any action, inaction, or association that is perceived to be inappropriate, unethical, or inconsistent with our mission.
- **RSU** - Restricted stock unit.
- **RWA** - Risk-weighted assets.
- **S&P** - Standard & Poor's.
- **SCR debt note** - Structured Credit Risk debt note - A debt security where the principal balance is subject to the performance of a reference pool of multifamily loans guaranteed by Freddie Mac.

- **SCR Trust note** - Structured Credit Risk Trust note - A debt security issued by a nonconsolidated trust where the principal balance is linked to the credit performance of a reference pool of multifamily loans owned or guaranteed by Freddie Mac. We make payments to the trust to support payment of the interest due on the notes, and we receive payments from the trust as a result of defined credit events on the reference pool.
- **SEC** - U.S. Securities and Exchange Commission.
- **Secondary mortgage market** - A market consisting of institutions engaged in buying and selling loans in the form of whole loans (i.e., loans that have not been securitized) and mortgage-related securities. We participate in the secondary mortgage market by issuing guaranteed mortgage-related securities and by purchasing loans and mortgage-related securities for investment.
- **Seller/Servicer Guide (Guide)** - The *Single-Family Seller/Servicer Guide* consists of Freddie Mac's requirements relating to the purchase, sale, and servicing of single-family mortgages.
- **Senior preferred stock** - The shares of Variable Liquidation Preference Senior Preferred Stock issued to Treasury under the Purchase Agreement.
- **September 2019 Letter Agreement** - An agreement that we through the Conservator, acting on our behalf, entered into with Treasury on September 27, 2019 to amend the Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms, and Conditions of Variable Liquidation Preference Senior Preferred Stock (Par Value $1.00 Per Share) dated September 27, 2012.
- **Seriously delinquent or SDQ** - Single-family loans that are three monthly payments or more past due or in the process of foreclosure as reported to us by our servicers. Unless stated otherwise, SDQ rates presented in this Form 10-K refer to gross SDQ rates before consideration of credit enhancements.
- **SERP** - The Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan.
- **SFHAs** - Special Flood Hazard Areas designated by FEMA.
- **Short sale** - An alternative to foreclosure consisting of a sale of a mortgaged property in which the homeowner sells the home at market value and the lender accepts proceeds (sometimes together with an additional payment or promissory note from the borrower) that are less than the outstanding loan indebtedness in full satisfaction of the loan.
- **Short-term debt** - Debt due within one year based on the original contractual maturity of the debt instrument. Our short-term debt issuances primarily include discount notes and Reference Bills securities.
- **SIFMA** - Securities Industry and Financial Markets Association.
- **Single-family loan** - A loan secured by a property containing one to four residential dwelling units.
- **Single-family new business activity** - Single-family loans we purchased or guaranteed.
- **SOFR** - Secured Overnight Financing Rate.
- **SPCPs** - Special Purpose Credit Programs.
- **STACR debt note** - Structured Agency Credit Risk debt note - A Freddie Mac issued debt security where the principal balance is linked to the credit performance of a reference pool of single-family loans owned or guaranteed by Freddie Mac.
- **STACR Trust note** - Structured Agency Credit Risk Trust note - A debt security issued by a nonconsolidated trust where the principal balance is linked to the credit performance of a reference pool of single-family loans owned or guaranteed by Freddie Mac. We make payments to the trust to support payment of the interest due on the notes, and we receive payments from the trust as a result of defined credit events on the reference pool.
- **Strategic risk** - The risk to earnings, capital, profitability, mission, or reputation arising from adverse business decisions, or the improper implementation of those decisions, that may negatively affect the company's strategy.
- **Strips** - Multiclass securities that are formed by resecuritizing previously issued Level 1 Securitization Products or single-class resecuritization products and issuing stripped securities, including principal-only and interest-only securities or floating rate and inverse floating rate securities, backed by the cash flows from the underlying collateral. This structure allows commingling of TBA-eligible Freddie Mac and Fannie Mae collateral.
- **Subprime** - Participants in the mortgage market may characterize single-family loans, based upon their overall credit quality at the time of origination, generally considering them to be prime or subprime. Subprime generally refers to the credit risk classification of a loan. There is no universally accepted definition of subprime. The subprime segment of the mortgage market primarily serves borrowers with poorer credit payment histories and such loans typically have a mix of credit characteristics that indicate a higher likelihood of default and higher loss severities than prime loans. Such characteristics might include, among other factors, a combination of high LTV ratios, low credit scores, or originations using lower underwriting standards, such as limited or no documentation of a borrower's income. While we have not historically characterized the loans in our single-family mortgage portfolio as either prime or subprime, we monitor the amount of loans we have guaranteed with characteristics that indicate a higher degree of credit risk. Certain security collateral underlying our other securitization products has been identified as subprime based on information provided to Freddie Mac when the transactions were entered into. We also categorize our investments in non-agency mortgage-related securities as subprime if they were identified as such based on information provided to us when we entered into these transactions.

- **Supers** - Resecuritizations of UMBS and certain other mortgage securities. Supers are single-class securities that involve the direct pass-through of all cash flows of the underlying collateral to holders of the beneficial interests. This structure allows commingling of TBA-eligible Freddie Mac and Fannie Mae collateral.
- **SVP** - Senior Vice President.
- **Swaption** - An option contract to enter into an interest-rate swap. In exchange for an option premium, a buyer obtains the right but not the obligation to enter into a specified swap agreement with the issuer on a specified future date.
- **Target TDC** - Target total direct compensation.
- **TBA** - To be announced.
- **TDR** - Troubled debt restructuring - A restructuring of a debt constitutes a TDR if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider.
- **Thrift/401(k) Plan** - The Federal Home Loan Mortgage Corporation Thrift/401(k) Savings Plan.
- **Top risk** - Enterprise-wide elevated risk or emerging risk that could significantly affect the organization's ability to achieve its strategic objectives, has the potential to create significant financial, operational, or reputational risk, and requires an appropriate risk response by senior management and reporting to the Risk Committee of the Board.
- **Treasury** - U.S. Department of the Treasury.
- **UMBS** - Uniform mortgage-backed security - A single (common) mortgage-related security with a 55-day payment delay for TBA-eligible fixed-rate mortgage loans. Freddie Mac and Fannie Mae began issuing UMBS on and after June 3, 2019. The UMBS represents undivided beneficial ownership interest in, and the right to receive payments from, pools of one- to four- family residential mortgages that are held in trust for investors.
- **UPB** - Unpaid principal balance - Loan UPB amounts in this report have not been reduced by charge-offs recognized prior to the loan being subject to a foreclosure sale, deed in lieu of foreclosure, or short sale transaction.
- **Upfront fee** - A fee charged to sellers that primarily includes credit fees that are calculated based on credit risk factors such as the loan product type, loan purpose, LTV ratio, and credit score.
- **USDA** - U.S. Department of Agriculture.
- **VA** - U.S. Department of Veterans Affairs.
- **Variation margin** - Payments we make to or receive from a derivatives clearinghouse or counterparty based on the change in fair value of a derivative instrument. Variation margin is typically transferred within one business day.
- **VIE** - Variable Interest Entity - A VIE is an entity that has a total equity investment at risk that is not sufficient to finance its activities without additional subordinated financial support provided by another party, or where the group of equity holders does not have: (1) the ability to make significant decisions about the entity's activities; (2) the obligation to absorb the entity's expected losses; or (3) the right to receive the entity's expected residual returns.
- **VP** - Vice President.
- **Warrant** - Refers to the warrant we issued to Treasury on September 7, 2008 pursuant to the Purchase Agreement. The warrant provides Treasury the ability to purchase, for a nominal price, shares of our common stock equal to 79.9% of the total number of shares of Freddie Mac common stock outstanding on a fully diluted basis on the date of exercise.
- **When-Issued K-Deal (WI K-Deal) Certificates** - Guaranteed certificates initially backed by cash until a future K Certificate is delivered.
- **Workforce housing** - Multifamily housing that is affordable to the majority of low to middle income households.
- **Workout, or loan workout** - A workout is either a home retention action, which is either a loan modification, repayment plan, or forbearance plan, or a foreclosure alternative, which is either a short sale or a deed in lieu of foreclosure.
- **XBRL** - eXtensible Business Reporting Language.
- **Yield curve** - A graphical display of the relationship between yields and maturity dates for bonds of the same credit quality. The slope of the yield curve is an important factor in determining the level of net interest yield on a new mortgage asset, both initially and over time. For example, if a mortgage asset is purchased when the yield curve is inverted (i.e., short-term interest rates higher than long-term interest rates), our net interest yield on the asset will tend to be lower initially and then increase over time. Likewise, if a mortgage asset is purchased when the yield curve is steep (i.e., short-term interest rates lower than long-term interest rates), our net interest yield on the asset will tend to be higher initially and then decrease over time.

Exhibit Index

Exhibit	Description*
3.1	Federal Home Loan Mortgage Corporation Act (12 U.S.C. §1451 et seq.), as amended by the Economic Growth, Regulatory Relief, and Consumer Protection Act (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on July 31, 2018)
3.2	Bylaws of the Federal Home Loan Mortgage Corporation, as amended and restated July 28, 2022 (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 8, 2022)
4.1	Eighth Amended and Restated Certificate of Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Voting Common Stock (no par value per share) dated September 10, 2008 (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on September 11, 2008)
4.2	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated April 23, 1996 (incorporated by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.3	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.81% Non-Cumulative Preferred Stock (par value $1.00 per share), dated October 27, 1997 (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.4	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5% Non-Cumulative Preferred Stock (par value $1.00 per share), dated March 23, 1998 (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.5	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.1% Non-Cumulative Preferred Stock (par value $1.00 per share), dated September 23, 1998 (incorporated by reference to Exhibit 4.5 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.6	Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated September 29, 1998 (incorporated by reference to Exhibit 4.6 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.7	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.3% Non-Cumulative Preferred Stock (par value $1.00 per share), dated October 28, 1998 (incorporated by reference to Exhibit 4.7 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.8	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.1% Non-Cumulative Preferred Stock (par value $1.00 per share), dated March 19, 1999 (incorporated by reference to Exhibit 4.8 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.9	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.79% Non-Cumulative Preferred Stock (par value $1.00 per share), dated July 21, 1999 (incorporated by reference to Exhibit 4.9 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.10	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated November 5, 1999 (incorporated by reference to Exhibit 4.10 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)

* The SEC file number for the Registrant's Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K is 001-34139.

Exhibit	Description*
4.11	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated January 26, 2001 (incorporated by reference to Exhibit 4.11 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.12	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated March 23, 2001 (incorporated by reference to Exhibit 4.12 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.13	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.81% Non-Cumulative Preferred Stock (par value $1.00 per share), dated March 23, 2001 (incorporated by reference to Exhibit 4.13 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.14	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Preferred Stock (par value $1.00 per share), dated May 30, 2001 (incorporated by reference to Exhibit 4.14 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.15	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 6% Non-Cumulative Preferred Stock (par value $1.00 per share), dated May 30, 2001 (incorporated by reference to Exhibit 4.15 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.16	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.7% Non-Cumulative Preferred Stock (par value $1.00 per share), dated October 30, 2001 (incorporated by reference to Exhibit 4.16 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.17	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.81% Non-Cumulative Preferred Stock (par value $1.00 per share), dated January 29, 2002 (incorporated by reference to Exhibit 4.17 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.18	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Rate, Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated July 17, 2006 (incorporated by reference to Exhibit 4.18 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.19	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 6.42% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated July 17, 2006 (incorporated by reference to Exhibit 4.19 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.20	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.9% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated October 16, 2006 (incorporated by reference to Exhibit 4.20 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.21	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.57% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated January 16, 2007 (incorporated by reference to Exhibit 4.21 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.22	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 5.66% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated April 16, 2007 (incorporated by reference to Exhibit 4.22 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.23	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 6.02% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated July 24, 2007 (incorporated by reference to Exhibit 4.23 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)

* The SEC file number for the Registrant's Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K is 001-34139.

Exhibit	Description*
4.24	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of 6.55% Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated September 28, 2007 (incorporated by reference to Exhibit 4.24 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.25	Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock (par value $1.00 per share), dated December 4, 2007 (incorporated by reference to Exhibit 4.25 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)
4.26	Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Liquidation Preference Senior Preferred Stock (par value $1.00 per share), dated September 27, 2012 (incorporated by reference to Exhibit 4.26 to the Registrant's Annual Report on Form 10-K filed on February 28, 2013)
4.27	Second Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Liquidation Preference Senior Preferred Stock (par value $1.00 per share), dated January 1, 2018 (incorporated by reference to Exhibit 4.27 to the Registrant's Annual Report on Form 10-K filed on February 15, 2018)
4.28	Third Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Liquidation Preference Senior Preferred Stock (par value $1.00 per share), dated September 30, 2019 (incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q filed on October 30, 2019)
4.29	Fourth Amended and Restated Certificate of Creation, Designation, Powers, Preferences, Rights, Privileges, Qualifications, Limitations, Restrictions, Terms and Conditions of Variable Liquidation Preference Senior Preferred Stock (par value $1.00 per share), dated April 13, 2021 (incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q filed on April 29, 2021)
4.30	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
4.31	Federal Home Loan Mortgage Corporation Global Debt Facility Agreement, dated February 10, 2022 (incorporated by reference to Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q filed on April 28, 2022)
10.1	Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as amended and restated effective January 1, 2008) (incorporated by reference to Exhibit 10.33 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)†
10.2	First Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as amended and restated January 1, 2008) (incorporated by reference to Exhibit 10.38 to the Registrant's Annual Report on Form 10-K filed on February 24, 2010)†
10.3	Second Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as amended and restated January 1, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 28, 2011)†
10.4	Third Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as amended and restated January 1, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 6, 2012)†
10.5	Fourth Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as amended and restated January 1, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on August 7, 2013)†
10.6	Fifth Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan (as amended and restated January 1, 2008) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 25, 2013)†

* The SEC file number for the Registrant's Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K is 001-34139.

† This exhibit is a management contract or compensatory plan, contract, or arrangement.

Exhibit	Description*
10.7	Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan II (effective January 1, 2014) (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed on February 19, 2015)†
10.8	First Amendment to the Federal Home Loan Mortgage Corporation Supplemental Executive Retirement Plan II (effective January 1, 2014) (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on August 4, 2015)†
10.9	Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.34 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)†
10.10	First Amendment to the Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.35 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)†
10.11	Second Amendment to the Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.36 to the Registrant's Registration Statement on Form 10 filed on July 18, 2008)†
10.12	Third Amendment to the Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.21 to the Registrant's Annual Report on Form 10-K filed on February 18, 2016)†
10.13	Fourth Amendment to the Federal Home Loan Mortgage Corporation Long-Term Disability Plan (incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K filed on February 16, 2017)†
10.14	Executive Management Compensation Program Recapture and Forfeiture Agreement (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed on February 16, 2017)†
10.15	2020 Executive Management Compensation Program (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on October 30, 2019)†
10.16	2022 Executive Management Compensation Program (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on November 8, 2022)†
10.17	Restrictive Covenant and Confidentiality Agreement, dated June 4, 2021, between Freddie Mac and Michael DeVito (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on July 29, 2021)†
10.18	Form of Restrictive Covenant and Confidentiality Agreement between the Federal Home Loan Mortgage Corporation and Executive Officers (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed on July 29, 2021)†
10.19	Memorandum Agreement, dated May 4, 2021, between Freddie Mac and Michael J. DeVito (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on July 29, 2021)†
10.20	Memorandum Agreement, dated May 22, 2020, between Freddie Mac and Christian M. Lown (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 2, 2020)†
10.21	Restrictive Covenant and Confidentiality Agreement, dated September 6, 2018, between Freddie Mac and David Brickman (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on September 6, 2018)†

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† This exhibit is a management contract or compensatory plan, contract, or arrangement.

Exhibit	Description*
10.22	Description of Non-Employee Director Compensation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 23, 2008)†
10.23	Form of Indemnification Agreement between the Federal Home Loan Mortgage Corporation and Executive Officers (incorporated by reference to Exhibit 10.27 to the Registrant's Annual Report on Form 10-K filed on February 10, 2022)†
10.24	Form of Indemnification Agreement between the Federal Home Loan Mortgage Corporation and Outside Directors (incorporated by reference to Exhibit 10.28 to the Registrant's Annual Report on Form 10-K filed on February 10, 2022)†
10.25	PC Master Trust Agreement, dated July 30, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed November 8, 2022)
10.26	UMBS and MBS Master Trust Agreement, dated July 30, 2022 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed on November 8, 2022)
10.27	Amended and Restated Senior Preferred Stock Purchase Agreement dated as of September 26, 2008, between the United States Department of the Treasury and Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its duly appointed Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on November 14, 2008)
10.28	Amendment to Amended and Restated Senior Preferred Stock Purchase Agreement, dated as of May 6, 2009, between the United States Department of the Treasury and Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its duly appointed Conservator (incorporated by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q filed on May 12, 2009)
10.29	Second Amendment dated as of December 24, 2009, to the Amended and Restated Senior Preferred Stock Purchase Agreement dated as of September 26, 2008, between the United States Department of the Treasury and Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its duly appointed Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 29, 2009)
10.30	Third Amendment dated as of August 17, 2012, to the Amended and Restated Senior Preferred Stock Purchase Agreement dated as of September 26, 2008, between the United States Department of the Treasury and Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its duly appointed Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 17, 2012)
10.31	Letter Agreement dated December 21, 2017 between the United States Department of the Treasury and the Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 21, 2017)
10.32	Letter Agreement dated September 27, 2019 between the United States Department of the Treasury and the Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on October 1, 2019)
10.33	Letter Agreement dated January 14, 2021 between the United States Department of the Treasury and the Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 19, 2021)
10.34	Letter Agreement dated September 14, 2021 between the United States Department of the Treasury and the Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on September 20, 2021)

* The SEC file number for the Registrant's Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K is 001-34139.

† This exhibit is a management contract or compensatory plan, contract, or arrangement.

Exhibit	Description*
10.35	Warrant to Purchase Common Stock, dated September 7, 2008 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on September 11, 2008)
10.36	Fourth Amended and Restated Limited Liability Company Agreement to Common Securitization Solutions, LLC, dated as of January 21, 2021 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed on April 28, 2022)
10.37	Confidential Separation Agreement and General Release between Donna Corley and Freddie Mac, dated May 25, 2022 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on June 1, 2022)†
10.38	Confidential Second Separation Agreement and General Release between Donna Corley and Freddie Mac, dated December 5, 2022†
24.1	Powers of Attorney
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)
31.2	Certification of Executive Vice President and Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Label
101.PRE	XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

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† This exhibit is a management contract or compensatory plan, contract, or arrangement.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Federal Home Loan Mortgage Corporation

By: /s/ Michael J. DeVito

Michael J. DeVito

Chief Executive Officer

Date: February 22, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Sara Mathew* Sara Mathew	Non-Executive Chair of the Board	February 22, 2023
/s/ Michael J. DeVito Michael J. DeVito	Chief Executive Officer and Director (Principal Executive Officer)	February 22, 2023
/s/ Christian M. Lown Christian M. Lown	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 22, 2023
/s/ Donald F. Kish Donald F. Kish	Senior Vice President — Corporate Controller and Principal Accounting Officer (Principal Accounting Officer)	February 22, 2023
/s/ Mark H. Bloom* Mark H. Bloom	Director	February 22, 2023
/s/ Kathleen L. Casey* Kathleen L. Casey	Director	February 22, 2023
/s/ Kevin G. Chavers* Kevin G. Chavers	Director	February 22, 2023
/s/ Launcelot F. Drummond* Launcelot F. Drummond	Director	February 22, 2023
/s/ Aleem Gillani* Aleem Gillani	Director	February 22, 2023
/s/ Mark B. Grier* Mark B. Grier	Director	February 22, 2023
/s/ Luke S. Hayden* Luke S. Hayden	Director	February 22, 2023
/s/ Christopher E. Herbert* Christopher E. Herbert	Director	February 22, 2023
/s/ Grace A. Huebscher* Grace A. Huebscher	Director	February 22, 2023
/s/ Allan P. Merrill* Allan P. Merrill	Director	February 22, 2023
/s/ Alberto G. Musalem* Alberto G. Musalem	Director	February 22, 2023

*By: /s/ Alicia S. Myara
Alicia S. Myara
Attorney-in-Fact

Form 10-K Index

Exhibit 4.30

Description of Registrant's Securities Registered Pursuant to Section 12 of The Securities Exchange Act of 1934

Federal Home Loan Mortgage Corporation (Freddie Mac) has 21 classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: (1) our voting common stock, no par value per share (Common Stock) and (2) twenty series of perpetual, non-cumulative preferred stock, par value of $1.00 per share (Preferred Stock). We also have four classes of perpetual, non-cumulative preferred stock outstanding that were issued through private placement and are not registered under Section 12.

Since September 2008, we have been operating in conservatorship, with the Federal Housing Finance Agency (FHFA) as our Conservator. In connection with our entry into conservatorship, we, through FHFA, in its capacity as Conservator, entered into the Senior Preferred Stock Purchase Agreement with the U.S. Department of the Treasury (Treasury). Under this Purchase Agreement, we issued Treasury one million shares of Variable Liquidation Preference Senior Preferred Stock (Senior Preferred Stock) and a warrant to purchase, for a nominal price, shares of our Common Stock equal to 79.9% of the total number of shares of our Common Stock outstanding on a fully diluted basis at the time the warrant is exercised (Warrant). The conservatorship, Senior Preferred Stock Purchase Agreement as amended and restated (Purchase Agreement), Senior Preferred Stock, and Warrant have a significant impact on the rights, preferences, and privileges of the holders of our Common Stock and Preferred Stock.

The following description is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the Certificate of Designation for the Common Stock or class of Preferred Stock (as applicable, each a Certificate of Designation), Federal Home Loan Mortgage Corporation Act, as amended (our Charter), and our Amended and Restated Bylaws (Bylaws), each of which are incorporated by reference as an exhibit to this Annual Report on Form 10-K. We encourage you to read the Certificates of Designation, Charter, Bylaws, Purchase Agreement, and applicable provisions of Virginia law for additional information.

I. Description of Common Stock

General

Under Section 304 of our Charter, we are authorized to issue an unlimited number of shares of Common Stock. The Common Stock has the terms set forth in the Certificate of Designation. Computershare Trust Company, N.A., is the transfer agent, dividend disbursing agent, and registrar for the Common Stock.

Authorized Issuance

Our Common Stock was created by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Under Section 731(d) of this Act, shares of our then-outstanding senior participating preferred stock were automatically converted into an equivalent number of shares of Common Stock.

The outstanding shares of our Common Stock are fully paid and non-assessable. Any additional shares of Common Stock that we issue will be fully paid and non-assessable. Our Board of Directors may increase the authorized number of shares of Common Stock at any time, without the consent of the holders of Common Stock.

Under the Purchase Agreement, we cannot repurchase our Common Stock without Treasury's consent.

Dividends

Dividends on shares of our Common Stock are not mandatory. Holders of our Common Stock are entitled to receive dividends when, as, and if declared by our Board of Directors out of assets legally available therefor. The Board of Directors fixes both the amount of dividends, if any, to be paid to holders of our outstanding Common Stock and the dates of payment. We will pay each dividend on shares of Common Stock to the holders of record of outstanding shares as they appear in our books and records on the record date fixed by our Board of Directors. The record date must not be earlier than 45 days or later than ten days before a dividend payment date.

Our payment of dividends is subject to the following restrictions:

- **Restrictions Relating to the Conservatorship** - During conservatorship, any dividends will be declared by, and paid at the direction of, the Conservator, acting as successor to the rights, titles, powers, and privileges of the Board of Directors. The Conservator has prohibited us from paying any dividends on our Common Stock. FHFA has instructed our Board of Directors that it should consult with and obtain the approval of FHFA before taking actions involving dividends. In addition, FHFA has adopted a regulation prohibiting us from making capital distributions during conservatorship, except as authorized by the Director of FHFA.

- **Restrictions Under the Purchase Agreement** - The Purchase Agreement prohibits us and any of our subsidiaries from declaring or paying any dividends on the Common Stock without the prior written consent of the Treasury.
- **Restrictions Under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended (GSE Act)** - Under the GSE Act, FHFA has authority to prohibit capital distributions, including payment of dividends, if we fail to meet applicable capital requirements. However, our capital requirements have been suspended during conservatorship.
- **Restrictions Under our Charter** - Without regard to our capital classification, we must obtain prior written approval of FHFA to make any capital distribution that would decrease total capital to an amount less than the risk-based capital level or that would decrease core capital to an amount less than the minimum capital level. As noted above, our capital requirements have been suspended during conservatorship.
- **Restrictions Relating to Preferred Stock** - Payment of dividends on our Common Stock is also subject to the prior payment of dividends on our 24 series of preferred stock and one series of Senior Preferred Stock outstanding. Payment of dividends on all outstanding preferred stock, other than the Senior Preferred Stock, is subject to the prior payment of dividends on the Senior Preferred Stock.

Voting Rights

During conservatorship, the holders of our Common Stock have no voting rights. Upon its appointment as Conservator, FHFA immediately succeeded to the voting rights of holders of our Common Stock, including the right to elect members of our Board of Directors.

If the company was not in conservatorship, holders of our Common Stock would have the right to vote:

- For the election of members of our Board of Directors, to the extent prescribed by applicable federal law;
- With respect to amendment, alteration, supplementation, or repeal of the provisions of the Certificate of Designation (described below);
- With respect to such other matters, if any, as may be prescribed by our Board of Directors, in its sole discretion, or by applicable federal law.

Holders of our Common Stock are not granted any right under our Charter or the Certificate of Designation to vote on specified matters in which stockholders in business corporations under state law are typically entitled to vote, such as amendments to our Charter or changes in our capital structure.

Holders of our Common Stock entitled to vote are entitled to one vote per share on all matters presented to them for their vote. Holders may cast votes in person or by proxy at a meeting of the holders of our Common Stock or, if so determined by our Board of Directors, by written consent of the holders of the requisite number of shares of our Common Stock. In connection with any meeting of the holders of shares of our Common Stock, our Board of Directors will fix a record date, which must not be earlier than 60 days or later than 10 days before the date of such meeting. The holders of record of shares of our Common Stock on the record date are entitled to notice of, and to vote at, any such meeting and any adjournment. We may establish reasonable rules and procedures regarding the solicitation of the vote of holders of our Common Stock at any such meeting or otherwise, the conduct of such vote, quorum requirements and the requisite number or percentage of affirmative votes required for the approval of any matter and as to all related questions. Such rules and procedures shall conform to the requirements of any national securities exchange on which our Common Stock may be listed.

Ownership Reports

The Certificate of Designation includes provisions that require certain persons to report to us their beneficial ownership of our Common Stock. Except as otherwise provided in the Certificate of Designation, any "beneficial owner" (as that term is defined in Rule 13d-3 under the Exchange Act) of the outstanding Common Stock must report such ownership to us and the NYSE (and to any other exchange on which our Common Stock is then listed). The required reports of beneficial ownership and any amendments must be submitted in writing to us and each exchange where the Common Stock is listed on the forms, in the time periods, and in the manner as would be required by Sections 13(d) and 13(g) of the Exchange Act and the rules and regulations thereunder if the Common Stock were registered under Section 12 of the Exchange Act.

To ensure compliance with the beneficial ownership reporting requirements relating to our Common Stock, we may refuse to permit the voting of any shares of Common Stock in excess of 5% beneficially owned by any person who fails to comply with those requirements. Any beneficial owner of our Common Stock that we believe to be in violation of the beneficial ownership reporting requirements must respond to our inquiries for the purpose of determining the existence, nature, or extent of any such violation. If a response satisfactory to us has not been received within five business days after the date on which the inquiry was mailed, the shares of our Common Stock to which the inquiry relates will be considered for all purposes to be beneficially owned in violation of the reporting requirements, and we are authorized to take appropriate remedial actions, including the refusal to permit the voting of those excess shares.

No Preemptive Rights and No Conversion

No holder of our Common Stock has any preemptive right to purchase or subscribe for any of our other shares, rights, options, or other securities. The holders of shares of our Common Stock do not have any right to convert their shares into or exchange their shares for any of our other classes or series of stock or other securities or other obligations of Freddie Mac.

No Redemption

We do not have the right to redeem any shares of our Common Stock, and no holders of our Common Stock have the right to require us to redeem their shares.

No Sinking Fund

Our Common Stock is not subject to any sinking fund, which is a separate capital reserve maintained to pay stockholders with preferred rights for their investment in the event of liquidation or redemption.

Liquidation Rights

Upon our dissolution, liquidation, or winding up, after payment of or provision for our liabilities and the expenses of our dissolution, liquidation, or winding up, and after any payment or distribution has been made on any of our other classes or series of stock ranking prior to our Common Stock upon liquidation, the holders of the outstanding shares of our Common Stock will be entitled to receive out of our assets available for distribution to stockholders, before any payment or distribution is made on any of our other classes or series of stock ranking junior to Common Stock upon liquidation, the amount of $0.21 per share, plus a sum equal to all dividends declared but unpaid on their shares to the date of final distribution. The holders of the outstanding shares of any class or series of our stock ranking prior to, on a parity with, or junior to our Common Stock upon liquidation will also receive out of those assets payment of any corresponding preferential amount to which the holders of that stock may, by the terms thereof, be entitled. No stock with that corresponding right currently exists. The remaining balance of any of our assets available for distribution to stockholders upon a dissolution, liquidation or winding up will be distributed to the holders of our outstanding Common Stock in the aggregate. The Senior Preferred Stock has a liquidation preference that takes priority over both our Common Stock and the 24 outstanding classes of our preferred stock. We are authorized to issue an unlimited amount of preferred stock.

Neither the sale of all or substantially all of our property or business, nor our merger, consolidation, or combination into or with any other corporation or entity, will be deemed to be a dissolution, liquidation, or winding up for the purpose of these provisions on liquidation rights.

Additional Classes or Series of Stock

We have the right to create and issue additional classes or series of stock ranking prior to, on a parity with, or junior to our Common Stock, as to dividends, liquidation, or otherwise, without the consent of holders of our Common Stock.

Amendments

Without the consent of the holders of our Common Stock, we have the right to amend, alter, supplement, or repeal any terms of our Common Stock in the Certificate of Designation to cure any ambiguity, to correct or supplement any term that may be defective or inconsistent with any other term, or to make any other provisions so long as such action does not materially and adversely affect the interests of the holders of our Common Stock. Otherwise, the Certificate of Designation may be amended, altered, supplemented, or repealed only with the consent of the holders of at least two-thirds of the outstanding shares of our Common Stock. The creation of additional classes and series of stock whether ranking prior to, on a parity with, or junior to our Common Stock, or a split or reverse split of our Common Stock (including an attendant adjustment to its par value), does not require any consent. As a consequence, the rights of holders of our Common Stock could be adversely affected by the creation of additional classes or series of stock. The Conservator currently holds voting rights on any such matters requiring consent of the holders of our Common Stock.

Listing

On July 8, 2010, we delisted our Common Stock from the NYSE pursuant to a directive by our Conservator. Our Common Stock is traded exclusively in the OTCQB Marketplace under the ticker symbol FMCC. We expect that our Common Stock will continue to trade in the OTCQB Marketplace so long as market makers demonstrate an interest in trading the Common Stock.

II. Description of Preferred Stock

Summary of Key Terms and Listing

Under Section 306(f) of our Charter, we are authorized to issue an unlimited number of shares of preferred stock, on such terms and conditions as the Board of Directors shall prescribe. Each class of the Preferred Stock has the terms set forth in its Certificate of Designation. Computershare Trust Company, N.A., is the transfer agent, dividend disbursing agent, and registrar for the Preferred Stock.

On July 8, 2010, we delisted our Preferred Stock from the NYSE pursuant to a directive by our Conservator. Our Preferred Stock is traded exclusively in the OTCQB Marketplace. We expect that our Preferred Stock will continue to trade in the OTCQB Marketplace so long as market makers demonstrate an interest in trading the Preferred Stock.

The table below provides a summary of the Preferred Stock outstanding, including dividend rates, issue dates, shares authorized and outstanding, redemption prices per share, total outstanding balances, earliest redemption dates, and ticker symbols.

(**Amounts in millions**, except redemption price per share)	Issue Date	Shares Authorized	Shares Outstanding	Redemption Price per Share	Total Outstanding Balance	Redeemable On or After	OTCQB Symbol
1996 Variable-rate(1)	April 26, 1996	5.00	5.00	$50.00	$250	June 30, 2001	FMCCI
5%	March 23, 1998	8.00	8.00	50.00	400	March 31, 2003	FMCKK
1998 Variable-rate(2)	Sept 23/29, 1998	4.40	4.40	50.00	220	Sept 30, 2003	FMCCG
5.10%	Sept 23, 1998	8.00	8.00	50.00	400	Sept 30, 2003	FMCCH
5.79%	July 21, 1999	5.00	5.00	50.00	250	June 30, 2009	FMCCK
1999 Variable-rate(3)	November 5, 1999	5.75	5.75	50.00	287	December 31, 2004	FMCCL
2001 Variable-rate(4)	January 26, 2001	6.50	6.50	50.00	325	March 31, 2003	FMCCM
2001 Variable-rate(5)	March 23, 2001	4.60	4.60	50.00	230	March 31, 2003	FMCCN
5.81%	March 23, 2001	3.45	3.45	50.00	173	March 31, 2011	FMCCO
6%	May 30, 2001	3.45	3.45	50.00	173	June 30, 2006	FMCCP
2001 Variable-rate(6)	May 30, 2001	4.02	4.02	50.00	201	June 30, 2003	FMCCJ
5.70%	October 30, 2001	6.00	6.00	50.00	300	December 31, 2006	FMCKP
2006 Variable-rate(7)	July 17, 2006	15.00	15.00	50.00	750	June 30, 2011	FMCCS
6.42%	July 17, 2006	5.00	5.00	50.00	250	June 30, 2011	FMCCT
5.90%	October 16, 2006	20.00	20.00	25.00	500	Sept 30, 2011	FMCKO
5.57%	January 16, 2007	44.00	44.00	25.00	1,100	December 31, 2011	FMCKM
5.66%	April 16, 2007	20.00	20.00	25.00	500	March 31, 2012	FMCKN
6.02%	July 24, 2007	20.00	20.00	25.00	500	June 30, 2012	FMCKL
6.55%	Sept 28, 2007	20.00	20.00	25.00	500	Sept 30, 2017	FMCKI
2007 Fixed-to-floating rate(8)	December 4, 2007	240.00	240.00	25.00	6,000	December 31, 2012	FMCKJ

(1) Dividend rate resets quarterly and is equal to the sum of three-month LIBOR plus 1% divided by 1.377. The dividend rate is capped at 9.00%.

(2) Dividend rate resets quarterly and is equal to the sum of three-month LIBOR plus 1% divided by 1.377. The dividend rate is capped at 7.50%.

(3) Dividend rate resets on January 1 every five years after January 1, 2005 based on a five-year Constant Maturity Treasury (CMT) rate. The dividend rate is capped at 11.00%. Optional redemption on December 31, 2004 and on December 31 every five years thereafter.

(4) Dividend rate resets on April 1 every two years after April 1, 2003 based on the two-year CMT rate plus 0.10%. The dividend rate is capped at 11.00%. Optional redemption on March 31, 2003 and on March 31 every two years thereafter.

(5) Dividend rate resets on April 1 every year based on 12-month LIBOR minus 0.20%. The dividend rate is capped at 11.00%. Optional redemption on March 31, 2003 and on March 31 every year thereafter.

(6) Dividend rate resets on July 1 every two years after July 1, 2003 based on the two-year CMT rate plus 0.20%. The dividend rate is capped at 11.00%. Optional redemption on June 30, 2003 and on June 30 every two years thereafter.

(7) Dividend rate resets quarterly and is equal to the sum of three-month LIBOR plus 0.50% but not less than 4.00%.

(8) Dividend rate was set at an annual fixed rate of 8.375% from December 4, 2007 through December 31, 2012. For the period beginning on or after January 1, 2013, dividend rate resets quarterly and is equal to the higher of: (a) the sum of three-month LIBOR plus 4.16% per annum or (b) 7.875% per annum. Optional redemption on December 31, 2012 and on December 31 every five years thereafter.

The outstanding shares of our Preferred Stock are fully paid and non-assessable. Any additional shares of Preferred Stock that we issue will be fully paid and non-assessable. Our Board of Directors may increase the authorized number of shares of any class of our Preferred Stock at any time, without the consent of the holders of any class of our Preferred Stock.

The Preferred Stock shall rank prior to the Common Stock to the extent provided in the Certificate of Designation; shall rank, as to both dividends and distributions upon liquidation, on a parity with the other classes of Preferred Stock as well as the four classes of perpetual, non-cumulative preferred stock that we issued through private placements; and shall rank junior to the Senior Preferred Stock.

Dividends and Dividend Restrictions

Dividends on shares of our Preferred Stock are not mandatory and are non-cumulative. Holders of our Preferred Stock are entitled to receive dividends when, as, and if declared by our Board of Directors out of assets legally available therefor on the payment dates as prescribed in the applicable Certificate of Designation. The Preferred Stock has the dividend rates as described in the table above. We will pay each dividend on shares of Preferred Stock to the holders of record of outstanding shares as they appear in our books and records on the record date fixed by our Board of Directors. The record date must not be earlier than 45 days or later than 10 days before a dividend payment date.

Our payment of dividends is subject to the following restrictions:

- **Restrictions Relating to the Conservatorship** - During conservatorship, any dividends will be declared by, and paid at the direction of, the Conservator, acting as successor to the rights, titles, powers, and privileges of the Board of Directors. The Conservator has prohibited us from paying any dividends on our Preferred Stock. FHFA has instructed our Board of Directors that it should consult with and obtain the approval of FHFA before taking actions involving dividends. In addition, FHFA has adopted a regulation prohibiting us from making capital distributions during conservatorship, except as authorized by the Director of FHFA.
- **Restrictions Under the Purchase Agreement** - The Purchase Agreement prohibits us and any of our subsidiaries from declaring or paying any dividends on our Preferred Stock without the prior written consent of Treasury.
- **Restrictions Under the GSE Act** - Under the GSE Act, FHFA has authority to prohibit capital distributions, including payment of dividends, if we fail to meet applicable capital requirements. However, our capital requirements have been suspended during conservatorship.
- **Restrictions Under our Charter** - Without regard to our capital classification, we must obtain prior written approval of FHFA to make any capital distribution that would decrease total capital to an amount less than the risk-based capital level or that would decrease core capital to an amount less than the minimum capital level. As noted above, our capital requirements have been suspended during conservatorship.
- **Restrictions Relating to Senior Preferred Stock** - Payment of dividends on our Preferred Stock is subject to the prior payment of dividends on our Senior Preferred Stock.

Optional Redemption

Freddie Mac has the option to redeem the Preferred Stock, in whole or in part, out of funds legally available therefor, at the redemption price prescribed in the applicable Certificate of Designation plus the amount of any dividend that would otherwise be payable for the dividend period that ends on the date of redemption, whether or not declared. The Preferred Stock has the redemption prices and timing limitations as described in the table above. The dividend that would otherwise be payable will be included in the redemption price of the shares and will not be separately payable.

If less than all of the outstanding shares are to be redeemed, Freddie Mac will select shares to be redeemed from the outstanding shares by lot or pro rata or by any other method which Freddie Mac in its sole discretion decides equitable.

During conservatorship and pursuant to the Purchase Agreement, we cannot redeem the Preferred Stock without FHFA and Treasury consent.

No Voting Rights

The shares of Preferred Stock shall not have any voting rights, general or special, other than with respect to amendment, alteration, supplementation, or repeal of the provisions of the applicable Certificate of Designation (described below).

During conservatorship, the holders of Preferred Stock have no voting rights. Upon its appointment as Conservator, FHFA immediately succeeded to the voting rights of holders of our Preferred Stock.

No Preemptive Rights and No Conversion

No holder of our Preferred Stock has any preemptive right to purchase or subscribe for any other shares, rights, options, or other securities. The holders of shares of our Preferred Stock do not have any right to convert their shares into or exchange their shares for any of our other classes or series of stock or other securities or other obligations of Freddie Mac.

Liquidation Rights and Preference

Upon our dissolution, liquidation, or winding up, after payment of or provision for our liabilities and the expenses of our dissolution, liquidation, or winding up, and after any payment or distribution has been made on any of our other classes or series of stock ranking prior to our Preferred Stock upon liquidation, the holders of the outstanding shares of our Preferred Stock will be entitled to receive out of our assets available for distribution to stockholders, before any payment or distribution is made on the Common Stock or any of our other classes or series of stock ranking junior to the Preferred Stock upon liquidation, the amount of the liquidation preference in the applicable Certificate of Designation (which amount equals the redemption price per share summarized in the table above), plus a sum equal to any dividend that would otherwise be payable for the dividend period through and including the date of final distribution. The holders of the outstanding shares of any class or series of our stock ranking on parity with the Preferred Stock upon liquidation shall be entitled to receive out of our assets available for distribution to shareholders, before any such payment or distribution shall be made on the Common Stock or any other class or series of stock of Freddie Mac ranking junior to the Preferred Stock and to such parity stock upon liquidation, any corresponding preferential amount to which the holders of that stock may, by the terms thereof, be entitled. The remaining balance of any of our assets available for distribution to stockholders upon a dissolution, liquidation, or winding up will be distributed to the holders of our outstanding Common Stock in the aggregate. If our assets available for distribution to stockholders shall be insufficient for the payment of the amount which the holders of the outstanding Preferred Stock shall be entitled to receive upon such dissolution, liquidation, or winding up, all of our assets available for distribution to stockholders shall be distributed to the holders of outstanding shares of Preferred Stock pro rata, so that the amounts so distributed shall bear to each other the same ratio that the respective distributive amounts to which they are so entitled bear to each other, and the holders of outstanding shares of Preferred Stock shall not be entitled to any further participation in any distribution of our assets. The Senior Preferred Stock has a liquidation preference that takes priority over the 24 outstanding classes of our preferred stock. We are authorized to issue an unlimited amount of preferred stock.

Neither the sale of all or substantially all of our property or business, nor our merger, consolidation, or combination into or with any other corporation or entity, will be deemed to be a dissolution, liquidation, or winding up for the purpose of these provisions on liquidation rights.

Additional Classes or Series of Stock

We have the right to authorize, create, and issue additional classes or series of stock ranking prior to, on a parity with, or junior to our Preferred Stock, as to dividends, liquidation, or otherwise, without the consent of holders of our Preferred Stock.

Amendments

Without the consent of the holders of the Preferred Stock, we have the right to amend, alter, supplement, or repeal the terms of any series of our Preferred Stock to cure any ambiguity, to correct or supplement any provision that may be defective or inconsistent with any other provision, or to make any other provisions with respect to matters or questions arising under the applicable Certificate of Designation so long as such action does not materially and adversely affect the interests of the holders of the applicable series of Preferred Stock. Otherwise, the terms of any series of our Preferred Stock may be amended, altered, supplemented, or repealed only with the consent of the holders of at least two-thirds of the outstanding shares of the applicable series of our Preferred Stock. The creation and issuance of additional classes and series of stock, or the issuance of additional shares of any existing class or series of our stock, whether ranking prior to, on a parity with, or junior to our Preferred Stock does not require any consent. As a consequence, the rights of holders of our Preferred Stock could be adversely affected by the creation of additional classes or series of stock. The Conservator currently holds voting rights on any such matters requiring consent of the holders of our Preferred Stock.

Employee ID: *Redacted* **EMPLOYEE NAME: Donna Corley**

Exhibit B

CONFIDENTIAL SECOND SEPARATION AGREEMENT AND GENERAL RELEASE

Freddie Mac is offering you valuable consideration in exchange for your agreement to be bound by the terms of this Second Separation Agreement and General Release ("Second Release"). Please be advised that, subject to applicable law, by signing this Second Release, you will be releasing Freddie Mac of all legal claims you have, regardless of whether you currently are aware of them. Therefore, Freddie Mac advises you to consult with an attorney before you sign this document.

A. *Obligations and Restrictions Imposed upon You by this Second Agreement*

By signing below, you agree to be bound legally to the following terms:

1. *Full Release*. You, for yourself, your heirs, executors, administrators and assigns, hereby release and forever discharge Freddie Mac and its successors, assigns, divisions, affiliates, parents, subsidiaries, directors, officers, shareholders, partners, heirs, and executors (collectively, the "Released Parties") from any and all actions, causes of action, claims, demands, damages, costs, loss of service, expenses, compensation and any damages of any kind whatsoever (including claims for attorneys' fees and costs) which you have and may have arising up to and including the date of your execution of this release, whether presently known or unknown, including, but not limited to, those arising from or related to any federal or state statute or local ordinance, tort, contract or common law claim, or any other claims, whether or not asserted, relating to any facts or issues pertaining to any aspect of your employment relationship with Freddie Mac, any compensation plan, program or arrangement, the decision to terminate your employment, the termination of such employment relationship and the negotiation of and entering into this Agreement. This Release does not apply to Freddie Mac's obligations under this Second Release or the Confidential Separation Agreement and General Release or any claims that Freddie Mac may not lawfully request that you release.

B. *Benefits to be Provided to You in Exchange for Signing this Second Agreement*

By signing below and thereby evidencing your acceptance of the restrictions and obligations imposed upon you by this Second Release, you acknowledge that (1) Freddie Mac has agreed to provide to you the payments and other consideration pursuant to the terms of the Confidential Separation Agreement and General Release (the "First Agreement") executed by you previously in 2022, (2) this Second Release provides no additional payments or consideration beyond any payments and consideration you are entitled to receive under the terms of that First Agreement, and (3) such payments and such consideration constitutes adequate consideration for your execution of and adherence to the terms of this Second Release.

C. _Incorporation by Reference of Terms and Conditions Set Forth in the First Agreement_

You and Freddie Mac acknowledge and agree that all of the terms and conditions set forth in the First Agreement are incorporated herein by reference as terms and conditions of this Second Release, as modified to the extent necessary to make the provisions of such First Agreement fully applicable to this Second Release.

D. _Decision & Revocation Periods_

1. _Consideration Period_. **By signing below, you acknowledge that pursuant to the Older Workers Benefit Protection Act of 1990, you have had 21 calendar days from the date you first received a copy of this Agreement to decide whether to accept its terms.** In order to receive the benefits described in the First Agreement, you must execute and deliver this Second Agreement to Freddie Mac on or within seven (7) days after your Separation Date of November 25, 2022 (or, if you shall resign before that date, then on or within seven days after the date of your resignation).

2. _Revocation Period_. **You agree that pursuant to the Older Workers Benefit Protection Act of 1990, this Second Agreement will not become effective until seven (7) calendar days after you sign it. Therefore, you have seven (7) calendar days after you sign this Second Agreement to revoke your acceptance of its terms.** You may revoke your acceptance by providing written notification of your intention to revoke to Freddie Mac's Senior Vice President - Human Resources. To be effective, Freddie Mac's Senior Vice President – Human Resources must actually receive the written notification by no later than the close of business on the seventh calendar day after you have signed the Second Agreement.

By signing below, you acknowledge, warrant, and agree that:

1. **You have been advised to discuss all aspects of this Second Release with your private attorney and/or other individuals of your choice who are not associated with Freddie Mac to the extent that you desire (but subject to the confidentiality obligations set forth in the First Agreement);**

2. **You have read this Second Release carefully and fully understand the significance of all of its provisions;**

3. **You sign this Second Release voluntarily and accept all obligations contained in it in exchange for the consideration you will receive pursuant to the First Agreement, which you acknowledge is adequate and satisfactory, and which you further acknowledge Freddie Mac is not otherwise obligated to provide to you;**

4. Neither Freddie Mac, nor its agents, representatives, directors, officers or employees have made any representations to you concerning the terms or effects of this Second Release, other than those explicitly contained in this Agreement; and

5. This Second Release shall not become effective until after the seven (7) day revocation period referenced in Paragraph D.2 above has elapsed.

I have executed this Second Release this 27th day of November, 2022.

_/s/ Donna Corley________________________
Donna Corley

FOR FREDDIE MAC:

Signature & Title: _/s/ Ruben Sanchez – VP - HR Technology, Analytics & Solutions__

Date: _December 5, 2022_____________________

Exhibit 24.1

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ Mark H. Bloom

Mark H. Bloom

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ Kathleen L. Casey

Kathleen L. Casey

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

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IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 8, 2022.

/s/ Kevin G. Chavers

Kevin G. Chavers

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ Launcelot F. Drummond

Launcelot F. Drummond

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

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IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ Aleem Gillani

Aleem Gillani

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ Mark B. Grier

Mark B. Grier

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

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IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 10, 2022.

/s/ Luke S. Hayden

Luke S. Hayden

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ Christopher E. Herbert

Christopher E. Herbert

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ Grace A. Huebscher

Grace A. Huebscher

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ S. Sara Mathew

S. Sara Mathew

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 6, 2022.

/s/ Allan P. Merrill

Allan P. Merrill

Power of Attorney

Annual Report on Form 10-K
Freddie Mac

KNOW ALL PERSONS BY THESE PRESENTS, that I, the undersigned, a director of Freddie Mac (formally known as the Federal Home Loan Mortgage Corporation), a federally chartered corporation, hereby constitute and appoint Michael J. DeVito, Christian M. Lown, Heidi Mason, and Alicia S. Myara, and each of them severally, my true and lawful attorney-in-fact with power of substitution and resubstitution to sign in my name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with the Annual Report on Form 10-K for the year ended December 31, 2022 and any and all amendments thereto, as fully for all intents and purposes as I might or could do in person, and hereby ratify and confirm all said attorneys-in-fact, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have executed this Power of Attorney as of December 7, 2022.

/s/ Alberto G. Musalem

Alberto G. Musalem

Exhibit 31.1

CERTIFICATION

PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)

I, Michael J. DeVito, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of the Federal Home Loan Mortgage Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 22, 2023

/s/ Michael J. DeVito

Michael J. DeVito

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)

I, Christian M. Lown, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of the Federal Home Loan Mortgage Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2023

/s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the year ended December 31, 2022 of the Federal Home Loan Mortgage Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. DeVito, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 22, 2023

/s/ Michael J. DeVito

Michael J. DeVito

Chief Executive Officer

Exhibit 32.2

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the year ended December 31, 2022 of the Federal Home Loan Mortgage Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christian M. Lown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 22, 2023

/s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer