



Federal Home Loan Mortgage Corporation

**Enterprise Regulatory Capital Framework (ERCF)
Public Disclosures for the Standardized
Approach**

For the quarterly period ended June 30, 2024

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DISCLOSURE MAP

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INTRODUCTION

Business Overview

Freddie Mac is a Government-Sponsored Enterprise (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 a portion of our mortgage credit risk exposure to third-party investors through our credit risk transfer (CRT) programs, which include securities- and insurance-based offerings. We also invest in mortgage loans, mortgage-related securities, and other types of assets. We do not originate mortgage loans or lend money directly to mortgage borrowers.

Since September 2008, we have been operating in conservatorship, with the Federal Housing Finance Agency (FHFA) as our Conservator. The conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations.

- For additional information on the conservatorship and related matters, as well as our Purchase Agreement with the U.S. Department of the Treasury (Treasury), refer to the 2023 Annual Report on Form 10-K (2023 Form 10-K) at 4 (Conservatorship and Government Support for Our Business), 104 (Regulation and Supervision), and 143 (Note 2 Conservatorship and Related Matters).

FHFA established the ERCF as a new enterprise regulatory capital framework for Freddie Mac and Fannie Mae in December 2020. In November 2023, FHFA published a final rule amending several provisions of the ERCF, with most of the amendments becoming effective in April 2024.

We are required to provide timely public disclosures each calendar quarter of the information specified in subparts D and F of the ERCF. This ERCF Public Disclosures for the Standardized Approach (Report) fulfills this requirement for 2Q 2024. The Report should be read in conjunction with our 2023 Form 10-K and 2Q 2024 Form 10-Q, which have been filed with the U.S. Securities and Exchange Commission (SEC). This Report is not required to be, nor has it been audited by our independent registered public accounting firm, as some measures of exposures contained in this Report may not be consistent with GAAP and may not be comparable with measures reported in our 2Q 2024 Form 10-Q and 2023 Form 10-K.

- For additional information on the ERCF and its corresponding risk-based capital requirements and leverage capital requirements, refer to the 2023 Form 10-K at 215 (Note 18 Regulatory Capital). For additional information on specific ERCF provisions, including requirements on public disclosure, refer to the 2023 Form 10-K at 105 (Capital Standards and Public Disclosures).

RISK MANAGEMENT

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 impact 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.

- For additional information on Enterprise Risk Framework and Enterprise Risk Governance Structure, refer to the 2023 Form 10-K at 49-51.

For more detailed discussions of specific components of our risk management processes, refer to the following sections in this Report: 4 (Credit Risk), 5 (Counterparty Credit Risk), 6 (Credit Risk Mitigation), 7 (CRT and Securitization), 9 (Interest Rate Risk), 10 (Operational Risk), and 12 (Market Risk). In addition, ERM has dedicated Enterprise Credit Risk and Market Risk functions to examine these risks.

1. CAPITAL STRUCTURE

The ERCF establishes risk-based and leverage capital requirements and includes capital requirements relating to the amount and form of the capital we hold, based largely on the 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).

Terms and Conditions of Capital Instruments

Common Stock and Preferred Stock

As of June 30, 2024, 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) 20 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.

Dividends on shares of our Common Stock are not mandatory. Dividends on shares of our Preferred Stock are not mandatory and are non-cumulative.

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.

- For additional information on Common Stock and Preferred Stock, refer to the 2023 Form 10-K at Exhibit 4.30 (Description of Registrant's Securities Registered Pursuant to Section 12 of The Securities Exchange Act of 1934).

Senior Preferred Stock

- For information on Senior Preferred Stock, refer to the 2023 Form 10-K at 143 (Note 2 Conservatorship and Related Matters) and 187 (Note 11 Stockholders' Equity and Earnings Per Share).

Reconciliation of Regulatory Capital Elements

The table below presents a reconciliation from stockholder's equity on the GAAP consolidated balance sheets to regulatory capital components, as well as composition of core capital and total capital.

Components of our total stockholders' equity include Senior Preferred Stock, Preferred Stock, Common Stock, retained earnings, accumulated other comprehensive income (AOCI) net of taxes, and treasury stock.

- For additional information, refer to the 2Q 2024 Form 10-Q at 39 (Capital Metrics) and 49 (Condensed Consolidated Balance Sheets).

Table 1.1 - Reconciliation of GAAP Stockholders' Equity to Regulatory Capital and Statutory Capital Components

		June 30, 2024
(Dollars in millions)		Amount
GAAP	Common stock	\$—
	Treasury stock	(3,885)
	Retained earnings	(29,597)
	Accumulated other comprehensive income (AOCI)	(52)
	Preferred stock	14,109
	Senior Preferred Stock ¹	72,648
Stockholders' Equity under GAAP		53,223
Regulatory Capital	Less: Senior Preferred Stock & Preferred stock	86,757
	Common stockholders' equity	(33,534)
	Less:	
	Goodwill ²	—
	Other intangible assets ²	—
	Deferred tax assets (DTAs) ^{2,3}	4,795
	AOCI-related adjustments ⁴	(123)
	Other deductions ^{2,5}	171
	Common Equity Tier 1 (CET1) Capital	(38,377)
	Qualifying preferred stock	14,109
	Other adjustments and deductions	—
	Tier 1 Capital	(\$24,268)
	Qualifying subordinated debt and other instruments	—
	Qualifying allowance for credit losses	—
Other adjustments and deductions	—	
Tier 2 Capital	—	
Adjusted Total Capital	(\$24,268)	
Statutory Capital	Par value or stated value of outstanding common stock	\$—
	Par value or stated value of outstanding perpetual, noncumulative preferred stock	464
	Paid-in capital	13,645
	Retained earnings	(29,597)
	Treasury stock	(3,885)
	Total Core Capital	(19,373)
	General allowance for foreclosure losses ⁶	7,347
	Other ⁷	—
Total Capital	(\$12,026)	

¹ Pursuant to the Purchase Agreement, we issued one million shares of senior preferred stock to Treasury on September 8, 2008. Shares of the senior preferred stock have a par value of \$1.00.

² Net of associated deferred tax liabilities (DTLs), where applicable.

³ DTAs arising from temporary differences that could not be realized through net operating loss carrybacks, net of related valuation allowances and net of DTLs, that exceed the 10% CET1 deduction threshold.

⁴ Accumulated net loss on cash flow hedges included in AOCI, net of applicable income taxes, that relate to the hedging of items that are not recognized at fair value on the balance sheet.

⁵ Mortgage Servicing Assets, net of associated DTLs, that exceed the 10% CET1 capital deduction threshold.

⁶ Represents our allowance for credit losses.

⁷ From sources of funds available to absorb losses that the Director by regulation determines are appropriate.

2. CAPITAL ADEQUACY

In 2020 FHFA established the ERCF, which requires us to hold substantially more capital than prior capital-related requirements. The ERCF became effective on February 16, 2021. In November 2023, FHFA published a final rule amending several provisions of the ERCF, with most of the amendments becoming effective in April 2024, including the reduction in the credit conversion factor for commingled securities from 100% to 50%. As of June 30, 2024, our capital levels (both risk-based capital and Tier 1 leverage capital) were below the required levels as we are still in the process of building our regulatory capital base.

We are not required to comply with the regulatory capital requirements or the buffer requirements while in conservatorship. With respect to the ERCF's advanced approaches requirements, the compliance date is January 1, 2028, or any later compliance date specified by FHFA. For additional information on ERCF capital requirements, refer to the Introduction.

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 June 30, 2024, which will be reduced by any future draws.

- For additional information on the Purchase Agreement, refer to the 2023 Form 10-K at 96 (Capital Resources). For additional information on the Net Worth Activity, refer to the 2Q 2024 Form 10-Q at 38 (Table 34).
- For additional information on FHFA as Conservator, refer to the 2023 Form 10-K at 101 (Conservator Powers Over Our Company and Purchase Agreement, Warrant, and Senior Preferred Stock).
- For a summary discussion of our approach to assessing the adequacy of our capital to support current and future activities, refer to the 2023 Form 10-K at 96 (Capital Resources), 101 (Conservator Powers Over Our Company and Purchase Agreement, Warrant, and Senior Preferred Stock), and 105 (Capital Standards and Public Disclosures).

Risk-Weighted Assets and Adjusted Total Assets

The ERCF establishes two approaches for calculating RWA (the "standardized approach" and the "advanced approach"). The risk-based capital requirements are determined using the higher of the RWA calculated under each approach. Under both approaches, our RWA equals the sum of our credit RWA, market RWA, and operational RWA. However, as noted above, the compliance date for the advanced approaches requirements is January 1, 2028, or any later compliance date specified by FHFA. For information related to ATA and its components, refer to Section 11 Tier 1 Leverage Ratio.

The table below presents our ATA and standardized RWA and its components.

Table 2.1 - Adjusted Total Assets and Standardized Risk-Weighted Assets Requirements⁸

(Dollars in millions)	June 30, 2024
	Amount
Adjusted Total Assets	\$3,749,119
Risk-weighted Assets (Standardized Approach)	1,003,581
Credit Risk	880,104
Market Risk	53,181
Operational Risk	70,296

⁸ ATA and RWA include regulatory adjustments and deductions.

Regulatory Capital Amounts and Ratios

The table below presents our regulatory capital amounts and ratios under the ERCF and required capital versus available capital. As of June 30, 2024, the maximum payout ratio under the ERCF was 0.0%, which limits our capital distributions and discretionary bonus payments discussed under the risk-based and leverage capital requirements.

Table 2.2 - ERCF Available Capital and Capital Requirements

(Dollars in billions)	June 30, 2024				
	Minimum Capital Requirement	Applicable Buffers ⁹	Capital Requirement (including Buffer)	Available Capital	Capital Shortfall
Risk-based capital amounts:					
Total capital (statutory) ¹⁰	\$80	N/A	\$80	(\$12)	(\$92)
CET1 capital ¹¹	45	\$57	102	(38)	(140)
Tier 1 Capital ¹¹	60	57	117	(24)	(141)
Adjusted Total Capital ¹¹	80	57	137	(24)	(161)
Risk-based capital ratios:¹²					
Total capital (statutory)	8.0 %	N/A	8.0 %	(1.2)%	(9.2)%
CET1 capital	4.5	5.7 %	10.2	(3.8)	(14.0)
Tier 1 Capital	6.0	5.7	11.7	(2.4)	(14.1)
Adjusted Total Capital	8.0	5.7	13.7	(2.4)	(16.1)
Leverage capital amounts:					
Core capital (statutory) ¹³	\$94	N/A	\$94	(\$19)	(\$113)
Tier 1 Capital ¹¹	94	\$14	108	(24)	(132)
Leverage capital ratios:¹⁴					
Core capital (statutory)	2.5 %	N/A	2.5 %	(0.5)%	(3.0)%
Tier 1 Capital	2.5	0.4 %	2.9	(0.6)	(3.5)

⁹ PCCBA for risk-based capital and PLBA for leverage capital.

¹⁰ Total capital is equal to core capital plus certain allowances for credit losses.

¹¹ Regulatory capital amounts exclude senior preferred stock, DTA arising from temporary differences that exceed 10% of CET1 capital, and certain other items.

¹² As a percentage of RWA.

¹³ Core capital excludes certain components of GAAP total equity (i.e., AOCI and senior preferred stock) as these items do not meet the statutory definition of core capital.

¹⁴ As a percentage of ATA.

Credit Exposure and RWA Under Different Categories

The table below presents our credit exposure and RWA under different categories. Details on our market RWA are covered in the Market Risk section.

Table 2.3 - Credit Risk Exposure and RWA

(Dollars in millions)	June 30, 2024	
	Exposure	Credit RWA
Exposures to the U.S. Government/Sovereign entities	\$30,902	\$9
Exposures to certain supranational entities and MDBs	182	—
Exposures to GSEs	277,573	2,782
Exposure to depository institutions and credit unions	5,141	1,028
Exposures to PSEs	11	5
Corporate exposures	29	1
Aggregate Single-Family mortgage exposures categorized by: ¹⁵	1,427,121	517,071
(i) Performing loans;	1,363,807	477,236
(ii) Non-modified re-performing loans;	13,618	7,013
(iii) Modified re-performing loans;	39,575	18,793
(iv) Non-performing loans	10,121	14,029
Aggregate Multifamily mortgage exposures categorized by:	38,256	16,286
(i) Multifamily fixed-rate exposures;	28,831	10,701
(ii) Multifamily adjustable-rate exposures	9,425	5,585
Non-mortgage related past-due items	—	—
Insurance assets	253	155
Off-balance sheet exposures	1,354	2,304
Cleared transactions	592	12
Default fund contributions	2,537	688
Unsettled transactions	—	—
CRT and other securitization exposures ¹⁶	1,993,746	316,207
Equity exposures	3,751	3,751
Other assets ¹⁷	43,042	19,805
Total	\$3,824,490	\$880,104

¹⁵ Excludes mortgages that are part of CRT transactions and we have elected CRT treatment for those transactions.

¹⁶ Includes mortgages that are part of CRT transactions and we have elected CRT treatment; Credit RWA is net of the benefit from these transactions.

¹⁷ Other assets primarily consist of guarantee fee assets, commitments, cash in process of collection and other miscellaneous assets.

3. CAPITAL BUFFERS

The ERCF 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. The ERCF prescribes two types of capital buffers as described below.

- For additional information related to the ERCF's risk-based and leverage capital requirements, refer to the Introduction.

Prescribed Capital Conservation Buffer Amount (PCCBA)

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 based on our share of residential mortgage debt outstanding and is calculated on an annual basis. The stability capital buffer will be updated based on this calculation with an effective date that depends on whether it increases or decreases relative to the previously calculated value. As of June 30, 2024, our stability capital buffer was 0.77% 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.

Prescribed Leverage Buffer Amount (PLBA)

To avoid limitations 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.

Available Capital Buffers

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 buffer requirements specified below while in conservatorship. In general, the compliance date for the buffer requirements in the ERCF will be the date of termination of our conservatorship.

- For additional information on ERCF capital buffers, refer to the 2023 Form 10-K at 96 (ERCF).

Required Capital Buffers and Related Metrics

The table below presents our required regulatory capital buffers and payout metrics as of June 30, 2024.

Table 3.1 - Required Capital Buffers and Payout Metrics

	June 30, 2024
(Dollars in millions)	Amount
Prescribed Capital Conservation Buffer (PCCBA)	\$57,140
Stress Capital Buffer	28,393
Stability Capital Buffer	28,747
Countercyclical Capital Buffer Amount	—
Prescribed Leverage Buffer Amount (PLBA)	14,373
Eligible Retained Income ¹⁸	11,309
Risk-based Capital Maximum Payout Ratio	— %
Leverage Maximum Payout Ratio	— %
Maximum Payout Amount	—

¹⁸ The eligible retained income is the greater of: (i) net income, as defined under GAAP, for the four calendar quarters preceding the current calendar quarter, net of any distributions and associated tax effects not already reflected in net income; and (ii) the average net income for the four calendar quarters preceding the current calendar quarter.

4. CREDIT RISK: GENERAL DISCLOSURES

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 counterparty credit risk (see Section 5. Counterparty Credit Risk), and two types of mortgage credit risks listed below:

- 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.
- For information on how we execute Single-Family and Multifamily mortgage credit risk management strategies and a detailed discussion on our credit risk management, refer to the 2023 Form 10-K at 52 (Credit Risk).
- For information on accounting treatment of past due loans, placing loans on non-accrual, and returning loans to accrual status, refer to the 2023 Form 10-K at 156 (Interest Income).

Allowance for Credit Losses Methodology

Our allowance for credit losses primarily 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 recognize changes in the allowance for credit losses through provision or benefit for credit losses on our consolidated statements of income.

Charging-off Uncollectible Amounts

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.

- For additional information on the terms defined above, refer to the 2023 Form 10-K at 171 (Allowance for Credit Losses Methodology).

Credit Risk Exposures and Types

We have an Enterprise Credit Risk Policy that defines credit risk management, roles and responsibilities, and governance requirements among different stakeholders.

- For mortgage loans by Single-Family and Multifamily, refer to the 2Q 2024 Form 10-Q at 56 (Table 3.1 - Mortgage Loans). The table presents details of the loans on our consolidated balance sheets.
- For information on mortgage portfolio's Unpaid Principal Balance (UPB), mortgage-related investments portfolio, and other investments portfolio, refer to the 2Q 2024 Form 10-Q at 11 (Our Portfolios).
- For financial guarantees by Single-Family and Multifamily, refer to the 2Q 2024 Form 10-Q at 66 (Table 4.1 - Financial Guarantees). The table presents our financial guarantees' maximum exposure, recognized liability (excludes allowance for credit losses on off-balance sheet credit exposures), and maximum remaining term.
- For mortgage loan purchase commitments and other commitments, refer to the 2Q 2024 Form 10-Q at 67 (Table 4.3 - Other Off-Balance Sheet Credit Exposures).
- For details on investment securities exposures, refer to the 2Q 2024 Form 10-Q at 69 (Note 6 Investment Securities).
- For accounting offsets to credit risk exposures as well as collateral information of financial assets and liabilities, refer to the 2Q 2024 Form 10-Q at 74 (Table 8.2 - Offsetting of Derivatives) and 77 (Table 9.1 - Offsetting and Collateral Information of Certain Financial Assets and Liabilities). The tables present 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.
- For average credit risk exposures, refer to the 2Q 2024 Form 10-Q at 7 (Table 3 - Analysis of Net Interest Yield). The table presents an analysis of interest-earning assets and interest-bearing liabilities and also average asset balance (excluding the average balances of off-balance sheet exposures).

Mortgage Portfolio Geographic Distribution

The tables below summarize the concentration by geographic area of our Single-Family mortgage portfolio and Multifamily mortgage portfolio.

Table 4.1 – Concentration of Credit Risk of Our Single-Family Mortgage Portfolio

(Dollars in millions)	June 30, 2024		
	Portfolio UPB ¹⁹	% of Portfolio	Seriously Delinquent Rate
Region:²⁰			
West	\$911,666	30 %	0.39 %
Northeast	705,636	23	0.58
Southeast	538,126	18	0.52
Southwest	457,553	15	0.50
North Central	444,965	14	0.51
Total	\$3,057,946	100 %	0.50
State:			
California	\$513,807	17 %	0.38
Texas	217,601	7	0.54
Florida	203,773	7	0.58
New York	132,982	4	0.85
Illinois	114,247	4	0.66
All other	1,875,536	61	0.47
Total	\$3,057,946	100 %	0.50

Table 4.2 – Concentration of Credit Risk of Our Multifamily Mortgage Portfolio

(Dollars in millions)	June 30, 2024		
	Portfolio UPB	% of Portfolio	Delinquency Rate ²¹
Region:^{22,23}			
West	\$110,686	25 %	0.19 %
Northeast	108,977	24	0.76
Southwest	92,349	21	0.34
Southeast	91,038	20	0.16
North Central	44,220	10	0.40
Total	\$447,270	100 %	0.38
State:²³			
California	\$59,055	13 %	0.21
Texas	56,742	13	0.37
Florida	38,951	9	0.10
New York	34,615	8	1.93
Georgia	18,640	4	0.21
All other	239,267	53	0.25
Total	\$447,270	100 %	0.38

¹⁹ Excludes UPB of loans underlying certain securitization products for which data was not available.

²⁰ 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); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI)

²¹ Based on loans two monthly payments or more delinquent or in foreclosure.

²² 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); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, VI); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI).

²³ The UPB of loans collateralized by properties located in multiple regions or states are reported entirely in the region or state with the largest underlying collateral UPB as of origination.

Past Due Mortgage Loans

- For information on the amount of loans and off-balance sheet credit exposures not past due or past due less than 30 days, past due 30 days but less than 90 days, past due 90 days or in foreclosure, and past due 90 days and still accruing, refer to the 2Q 2024 Form 10-Q at 61 (Table 3.8 - Amortized Cost Basis of Held-for-Investment Loans by Payment Status) and 67 (Table 4.2 - UPB of Loans Underlying Our Mortgage-Related Guarantees by Payment Status). The tables present 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 and the UPB of mortgage loans underlying our mortgage-related guarantees by payment status.

Allowance for Credit Losses and Charge-offs

- For information on the balance of allowance for credit losses at the end of the period, charge-offs during the period, and reconciliation of changes in allowance for credit losses refer to the 2Q 2024 Form 10-Q at 68 (Table 5.1 - Details of the Allowance for Credit Losses). The table summarizes changes in our allowance for credit losses.

The table below presents Single-Family's loans by past due status, along with the corresponding ratio of the Single-Family allowance for credit losses. Multifamily mortgage loans allowance for credit losses was immaterial as of June 30, 2024.

Table 4.3 - Single-Family Allowance for Credit Losses to Amortized Cost Basis

Past Due Status (Dollars in millions)	June 30, 2024	
	Amortized Cost Basis	Allowance for Credit Losses to Amortized Cost Basis
Loans Not Past Due or Past Due Less Than 30 Days	\$3,001,364	0.22 %
Loans Past Due 30 Days but Less Than 90 Days	35,088	18.40
Loans on Nonaccrual ²⁴	12,442	51.90
Loans Past Due 90 Days and Still Accruing	—	N/A

Contractual Principal Payments Due by Specified Timeframe for Mortgage Loans

The table below presents the contractual principal payments due on loans underlying our mortgage portfolio by specified timeframe.

Table 4.4 - Principal Amounts Due by Specified Timeframe for Mortgage Loans²⁵

(Dollars in millions)	June 30, 2024				
	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	\$93,046	\$397,298	\$1,078,560	\$1,423,832	\$2,992,736
Single-Family Adjustable Rate	665	3,006	8,912	11,218	23,801
Single-Family Sub-Total	93,711	400,304	1,087,472	1,435,050	3,016,537
Multifamily Fixed Rate	29,330	148,679	171,703	15,211	364,923
Multifamily Adjustable Rate	4,440	25,133	51,761	874	82,208
Multifamily Sub-Total	33,770	173,812	223,464	16,085	447,131
Total	\$127,481	\$574,116	\$1,310,936	\$1,451,135	\$3,463,668

²⁴ The vast majority of non-accrual loans are past due over 90 days. There is a small overlap between loans past due 30 days but less than 90 days and loans on non-accrual.

²⁵ For Single-Family, includes only UPB of mortgage loans held-for-investment. For Multifamily, excludes UPB of mortgage loans underlying off-balance sheet securitization trusts where we no longer have credit risk exposure.

5. COUNTERPARTY CREDIT RISK

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

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.
- For information on counterparty risks on derivatives and repo-style transactions, refer to the 2023 Form 10-K at 76 (Financial Intermediaries, Clearinghouses, and Other Counterparties).

In addition to the risk management strategies above, we have defined guidelines to enable prudent risk management which are briefly described below.

Methodology Used to Assign Credit Limits

As part of the overall credit risk assessment, our counterparty credit exposures are assigned risk ratings and are subject to approval based on defined credit approval standards. In making credit decisions, we consider risk rating, collateral, country, industry, and single-name concentration limits while also balancing these considerations with the total borrower or counterparty relationship. We use a variety of tools to continuously monitor the ability of a borrower or counterparty to perform under its obligations. We use risk rating aggregations to measure and evaluate concentrations within portfolios.

Policies for Securing, Valuing, and Managing Collateral

- For information on policies for securing, valuing, and managing collateral, refer to the 2023 Form 10-K at 76 (Derivative Counterparties), 180 (Note 9 Derivatives), and 185 (Note 10 Collateralized Agreements).
- For information on our Other investments counterparties, refer to the 2023 Form 10-K at 77 (Other Investments Counterparties).

Collateral and Creditworthiness

- For information on the primary types of collateral taken, refer to the 2023 Form 10-K at 76 (Financial Intermediaries, Clearinghouses, and Other Counterparties), 180 (Note 9 Derivatives), and 185 (Note 10 Collateralized Agreements).
- For information on the impact of the amount of collateral we would have to provide for a given credit rating downgrade, refer to the 2023 Form 10-K at 76 (Financial Intermediaries, Clearinghouses, and Other Counterparties) and 181 (Derivative Counterparty Credit Risk).

Gross Positive Fair Value of Contracts, Collateral Held, and Net Unsecured Credit Exposure

- For information on the gross positive fair value of contracts, collateral held, and net unsecured credit exposure, refer to the tables below or the 2Q 2024 Form 10-Q at 74 (Table 8.2 - Offsetting of Derivatives) and 77 (Table 9.1 - Offsetting and Collateral Information of Certain Financial Assets and Liabilities).

Table 5.1 - Offsetting of Derivatives

(In millions)	June 30, 2024	
	Derivative Assets	Derivative Liabilities
OTC derivatives	\$6,558	(\$7,487)
Cleared and exchange-traded derivatives	121	(7)
Mortgage commitment derivatives	41	(14)
Other	31	(978)
Total derivatives	6,751	(8,486)
Counterparty netting	(4,189)	4,189
Cash collateral netting	(2,082)	3,243
Net amount presented in the consolidated balance sheets	480	(1,054)
Gross amount not offset in the consolidated balance sheets	(185)	23
Net amount	\$295	(\$1,031)

Table 5.2 - Offsetting and Collateral Information of Certain Financial Assets and Liabilities

	June 30, 2024				
(In millions)	Gross Amount Recognized	Amount Offset in the Consolidated Balance Sheets	Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets	Net Amount
Assets:					
Securities purchased under agreements to resell	\$109,256	(\$12,076)	\$97,180	(\$97,180)	\$—
Liabilities:					
Securities sold under agreements to repurchase	(12,076)	12,076	—	—	—

Purchased and Sold Derivatives

The table below provides information on the notional amount of purchased and sold derivatives, including the distribution of the credit derivative products used, categorized further by protection bought and sold within each product group. We do not perform intermediation activities related to derivatives.

Table 5.3 - Derivative Assets and Liabilities at Fair Value

	June 30, 2024		
(Dollars in millions)	Notional or Contractual Amount	Derivative Assets	Derivative Liabilities
Not designated as hedges			
Interest-rate risk management derivatives:			
Swaps	\$324,115	\$1,950	(\$354)
Written options	47,070	—	(1,796)
Purchased options	81,890	4,323	—
Futures	135,121	—	—
Total interest-rate risk management derivatives	588,196	6,273	(2,150)
Mortgage commitment derivatives	38,800	14	(14)
CRT-related derivatives	29,846	—	(247)
Other	17,799	31	(731)
Total derivatives not designated as hedges	674,641	6,318	(3,142)
Designated as fair value hedges			
Interest-rate risk management derivatives:			
Swaps	173,066	285	(5,343)
Total derivatives designated as fair value hedges	173,066	285	(5,343)
Receivables (payables)		148	(1)
Netting adjustments		(6,271)	7,432
Total derivative portfolio, net	\$847,707	\$480	(\$1,054)

6. CREDIT RISK MITIGATION

This section covers credit risk concentration as well as non-securitized credit enhancements (CE), examples of which include primary mortgage insurance (MI), lender risk-sharing, seller indemnification, Multifamily pool insurance, and Multifamily bond insurance. Our CE via securitization, CRT, and reinsurance are covered in Section 7 CRT and Securitization.

We did not hold any collateral for non-securitized credit risk mitigation as of June 30, 2024.

Risk Concentrations and Credit Enhancement Providers

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.

- For a general discussion of our derivative counterparties as well as related master netting and collateral agreements, see Section 5 Counterparty Credit Risk.

The sections below discuss the concentration of credit risk for each of the groups to which we are exposed.

Single-Family Mortgage Portfolio

In the Single-Family mortgage portfolio, 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.

- For a summary of the concentration of Single-Family mortgage portfolio by geographic area, refer to Table 4.1.

Multifamily Mortgage Portfolio

In the Multifamily mortgage portfolio, concentration of credit risk depends 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 and loans underlying our fully guaranteed securitizations (e.g., Multifamily PCs).

Numerous factors affect the credit risk related to multifamily borrowers, including 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.

- For a summary of the concentration of Multifamily mortgage portfolio by geographic area, refer to Table 4.2.

Sellers and Servicers

We acquire a significant portion of our Single-Family and Multifamily loan purchase and guarantee volume from several large sellers. Significant portions of our Single-Family and Multifamily loans are serviced by several large servicers.

- For additional information on the concentration of Single-Family and Multifamily sellers, refer to the 2023 Form 10-K at 196 (Note 15 Concentration of Credit and Other Risks).

The Enterprise is 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, the Enterprise's servicers have an active role in its loss mitigation efforts, and the Enterprise, therefore, has exposure to such servicers to the extent that a decline in their business performance results in a failure to realize the anticipated benefits of the loss mitigation plans. Since the Enterprise does not have its own servicing operation, if the servicers lack appropriate governance and controls, experience a failure in their controls, and/or experience an operational disruption in their ability to service loans, the Enterprise's overall business and financial results could be adversely affected.

- For information on the concentration of Single-Family and Multifamily servicers, refer to the 2023 Form 10-K at 196 (Note 15 Concentration of Credit and Other Risks)

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 evaluate the recovery and collectability from mortgage insurers as part of the estimate of our allowance for credit losses. Changes in our expectations related to recovery and collectability from our credit enhancement providers may affect our estimates of expected credit losses, perhaps significantly.

- For a summary of the concentration of mortgage insurer counterparties who provided 10% or more of our overall primary mortgage insurance coverage, refer to the 2023 Form 10-K at 196 (Note 15 Concentration of Credit and Other Risks).

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 institutions, including other GSEs, Treasury, the Federal Reserve Bank of New York, the Government Securities Division (GSD)/ Fixed Income Clearing Corporation (FICC), highly rated supranational institutions, depository and non-depository institutions, brokers and dealers, and government money market funds.

- For additional information on derivative counterparties' creditworthiness and the concentration of credit and other risks and main types of credit enhancement providers and their creditworthiness, refer to the 2023 Form 10-K at 76 (Derivative Counterparties) and 196 (Note 15 Concentration of Credit and Other Risks).

Exposures Covered by Eligible Financial Collateral and/or Guarantees

The table below presents exposure and post-CE RWA of Single-Family primary mortgage insurance and other non-CRT credit enhancements and Multifamily non-CRT credit enhancements.

Table 6.1 - Exposures and Post-CE RWA of Non-CRT Credit Enhancements

(Dollars in millions)	June 30, 2024	
	Exposure	Post-CE RWA
Single-Family		
Primary mortgage insurance	\$642,818	\$348,885
Other non-CRT credit enhancements	6,507	1,669
Less: exposures with multiple non-CRT credit enhancements	844	337
Total Single-Family	648,481	350,217
Multifamily non-CRT credit enhancements	11,941	1,438
Total	\$660,422	\$351,655

7. CRT AND SECURITIZATION

To reduce our credit risk exposure, we engage in various types of credit enhancements, including CRT transactions and other securitized credit enhancements. We define CRT transactions as those arrangements where we actively transfer the credit risk exposure on mortgages that we own or guarantee.

Objectives for Securitizing Assets

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.

- For additional information on Single-Family's and Multifamily's objectives for securitizing assets, refer to the 2023 Form 10-K at 30 (Single-Family Credit Enhancement Activities) and 43 (Multifamily Credit Enhancement Activities).

Scope of CRT and Securitization Exposures

CRT and Securitization exposures under this section include both on-balance sheet and off-balance sheet exposures that arise from traditional or synthetic securitizations, as well as eligible reinsurance risk transfer. Traditional securitization exposures are those where all or a portion of the credit risk of one or more underlying exposures is transferred to one or more third parties other than through the use of credit derivatives or guarantees, whereas synthetic securitizations utilize derivatives or guarantees to transfer the risk to a third-party. Eligible reinsurance risk transfer is defined as a credit transfer in which we transfer the credit risk on one or more mortgage exposures to one or more insurance companies or reinsurers that have been approved by us.

We had no affiliated entities in CRT securitization transactions as of June 30, 2024.

We had no retained or purchased resecuritization exposures that meet the ERCF criteria as of June 30, 2024.

- For details on risks in our CRT and securitization, refer to the 2023 Form 10-K at 116 (Credit Risks), 121 (Market Risks), and 199 (Credit Enhancement Providers).

Risk Management, Monitoring, and Mitigation

We require our ACIS and MCIP counterparties to partially collateralize their exposure to reduce the risk that we will not be reimbursed for our claims under the policies.

- For information on ACIS and MCIP collateral, refer to the 2023 Form 10-K at 76 (ACIS Counterparties) and 43 (Multifamily Credit Enhancement Activities).
- For details on managing the credit risk retained through securitization via loss mitigation activities, refer to the 2023 Form 10-K at 32 (Loss Mitigation Activities) and 71 (Managing Our Portfolio, Including Loss Mitigation Activities).

Collateral Types

- For the main types of collateral posted by ACIS counterparties, refer to the 2023 Form 10-K at 76 (ACIS Counterparties), which may include cash, U.S. Treasury securities, and agency securities. Collateral posted by MCIP providers was immaterial as of June 30, 2024.

Risk-Based Capital Approaches

All of our CRT deals follow the Credit Risk Transfer Approach (CRTA) for measuring risk-based capital. We may elect to not recognize a CRT transaction that does not provide ERCF capital relief. We apply the Simplified Supervisory Formula Approach (SSFA) for certain legacy private label security (PLS) securitization exposures that have not been originated by us.

Securitization Special Purpose Entities (SPEs)

Our Multifamily segment occasionally securitizes loans or bonds contributed by third parties that are underwritten by us after origination.

- For information on our securitization of third-party exposures and the off-balance sheet accounting treatment of our interests in such VIEs, refer to the 2023 Form 10-K at 68 (Completing our own Underwriting, Credit, and Legal Review for New Business Activity) and 149 (Note 3 Securitizations and Variable Interest Entities).

Accounting Policies and Valuation Method

- For information on traditional securitization and other securitization products, refer to the 2023 Form 10-K at 150 (Note 3 Securitizations and Variable Interest Entities, Nonconsolidated VIEs).
- For information on trust note transactions, refer to the 2023 Form 10-K at 152 (Note 3 Securitizations and Variable Interest Entities, CRT Products).
- For information on definition and accounting treatment of STACR debt note and SCR debt note, refer to the 2023 Form 10-K at 58 and 69 (Transferring Credit Risk to Third-Party Investors), 177 (Note 8 Debt) and 272 (Glossary).
- For information on summary of accounting treatment of our CRT securitizations, refer to the 2023 Form 10-K at 58 and 69 (Transferring Credit Risk to Third-Party Investors).
- For information on our election of the fair value option, refer to the 2023 Form 10-K at 200 (Note 16 Fair Value Disclosures).
- For details of methods and key assumptions applied in valuing assets and liabilities at fair value, refer to the 2023 Form 10-K at 200 (Note 16 Fair Value Disclosures).
- For information on how exposures intended to be securitized are valued, refer to the 2023 Form 10-K at 201 (Note 16 Fair Value Disclosures, Valuation Techniques).

Significant Changes

- For an explanation of significant changes in quantitative information related to new CRT issuance since last reporting period, refer to the 2Q 2024 Form 10-Q at 16 (Single-Family Credit Enhancements) and 20 (Multifamily Credit Enhancement Activities).

On- & Off-Balance Sheet Exposures of Securitization and Reinsurance CRT, Past Due Amount and Loss Recognized

The table below presents on- and off-balance sheet exposures by type of underlying collateral. These exposures are related to both traditional and synthetic securitization transactions as well as reinsurance CRT. Note that the table excludes CRT transactions that no longer provide capital relief and may include transactions that were not executed as of the period end.

Table 7.1 - On- & Off-Balance Sheet Securitization and Reinsurance CRT Exposures, Past Due Amount and Loss Recognized

(Dollars in millions)	June 30, 2024						
	Total Exposure	On-Balance Sheet Exposure	Off Balance Sheet Exposure	Retained	Acquired	Past-due Amount ²⁶	Loss Recognized During the Quarter
Traditional							
Single-Family securitization	\$23,752	\$—	\$23,752	\$23,752	\$—	\$2,022	\$—
Multifamily securitization	312,151	—	312,151	312,151	—	1,217	—
Private label securities	418	418	—	—	418	6	—
Synthetic/Reinsurance CRT							
Single-Family CRT	1,601,009	1,601,009	—	1,601,009	—	9,137	21
Multifamily CRT	56,416	51,483	4,933	56,416	—	111	—
Total securitization and CRT exposure	\$1,993,746	\$1,652,910	\$340,836	\$1,993,328	\$418	\$12,493	\$21

²⁶ Sixty days or more past due.

Securitization and Reinsurance CRT Exposures and Risk-based Capital Treatment

The table below presents our securitization and reinsurance CRT exposures and the associated risk-based capital treatment as of June 30, 2024.

Table 7.2 - Securitization and Reinsurance CRT Exposures and Risk-based Capital Treatment

(Dollars in millions)	June 30, 2024				
	Total Exposure	RWA	RWA by Calculation Methodology		
			SSFA	CRTA	1250% Risk Weighted
Traditional					
Single-Family securitization	\$23,752	\$1,188	\$—	\$1,188	\$—
Multifamily securitization	312,151	50,051	—	50,051	—
Private label securities	418	850	850	—	—
Synthetic/Reinsurance CRT					
Single-Family CRT	1,601,009	257,530	—	257,530	—
Multifamily CRT	56,416	6,588	—	6,588	—
Total securitization and CRT exposure	\$1,993,746	\$316,207	\$850	\$315,357	\$—

Securitization and Reinsurance CRT Exposures and Risk Weight Bands

The table below presents our securitization and reinsurance CRT exposures and the associated risk weight bands and capital impact of RWA as of June 30, 2024.

Table 7.3 - Securitization and Reinsurance CRT Exposures and Risk Weight Bands

(Dollars in millions)	June 30, 2024			
	Total Exposure	SSFA Risk-Weighted Assets	CRTA Risk-Weighted Assets	Capital Impact of RWA ²⁷
Securitization/Reinsurance CRT				
Zero to 20%	\$1,579,906	\$8	\$148,331	\$6,674
21% to 50%	324,451	—	100,509	4,523
51% to 100%	78,513	—	53,013	2,386
Over 100%	10,876	842	13,504	646
Resecuritization				
Zero to 20%	—	—	—	—
21% to 50%	—	—	—	—
51% to 100%	—	—	—	—
Over 100%	—	—	—	—
Total CRT and securitization/ resecuritization exposure	\$1,993,746	\$850	\$315,357	\$14,229

²⁷ Required CET1 capital amount associated with the exposure.

Assets Intended for Securitization and Reinsurance CRT and Related Activities

The table below presents assets pending securitization (i.e., assets held with the intent to securitize) and Reinsurance CRT and our year-to-date securitization and reinsurance CRT activities. We did not have gain-on-sale on a securitization that has been deducted from CET1 capital as of June 30, 2024.

Table 7.4 - Assets Intended for Securitization and CRT and Related Activities

(Dollars in millions)	June 30, 2024		
	Assets Pending Securitization or CRT	Securitized or Packaged into CRT YTD	Recognized Gain/Loss on Sale YTD
Traditional²⁸			
Single-Family securitization	\$3,244	\$915	\$—
Multifamily securitization	11,045	13,060	—
Private label securities	—	—	—
Synthetic/Reinsurance CRT²⁹			
Single-Family CRT	44,445	99,331	—
Multifamily CRT	5,390	8,171	—
Total securitization and CRT exposure	\$64,124	\$121,477	\$—

²⁸ Single-Family assets pending securitization into traditional securities represent held-for-sale population as of quarter-end. Multifamily assets pending securitization into traditional securities represent retained loans intended for K-Deal or other similar senior subordinate securitizations.

²⁹ Single-Family assets pending securitization into synthetic securities and reinsurance arrangements represent those STACR and ACIS transactions when a third-party broker/dealer is engaged, and collateral has been targeted for a CRT transaction. The assets are considered to be held with the intent to securitize and represented by assets pending securitization. Multifamily assets pending securitization into synthetic securities and reinsurance arrangements represent (a) retained held-for-investment loans intended to be securitized into Multifamily Participation Certificates (Multi PCs[®]) and other securities that are fully guaranteed by Freddie Mac, and (b) Multi PCs[®] and other guaranteed securities, as applicable, that have not yet been credit enhanced by an MCIP reinsurance and/or an SCR transaction.

8. EQUITIES

Our equity investments include Multifamily investments in certain non-publicly traded Low-Income Housing Tax Credit (LIHTC) partnerships. We account for these investments using the proportional amortization method.

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. Multifamily's ongoing investment in LIHTC partnerships helps to support and preserve the supply of affordable housing.

The tables below present carrying value, RWA, and capital impact of RWA of LIHTC as of June 30, 2024.

Table 8.1 - Multifamily LIHTC Carrying Value and RWA

(Dollars in millions)	June 30, 2024		
	Public	Non-Public	Total
Carrying value	\$—	\$3,751	\$3,751
Unrealized gains/losses	—	—	—
Unrealized gains/losses not recognized on the balance sheet or through earnings	—	—	—
Fair value ³⁰	\$—	\$3,751	\$3,751
Unrealized gains/losses included in risk-based capital	—	—	—
YTD Cumulative realized gains/losses from sales and liquidation	—	—	—

- For additional information on Multifamily LIHTC, refer to the 2023 Form 10-K at 43 (Multifamily Investing Activities).

Table 8.2 - Multifamily LIHTC Risk Weight Band

(Dollars in millions)	June 30, 2024		
	Exposure	RWA	Capital Impact of RWA ³¹
0% Risk Weight	\$—	\$—	\$—
20%	—	—	—
100%	3,751	3,751	169
300%	—	—	—
400%	—	—	—
600%	—	—	—
Total	\$3,751	\$3,751	\$169

³⁰ Mathematical sum of above line items. Non-publicly traded investments do not have readily determinable fair values.

³¹ Required CET1 capital amount associated with the exposure.

9. INTEREST RATE RISK FOR NON-TRADING ACTIVITIES

Interest-rate risk is the economic risk related to adverse changes in the level or volatility of 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.

Interest-rate risk is managed across both non-trading and any limited trading activities we undertake. We measure the impact of interest rate shifts on the prices and durations of our interest rate sensitive assets and liabilities daily.

- For a detailed discussion of our interest rate risk management, including the nature of interest rate risk for all applicable activities, key assumptions, and the use of interest rate derivatives, including swaps, swaptions, and futures as hedges to manage interest rate risk, refer to the 2023 Form 10-K at 79 (Risk Management, Market Risk) and 121 (Risk Factors, Market Risks).
- For the increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring interest rate risk for all applicable activities, refer to the 2Q 2024 Form 10-Q at 32-33 (Tables 25-28).

10. 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 restrictions, and reputational harm. Operational risk includes people, reporting, transactions and governance, information, technology, third-party resiliency, and models. As part of the ERM Framework, operational risks are identified, assessed, controlled, monitored, and reported.

Our current approach for measuring operational risk capital is based on a Standardized Approach of 15 basis points of our ATA. We are working towards implementing an Advanced Measurement Approach (AMA) which is targeted for implementation in 2028. Additional disclosures behind the model and considerations will be provided after AMA is implemented.

- For general information on operational risk and a description of the use of insurance to mitigate operational risk, refer to the 2023 Form 10-K at 84 (Operational Risk).

11. TIER 1 LEVERAGE RATIO

Under the ERCF, the Tier 1 leverage ratio is calculated as available Tier 1 Capital under the ERCF divided by our ATA.

Our available Tier 1 Capital consists of total equity minus senior preferred stock, DTA arising from temporary differences that exceed 10% of CET1 capital, and certain other items with immaterial balances.

Our ATA for the same period mainly consists of total on-balance sheet assets and Single-Family and Multifamily off-balance sheet financial guarantees, which mainly include Single-Family and Multifamily exposures from securitization activity guarantees, other mortgage-related guarantees and guarantees of Fannie Mae securities.

Tier 1 leverage requirement acts as a backstop to risk-based capital requirements as it is less sensitive to risk and less prone to model and assumption errors.

Accounting Assets and Adjusted Total Assets

The table below presents a summary comparison of our accounting assets and our ATA.

Table 11.1 - Reconciliation of Accounting Total Assets to Adjusted Total Assets

	June 30, 2024
(Dollars in millions)	Amount
Total consolidated assets as reported in published financial statements	\$3,307,252
Adjustment for fiduciary assets recognized on balance sheet but excluded from total leverage exposure	—
Adjustment for derivative exposures	4,166
Adjustment for repo-style transactions	14,854
Adjustment for off-balance sheet exposures (that is, conversion to credit equivalent amounts of off-balance sheet exposures)	420,600
Other adjustments	2,247
Adjusted Total Assets	\$3,749,119

Tier 1 Capital Leverage Ratio

The table below presents the components of our Tier 1 Capital Leverage Ratio.

Table 11.2 - Composition of Adjusted Total Assets and Tier 1 Leverage Ratio

	June 30, 2024
(Dollars in millions)	Amount
On-balance sheet exposures	
On-balance sheet assets (excluding on-balance sheet assets for repo-style transactions and derivative exposures, but including cash collateral received in derivative transactions and add-back of allowance for credit losses)	\$3,216,681
Less: Amounts deducted from Tier 1 Capital	4,843
Total on-balance sheet exposures (excluding on-balance sheet assets for repo-style transactions and derivative exposures, but including cash collateral received in derivative transactions)	3,211,838
Derivative exposures	
Current exposure for derivative exposures (that is, net of cash variation margin)	153
Add-on amounts for potential future exposure (PFE) for derivative exposures	1,957
Gross-up for cash collateral posted if deducted from the on-balance sheet assets, except for cash variation margin	—
Less: Deductions of receivable assets for cash variation margin posted in derivative transactions, if included in on-balance sheet assets	—
Less: Exempted CCP leg of client-cleared transactions	—
Effective notional principal amount of sold credit protection	—
Less: Effective notional principal amount offsets and PFE adjustments for sold credit protection	—
Default Fund Contributions	2,537
Total derivative exposures	4,647
Repo-style transactions	
On-balance sheet assets for repo-style transactions, except include the gross value of receivables for reverse repurchase transactions. Exclude from this item the value of securities received in a security-for-security repo-style transaction where the securities lender has not sold or re-hypothecated the securities received. Include in this item the value of securities that qualified for sales treatment that must be reversed	109,256
Less: Reduction of the gross value of receivables in reverse repurchase transactions by cash payables in repurchase transactions under netting agreements	—
Counterparty credit risk for all repo-style transactions	2,778
Exposure for repo-style transactions where the Enterprise acts as an agent	—
Total exposures for repo-style transactions	112,034
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amounts	435,418
Less: Adjustments for conversion to credit equivalent amounts and off-balance sheet exposures held in retained portfolio	14,818
Off-balance sheet exposures	420,600
Capital and Adjusted Total Assets	
Tier 1 Capital	(24,268)
Adjusted total assets (sum of total on-balance sheet exposures, total derivative exposures, total exposures for repo-style transactions, and off-balance sheet exposures)	\$3,749,119
Tier 1 leverage ratio	
Tier 1 leverage ratio (in percent)	(0.6)%

12. MARKET RISK DISCLOSURES

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.

Market risk under the ERCF reflects spread risk and defines covered position as any asset that has more than de minimis spread risk (other than any intangible asset, such as any servicing asset). Based on the ERCF, measurement of market risk approaches include prescribed capital percentage, spread duration approach, and internal model method. For additional details, refer to Table 12.1.

Characteristics of the Internal Models Used in Market Risk Capital Calculations

As the ERCF regulation requires that the market risk capital be limited to spread risk, the Investment and Capital Markets (ICM) market risk capital model is designed to be consistent with a 99.9% Value at Risk (VaR) spread return loss over a one-year holding period, with an adjustment to explicitly account for the impact from potential prepayment model error.

The model reflects a blended approach, using historical spread returns to establish a backward-looking basis for the 99.9% VaR. Then on a forward-looking basis, it measures the prepayment model uncertainty relative to our past experience. The spread return used in the model is based on key unhedged components, with the primary driver being profit and loss attributed to the variability of Option-Adjusted-Spread (OAS).

Market value and spread duration for Multifamily loans and security investments are monitored and used as inputs to compute market risk capital based on a single point spread shock as prescribed by ERCF. We leverage the internal Multifamily market risk capital model for securities where the spread shock is not prescribed by ERCF (e.g., Interest-Only (IO) securities).

Benchmarking of Internal Estimates

In model development, we aim to use available historical data on spread returns. In this sense, the ICM market risk capital model is periodically updated. In addition, we have ongoing monitoring in place to benchmark the model results against Comprehensive Capital Analysis and Review (CCAR).

Material Portfolios

- For the composition of the material portfolio of covered positions, refer to Table 12.1.

Valuation Policies, Procedures, and Methodologies

- For information on our valuation policies, procedures, and methodologies for covered positions and securitization positions, the methods and key assumptions used for valuing such positions, refer to the 2023 Form 10-K at 200 (Note 16 Fair Value Disclosures).

Internal Modeling

- For information on the approaches used for validating and evaluating the accuracy of models and modeling processes, refer to the 2023 Form 10-K at 87 (Model Risk).

Stress Test

- For information on stress testing of credit spread risk in the annual DFAST process, our application of models to analyze outcome of different interest rate scenarios and the scenarios applied to the positions subject to particular interest rate risk factors, refer to the 2023 Form 10-K at 79 (Market Risk).

Market Risk Change Monitoring

- For information related to market risk change monitoring, including monitoring changes in the market risk of securitization positions, refer to the 2023 Form 10-K at 79 (Market Risk), and the 2Q 2024 Form 10-Q at 31-33 (Market Risk). We have no resecuritization exposure as of June 30, 2024.

Exposure Amounts and Risk-Weighted Assets

The table below presents the exposure amounts and RWA by each product type included in covered positions of any material portfolio.

Table 12.1 - Market Risk Exposures and RWA

(Dollars in millions)	June 30, 2024	
	Exposure	Standardized Market RWA
Single Point Approach		
Mortgage exposures that are not secured by an MBS guaranteed by the Enterprise		
Non-performing loans	\$4,015	\$2,384
Reperforming loans	20,383	12,102
Reverse mortgage loans	—	—
Reverse mortgage securities	—	—
Spread Duration Approach		
Multifamily mortgage exposures	18,699	1,478
Private-Label securities ³²	429	480
MBS (non-IO) guaranteed by an Enterprise or by Ginnie Mae and secured by multifamily mortgage exposures	4,035	1,815
Internal Estimates		
Covered positions that are not subject to the Single Point or Spread Duration Approaches		
Single-Family MBS guaranteed by the Enterprise	21,914	25,955
Single-Family MBS guaranteed by Ginnie Mae	—	—
Single-Family MBS guaranteed by the other Enterprise	217	451
Multifamily IO securities guaranteed by an Enterprise or Ginnie Mae	1,499	1,819
Commercial MBS	47	14
CRT exposures ³³	1,216	881
Other securitization exposures	3,777	6,399
Performing loans, not securitized	12,345	2,489
Other trading assets and liabilities	—	(3,086)
Total	\$88,576	\$53,181

³² Market risk exposure and RWA of on-balance sheet PLS.

³³ Market risk exposure and RWA of off-balance sheet re-performing loan senior subordination securities.

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 on the mortgage loans in the related reference pools, 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.
- **CCP** - Central counterparty, counterparty (for example, a clearing house) that facilitates trades between counterparties in one or more financial markets by either guaranteeing trades or novating contracts.
- **CE** - Credit Enhancement.
- **CET1** - Common Equity Tier 1.
- **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.
- **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.
- **CRT** - Credit Risk Transfer - Arrangements where we actively transfer the credit risk exposure on mortgages that we own or guarantee.
- **DTA** - Deferred Tax Assets.
- **Duration** - A measure of a financial instrument's price sensitivity to changes in interest rates.
- **Enterprises** - Freddie Mac and Fannie Mae.
- **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.
- **Fannie Mae** - Federal National Mortgage Association.
- **FHFA** - Federal Housing Finance Agency - An independent agency of the U.S. government with responsibility for regulating Freddie Mac, Fannie Mae, and the FHLBs.
- **GAAP** - Generally Accepted Accounting Principles in the United States of America.
- **GSEs** - Government-sponsored enterprises - Refers to certain legal entities created by the U.S. government, including Freddie Mac, Fannie Mae, and the FHLBs.
- **GSE Act** - The Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Reform Act.
- **MDB** - Multilateral Development Banks.
- **MBS** - Mortgage-Backed Security.
- **Multifamily loan** - A loan secured by a property with five or more residential rental units or by a manufactured housing community.
- **Net Worth** - The term Net Worth is defined as our total assets (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.
- **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.
- **Preferred Stock** - Preferred Stock as defined and described in Exhibit 4.30 of 2023 Form 10-K.
- **PSE** - Public Sector Entities
- **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.

- **Reform Act** - The Federal Housing Finance Regulatory Reform Act of 2008, which, among others things, amended the GSE Act by establishing a single regulator, FHFA, for Freddie Mac, Fannie Mae, and the FHLBs.
- **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.
- **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 report refer to gross SDQ rates before consideration of credit enhancements.
- **Senior Preferred Stock** - The shares of Variable Liquidation Preference Senior Preferred Stock issued to Treasury under the Purchase Agreement.
- **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.
- **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.
- **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.
- **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.
- **YTD** - Year-to-Date.