



Federal Home Loan Mortgage Corporation

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

For the quarterly period ended December 31, 2025

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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 2025 Annual Report on Form 10-K (2025 Form 10-K) at 3 (Conservatorship and Government Support for Our Business), 88 (Conservatorship and Related Matters), 91 (Regulation and Supervision), and 129 (Note 2 Conservatorship and Related Matters).

Enterprise Regulatory Capital Framework (ERCF) and Capital Requirement Overview

FHFA established the ERCF as a new enterprise regulatory capital framework for Freddie Mac and Fannie Mae in December 2020.

The ERCF establishes capital requirements for the Enterprises and includes the following:

- 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 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 publish quarterly capital reports on our public website, 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.

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 date of termination of our conservatorship or 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, 2028, or any later compliance date specified by FHFA. Effective January 2, 2025, the Purchase Agreement requires us to comply with the ERCF as amended from time to time.

In 2023, FHFA amended the ERCF to modify certain provisions related to guarantees on commingled securities, multifamily mortgage exposures secured by properties with government subsidies, and derivatives and cleared transactions, among other modifications. The provisions related to derivatives and cleared transactions will be effective January 1, 2026; the other provisions of the 2023 amendments became effective in April 2024. In addition, the amendments also extended the compliance date for the advanced approaches from January 1, 2025 to January 1, 2028.

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 risk-weighted assets (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 prescribed capital conservation buffer amount (PCCBA). The PCCBA consists of three separate component buffers -

a stress capital buffer, a stability capital buffer (equivalent to the G-SIB surcharge which is applicable to systemically large banking organizations), and a countercyclical capital buffer (currently set at 0%).

Leverage Capital Requirements

Under the ERCF leverage capital requirements, we must maintain our Tier 1 capital ratio equal to at least 2.5% of Adjusted Total Assets (ATA). We must also maintain our statutory core capital ratio equal to at least 2.5% of ATA. 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 prescribed leverage buffer amount (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. The Capital Committee, composed primarily of executive officers across the various divisions (including the CFO, Chief Risk Officer (CRO), and heads of business) provides governance across overall capital management. In addition, Enterprise Risk 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.

Capital Reporting and Public Disclosures for the Standardized Approach

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 risk weighting calculations.

The ERCF public disclosure 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 plus Market Risk, with each category containing certain quantitative and qualitative disclosures, if applicable.

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 4Q 2025. The Report should be read in conjunction with our 2025 Form 10-K, which has 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 2025 Form 10-K.

- For additional information on the ERCF and its corresponding risk-based capital requirements and leverage capital requirements, refer to the 2025 Form 10-K at 83 (ERCF) and 199 (Note 18 Regulatory Capital). For additional information on specific ERCF provisions, including requirements on public disclosure, refer to the 2025 Form 10-K at 92 (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.

Risk Framework

The Risk 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 Risk Framework supports our financial strength and safe and sound operations through a range of stressful conditions. The Risk Framework is implemented through the Enterprise Risk Program, which consists of our enterprise-wide risk management practices and processes.

The Risk 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, accept, 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 company. 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:
 - **Risk Authority** - Authority to take or accept risk is vested in an individual employee. Individual business or functional risk officers 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 (the maximum amount of risk the enterprise can absorb before breaching capital, liquidity, and other constraints) 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 Company Strategic Plan, the consolidated business plan, and divisional business plans (collectively, the Annual Business Plan). The risk appetite consists of qualitative risk appetite statements and quantitative metrics with limits, and it is approved by the Board of Directors. FHFA as Conservator then approves the quantitative metrics with limits.

- **Risk Identification, Assessment, Control, and Monitoring Processes** - Our Enterprise Risk Program supports risk management through enterprise-wide practices and processes designed to identify, assess, control, monitor, and report on all risks, including material and emerging risks.
- **Risk Profile** - Risk profile represents an aggregate view of risk exposures and trends across risk types, relative to risk appetite and tolerance levels as of a given point in time. Risk profile reporting provides an advance warning of increasing risk exposure to stimulate a risk response. The Risk Framework requires accurate and timely reporting needed to manage risks. Regular reporting is provided to senior management and to the Board of Directors.

FHFA continues to increase supervisory expectations related to how risk is managed and overseen by management and the Board of Directors, and specifically the role of Enterprise Risk in providing 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 model and our risk governance structure includes enterprise-wide oversight by the Board of Directors and its committees, the CRO, and senior management. Only legal risk is managed outside of the three lines model.

The first line consists of Business Divisions which have the responsibility to identify, assess, control, monitor, and report on all risks in executing their functions. First line is responsible for providing senior management and the Board and/or its committees with regular reporting on their division's risk profile.

The second line consists of Enterprise Risk, which designs and implements a comprehensive and integrated risk and compliance program. In addition, Enterprise Risk provides independent oversight and effective challenge of first line divisions. Enterprise Risk is responsible for reporting on the enterprise risk profile to senior management, the Board of Directors, and the Board Risk and Audit Committees, including on significant risk exposures, adherence to Board Risk Appetite, outcomes of risk management reviews, significant changes, adequacy of the compliance program and adequacy of and adherence to corporate risk policies and standards.

The third line consists of Internal Audit, which provides independent and objective assurance, advice, insight, and foresight. Internal Audit's activities evaluate the effectiveness and efficiency of governance, risk management, and control processes.

The Enterprise Risk Committee is a management level committee that reviews and discusses business-specific and enterprise-wide risks, mitigation actions, and risk matters that may be escalated to the Board or Board committees.

The Board of Directors provides enterprise-wide risk oversight, including through its committees. The Board of Directors also approves the Enterprise Risk Policy, which establishes the enterprise risk management program and framework; the Company Strategic Plan and the Annual Business Plan; and the enterprise risk appetite, which must be aligned with the Company Strategic Plan and the Annual Business Plan, subject to FHFA approval as Conservator.

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 December 31, 2025, 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 2025 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

On September 7, 2008, we, through FHFA, in its capacity as Conservator, entered into the Purchase Agreement with Treasury. 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.

- For additional information, refer to the 2025 Form 10-K at 129 (Note 2 Conservatorship and Related Matters).

Pursuant to the Purchase Agreement, 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. 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 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. Senior preferred stock is not part of the regulatory capital.

- For additional information on Senior Preferred Stock, refer to the 2025 Form 10-K at 129 (Note 2 Conservatorship and Related Matters) and 169 (Note 11 Stockholders' Equity and Earnings Per Share).

Reconciliation of Regulatory Capital Elements

The table below presents a reconciliation from stockholders' 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 2025 Form 10-K at 85 (Capital Metrics) and 124 (Consolidated Balance Sheets).

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

| (Dollars in millions) | | December 31, 2025 |
|--|---|-------------------|
| | | Amount |
| GAAP | Common stock | \$— |
| | Treasury stock | (3,885) |
| | Retained earnings | (12,539) |
| | Accumulated other comprehensive income (AOCI) | 51 |
| | Preferred stock | 14,109 |
| | Senior Preferred Stock ¹ | 72,648 |
| Stockholders' Equity under GAAP | | 70,384 |
| Regulatory Capital | Less: Senior Preferred Stock & Preferred stock | 86,757 |
| | Common stockholders' equity | (16,373) |
| | Less: | |
| | Goodwill ² | — |
| | Other intangible assets ² | — |
| | Deferred tax assets (DTAs) ^{2, 3} | 5,040 |
| | AOCI-related adjustments ⁴ | (98) |
| | Other deductions ^{2, 5} | 227 |
| | Common Equity Tier 1 (CET1) Capital | (21,542) |
| | Qualifying preferred stock | 14,109 |
| | Other adjustments and deductions | — |
| | Tier 1 Capital | (\$7,433) |
| | Qualifying subordinated debt and other instruments | — |
| | Qualifying allowance for credit losses | — |
| Other adjustments and deductions | — | |
| Tier 2 Capital | — | |
| Adjusted Total Capital | (\$7,433) | |
| 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 | (12,539) |
| | Treasury stock | (3,885) |
| | Total Core Capital | (2,315) |
| | General allowance for foreclosure losses ⁶ | 8,505 |
| | Other ⁷ | — |
| Total Capital | \$6,190 | |

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. As of December 31, 2025, 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 December 31, 2025, 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 \$70.4 billion as of December 31, 2025, no dividend is payable to Treasury for the quarter ended December 31, 2025. 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, 2025.

- For additional information on the Purchase Agreement, refer to the 2025 Form 10-K at 83 (Capital Resources). For additional information on the Net Worth Activity, refer to the 2025 Form 10-K at 83 (Table 51 - Net Worth Activity).

Our current business objectives reflect direction we have received from the Conservator, including in the Conservatorship Scorecards. Certain actions that we have taken pursuant to such direction are intended to help homeowners, renters, and the mortgage market and could have a negative impact on our business, operating results, or financial condition.

- For additional information on FHFA as Conservator, refer to the 2025 Form 10-K at 88 (Conservator Powers Over Our Company and Purchase Agreement, Warrant, and Senior Preferred Stock).

The ERCF requires us to submit annual capital plans to FHFA. Our capital plan is required to include, among other requirements, the following:

- An assessment of the expected sources and uses of capital over the planning horizon;
- Estimates of projected revenues, expenses, losses, reserves, and pro forma capital levels under a range of internal scenarios, as well as under scenarios that FHFA may provide to us;
- A description of all planned capital actions over the planning horizon;
- A discussion of how we will, under expected and stressful conditions, maintain capital commensurate with our business risks and continue to serve the housing market; and
- A discussion of any expected changes to our business plan that are likely to have a material impact on our capital adequacy or liquidity.

The ERCF also incorporates the determination of the stress capital buffer into the capital planning process.

- For a summary discussion of our approach to assessing the adequacy of our capital to support current and future activities, refer to the 2025 Form 10-K at 83 (Capital Resources), 88 (Conservator Powers Over Our Company and Purchase Agreement, Warrant, and Senior Preferred Stock), and 92 (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 Assets⁸

| | December 31, 2025 |
|--|-------------------|
| (Dollars in millions) | Amount |
| Adjusted Total Assets | \$3,904,988 |
| Risk-weighted Assets (Standardized Approach) | 1,231,084 |
| Credit Risk | 1,091,037 |
| Market Risk | 66,828 |
| Operational Risk | 73,219 |

Regulatory Capital Amounts and Ratios

The table below presents our regulatory capital amounts and ratios under the ERCF and required capital versus available capital. At December 31, 2025, 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.

Table 2.2 - ERCF Available Capital and Capital Requirements

| | December 31, 2025 | | | | |
|--|-----------------------------|---------------------------------|--|-------------------|-------------------|
| (Dollars in billions) | Minimum Capital Requirement | Applicable Buffers ⁹ | Capital Requirement (including Buffer) | Available Capital | Capital Shortfall |
| Risk-based capital amounts: | | | | | |
| Total capital (statutory) ¹⁰ | \$99 | N/A | \$99 | \$6 | (\$93) |
| CET1 capital ¹¹ | 55 | \$59 | 114 | (22) | (136) |
| Tier 1 Capital ¹¹ | 74 | 59 | 133 | (7) | (140) |
| Adjusted Total Capital ¹¹ | 99 | 59 | 158 | (7) | (165) |
| Risk-based capital ratios:¹² | | | | | |
| Total capital (statutory) | 8.0 % | N/A | 8.0 % | 0.5 % | (7.5)% |
| CET1 capital | 4.5 | 4.8 % | 9.3 | (1.8) | (11.1) |
| Tier 1 Capital | 6.0 | 4.8 | 10.8 | (0.6) | (11.4) |
| Adjusted Total Capital | 8.0 | 4.8 | 12.8 | (0.6) | (13.4) |
| Leverage capital amounts: | | | | | |
| Core capital (statutory) ¹³ | \$98 | N/A | \$98 | (\$2) | (\$100) |
| Tier 1 Capital ¹¹ | 98 | \$15 | 113 | (7) | (120) |
| Leverage capital ratios:¹⁴ | | | | | |
| Core capital (statutory) | 2.5 % | N/A | 2.5 % | (0.1)% | (2.6)% |
| Tier 1 Capital | 2.5 | 0.4 % | 2.9 | (0.2) | (3.1) |

- For additional information on ERCF adjusted total assets, risk-weighted assets, required capital and available capital, refer to the 2025 Form 10-K at 86 (Table 54 - Capital Metrics under ERCF).

⁸ ATA and RWA include regulatory adjustments and deductions.

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) | December 31, 2025 | |
|--|--------------------|--------------------|
| | Exposure | Credit RWA |
| Exposures to the U.S. Government/Sovereign entities | \$71,237 | \$9 |
| Exposures to certain supranational entities and MDBs | — | — |
| Exposures to GSEs | 292,554 | 2,807 |
| Exposure to depository institutions and credit unions | 4,855 | 971 |
| Exposures to PSEs | 328 | 164 |
| Corporate exposures | 30 | 1 |
| Aggregate Single-Family mortgage exposures categorized by: ¹⁵ | 1,571,241 | 658,250 |
| (i) Performing loans; | 1,509,902 | 609,275 |
| (ii) Non-modified re-performing loans; | 14,461 | 9,594 |
| (iii) Modified re-performing loans; | 34,038 | 20,207 |
| (iv) Non-performing loans | 12,840 | 19,174 |
| Aggregate Multifamily mortgage exposures categorized by: | 70,297 | 34,585 |
| (i) Multifamily fixed-rate exposures; | 52,741 | 22,030 |
| (ii) Multifamily adjustable-rate exposures | 17,556 | 12,555 |
| Non-mortgage related past-due items | — | — |
| Insurance assets | 268 | 161 |
| Off-balance sheet exposures | 230 | 33 |
| Cleared transactions | 967 | 19 |
| Default fund contributions | 1,880 | 457 |
| Unsettled transactions | — | — |
| CRT and other securitization exposures ¹⁶ | 1,971,150 | 372,397 |
| Equity exposures | 5,169 | 5,169 |
| Other assets ¹⁷ | 42,295 | 16,014 |
| Total | \$4,032,501 | \$1,091,037 |

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 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 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 December 31, 2025, our stability capital buffer was 0.78% 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 buffer requirements in the ERCF will be the date of termination of our conservatorship.

- For additional information on ERCF capital buffers, refer to the 2025 Form 10-K at 83 (ERCF).

Required Capital Buffers and Related Metrics

The table below presents our required regulatory capital buffers and payout metrics as of December 31, 2025.

Table 3.1 - Required Capital Buffers and Payout Metrics

| | December 31, 2025 |
|--|-------------------|
| (Dollars in millions) | Amount |
| Prescribed Capital Conservation Buffer (PCCBA) | \$59,455 |
| Stress Capital Buffer | 29,141 |
| Stability Capital Buffer | 30,314 |
| Countercyclical Capital Buffer Amount | — |
| Prescribed Leverage Buffer Amount (PLBA) | 15,157 |
| Eligible Retained Income ¹⁸ | 11,175 |
| Risk-based Capital Maximum Payout Ratio | — % |
| Leverage Maximum Payout Ratio | — % |
| Maximum Payout Amount | — |

- For additional information on ERCF required capital buffers and maximum payout ratio, refer to the 2025 Form 10-K at 83 (ERCF).

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.

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 credit quality of new business activity through eligibility standards, quality control practices, and monitoring seller/servicer performance;
- Obtaining credit enhancements and transferring credit risk to third-party investors;
- Monitoring loan performance and characteristics;
- Engaging in loss mitigation activities; and
- Managing foreclosure and REO activities.

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 credit quality of new business activity through completing our own underwriting, credit, and legal review;
 - Obtaining credit enhancements and transferring credit risk to third-party investors; and
 - Managing our portfolio, including loss mitigation activities.
- For additional 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 2025 Form 10-K at 40 (Credit Risk).

Other Key Credit Risk Management Items

Past Due Loans

A loan is considered past due if a full payment of principal and interest is not received within one month of its due date.

Placing Loans on Non-accrual

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. 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.

Returning Loans to 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 additional information on accounting treatment of past due loans, placing loans on non-accrual and returning loans to accrual status, refer to the 2025 Form 10-K at 141 (Interest Income).

Allowance for Credit Losses Methodology

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 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 2025 Form 10-K at 154 (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 2025 Form 10-K at 140 (Table 4.1 - Mortgage Loans). The table provides 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 2025 Form 10-K at 17 (Our Portfolios).
- For financial guarantees by Single-Family and Multifamily, refer to the 2025 Form 10-K at 152 (Table 5.1 - 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 2025 Form 10-K at 153 (Table 5.3 - Other Off-Balance Sheet Credit Exposures).
- For details on investment securities exposures, refer to the 2025 Form 10-K at 157 (Note 7 Investment Securities).
- For accounting offsets to credit risk exposures as well as collateral information of financial assets and liabilities, refer to the 2025 Form 10-K at 164 (Table 9.2 - Offsetting of Derivatives) and 168 (Table 10.1 - 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 2025 Form 10-K at 12 (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) | December 31, 2025 | | |
|-----------------------------|-----------------------------|----------------|---------------------------|
| | Portfolio UPB ¹⁹ | % of Portfolio | Seriously Delinquent Rate |
| Region:²⁰ | | | |
| West | \$921,697 | 29 % | 0.46 % |
| Northeast | 728,432 | 23 | 0.61 |
| Southeast | 564,250 | 18 | 0.67 |
| Southwest | 478,227 | 15 | 0.63 |
| North Central | 463,375 | 15 | 0.59 |
| Total | \$3,155,981 | 100 % | 0.59 |
| State: | | | |
| California | \$509,813 | 16 % | 0.45 |
| Texas | 229,450 | 7 | 0.71 |
| Florida | 213,784 | 7 | 0.80 |
| New York | 138,196 | 4 | 0.81 |
| Illinois | 118,119 | 4 | 0.69 |
| All other | 1,946,619 | 62 | 0.55 |
| Total | \$3,155,981 | 100 % | 0.59 |

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

| (Dollars in millions) | December 31, 2025 | | |
|--------------------------------|-------------------|----------------|--------------------------------|
| | Portfolio UPB | % of Portfolio | Delinquency Rate ²¹ |
| Region:^{22,23} | | | |
| Northeast | \$126,400 | 25 % | 0.81 % |
| West | 116,239 | 23 | 0.19 |
| Southeast | 104,266 | 21 | 0.16 |
| Southwest | 96,952 | 20 | 0.59 |
| North Central | 51,978 | 11 | 0.40 |
| Total | \$495,835 | 100 % | 0.44 |
| State: | | | |
| California | \$62,128 | 13 % | 0.30 |
| Texas | 60,963 | 12 | 0.53 |
| Florida | 45,235 | 9 | 0.10 |
| New York | 39,404 | 8 | 2.05 |
| Georgia | 21,266 | 4 | 0.06 |
| All other | 266,839 | 54 | 0.30 |
| Total | \$495,835 | 100 % | 0.44 |

- For additional information on geographic concentration of Single-Family and Multifamily mortgage portfolios, refer to the 2025 Form 10-K at 180 (Note 15 Concentration of Credit and Other Risks).

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

²⁰ Region designation: West (AK, AS, AZ, CA, GU, HI, ID, MP, 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, U.S. 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: Northeast (CT, DE, DC, MA, ME, MD, NH, NJ, NY, PA, RI, VT, VA, WV); West (AK, AS, AZ, CA, GU, HI, ID, MP, MT, NV, OR, UT, WA); Southeast (AL, FL, GA, KY, MS, NC, PR, SC, TN, U.S. VI); Southwest (AR, CO, KS, LA, MO, NE, NM, OK, TX, WY); North Central (IL, IN, IA, MI, MN, ND, OH, SD, WI).

²³ Loans collateralized by properties located in multiple regions or states are reported entirely in the region or state with the largest 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 2025 Form 10-K at 145 (Table 4.8 - Amortized Cost Basis of Held-for-Investment Loans by Payment Status) and 153 (Table 5.2 - 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 2025 Form 10-K at 154 (Table 6.1 - Details of the 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 not material as of December 31, 2025.

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

| Past Due Status (Dollars in millions) | December 31, 2025 | |
|--|----------------------|---|
| | Amortized Cost Basis | Allowance for Credit Losses to Amortized Cost Basis |
| Loans Not Past Due or Past Due Less Than 30 Days | \$3,091,789 | 0.24 % |
| Loans Past Due 30 Days but Less Than 90 Days | 37,028 | 19.71 |
| Loans on Nonaccrual ²⁴ | 17,442 | 41.84 |
| 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) | December 31, 2025 | | | | |
|--------------------------------|-------------------------|---------------------------------------|---------------------------------------|--------------------|--------------------|
| | 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 | \$94,713 | \$404,998 | \$1,112,877 | \$1,475,943 | \$3,088,531 |
| Single-Family Adjustable Rate | 731 | 3,317 | 9,782 | 15,584 | 29,414 |
| Single-Family Sub-Total | 95,444 | 408,315 | 1,122,659 | 1,491,527 | 3,117,945 |
| Multifamily Fixed Rate | 28,167 | 220,219 | 156,546 | 12,047 | 416,979 |
| Multifamily Adjustable Rate | 3,138 | 31,279 | 42,748 | 890 | 78,055 |
| Multifamily Sub-Total | 31,305 | 251,498 | 199,294 | 12,937 | 495,034 |
| Total | \$126,749 | \$659,813 | \$1,321,953 | \$1,504,464 | \$3,612,979 |

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, includes UPB of the total mortgage portfolio, but 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 additional information on counterparty risks on derivatives and repo-style transactions, refer to the 2025 Form 10-K at 66 (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 counterparty relationship. We use a variety of tools to continuously monitor the ability of a 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

Our policies and procedures cover the management and governance of financial assets (including securing and valuing collateral) utilized to mitigate the credit risk of over-the-counter (OTC) derivatives and repo-style transactions. Businesses are required to establish standard eligibility criteria for collateral usage and review processes for approving non-standard collateral. Industry-standard legal agreements combined with internal reviews for legal enforceability are used to achieve a perfected security interest in the collateral.

Additionally, risk management establishes guidelines on appropriate collateral haircuts related to repo-style transactions. Potential correlations between the exposure and the underlying collateral are reflected through appropriate haircuts. A haircut is the percentage of reduction in current market value applicable to each type of collateral and is largely based on market liquidity and price volatility of the underlying security. Given the above, we consider the liquidity and marketability of our collateral when determining its eligibility as a risk mitigant and in applying appropriate haircuts under the ERCF rules.

The current market value of collateral is monitored regularly. Margin procedures are established for margin calls for which daily margining is considered the best practice to maintain an appropriate level of collateral coverage reflecting market value fluctuations. Trades are reconciled regularly, consistent with regulatory or industry best practice guidelines. Similarly, margin dispute processes in line with general industry practices are also in place. Procedures are established surrounding collateral substitution and collateral reuse/rehypothecation.

Derivatives are reported at their fair value 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. 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.

- For additional information on policies for securing, valuing and managing collateral, refer to the 2025 Form 10-K at 66 (Derivative Counterparties), 162 (Note 9 Derivatives), and 167 (Note 10 Collateralized Agreements).

We monitor the financial strength of our counterparties to other investments, including securities purchased under agreements to resell, and may use collateral maintenance requirements to manage our exposure to individual counterparties. As of December 31, 2025, all of our securities purchased under agreements to resell were fully collateralized.

- For additional information on our Other investments counterparties, refer to the 2025 Form 10-K at 67 (Other Investments Counterparties) and 167 (Note 10 Collateralized Agreements).

Collateral and Creditworthiness

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.

The collateral posting thresholds that our OTC counterparties assign to us are generally based on Standard & Poor's (S&P) or Moody's credit ratings. The lowering or withdrawal of our credit rating by S&P or Moody's may increase our obligation to post collateral, depending on the amount of the counterparty's exposure to us with respect to the derivative transactions.

- For additional information on the primary types of collateral taken, refer to the 2025 Form 10-K at 66 (Financial Intermediaries, Clearinghouses, and Other Counterparties), 162 (Note 9 Derivatives), and 167 (Note 10 Collateralized Agreements).
- For additional information on the impact of the amount of collateral we would have to provide for a given credit rating downgrade, refer to the 2025 Form 10-K at 66 (Financial Intermediaries, Clearinghouses, and Other Counterparties) and 163 (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 2025 Form 10-K at 164 (Table 9.2 - Offsetting of Derivatives) and 168 (Table 10.1 - Offsetting and Collateral Information of Certain Financial Assets and Liabilities).

Table 5.1 - Offsetting of Derivatives

| (In millions) | December 31, 2025 | |
|--|-------------------|------------------------|
| | Derivative Assets | Derivative Liabilities |
| OTC derivatives | \$5,247 | (\$3,989) |
| Cleared and exchange-traded derivatives | 77 | — |
| Mortgage commitment derivatives | 50 | (15) |
| Other | 73 | (756) |
| Total derivatives | 5,447 | (4,760) |
| Counterparty netting | (2,998) | 2,998 |
| Cash collateral netting ²⁶ | (983) | 981 |
| Net amount presented in the consolidated balance sheets | 1,466 | (781) |
| Gross amount not offset in the consolidated balance sheets ²⁷ | (1,155) | — |
| Net amount | \$311 | (\$781) |

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

| (In millions) | December 31, 2025 | |
|--|---|--|
| | Assets | Liabilities |
| | Securities Purchased Under Agreements to Resell | Securities Sold Under Agreements to Repurchase |
| Gross amount recognized | \$78,378 | (\$6,459) |
| Amount offset in the consolidated balance sheets | (6,459) | 6,459 |
| Net amount presented in the consolidated balance sheets | \$71,919 | \$— |
| Gross amount not offset in the consolidated balance sheets ²⁸ | (71,919) | — |
| Net amount | \$— | \$— |

²⁶ Excess cash collateral held is presented as a derivative liability, while excess cash collateral posted is presented as a derivative asset.

²⁷ 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.

²⁸ For securities purchased under agreements to resell, includes \$78.3 billion of collateral that we had the right to repledge as of December 31, 2025. We did not repledge collateral at December 31, 2025.

Purchased and Sold Derivatives

- For 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, refer to the table below or the 2025 Form 10-K at 163 (Table 9.1 - Derivative Assets and Liabilities at Fair Value). We do not perform intermediation activities related to derivatives.

Table 5.3 - Derivative Assets and Liabilities at Fair Value

| (Dollars in millions) | December 31, 2025 | | |
|--|--------------------------------|-------------------|------------------------|
| | Notional or Contractual Amount | Derivative Assets | Derivative Liabilities |
| Not designated as hedges | | | |
| Interest-rate risk management derivatives: | | | |
| Swaps | \$557,848 | \$1,148 | (\$306) |
| Written options | 40,480 | — | (1,459) |
| Purchased options ²⁹ | 108,030 | 3,893 | — |
| Futures | 87,007 | — | — |
| Total interest-rate risk management derivatives | 793,365 | 5,041 | (1,765) |
| Mortgage commitment derivatives | 57,170 | 28 | (15) |
| CRT-related derivatives ³⁰ | 26,883 | — | (155) |
| Other | 31,096 | 73 | (601) |
| Total derivatives not designated as hedges | 908,514 | 5,142 | (2,536) |
| Designated as fair value hedges | | | |
| Interest-rate risk management derivatives: | | | |
| Swaps | 125,908 | 198 | (2,224) |
| Total derivatives designated as fair value hedges | 125,908 | 198 | (2,224) |
| Receivables (payables) | | 107 | — |
| Netting adjustments ³¹ | | (3,981) | 3,979 |
| Total derivatives portfolio, net | \$1,034,422 | \$1,466 | (\$781) |

²⁹ Includes swaptions on credit indices with a notional amount of \$6.4 billion and a fair value of \$1.0 million at December 31, 2025.

³⁰ Includes derivative instruments related to CRT transactions that are considered freestanding credit enhancements.

³¹ Represents counterparty netting and cash collateral netting.

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 December 31, 2025.

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 reduced 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 or loans underlying our fully guaranteed securitizations.

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.

Single-Family Sellers and Servicers

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

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 operational disruption in their ability to service loans, our business and financial results could be adversely affected.

- For additional information on the concentration of Single-Family sellers and servicers, refer to the 2025 Form 10-K at 180 (Note 15 Concentration of Credit and Other Risks).

Multifamily Sellers and Servicers

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

- For additional information on the concentration of Multifamily sellers and servicers, refer to the 2025 Form 10-K at 180 (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 2025 Form 10-K at 180 (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 2025 Form 10-K at 66 (Derivative Counterparties) and 180 (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) | December 31, 2025 | |
|---|-------------------|------------------|
| | Exposure | Post-CE RWA |
| Single-Family | | |
| Primary mortgage insurance | \$680,950 | \$437,880 |
| Other non-CRT credit enhancements | 6,145 | 1,685 |
| Less: exposures with multiple non-CRT credit enhancements | 833 | 334 |
| Total Single-Family | 686,262 | 439,231 |
| Multifamily non-CRT credit enhancements | 13,783 | 1,453 |
| Total | \$700,045 | \$440,684 |

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 2025 Form 10-K at 45 and 60 (Credit Enhancements).

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 December 31, 2025.

We had no retained or purchased resecuritization exposures that meet the ERCF criteria as of December 31, 2025.

Freddie Mac's Role and Involvement

We mainly act as an originator in traditional senior subordinated securitizations (for example Multifamily K Certificates and Single-Family reperforming loan senior subordinated securities) and synthetic CRT securitizations such as Structured Agency Credit Risk (STACR) debt notes and trust notes and Multifamily Structured Credit Risk (MSCR) debt notes and trust notes. We act as an insurance buyer in reinsurance CRT transactions which mainly include Agency Credit Insurance Structure (ACIS) and Multifamily Credit Insurance Pool (MCIP).

Nature of Inherent Risks

The new issuance market for our CRT transactions may not be available to us in adverse economic conditions. In addition, some CRT transactions have early termination clauses or maturities that precede those of the reference mortgage loans, and we may terminate certain CRT transactions by repurchasing the related securities. After such terminations, we are exposed to increased credit risk on the reference mortgage loans.

We retain a portion of future loss risk on loans covered by CRT transactions, including all or part of the first loss risk in Single-Family STACR and ACIS transactions, as well as Multifamily MCIP and MSCR transactions. In some cases, there may be a substantial lag between when we recognize a credit loss in earnings and when the related recovery is recognized, which could negatively impact our financial results in the interim.

We have counterparty credit risk relating to the potential insolvency of, or nonperformance by, insurers and reinsurers through our ACIS and MCIP transactions where we purchase insurance policies as part of our CRT activities.

The profitability of our Multifamily business could be adversely affected by market competition and/or decreased investor demand for our securities.

- For additional details on risks in our CRT and securitization, refer to the 2025 Form 10-K at 103 (Credit Risks), 108 (Market Risks) and 183 (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 additional information on ACIS and MCIP collateral, refer to the 2025 Form 10-K at 65 (ACIS Counterparties) and 66 (MCIP Counterparties).

We monitor the costs and potential 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.

Our Single-Family 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. FHFA has required, and could require in the future, that we make changes to our loss mitigation activities.

To help mitigate our potential Multifamily losses, we utilize surveillance and risk management practices to monitor a variety of risk factors.

- For additional details on managing the credit risk retained through securitization via loss mitigation activities, refer to the 2025 Form 10-K at 55 (Loss Mitigation Activities) and 62 (Managing Our Portfolio, Including Loss Mitigation Activities).

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. Prior to securitization, we are not exposed to the credit risk of these underlying loans or bonds. However, as we may guarantee some or all of the securities issued by the trusts used in these transactions, credit risk is effectively assumed to be equal to the guaranteed UPB. These securitizations generally provide for structural credit enhancements (e.g., subordination or other loss sharing arrangements) that allocate first loss exposure to third parties.

- For additional information on our securitization of third-party exposures and the off-balance sheet accounting treatment of our interests in such VIEs, refer to the 2025 Form 10-K at 59 (Credit Quality of New Business Activity) and 134 (Note 3 Securitization and Consolidation).

Accounting Policies

In Single-Family's CRT via traditional securitization with senior subordinate structures, we sell loans into non-Freddie Mac controlled trusts, derecognize the transferred loans, and account for our guarantee to the nonconsolidated Variable Interest Entity (VIE). We account for our investments in the beneficial interests issued by the nonconsolidated VIE, if any, as investments in debt securities.

In a senior subordinate Multifamily 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.

- For additional information on traditional securitization and other securitization products, refer to the 2025 Form 10-K at 135 (Note 3 Securitization and Consolidation, Nonconsolidated VIEs).

In STACR Trust notes transactions, a trust issues 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.

In Multifamily, we may transfer credit risk on certain mortgage loans that we own or guarantee by entering into MSCR note transactions, which are similar to STACR Trust note transactions in Single-Family. We do not consolidate the trusts used in MSCR note transactions and account for MSCR note transactions in the same manner as we account for STACR Trust note transactions.

- For additional information on trust note transactions, refer to the 2025 Form 10-K at 137 (Note 3 Securitization and Consolidation, CRT Products).

STACR debt note is 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.

MSCR note is a debt security where the principal balance is subject to the performance of a reference pool of multifamily loans guaranteed by Freddie Mac.

- For additional information on definition and accounting treatment of STACR debt note and MSCR, refer to the 2025 Form 10-K at 45 and 60 (Credit Enhancements), 160 (Note 8 Short-term and Long-term Debt) and 250 (Glossary).

We apply freestanding accounting treatment to ACIS and MCIP transactions.

- For additional information on summary of accounting treatment of our CRT securitizations, refer to the 2025 Form 10-K at 45 and 60 (Credit Enhancements).

Valuation Method

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.

We elected the fair value option on long-term debt that contains embedded derivatives, including certain STACR and SCR debt notes.

- For additional information on our election of the fair value option, refer to the 2025 form 10-K at 185 (Note 16 Fair Value Disclosures).

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. 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: (1) 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 (2) Industry-standard modeling, such as a discounted cash flow model.

- For additional details of methods and key assumptions applied in valuing assets and liabilities at fair value, refer to the 2025 Form 10-K at 185 (Note 16 Fair Value Disclosures).

For Single-Family loans intended to go into the GSE securitization markets, the general valuation technique is to 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. 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).

Multifamily loans are primarily valued using discounted cash flows based on observable K Certificate market spreads.

- For additional information on how exposures intended to be securitized are valued, refer to the 2025 Form 10-K at 186 (Note 16 Fair Value Disclosures, Valuation Techniques).

Significant Changes

- For changes in quantitative information related to new CRT issuance since the last annual reporting period, refer to the 2025 Form 10-K at 45 and 60 (Credit Enhancements).

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) | December 31, 2025 | | | | | | |
|--|--------------------|---------------------------|----------------------------|--------------------|--------------|-------------------------------|------------------------------------|
| | Total Exposure | On-Balance Sheet Exposure | Off Balance Sheet Exposure | Retained | Acquired | Past-due Amount ³² | Loss Recognized During the Quarter |
| Traditional | | | | | | | |
| Single-Family securitization | \$24,655 | \$— | \$24,655 | \$24,655 | \$— | \$2,205 | \$— |
| Multifamily securitization | 287,253 | — | 287,253 | 287,253 | — | 1,749 | — |
| Private label securities | 346 | 346 | — | — | 346 | 4 | — |
| Synthetic/Reinsurance CRT | | | | | | | |
| Single-Family CRT | 1,555,019 | 1,555,019 | — | 1,555,019 | — | 12,811 | 14 |
| Multifamily CRT | 103,877 | 99,676 | 4,201 | 103,877 | — | 280 | 6 |
| Total securitization and CRT exposure | \$1,971,150 | \$1,655,041 | \$316,109 | \$1,970,804 | \$346 | \$17,049 | \$20 |

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 December 31, 2025.

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

| (Dollars in millions) | December 31, 2025 | | | | |
|--|--------------------|------------------|--------------------------------|------------------|---------------------|
| | Total Exposure | RWA | RWA by Calculation Methodology | | |
| | | | SSFA | CRTA | 1250% Risk Weighted |
| Traditional | | | | | |
| Single-Family securitization | \$24,655 | \$2,357 | \$1,161 | \$1,196 | \$— |
| Multifamily securitization | 287,253 | 30,363 | — | 30,363 | — |
| Private label securities | 346 | 655 | 655 | — | — |
| Synthetic/Reinsurance CRT | | | | | |
| Single-Family CRT | 1,555,019 | 327,369 | — | 327,369 | — |
| Multifamily CRT | 103,877 | 11,653 | — | 11,653 | — |
| Total securitization and CRT exposure | \$1,971,150 | \$372,397 | \$1,816 | \$370,581 | \$— |

³² Sixty days or more past due.

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 December 31, 2025.

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

| | December 31, 2025 | | | |
|--|--------------------|---------------------------|---------------------------|-------------------------------------|
| (Dollars in millions) | Total Exposure | SSFA Risk-Weighted Assets | CRTA Risk-Weighted Assets | Capital Impact of RWA ³³ |
| Securitization/Reinsurance CRT | | | | |
| Zero to 20% | \$1,520,571 | \$19 | \$151,808 | \$6,833 |
| 21% to 50% | 302,328 | 11 | 95,437 | 4,295 |
| 51% to 100% | 112,982 | 47 | 76,985 | 3,466 |
| Over 100% | 35,269 | 1,739 | 46,351 | 2,164 |
| Resecuritization | | | | |
| Zero to 20% | — | — | — | — |
| 21% to 50% | — | — | — | — |
| 51% to 100% | — | — | — | — |
| Over 100% | — | — | — | — |
| Total CRT and securitization/ resecuritization exposure | \$1,971,150 | \$1,816 | \$370,581 | \$16,758 |

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. Due to a recent change in Multifamily business strategy to focus primarily on issuing fully guaranteed securitization transactions, we have shifted our approach to primarily using MCIP and MSCR notes to transfer credit risk, instead of senior subordinate securitizations. We did not have gain-on-sale on a securitization that has been deducted from CET1 capital as of December 31, 2025.

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

| | December 31, 2025 | | |
|---|--------------------------------------|--------------------------------------|----------------------------------|
| (Dollars in millions) | Assets Pending Securitization or CRT | Securitized or Packaged into CRT YTD | Recognized Gain/Loss on Sale YTD |
| Traditional³⁴ | | | |
| Single-Family securitization | \$1,108 | \$2,093 | \$— |
| Multifamily securitization | 130 | 16,905 | — |
| Private label securities | — | — | — |
| Synthetic/Reinsurance CRT³⁵ | | | |
| Single-Family CRT | 23,404 | 163,293 | — |
| Multifamily CRT | 46,363 | 42,899 | — |
| Total securitization and CRT exposure | \$71,005 | \$225,190 | \$— |

³³ Required CET1 capital amount associated with the exposure.

³⁴ Single-Family assets pending securitization into traditional securities represent held-for-sale population primarily intended for senior subordinate securitizations as of quarter-end. Multifamily assets pending securitization into traditional securities represent retained loans intended for K-Deal senior subordinate securitizations.

³⁵ 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 MSCR transaction.

8. EQUITIES

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

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. Our 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 December 31, 2025.

Table 8.1 - Multifamily LIHTC Carrying Value and RWA

| (Dollars in millions) | December 31, 2025 | | |
|---|-------------------|------------|---------|
| | Public | Non-Public | Total |
| Carrying value | \$— | \$5,169 | \$5,169 |
| Unrealized gains/losses | — | — | — |
| Unrealized gains/losses not recognized on the balance sheet or through earnings | — | — | — |
| Fair value ³⁶ | \$— | \$5,169 | \$5,169 |
| 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 2025 Form 10-K at 34 (Investing Activities) and 139 (Investments in Low Income Housing Tax Credits).

Table 8.2 - Multifamily LIHTC Risk Weight Band

| (Dollars in millions) | December 31, 2025 | | |
|-----------------------|-------------------|----------------|-------------------------------------|
| | Exposure | RWA | Capital Impact of RWA ³⁷ |
| 0% Risk Weight | \$— | \$— | \$— |
| 20% | — | — | — |
| 100% | 5,169 | 5,169 | 233 |
| 300% | — | — | — |
| 400% | — | — | — |
| 600% | — | — | — |
| Total | \$5,169 | \$5,169 | \$233 |

³⁶ Mathematical sum of above line items. Non-publicly traded investments do not have readily determinable fair values.

³⁷ 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.

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. 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. 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.

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 2025 Form 10-K at 68 (Market Risk) and 108 (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 2025 Form 10-K at 71 and 72 (Tables 45-47).

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, processes, 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 Enterprise Risk 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, refer to the 2025 Form 10-K at 73 (Operational Risk). For a description of the use of insurance to mitigate operational risk, refer to the 2025 Form 10-K at 111 (Operational Risks).

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

| | December 31, 2025 |
|--|--------------------|
| (Dollars in millions) | Amount |
| Total consolidated assets as reported in published financial statements | \$3,497,598 |
| Adjustment for fiduciary assets recognized on balance sheet but excluded from total leverage exposure | — |
| Adjustment for derivative exposures | 3,796 |
| Adjustment for repo-style transactions | 8,459 |
| Adjustment for off-balance sheet exposures (that is, conversion to credit equivalent amounts of off-balance sheet exposures) | 392,080 |
| Other adjustments | 3,055 |
| Adjusted Total Assets | \$3,904,988 |

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

| | December 31, 2025 |
|--|--------------------|
| (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) | \$3,432,438 |
| Less: Amounts deducted from Tier 1 Capital | 5,169 |
| 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) | 3,427,269 |
| Derivative exposures | |
| Current exposure for derivative exposures (that is, net of cash variation margin) | 1,077 |
| Add-on amounts for potential future exposure (PFE) for derivative exposures | 2,304 |
| 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 | 1,880 |
| Total derivative exposures | 5,261 |
| 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 | 78,378 |
| 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 | 2,000 |
| Exposure for repo-style transactions where the Enterprise acts as an agent | — |
| Total exposures for repo-style transactions | 80,378 |
| Other off-balance sheet exposures | |
| Off-balance sheet exposures at gross notional amounts | 405,869 |
| Less: Adjustments for conversion to credit equivalent amounts and off-balance sheet exposures held in retained portfolio | 13,789 |
| Off-balance sheet exposures | 392,080 |
| Capital and Adjusted Total Assets | |
| Tier 1 Capital | (7,433) |
| Adjusted total assets (sum of total on-balance sheet exposures, total derivative exposures, total exposures for repo-style transactions, and off-balance sheet exposures) | \$3,904,988 |
| Tier 1 leverage ratio | |
| Tier 1 leverage ratio (in percent) | (0.2)% |

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 Dodd Frank Act Stress Testing (DFAST).

Material Portfolios

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

Valuation Policies, Procedures, and Methodologies

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.

- For additional information related to the accounting guidance for fair value measurements, refer to 7 CRT and Securitization.

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.

The independent validation procedures performed by the Enterprise Risk 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 Enterprise Risk Division provides independent risk governance over all valuation processes by establishing and maintaining a corporate-wide valuation risk policy. The Enterprise Risk Division also independently reviews significant judgments, methodologies, and valuation techniques to monitor compliance with established policies.

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.

- 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 2025 Form 10-K at 185 (Note 16 Fair Value Disclosures).

Internal Modeling

Model development, changes to existing models, and model risks are managed in each business line according to our three lines framework (see Risk Management for more information). 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. Enterprise Risk independently validates the work done by the business lines (e.g., conducting independent assessments of ongoing monitoring results, model risk ratings, performance monitoring, overlays/ adjustments, and reporting against thresholds and alerts).

- For information on the approaches used for validating and evaluating the accuracy of models and modeling processes, refer to the 2025 Form 10-K at 76 (Model Risk).

Stress Test

Stress testing of our credit spread risk is included as a component of the annual regulatory Dodd-Frank Act Stress Testing (DFAST) requirements. The global market shock component consists of applying instantaneous spread shocks provided by FHFA to trading securities, available-for-sale (AFS) securities, derivatives, and other assets and debt measured at fair value under GAAP accounting.

We use models to analyze possible future interest-rate scenarios, along with the cash flows of our assets and liabilities over those scenarios.

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.

- For information on 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 2025 Form 10-K at 68 (Market Risk).

Market Risk Change Monitoring

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.

We regularly evaluate a range of interest-rate scenarios to determine the sensitivity of our earnings due to changes in interest rates and to inform our fair value hedge accounting strategies.

- For information related to market risk change monitoring, including monitoring changes in the market risk of securitization positions, refer to the 2025 Form 10-K at 68 (Market Risk). We have no resecuritization exposure as of December 31, 2025.

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) | December 31, 2025 | |
|---|-------------------|-------------------------|
| | Exposure | Standardized Market RWA |
| Single Point Approach | | |
| Mortgage exposures that are not secured by an MBS guaranteed by the Enterprise | | |
| Non-performing loans | \$5,903 | \$3,505 |
| Reperforming loans | 24,685 | 14,657 |
| Reverse mortgage loans | — | — |
| Reverse mortgage securities | — | — |
| Spread Duration Approach | | |
| Multifamily mortgage exposures | 37,314 | 3,292 |
| Private-Label securities ³⁸ | 675 | 699 |
| MBS (non-IO) guaranteed by an Enterprise or by Ginnie Mae and secured by multifamily mortgage exposures | 3,765 | 2,518 |
| Internal Estimates | | |
| Covered positions that are not subject to the Single Point or Spread Duration Approaches | | |
| Single-Family MBS guaranteed by the Enterprise | 48,448 | 38,346 |
| Single-Family MBS guaranteed by Ginnie Mae | — | — |
| Single-Family MBS guaranteed by the other Enterprise | 1,512 | 1,277 |
| Multifamily IO securities guaranteed by an Enterprise or Ginnie Mae | 1,297 | 1,483 |
| Commercial MBS | 44 | 12 |
| CRT exposures ³⁹ | 1,137 | 897 |
| Other securitization exposures | 3,067 | 2,867 |
| Performing loans, not securitized | 19,300 | 3,728 |
| Other trading assets and liabilities | (43) | (6,453) |
| Total | \$147,104 | \$66,828 |

³⁸ Market risk exposure and RWA of on-balance sheet PLS.

³⁹ 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 enhancement 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.
- **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.
- **Conservatorship Scorecard** - FHFA's mechanism for outlining specific conservatorship priorities for Freddie Mac, Fannie Mae, and their joint venture, U.S. FinTech.
- **Credit Enhancement or CE** - 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.
- **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.
- **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 as amended from time to time.
- **Fannie Mae** - Federal National Mortgage Association.
- **FHFA** - Federal Housing Finance Agency (also known as U.S. Federal Housing) - 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 Federal Housing Finance Regulatory Reform Act of 2008.
- **K Certificates** - Structured pass through certificates generally backed by recently originated multifamily loans purchased by Freddie Mac.
- **MBS** - Mortgage-Backed Security.
- **MCIP** - Multifamily Credit Insurance Pool.
- **MDB** - Multilateral Development Banks.
- **MSCR** - Multifamily Structured Credit Risk - Consists of MSCR notes and SCR debt notes.
- **MSCR note** - Multifamily Structured Credit Risk 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.

- **Multifamily loan** - A loan secured by a property with five or more residential rental units or by a manufactured housing community.
- **Net Worth Amount** - The term Net Worth Amount 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.
- **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., 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.
- **Preferred Stock** - Preferred Stock as defined and described in Exhibit 4.30 of the 2025 Form 10-K.
- **PSE** - Public Sector Entities
- **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, September 14, 2021, and January 2, 2025.
- **REO** - Real estate owned - Real estate which we have acquired through a foreclosure sale or through a deed in lieu of foreclosure.
- **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.
- **Senior Preferred Stock** - The shares of Variable Liquidation Preference Senior Preferred Stock issued to Treasury under the Purchase Agreement.
- **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.
- **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.
- **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.