FREDDIE MAC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2014	2013	2012
	(in millions, except share-related amounts)		
Interest income			
Mortgage loans:			
Held by consolidated trusts	$ 57,036	$ 57,189	$ 65,089
Unsecuritized	6,569	7,694	8,960
Total mortgage loans	63,605	64,883	74,049
Investments in securities	5,843	7,768	10,583
Other	32	51	86
Total interest income	69,480	72,702	84,718
Interest expense			
Debt securities of consolidated trusts	(48,003)	(47,350)	(56,109)
Other debt:			
Short-term debt	(145)	(178)	(176)
Long-term debt	(6,768)	(8,251)	(10,217)
Total interest expense	(54,916)	(55,779)	(66,502)
Expense related to derivatives	(301)	(455)	(605)
Net interest income	14,263	16,468	17,611
(Provision) benefit for credit losses	(58)	2,465	(1,890)
Net interest income after (provision) benefit for credit losses	14,205	18,933	15,721
Non-interest income (loss)			
Gains (losses) on extinguishment of debt securities of consolidated trusts	(451)	314	(58)
Gains (losses) on retirement of other debt	29	132	(77)
Derivative gains (losses)	(8,291)	2,632	(2,448)
Impairment of available-for-sale securities:			
Total other-than-temporary impairment of available-for-sale securities	(860)	(763)	(1,236)
Portion of other-than-temporary impairment recognized in AOCI	(78)	(747)	(932)
Net impairment of available-for-sale securities recognized in earnings	(938)	(1,510)	(2,168)
Other gains (losses) on investment securities recognized in earnings	1,494	301	(1,522)
Other income (loss)	8,044	6,650	2,190
Non-interest income (loss)	(113)	8,519	(4,083)
Non-interest expense			
Salaries and employee benefits	(914)	(833)	(810)
Professional services	(527)	(543)	(361)
Occupancy expense	(58)	(54)	(57)
Other administrative expense	(382)	(375)	(333)
Total administrative expense	(1,881)	(1,805)	(1,561)
Real estate owned operations (expense) income	(196)	140	(59)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(775)	(533)	(108)
Other (expense) income	(238)	109	(465)
Non-interest expense	(3,090)	(2,089)	(2,193)
Income before income tax (expense) benefit	11,002	25,363	9,445
Income tax (expense) benefit	(3,312)	23,305	1,537
Net income	7,690	48,668	10,982
Other comprehensive income (loss), net of taxes and reclassification adjustments:			
Changes in unrealized gains (losses) related to available-for-sale securities	1,584	2,406	4,769
Changes in unrealized gains (losses) related to cash flow hedge relationships	197	316	414
Changes in defined benefit plans	(45)	210	(126)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	1,736	2,932	5,057
Comprehensive income	$ 9,426	$ 51,600	$ 16,039
Net income	$ 7,690	$ 48,668	$ 10,982
Undistributed net worth sweep and senior preferred stock dividends	(10,026)	(52,199)	(13,056)
Net income (loss) attributable to common stockholders	$ (2,336)	$ (3,531)	$ (2,074)
Net income (loss) per common share — basic and diluted	$ (0.72)	$ (1.09)	$ (0.64)
Weighted average common shares outstanding (in millions) — basic and diluted	3,236	3,238	3,240

The accompanying notes are an integral part of these consolidated financial statements.

FREDDIE MAC
CONSOLIDATED BALANCE SHEETS

		December 31, 2014		December 31, 2013
		(in millions, except share-related amounts)		
Assets				
Cash and cash equivalents (includes $2 and $1, respectively, related to our consolidated VIEs)	$	10,928	$	11,281
Restricted cash and cash equivalents (includes $8,532 and $12,193, respectively, related to our consolidated VIEs)		8,535		12,265
Federal funds sold and securities purchased under agreements to resell (includes $13,500 and $3,150, respectively, related to our consolidated VIEs)		51,903		62,383
Investments in securities:				
Available-for-sale, at fair value (includes $9 and $70, respectively, pledged as collateral that may be repledged)		106,550		128,919
Trading, at fair value (includes $1,884 and $365, respectively, pledged as collateral that may be repledged)		30,437		23,404
Total investments in securities		136,987		152,323
Mortgage loans:				
Held-for-investment, at amortized cost:				
By consolidated trusts (net of allowances for loan losses of $2,884 and $3,006, respectively)		1,558,094		1,529,905
Unsecuritized (net of allowances for loan losses of $18,877 and $21,612, respectively)		130,118		146,158
Total held-for-investment mortgage loans, net		1,688,212		1,676,063
Held-for-sale, at lower-of-cost-or-fair-value (includes $12,130 and $8,727 at fair value, respectively)		12,368		8,727
Total mortgage loans, net		1,700,580		1,684,790
Accrued interest receivable (includes $5,124 and $5,111, respectively, related to our consolidated VIEs)		6,034		6,150
Derivative assets, net		822		1,063
Real estate owned, net (includes $44 and $49, respectively, related to our consolidated VIEs)		2,558		4,551
Deferred tax assets, net		19,498		22,716
Other assets (Note 19) (includes $2,596 and $2,172, respectively, related to our consolidated VIEs)		7,694		8,539
Total assets	$	1,945,539	$	1,966,061
Liabilities and equity				
Liabilities				
Accrued interest payable (includes $4,702 and $4,702, respectively, related to our consolidated VIEs)	$	6,325	$	6,803
Debt, net:				
Debt securities of consolidated trusts held by third parties (includes $42 and $59 at fair value, respectively)		1,479,473		1,433,984
Other debt (includes $5,820 and $2,683 at fair value, respectively)		450,069		506,767
Total debt, net		1,929,542		1,940,751
Derivative liabilities, net		1,963		180
Other liabilities (Note 19) (includes $1 and $6, respectively, related to our consolidated VIEs)		5,058		5,492
Total liabilities		1,942,888		1,953,226
Commitments and contingencies (Notes 9, 14, and 17)				
Equity				
Senior preferred stock, at redemption value		72,336		72,336
Preferred stock, at redemption value		14,109		14,109
Common stock, $0.00 par value, 4,000,000,000 shares authorized, 725,863,886 shares issued and 650,043,899 shares and 650,039,533 shares outstanding, respectively		—		—
Additional paid-in capital		—		—
Retained earnings (accumulated deficit)		(81,639)		(69,719)
AOCI, net of taxes, related to:				
Available-for-sale securities (includes $839 and ($1,100), respectively, related to net unrealized gains (losses) on securities for which other-than-temporary impairment has been recognized in earnings)		2,546		962
Cash flow hedge relationships		(803)		(1,000)
Defined benefit plans		(13)		32
Total AOCI, net of taxes		1,730		(6)
Treasury stock, at cost, 75,819,987 shares and 75,824,353 shares, respectively		(3,885)		(3,885)
Total equity (See NOTE 11: STOCKHOLDERS' EQUITY for information on our dividend obligation to Treasury)		2,651		12,835
Total liabilities and equity	$	1,945,539	$	1,966,061

The accompanying notes are an integral part of these consolidated financial statements.

FREDDIE MAC
CONSOLIDATED STATEMENTS OF EQUITY

	Shares Outstanding										
	Senior Preferred Stock	Preferred Stock	Common Stock	Senior Preferred Stock, at Redemption Value	Preferred Stock, at Redemption Value	Common Stock, at Par Value	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	AOCI, Net of Tax	Treasury Stock, at Cost	Total Equity
						(in millions)					
Balance as of December 31, 2011	1	464	650	$ 72,171	$ 14,109	$ —	$ 3	$ (74,525)	$ (7,995)	$ (3,909)	$ (146)
Comprehensive income:											
Net income	—	—	—	—	—	—	—	10,982	—	—	10,982
Other comprehensive income, net of taxes	—	—	—	—	—	—	—	—	5,057	—	5,057
Comprehensive income	—	—	—	—	—	—	—	10,982	5,057	—	16,039
Increase in liquidation preference	—	—	—	165	—	—	—	—	—	—	165
Stock-based compensation	—	—	—	—	—	—	2	—	—	—	2
Income tax benefit from stock-based compensation	—	—	—	—	—	—	1	—	—	—	1
Common stock issuances	—	—	—	—	—	—	(24)	—	—	24	—
Transfer from retained earnings (accumulated deficit) to additional paid-in capital	—	—	—	—	—	—	19	(19)	—	—	—
Senior preferred stock dividends declared	—	—	—	—	—	—	—	(7,233)	—	—	(7,233)
Dividend equivalent payments on expired stock options	—	—	—	—	—	—	—	(1)	—	—	(1)
Ending balance as of December 31, 2012	1	464	650	$ 72,336	$ 14,109	$ —	$ 1	$ (70,796)	$ (2,938)	$ (3,885)	$ 8,827
Balance as of December 31, 2012	1	464	650	$ 72,336	$ 14,109	$ —	$ 1	$ (70,796)	$ (2,938)	$ (3,885)	$ 8,827
Comprehensive income:											
Net income	—	—	—	—	—	—	—	48,668	—	—	48,668
Other comprehensive income, net of taxes	—	—	—	—	—	—	—	—	2,932	—	2,932
Comprehensive income	—	—	—	—	—	—	—	48,668	2,932	—	51,600
Common stock issuances	—	—	—	—	—	—	(1)	—	—	—	(1)
Senior preferred stock dividends declared	—	—	—	—	—	—	—	(47,591)	—	—	(47,591)
Ending balance at December 31, 2013	1	464	650	$ 72,336	$ 14,109	$ —	$ —	$ (69,719)	$ (6)	$ (3,885)	$ 12,835
Balance as of December 31, 2013	1	464	650	$ 72,336	$ 14,109	$ —	$ —	$ (69,719)	$ (6)	$ (3,885)	$ 12,835
Comprehensive income:											
Net income	—	—	—	—	—	—	—	7,690	—	—	7,690
Other comprehensive income, net of taxes	—	—	—	—	—	—	—	—	1,736	—	1,736
Comprehensive income	—	—	—	—	—	—	—	7,690	1,736	—	9,426
Senior preferred stock dividends declared	—	—	—	—	—	—	—	(19,610)	—	—	(19,610)
Ending balance at December 31, 2014	1	464	650	$ 72,336	$ 14,109	$ —	$ —	$ (81,639)	$ 1,730	$ (3,885)	$ 2,651

The accompanying notes are an integral part of these consolidated financial statements.