

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2021

or

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

For the transition period from

to

Commission File Number: 001-34139



Federal Home Loan Mortgage Corporation

(Exact name of registrant as specified in its charter)

Federally chartered
corporation

52-0904874

8200 Jones Branch Drive
McLean, Virginia

22102-3110

(703) 903-2000

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

(Address of principal executive offices)

(Zip Code)

(Registrant's telephone number,
including area code)

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

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

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

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

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

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

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

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

As of October 12, 2021, there were 650,059,553 shares of the registrant's common stock outstanding.

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

*This Quarterly Report on Form 10-Q includes forward-looking statements that are based on current expectations, including the effects the COVID-19 pandemic and the actions taken in response may have on our liquidity, business activities, financial condition, and results of operations, and that are subject to significant risks and uncertainties. These forward-looking statements are made as of the date of this Form 10-Q. We undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date of this Form 10-Q. Actual results might differ significantly from those described in or implied by such statements due to various factors and uncertainties, including those described in the **MD&A - Forward-Looking Statements** section of this Form 10-Q and the **Introduction** and **Risk Factors** sections of our Annual Report on Form 10-K for the year ended December 31, 2020, or 2020 Annual Report.*

*Throughout this Form 10-Q, we use certain acronyms and terms that are defined in the **Glossary** of our 2020 Annual Report.*

*You should read the following **MD&A** in conjunction with our 2020 Annual Report and our condensed consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2021 included in **Financial Statements**.*

INTRODUCTION

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

We support the U.S. housing market and the overall economy by enabling America's families to access mortgage loan funding with better terms and by providing consistent liquidity to the single-family and multifamily mortgage markets. We have helped many distressed borrowers keep their homes or avoid foreclosure and have helped many distressed renters avoid eviction. We are working with FHFA, our customers, and the industry to build a better housing finance system for the nation.

COVID-19 Pandemic Response Efforts

Throughout the COVID-19 pandemic, we have remained focused on serving our mission and the crucial role we play in the U.S. housing finance system while supporting the health and safety of our communities, customers, and staff. We continue to actively monitor the effects of the pandemic and to make decisions based on guidance from national, state, and local governments and public health authorities, including the U.S. CDC. More than 95% of our staff continued to work remotely as of September 30, 2021. We have started planning for our staff to return to the office. The decision as to timing will be informed by local infection rates, CDC guidance, and other factors.

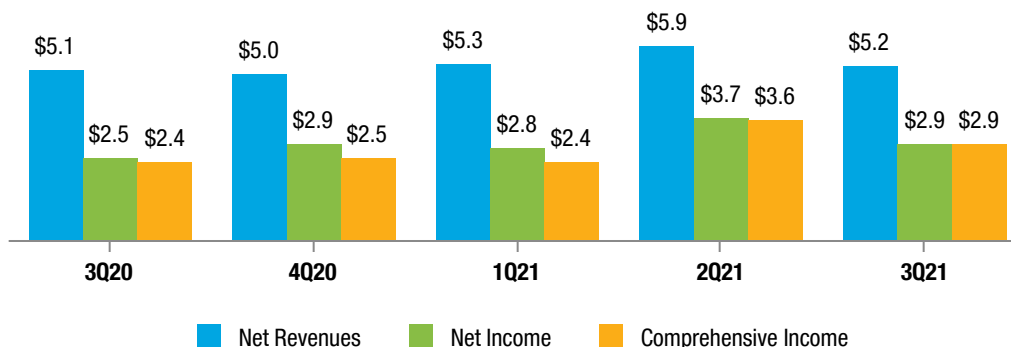
We have taken actions to help homeowners with Freddie Mac-owned mortgages who are directly or indirectly affected by the COVID-19 pandemic stay in their homes during this challenging time. We have also provided support to the multifamily mortgage market. For additional information on our support of the mortgage markets during the pandemic, see **MD&A - Our Business Segments - Single-Family**, **MD&A - Our Business Segments - Multifamily**, **MD&A - Risk Management - Credit Risk - Single-Family Mortgage Credit Risk**, and **MD&A - Risk Management - Credit Risk - Multifamily Mortgage Credit Risk**.

Business Results

Consolidated Financial Results

Net Revenues, Net Income, and Comprehensive Income

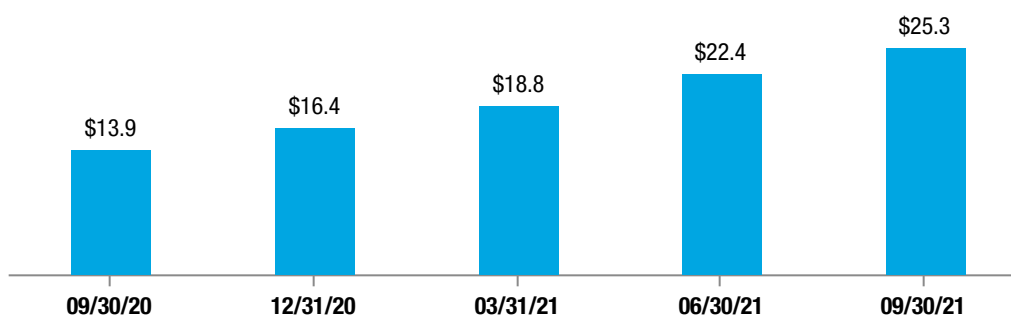
(In billions)



- Net income and comprehensive income were \$2.9 billion for 3Q 2021, an increase of 19% each year-over-year. The increases in both net income and comprehensive income were driven by higher net revenues and a credit reserve release in Single-family.
- Net revenues increased 4% year-over-year to \$5.2 billion, primarily driven by higher net interest income, partially offset by a decline in net investment gains. The increase in net interest income was primarily driven by continued mortgage portfolio growth and higher average portfolio guarantee fee rates in Single-family. The decline in net investment gains was primarily due to lower gains from mortgage loan purchase and securitization activities in Multifamily as a result of lower favorable impacts from changes in market spreads.

Net Worth

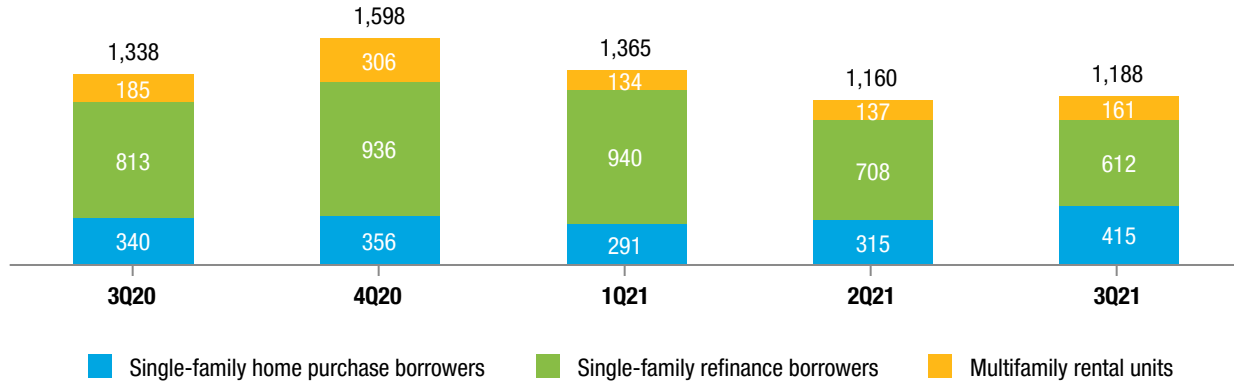
(In billions)



- Net worth was \$25.3 billion as of September 30, 2021, up from \$16.4 billion as of December 31, 2020. The increases in net worth reflected above through June 30, 2021 have been added to the aggregate liquidation preference of the senior preferred stock, and the increase in net worth during 3Q 2021 will be added on December 31, 2021. For more information, see **MD&A - Introduction - Business Results - Conservatorship and Government Support for Our Business**.

Market Liquidity

Market Liquidity
(In thousands)

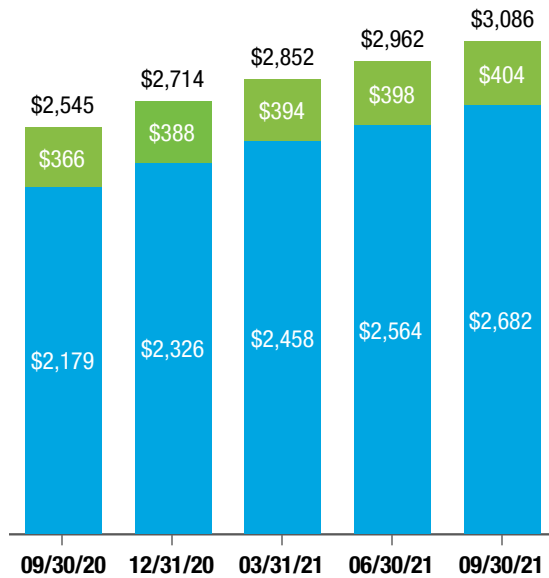


We support the U.S. housing market by executing our Charter Mission to provide liquidity and help maintain credit availability for new and refinanced single-family mortgages as well as for rental housing. We provided \$318 billion in liquidity to the mortgage market in 3Q 2021, which enabled the financing of nearly 1.2 million home purchases, refinancings, and rental units.

Portfolio Balances

Mortgage Portfolio

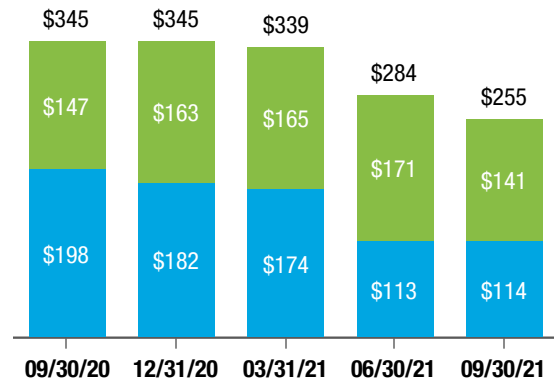
(UPB in billions)



- Single-family mortgage portfolio
- Multifamily mortgage portfolio

Investments Portfolio

(UPB in billions)



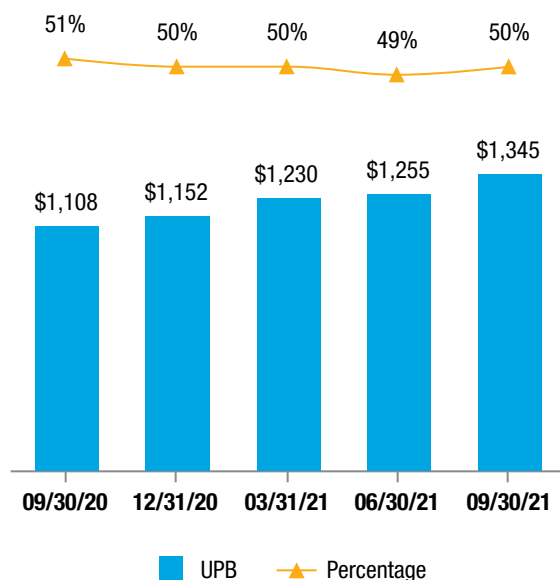
- Mortgage-related investments portfolio
- Other investments portfolio

- Our mortgage portfolio increased 21% year-over-year to \$3,086 billion, driven by a 23% increase in our single-family mortgage portfolio and a 10% increase in our multifamily mortgage portfolio.
 - The growth in our single-family mortgage portfolio was primarily driven by higher new business activity. Additionally, continued house price appreciation contributed to new business acquisitions having a higher average loan size compared to older vintages that continued to run off.
 - The growth in our multifamily mortgage portfolio was primarily driven by ongoing loan purchase and securitization activity attributable to continued high demand for multifamily financing.
- Our investments portfolio decreased 26% year-over-year to \$255 billion, primarily due to a decrease in our mortgage-related investments portfolio.
 - The decrease in our mortgage-related investments portfolio was driven by asset sales to comply with FHFA instructions to reduce our agency MBS and CMO portfolios. For more information on limits on our mortgage-related investments portfolio, see **MD&A - Our Portfolios - Investments Portfolio - Mortgage-Related Investments Portfolio**.
 - The decrease in our other investments portfolio was driven primarily by a decline in our custodial trust account due to lower loan prepayments.

Credit Risk Transfer

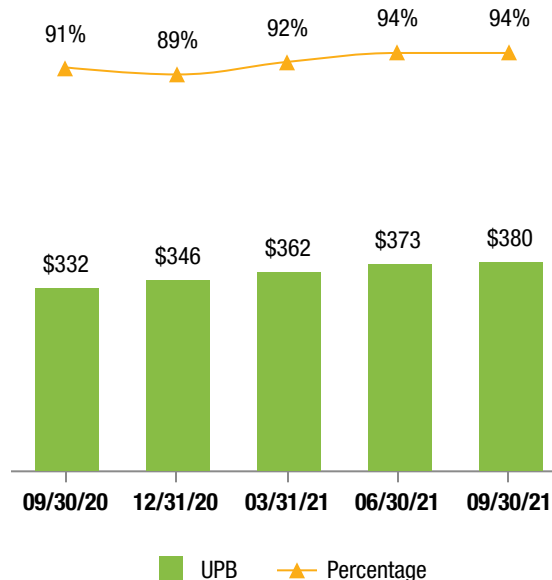
Single-Family Mortgage Portfolio with Credit Enhancement

(UPB in billions)



Multifamily Mortgage Portfolio with Credit Enhancement

(UPB in billions)



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

Conservatorship and Government Support for Our Business

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

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

The Purchase Agreement includes significant restrictions on our business activities, including limits on our secondary market activities; our single-family and multifamily loan acquisitions; the amount of indebtedness we can incur; the size of our mortgage-related investments portfolio; and our ability to pay dividends, transfer certain assets, raise capital, pay down the liquidation preference of the senior preferred stock, and exit conservatorship. In September 2021, certain requirements in the Purchase Agreement related to our secondary market activities and single-family and multifamily loan acquisitions were suspended. For additional information on this suspension of requirements, see **MD&A - Regulation and Supervision - Legislative and Regulatory Developments - September 2021 Letter Agreement with Treasury**.

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

Under the August 2012 amendment to the Purchase Agreement, our cash dividend requirement each quarter is the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter, less the applicable Capital Reserve Amount, exceeds zero. Pursuant to the January 2021 Letter Agreement, the applicable Capital Reserve Amount is the amount of adjusted total capital necessary to meet the capital requirements and buffers set forth in the ERCF. This Capital Reserve Amount will remain in effect until the last day of the second fiscal quarter during which we have reached and maintained such level of capital (the Capital Reserve End Date). As a result of increases in the applicable Capital Reserve Amount since December 2017, we have been able to retain earnings and build capital, but the increases in our Net Worth Amount have been, or will be, added to the aggregate liquidation preference of the senior preferred stock. If for any reason we were not to pay our dividend requirement on the senior preferred stock in full in any future period until the Capital Reserve End Date, the unpaid amount would be added to the liquidation preference and the applicable Capital Reserve Amount would thereafter be zero. This would not affect our ability to draw funds from Treasury at the request of FHFA, our Conservator, under the Purchase Agreement. After the Capital Reserve End Date, we will be subject to a new periodic cash dividend requirement, as well as a periodic commitment fee to be agreed upon with Treasury in consultation with the Chairman of the Federal Reserve.

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



Pursuant to the Purchase Agreement and terms of the senior preferred stock:

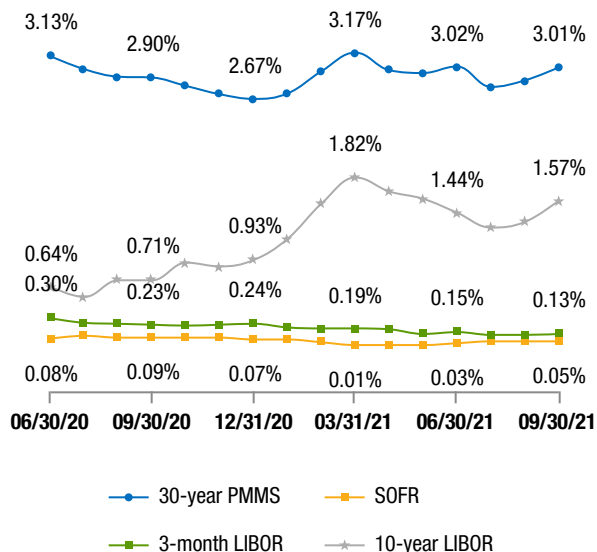
- Our Net Worth Amount was \$25.3 billion as of September 30, 2021, up from \$22.4 billion as of June 30, 2021. As our Net Worth Amount as of June 30, 2021 was below the amount necessary to meet the capital requirements and buffers set forth in the ERCF, we did not have a dividend requirement to Treasury on the senior preferred stock for 3Q 2021, and we will not have a dividend requirement on the senior preferred stock until we reach such capital levels.
- The liquidation preference of the senior preferred stock increased from \$91.4 billion on June 30, 2021 to \$95.0 billion on September 30, 2021 based on the \$3.6 billion increase in our Net Worth Amount during 2Q 2021, and will increase to \$98.0 billion on December 31, 2021 based on the \$2.9 billion increase in our Net Worth Amount during 3Q 2021.
- At September 30, 2021, our assets exceeded our liabilities under GAAP; therefore, no draw is being requested from Treasury under the Purchase Agreement.

MARKET CONDITIONS AND ECONOMIC INDICATORS

The following graphs and related discussions present certain market and macroeconomic indicators that can significantly affect our business and financial results.

Interest Rates⁽¹⁾

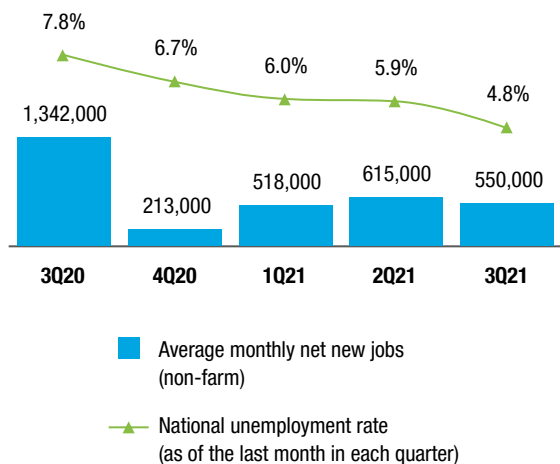
Quarterly Ending Rates



- The 30-year Primary Mortgage Market Survey (PMMS) interest rate is indicative of what a consumer could expect to be offered on a first-lien prime conventional conforming home purchase mortgage with an LTV of 80%. Increases (decreases) in the PMMS rate typically result in decreases (increases) in refinancing activity and total originations.
- Changes in the 10-year LIBOR interest rate and other benchmark rates can significantly affect the fair value of our financial instruments. We have elected hedge accounting for certain assets and liabilities in an effort to reduce GAAP earnings variability attributable to changes in benchmark interest rates.
- SOFR is a benchmark rate for secured overnight dollar-denominated financing, identified by certain banking regulators and market participants as a potential replacement for LIBOR. SOFR affects the interest earned on our short-term investments.
- Changes in the 3-month LIBOR rate and SOFR rate affect the interest expense on our short-term funding.

(1) 30-year PMMS interest rates are as of the last week in each quarter. SOFR interest rates are 30-day average rates.

Unemployment Rate and Monthly Net New Jobs

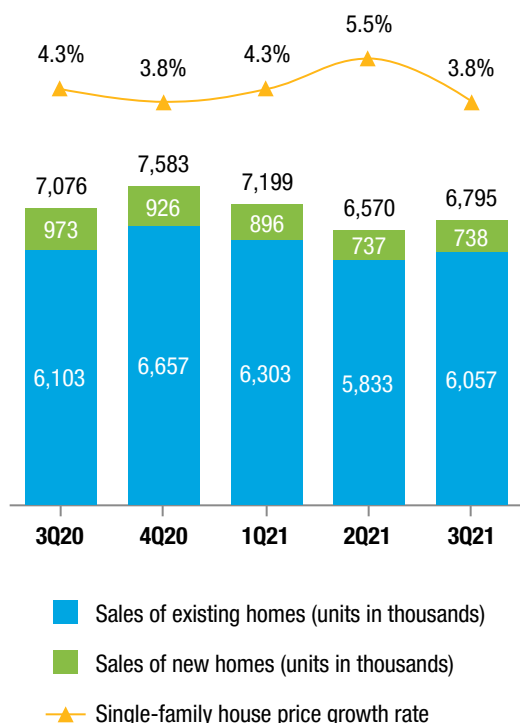


- Changes in the national unemployment rate can affect several market factors, including the demand for single-family and multifamily housing and loan delinquency rates.
- The unemployment rate has declined three percentage points from 3Q 2020 to 3Q 2021, but the labor market has not yet fully recovered from the COVID-19 pandemic. The pace of job growth also declined quarter-over-quarter.

Source: U.S. Bureau of Labor Statistics.

Single-Family Housing and Mortgage Market Conditions

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

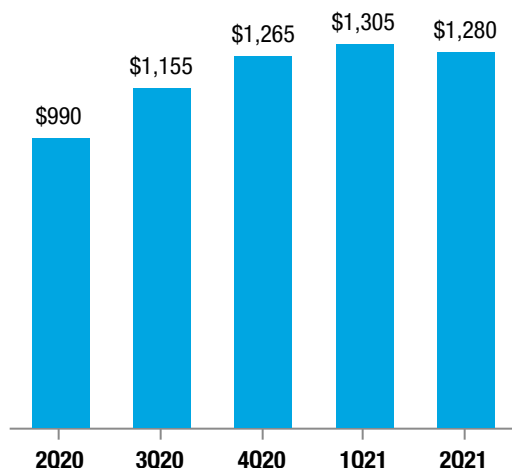


- Despite low mortgage rates, home sales decreased year-over-year driven by an increase in house prices and ongoing uncertainty with respect to the COVID-19 pandemic. We expect home sales for full-year 2022 to remain relatively flat compared to full-year 2021.
- Single-family house prices increased 3.8% during 3Q 2021, compared to an increase of 4.3% during 3Q 2020. Although supply constraints could continue to exert pressure on house prices for the remainder of 2021 and into 2022, we expect house price growth to slow in 2022.

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

U.S. Single-Family Mortgage Originations

(UPB in billions)

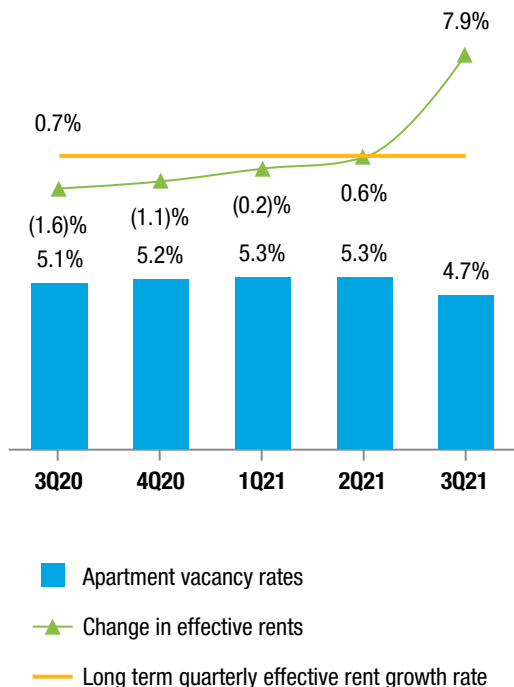


- U.S. single-family loan origination volumes increased to \$1,280 billion in 2Q 2021 from \$990 billion in 2Q 2020 as a result of low average mortgage interest rates, higher home sales, and increasing house prices. We expect total originations to decrease in 2022 primarily due to a decrease in refinance originations driven by higher mortgage rates.

Source: Inside Mortgage Finance. 3Q 2021 U.S. single-family mortgage originations data is not yet available.

Multifamily Housing and Mortgage Market Conditions

Apartment Vacancy Rates and Change in Effective Rents

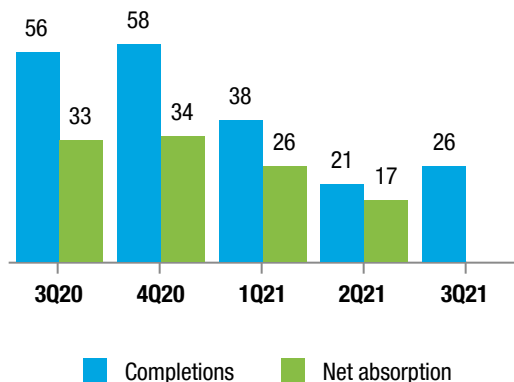


- Vacancy rates decreased during 3Q 2021 and are returning to pre-pandemic levels, which are well below the average of 5.3% from 2000 to 3Q 2021. The decrease in vacancy rates was driven by higher demand for multifamily housing as a result of improving economic conditions. However, these rates may be impacted in the future by the expiration of COVID-19 relief programs and eviction moratoriums as well as ongoing uncertainty driven by the COVID-19 variants.
- Effective rent growth (i.e., the average rent paid by the renter over the term of the lease, adjusted for concessions by the landlord and costs borne by the renter) was positive at a national level and in all of the major geographic markets in 3Q 2021, representing the highest quarterly national growth rate on record.
- Multifamily property prices grew 5.3% in 3Q 2021, as investors continued to believe there was a need for additional rental housing in the U.S. and the overall investment environment remained attractive due to low interest rates.

Source: Reis.

Apartment Completions and Net Absorption

(Units in thousands)



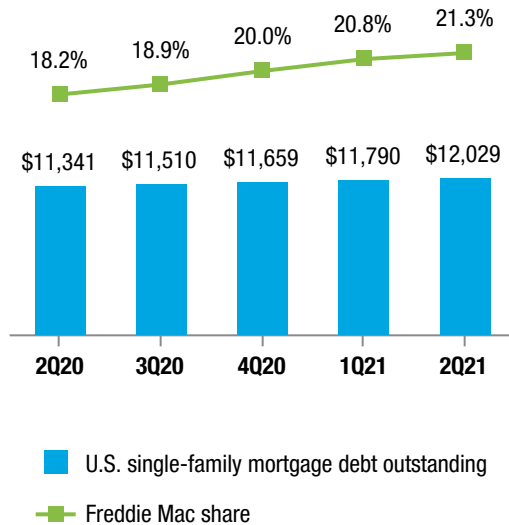
- While final rates are not yet available, we expect net absorption rates to have increased markedly during 3Q 2021 driven by improving economic conditions, pent-up demand, and rising income levels. We further expect net absorptions to match or exceed completions for full-year 2021.

Source: For 3Q20 - 2Q21, "Reis National Performance Trends Report." For 3Q21, "Reis 3Q 2021 Construction First Glance." 3Q21 net absorption data is not yet available.

Mortgage Debt Outstanding

Single-Family Mortgage Debt Outstanding

(UPB in billions)

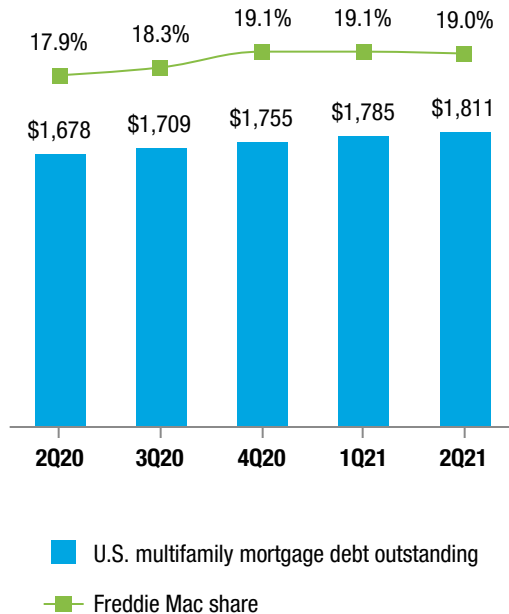


- U.S. single-family mortgage debt outstanding is expected to increase year-over-year, primarily driven by house price appreciation. An increase in U.S. single-family mortgage debt outstanding typically results in the growth of our single-family mortgage portfolio.

Source: Federal Reserve Financial Accounts of the United States of America. 3Q 2021 U.S. single-family mortgage debt outstanding data is not yet available.

Multifamily Mortgage Debt Outstanding

(UPB in billions)

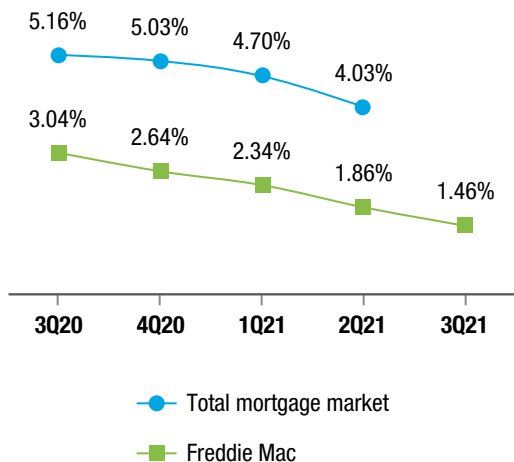


- While the multifamily mortgage market grew, our share of multifamily mortgage debt outstanding decreased slightly in 2Q 2021 due to ongoing competition and a reduced FHFA multifamily loan purchase cap for 2021.

Source: Federal Reserve Financial Accounts of the United States of America. 3Q 2021 U.S. multifamily mortgage debt outstanding data is not yet available.

Delinquency Rates

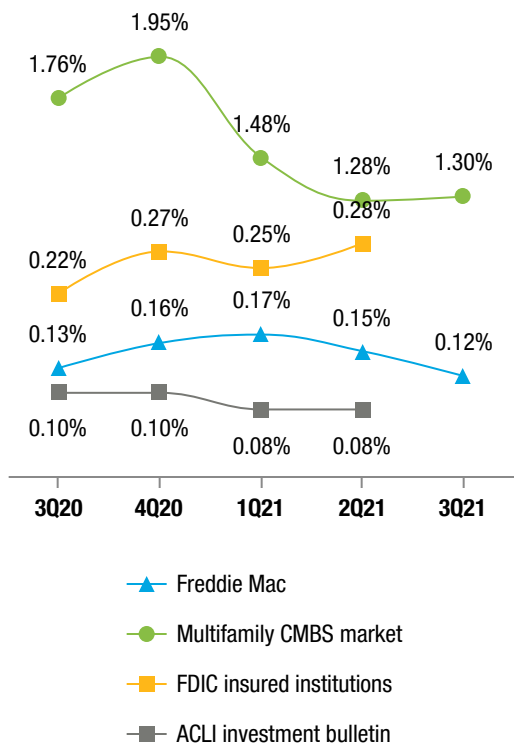
Single-Family Serious Delinquency Rates



Source: National Delinquency Survey from the Mortgage Bankers Association. 3Q 2021 total mortgage market rate is not yet available.

- Our single-family serious delinquency rate is based on the number of loans in our single-family mortgage portfolio that are three months payments or more past due or in the process of foreclosure. We report single-family loans in forbearance as delinquent during the forbearance period to the extent that payments are past due based on the loans' original contractual terms, irrespective of the forbearance plan.
- Our single-family serious delinquency rate declined quarter-over-quarter and year-over-year, due primarily to an increase in the number of borrowers exiting forbearance and completing loan workout solutions that return their mortgages to current status. 54% of the seriously delinquent loans at September 30, 2021 were covered by credit enhancements that are designed to partially reduce our credit risk exposure to these loans.
- While our single-family serious delinquency rate has declined since 3Q 2020, we expect the rate to remain elevated compared to pre-pandemic levels as a result of the COVID-19 pandemic and the forbearance programs we are offering in response. Our single-family serious delinquency rate as of February 29, 2020 was 0.60%.

Multifamily Delinquency Rates



Source: Freddie Mac, FDIC Quarterly Banking Profile, Intex Solutions, Inc., and Wells Fargo Securities (Multifamily CMBS market, excluding REOs), American Council of Life Insurers (ACLI). The 3Q 2021 delinquency rates for FDIC insured institutions and ACLI investment bulletin are not yet available.

- Our multifamily delinquency rate is based on the UPB of loans in our multifamily mortgage portfolio that are two months payments or more past due or in the process of foreclosure. We report multifamily loans in forbearance as current as long as the borrowers are in compliance with their forbearance agreement, including the agreed-upon repayment plan.
- While our multifamily delinquency rate remained above pre-pandemic levels, this rate was slightly down quarter-over-quarter and year-over-year, and remains low compared to many other market participants.
- Multifamily delinquency rates could increase in the near term due to the continuing effects of the COVID-19 pandemic. However, our credit enhancement coverage will partially reduce our credit risk exposure from these loans. For additional information on our delinquency and forbearance rates and credit enhancement coverage, see **MD&A - Risk Management - Credit Risk - Multifamily Mortgage Credit Risk**.

CONSOLIDATED RESULTS OF OPERATIONS

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

The table below compares our summarized consolidated results of operations.

Table 1 - Summary of Condensed Consolidated Statements of Comprehensive Income (Loss)

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Net interest income	\$4,418	\$3,457	\$961	28 %	\$12,824	\$9,118	\$3,706	41 %
Guarantee income	246	315	(69)	(22)	850	1,161	(311)	(27)
Investment gains (losses), net	383	1,122	(739)	(66)	2,227	957	1,270	133
Other income (loss)	200	172	28	16	485	401	84	21
Net revenues	5,247	5,066	181	4	16,386	11,637	4,749	41
Benefit (provision) for credit losses	243	(327)	570	174	1,179	(2,265)	3,444	152
Credit enhancement expense	(386)	(267)	(119)	(45)	(1,090)	(731)	(359)	(49)
Benefit for (decrease in) credit enhancement recoveries	(60)	20	(80)	(400)	(510)	708	(1,218)	(172)
REO operations income (expense)	9	(40)	49	123	(6)	(139)	133	96
Credit-related income (expense)	(194)	(614)	420	68	(427)	(2,427)	2,000	82
Administrative expense	(627)	(641)	14	2	(1,917)	(1,829)	(88)	(5)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(602)	(467)	(135)	(29)	(1,706)	(1,341)	(365)	(27)
Other expense	(178)	(237)	59	25	(572)	(480)	(92)	(19)
Operating expense	(1,407)	(1,345)	(62)	(5)	(4,195)	(3,650)	(545)	(15)
Income (loss) before income tax (expense) benefit	3,646	3,107	539	17	11,764	5,560	6,204	112
Income tax (expense) benefit	(727)	(644)	(83)	(13)	(2,399)	(1,147)	(1,252)	(109)
Net income (loss)	2,919	2,463	456	19	9,365	4,413	4,952	112
Total other comprehensive income (loss), net of taxes and reclassification adjustments	(10)	(14)	4	29	(467)	596	(1,063)	(178)
Comprehensive income (loss)	\$2,909	\$2,449	\$460	19 %	\$8,898	\$5,009	\$3,889	78 %

Net Revenues

Net Interest Income

The table below presents the components of net interest income.

Table 2 - Components of Net Interest Income

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Guarantee net interest income:								
Contractual net interest income	\$2,320	\$1,339	\$981	73 %	\$6,253	\$3,634	\$2,619	72 %
Net interest income related to the Temporary Payroll Tax Cut Continuation Act of 2011	613	480	133	28	1,753	1,363	390	29
Deferred fee income	934	1,243	(309)	(25)	3,652	2,543	1,109	44
Total guarantee net interest income	3,867	3,062	805	26	11,658	7,540	4,118	55
Investments net interest income:								
Contractual net interest income and amortization	864	1,258	(394)	(31)	2,929	3,693	(764)	(21)
Interest expense related to CRT debt	(135)	(173)	38	22	(424)	(600)	176	29
Total investments net interest income	729	1,085	(356)	(33)	2,505	3,093	(588)	(19)
Income (expense) from hedge accounting	(178)	(690)	512	74	(1,339)	(1,515)	176	12
Net interest income	\$4,418	\$3,457	\$961	28 %	\$12,824	\$9,118	\$3,706	41 %

Key Drivers:

■ Guarantee net interest income

- **3Q 2021 vs. 3Q 2020** - Increased primarily driven by continued mortgage portfolio growth and higher average portfolio guarantee fee rates in Single-family.
- **YTD 2021 vs. YTD 2020** - Increased primarily due to continued mortgage portfolio growth, higher average portfolio guarantee fee rates, and higher deferred fee income recognition in Single-family.

■ Investments net interest income

- **3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020** - Decreased primarily due to a decline in the size of the mortgage-related investments portfolio, partially offset by lower funding costs. Interest expense related to CRT debt decreased primarily due to a decline in volume as we no longer regularly issue STACR debt notes.

■ Income (expense) from hedge accounting

- **3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020** - Expense decreased primarily due to lower amortization of hedge accounting-related basis adjustments driven by a decline in the unamortized balance and slower prepayments.

Net Interest Yield Analysis

The table below presents an analysis of interest-earning assets and interest-bearing liabilities.

Table 3 - Analysis of Net Interest Yield

(Dollars in millions)	3Q 2021			3Q 2020		
	Average Balance	Interest Income (Expense)	Average Rate	Average Balance	Interest Income (Expense)	Average Rate
Interest-earning assets:						
Cash and cash equivalents	\$26,657	\$2	0.02 %	\$21,789	\$3	0.04 %
Securities purchased under agreements to resell	110,140	15	0.06	105,371	34	0.13
Investment securities	57,549	627	4.35	75,134	659	3.51
Mortgage loans ⁽¹⁾	2,670,685	15,124	2.27	2,168,711	14,134	2.61
Other assets	6,543	23	1.39	5,063	19	1.49
Total interest-earning assets	2,871,574	15,791	2.20	2,376,068	14,849	2.50
Interest-bearing liabilities:						
Debt securities of consolidated trusts held by third parties	2,602,220	(10,953)	(1.68)	2,045,865	(10,847)	(2.12)
Debt of Freddie Mac:						
Short-term debt	6,590	—	—	61,290	(38)	(0.25)
Long-term debt	216,795	(420)	(0.77)	232,682	(507)	(0.87)
Total debt of Freddie Mac	223,385	(420)	(0.75)	293,972	(545)	(0.74)
Total interest-bearing liabilities	2,825,605	(11,373)	(1.61)	2,339,837	(11,392)	(1.95)
Impact of net non-interest-bearing funding	45,969	—	0.03	36,231	—	0.03
Total funding of interest-earning assets	2,871,574	(11,373)	(1.58)	2,376,068	(11,392)	(1.92)
Net interest income/yield		\$4,418	0.62 %		\$3,457	0.58 %

(1) Loan fees, primarily consisting of amortization of upfront fees, included in interest income were \$650 million and \$1.3 billion for loans held by consolidated trusts and \$19 million and \$27 million for loans held by Freddie Mac during 3Q 2021 and 3Q 2020, respectively.

(Dollars in millions)	YTD 2021			YTD 2020		
	Average Balance	Interest Income (Expense)	Average Rate	Average Balance	Interest Income (Expense)	Average Rate
Interest-earning assets:						
Cash and cash equivalents	\$70,708	\$6	0.01 %	\$17,559	\$27	0.20 %
Securities purchased under agreements to resell	73,232	36	0.07	90,968	325	0.48
Investment securities	57,433	1,854	4.30	74,484	1,948	3.49
Mortgage Loans ⁽¹⁾	2,564,295	42,969	2.23	2,097,447	45,792	2.91
Other assets	5,844	58	1.32	4,439	65	1.95
Total interest-earning assets	2,771,512	44,923	2.16	2,284,897	48,157	2.81
Interest-bearing liabilities:						
Debt securities of consolidated trusts held by third parties	2,474,639	(30,742)	(1.66)	1,966,328	(36,269)	(2.46)
Debt of Freddie Mac:						
Short-term debt	10,593	(2)	(0.02)	94,167	(598)	(0.84)
Long-term debt	240,795	(1,355)	(0.75)	199,575	(2,172)	(1.45)
Total debt of Freddie Mac	251,388	(1,357)	(0.72)	293,742	(2,770)	(1.25)
Total interest-bearing liabilities	2,726,027	(32,099)	(1.57)	2,260,070	(39,039)	(2.30)
Impact of net non-interest-bearing funding	45,485	—	0.03	24,827	—	0.02
Total funding of interest-earning assets	2,771,512	(32,099)	(1.54)	2,284,897	(39,039)	(2.28)
Net interest income/yield		\$12,824	0.62 %		\$9,118	0.53 %

(1) Loan fees, primarily consisting of amortization of upfront fees, included in interest income were \$2.4 billion and \$3.3 billion for loans held by consolidated trusts and \$71 million and \$68 million for loans held by Freddie Mac during YTD 2021 and YTD 2020, respectively.

Guarantee Income

The table below presents the components of guarantee income.

Table 4 - Components of Guarantee Income

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Contractual guarantee fees	\$311	\$259	\$52	20 %	\$900	\$744	\$156	21 %
Guarantee obligation amortization	294	239	55	23	854	713	141	20
Guarantee asset fair value changes	(359)	(183)	(176)	(96)	(904)	(296)	(608)	(205)
Guarantee income	\$246	\$315	(\$69)	(22)%	\$850	\$1,161	(\$311)	(27)%

Key Drivers:

- **YTD 2021 vs. YTD 2020** - Decreased as continued growth in our multifamily guarantee portfolio was more than offset by the impacts of interest-rate changes on the fair values of our guarantee assets. During YTD 2021, we recorded higher fair value losses due to increases in medium- and long-term interest rates compared to lower fair value losses during YTD 2020 due to significant decreases in interest rates.

Investment Gains (Losses), Net

The table below presents the components of investment gains (losses), net.

Table 5 - Components of Investment Gains (Losses), Net

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Mortgage loans gains (losses)	\$784	\$1,769	(\$985)	(56)%	\$2,501	\$3,987	(\$1,486)	(37)%
Investment securities gains (losses)	(480)	(285)	(195)	(68)	(1,317)	835	(2,152)	(258)
Debt gains (losses)	47	(25)	72	288	203	735	(532)	(72)
Derivative gains (losses)	32	(337)	369	109	840	(4,600)	5,440	118
Investment gains (losses), net	\$383	\$1,122	(\$739)	(66)%	\$2,227	\$957	\$1,270	133%

Mortgage Loans Gains (Losses)

The table below presents the components of mortgage loans gains (losses). We economically hedge our interest rate exposure on loan commitments and mortgage loans primarily using interest-rate risk management derivatives. The offsetting effects of these derivatives are recognized in derivative gains (losses).

Table 6 - Components of Mortgage Loans Gains (Losses)

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Single-family:								
Gains (losses) on mortgage loans	\$197	\$777	(\$580)	(75)%	\$751	\$858	(\$107)	(12)%
Multifamily:								
Gains (losses) on certain loan purchase commitments	423	614	(191)	(31)	960	1,796	(\$836)	(47)
Gains (losses) on mortgage loans	164	378	(214)	(57)	790	1,333	(543)	(41)
Total Multifamily	587	992	(405)	(41)	1,750	3,129	(1,379)	(44)
Mortgage loans gains (losses)	\$784	\$1,769	(\$985)	(56)%	\$2,501	\$3,987	(\$1,486)	(37)%

Key Drivers:

- **3Q 2021 vs. 3Q 2020** - Single-family mortgage loans gains decreased primarily due to a lower volume of sales of single-family held-for-sale loans. Multifamily mortgage loans gains decreased primarily due to less K Certificate spread tightening and lower initial pricing margin rates on new loan commitments, partially offset by higher gains on floating-rate loan securitizations.
- **YTD 2021 vs. YTD 2020** - Single-family mortgage loans gains decreased primarily due to a lower volume of sales of single-family held-for-sale loans. Multifamily mortgage loans gains decreased primarily due to fair value losses driven by increases in long-term interest rates during YTD 2021, compared to significant fair value gains during YTD 2020 driven by large interest rate decreases. The decrease was partially offset by higher gains on floating-rate loan securitizations and tighter K Certificate spreads.

Investment Securities Gains (Losses)

The table below presents the components of investment securities gains (losses). We economically hedge our interest rate exposure on investment securities primarily using interest rate-risk management derivatives. The offsetting effects of these derivatives are recognized in derivative gains (losses).

Table 7 - Components of Investment Securities Gains (Losses)

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Realized gains (losses) on sales of available-for-sale securities	\$10	\$26	(\$16)	(62)%	\$477	\$43	\$434	1,009%
Realized and unrealized gains (losses) on trading securities	(470)	(285)	(185)	(65)	(1,734)	868	(2,602)	(300)
Other	(20)	(26)	6	23	(60)	(76)	16	21
Investment securities gains (losses)	(\$480)	(\$285)	(\$195)	(68)%	(\$1,317)	\$835	(\$2,152)	(258)%

Key Drivers:

- **3Q 2021 vs. 3Q 2020** - Decreased primarily due to higher losses on trading securities as long-term interest rates increased more in 3Q 2021 than in 3Q 2020.
- **YTD 2021 vs. YTD 2020** - Decreased primarily due to losses on trading securities driven by the increase in long-term interest rates in YTD 2021 compared to gains in YTD 2020 due to a decrease in long-term interest rates. The losses on trading securities were partially offset by gains on sales of agency mortgage-related securities.

Debt Gains (Losses)

The table below presents the components of debt gains (losses). We economically hedge our interest rate exposure on certain issuances of debt primarily using interest-rate risk management derivatives. The offsetting effects of these derivatives are recognized in derivative gains (losses).

Table 8 - Components of Debt Gains (Losses)

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Fair value changes:								
Debt securities of consolidated trusts	\$7	\$—	\$7	—%	\$19	\$3	\$16	533%
Debt of Freddie Mac	6	(37)	43	116	36	442	(406)	(92)
Total fair value changes	13	(37)	50	135	55	445	(390)	(88)
Gains (losses) on extinguishment of debt:								
Debt securities of consolidated trusts	104	7	97	1,386	237	46	191	415
Debt of Freddie Mac	(70)	5	(75)	(1,500)	(89)	244	(333)	(136)
Total gains (losses) on extinguishment of debt	34	12	22	183	148	290	(142)	(49)
Debt gains (losses)	\$47	(\$25)	\$72	288%	\$203	\$735	(\$532)	(72)%

Key Drivers:

- **YTD 2021 vs. YTD 2020** - Decreased primarily due to lower fair value gains on STACR debt notes for which we elected the fair value option. Fair value gains in YTD 2020 were driven by spread widening caused by the significant market volatility related to the COVID-19 pandemic.

Derivative Gains (Losses)

The table below presents the components of derivative gains (losses). Certain of our interest rate-related derivative gains (losses) have offsetting effects recognized in mortgage loans gains (losses), investment securities gains (losses), debt gains (losses), or other comprehensive income (loss).

Table 9 - Components of Derivative Gains (Losses)

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Fair value gains (losses):								
Interest-rate risk management derivatives	\$445	\$472	(\$27)	(6)%	\$1,468	(\$2,322)	\$3,790	163 %
Mortgage commitment derivatives	46	(335)	381	114	662	(1,457)	2,119	145
CRT-related derivatives	(2)	48	(50)	(104)	(29)	169	(198)	(117)
Other	14	18	(4)	(22)	22	55	(33)	(60)
Total fair value gains (losses)	503	203	300	148	2,123	(3,555)	5,678	160
Accrual of periodic cash settlements	(471)	(540)	69	13	(1,283)	(1,045)	(238)	(23)
Derivative gains (losses)	\$32	(\$337)	\$369	109 %	\$840	(\$4,600)	\$5,440	118 %

Key Drivers:

- **3Q 2021 vs. 3Q 2020** - Derivative gains in 3Q 2021 primarily driven by lower losses on commitments due to less spread tightening.
- **YTD 2021 vs. YTD 2020** - Derivative gains in YTD 2021 primarily driven by the increase in long-term interest rates, compared to derivative losses in YTD 2020 due to the decrease in long-term interest rates.

Credit-Related Income (Expense)

Benefit (Provision) for Credit Losses

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

Table 10 - Components of Benefit (Provision) for Credit Losses

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Benefit (provision) for credit losses:								
Single-family	244	(\$320)	\$564	176 %	1,076	(\$2,110)	\$3,186	151 %
Multifamily	(1)	(7)	6	86	103	(155)	258	166
Benefit (provision) for credit losses	\$243	(\$327)	\$570	174 %	\$1,179	(\$2,265)	\$3,444	152 %

Key Drivers:

Single-family

- **3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020** - A benefit for credit losses in the 2021 periods compared to a provision for credit losses in the 2020 periods primarily driven by the following factors:
 - A reserve release due to:
 - **Reduced expected credit losses related to COVID-19** - Our estimate of expected credit losses related to the COVID-19 pandemic decreased during the 2021 periods as economic conditions improved. Our provision for credit losses increased during the 2020 periods due to the increase in expected credit losses related to the economic effects of the pandemic.
 - **Appreciation in realized house prices** - The realized house price growth rates were higher in the 2021 periods and, as a result, further reduced our estimate of expected credit losses as the higher house prices decreased both the probability and severity of expected credit losses.
 - This was partially offset by an increase in expected losses on new single-family loans due to growth in our single-family mortgage portfolio. We recognize expected credit losses at the time of loan acquisition.

Multifamily

- **YTD 2021 vs. YTD 2020** - A benefit for credit losses in YTD 2021 compared to a provision for credit losses in YTD 2020 driven by improved actual and forecasted economic factors.

Credit Enhancement Expense

Key Drivers:

- **3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020** - Increased \$119 million and \$359 million, respectively, primarily due to higher outstanding cumulative volumes of CRT transactions.

Benefit for (Decrease in) Credit Enhancement Recoveries

Key Drivers:

- **3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020** - Decreased \$80 million and \$1.2 billion, respectively, as a result of the corresponding decrease in expected credit losses.

Other Comprehensive Income (Loss)

Key Drivers:

- **YTD 2021 vs. YTD 2020** - Decreased \$1.1 billion primarily due to recognition of realized gains from sales of our available-for-sale securities. YTD 2020 included fair value gains as long-term interest rates declined. We economically hedge our interest rate exposure on investment securities primarily using interest-rate risk management derivatives. The offsetting effects of these derivatives are recognized in derivative gains (losses).

CONSOLIDATED BALANCE SHEETS ANALYSIS

The table below compares our summarized condensed consolidated balance sheets.

Table 11 - Summarized Condensed Consolidated Balance Sheets

(Dollars in millions)	September 30, 2021	December 31, 2020	Change	
			\$	%
Assets:				
Cash and cash equivalents	\$9,478	\$23,889	(\$14,411)	(60)%
Securities purchased under agreements to resell	85,315	105,003	(19,688)	(19)
Subtotal	94,793	128,892	(34,099)	(26)
Investment securities, at fair value	56,930	59,825	(2,895)	(5)
Mortgage loans, net	2,733,114	2,383,888	349,226	15
Accrued interest receivable, net	7,490	7,754	(264)	(3)
Derivative assets, net	953	1,205	(252)	(21)
Deferred tax assets, net	6,099	6,557	(458)	(7)
Other assets	38,605	39,294	(689)	(2)
Total assets	\$2,937,984	\$2,627,415	\$310,569	12 %
Liabilities and Equity:				
Liabilities:				
Accrued interest payable	\$6,049	\$6,210	(\$161)	(3)%
Debt	2,895,426	2,592,546	302,880	12
Derivative liabilities, net	389	954	(565)	(59)
Other liabilities	10,809	11,292	(483)	(4)
Total liabilities	2,912,673	2,611,002	301,671	12
Total equity	25,311	16,413	8,898	54
Total liabilities and equity	\$2,937,984	\$2,627,415	\$310,569	12 %

Key Drivers:

As of September 30, 2021 compared to December 31, 2020:

- **Cash and cash equivalents** and **securities purchased under agreements to resell** decreased on a combined basis primarily due to a decrease in trust cash driven by lower loan prepayments and a decline in our operating cash due to a lower cash window purchase forecast and continued funding of maturities, calls, and buybacks of debt of Freddie Mac without issuing new debt.
- **Mortgage loans, net and debt** increased primarily due to the increase in the size of the single-family mortgage portfolio.
- **Total equity** increased primarily due to our net income in YTD 2021 combined with our continued ability to retain earnings as a result of the increases in the applicable Capital Reserve Amount and the resulting changes in our dividend requirement to Treasury on the senior preferred stock.

OUR PORTFOLIOS

In connection with the change in our reportable segments implemented in 1Q 2021, we updated the definitions of our portfolio balances and aligned the definitions across our two reportable segments. Prior periods have been revised to conform to the current period presentation.

Mortgage Portfolio

Our mortgage portfolio includes assets held by both business segments and consists of:

- **Securitized mortgage loans** - Loans held by securitization trusts that issue securities that we guarantee.
- **Unsecuritized mortgage loans**
 - **Securitization pipeline and other loans** - Single-family and multifamily loans that we have purchased for cash and aggregate on our balance sheet prior to securitization and other multifamily loans we intend to hold for the foreseeable future.
 - **Loss mitigation loans** - Delinquent and modified single-family loans that we have purchased from securitization trusts to facilitate loss mitigation. Certain of these loans have re-performed, either on their own or through modification or other loss mitigation activity.
- **Other** - Primarily consists of other mortgage-related guarantees.

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

Table 12 - Mortgage Portfolio

(In millions)	September 30, 2021			December 31, 2020		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Securitized mortgage loans:						
Held by consolidated trusts	\$2,594,246	\$16,666	\$2,610,912	\$2,204,936	\$12,305	\$2,217,241
Held by nonconsolidated trusts	34,338	358,417	392,755	34,932	331,860	366,792
Total securitized mortgage loans	2,628,584	375,083	3,003,667	2,239,868	344,165	2,584,033
Unsecuritized mortgage loans:						
Securitization pipeline and other loans	21,434	18,993	40,427	51,040	33,407	84,447
Loss mitigation loans	22,013	—	22,013	26,303	—	26,303
Total unsecuritized mortgage loans	43,447	18,993	62,440	77,343	33,407	110,750
Other	10,375	10,391	20,766	9,215	10,775	19,990
Total mortgage portfolio	\$2,682,406	\$404,467	\$3,086,873	\$2,326,426	\$388,347	\$2,714,773

Guarantee Portfolio

Our guarantee portfolio primarily consists of mortgage-related securities guaranteed by Freddie Mac in exchange for guarantee fee income. This amount differs from the securitized mortgage loans amount included in the mortgage portfolio because of two primary factors: (1) it includes only the UPB of securities guaranteed by Freddie Mac and excludes the UPB of any unguaranteed subordinated securities issued by securitization trusts and (2) it reflects timing differences between the receipt of mortgage payments and the pass-through of those payments to security holders. The other category primarily consists of other mortgage-related guarantees.

The table below presents the guarantee portfolio by segment.

Table 13 - Guarantee Portfolio

(In millions)	September 30, 2021			December 31, 2020		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Guaranteed mortgage-related securities:						
Issued by consolidated trusts	\$2,644,517	\$16,676	\$2,661,193	\$2,273,736	\$12,305	\$2,286,041
Issued by nonconsolidated trusts	28,525	314,401	342,926	29,300	289,056	318,356
Total guaranteed mortgage-related securities	2,673,042	331,077	3,004,119	2,303,036	301,361	2,604,397
Other	10,375	10,391	20,766	9,215	10,775	19,990
Total guarantee portfolio	\$2,683,417	\$341,468	\$3,024,885	\$2,312,251	\$312,136	\$2,624,387

Our guarantee portfolio excludes guarantees of Fannie Mae securities and other similar transactions in which we do not directly guarantee mortgage credit risk in exchange for guarantee fees. See **Note 5** for additional information on our guarantee activities.

Investments Portfolio

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

Mortgage-Related Investments Portfolio

We primarily use our mortgage-related investments portfolio to provide liquidity to the mortgage market and support our loss mitigation activities. Our mortgage-related investments portfolio includes assets held by both business segments and consists of:

- **Unsecuritized mortgage loans** - Single-family and multifamily unsecuritized loans as discussed above.
- **Agency mortgage-related securities** - Primarily includes single-family and multifamily Freddie Mac mortgage-related securities, although we may also invest in Fannie Mae and Ginnie Mae mortgage-related securities.
- **Non-agency mortgage-related securities** - We continue to own certain non-agency mortgage-related securities that we acquired in prior years. We generally no longer purchase non-agency mortgage-related securities, although we may acquire such securities in connection with our senior subordinate securitization structures backed by seasoned loans.

The table below presents the UPB of our mortgage-related investments portfolio. The balance of our mortgage-related investments portfolio for purposes of the \$225 billion FHFA cap and \$250 billion Purchase Agreement cap was \$126.7 billion as of September 30, 2021, including \$12.9 billion representing 10% of the notional amount of the interest-only securities we held as of September 30, 2021.

With respect to the composition of our mortgage-related investments portfolio, FHFA has instructed us to reduce the amount of agency MBS to no more than \$20 billion, based on UPB, by June 30, 2022.

Table 14 - Mortgage-Related Investments Portfolio

(In millions)	September 30, 2021			December 31, 2020		
	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Unsecuritized mortgage loans:						
Securitization pipeline and other loans	\$21,434	\$18,993	\$40,427	\$51,040	\$33,407	\$84,447
Loss mitigation loans	22,013	—	22,013	26,303	—	26,303
Total unsecuritized mortgage loans	43,447	18,993	62,440	77,343	33,407	110,750
Mortgage-related securities:						
Agency mortgage-related securities	46,921	3,153	50,074	65,954	4,066	70,020
Non-agency mortgage-related securities	1,169	90	1,259	1,300	114	1,414
Total mortgage-related securities	48,090	3,243	51,333	67,254	4,180	71,434
Mortgage-related investments portfolio	\$91,537	\$22,236	\$113,773	\$144,597	\$37,587	\$182,184

Other Investments Portfolio

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

OUR BUSINESS SEGMENTS

As shown in the table below, we have two reportable segments, which are based on the way our chief operating decision maker manages our business.

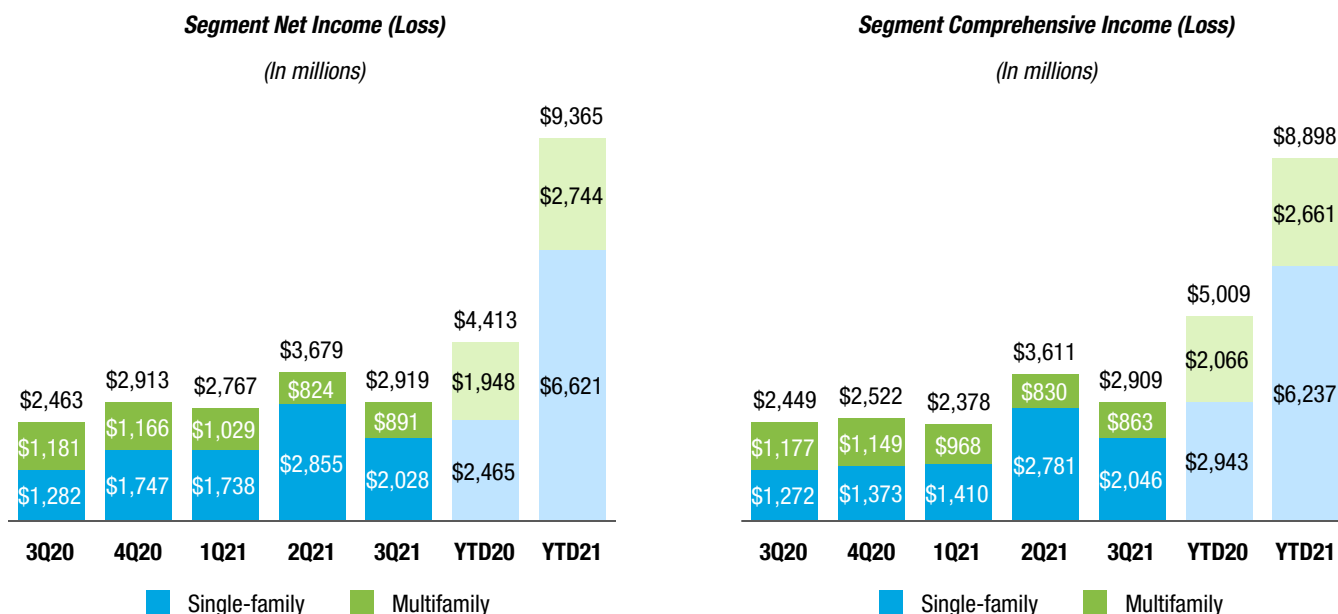
During 1Q 2021, our chief operating decision maker began making decisions about allocating resources and assessing segment performance based on two reportable segments, Single-family and Multifamily. In prior periods, we managed our business based on three reportable segments, Single-family Guarantee, Multifamily, and Capital Markets. As our mortgage-related investments portfolio has declined over time, our capital markets activities have become increasingly focused on supporting our single-family and multifamily businesses. As a result, we determined that, effective in 1Q 2021, our Capital Markets segment should no longer be considered a separate reportable segment, and our chief operating decision maker no longer reviews separate financial results or discrete financial information for our capital markets activities. Substantially all of the revenues and expenses that were previously directly attributable to our Capital Markets segment are now included in our Single-family segment, while certain administrative expenses and other centrally-incurred costs previously allocated to the Capital Markets segment are now allocated between the Single-family and Multifamily segments using various methodologies depending on the nature of the expense.

In connection with this change, we also changed the measure of segment profit and loss for each segment to be based on net income and comprehensive income calculated using the same accounting policies we use to prepare our general purpose financial statements in conformity with generally accepted accounting principles. The financial results of each reportable segment include directly attributable revenue and expenses. We allocate interest expense and other debt funding and hedging-related costs to each reportable segment using a funds transfer pricing process. We fully allocate to each reportable segment the administrative expenses and other centrally-incurred costs that are not directly attributable to a particular segment using various methodologies depending on the nature of the expense. As a result, the sum of each income statement line item for the two reportable segments is equal to that same income statement line item for the consolidated entity. We have discontinued the reclassifications of certain activities between various line items that were included in our previous measure of segment profit and loss. Prior period information has been revised to conform to the current period presentation. See **Note 15** for additional information on the change in our segment reporting presentation.

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

Segment Net Income (Loss) and Comprehensive Income (Loss)

The graphs below show our net income (loss) and comprehensive income (loss) by segment.



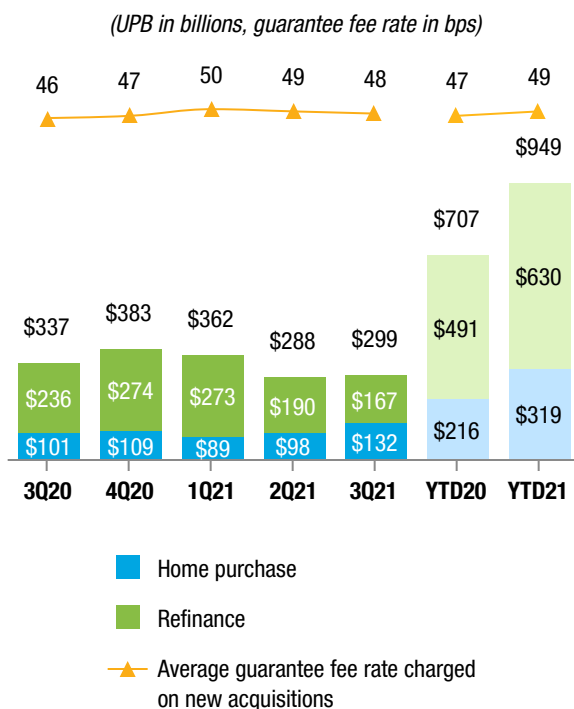
Single-Family

Business Results

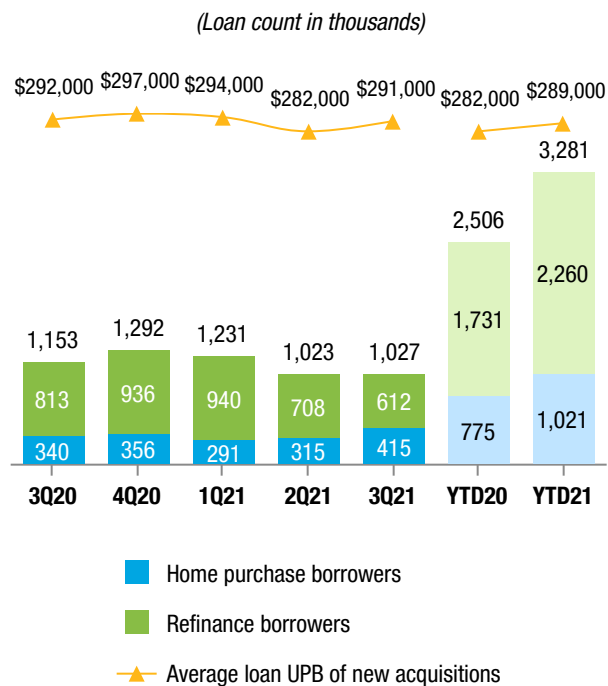
The graphs, tables, and related discussion below present the business results of our Single-family segment.

New Business Activity

UPB of Single-Family Loan Purchases and Guarantees by Loan Purpose and Average Guarantee Fee Rate⁽¹⁾ Charged on New Acquisitions



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



(1) Guarantee fee rate calculation excludes the legislated 10 basis point increase and includes deferred fees recognized over the estimated life of the related loans.

■ **3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020**

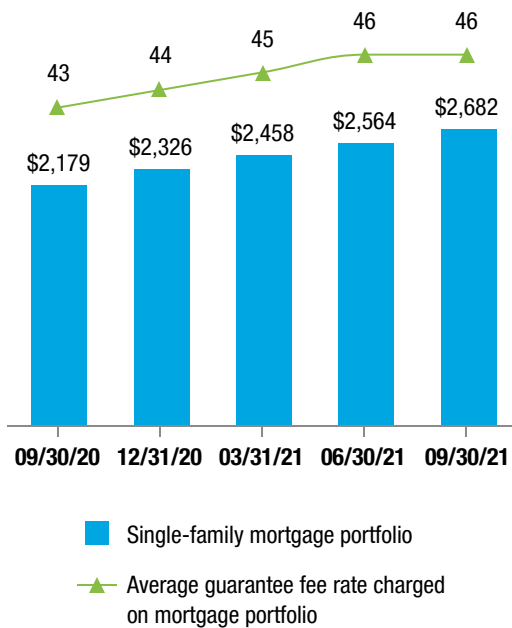
- Our loan purchase and guarantee activity decreased in 3Q 2021 compared to 3Q 2020 due to lower refinance volumes driven by a smaller decrease in mortgage interest rates during 2Q 2021 and 3Q 2021. Our loan purchase and guarantee activity increased in YTD 2021 compared to YTD 2020 due to higher refinance and home purchase volumes driven by more borrowers taking advantage of the low mortgage interest rate environment during YTD 2021. We expect mortgage interest rates to increase for the remainder of 2021 and in 2022 and, as a result, we expect refinance volume to decrease.
- The average guarantee fee rate charged on new acquisitions increased in the 2021 periods primarily due to the adverse market refinance fee we began to charge in December 2020. In July 2021, FHFA instructed us to eliminate this fee for loan deliveries effective August 1, 2021.

- In September 2021, certain requirements that were added to the Purchase Agreement pursuant to the January 2021 Letter Agreement related to our cash window activities, acquisitions of single-family loans with certain LTV, DTI, and credit score characteristics at origination, and acquisitions of single-family loans secured by investment properties and second homes were suspended. We will continue to manage these activities in accordance with our risk limits and guidance from FHFA. For additional information, see **MD&A – Regulation and Supervision – Legislative and Regulatory Developments – September 2021 Letter Agreement with Treasury**.

Single-Family Mortgage Portfolio

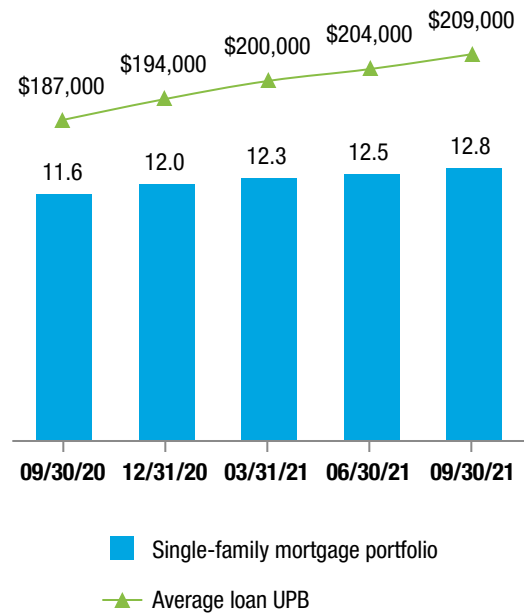
Single-Family Mortgage Portfolio and Average Guarantee Fee Rate⁽¹⁾ Charged on Mortgage Portfolio

(UPB in billions, guarantee fee rate in bps)



Single-Family Loans

(Loan count in millions)



(1) Guarantee fee rate calculation excludes the legislated 10 basis point increase. As of September 30, 2021, excludes \$48 billion in UPB primarily related to loans that we do not consolidate.

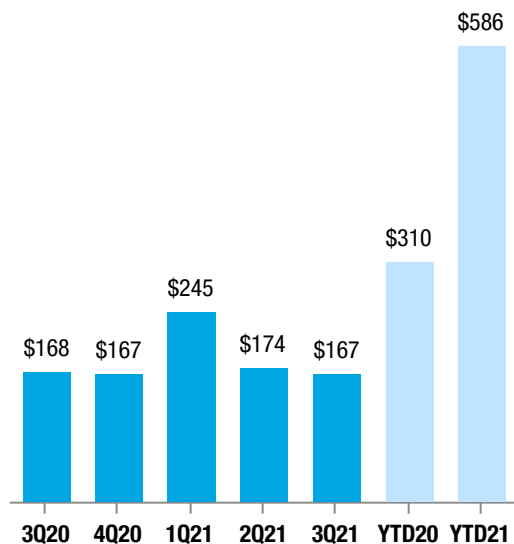
- The single-family mortgage portfolio grew \$503 billion, or 23%, year-over-year driven by higher new business activity. Additionally, continued house price appreciation contributed to new business acquisitions having a higher average loan size compared to older vintages that continued to run off.
- **3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020** - The average guarantee fee rate charged on the single-family mortgage portfolio increased as older vintages with lower charged guarantee fee rates were replaced by acquisitions of new loans with higher charged guarantee fee rates, including the adverse market refinance fee we began to charge in December 2020. In July 2021, FHFA instructed us to eliminate this fee for loan deliveries effective August 1, 2021.

CRT Activities

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

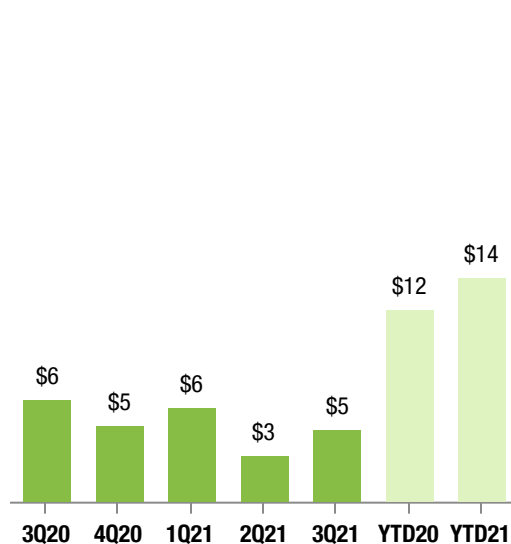
UPB Covered by New CRT Issuance

(In billions)



New CRT Issuance Maximum Coverage

(In billions)

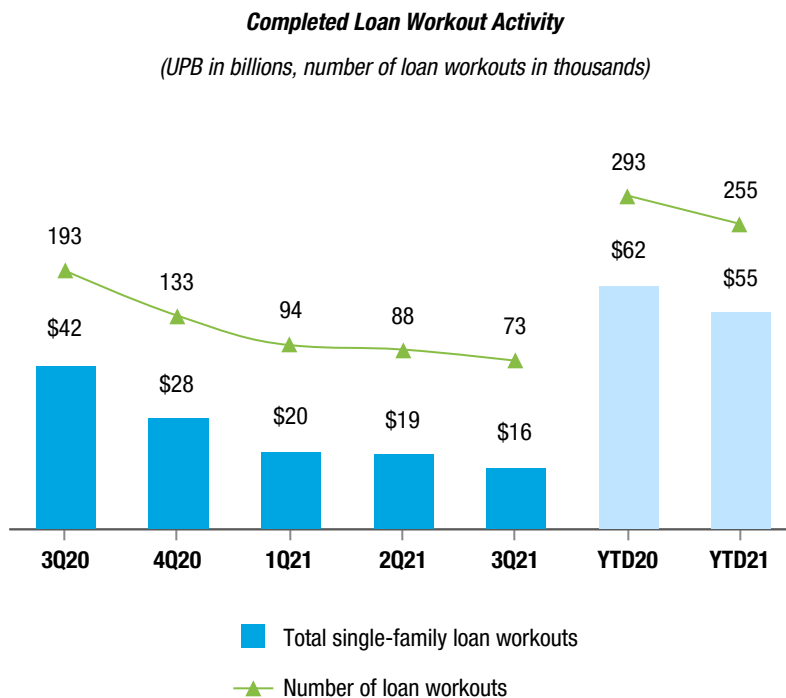


- The percentage of our single-family acquisitions targeted for CRT transactions (primarily 30-year fixed rate loans with LTV ratios between 60% and 97%) increased to 66% during 3Q 2021 from 61% during 3Q 2020 primarily driven by an increase in the proportion of purchases of 30-year fixed rate loans and a decrease in the proportion of recently acquired loans with lower LTV ratios. The percentage of our single-family acquisitions targeted for CRT transactions in YTD 2021 remained flat at 63% compared to YTD 2020.
- The UPB of mortgage loans covered by CRT transactions issued during YTD 2021 increased significantly due to the recovery of the CRT markets from the impact of the COVID-19 pandemic and the increase in loan acquisition activity in recent quarters. The related maximum coverage also increased but was proportionally lower than the increase in UPB of mortgage loans covered by CRT transactions due to the improved credit quality of the covered loans, which reduced the amount of credit coverage we required on those loans.

We evaluate and update our CRT strategy as needed depending on our business strategy, market conditions, and regulatory requirements. See **MD&A – Risk Management - Single-Family Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors** for additional information on our CRT activities and other credit enhancements.

Loss Mitigation Activities

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



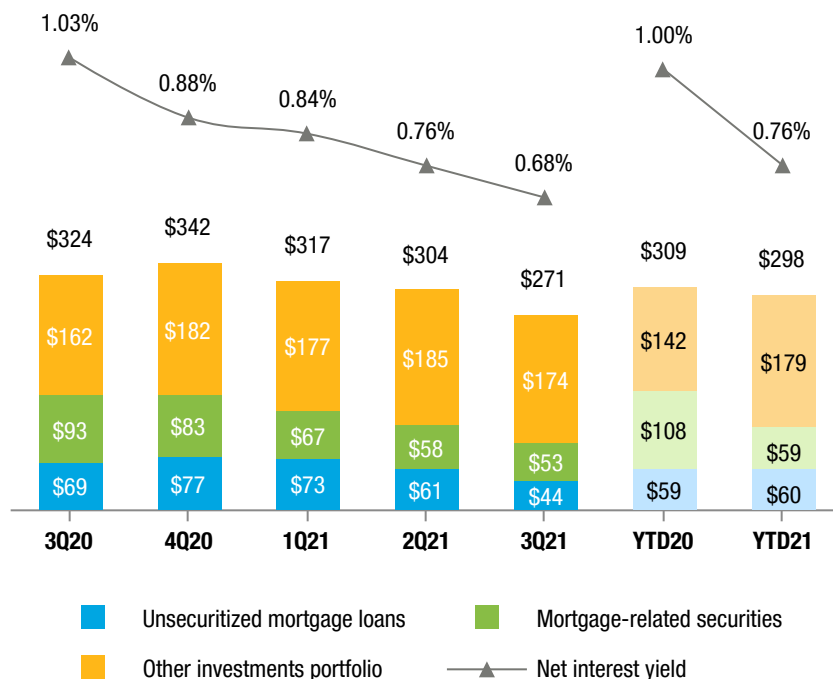
- Completed loan workout activity includes forbearance plans where borrowers fully reinstated the loan to current status during or at the end of the forbearance period, payment deferrals, modifications, successfully completed repayment plans, short sales, and deeds in lieu of foreclosure. Completed loan workout activity excludes active loss mitigation activity that was ongoing and had not been completed as of the end of the quarter, such as forbearance plans that had been initiated but not completed and trial period modifications. There were approximately 129,000 loans in active forbearance plans and 11,000 loans in other active loss mitigation activity as of September 30, 2021.
- Pursuant to FHFA guidance and the CARES Act, we have offered mortgage relief options for borrowers affected by the COVID-19 pandemic. Among other things, we have offered forbearance of up to 18 months to single-family borrowers experiencing a financial hardship, either directly or indirectly, related to the COVID-19 pandemic. We have also offered a payment deferral option that allows a borrower to defer up to 18 months of payments for eligible homeowners who have the financial capacity to resume making their monthly payments, but who are unable to afford the additional monthly contributions required by a repayment plan. The length of available forbearance or payment deferral may be extended or the terms of forbearance or payment deferral revised by further FHFA guidance or federal government regulation.
- **3Q 2021 vs. 3Q 2020** - Our loan workout activity decreased primarily driven by the decrease in completed forbearance plans and payment deferrals related to the COVID-19 pandemic.
- **YTD 2021 vs. YTD 2020** - Our loan workout activity decreased primarily driven by the decrease in completed forbearance plans related to the COVID-19 pandemic, partially offset by the increase of payment deferrals related to the COVID-19 pandemic.

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

Net Interest Yield and Average Investments Portfolio Balances

Net Interest Yield & Average Investments Portfolio Balances

(Weighted average balance in billions)



■ 3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020

- Net interest yield on our investments portfolio decreased primarily due to changes in investment mix as the lower-yielding other investments portfolio represented a larger percentage of the total investments portfolio. Net interest yield on our investments portfolio is calculated as net interest income related to our investments portfolio divided by the weighted average investments portfolio balance during the period.
- The weighted average investments portfolio balance decreased primarily due to a decline in our mortgage-related investments portfolio driven by asset sales to comply with FHFA instructions to reduce our agency MBS portfolio to \$50 billion by June 30, 2021 and to reduce our CMO portfolio to zero by June 30, 2021.

Financial Results

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

Table 15 - Single-Family Segment Financial Results

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Guarantee net interest income	\$3,800	\$3,026	\$774	26 %	\$11,480	\$7,449	\$4,031	54 %
Investments net interest income	458	832	(374)	(45)	1,707	2,309	(602)	(26)
Income (expense) from hedge accounting	(178)	(690)	512	74	(1,339)	(1,515)	176	12
Net interest income	4,080	3,168	912	29	11,848	8,243	3,605	44
Guarantee income	(20)	40	(60)	(150)	79	82	(3)	(4)
Investment gains (losses), net	(247)	82	(329)	(401)	190	45	145	322
Other income (loss)	148	129	19	15	408	270	138	51
Net revenues	3,961	3,419	542	16	12,525	8,640	3,885	45
Benefit (provision) for credit losses	244	(320)	564	176	1,076	(2,110)	3,186	151
Credit enhancement expense	(371)	(260)	(111)	(43)	(1,057)	(715)	(342)	(48)
Benefit for (decrease in) credit enhancement recoveries	(59)	26	(85)	(327)	(494)	684	(1,178)	(172)
REO operations income (expense)	9	(40)	49	123	(6)	(139)	133	96
Credit-related income (expense)	(177)	(594)	417	70	(481)	(2,280)	1,799	79
Administrative expense	(479)	(513)	34	7	(1,470)	(1,457)	(13)	(1)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(602)	(467)	(135)	(29)	(1,706)	(1,341)	(365)	(27)
Other expense	(170)	(228)	58	25	(551)	(457)	(94)	(21)
Operating expense	(1,251)	(1,208)	(43)	(4)	(3,727)	(3,255)	(472)	(15)
Income (loss) before income tax (expense) benefit	2,533	1,617	916	57	8,317	3,105	5,212	168
Income tax (expense) benefit	(505)	(335)	(170)	(51)	(1,696)	(640)	(1,056)	(165)
Net income (loss)	2,028	1,282	746	58	6,621	2,465	4,156	169
Total other comprehensive income (loss), net of taxes and reclassification adjustments	18	(10)	28	280	(384)	478	(862)	(180)
Comprehensive income (loss)	\$2,046	\$1,272	\$774	61 %	\$6,237	\$2,943	\$3,294	112 %

Key Business Drivers:

■ 3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020

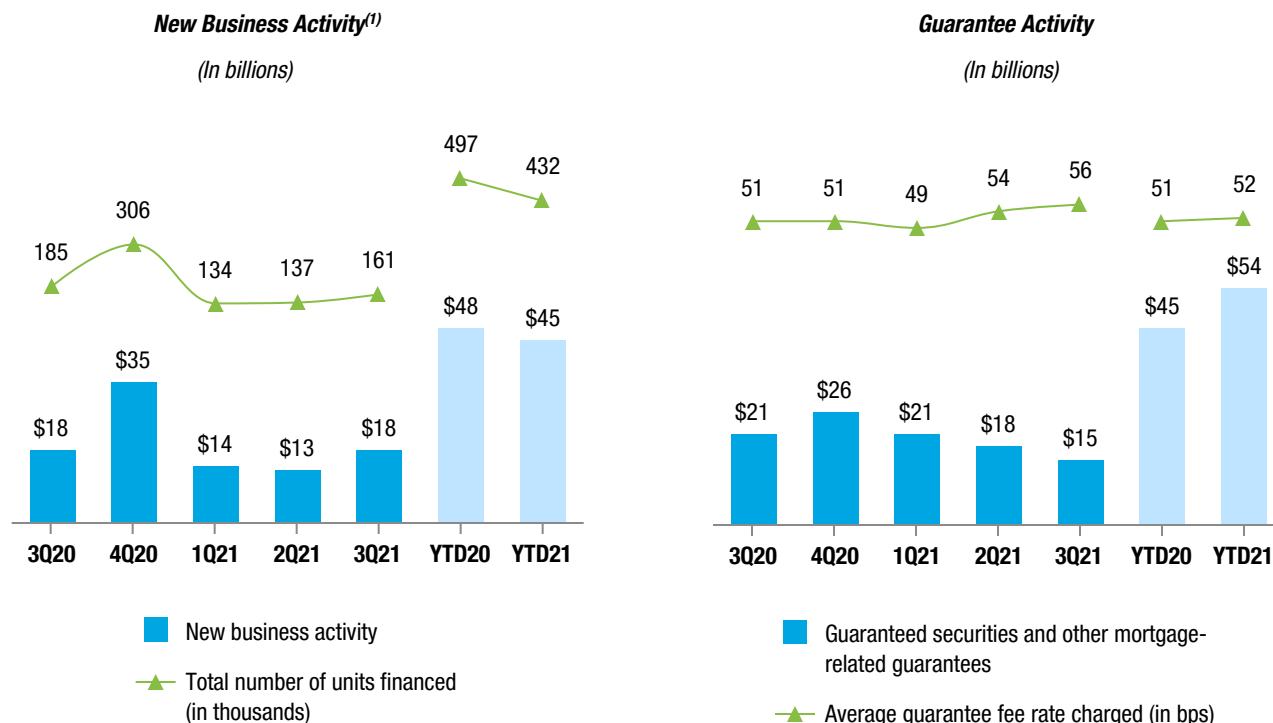
- Higher net interest income in the 2021 periods primarily due to the continued growth in the single-family mortgage portfolio and higher average guarantee fee rates on this portfolio. Net interest income in YTD 2021 also increased due to higher deferred fee income recognition.
- Lower credit-related expense in the 2021 periods primarily driven by a higher benefit for credit losses as a result of a credit reserve release due to realized house price appreciation and improving economic conditions, partially offset by higher credit enhancement expense. Credit-related expense in the 2020 periods was primarily driven by the negative economic effects of the COVID-19 pandemic.

Multifamily

Business Results

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

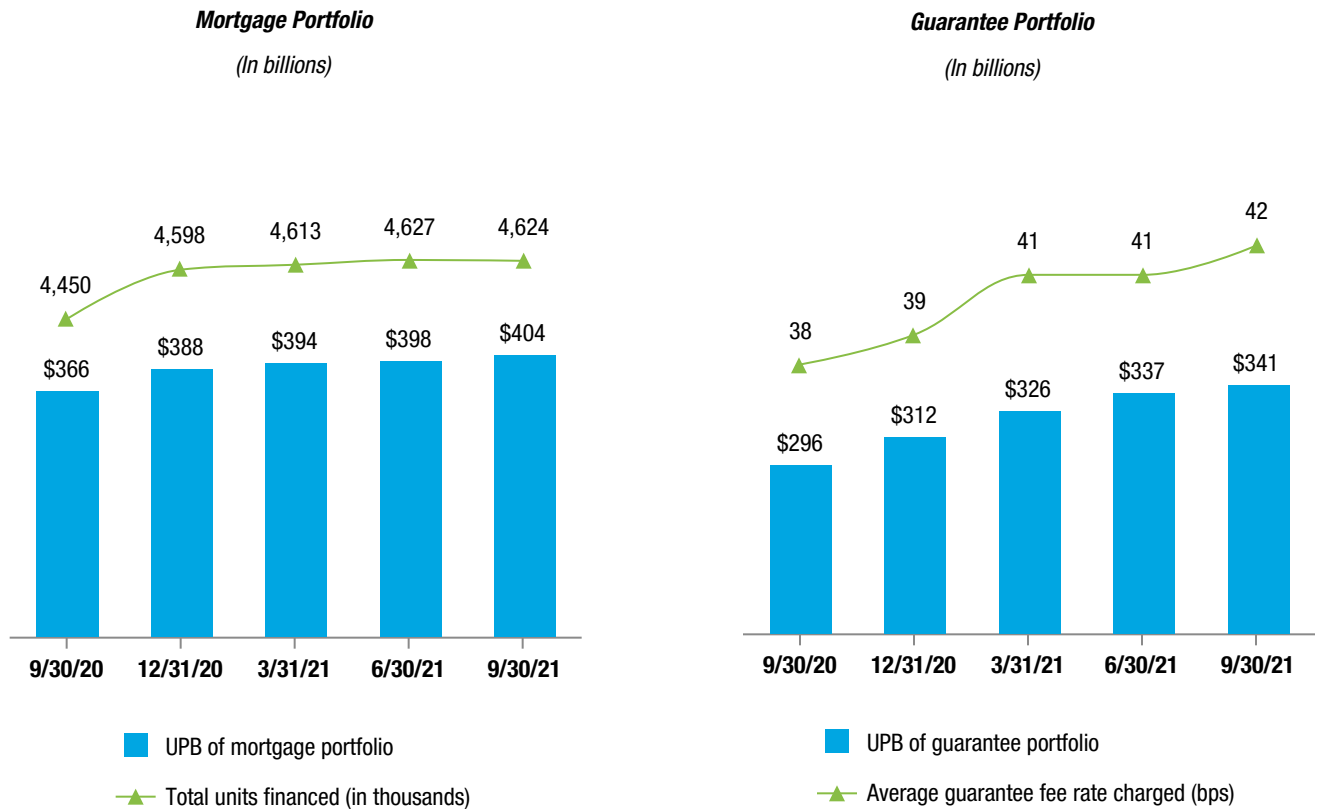
New Business Activity and Guarantee Activity



(1) Includes LIHTC new business activity

- As of September 30, 2021, the total multifamily new business activity subject to the FHFA 2021 loan purchase cap of \$70 billion was \$44.7 billion. Approximately 62% of this activity, based on UPB, was mission-driven, affordable housing, with approximately 30% being affordable to renters at or below 60% of AMI, exceeding FHFA's minimum requirements.
- In October 2021, FHFA announced that the 2022 loan purchase cap for the multifamily business will be \$78 billion, up from \$70 billion in 2021. FHFA will continue to require at least 50% of the multifamily new business activity to be mission-driven, affordable housing. FHFA has changed certain definitions of mission-driven, affordable housing and, in 2022, such definitions will include loans on affordable units in cost-burdened renter markets and loans to finance energy and water efficiency improvements with units affordable to renters at or below 60% of AMI. In 2022, FHFA also will require at least 25% of the multifamily new business activity to be affordable to renters at or below 60% of AMI, up from 20% in 2021.
- In September 2021, certain requirements that were added to the Purchase Agreement pursuant to the January 2021 Letter Agreement related to our multifamily loan purchase activity were suspended. For additional information, see **MD&A - Regulation and Supervision - Legislative and Regulatory Developments - September 2021 Letter Agreement with Treasury**.
- While broader economic activity and demographic trends have contributed to higher demand for multifamily mortgage financing, our new business activity was lower in YTD 2021 compared to YTD 2020 due to ongoing competition and a reduced FHFA loan purchase cap. We expect our full year 2021 new business activity to reach the \$70 billion loan purchase cap.
- Outstanding commitments, including index lock commitments and commitments to purchase or guarantee multifamily assets, were \$25.3 billion and \$23.3 billion as of September 30, 2021 and September 30, 2020, respectively, indicating a strong pipeline for the remainder of 2021.
- Guarantee activity UPB increased in YTD 2021 compared to YTD 2020 primarily due to the securitization of the significant loan purchase activity from 4Q 2020, along with the purchase of a higher volume of floating-rate loans during YTD 2021, which typically have shorter aggregation periods.

Multifamily Mortgage Portfolio and Guarantee Portfolio

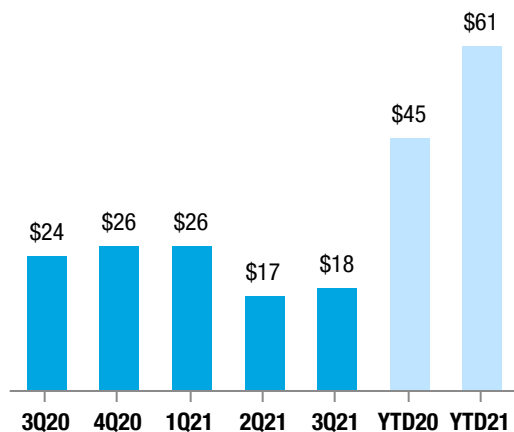


- Our multifamily mortgage and guarantee portfolios increased as of September 30, 2021 compared to December 31, 2020 primarily due to ongoing loan purchase and securitization activities. We expect continued growth in these portfolios during the remainder of 2021 as purchase and securitization activities should outpace loan payoffs.
- In addition to our multifamily mortgage portfolio, we own equity interests in LIHTC fund partnerships with carrying values totaling \$1.5 billion and \$1.4 billion as of September 30, 2021 and December 31, 2020, respectively. In September 2021, FHFA announced that Freddie Mac may invest up to \$850 million annually in the LIHTC market, an increase from the previous limit of \$500 million.

CRT Activities

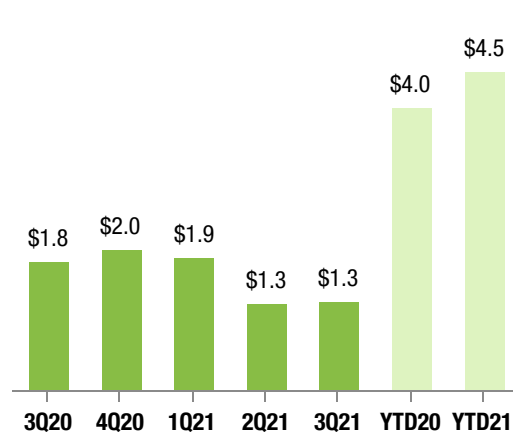
UPB Covered by New CRT Issuance

(In billions)



New CRT Issuance Maximum Coverage

(In billions)



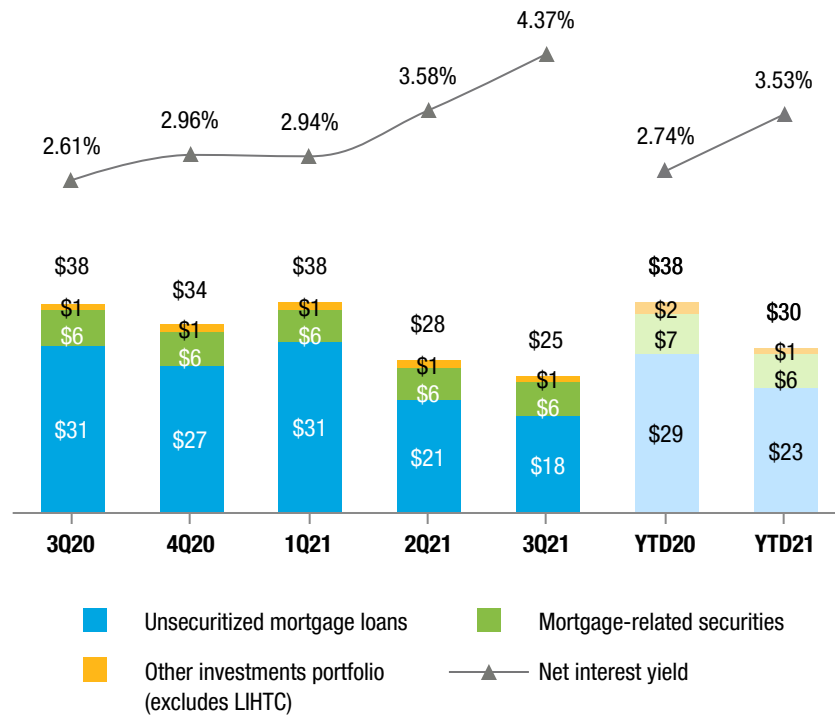
- As of September 30, 2021, we had cumulatively transferred a substantial amount of the expected and stressed credit risk on the multifamily guarantee portfolio primarily through subordination in our securitizations. In addition, nearly all of our securitization activities shifted substantially all of the interest rate and liquidity risk associated with the underlying collateral away from Freddie Mac to third-party investors.
- The UPB of mortgage loans covered by CRT transactions issued during YTD 2021 and the related maximum coverage increased as we securitized the significant loan purchase activity from 4Q 2020 and the first half of 2021.

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

Net Interest Yield and Average Investments Portfolio Balances

Net Interest Yield & Average Investments Portfolio Balances

(Weighted average balance in billions)



■ **3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020**

- Net interest yield increased primarily due to a change in the composition of our investments portfolio as our interest-only securities, which are generally higher yielding investments, represented a larger percentage of our investments portfolio.
- The weighted average investments portfolio balance decreased as the average unsecuritized mortgage loans balance was lower due to an increase in securitization activity and shorter loan aggregation periods.

Mortgage Loans Gains (Losses), Net and Initial Pricing Margin on Commitments



Source of spread data in basis points: Independent dealers.

- We primarily recognize revenue from our mortgage loans as mortgage loans gains (losses), net, which is a component of investment gains (losses), net. The amount of mortgage loans gains (losses), net, shown above is net of gains and losses on derivative instruments we use to economically hedge the interest-rate risk of the loan commitments and mortgage loans.
- Mortgage loans gains (losses), net, consists of three components: (1) the initial pricing margin on new loan commitments for which we have elected the fair value option, (2) spread-related fair value changes during the commitment and loan holding periods for loan commitments and mortgage loans we measure at fair value, which are primarily driven by changes in benchmark spreads after the commitment date, and (3) other items, including realized gains on sales of mortgage loans for which we do not elect the fair value option.
- Mortgage loans gains, net, decreased during 3Q 2021 compared to 3Q 2020 due to less K Certificate spread tightening and lower initial pricing margin rates on new loan commitments, partially offset by higher gains on floating-rate loan securitizations.
- While the initial pricing margin rates for new loan commitments decreased year-over-year, these rates remained strong relative to our long-term average rates.

Financial Results

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

Table 16 - Multifamily Segment Financial Results

(Dollars in millions)	3Q 2021	3Q 2020	Change		YTD 2021	YTD 2020	Change	
			\$	%			\$	%
Guarantee net interest income	\$66	\$39	\$27	69 %	\$178	\$101	\$77	76 %
Investments net interest income	272	250	22	9	798	774	24	3
Net interest income	338	289	49	17	976	875	101	12
Guarantee income	266	275	(9)	(3)	771	1,079	(308)	(29)
Mortgage loans gains (losses), net	729	1,042	(313)	(30)	2,390	1,213	1,177	97
Other investment gains (losses), net	(99)	(2)	(97)	(4,850)	(353)	(301)	(52)	(17)
Investment gains (losses), net	630	1,040	(410)	(39)	2,037	912	1,125	123
Other income (loss)	52	43	9	21	77	131	(54)	(41)
Net revenues	1,286	1,647	(361)	(22)	3,861	2,997	864	29
Credit-related income (expense)	(17)	(20)	3	15	54	(147)	201	137
Operating expense	(156)	(137)	(19)	(14)	(468)	(395)	(73)	(18)
Income (loss) before income tax (expense) benefit	1,113	1,490	(377)	(25)	3,447	2,455	992	40
Income tax (expense) benefit	(222)	(309)	87	28	(703)	(507)	(196)	(39)
Net income (loss)	891	1,181	(290)	(25)	2,744	1,948	796	41
Total other comprehensive income (loss), net of taxes and reclassification adjustments	(28)	(4)	(24)	(600)	(83)	118	(201)	(170)
Comprehensive income (loss)	\$863	\$1,177	(\$314)	(27)%	\$2,661	\$2,066	\$595	29 %

Key Business Drivers:

■ 3Q 2021 vs. 3Q 2020

- Higher net interest income was primarily driven by the growth in our PC securitizations.
- Lower net investment gains primarily due to less K Certificate spread tightening and lower initial pricing margin rates on new loan commitments, partially offset by higher gains on floating-rate loan securitizations.

■ YTD 2021 vs. YTD 2020

- Lower guarantee income as continued growth in our multifamily guarantee portfolio was more than offset by the impacts of interest-rate changes on the fair values of our guarantee assets. During YTD 2021, we recorded higher fair value losses due to increases in medium- and long-term interest rates compared to lower fair value losses during YTD 2020 due to significant decreases in interest rates.
- Higher net investment gains primarily due to higher gains on floating-rate loan securitizations and K Certificate spread tightening. YTD 2020 included spread-related losses as a result of the market volatility caused by the COVID-19 pandemic.
- Benefit for credit losses compared to a provision for credit losses driven by improved actual and forecasted economic factors.

RISK MANAGEMENT

Risk is an inherent part of our business activities. We are exposed to the following key types of risk: credit risk, operational risk, market risk, liquidity risk, strategic risk, and reputation risk.

Credit Risk

Overview

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

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

- **Single-family mortgage credit risk**, through our ownership or guarantee of loans in the single-family mortgage portfolio and
- **Multifamily mortgage credit risk**, through our ownership or guarantee of loans in the multifamily mortgage portfolio.

In the section below, we provide a discussion of the current risk environment for our mortgage credit risk.

Single-Family Mortgage Credit Risk

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

Temporary Underwriting Changes Due to COVID-19 Pandemic

We announced temporary changes in our underwriting standards due to the COVID-19 pandemic, which may negatively affect the expected performance of purchased loans that were underwritten under these temporary changes. These temporary changes have either expired or, in certain cases, been made permanent.

The following temporary measures expired during 3Q 2021 and are not applicable to loan applications dated on or after August 11, 2021:

- Requiring income and asset documentation to be dated closer to the loan closing date in order to verify the most up-to-date information is being used to support the borrower's ability to repay and
- Establishing underwriting restrictions applicable to a borrower's accounts containing stocks, stock options, and mutual funds due to current market volatility.

For additional information on our temporary underwriting changes in response to COVID-19, see **MD&A - Risk Management - Single-Family Mortgage Credit Risk - Maintaining Prudent Underwriting Standards and Quality Control Practices and Managing Seller/Service Performance - Temporary Underwriting Changes Due to COVID-19 Pandemic** in our 2020 Annual Report and our Form 10-Qs for 1Q 2021 and 2Q 2021.

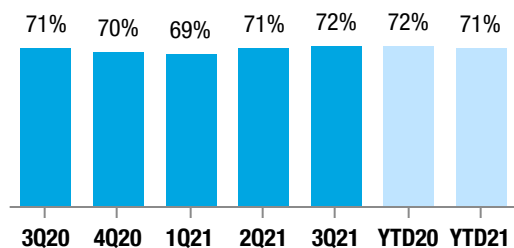
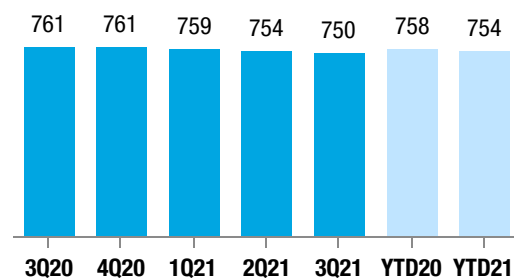
Also, pursuant to FHFA guidance, we eliminated the 50-basis point adverse market refinance fee for loan deliveries effective August 1, 2021.

Appraisal Waivers

Automated Collateral Evaluation (ACE) waiver usage decreased from 45% of loan purchases during 3Q 2020 to 34% of loan purchases during 3Q 2021 as refinance volume decreased and we restricted eligibility for ACE waivers.

Loan Purchase Credit Characteristics

We monitor and evaluate market conditions that could affect the credit quality of our single-family loan purchases. The graphs below show the credit profile of the single-family loans we purchased or guaranteed.

Weighted Average Original LTV Ratio**Weighted Average Original Credit Score⁽¹⁾**

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

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

Table 17 - Single-Family New Business Activity

(Dollars in billions)	3Q 2021		3Q 2020		YTD 2021		YTD 2020	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
30-year or more amortizing fixed-rate	\$245	82 %	\$264	79 %	\$762	80 %	\$560	79 %
20-year amortizing fixed-rate	12	4	18	5	47	5	35	5
15-year amortizing fixed-rate	39	13	54	16	136	14	109	15
Adjustable-rate	3	1	1	—	4	1	3	1
Total	\$299	100 %	\$337	100 %	\$949	100 %	\$707	100 %
Percentage of purchases								
DTI ratio > 45%		12 %		10 %		11 %		11 %
Original LTV ratio > 90%		14		11		11		12
Original credit score < 680		8		4		6		4
Transaction type:								
Cash window		31		62		47		60
Guarantor swap		69		38		53		40
Property type:								
Detached single-family houses and townhouses		93		93		93		93
Condominium or co-op		7		7		7		7
Occupancy type:								
Primary residence		95		94		94		94
Second home		3		3		3		3
Investment property		2		3		3		3
Loan purpose:								
Purchase		44		30		34		30
Cash-out refinance		26		16		23		18
Other refinance		30		54		43		52

Transferring Credit Risk to Third-Party Investors

To reduce our credit risk exposure, we engage in various credit enhancement arrangements, which include CRT transactions and other credit enhancements.

Single-Family Mortgage Portfolio CRT Issuance

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

Table 18 - Single-Family Mortgage Portfolio CRT Issuance

(In millions)	3Q 2021		3Q 2020	
	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾
STACR	\$109,064	\$2,257	\$152,423	\$3,900
Insurance/reinsurance	113,135	2,093	138,633	1,566
Subordination	773	85	4,030	770
Lender risk-sharing	193	193	377	340
Less: UPB with more than one type of CRT	(56,551)	—	(127,414)	(191)
Total CRT Issuance	\$166,614	\$4,628	\$168,049	\$6,385

(In millions)	YTD 2021		YTD 2020	
	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾
STACR	\$386,907	\$7,301	\$302,676	\$8,185
Insurance/reinsurance	410,645	6,374	271,830	2,796
Subordination	3,810	299	5,895	947
Lender risk-sharing	559	559	6,830	919
Less: UPB with more than one type of CRT	(216,386)	—	(277,667)	(769)
Total CRT Issuance	\$585,535	\$14,533	\$309,564	\$12,078

(1) Represents the UPB of the assets included in the associated reference pool or securitization trust, as applicable. Prior periods have been revised to conform to the current period presentation.

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

Single-Family Mortgage Portfolio Credit Enhancement Coverage Outstanding

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

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

(Dollars in millions)	September 30, 2021		
	UPB ⁽¹⁾	% of Portfolio	Maximum Coverage ⁽²⁾
Primary mortgage insurance ⁽³⁾	\$528,184	20%	\$130,218
STACR	918,667	34	30,737
Insurance/reinsurance	945,982	35	15,652
Subordination	39,180	1	6,203
Lender risk-sharing	4,815	—	4,377
Other	165	—	162
Less: UPB with multiple credit enhancements and other reconciling items ⁽⁴⁾	(1,092,277)	(40)	—
Single-family mortgage portfolio - credit-enhanced	1,344,716	50	187,349
Single-family mortgage portfolio - non-credit-enhanced	1,337,690	50	—
Total	\$2,682,406	100%	\$187,349

Referenced footnotes are included after the prior period table.

(Dollars in millions)	December 31, 2020		
	UPB ⁽¹⁾	% of Portfolio	Maximum Coverage ⁽²⁾
Primary mortgage insurance ⁽³⁾	\$472,881	20%	\$116,973
STACR	853,733	37	29,665
Insurance/reinsurance	876,815	38	11,586
Subordination	44,170	2	6,182
Lender risk-sharing	5,731	—	4,831
Other	374	—	371
Less: UPB with multiple credit enhancements and other reconciling items ⁽⁴⁾	(1,101,461)	(47)	—
Single-family mortgage portfolio - credit-enhanced	1,152,243	50	169,608
Single-family mortgage portfolio - non-credit-enhanced	1,174,183	50	N/A
Total	\$2,326,426	100%	\$169,608

- (1) Represents the current UPB of the assets included in the associated reference pool or securitization trust, as applicable. Prior periods have been revised to conform to the current period presentation.
- (2) For STACR transactions, represents the outstanding balance held by third parties. For insurance/reinsurance transactions, represents the remaining aggregate limit of insurance purchased from third parties. For subordination, represents the outstanding UPB of the securities that are held by third parties and are subordinate to the securities we guarantee. For lender risk-sharing, represents the remaining amount of loss recovery that is available subject to the terms of counterparty agreements.
- (3) Amounts exclude certain loans for which we do not control servicing, as the coverage information for these loans is not readily available to us.
- (4) Other reconciling items primarily include timing differences in reporting cycles between the UPB of certain CRT transactions and the UPB of the underlying loans.

Our maximum coverage as a percentage of the UPB associated with credit-enhanced loans decreased to 14% as of September 30, 2021 from 15% as of December 31, 2020.

Credit Enhancement Coverage Characteristics

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

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

(% of portfolio based on loan UPB) ⁽¹⁾	September 30, 2021		December 31, 2020	
	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate
Credit-enhanced				
Primary mortgage insurance	20 %	2.16 %	21 %	3.77 %
CRT and other	44	1.65	41	3.22
Non-credit-enhanced	50	1.20	50	2.13
Total	N/A	1.46	N/A	2.64

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

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

Table 21 - Credit Enhancement Coverage by Year of Origination

(Dollars in millions)	September 30, 2021		December 31, 2020	
	UPB	% of UPB with Credit Enhancement	UPB	% of UPB with Credit Enhancement
Year of Loan Origination				
2021	\$813,611	28 %	N/A	N/A
2020	916,836	63	\$971,092	36 %
2019	177,485	72	276,302	73
2018	74,652	78	118,668	80
2017	98,656	72	147,856	75
2016 and prior	601,166	47	812,508	49
Total	\$2,682,406	50	\$2,326,426	50

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

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

(Dollars in millions)	September 30, 2021		December 31, 2020	
	UPB	% of Portfolio	UPB	% of Portfolio
Low current LTV ratio ⁽¹⁾⁽²⁾	\$966,974	36 %	\$784,150	34 %
Short-term ⁽¹⁾⁽³⁾	65,464	2	81,681	3
Pre-CRT program inception ⁽¹⁾⁽⁴⁾	4,445	—	11,327	—
CRT pipeline ⁽¹⁾⁽⁵⁾	285,026	11	276,611	12
Other ⁽¹⁾⁽⁶⁾	15,781	1	20,414	1
Single-family mortgage portfolio - non-credit-enhanced	\$1,337,690	50 %	\$1,174,183	50 %

- (1) Loans with multiple characteristics are assigned to categories in this table based on the following order: low current LTV ratio, short-term, pre-CRT program inception, and CRT pipeline.
- (2) Represents loans with a current LTV ratio less than or equal to 60%.
- (3) Represents loans with an original maturity of 20 years or less.
- (4) Represents relief refinance loans and loans that were acquired before the inception of our CRT programs in 2013.
- (5) Represents recently acquired loans that are targeted to be included in the on-the-run CRT transactions and have not yet been included in a reference pool.
- (6) Primarily includes government guaranteed loans, ARM loans, loans with a current LTV ratio greater than 97%, and loans that fail the delinquency requirements for CRT transactions.

Credit Enhancement Expenses and Recoveries

The recognition of expenses and expected recoveries associated with credit enhancements in our condensed consolidated financial statements depends on the type of credit enhancement. See **Note 8** for additional information on our credit enhancements. The table below contains details on the costs, investment gains (losses), and recoveries associated with our single-family credit enhancements.

Table 23 - Details of Single-Family Credit Enhancement Costs, Investment Gains (Losses), and Recoveries

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Credit enhancement costs:				
Credit enhancement expense	(\$371)	(\$260)	(\$1,057)	(\$715)
Interest expense related to CRT debt	(129)	(165)	(404)	(579)
Less: estimated reinvestment income from proceeds of CRT debt issuance	12	9	37	68
Single-family credit enhancement costs	(\$488)	(\$416)	(\$1,424)	(\$1,226)
Credit enhancement investment gains (losses):				
CRT derivatives gains (losses)	\$1	\$32	13	\$132
CRT debt gains (losses)	(50)	(35)	(14)	448
Single-family credit enhancement investment gains (losses)⁽¹⁾	(\$49)	(\$3)	(\$1)	\$580
Single-family benefit for (decrease in) credit enhancement recoveries⁽¹⁾	(\$59)	\$26	(\$494)	\$684

- (1) Recoveries collected under freestanding credit enhancements and write-offs of CRT debt were less than \$1 million during 3Q 2021, compared to \$5 million during 3Q 2020. Recoveries collected under freestanding credit enhancements and write-offs of CRT debt were \$5 million during YTD 2021, compared to \$13 million during YTD 2020.

The table below presents the details of the credit enhancement recovery receivables we have recognized within other assets on our condensed consolidated balance sheet.

Table 24 - Single-Family Credit Enhancement Receivables

(In millions)	September 30, 2021	December 31, 2020
Freestanding credit enhancement expected recovery receivables, net of allowance	\$150	\$653
Primary mortgage insurance receivables ⁽¹⁾ , net of allowance	71	74
Total credit enhancement receivables	\$221	\$727

- (1) Excludes \$433 million and \$444 million of deferred payment obligations associated with unpaid claim amounts as of September 30, 2021 and December 31, 2020, respectively. We have reserved for substantially all of these unpaid amounts as collectability is uncertain.

Monitoring Loan Performance and Characteristics

We review loan performance, including delinquency statistics and related loan characteristics, in conjunction with housing market and economic conditions, including the economic effects associated with the COVID-19 pandemic, to assess credit risk when estimating our allowance for credit losses and to determine if our pricing and eligibility standards reflect the risk associated with the loans we purchase and guarantee.

Loan Characteristics

The table below contains details of the characteristics of the loans in our single-family mortgage portfolio.

Table 25 - Credit Quality Characteristics of Our Single-Family Mortgage Portfolio

(Dollars in billions)	September 30, 2021						
	UPB	Original Credit Score ⁽¹⁾	Current Credit Score ⁽¹⁾⁽²⁾	Original LTV Ratio	Current LTV Ratio	Current LTV Ratio >100%	Alt-A %
Single-family mortgage portfolio year of origination:							
2021	\$814	754	752	71 %	66 %	— %	— %
2020	917	760	766	71	58	—	—
2019	177	746	751	76	57	—	—
2018	75	736	736	76	53	—	—
2017	99	741	746	75	47	—	—
2016 and prior	600	737	751	75	37	—	3
Total	\$2,682	751	756	72	55	—	1

(Dollars in billions)	December 31, 2020						
	UPB	Original Credit Score ⁽¹⁾	Current Credit Score ⁽¹⁾⁽²⁾	Original LTV Ratio	Current LTV Ratio	Current LTV Ratio >100%	Alt-A %
Single-family mortgage portfolio year of origination:							
2020	\$971	760	758	71 %	68 %	— %	— %
2019	276	747	754	77	67	—	—
2018	119	739	739	77	62	—	—
2017	148	742	747	75	56	—	—
2016	187	748	758	73	49	—	—
2015 and prior	625	737	750	75	41	—	3
Total	\$2,326	749	754	74	58	—	1

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

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

Higher Risk Loan Attributes and Attribute Combinations

Certain combinations of loan attributes can indicate a higher degree of credit risk, such as loans with both higher LTV ratios and lower credit scores. The following table presents the combination of credit score and CLTV ratio attributes of loans in our single-family mortgage portfolio.

Table 26 - Single-Family Mortgage Portfolio Attribute Combinations

(Original credit score)	September 30, 2021												
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 90		CLTV > 90 to 100		CLTV > 100		All Loans		
	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate ⁽¹⁾	% of Portfolio	SDQ Rate ⁽¹⁾	% of Portfolio	SDQ Rate ⁽¹⁾	% of Portfolio	SDQ Rate ⁽¹⁾	% of Portfolio	SDQ Rate	% Modified ⁽²⁾
< 620	0.8 %	7.40 %	0.2 %	12.84 %	— %	NM	— %	NM	— %	NM	1.0 %	8.36 %	9.0 %
620 to 679	4.5	4.06	2.1	4.02	0.3	3.37%	0.1	3.90%	—	NM	7.0	4.04	4.1
≥ 680	52.3	1.08	32.7	1.04	5.1	0.64	1.8	0.29	—	NM	91.9	1.04	0.6
Not available	0.1	7.34	—	NM	—	NM	—	NM	—	NM	0.1	7.71	18.1
Total	57.7 %	1.53	35.0 %	1.36	5.4 %	0.94	1.9 %	0.66	— %	NM	100.0 %	1.46	1.1

Referenced footnotes are included after the prior period table.

(Original credit score)	December 31, 2020												
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 90		CLTV > 90 to 100		CLTV > 100		All Loans		
	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate ⁽¹⁾	% of Portfolio	SDQ Rate ⁽¹⁾	% of Portfolio	SDQ Rate ⁽¹⁾	% of Portfolio	SDQ Rate ⁽¹⁾	% of Portfolio	SDQ Rate	% Modified ⁽²⁾
< 620	0.9 %	9.27 %	0.3 %	14.96%	0.1 %	18.74%	— %	NM	— %	NM	1.3 %	11.00 %	10.2 %
620 to 679	4.2	5.93	2.5	7.93	0.5	8.17	0.1	7.92%	—	NM	7.3	6.64	7.1
≥ 680	45.4	1.83	34.5	2.31	8.9	2.37	2.4	0.96	0.1	12.56%	91.3	2.00	0.6
Not available	0.1	7.96	—	NM	—	NM	—	NM	—	NM	0.1	8.79	16.9
Total	50.6 %	2.46	37.3 %	2.94	9.5 %	2.90	2.5 %	1.69	0.1 %	18.11	100.0 %	2.64	1.4

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

(2) Primarily includes loans modified through the Freddie Mac Flex Modification program.

In September 2021, the Purchase Agreement limit on our acquisitions of single-family loans with certain LTV, DTI, and credit score characteristics at origination was suspended. For additional information, see **MD&A - Regulation and Supervision - Legislative and Regulatory Developments - September 2021 Letter Agreement with Treasury**.

Alt-A and Subprime Loans

While we have referred to certain loans as subprime or Alt-A for purposes of the discussion below and elsewhere in this Form 10-Q, there is no universally accepted definition of subprime or Alt-A, and the classification of such loans may differ from company to company. We do not rely on these loan classifications to evaluate the credit risk exposure relating to such loans in our single-family mortgage portfolio.

Participants in the mortgage market have characterized single-family loans based upon their overall credit quality at the time of origination, including as prime or subprime. While we have not historically characterized the loans in our single-family mortgage portfolio as either prime or subprime, we monitor the amount of loans we have guaranteed with characteristics that indicate a higher degree of credit risk. In addition, we estimate that approximately \$0.6 billion and \$0.7 billion of security collateral underlying our other securitization products at September 30, 2021 and December 31, 2020, respectively, were identified as subprime based on information provided to us when we entered into these transactions.

Mortgage market participants have classified single-family loans as Alt-A if these loans have credit characteristics that range between their prime and subprime categories, if they are underwritten with lower or alternative income or asset documentation requirements compared to a full documentation loan, or both. Although we have discontinued new purchases of loans with lower documentation standards, we continue to purchase certain amounts of such loans in cases where the loan was either purchased pursuant to a previously issued guarantee, part of our relief refinance initiative or part of another refinance loan initiative and the pre-existing loan was originated under less than full documentation standards. In the event we purchase a refinance loan and the original loan had been previously identified as Alt-A, such refinance loan may no longer be categorized or reported as an Alt-A loan in this Form 10-Q and our other financial reports because the new refinance loan replacing the original loan would not be identified by the seller or servicer as an Alt-A loan. As a result, our reported Alt-A balances may be lower than would otherwise be the case had such refinancing not occurred. From the time the relief refinance initiative began in 2009 to September 30, 2021, we have purchased approximately \$36.4 billion of relief refinance loans that were previously categorized as Alt-A loans in our portfolio.

The table below contains information on Alt-A loans in our single-family mortgage portfolio.

Table 27 - Alt-A Loans in Our Single-Family Mortgage Portfolio

(Dollars in billions)	September 30, 2021				December 31, 2020			
	UPB	CLTV	% Modified ⁽¹⁾	SDQ Rate	UPB	CLTV	% Modified ⁽¹⁾	SDQ Rate
Alt-A	\$16.1	48 %	13.4 %	7.93 %	\$18.4	55 %	14.7 %	10.66 %

(1) Primarily includes loans modified through the Freddie Mac Flex Modification program.

The UPB of Alt-A loans in our single-family mortgage portfolio is continuing to decline due to borrowers refinancing into other mortgage products, foreclosure sales, and other liquidation events.

Geographic Concentrations

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

The table below summarizes the concentration by geographic area of our single-family mortgage portfolio. While our portfolio is diversified geographically, the economic effects of the COVID-19 pandemic may be disproportionately concentrated in certain geographic regions or areas. See **Note 16** for more information about credit risk associated with loans that we hold or guarantee.

Table 28 - Concentration of Credit Risk of Our Single-Family Mortgage Portfolio

(Dollars in billions)	September 30, 2021			December 31, 2020			YTD 2021 ⁽¹⁾		YTD 2020 ⁽¹⁾	
	Portfolio UPB ⁽²⁾	% of Portfolio	SDQ Rate	Portfolio UPB ⁽²⁾	% of Portfolio	SDQ Rate	Credit Losses Amount	% of Credit Losses ⁽³⁾	Credit Losses Amount	% of Credit Losses
Region:⁽⁴⁾										
West	\$831	31 %	1.24 %	\$720	31 %	2.41 %	\$—	NM	\$—	5 %
Northeast	636	24	1.82	549	24	3.16	—	NM	0.1	40
North Central	401	15	1.23	357	15	2.06	—	NM	0.1	27
Southeast	436	16	1.57	375	16	2.95	—	NM	0.1	18
Southwest	378	14	1.41	325	14	2.59	—	NM	—	10
Total	\$2,682	100 %	1.46	\$2,326	100 %	2.64	\$—	NM	\$0.3	100 %
State:										
California	\$486	18 %	1.36	\$424	18 %	2.64	\$—	NM	\$—	4 %
Texas	167	6	1.62	145	6	3.11	—	NM	—	3
Florida	159	6	1.83	135	6	3.70	—	NM	—	10
New York	116	4	2.75	103	4	4.56	—	NM	—	12
Illinois	106	4	1.88	96	4	2.96	—	NM	0.1	14
All other	1,648	62	1.31	1,423	62	2.34	—	NM	0.2	57
Total	\$2,682	100 %	1.46	\$2,326	100 %	2.64	\$—	NM	\$0.3	100 %

(1) Excludes credit losses related to charge-offs of accrued interest receivables.

(2) Excludes \$458 million and \$505 million in UPB of loans underlying certain securitization products for which data was not available as of September 30, 2021 and December 31, 2020, respectively.

(3) NM - not meaningful due to the credit losses amount rounding to zero.

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

Loans in COVID-19 Related Forbearance Plans

The table below contains details on the characteristics of our single-family loans in forbearance that are past due based on the loan's original contractual terms.

Table 29 - Credit Quality Characteristics of Our Single-Family Loans in Forbearance That Are Past Due⁽¹⁾

(Dollars in billions)	September 30, 2021		December 31, 2020	
	UPB	% of Total	UPB	% of Total
Current LTV ratio⁽²⁾:				
≤ 60	\$17.2	62 %	\$29.4	49 %
> 60 to 80	9.4	34	23.7	39
> 80 to 100	1.1	4	6.9	11
> 100	0.1	—	0.3	1
Total	\$27.8	100 %	\$60.3	100 %

(1) Excludes certain loans for which we do not control servicing and loans underlying certain legacy transactions, as the forbearance information for these loans is either not reported to us by the servicers or is otherwise not readily available to us. These loans represented approximately 1.7% and 2.0% of the single-family mortgage portfolio as of September 30, 2021 and December 31, 2020, respectively.

(2) The weighted average current LTV ratio for our single-family loans in forbearance that were past due based on the loan's original contractual terms was 54% and 59% as of September 30, 2021 and December 31, 2020, respectively.

The table below presents payment status information of our single-family loans in forbearance based on the loans' original contractual terms.

Table 30 - Single-Family Loans in Forbearance Plans by Payment Status⁽¹⁾

(Dollars in millions)	September 30, 2021					Total
	Current	One Month Past Due	Two Months Past Due	Three Months to Six Months Past Due ⁽²⁾	Greater Than Six Months Past Due ⁽²⁾	
UPB	\$3,856	\$2,082	\$1,576	\$4,681	\$19,456	\$31,651
Number of loans (in thousands)	19	10	8	22	89	148
As a percentage of our single-family mortgage portfolio ⁽³⁾	0.15%	0.08%	0.06%	0.17%	0.69%	1.15%
(Dollars in millions)	December 31, 2020					Total
	Current	One Month Past Due	Two Months Past Due	Three Months to Six Months Past Due ⁽²⁾	Greater Than Six Months Past Due ⁽²⁾	
UPB	\$8,907	\$5,443	\$4,372	\$15,366	\$35,144	\$69,232
Number of loans (in thousands)	44	28	22	75	155	324
As a percentage of our single-family mortgage portfolio ⁽³⁾	0.37%	0.23%	0.18%	0.63%	1.29%	2.70%

(1) Excludes certain loans for which we do not control servicing and loans underlying certain legacy transactions, as the forbearance information for these loans is either not reported to us by the servicers or is otherwise not readily available to us. These loans represented approximately 1.7% and 2.0% of the single-family mortgage portfolio as of September 30, 2021 and December 31, 2020, respectively.

(2) The UPB of loans in forbearance that were three months or more past due and accruing was \$12.3 billion and \$42.2 billion as of September 30, 2021 and December 31, 2020, respectively.

(3) Based on loan count.

We generally place single-family loans on non-accrual status when the loan becomes three monthly payments past due. For loans in active forbearance plans that were current prior to receiving forbearance, we continue to accrue interest income while the loan is in forbearance and is three or more monthly payments past due when we believe the available evidence indicates that collectability of principal and interest is reasonably assured based on management judgment, taking into consideration additional factors, the most important of which is the current LTV ratio. We ceased accruing interest income on certain loans that were more than nine months past due and in forbearance based on this analysis starting in 1Q 2021. When we accrue interest on loans that are three or more monthly payments past due, we measure an allowance for expected credit losses on unpaid accrued interest receivable balances such that the balance sheet reflects the net amount of interest we expect to collect.

The table below provides the amount of accrued interest receivable, net of the allowance for credit losses, related to our single-family loans in forbearance.

Table 31 - Accrued Interest Receivable Related to Single-Family Loans in Forbearance⁽¹⁾

(In millions)	September 30, 2021	December 31, 2020
Accrued interest receivable:		
Less than three months past due	\$20	\$74
Three months to six months past due	56	235
Greater than six months past due ⁽²⁾	503	911
Accrued interest receivable, gross	579	1,220
Allowance for credit losses	(156)	(138)
Accrued interest receivable, net	\$423	\$1,082

(1) Excludes certain loans for which we do not control servicing and loans underlying certain legacy transactions, as the forbearance information for these loans is either not reported to us by the servicers or is otherwise not readily available to us. These loans represented approximately 1.7% and 2.0% of the single-family mortgage portfolio as of September 30, 2021 and December 31, 2020, respectively.

(2) 98% and 90% of the accrued interest receivable greater than six months past due is related to loans with current LTV ratios that are less than or equal to 80% as of September 30, 2021 and December 31, 2020, respectively.

Prior to expiration of a borrower's forbearance plan, servicers are required to contact the borrower to determine how the payments missed during the forbearance period will be repaid. We require servicers to follow a defined loss mitigation hierarchy to determine which options to offer to borrowers. This hierarchy is based on certain factors, such as the borrowers' delinquency status, reasons for delinquency, loan types, and types of hardships. Borrowers are not required to repay all past due amounts in a single lump sum. Upon expiration of the forbearance plan, borrowers may reinstate the loan or enter into either a

repayment plan, a payment deferral, or a trial period plan related to a loan modification. If the borrower is not eligible for any of the home retention options, we may seek to pursue a foreclosure alternative or foreclosure. As a result of loans exiting COVID-19 related forbearance plans through payment deferrals or loan modifications during 3Q 2021 and YTD 2021, we deferred \$0.4 billion and \$1.0 billion, respectively, of delinquent interest into non-interest-bearing principal balances that are due at the earlier of the payoff date, maturity date, or sale of the property.

The table below presents a summary of single-family loans that received forbearance and were past due based on the loans' original contractual terms at some point during the forbearance period.

Table 32 - Single-Family Loans That Received Forbearance⁽¹⁾

(Loan count in thousands)	September 30, 2021	December 31, 2020
Active forbearance at end of period	129	280
Forbearance plan exits ⁽²⁾ (from January 1, 2020 to end of period)		
Reinstatement ⁽³⁾	252	189
Pay-off	62	39
Payment deferral	326	166
Other ⁽⁴⁾	64	43
Total forbearance plan exits ⁽⁵⁾	704	437
Total single-family loans that received forbearance⁽⁶⁾ (from January 1, 2020 to end of period)	833	717

(1) Excludes certain loans for which we do not control servicing and loans underlying certain legacy transactions, as the forbearance information for these loans is either not reported to us by the servicers or is otherwise not readily available to us. These loans represented approximately 1.7% and 2.0% of the single-family mortgage portfolio as of September 30, 2021 and December 31, 2020, respectively.

(2) Represents the exit path the borrower took upon exit from the forbearance plan, which could be during or at the end of the forbearance period.

(3) Includes forbearance plans where the borrower brought the mortgage current during forbearance.

(4) Primarily includes forbearance plans where the borrowers remained delinquent and the exit paths were not determined at the end of the forbearance periods. Also includes other exit paths such as repayment plans, modifications, and foreclosure alternatives.

(5) 87% and 83% of loans that received and subsequently exited forbearance were current, paid off, or sold as of September 30, 2021 and December 31, 2020, respectively.

(6) Based on number of forbearance plans. A loan may have received more than one forbearance plan during the period.

Allowance for Credit Losses

The table below summarizes our single-family allowance for credit losses activity.

Table 33 - Single-Family Allowance for Credit Losses Activity

(Dollars in millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Beginning balance	\$5,513	\$6,916	\$6,353	\$5,233
Provision (benefit) for credit losses	(244)	320	(1,076)	2,110
Charge-offs	(288)	(122)	(729)	(407)
Recoveries collected	43	41	150	165
Other	268	39	594	93
Ending balance	\$5,292	\$7,194	\$5,292	\$7,194
Components of ending balance of allowance for credit losses:				
Mortgage loans held-for-investment	\$4,490	\$6,647		
Advances of pre-foreclosure costs	592	383		
Accrued interest receivable on mortgage loans	157	107		
Off-balance-sheet credit exposures	53	57		
Total	\$5,292	\$7,194		
As a percentage of our single-family mortgage portfolio	0.20 %	0.33 %		

Credit Losses and Recoveries

The table below contains certain credit performance metrics for our single-family mortgage portfolio. Credit losses increased year-over-year as charge-offs of accrued interest receivable increased. Other credit losses were insignificant in the 2021 periods as a result of the foreclosure moratorium that remained in effect through July 31, 2021. After July 31, 2021, servicers implemented foreclosure regulations issued by the CFPB on June 28, 2021. It is likely that we will incur additional costs in future periods, such as higher property preservation and maintenance expenses, due to the foreclosure moratorium and the foreclosure regulations newly issued by the CFPB as borrowers may remain delinquent for an extended period of time.

Table 34 - Single-Family Mortgage Portfolio Credit Performance Metrics

(Dollars in millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Charge-offs	\$288	\$122	\$729	\$407
Recoveries collected ⁽¹⁾	(43)	(41)	(150)	(165)
Charge-offs, net	245	81	579	242
REO operations expense (income)	(9)	40	6	139
Total credit losses	\$236	\$121	\$585	\$381
Total credit losses (in bps)	3.5	2.3	3.0	2.9

(1) Includes cash, REO, or other assets such as receivables from primary mortgage insurance.

TDRs and Non-Accrual Loan Activity

Single-family loans that have been modified or placed on non-accrual status generally have a higher associated allowance for credit losses.

The table below presents information about the UPB of single-family TDR loans and non-accrual loans on our condensed consolidated balance sheets.

Table 35 - Single-Family TDR and Non-Accrual Loans

(Dollars in millions)	September 30, 2021			December 31, 2020		
	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total
UPB:						
TDRs on accrual status	\$24,861	\$2,779	\$27,640	\$28,547	\$4,293	\$32,840
Non-accrual loans	18,985	3,840	22,825	13,679	5,020	18,699
Total TDRs and non-accrual loans	\$43,846	\$6,619	\$50,465	\$42,226	\$9,313	\$51,539
Non-accrual loans as a percentage of total loans outstanding ⁽¹⁾			0.85 %			0.80 %
Allowance for credit losses as a percentage of non-accrual loans ⁽²⁾			23.19			33.98

(1) Represents the total UPB of single-family non-accrual loans as a percentage of the total UPB of the single-family mortgage portfolio as of period end.

(2) Represents the total allowance for credit losses as a percentage of the total UPB of single-family non-accrual loans as of period end.

The table below presents information about the foregone interest income of single-family TDR loans and non-accrual loans.

Table 36 - Foregone Interest Income on Single-Family TDRs and Non-Accrual Loans

(In millions)	3Q 2021 ⁽¹⁾			3Q 2020 ⁽¹⁾		
	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total
Interest on TDRs and non-accrual loans:						
At original contractual rates	\$540	\$98	\$638	\$549	\$157	\$706
Recognized	(296)	(39)	(335)	(343)	(68)	(411)
Foregone interest income on TDRs and non-accrual loans⁽²⁾	\$244	\$59	\$303	\$206	\$89	\$295

Referenced footnotes are included after the next table.

(In millions)	YTD 2021 ⁽¹⁾			YTD 2020 ⁽¹⁾		
	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total	Mortgage Loans Held-for-Investment	Mortgage Loans Held-for-Sale	Total
Interest on TDRs and non-accrual loans:						
At original contractual rates	\$1,641	\$275	\$1,916	\$1,471	\$471	\$1,942
Recognized	(965)	(107)	(1,072)	(1,001)	(236)	(1,237)
Foregone interest income on TDRs and non-accrual loans⁽²⁾	\$676	\$168	\$844	\$470	\$235	\$705

(1) Represents interest income at the original contractual rates, interest income recognized, and foregone interest income based on TDRs and non-accrual loans at the end of each period.

(2) Represents the amount of interest income that we did not recognize but would have recognized during the period for the loans outstanding at the end of each period had the loans performed according to their original contractual terms.

The table below summarizes the UPB of single-family held-for-investment TDR loan activity.

Table 37 - Single-Family TDR Loan Activity

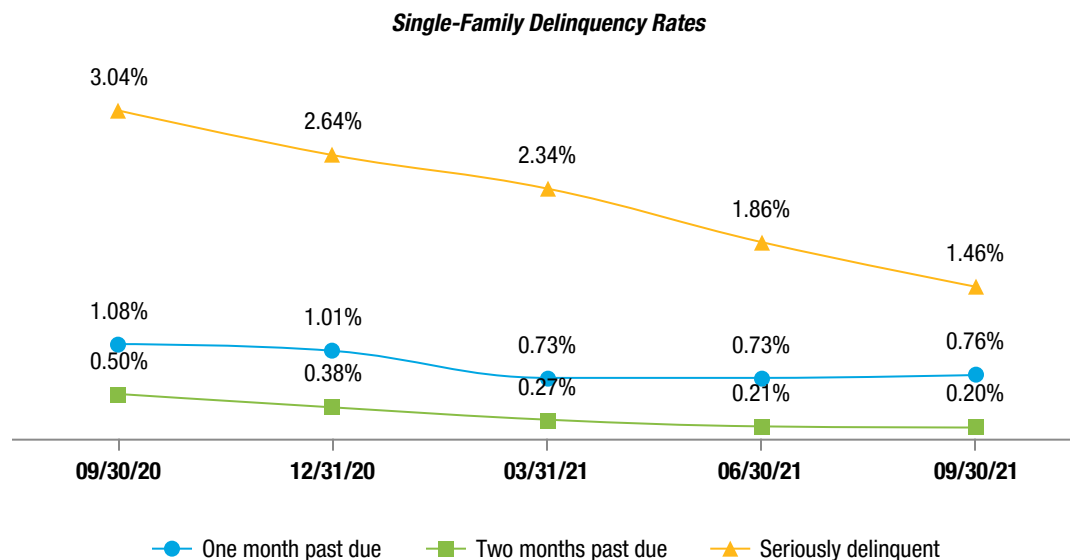
(Dollars in millions)	September 30, 2021		September 30, 2020	
	Loan Count	Amount	Loan Count	Amount
Beginning balance, as of January 1	229,277	\$32,676	249,182	\$35,623
New additions ⁽¹⁾	12,462	2,059	21,176	3,654
Repayments and reclassifications to held-for-sale	(33,989)	(5,645)	(32,480)	(5,172)
Foreclosure sales and foreclosure alternatives	(1,723)	(322)	(1,446)	(226)
Ending balance, as of September 30	206,027	\$28,768	236,432	\$33,879

(1) Includes certain bankruptcy events and forbearance plans, repayment plans, payment deferrals, and modification activities that do not qualify for the temporary relief related to TDRs provided by the CARES Act, based on servicer reporting at the time of the TDR event.

Delinquency Rates

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

The chart below shows the delinquency rates of mortgage loans in our single-family mortgage portfolio.



The percentages of loans that were one month past due and two months past due increased in early 2020 due to the COVID-19 pandemic but have trended back toward pre-pandemic levels as the impact of the pandemic on early-stage delinquencies has started to stabilize. The percentage of loans one month past due can be volatile due to seasonality and other factors that may not be indicative of default. As a result, the percentage of loans two months past due tends to be a better early performance indicator than the percentage of loans one month past due.

Our single-family serious delinquency rate decreased to 1.46% as of September 30, 2021, compared to 3.04% as of September 30, 2020, driven by an increase in the number of borrowers exiting forbearance and completing loan workout solutions that returned their mortgages to current status. In addition, 54% of the seriously delinquent loans at September 30, 2021 were covered by credit enhancements that may partially reduce our credit risk exposure to these loans. See **Note 4** for additional information on the payment status of our single-family mortgage loans.

Engaging in Loss Mitigation Activities

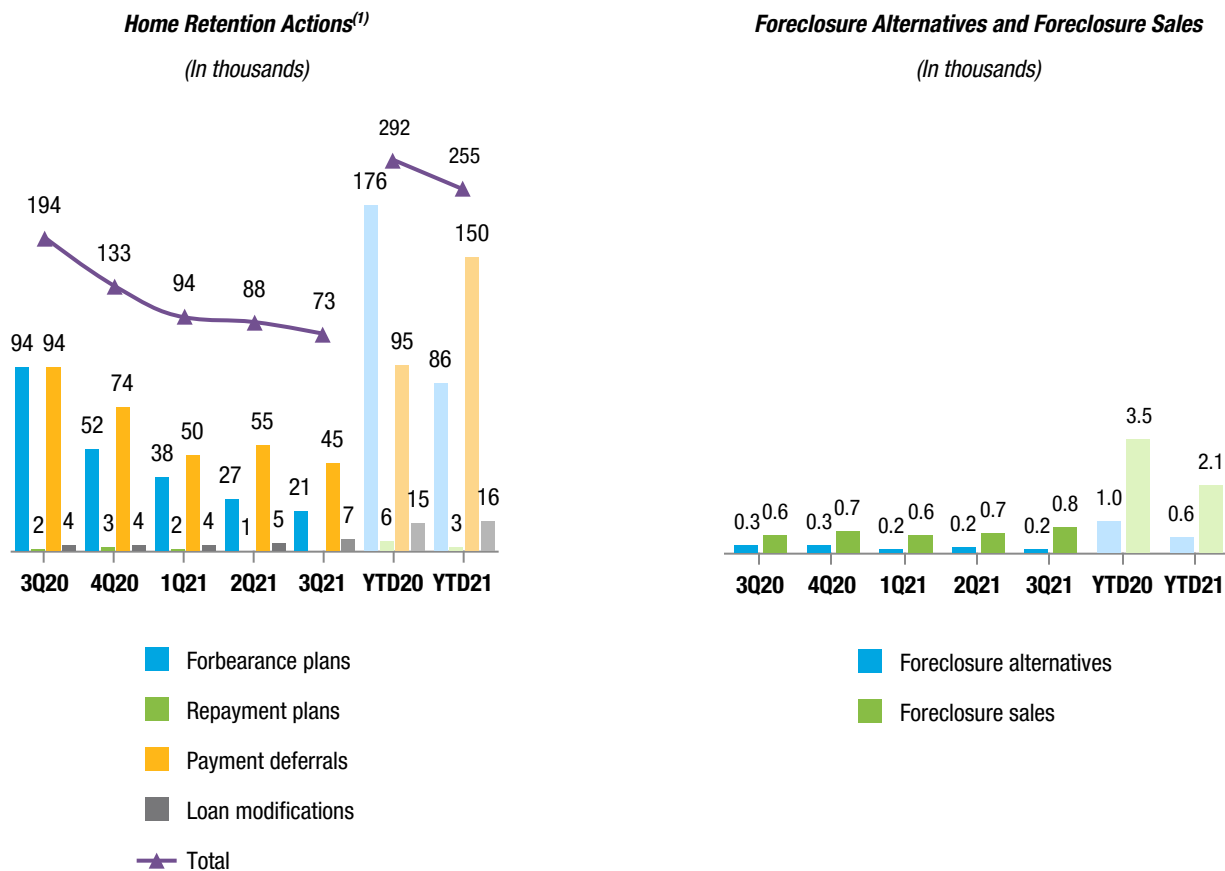
We offer a variety of borrower assistance programs, including loan workout activities for struggling borrowers. Our loan workouts include both home retention options and foreclosure alternatives. We also engage in transfers of servicing for, and sales of, certain seriously delinquent and reperforming loans.

Loan Workout Activities

Pursuant to FHFA guidance and the CARES Act, we have offered mortgage payment relief options to borrowers affected by the COVID-19 pandemic. Among other things, we have offered forbearance of up to 18 months to single-family borrowers experiencing a financial hardship and a payment deferral option that allows a borrower to defer up to 18 months of payments for eligible homeowners who have the financial capacity to resume making their monthly payments, but who are unable to afford the additional monthly contributions required by a repayment plan. The types of loss mitigation options available to borrowers impacted by the COVID-19 pandemic may be revised by further FHFA guidance or federal government regulation.

The volume of our foreclosure alternatives remained insignificant in recent periods. The volume of foreclosures in YTD 2021 declined year-over-year, primarily due to the foreclosure moratorium that remained in effect through July 31, 2021. After July 31, 2021, servicers implemented foreclosure regulations issued by the CFPB on June 28, 2021.

The following graphs provide details about our single-family loan workout activities and foreclosure sales. In prior periods, payment deferrals were included in the loan modification category, as such amounts were not significant. Prior periods have been revised to conform to the current period presentation.



(1) Forbearance plans in this graph only include those where borrowers fully reinstated the loan to current status during or at the end of the forbearance period.

Sales and Securitization of Certain Seasoned Loans

We pursue sales of certain seriously delinquent loans when we believe the sale of these loans provides better economic returns than continuing to hold them. The FHFA requirements guiding these transactions include bidder qualifications, loan modifications, and performance reporting. In addition, in February 2021, in response to the COVID-19 pandemic, FHFA required that future transactions include requirements that the loans (i) be serviced in a manner that is consistent with any requirements that would apply under Section 4022 of the CARES Act as if the loans were still owned or securitized by Freddie Mac and (ii) adhere to any existing and future foreclosure or eviction moratoria related to the COVID-19 pandemic that have been imposed by FHFA or by federal legislation applicable to single-family loans that are owned or securitized by Freddie Mac.

Certain seriously delinquent loans may reperform, either on their own or through modification. In addition to sales of seriously delinquent loans, we securitize certain reperforming loans, which typically involves securitization of the loans using our senior subordinate securitization structures or Level 1 Securitization Products, depending on market conditions, business strategy, credit risk considerations, and operational efficiency. As with sales of seriously delinquent loans, FHFA required that future securitizations of such reperforming loans include requirements regarding compliance with Section 4022 of the CARES Act (which is applicable for loans purchased or securitized by Freddie Mac) and that the servicers adhere to any existing and future foreclosure or eviction moratoria related to the COVID-19 pandemic that have been imposed by FHFA or by federal legislation applicable to single-family loans that are owned or securitized by Freddie Mac. Of the \$7.1 billion in UPB of single-family loans classified as held-for-sale at September 30, 2021, \$3.7 billion related to loans that were seriously delinquent.

The table below presents the UPB of our single-family sales and securitization of seasoned loans.

Table 38 - Single-Family Sales and Securitization of Seasoned Loans

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Seriously delinquent loans	\$156	\$—	\$156	\$296
Reperforming loans	773	4,329	4,197	6,194
Total	\$929	\$4,329	\$4,353	\$6,490

Managing Foreclosure and REO Activities

Pursuant to FHFA guidance and the CARES Act, we were required to suspend COVID-19-related foreclosures, other than for vacant or abandoned properties, until July 31, 2021, and COVID-19-related REO evictions until September 30, 2021. As a result of these suspensions, our REO ending inventory declined year-over-year. After July 31, 2021, servicers implemented foreclosure regulations issued by the CFPB on June 28, 2021.

The table below shows our single-family REO activity.

Table 39 - Single-Family REO Activity

(Dollars in millions)	3Q 2021		3Q 2020		YTD 2021		YTD 2020	
	Number of Properties	Amount	Number of Properties	Amount	Number of Properties	Amount	Number of Properties	Amount
Beginning balance — REO	1,477	\$159	2,812	\$330	1,766	\$199	4,989	\$565
Additions	431	44	356	27	1,160	105	1,987	178
Dispositions	(461)	(43)	(1,126)	(121)	(1,479)	(144)	(4,934)	(507)
Ending balance — REO	1,447	160	2,042	236	1,447	160	2,042	236
Beginning balance, valuation allowance		(1)		(8)		(1)		(10)
Change in valuation allowance		—		6		—		8
Ending balance, valuation allowance		(1)		(2)		(1)		(2)
Ending balance — REO, net		\$159		\$234		\$159		\$234

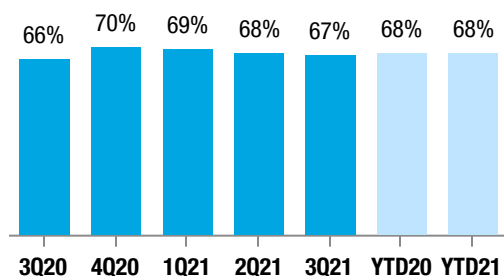
Multifamily Mortgage Credit Risk

Maintaining Prudent Underwriting Standards

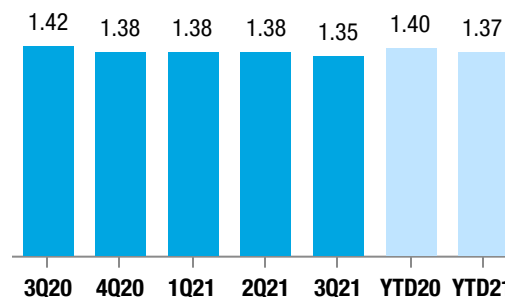
We use a prior approval underwriting approach for multifamily loans, completing our own underwriting and credit review for each new loan prior to purchase. This helps us maintain credit discipline throughout the process. Our underwriting standards focus on the LTV ratio and DSCR, which estimates a borrower's ability to repay the loan using the secured property's cash flows, after expenses. Our standards define maximum LTV ratios and minimum DSCRs that vary based on the characteristics and features of the loan. Changes in market conditions can affect the credit quality of our multifamily loan purchases and/or guarantees. Notwithstanding the effects of the COVID-19 pandemic on the multifamily market and broader economic environment, the credit quality of our multifamily loan purchases and guarantees remained consistent with prior periods.

The graphs below show the credit profile of the multifamily loans we purchased or guaranteed.

Weighted Average Original LTV Ratio



Weighted Average Original DSCR



Managing Our Portfolio, Including Loss Mitigation Activities

Loans in COVID-19 Related Forbearance Plans

Pursuant to FHFA guidance and the CARES Act, beginning in March 2020, we offered multifamily borrowers mortgage forbearance with the condition that they suspend all evictions during the forbearance period for renters unable to pay rent. Initially under our forbearance program, through December 31, 2020, multifamily borrowers with a fully performing loan as of February 1, 2020 were able to defer their loan payments for up to 90 days by showing hardship as a consequence of the COVID-19 pandemic and by gaining lender approval. After the forbearance period, the borrower was required to repay the forborne loan amounts in no more than 12 equal monthly installments.

In June 2020, in coordination with FHFA, we announced several supplemental forbearance relief options that servicers may use to assist borrowers who have a forbearance plan in place and continue to be materially affected by the COVID-19 pandemic. These supplemental relief options extend most of the original tenant protections and provide increased flexibility to tenants, including allowing the repayment of past due rent over time and not in a lump sum. The deadline for borrowers to request a new COVID-19 forbearance agreement or supplemental relief has been extended until otherwise instructed by FHFA. Beginning in January 2021, as a condition of obtaining forbearance relief, a borrower's loan may not have been more than 30 days past due during the loan term.

We report multifamily delinquency rates based on the UPB of loans in our multifamily mortgage portfolio that are two monthly payments or more past due based on the loan's current contractual terms or are in the process of foreclosure, as reported by our servicers. Loans in forbearance are not considered delinquent as long as the borrower is in compliance with the forbearance agreement, including the agreed upon repayment plan.

The following table summarizes the current quarter's activity of loans in our COVID-19 forbearance program, which includes both the forbearance period and the repayment period.

Table 40 - Multifamily Loans That Received Forbearance⁽¹⁾

(Dollars in millions)	3Q 2021	
	UPB	Loan Count
Total multifamily loans in a forbearance program, beginning of period	\$5,099	747
New loans entering forbearance program	326	23
Active forbearance paydowns	6	—
Total loans exiting forbearance program ⁽²⁾	3,555	566
Total multifamily loans in a forbearance program	\$1,864	204

(1) Excludes loans granted forbearance outside of our COVID-19 forbearance program. These loans represented less than 0.1% of the multifamily mortgage portfolio as of September 30, 2021.

(2) Approximately 99% of loans exited our COVID-19 forbearance program through full repayment of the forborne amounts or loan payoff.

Of the loans in our COVID-19 forbearance program as of September 30, 2021, 67%, based on UPB, are in securitizations with first loss credit protection provided by subordination. The weighted average subordination level of securitizations with subordination that have loans in forbearance was 14%. 16% of the loans in our COVID-19 forbearance program are scheduled to mature prior to 2023.

Since the inception of our COVID-19 forbearance program, 75% of loans, based on UPB, that received relief have exited forbearance through full repayment of the forborne amounts, while 19% remain active in either their forbearance or repayment periods. The remaining percentage exited our forbearance program through either delinquency or a third-party modification program.

Monitoring Loan Performance and Characteristics

Allowance for Credit Losses

The following table summarizes the allowance for credit losses recorded on our multifamily mortgage loans held-for-investment and our off-balance sheet credit exposures.

Table 41 - Multifamily Allowance for Credit Losses Activity

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Beginning balance	\$96	\$216	\$200	\$68
Provision (benefit) for credit losses	1	7	(103)	155
Ending balance	\$97	\$223	\$97	\$223
Components of ending balance of allowance for credit losses:				
Mortgage loans held-for-investment	\$41	\$126		
Off-balance sheet credit exposures	56	97		
Total	\$97	\$223		

Our multifamily credit losses remain low due to the property performance of the loans underlying our multifamily mortgage portfolio. See **Note 7** for additional information regarding our multifamily credit losses and allowance for credit losses.

Transferring Credit Risk to Third-Party Investors

To reduce our credit risk exposure, we engage in a variety of CRT activities; however, securitizations remain our principal risk transfer mechanism. Through securitizations, we have transferred a substantial amount of the expected and stressed credit risk on the multifamily guarantee portfolio, thereby reducing our overall credit risk exposure.

Multifamily Mortgage Portfolio CRT Issuance

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

Table 42 - Multifamily Mortgage Portfolio CRT Issuance

(In millions)	3Q 2021		3Q 2020		YTD 2021		YTD 2020	
	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾
Subordination	\$13,192	\$938	\$19,541	\$1,571	\$51,235	\$3,908	\$40,825	\$3,760
SCR	4,083	233	—	—	8,935	509	—	—
Insurance/reinsurance	—	—	2,646	65	—	—	2,646	65
Lender risk-sharing	1,015	110	1,378	198	1,015	110	1,378	198
Total CRT Issuance	\$18,290	\$1,281	\$23,565	\$1,834	\$61,185	\$4,527	\$44,849	\$4,023

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

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

Multifamily Mortgage Portfolio Credit Enhancement Coverage Outstanding

While we obtain various forms of credit protection in connection with the acquisition, guarantee, or securitization of a loan or group of loans, our principal credit enhancement type is subordination, which is created through our securitization transactions. As of September 30, 2021 and December 31, 2020, our maximum coverage provided by subordination in nonconsolidated VIEs was \$44.0 billion and \$42.8 billion, respectively. See **Note 8** for additional information on our credit enhancements.

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

Table 43 - Credit-Enhanced and Non-Credit-Enhanced Loans Underlying Our Multifamily Mortgage Portfolio

(Dollars in millions)	September 30, 2021			December 31, 2020		
	UPB	Delinquency Rate	Forbearance Rate ⁽¹⁾⁽²⁾	UPB	Delinquency Rate	Forbearance Rate ⁽¹⁾⁽²⁾
Credit-enhanced:						
Subordination	\$355,710	0.12 %	0.35 %	\$328,897	0.18 %	1.99 %
Other	23,955	0.19	1.01	17,352	0.17	2.73
Total credit-enhanced	379,665	0.13	0.39	346,249	0.18	2.03
Non-credit-enhanced	24,802	0.04	1.52	42,098	0.02	1.83
Total	\$404,467	0.12	0.46	\$388,347	0.16	2.01

(1) Excludes loans granted forbearance outside of our COVID-19 forbearance program. These loans represented less than 0.1% of the multifamily mortgage portfolio as of September 30, 2021 and December 31, 2020.

(2) Forbearance rate includes loans in a forbearance program, including loans in their repayment period.

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

Table 44 - Level of Subordination Outstanding

(Dollars in millions)	September 30, 2021			December 31, 2020		
	UPB	Delinquency Rate	Forbearance Rate	UPB	Delinquency Rate	Forbearance Rate
Less than 10%	\$97,876	— %	0.02 %	\$53,220	0.04 %	0.15 %
10% or greater	257,834	0.17	0.48	275,677	0.20	2.35
Total	\$355,710	0.12	0.35	\$328,897	0.18	1.99
Weighted average subordination level	13%			13%		

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

Table 45 - Credit Quality of Our Multifamily Mortgage Portfolio Without Credit Enhancement

(Dollars in millions)	September 30, 2021			December 31, 2020		
	UPB	Delinquency Rate	Forbearance Rate	UPB	Delinquency Rate	Forbearance Rate
Unsecured loans:						
Held-for-sale	\$8,697	0.11 %	1.28 %	\$21,794	0.04 %	0.85 %
Held-for-investment	6,872	—	—	8,655	—	1.40
Securitization products	7,315	—	3.60	6,711	—	6.84
Other mortgage-related guarantees	1,918	—	0.17	4,938	—	0.07
Total	\$24,802	0.04	1.52	\$42,098	0.02	1.83

Counterparty Credit Risk

We are exposed to counterparty credit risk, which is a type of institutional credit risk, as a result of our contracts with sellers and servicers, credit enhancement providers, financial intermediaries, clearinghouses, and other counterparties, as well as through our guarantees of Fannie Mae securities underlying commingled resecuritization transactions.

As of September 1, 2021, Freddie Mac is subject to new initial margin requirements for OTC derivative transactions, which are expected to reduce our counterparty credit risk exposure. As of September 30, 2021, the new initial margin requirements did not have a significant impact on our collateral posting arrangements.

Sellers and Servicers

Single-Family

We perform ongoing monitoring and review of our exposure to individual sellers or servicers in accordance with our institutional credit risk management framework, including requiring our counterparties to provide regular financial reporting to us. We have significant exposure to non-depository and smaller depository financial institutions in our single-family business. These institutions may not have the same financial strength or operational capacity, or be subject to the same level of regulatory oversight, as large depository institutions.

The table below shows the concentration of non-depository sellers of our single-family mortgage portfolio.

Table 46 - Single-Family Mortgage Portfolio Non-Depository Sellers

	3Q 2021		3Q 2020		YTD 2021		YTD 2020	
	% of Portfolio				% of Portfolio			
Top five non-depository sellers	31 %		26 %		30 %		24 %	
Other non-depository sellers	40		40		41		38	
Total	71 %		66 %		71 %		62 %	

The table below shows the concentration of non-depository servicers of our single-family mortgage portfolio.

Table 47 - Single-Family Mortgage Portfolio Non-Depository Servicers

	September 30, 2021		December 31, 2020	
	% of Portfolio ⁽¹⁾	% of Seriously Delinquent Single-Family Loans	% of Portfolio ⁽¹⁾	% of Seriously Delinquent Single-Family Loans
Top five non-depository servicers	19 %	15 %	18 %	17 %
Other non-depository servicers	35	38	30	28
Total	54 %	53 %	48 %	45 %

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

Multifamily

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

portfolio, the primary servicers are not required to advance funds in the event of payment shortfalls and therefore do not present significant counterparty credit risk.

Credit Enhancement Providers

We perform periodic analysis of the financial capacity of individual insurers under various adverse economic conditions and have continued our close monitoring and active communication with them to assess potential risk impacts.

The table below summarizes our exposure to single-family mortgage insurers as of September 30, 2021. In the event a mortgage insurer fails to perform, the coverage amounts represent our maximum exposure to credit losses resulting from such a failure.

Table 48 - Single-Family Mortgage Insurers

(In millions)	Credit Rating ⁽¹⁾	Credit Rating Outlook ⁽¹⁾	September 30, 2021	
			UPB	Coverage ⁽²⁾
Arch Mortgage Insurance Company	A	Negative	\$102,150	\$25,477
Mortgage Guaranty Insurance Corporation (MGIC)	BBB+	Stable	99,719	24,617
Radian Guaranty Inc. (Radian)	BBB+	Stable	95,905	23,027
Essent Guaranty, Inc.	BBB+	Stable	82,110	20,328
Enact ⁽³⁾	BBB	Stable	81,809	20,199
National Mortgage Insurance (NMI)	BBB	Stable	62,779	15,675
PMI Mortgage Insurance Co. (PMI)	Not Rated	N/A	1,415	355
Republic Mortgage Insurance Company (RMIC)	Not Rated	N/A	1,054	261
Triad Guaranty Insurance Corporation (Triad)	Not Rated	N/A	673	169
Others	N/A	N/A	570	110
Total			\$528,184	\$130,218

(1) Ratings and outlooks are for the corporate entity to which we have the greatest exposure. Latest rating available as of September 30, 2021. Represents the lower of S&P and Moody's credit ratings and outlooks stated in terms of the S&P equivalent.

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

(3) Enact was previously known as Genworth Mortgage Insurance Corporation.

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

Table 49 - Single-Family ACIS Counterparties

(Dollars in billions)	September 30, 2021		December 31, 2020	
	Maximum Coverage ⁽¹⁾	% of Total	Maximum Coverage ⁽¹⁾	% of Total
Top five ACIS counterparties	\$6.7	45 %	\$5.3	48 %
All other ACIS counterparties	8.4	55	5.8	52
Total	\$15.1	100 %	\$11.1	100 %

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

As of September 30, 2021 and December 31, 2020, our ACIS counterparties posted collateral of \$3.6 billion and \$2.4 billion, respectively.

Market Risk

Overview

Our business has 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.

A significant source of interest-rate risk is from our investments in mortgage-related assets (securities and loans) and the debt we issue to fund our assets. Another source of interest-rate risk comes from our single-family guarantee portfolio, which includes upfront fees (including buy-downs), buy-ups, and float. Our primary goal in managing interest-rate risk is to reduce the amount of change in the value of our future cash flows due to future changes in interest rates. We use models to analyze possible future interest-rate scenarios, along with the cash flows of our assets and liabilities over those scenarios. Our models include the possibility of future negative interest rate scenarios and such risk is included in our hedging framework.

Interest-Rate Risk

Our primary interest-rate risk measures are duration gap and Portfolio Value Sensitivity (PVS). Duration gap measures the difference in price sensitivity to interest rate changes between our financial assets and liabilities and is expressed in months relative to the value of assets. PVS is an estimate of the change in the present value of the cash flows of our financial assets and liabilities from an instantaneous shock to interest rates, assuming spreads are held constant and no rebalancing actions are undertaken. PVS is measured in two ways, one measuring the estimated sensitivity of our portfolio value to a 50 basis point parallel movement in the LIBOR yield curve (PVS-L) and the other to a non-parallel movement resulting from a 25 basis point change in the slope of the LIBOR yield curve (PVS-YC). While we believe that duration gap and PVS are useful risk management tools, they should be understood as estimates rather than as precise measurements.

Beginning in October 2021, we transitioned from LIBOR to SOFR in measuring the company's interest-rate risk. As a result, for periods after September 30, 2021, the measurement of the price sensitivity and valuation of our assets and liabilities will use the SOFR curve instead of the LIBOR yield curve. This change is not expected to have a significant impact on measurement of our interest-rate risk or our financial results.

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

Table 50 - PVS-YC and PVS-L Results Assuming Shifts of the LIBOR Yield Curve

(In millions)	September 30, 2021			December 31, 2020		
	PVS-YC 25 bps	PVS-L 50 bps 100 bps		PVS-YC 25 bps	PVS-L 50 bps 100 bps	
Assuming shifts of the LIBOR yield curve, (gains) losses on:⁽¹⁾						
Assets:						
Investments	\$91	\$2,691	\$5,789	(\$286)	\$3,700	\$7,670
Guarantees ⁽²⁾	11	(506)	(647)	165	(1,691)	(3,250)
Total Assets	102	2,185	5,142	(121)	2,009	4,420
Liabilities	(5)	(2,582)	(5,491)	(54)	(3,237)	(7,503)
Derivatives	(87)	491	652	185	1,180	2,839
Total	10	94	303	\$10	(\$48)	(\$244)
PVS	10	94	303	\$10	\$—	\$—

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

(2) Represents the interest-rate risk from our single-family mortgage portfolio, which includes upfront fees (including buy-downs), buy-ups, and float.

Table 51 - Duration Gap and PVS Results

(Duration gap in months, dollars in millions)	3Q 2021			3Q 2020		
	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps
Average	0.1	\$12	\$77	0.7	\$11	\$105
Minimum	(1.2)	—	—	(0.1)	—	—
Maximum	0.9	45	147	1.5	29	257
Standard deviation	0.5	9	33	0.3	7	65

(Duration gap in months, dollars in millions)	YTD 2021			YTD 2020		
	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps
Average	0.3	\$9	\$52	0.5	\$11	\$76
Minimum	(1.2)	—	—	(0.6)	—	—
Maximum	1.0	45	200	1.5	30	257
Standard deviation	0.4	7	48	0.4	7	66

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

Table 52 - PVS-L Results Before Derivatives and After Derivatives

(In millions)	PVS-L (50 bps)		Effect of Derivatives
	Before Derivatives	After Derivatives	
September 30, 2021	\$841	\$94	(\$747)
December 31, 2020 ⁽¹⁾	601	—	(601)

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

Earnings Sensitivity to Market Risk

The accounting treatment for our financial assets and liabilities (e.g., some are measured at amortized cost, while others are measured at fair value) creates variability in our earnings when interest rates and spreads change. We have elected fair value hedge accounting for certain assets and liabilities in an effort to reduce this earnings variability due to interest rates and better align our financial results with the economics of our business. See **MD&A - Consolidated Results of Operations** and **MD&A - Our Business Segments** for additional information on the effect of changes in interest rates and market spreads on our financial results.

Interest Rate-Related Earnings Sensitivity

While we manage our interest-rate risk exposure on an economic basis to a low level as measured by our models, changes in interest rates may still result in significant earnings variability from period to period. Based upon the composition of our financial assets and liabilities, including derivatives, at September 30, 2021, we would generally recognize fair value losses when interest rates increase if we did not apply fair value hedge accounting.

By electing fair value hedge accounting for certain single-family mortgage loans and certain debt instruments, we are able to reduce the potential variability in our earnings attributable to changes in interest rates. See **Note 10** for additional information on hedge accounting.

Earnings Sensitivity to Changes in Interest Rates

We evaluate a range of interest rate scenarios to determine the sensitivity of our earnings due to changes in interest rates and to determine our fair value hedge accounting strategies. The interest rate scenarios evaluated include parallel shifts in the yield curve in which interest rates increase or decrease by 100 basis points, non-parallel shifts in the yield curve in which long-term interest rates increase or decrease by 100 basis points, and non-parallel shifts in the yield curve in which short-term and medium-term interest rates increase or decrease by 100 basis points. This evaluation identifies the net effect on comprehensive income from changes in fair value attributable to changes in interest rates for financial instruments measured at fair value, including the effects of fair value hedge accounting, for each of the identified scenarios. This evaluation does not include the

net effect on comprehensive income from interest-rate sensitive items that are not measured at fair value (e.g., amortization of mortgage loan premiums and discounts, changes in fair value of held-for-sale mortgage loans for which we have not elected the fair value option), or from changes in our future contractual net interest income due to repricing of our interest-bearing assets and liabilities. The before-tax results of this evaluation are shown in the table below.

Table 53 - Earnings Sensitivity to Changes in Interest Rates

(In millions)	September 30, 2021	September 30, 2020
Interest Rate Scenarios⁽¹⁾		
Parallel yield curve shifts:		
+100 basis points	\$26	(\$2)
-100 basis points	(26)	2
Non-parallel yield curve shifts - long-term interest rates:		
+100 basis points	(153)	147
-100 basis points	153	(147)
Non-parallel yield curve shifts - short-term and medium-term interest rates:		
+100 basis points	179	(149)
-100 basis points	(179)	149

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

The actual effect of changes in interest rates on our comprehensive income in any given period may vary based on a number of factors, including, but not limited to, the composition of our assets and liabilities, the actual changes in interest rates that are realized at different terms along the yield curve, and the effectiveness of our hedge accounting strategies. Even if implemented properly, our hedge accounting programs may not be effective in reducing earnings volatility, and our hedges may fail in any given future period, which could expose us to significant earnings variability in that period.

Spread-Related Earnings Sensitivity

We have limited ability to manage our spread risk exposure, and therefore, the volatility of market spreads may contribute to significant GAAP earnings variability. For financial assets measured at fair value, we generally recognize fair value losses when market spreads widen. Conversely, for financial liabilities measured at fair value, we generally recognize fair value gains when market spreads widen. See **MD&A - Our Business Segments** for additional information on the impact of market spreads on our results of operations.

LIQUIDITY AND CAPITAL RESOURCES

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

Liquidity

Primary Sources of Liquidity

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

Table 54 - Liquidity Sources

(In millions)	September 30, 2021 ⁽¹⁾	December 31, 2020 ⁽¹⁾	Description
• Other Investments Portfolio - Liquidity and Contingency Operating Portfolio	\$82,130	\$95,894	• The liquidity and contingency operating portfolio, included within our other investments portfolio, is primarily used for short-term liquidity management.
• Mortgage Loans and Mortgage-Related Securities - Liquid Portion of the Mortgage-Related Investments Portfolio	48,017	67,562	• The liquid portion of our mortgage-related investments portfolio can be pledged or sold for liquidity purposes. The amount of cash we may be able to successfully raise may be substantially less than the balance.

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

Other Investments Portfolio

Our other investments portfolio is important to our cash flow, collateral management, asset and liability management, and ability to provide liquidity and stability to the mortgage market. The table below summarizes the balances in our other investments portfolio, which includes the liquidity and contingency operating portfolio.

Table 55 - Other Investments Portfolio

(In millions)	September 30, 2021				December 31, 2020			
	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio ⁽¹⁾	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio ⁽¹⁾
Cash and cash equivalents	\$8,603	\$699	\$176	\$9,478	\$6,509	\$17,380	\$—	\$23,889
Securities purchased under agreements to resell	47,811	40,154	805	88,770	65,753	38,487	763	105,003
Non-mortgage-related securities	25,716	—	4,797	30,513	23,632	—	3,321	26,953
Advances to lenders	—	—	8,954	8,954	—	—	4,162	4,162
LIHTC equity investment	—	—	1,545	1,545	—	—	1,410	1,410
Secured lending	—	—	1,284	1,284	—	—	1,680	1,680
Total	\$82,130	\$40,853	\$17,561	\$140,544	\$95,894	\$55,867	\$11,336	\$163,097

(1) Represents carrying value.

Our non-mortgage-related investments in the liquidity and contingency operating portfolio consist of U.S. Treasury securities and other investments that we could sell to provide us with an additional source of liquidity to fund our business operations. We also maintain non-interest-bearing deposits at the Federal Reserve Bank of New York and interest-bearing deposits at commercial banks. Our interest-bearing deposits at commercial banks totaled \$3.4 billion and \$3.1 billion as of September 30, 2021 and December 31, 2020, respectively.

The other investments portfolio also included cash collateral posted to us primarily by derivatives counterparties of \$1.7 billion and \$2.8 billion as of September 30, 2021 and December 31, 2020, respectively. We have primarily invested this collateral in securities purchased under agreements to resell and non-mortgage-related securities as part of our liquidity and contingency operating portfolio, although the collateral may be subject to return to our counterparties based on the terms of our master netting and collateral agreements.

Mortgage Loans and Mortgage-Related Securities

We invest principally in mortgage loans and mortgage-related securities, certain categories of which are largely unencumbered and liquid. Our primary source of liquidity among these mortgage assets is our holdings of single-class and multiclass agency securities, excluding certain structured agency securities collateralized by non-agency mortgage-related securities. Our ability to pledge certain of these assets as collateral or sell them enhances our liquidity profile, although the amount of cash we may be able to raise successfully in the event of a liquidity crisis or significant market disruption may be substantially less than the amount of mortgage-related assets we hold.

We hold other mortgage assets, but given their characteristics, they may not be available for immediate sale or for use as collateral for repurchase agreements. These assets consist of certain structured agency securities collateralized by non-agency mortgage-related securities, non-agency CMBS, non-agency RMBS, and unsecuritized seriously delinquent and modified single-family loans.

Primary Sources of Funding

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

Table 56 - Funding Sources

(In millions)	September 30, 2021 ⁽¹⁾	December 31, 2020 ⁽¹⁾	Description
• Debt of Freddie Mac	\$193,896	\$284,370	• Debt of Freddie Mac is used to fund our business activities.
• Debt Securities of Consolidated Trusts	2,701,530	2,308,176	• Debt securities of consolidated trusts are used primarily to fund our single-family guarantee activities. This type of debt is principally repaid by the cash flows of the associated mortgage loans. As a result, our repayment obligation is limited to amounts paid pursuant to our guarantee of principal and interest and to purchase modified or seriously delinquent loans from the trusts.

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

Debt of Freddie Mac

We issue debt of Freddie Mac to fund our business activities. Competition for funding can vary depending on economic, financial market, and regulatory environments. We issue debt of Freddie Mac based on a variety of factors, including an assessment of market conditions and our liquidity requirements.

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

Table 57 - Debt of Freddie Mac Activity

(Dollars in millions)	3Q 2021				YTD 2021			
	Short-term	Average Rate ⁽¹⁾	Long-term	Average Rate ⁽¹⁾	Short-term	Average Rate ⁽¹⁾	Long-term	Average Rate ⁽¹⁾
Discount notes and Reference Bills[®]								
Beginning balance	\$—	— %	\$—	— %	\$11	0.69 %	\$—	—%
Issuances	—	—	—	—	—	—	—	—
Repurchases	—	—	—	—	—	—	—	—
Maturities	—	—	—	—	(11)	0.69	—	—
Ending Balance	—	—	—	—	—	—	—	—
Securities sold under agreements to repurchase								
Beginning balance	4,620	(0.03)	—	—	—	—	—	—
Additions	159,818	(0.03)	—	—	446,836	(0.05)	—	—
Repayments	(160,983)	(0.03)	—	—	(443,381)	(0.05)	—	—
Ending Balance	3,455	(0.01)	—	—	3,455	(0.01)	—	—
Callable debt								
Beginning balance	—	—	89,051	0.72	685	0.10	123,338	0.71
Issuances	—	—	—	—	22,050	0.04	1,090	0.60
Repurchases	—	—	—	—	—	—	—	—
Calls	—	—	(18,077)	0.38	(22,735)	0.04	(52,261)	0.56
Maturities	—	—	(550)	1.82	—	—	(1,743)	1.80
Ending Balance	—	—	70,424	0.80	—	—	70,424	0.80
Non-callable debt								
Beginning balance	—	—	129,765	1.21	4,259	1.51	145,560	1.21
Issuances	—	—	—	—	—	—	—	—
Repurchases	—	—	—	—	(1,833)	1.53	(2,832)	1.93
Maturities	—	—	(12,584)	0.62	(2,426)	1.49	(25,547)	0.90
Ending Balance	—	—	117,181	1.27	—	—	117,181	1.27
STACR and SCR Debt⁽²⁾								
Beginning balance	—	—	11,660	4.10	—	—	12,488	4.09
Issuances	—	—	—	—	—	—	—	—
Repurchases	—	—	(1,343)	3.62	—	—	(1,343)	3.62
Maturities	—	—	(511)	4.68	—	—	(1,339)	4.46
Ending Balance	—	—	9,806	4.12	—	—	9,806	4.12
Total debt of Freddie Mac	3,455	(0.01)%	197,411	1.25 %	3,455	(0.01)%	197,411	1.25%
Offsetting arrangements	(3,455)				(3,455)			
Total debt of Freddie Mac, net	\$—		\$197,411		\$—		\$197,411	

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

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

As of September 30, 2021, our aggregate indebtedness was \$197.6 billion, which was below the current \$300.0 billion debt cap limit imposed by the Purchase Agreement. Our aggregate indebtedness calculation primarily includes the par value of short- and long-term debt.

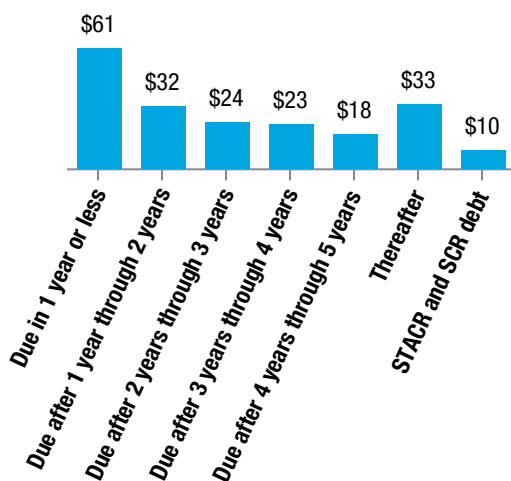
The decrease in total outstanding debt of Freddie Mac from December 31, 2020 to September 30, 2021 was driven by the decline in the mortgage-related investments portfolio, coupled with lower expected cash window volume.

Maturity and Redemption Dates

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

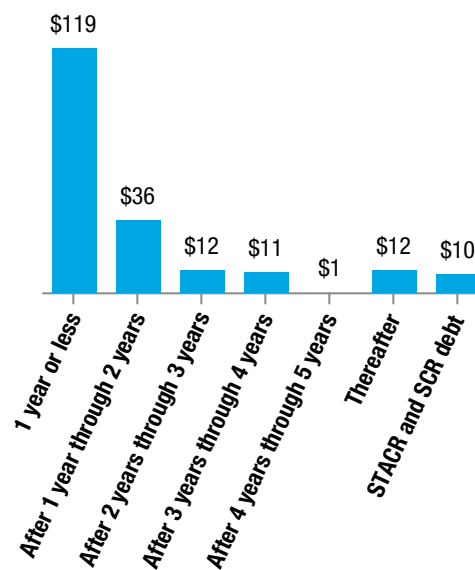
Contractual Maturity Date as of September 30, 2021 ⁽¹⁾

(Par value in billions)



Earliest Redemption Date as of September 30, 2021 ⁽¹⁾

(Par value in billions)



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

Debt Securities of Consolidated Trusts

The largest component of debt on our condensed consolidated balance sheets is debt securities of consolidated trusts. We issue this type of debt by securitizing mortgage loans primarily to fund the majority of our single-family guarantee activities. When we consolidate securitization trusts, we recognize the following on our condensed consolidated balance sheets:

- The assets held by the securitization trusts, the majority of which are mortgage loans. We recognized \$2,672.0 billion and \$2,273.3 billion of mortgage loans, which represented 90.9% and 86.5% of our total assets, as of September 30, 2021 and December 31, 2020, respectively.
- The debt securities issued by the securitization trusts, the majority of which are Level 1 Securitization Products and are pass-through securities, where the cash flows of the mortgage loans held by the securitization trust are passed through to the holders of the securities. We recognized \$2,701.5 billion and \$2,308.2 billion of debt securities of consolidated trusts, which represented 93.3% and 89.0% of our total debt, as of September 30, 2021 and December 31, 2020, respectively.

Debt securities of consolidated trusts represent our liability to third parties that hold beneficial interests in our consolidated securitization trusts. Debt securities of consolidated trusts are principally repaid from the cash flows of the mortgage loans held by the securitization trusts that issued the debt securities. In circumstances when the cash flows of the mortgage loans are not sufficient to repay the debt, we make up the shortfall because we have guaranteed the payment of principal and interest on the debt. In certain circumstances, we have the right and/or obligation to purchase the loan from the trust prior to its contractual maturity.

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

Table 58 - Activity for Debt Securities of Consolidated Trusts Held by Third Parties

(In millions)	3Q 2021	YTD 2021
Beginning balance	\$2,506,334	\$2,240,602
Issuances:		
New issuances to third parties	247,112	702,867
Additional issuances of securities	130,214	478,600
Total issuances	377,326	1,181,467
Extinguishments:		
Purchases of debt securities from third parties	(4,004)	(9,075)
Debt securities received in settlement of secured lending	(75,207)	(184,371)
Repayments of debt securities	(174,873)	(599,047)
Total extinguishments	(254,084)	(792,493)
Ending balance	2,629,576	2,629,576
Unamortized premiums and discounts	71,954	71,954
Debt securities of consolidated trusts held by third parties	\$2,701,530	\$2,701,530

Off-Balance Sheet Arrangements

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

We have certain off-balance sheet arrangements related to our securitization and other mortgage-related guarantee activities. Our off-balance sheet arrangements related to securitization activities primarily consist of guaranteed K Certificates and SB Certificates. Our guarantee of these securitization activities and other mortgage-related guarantees may result in liquidity needs to cover potential cash flow shortfalls from borrower defaults. As of September 30, 2021 and December 31, 2020, the outstanding UPB of the guaranteed securities was \$362.1 billion and \$337.0 billion, respectively. In addition to our securitization and other mortgage-related guarantees, we have certain other guarantees that are accounted for as derivative instruments and are recognized on our condensed consolidated balance sheets at fair value. See **Note 10** for additional information on these guarantees, which are not included in the totals above.

We have the ability to commingle TBA-eligible Fannie Mae collateral in certain of our resecuritization products. When we resecuritize Fannie Mae securities in our commingled resecuritization products, our guarantee covers timely payments of principal and interest on such securities. Accordingly, commingling Fannie Mae collateral in our resecuritization transactions increases our off-balance sheet liquidity exposure as we do not have control over the Fannie Mae collateral. As of September 30, 2021 and December 31, 2020, the total amount of our off-balance sheet exposure related to Fannie Mae securities backing Freddie Mac resecuritization products was approximately \$104.7 billion and \$85.8 billion, respectively.

Cash Flows

Cash and cash equivalents (including restricted cash and cash equivalents) increased by \$1.4 billion from \$8.1 billion as of September 30, 2020 to \$9.5 billion as of September 30, 2021, primarily driven by a decrease in securities purchased under agreements to resell partially offset by a decline in new issuance of debt.

Capital Resources

Primary Sources of Capital

Our entry into conservatorship resulted in significant changes to the assessment of our capital adequacy and our management of capital. Under the Purchase Agreement, Treasury made a commitment to provide us with funding, under certain conditions, to eliminate deficits in our net worth. Pursuant to the January 2021 Letter Agreement, we will not be required to pay a dividend on the senior preferred stock to Treasury 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 \$25.3 billion as of September 30, 2021, no dividend is payable to Treasury for the quarter ended September 30, 2021. See **Note 2** for details of the support we receive from Treasury.

In May 2017, FHFA, as Conservator, issued guidance to us to evaluate and manage our financial risk and to make business decisions, while in conservatorship, utilizing a risk-based CCF, a capital system with detailed formulae provided by FHFA. In November 2020, FHFA released a final rule that establishes the ERCF as a new enterprise regulatory capital framework for Freddie Mac and Fannie Mae. The ERCF, which went into effect in February 2021, has a transition period for compliance. In general, the compliance date for the regulatory capital requirements will be the later of the date of termination of our conservatorship and any later compliance date provided in a consent order or other transition order. In accordance with FHFA guidance, we are transitioning to the ERCF to measure and manage risk. Pursuant to the final rule, we will be required to report our regulatory capital under the ERCF beginning on January 1, 2022.

In September, 2021, FHFA proposed amendments to the ERCF with respect to the prescribed leverage buffer amount (PLBA) and the capital treatment of CRT transactions. FHFA is seeking comments on the proposed rule through November 26, 2021. On October 27, 2021, FHFA issued an additional notice of proposed rulemaking to amend the ERCF by introducing additional public disclosure requirements for the Enterprises. FHFA is seeking comments on this proposed rule within 60 days of its publication in the Federal Register. For additional information regarding the proposed amendments, see **MD&A - Regulation and Supervision - Legislative and Regulatory Developments - FHFA Proposed Rules to Amend the ERCF**.

We invest our Net Worth Amount primarily in short-term investments. The table below presents activity related to our net worth during 3Q 2021 and YTD 2021.

Table 59 - Net Worth Activity

(In millions)	3Q 2021	YTD 2021
Beginning balance	\$22,402	\$16,413
Comprehensive income (loss)	2,909	8,898
Capital draw from Treasury	—	—
Senior preferred stock dividends declared	—	—
Total equity / net worth	\$25,311	\$25,311
Aggregate draws under Purchase Agreement	\$71,648	\$71,648
Aggregate cash dividends paid to Treasury	119,680	119,680
Liquidation preference of the senior preferred stock	95,050	95,050

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Our critical accounting policies and estimates relate to the single-family allowance for credit losses and fair value measurements. For additional information about our critical accounting policies and estimates and other significant accounting policies, as well as recently issued accounting guidance, see **Note 1**.

Single-Family Allowance for Credit Losses

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

Determining the appropriateness of the single-family allowance for credit losses is a complex process that is subject to numerous estimates and assumptions requiring significant management judgment about matters that involve a high degree of subjectivity. This process involves the use of models that require us to make judgments about matters that are difficult to predict.

Changes in forecasted house price growth rates can have a significant effect on our allowance for credit losses. Our estimate of expected credit losses leverages an internally based model that uses a Monte Carlo simulation which generates many possible house price scenarios for up to 40 years for each metropolitan statistical area (MSA). These scenarios are used to estimate loan-level expected future cash flows and credit losses based on each loan's individual characteristics. The COVID-19 pandemic initially resulted in a decline in our near-term forecasted house price growth rates compared to pre-pandemic estimates, but our forecast has since improved. The table below summarizes our nationwide forecasted house price growth rates for both full-year 2021 and 2022 that were used in determining our allowance for credit losses as of September 30, 2021 and as of December 31, 2020. These growth rates are used as inputs to our models to develop the detailed forecasted life-of-loan house price growth rates for each MSA.

Table 60 - Forecasted House Price Growth Rates

	2021	2022
September 30, 2021	16.9 %	7.0 %
December 31, 2020	5.4 %	3.0 %

REGULATION AND SUPERVISION

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

Federal Housing Finance Agency

Affordable Housing Fund Allocations

The GSE Act requires us to set aside in each fiscal year an amount equal to 4.2 basis points of each dollar of total new business purchases and pay this amount to certain housing funds. During 3Q 2021 and YTD 2021, we completed \$315.3 billion and \$989.9 billion, respectively, of new business purchases subject to this requirement and accrued \$132 million and \$416 million, respectively, of related expense. We are prohibited from passing through these costs to the originators of the loans that we purchase.

Legislative and Regulatory Developments

Proposed Affordable Housing Goals for 2022-2024

On August 18, 2021, FHFA proposed its single-family and multifamily affordable housing goals for Freddie Mac for 2022-2024. These proposed goals include two new single-family home purchase subgoals: a Minority Census Tracts Home Purchase Subgoal and a Low-Income Census Tracts Home Purchase Subgoal. These two new proposed goals would replace the existing low-income areas subgoal.

Our current and proposed affordable housing goal benchmark levels are set forth below.

Table 61 - Current and Proposed 2022-2024 Affordable Housing Goal Benchmark Levels

Affordable Housing Goals	Current Benchmark Levels for 2021	Proposed Benchmark Levels for 2022-2024
Single-family		
Low-income home purchase goal	24 %	28 %
Very low-income home purchase goal	6 %	7 %
Low-income areas home purchase goal	18 %	TBD
Low-income areas subgoal	14 %	N/A
Minority census tracts subgoal (new)	N/A	10 %
Low-income census tracts subgoal (new)	N/A	4 %
Low-income refinancing goal	21 %	26 %
Multifamily		
Low-income goal (units)	315,000	415,000
Very low-income subgoal (units)	60,000	88,000
Small multifamily (5-50 units) low-income subgoal (units)	10,000	23,000

Fair Housing and Fair Lending Enforcement

On August 12, 2021, FHFA and HUD announced that they had entered into a collaborative agreement regarding fair housing and fair lending coordination. Under the Memorandum of Understanding, FHFA and HUD will focus on enhancing their enforcement of the Fair Housing Act, which HUD is primarily charged with administering and enforcing, and their oversight of Freddie Mac and Fannie Mae (the Enterprises) and the Federal Home Loan Banks, all of which FHFA regulates.

2020 and 2021 Dodd-Frank Stress Test Results

On August 13, 2021, FHFA released reports providing the results of the 2020 and 2021 annual stress tests for Freddie Mac and Fannie Mae. These reports provide updated information on possible ranges of future financial results of the Enterprises under severely adverse economic conditions.

FHFA 2021 Conservatorship Scorecard Update

On August 20, 2021, FHFA informed us that the following two objectives had been removed from the 2021 FHFA Conservatorship Scorecard: (1) Roadmap Toward End of Conservatorship: Continue to provide support to FHFA as needed to develop a roadmap with milestones for exiting conservatorship, including the development of any capital restoration plans, and (2) Housing Market Reform and Alignment: Conduct such activities as directed by FHFA related to housing market reform. For more information on our 2021 Conservatorship Scorecard, see our Current Report on Form 8-K filed on February 18, 2021.

Administration and FHFA Actions to Promote Affordable Housing

On September 1, 2021, the Administration announced immediate steps to increase affordable housing supply. These include steps various federal agencies will take to boost the supply of quality, affordable rental units; boost the supply of manufactured housing and 2-4 unit properties; make more single-family homes available to individuals, families, and non-profit organizations, rather than large investors; and work with state and local governments to boost housing supply. Also on September 1, 2021, FHFA increased our annual multifamily LIHTC investment cap from \$500 million to \$850 million and increased the Duty to Serve rural/targeted investment requirement from 40% to 50% of total LIHTC investment capacity (or \$425 million in targeted investment and \$425 million in unrestricted investment). FHFA authorized us to accept eligible single-wide manufactured housing loan deliveries and to revisit certain mortgage eligibility requirements for 2-4 unit properties implemented in 2020. In addition, FHFA extended from 20 to 30 days the period during which owner occupants, public entities, and nonprofits would have exclusive ability to buy Freddie Mac and Fannie Mae REO properties before they are available for investor purchase.

On October 18, 2021, FHFA announced two additional measures to advance housing affordability and sustainability, especially for borrowers in underserved communities. Over the coming months, Freddie Mac and Fannie Mae will expand certain eligibility requirements for our refinancing programs aimed at low-income borrowers, including by expanding the income thresholds from at or below 80% of AMI to at or below 100% of AMI to include some moderate-income borrowers. In addition, Freddie Mac and Fannie Mae will incorporate desktop appraisals into our selling guides for certain single-family home purchase loans starting in early 2022.

To further support affordable homeownership and serve historically underserved markets, we announced in October 2021 that we plan to issue at least \$3 billion in Single-family affordable housing bonds by the end of 2022.

Equitable Housing Finance

On September 7, 2021, FHFA announced that Freddie Mac and Fannie Mae will submit equitable housing finance plans to FHFA by the end of 2021. The Enterprises will update these plans annually. The plans are intended to identify and address barriers to sustainable housing opportunities, including the Enterprises' goals and action plans to advance equity in housing finance for the next three years. FHFA also will require the Enterprises to submit annual progress reports on the actions undertaken during the prior year to implement their plans.

September 2021 Letter Agreement with Treasury

On September 14, 2021, we, acting through FHFA as our Conservator, and Treasury entered into a letter agreement to suspend certain requirements that were added to the Purchase Agreement pursuant to the January 2021 Letter Agreement. Specifically, this letter agreement suspended the requirements under the Purchase Agreement related to our cash window activities, multifamily loan purchase activity, acquisitions of single-family loans with certain LTV, DTI, and credit score characteristics at origination, and acquisitions of single-family loans secured by investment properties and second homes. Each such suspension shall terminate on the later of September 14, 2022 and six months after Treasury so notifies Freddie Mac. For additional information on the January 2021 Letter Agreement, see **MD&A - Regulation and Supervision - Legislative and Regulatory Developments - January 2021 Letter Agreement with Treasury** in our 2020 Annual Report. We will continue to manage these activities pursuant to our risk limits and FHFA guidance.

FHFA Proposed Rules to Amend the ERCF

On September 15, 2021, FHFA issued a notice of proposed rulemaking to amend the ERCF. The proposed amendments would refine the PLBA and the capital treatment of CRT transactions. Specifically, the proposed rule would replace the fixed PLBA equal to 1.5% of an Enterprise's adjusted total assets with a dynamic PLBA equal to 50% of the Enterprise's stability capital buffer (which is related to the Enterprise's relative share of total residential mortgage debt outstanding that exceeds 5%); replace the prudential floor of 10% on the risk weight assigned to any retained CRT exposure with a prudential floor of 5% on the risk weight assigned to any retained CRT exposure; and remove the requirement that an Enterprise must apply an overall effectiveness adjustment to its retained CRT exposures. FHFA is seeking comments on the proposed rule through November 26, 2021.

On October 27, 2021, FHFA issued an additional notice of proposed rulemaking to amend the ERCF by introducing additional public disclosure requirements for the Enterprises. This proposed rule would implement quarterly quantitative and annual qualitative disclosure requirements for the Enterprises related to regulatory capital instruments, risk-weighted assets calculated under the ERCF's standardized approach, and risk management policies and procedures. FHFA is seeking comments on this proposed rule within 60 days of its publication in the Federal Register.

We cannot predict whether and when FHFA will finalize these amendments to the ERCF or the content of any such amended rule that FHFA may adopt.

Expiration of Guarantee Fee Provision of Temporary Payroll Tax Cut Continuation Act of 2011

In December 2011, Congress enacted the Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) pursuant to which, at the direction of FHFA, we increased the guarantee fee by 10 basis points on all single-family residential mortgages delivered to us on or after April 1, 2012. Pursuant to the TCCA, the revenue generated by this fee increase is paid to Treasury. Although the guarantee fee provision of the TCCA expired on October 1, 2021, FHFA advised us to charge and remit this 10 basis point fee to Treasury with respect to single-family residential loans acquired by us before January 1, 2022, and to continue to collect and remit to Treasury the proceeds from this fee until any such loans acquired before January 1, 2022 are paid off or an exclusion event, including liquidation or removal from a securitization pool, occurs. On August 10, 2021, the Senate passed legislation, the Infrastructure Investment and Jobs Act, that, if enacted, would extend our obligation to charge and remit to Treasury this 10 basis point fee on single-family residential mortgages delivered to us to October 1, 2032.

FORWARD-LOOKING STATEMENTS

We regularly communicate information concerning our business activities to investors, the news media, securities analysts, and others as part of our normal operations. Some of these communications, including this Form 10-Q, contain "forward-looking statements." Examples of forward-looking statements include, but are not limited to, statements pertaining to the conservatorship, our current expectations and objectives for the Single-family and Multifamily segments of our business, our efforts to assist the housing market, our liquidity and capital management, economic and market conditions and trends, the effects of the COVID-19 pandemic and actions taken in response thereto on our business, financial condition, and liquidity, our market share, the effect of legislative and regulatory developments and new accounting guidance, the credit quality of loans we own or guarantee, the costs and benefits of our CRT transactions, and our results of operations and financial condition. Forward-looking statements involve known and unknown risks and uncertainties, some of which are beyond our control. Forward-looking statements are often accompanied by, and identified with, terms such as "could," "may," "will," "believe," "expect," "anticipate," "forecast," and similar phrases. These statements are not historical facts, but rather represent our expectations based on current information, plans, judgments, assumptions, estimates, and projections. Actual results may differ significantly from those described in or implied by such forward-looking statements due to various factors and uncertainties, including those described in the **Risk Factors** section in our 2020 Annual Report, and including, without limitation, the following:

- Uncertainty regarding the duration and severity of the COVID-19 pandemic and the effects of the pandemic and actions taken in response thereto on the U.S. economy and housing market, which could, in turn, adversely affect our business in numerous ways, including, for example, by increasing our credit losses, impairing the value of our mortgage-related securities, decreasing our liquidity and capital levels, and increasing our credit risk and operational risk;
- The actions the U.S. government (including FHFA, Treasury, and Congress) may take, require us to take, or restrict us from taking, including actions to support the housing markets (such as programs implemented in response to the COVID-19 pandemic or to implement the recommendations in FHFA's Conservatorship Scorecards, recent requirements and guidance related to equitable housing, and other objectives for us);
- The effect of the restrictions on our business due to the conservatorship and the Purchase Agreement;
- Changes in our Charter or in applicable legislative or regulatory requirements (including any legislation affecting the future status of our company);
- Changes to our capital requirements and potential effects of such changes on our business strategies;
- Changes in the fiscal and monetary policies of the Federal Reserve (including changes in the amount of agency MBS and agency CMBS purchased to support the market during the COVID-19 pandemic);
- Changes in tax laws;
- Changes in accounting policies, practices, or guidance;
- Changes in economic and market conditions generally, and as a result of the COVID-19 pandemic, including changes in employment rates, interest rates, spreads, and house prices;
- Changes in the U.S. residential mortgage market, including changes in the supply and type of loan products (e.g., refinance vs. purchase and fixed-rate vs. ARM);
- The success of our efforts to mitigate our losses on our single-family mortgage portfolio;
- The success of our strategy to transfer mortgage credit risk through STACR, ACIS, K Certificate, SB Certificate, and other CRT transactions;
- Our ability to maintain adequate liquidity to fund our operations;
- Our ability to maintain the security and resiliency of our operational systems and infrastructure, including against cyberattacks;
- Our ability to effectively execute our business strategies, implement new initiatives, and improve efficiency;
- The adequacy of our risk management framework, including the adequacy of our capital framework for measuring risk;
- Our ability to manage mortgage credit risk, including the effect of changes in underwriting and servicing practices;
- Our ability to limit or manage our economic exposure and GAAP earnings exposure to interest-rate volatility and spread volatility, including the availability of derivative financial instruments needed for interest-rate risk management purposes and our ability to apply hedge accounting;
- Our operational ability to issue new securities, make timely and correct payments on securities, and provide initial and ongoing disclosures;
- Our reliance on CSS and the CSP for the operation of the majority of our single-family securitization activities, limits on our influence over CSS Board decisions, and any additional changes FHFA may require in our relationship with, or support of, CSS;
- Changes in the methodologies, models, assumptions, and estimates we use to prepare our financial statements, make business decisions, and manage risks;

- Changes in investor demand for our debt or mortgage-related securities;
- Our ability to maintain market acceptance of the UMBS, including our ability to maintain alignment of the prepayment speeds of our and Fannie Mae's respective UMBS;
- Changes in the practices of loan originators, servicers, investors, and other participants in the secondary mortgage market;
- The discontinuance of, transition from, or replacement of LIBOR and the adverse consequences it could have on our business and operations;
- The occurrence of a major natural disaster, other catastrophic event, or significant climate change effects in areas in which our offices or significant portions of our total mortgage portfolio are located; and
- Other factors and assumptions described in this Form 10-Q and our 2020 Annual Report, including in the **MD&A** section.

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

Financial Statements

FREDDIE MACCondensed Consolidated Statements of Comprehensive Income
(Loss) (Unaudited)

(In millions, except share-related amounts)	30 2021	30 2020	YTD 2021	YTD 2020
Net interest income				
Interest income	\$15,791	\$14,849	\$44,923	\$48,157
Interest expense	(11,373)	(11,392)	(32,099)	(39,039)
Net interest income	4,418	3,457	12,824	9,118
Non-interest income (loss)				
Guarantee income	246	315	850	1,161
Investment gains (losses), net	383	1,122	2,227	957
Other income (loss)	200	172	485	401
Non-interest income (loss)	829	1,609	3,562	2,519
Net revenues	5,247	5,066	16,386	11,637
Benefit (provision) for credit losses	243	(327)	1,179	(2,265)
Non-interest expense				
Salaries and employee benefits	(352)	(334)	(1,042)	(1,002)
Professional services	(76)	(105)	(260)	(269)
Other administrative expense	(199)	(202)	(615)	(558)
<i>Total administrative expense</i>	<i>(627)</i>	<i>(641)</i>	<i>(1,917)</i>	<i>(1,829)</i>
Credit enhancement expense	(386)	(267)	(1,090)	(731)
Benefit for (decrease in) credit enhancement recoveries	(60)	20	(510)	708
REO operations income (expense)	9	(40)	(6)	(139)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(602)	(467)	(1,706)	(1,341)
Other expense	(178)	(237)	(572)	(480)
Non-interest expense	(1,844)	(1,632)	(5,801)	(3,812)
Income (loss) before income tax (expense) benefit	3,646	3,107	11,764	5,560
Income tax (expense) benefit	(727)	(644)	(2,399)	(1,147)
Net income (loss)	2,919	2,463	9,365	4,413
Other comprehensive income (loss), net of taxes and reclassification adjustments				
Changes in unrealized gains (losses) related to available-for-sale securities	(14)	(16)	(482)	576
Changes in unrealized gains (losses) related to cash flow hedge relationships	7	6	25	30
Changes in defined benefit plans	(3)	(4)	(10)	(10)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	(10)	(14)	(467)	596
Comprehensive income (loss)	\$2,909	\$2,449	\$8,898	\$5,009
Net income (loss)	\$2,919	\$2,463	\$9,365	\$4,413
Future increase in senior preferred stock liquidation preference	(2,909)	(2,449)	(8,898)	(4,769)
Net income (loss) attributable to common stockholders	\$10	\$14	\$467	(\$356)
Net income (loss) per common share — basic and diluted	\$—	\$—	\$0.14	\$0.11
Weighted average common shares outstanding (in millions) — basic and diluted	3,234	3,234	3,234	3,234

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

FREDDIE MAC

Condensed Consolidated Balance Sheets (Unaudited)

(In millions, except share-related amounts)	September 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents (Notes 3, 16) (includes \$875 and \$17,379 of restricted cash and cash equivalents)	\$9,478	\$23,889
Securities purchased under agreements to resell (Notes 3, 11, 16)	85,315	105,003
Investment securities, at fair value (Note 3, 6)	56,930	59,825
Mortgage loans held-for-sale (Notes 3, 4) (includes \$8,436 and \$14,199 at fair value)	17,517	33,652
Mortgage loans held-for-investment (Notes 3, 4) (net of allowance for credit losses of \$4,531 and \$5,732)	2,715,597	2,350,236
Accrued interest receivable (Notes 3, 4, 6, 11) (net of allowance of \$157 and \$140)	7,490	7,754
Derivative assets, net (Notes 10, 11)	953	1,205
Deferred tax assets, net	6,099	6,557
Other assets (Notes 3) (includes \$6,078 and \$5,775, at fair value)	38,605	39,294
Total assets	\$2,937,984	\$2,627,415
Liabilities and equity		
<i>Liabilities</i>		
Accrued interest payable (Note 3)	\$6,049	\$6,210
Debt (Notes 3, 9) (includes \$1,984 and \$2,592 at fair value)	2,895,426	2,592,546
Derivative liabilities, net (Notes 10, 11)	389	954
Other liabilities (Notes 3)	10,809	11,292
Total liabilities	2,912,673	2,611,002
Commitments and contingencies (Notes 5, 10, 18)		
<i>Equity (Note 12)</i>		
Senior preferred stock (liquidation preference of \$95,050 and \$86,539)	72,648	72,648
Preferred stock, at redemption value	14,109	14,109
Common stock, \$0.00 par value, 4,000,000,000 shares authorized, 725,863,886 shares issued and 650,059,553 shares and 650,059,292 shares outstanding	—	—
Additional paid-in capital	—	—
Retained earnings (accumulated deficit)	(57,737)	(67,102)
<i>AOCI, net of taxes, related to:</i>		
Available-for-sale securities	328	810
Cash flow hedge relationships	(181)	(206)
Defined benefit plans	29	39
<i>Total AOCI, net of taxes</i>	176	643
Treasury stock, at cost, 75,804,333 shares and 75,804,594 shares	(3,885)	(3,885)
Total equity	25,311	16,413
Total liabilities and equity	\$2,937,984	\$2,627,415

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on our condensed consolidated balance sheets.

(In millions)	September 30, 2021	December 31, 2020
Condensed Consolidated Balance Sheet Line Item (Note 3)		
Assets:		
Mortgage loans held-for-investment	\$2,671,954	\$2,273,347
All other assets	65,454	83,982
Total assets of consolidated VIEs	\$2,737,408	\$2,357,329
Liabilities:		
Debt	\$2,701,530	\$2,308,176
All other liabilities	5,731	5,610
Total liabilities of consolidated VIEs	\$2,707,261	\$2,313,786

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

FREDDIE MAC

Condensed Consolidated Statements of Equity (Unaudited)

(In millions)	Shares Outstanding			Senior Preferred Stock	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
	Senior Preferred Stock	Preferred Stock	Common Stock								
Balance at June 30, 2021	1	464	650	\$72,648	\$14,109	\$—	\$—	(\$60,656)	\$186	(\$3,885)	\$22,402
<i>Comprehensive income (loss):</i>											
Net income (loss)	—	—	—	—	—	—	—	2,919	—	—	2,919
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	(10)	—	(10)
<i>Comprehensive income (loss)</i>	—	—	—	—	—	—	—	2,919	(10)	—	2,909
Ending balance at September 30, 2021	1	464	650	\$72,648	\$14,109	\$—	\$—	(\$57,737)	\$176	(\$3,885)	\$25,311
Balance at June 30, 2020	1	464	650	\$72,648	\$14,109	\$—	\$—	(\$72,478)	\$1,048	(\$3,885)	\$11,442
<i>Comprehensive income (loss):</i>											
Net income (loss)	—	—	—	—	—	—	—	2,463	—	—	2,463
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	(14)	—	(14)
<i>Comprehensive income (loss)</i>	—	—	—	—	—	—	—	2,463	(14)	—	2,449
Ending balance at September 30, 2020	1	464	650	\$72,648	\$14,109	\$—	\$—	(\$70,015)	\$1,034	(\$3,885)	\$13,891

(In millions)	Shares Outstanding			Senior Preferred Stock	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
	Senior Preferred Stock	Preferred Stock	Common Stock								
Balance at December 31, 2020	1	464	650	\$72,648	\$14,109	\$—	\$—	(\$67,102)	\$643	(\$3,885)	\$16,413
<i>Comprehensive income (loss):</i>											
Net income (loss)	—	—	—	—	—	—	—	9,365	—	—	9,365
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	(467)	—	(467)
<i>Comprehensive income (loss)</i>	—	—	—	—	—	—	—	9,365	(467)	—	8,898
Ending balance at September 30, 2021	1	464	650	\$72,648	\$14,109	\$—	\$—	(\$57,737)	\$176	(\$3,885)	\$25,311
Balance at December 31, 2019	1	464	650	\$72,648	\$14,109	\$—	\$—	(\$74,188)	\$438	(\$3,885)	\$9,122
<i>Comprehensive income (loss):</i>											
Net income (loss)	—	—	—	—	—	—	—	4,413	—	—	4,413
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	596	—	596
<i>Comprehensive income (loss)</i>	—	—	—	—	—	—	—	4,413	596	—	5,009
Cumulative effect from adoption of CECL	—	—	—	—	—	—	—	(240)	—	—	(240)
Ending balance at September 30, 2020	1	464	650	\$72,648	\$14,109	\$—	\$—	(\$70,015)	\$1,034	(\$3,885)	\$13,891

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

FREDDIE MAC

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In millions)	YTD 2021	YTD 2020
Net cash provided by (used in) operating activities	\$17,318	\$6,235
Cash flows from investing activities		
Purchases of trading securities	(88,061)	(111,472)
Proceeds from sales of trading securities	100,545	86,603
Proceeds from maturities and repayments of trading securities	6,005	24,589
Purchases of available-for-sale securities	(8,108)	(7,851)
Proceeds from sales of available-for-sale securities	22,270	33,175
Proceeds from maturities and repayments of available-for-sale securities	991	2,650
Purchases of mortgage loans acquired as held-for-investment	(463,273)	(439,606)
Proceeds from sales of mortgage loans acquired as held-for-investment	6,917	7,725
Proceeds from repayments of mortgage loans acquired as held-for-investment	592,454	509,762
Advances under secured lending arrangements	(194,127)	(91,511)
Repayments of secured lending arrangements	478	1,406
Net proceeds from dispositions of real estate owned and other recoveries	199	585
Net (increase) decrease in securities purchased under agreements to resell	16,282	(36,189)
Derivative premiums and terminations, swap collateral, and exchange settlement payments, net	1,105	(9,891)
Other, net	(488)	(439)
Net cash provided by (used in) investing activities	(6,811)	(30,464)
Cash flows from financing activities		
Proceeds from issuance of debt securities of consolidated trusts held by third parties	669,060	502,025
Repayments and redemptions of debt securities of consolidated trusts held by third parties	(608,468)	(480,984)
Proceeds from issuance of debt of Freddie Mac	23,153	409,217
Repayments of debt of Freddie Mac	(112,114)	(396,053)
Net increase (decrease) in securities sold under agreements to repurchase	3,455	(7,046)
Other, net	(4)	(45)
Net cash provided by (used in) financing activities	(24,918)	27,114
Net increase (decrease) in cash and cash equivalents (includes restricted cash and cash equivalents)	(14,411)	2,885
Cash and cash equivalents (includes restricted cash and cash equivalents) at beginning of year	23,889	5,189
Cash and cash equivalents (includes restricted cash and cash equivalents) at end of period	\$9,478	\$8,074
Supplemental cash flow information		
Cash paid for:		
Debt interest	\$51,686	\$53,045
Income taxes	3,124	740
Non-cash investing and financing activities (Note 4, 6, and 9)		

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

Notes to Condensed Consolidated Financial Statements

NOTE 1

Summary of Significant Accounting Policies

Freddie Mac is a GSE chartered by Congress in 1970. Our public mission is to provide liquidity, stability, and affordability to the U.S. housing market. We are regulated by FHFA, the SEC, HUD, and Treasury, and are currently operating in conservatorship with FHFA as our Conservator. For more information on the roles of FHFA and Treasury, see **Note 2** in this Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2020, or 2020 Annual Report. Throughout our unaudited condensed consolidated financial statements and related notes, we use certain acronyms and terms which are defined in the **Glossary** of our 2020 Annual Report.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes in our 2020 Annual Report.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP and include our accounts as well as the accounts of other entities in which we have a controlling financial interest. All intercompany balances and transactions have been eliminated.

We are operating under the basis that we will realize assets and satisfy liabilities in the normal course of business as a going concern and in accordance with the authority provided by FHFA to our Board of Directors to oversee management's conduct of our business operations. In the opinion of management, our unaudited condensed consolidated financial statements contain all adjustments, which include only normal recurring adjustments, necessary for a fair statement of our results.

During 1Q 2021, our chief operating decision maker began making decisions about allocating resources and assessing segment performance based on two reportable segments, Single-family and Multifamily. See **Note 15** for additional information on the change in our segment reporting presentation.

Use of Estimates

The preparation of financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, and losses during the reporting period. Management has made significant estimates in preparing the financial statements for establishing the allowance for credit losses and valuing financial instruments and other assets and liabilities. Actual results could be different from these estimates.

Other Significant Accounting Policies

Recently Adopted Accounting Guidance

Standard	Description	Date of Adoption	Effect on Consolidated Financial Statements
ASU 2020-06 , Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity	The amendments in this Update simplify an issuer's accounting for certain financial instruments with characteristics of liabilities and equity, primarily by eliminating many of the current separation models used to account for convertible debt and convertible preferred stock.	January 1, 2021	The adoption of the amendments did not have a material effect on our consolidated financial statements.
ASU 2020-08 , Codification Improvements to Subtopic 310-20, Receivables-Nonrefundable Fees and Other Costs	The amendments in this Update clarify the guidance for the reevaluation of whether a callable debt security's amortized cost basis exceeds the amount repayable by the issuer at the next call date.	January 1, 2021	The adoption of the amendments did not have a material effect on our consolidated financial statements.

Recently Issued Accounting Guidance, Not Yet Adopted Within Our Consolidated Financial Statements

Standard	Description	Date of Planned Adoption	Effect on Consolidated Financial Statements
ASU 2021-04 , Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options	The amendments in this Update require issuers to account for modifications or exchanges of freestanding equity-classified written call options based on the reason for the modification or exchange, to issue equity, to issue or modify debt, or for other reasons.	January 1, 2022	We do not expect the adoption of the amendments to have a material effect on our consolidated financial statements.

NOTE 2

Conservatorship and Related Matters

Business Objectives

We operate under the conservatorship that commenced on September 6, 2008, conducting our business under the direction of FHFA, as our Conservator. The conservatorship and related matters significantly affect our management, business activities, financial condition, and results of operations. Upon its appointment, FHFA, as Conservator, immediately succeeded to all rights, titles, powers, and privileges of Freddie Mac, and of any stockholder, officer, or director thereof, with respect to the company and its assets. The Conservator also succeeded to the title to all books, records, and assets of Freddie Mac held by any other legal custodian or third party. The Conservator provided for the Board of Directors to perform certain functions and to oversee management, and the Board of Directors delegated to management authority to conduct business operations so that the company can continue to operate in the ordinary course. The directors serve on behalf of, and perform such functions as provided by, the Conservator.

We are subject to certain constraints on our business activities under the Purchase Agreement. However, the support provided by Treasury pursuant to the Purchase Agreement currently enables us to maintain our access to the debt markets and to have adequate liquidity to conduct our normal business activities, although the costs of our debt funding could vary. Our ability to access funds from Treasury under the Purchase Agreement is critical to keeping us solvent.

Purchase Agreement

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

Under the August 2012 amendment to the Purchase Agreement, for each quarter from January 1, 2013 and thereafter, the dividend payment to Treasury on the senior preferred stock will be the amount, if any, by which our Net Worth Amount at the end of the immediately preceding fiscal quarter, less the applicable Capital Reserve Amount, exceeds zero. Pursuant to the January 2021 Letter Agreement, the applicable Capital Reserve Amount from October 1, 2020 is the amount of adjusted total capital necessary to meet capital requirements and buffers set forth in the ERCF. This increased Capital Reserve Amount will remain in effect until the last day of the second fiscal quarter during which we have reached and maintained such level of capital (the Capital Reserve End Date). As a result, the company was not required to pay a dividend to Treasury on the senior preferred stock in September 2021, and we will not be required to pay a dividend on the senior preferred stock to Treasury until we have built sufficient capital to meet the capital requirements and buffers set forth in the ERCF. If for any reason we were not to pay our dividend requirements on the senior preferred stock in full in any future period until the Capital Reserve End Date, the unpaid amount would be added to the liquidation preference and the applicable Capital Reserve Amount would thereafter be zero.

As the company builds capital during this period, the quarterly increases in our Net Worth Amount have been, or will be, added to the liquidation preference of the senior preferred stock. As a result, the liquidation preference of the senior preferred stock increased from \$91.4 billion as of June 30, 2021 to \$95.0 billion on September 30, 2021 based on the \$3.6 billion increase in our Net Worth Amount during 2Q 2021, and will increase to \$98.0 billion on December 31, 2021 based on the \$2.9 billion increase in our Net Worth Amount during 3Q 2021.

The Purchase Agreement includes significant restrictions on our business activities, including limits on our secondary market activities; our acquisitions of single-family and multifamily loans; the amount of indebtedness we can incur; the size of our mortgage-related investments portfolio; and our ability to pay dividends, transfer certain assets, raise capital, pay down the liquidation preference of the senior preferred stock, and exit conservatorship. On September 14, 2021, we, acting through FHFA as our Conservator, and Treasury entered into a letter agreement suspending certain requirements in the Purchase Agreement related to our cash window activities, multifamily loan purchase activity, acquisitions of single-family loans with certain LTV, DTI, and credit score characteristics at origination, and acquisitions of single-family loans secured by investment properties and second homes. Each such suspension shall terminate on the later of September 14, 2022 and six months after Treasury so notifies Freddie Mac.

The Purchase Agreement has an indefinite term and can terminate only in limited circumstances, which do not include the end of the conservatorship. Under the Purchase Agreement, Treasury's consent is required for a termination of conservatorship other than in connection with receivership or under specified limited circumstances involving maintenance of certain capital levels and resolution of currently pending material litigation related to our conservatorship and the Purchase Agreement.

Impact of Conservatorship and Related Developments on the Mortgage-Related Investments Portfolio

Our ability to acquire and sell mortgage assets is significantly constrained by limitations imposed by the Purchase Agreement and FHFA. For example, FHFA has directed us to maintain our mortgage-related investments portfolio at or below \$225 billion at all times. The amount of mortgage assets that we may own in this portfolio is also currently capped under the Purchase Agreement at \$250 billion. The Purchase Agreement cap will be lowered from \$250 billion to \$225 billion at the end of 2022. In addition to UPB, the calculation of mortgage assets subject to the FHFA and Purchase Agreement caps includes 10% of the notional value of our interest-only securities. The balance of the mortgage-related investments portfolio for the purposes of the FHFA and Purchase Agreement limits was \$126.7 billion as of September 30, 2021, including \$12.9 billion representing 10% of the notional amount of the interest-only securities we held as of September 30, 2021.

With respect to the composition of our mortgage-related investments portfolio, FHFA has instructed us to reduce the amount of agency MBS to no more than \$20 billion, based on UPB, by June 30, 2022.

Government Support for Our Business

We receive substantial support from Treasury and are dependent upon its continued support to continue operating our business. Our ability to access funds from Treasury under the Purchase Agreement is critical to:

- Keeping us solvent;
- Allowing us to focus on our primary business objectives under conservatorship; and
- Avoiding the appointment of a receiver by FHFA under statutory mandatory receivership provisions.

At June 30, 2021, our assets exceeded our liabilities under GAAP; therefore, FHFA did not request a draw on our behalf and, as a result, we did not receive any funding from Treasury under the Purchase Agreement during 3Q 2021. The amount of available funding remaining under the Purchase Agreement is \$140.2 billion and will be reduced by any future draws.

See **Note 9** and **Note 12** for more information on the conservatorship and the Purchase Agreement.

Related Parties As a Result of Conservatorship

We are deemed related parties with Fannie Mae as both we and Fannie Mae have the same relationships with FHFA and Treasury. CSS was formed in 2013 as a limited liability company equally owned by Freddie Mac and Fannie Mae and is also deemed a related party. In October 2021, FHFA announced that it had named a new interim Chair to the CSS Board and that the independent members FHFA previously appointed had left the CSS Board. As a result, the CSS Board currently includes an independent non-executive interim Chair, the CEO of CSS, two Freddie Mac representatives, and two Fannie Mae representatives. During conservatorship, the CSS Board Chair must be designated by FHFA, and all CSS Board decisions require the affirmative vote of the Board Chair.

During YTD 2021, we contributed \$60 million of capital to CSS, and we have contributed \$718 million since we began making contributions in the fourth quarter of 2014. The carrying value of our investment in CSS was \$12 million and \$16 million as of September 30, 2021 and December 31, 2020, respectively, and was included in other assets on our condensed consolidated balance sheets.

NOTE 3

Securitization Activities and Consolidation

Our primary business activities in our Single-family and Multifamily segments involve the securitization of loans or other mortgage-related assets using trusts that are VIEs. These trusts issue beneficial interests in the loans or other mortgage-related assets that they own. We guarantee the principal and interest payments on some or all of the issued beneficial interests in substantially all of our securitization transactions. We consolidate VIEs when we have a controlling financial interest in the VIE and are therefore considered the primary beneficiary of the VIE. See **Note 5** for additional information on our guarantee activities.

We do not believe the maximum exposure to loss from our involvement with VIEs for which we are not the primary beneficiary discussed below is representative of the actual loss we are likely to incur, based on our historical loss experience and after consideration of proceeds from related collateral liquidation, including possible recoveries under credit enhancements. See **Note 8** for additional information on credit enhancements. Certain of our interest-rate risk-related guarantees to VIEs for which we are not the primary beneficiary may create exposure to loss that is unlimited. We account for these interest-rate risk-related guarantees at fair value as discussed further in **Note 5** and generally reduce our exposure to these guarantees with unlimited interest rate exposure through separate derivative contracts with third parties. See **Note 10** for additional information on derivatives.

Securitization Activities

Single-family

Resecuritization Products

With the exception of commingled securities, our investments in and guarantees of securities issued by resecuritization trusts for which we are not the primary beneficiary typically do not create any incremental exposure to loss because we already guarantee and consolidate the underlying collateral. While our guarantee of Fannie Mae securities underlying commingled resecuritization products creates incremental exposure to loss, we view the likelihood of being required to perform on our guarantee as remote due to Fannie Mae's status as a GSE and the funding commitment available to it through its senior preferred stock purchase agreement with Treasury. The UPB of Fannie Mae securities underlying commingled Freddie Mac resecuritization trusts for which we are not the primary beneficiary totaled \$103.9 billion and \$85.3 billion as of September 30, 2021 and December 31, 2020, respectively. See **Note 5** for additional information on our guarantee of Fannie Mae securities.

Senior Subordinate Securitization Structures

We do not consolidate our single-family senior subordinate securitization structures backed by seasoned loans because we do not have the ability to direct the loss mitigation activities of the underlying loans, which is the most significant activity affecting the economic performance of the VIE. The maximum exposure to loss for our single-family senior subordinate securitization structures for which we are not the primary beneficiary totaled \$27.4 billion and \$28.1 billion at September 30, 2021 and December 31, 2020, respectively, and represents the UPB of the beneficial interests that we have guaranteed. The total assets of these nonconsolidated VIEs totaled \$33.3 billion and \$33.7 billion at September 30, 2021 and December 31, 2020, respectively.

Other Securitization Products

We do not consolidate the trusts used to issue our single-family other securitization products when we are not the primary beneficiary. The maximum exposure to loss for these single-family securitizations for which we are not the primary beneficiary totaled \$1.3 billion and \$1.7 billion at September 30, 2021 and December 31, 2020, respectively. The total assets of these nonconsolidated VIEs totaled \$1.4 billion and \$1.8 billion at September 30, 2021 and December 31, 2020, respectively.

Multifamily

K Certificates

We do not consolidate our K Certificate securitization trusts that have subordination because we do not have the ability to direct the loss mitigation activities of the underlying loans, which is the most significant activity affecting the economic performance of the VIE. The maximum exposure to loss for our K Certificate securitizations for which we are not the primary beneficiary totaled \$277.4 billion and \$253.0 billion at September 30, 2021 and December 31, 2020, respectively, and primarily represents the UPB of the beneficial interests that we have guaranteed. The total assets of these nonconsolidated VIEs totaled \$316.8 billion and \$291.3 billion at September 30, 2021 and December 31, 2020, respectively.

SB Certificates

Similar to K Certificate transactions, we are not the primary beneficiary of and, therefore, do not consolidate SB Certificate trusts, as we do not have the ability to direct loss mitigation activities of the underlying loans, which is the most significant

activity affecting the economic performance of the VIE. The maximum exposure to loss for our SB Certificate securitizations for which we are not the primary beneficiary totaled \$22.4 billion and \$21.5 billion at September 30, 2021 and December 31, 2020, respectively, and primarily represents the UPB of the beneficial interests that we have guaranteed. The total assets of these nonconsolidated VIEs totaled \$24.9 billion and \$23.9 billion at September 30, 2021 and December 31, 2020, respectively.

Other Securitization Products

We do not consolidate the trusts used to issue our other securitization products when we are not the primary beneficiary. The maximum exposure to loss for our other securitization products for which we are not the primary beneficiary totaled \$15.0 billion and \$14.9 billion at September 30, 2021 and December 31, 2020, respectively, and primarily represents the UPB of the beneficial interests that we have guaranteed. The total assets of these nonconsolidated VIEs totaled \$16.9 billion as of September 30, 2021 and December 31, 2020.

CRT Activities

STACR Trust Notes

We are not the primary beneficiary of and, therefore, do not consolidate the STACR Trusts used in the STACR Trust Note transactions. The maximum exposure to loss for our STACR Trust transactions for which we are not the primary beneficiary represents our recorded expected recovery receivable and totaled \$69 million and \$420 million at September 30, 2021 and December 31, 2020, respectively. The total assets of these nonconsolidated VIEs totaled \$21.0 billion and \$17.3 billion at September 30, 2021 and December 31, 2020, respectively. See **Note 8** for additional information on the amount of available coverage.

Consolidated VIEs

The table below presents the carrying value and classification of the assets and liabilities of consolidated VIEs on our condensed consolidated balance sheets.

Table 3.1 - Consolidated VIEs

(In millions)	September 30, 2021	December 31, 2020
Condensed Consolidated Balance Sheet Line Item		
<i>Assets:</i>		
Cash and cash equivalents (includes \$699 and \$17,289 of restricted cash and cash equivalents)	\$700	\$17,290
Securities purchased under agreements to resell	40,154	38,487
Investment securities, at fair value	842	591
Mortgage loans held-for-investment, net	2,671,954	2,273,347
Accrued interest receivable, net	7,031	7,134
Other assets	16,727	20,480
Total assets of consolidated VIEs	\$2,737,408	\$2,357,329
<i>Liabilities:</i>		
Accrued interest payable	\$5,731	\$5,610
Debt	2,701,530	2,308,176
Total liabilities of consolidated VIEs	\$2,707,261	\$2,313,786

Nonconsolidated VIEs

The following table presents the carrying amounts and classification of the assets and liabilities recorded on our condensed consolidated balance sheets related to VIEs for which we are not the primary beneficiary and with which we were involved in the design and creation and have a significant continuing involvement. Our involvement with such VIEs primarily consists of investments in debt securities issued by resecuritization trusts and guarantees of senior securities issued by certain Multifamily securitization trusts.

Table 3.2 - Nonconsolidated VIEs

(In millions)	September 30, 2021	December 31, 2020
Assets and Liabilities Recorded on our Condensed Consolidated Balance Sheets⁽¹⁾		
<i>Assets:</i>		
Investment securities, at fair value	\$23,726	\$28,459
Accrued interest receivable, net	234	239
Derivative assets, net	22	61
Other assets	5,516	5,553
<i>Liabilities:</i>		
Debt	69	—
Derivative liabilities, net	41	47
Other liabilities	4,942	4,515

(1) Includes our variable interests in REMICs and Strips, commingled Supers, K Certificates, SB Certificates, certain senior subordinate securitization structures, and other securitization products that we do not consolidate.

We also obtain interests in various other entities created by third parties through the normal course of business that may be VIEs, such as through our investments in certain non-Freddie Mac mortgage-related securities, purchases of multifamily loans, guarantees of multifamily housing revenue bonds, as a derivative counterparty, or through other activities. To the extent that we were not involved in the design or creation of these VIEs, they are excluded from the table above. Our interests in these VIEs are generally passive in nature and are not expected to result in us obtaining a controlling financial interest in these VIEs in the future. As a result, we do not consolidate these VIEs and we account for our interests in these VIEs in the same manner that we account for our interests in other third-party transactions. See **Note 6** for additional information regarding our investments in non-Freddie Mac mortgage-related securities. See **Note 4** for more information regarding multifamily loans.

NOTE 4**Mortgage Loans**

The table below provides details of the loans on our condensed consolidated balance sheets.

Table 4.1 - Mortgage Loans

(In millions)	September 30, 2021			December 31, 2020		
	Single-family	Multifamily	Total	Single-family	Multifamily	Total
Held-for-sale UPB	\$7,051	\$11,246	\$18,297	\$10,702	\$23,789	\$34,491
Cost basis and fair value adjustments, net	(1,085)	305	(780)	(1,637)	798	(839)
Total held-for-sale loans, net	5,966	11,551	17,517	9,065	24,587	33,652
Held-for-investment UPB	2,630,642	24,413	2,655,055	2,271,576	21,923	2,293,499
Cost basis adjustments	64,994	79	65,073	62,415	54	62,469
Allowance for credit losses	(4,490)	(41)	(4,531)	(5,628)	(104)	(5,732)
Total held-for-investment loans, net	2,691,146	24,451	2,715,597	2,328,363	21,873	2,350,236
Total mortgage loans, net	\$2,697,112	\$36,002	\$2,733,114	\$2,337,428	\$46,460	\$2,383,888

The table below provides details of the UPB of loans we purchased and sold during the periods presented.

Table 4.2 - Loans Purchased and Sold

(In billions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Single-family:				
Purchases:				
Held-for-investment loans	\$297.5	\$335.4	\$945.2	\$703.8
Sale of held-for-sale loans ⁽¹⁾	1.0	4.0	4.0	6.2
Multifamily:				
Purchases:				
Held-for-investment loans	3.0	1.6	5.9	5.9
Held-for-sale loans	13.8	14.9	37.6	39.5
Sale of held-for-sale loans ⁽²⁾	13.4	19.6	52.2	41.3

(1) Our sales of single-family loans reflect the sale of seasoned single-family mortgage loans.

(2) Our sales of multifamily loans occur primarily through the issuance of multifamily K Certificates and SB Certificates. See **Note 3** for more information on our K Certificates and SB Certificates.

Reclassifications

We reclassify loans between held-for-investment and held-for-sale depending on our intent and ability to hold the loan for the foreseeable future. The table below presents the allowance for credit losses or valuation allowance that was reversed or established due to loan reclassifications between held-for-investment and held-for-sale during the period presented.

Table 4.3 - Loan Reclassifications

(In millions)	3Q 2021			3Q 2020		
	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed
Single-family reclassifications from:						
Held-for-investment to held-for-sale ⁽¹⁾	\$388	\$19	\$—	\$523	\$27	\$—
Held-for-sale to held-for-investment ⁽²⁾	81	4	—	1,440	124	30
Multifamily reclassifications from:						
Held-for-investment to held-for-sale	445	—	—	1,432	8	(6)
Held-for-sale to held-for-investment	—	—	—	62	—	4

(In millions)	YTD 2021			YTD 2020		
	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed
Single-family reclassifications from:						
Held-for-investment to held-for-sale ⁽¹⁾	\$1,358	\$54	\$—	\$3,919	\$275	\$—
Held-for-sale to held-for-investment ⁽²⁾	183	13	—	1,685	144	34
Multifamily reclassifications from:						
Held-for-investment to held-for-sale	2,175	6	—	2,079	8	(6)
Held-for-sale to held-for-investment	21	—	—	633	(1)	4

(1) Prior to reclassification from held-for-investment to held-for-sale, we charged-off \$9 million and \$51 million against the allowance for credit losses during 3Q 2021 and YTD 2021, respectively, compared to \$47 million and \$220 million during 3Q 2020 and YTD 2020, respectively.

(2) Allowance for credit losses reversed upon reclassifications from held-for-sale to held-for-investment for loans that were previously charged off and the present values of expected future cash flows were in excess of the amortized cost basis upon reclassification.

Interest Income

The table below provides the amortized cost basis of non-accrual loans as of the beginning and the end of the periods presented, including the interest income recognized for the period that is related to the loans on non-accrual status as of the period end.

Table 4.4 - Amortized Cost Basis of Held-for-Investment Loans on Non-Accrual

(In millions)	Non-Accrual Amortized Cost Basis		Interest Income Recognized ⁽¹⁾	
	June 30, 2021	September 30, 2021	3Q 2021	YTD 2021
Single-family:				
20- and 30-year or more, amortizing fixed-rate	\$19,431	\$17,524	\$35	\$115
15-year amortizing fixed-rate	914	862	1	4
Adjustable-rate	268	250	—	1
Alt-A, interest-only, and option ARM	611	568	2	5
Total single-family	21,224	19,204	38	125
Total multifamily	—	—	—	—
Total single-family and multifamily	\$21,224	\$19,204	\$38	\$125

Referenced footnotes are included after the prior period table.

(In millions)	Non-Accrual Amortized Cost Basis		Interest Income Recognized ⁽¹⁾	
	June 30, 2020	September 30, 2020	3Q 2020	YTD 2020
Single-family:				
20- and 30-year or more, amortizing fixed-rate	\$10,226	\$12,376	\$32	\$180
15-year amortizing fixed-rate	528	788	1	9
Adjustable-rate	150	235	—	3
Alt-A, interest-only, and option ARM	540	673	1	8
Total single-family	11,444	14,072	34	200
Total multifamily	—	—	—	—
Total single-family and multifamily	\$11,444	\$14,072	\$34	\$200

(1) Represents the amount of payments received during the period, including those received while the loans were on accrual status, for the held-for-investment loans on non-accrual status as of period end.

The table below provides the amount of accrued interest receivable, net, presented on our condensed consolidated balance sheets and the amount of accrued interest receivable related to loans on non-accrual status at the end of the periods that is charged off.

Table 4.5 - Accrued Interest Receivable, Net and Related Charge-Offs

(In millions)	Accrued Interest Receivable, Net		Accrued Interest Receivable Related Charge-Offs			
	September 30, 2021	December 31, 2020	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Single-family loans	\$7,085	\$7,292	(\$222)	(\$104)	(\$507)	(\$225)
Multifamily loans	109	139	—	—	—	—

Credit Quality

Single-Family

The current LTV ratio is one key factor we consider when estimating our allowance for credit losses for single-family loans. As current LTV ratios increase, the borrower's equity in the home decreases, which may negatively affect the borrower's ability to refinance (outside of our relief refinance programs) or to sell the property for an amount at or above the balance of the outstanding loan.

A second-lien loan also reduces the borrower's equity in the home and has a similar negative effect on the borrower's ability to refinance or sell the property for an amount at or above the combined balances of the first and second loans. However, borrowers are free to obtain second-lien financing after origination, and we are not entitled to receive notification when a borrower does so. For further information about concentrations of risk associated with our single-family and multifamily loans, see **Note 16**.

The table below presents the amortized cost basis of single-family held-for-investment loans by current LTV ratio. Our current LTV ratios are estimates based on available data through the end of each period presented. For reporting purposes:

- Loans within the Alt-A category continue to be presented in that category following modification, even though the borrower may have provided full documentation of assets and income to complete the modification and
- Loans within the option ARM category continue to be presented in that category following modification, even though the modified loan no longer provides for optional payment provisions.

Table 4.6 - Amortized Cost Basis of Single-Family Held-for-Investment Loans by Current LTV Ratio and Vintage

(In millions)	September 30, 2021						Total
	Year of Origination						
	2021	2020	2019	2018	2017	Prior	
Current LTV Ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	\$192,504	\$378,784	\$79,464	\$41,344	\$65,973	\$438,238	\$1,196,307
> 60 to 80	361,177	384,332	76,070	24,260	16,567	21,565	883,971
> 80 to 90	101,356	40,872	2,472	563	218	1,036	146,517
> 90 to 100	49,194	976	104	40	31	414	50,759
> 100 ⁽¹⁾	63	2	3	9	22	438	537
Total 20- and 30-year or more, amortizing fixed-rate	704,294	804,966	158,113	66,216	82,811	461,691	2,278,091
15-year amortizing fixed-rate							
≤ 60	69,910	111,909	18,778	7,929	14,902	85,580	309,008
> 60 to 80	44,232	27,557	1,817	215	83	56	73,960
> 80 to 90	3,597	353	9	2	3	5	3,969
> 90 to 100	559	5	—	1	1	3	569
> 100 ⁽¹⁾	5	—	—	1	1	3	10
Total 15-year amortizing fixed-rate	118,303	139,824	20,604	8,148	14,990	85,647	387,516
Adjustable-rate							
≤ 60	1,457	1,611	808	606	1,874	10,983	17,339
> 60 to 80	1,918	662	275	114	234	179	3,382
> 80 to 90	335	20	6	3	4	3	371
> 90 to 100	110	—	—	—	—	1	111
> 100 ⁽¹⁾	1	—	—	—	—	—	1
Total adjustable-rate	3,821	2,293	1,089	723	2,112	11,166	21,204
Alt-A, Interest-only, and option ARM							
≤ 60	—	—	—	—	—	7,916	7,916
> 60 to 80	—	—	—	—	—	780	780
> 80 to 90	—	—	—	—	—	76	76
> 90 to 100	—	—	—	—	—	32	32
> 100 ⁽¹⁾	—	—	—	—	—	21	21
Total Alt-A, interest-only, and option ARM	—	—	—	—	—	8,825	8,825
Total single-family loans	\$826,418	\$947,083	\$179,806	\$75,087	\$99,913	\$567,329	\$2,695,636
Total for all loan product types by current LTV ratio:							
≤ 60	\$263,871	\$492,304	\$99,050	\$49,879	\$82,749	\$542,717	\$1,530,570
> 60 to 80	407,327	412,551	78,162	24,589	16,884	22,580	962,093
> 80 to 90	105,288	41,245	2,487	568	225	1,120	150,933
> 90 to 100	49,863	981	104	41	32	450	51,471
> 100 ⁽¹⁾	69	2	3	10	23	462	569
Total single-family loans	\$826,418	\$947,083	\$179,806	\$75,087	\$99,913	\$567,329	\$2,695,636

Referenced footnotes are included after the prior period table.

(In millions)	December 31, 2020						Total
	Year of Origination					Prior	
	2020	2019	2018	2017	2016		
Current LTV Ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	\$203,333	\$52,820	\$33,139	\$64,834	\$115,978	\$431,406	\$901,510
> 60 to 80	437,107	141,094	64,236	59,110	40,614	44,636	786,797
> 80 to 100	206,457	53,926	8,822	2,117	654	3,983	275,959
> 100 ⁽¹⁾	202	7	25	64	61	948	1,307
Total 20- and 30-year or more, amortizing fixed-rate	847,099	247,847	106,222	126,125	157,307	480,973	1,965,573
15-year amortizing fixed-rate							
≤ 60	78,269	17,753	9,914	19,650	29,916	83,842	239,344
> 60 to 80	67,904	12,169	2,195	961	215	135	83,579
> 80 to 100	8,553	400	17	12	9	17	9,008
> 100 ⁽¹⁾	21	—	3	5	3	7	39
Total 15-year amortizing fixed-rate	154,747	30,322	12,129	20,628	30,143	84,001	331,970
Adjustable-rate							
≤ 60	1,427	850	731	2,429	2,042	12,993	20,472
> 60 to 80	1,403	877	537	1,061	329	528	4,735
> 80 to 100	232	125	34	29	2	8	430
> 100 ⁽¹⁾	—	—	—	—	—	1	1
Total adjustable-rate	3,062	1,852	1,302	3,519	2,373	13,530	25,638
Alt-A, Interest-only, and option ARM							
≤ 60	—	—	—	—	—	8,620	8,620
> 60 to 80	—	—	—	—	—	1,818	1,818
> 80 to 100	—	—	—	—	—	314	314
> 100 ⁽¹⁾	—	—	—	—	—	58	58
Total Alt-A, interest-only, and option ARM	—	—	—	—	—	10,810	10,810
Total single-family loans	\$1,004,908	\$280,021	\$119,653	\$150,272	\$189,823	\$589,314	\$2,333,991
Total for all loan product types by Current LTV ratio:							
≤ 60	\$283,029	\$71,423	\$43,784	\$86,913	\$147,936	\$536,861	\$1,169,946
> 60 to 80	506,414	154,140	66,968	61,132	41,158	47,117	876,929
> 80 to 100	215,242	54,451	8,873	2,158	665	4,322	285,711
> 100 ⁽¹⁾	223	7	28	69	64	1,014	1,405
Total single-family loans	\$1,004,908	\$280,021	\$119,653	\$150,272	\$189,823	\$589,314	\$2,333,991

(1) The serious delinquency rate for the single-family held-for-investment mortgage loans with current LTV ratios in excess of 100% was 9.48% and 11.17% as of September 30, 2021 and December 31, 2020, respectively.

Multifamily

The table below presents the amortized cost basis of our multifamily held-for-investment loans, by credit quality indicator, based on available data through the end of each period presented. These indicators involve significant management judgment and are defined as follows:

- "Pass" is current and adequately protected by the borrower's current financial strength and debt service capacity;
- "Special mention" has administrative issues that may affect future repayment prospects but does not have current credit weaknesses. In addition, this category generally includes loans in forbearance;
- "Substandard" has a weakness that jeopardizes the timely full repayment; and
- "Doubtful" has a weakness that makes collection or liquidation in full highly questionable and improbable based on existing conditions.

Table 4.7 - Amortized Cost Basis of Multifamily Held-for-Investment Loans by Credit Quality Indicator and Vintage

(In millions)	September 30, 2021							Total
	Year of Origination							
	2021	2020	2019	2018	2017	Prior	Revolving Loans	
Category:								
Pass	\$3,870	\$7,395	\$5,510	\$1,099	\$616	\$2,996	\$2,385	\$23,871
Special mention	—	40	408	—	—	43	—	491
Substandard	—	3	32	2	13	80	—	130
Doubtful	—	—	—	—	—	—	—	—
Total	\$3,870	\$7,438	\$5,950	\$1,101	\$629	\$3,119	\$2,385	\$24,492

(In millions)	December 31, 2020							Total
	Year of Origination							
	2020	2019	2018	2017	2016	Prior	Revolving Loans	
Category:								
Pass	\$7,486	\$6,491	\$1,075	\$722	\$590	\$2,715	\$2,024	\$21,103
Special mention	—	524	115	—	8	108	—	755
Substandard	—	—	6	41	—	72	—	119
Doubtful	—	—	—	—	—	—	—	—
Total	\$7,486	\$7,015	\$1,196	\$763	\$598	\$2,895	\$2,024	\$21,977

Past Due Status

The table below presents the amortized cost basis of our single-family and multifamily held-for-investment loans, by payment status.

Table 4.8 - Amortized Cost Basis of Held-for-Investment Loans by Payment Status

(In millions)	September 30, 2021						
	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure ⁽¹⁾	Total	Three Months or More Past Due, and Accruing	Non-accrual With No Allowance ⁽²⁾
Single-family:							
20- and 30-year or more, amortizing fixed-rate	\$2,233,055	\$13,229	\$3,071	\$28,736	\$2,278,091	\$11,554	\$779
15-year amortizing fixed-rate	384,362	1,261	220	1,673	387,516	819	11
Adjustable-rate	20,627	123	29	425	21,204	175	9
Alt-A, interest-only, and option ARM	7,860	189	68	708	8,825	152	104
Total single-family	2,645,904	14,802	3,388	31,542	2,695,636	12,700	903
Total multifamily⁽³⁾	24,486	6	—	—	24,492	—	—
Total single-family and multifamily	\$2,670,390	\$14,808	\$3,388	\$31,542	\$2,720,128	\$12,700	\$903

Referenced footnotes are included after the prior period table.

(In millions)	December 31, 2020						
	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure ⁽¹⁾	Total	Three Months or More Past Due, and Accruing	Non-accrual with No Allowance ⁽²⁾
Single-family:							
20- and 30-year or more, amortizing fixed-rate	\$1,891,981	\$15,798	\$5,941	\$51,853	\$1,965,573	\$40,162	\$648
15-year amortizing fixed-rate	326,651	1,439	429	3,451	331,970	2,723	11
Adjustable-rate	24,483	192	79	884	25,638	690	5
Alt-A, interest-only, and option ARM	9,227	292	130	1,161	10,810	538	115
Total single-family	2,252,342	17,721	6,579	57,349	2,333,991	44,113	779
Total multifamily⁽³⁾	21,977	—	—	—	21,977	—	—
Total single-family and multifamily	\$2,274,319	\$17,721	\$6,579	\$57,349	\$2,355,968	\$44,113	\$779

- (1) Includes \$0.7 billion and \$1.0 billion of single-family loans that were in the process of foreclosure as of September 30, 2021 and December 31, 2020, respectively.
- (2) Loans with no allowance for loan losses primarily represent those loans that were previously charged-off and therefore the collateral value is sufficiently in excess of the amortized cost to result in recovery of the entire amortized cost basis if the property were foreclosed upon or otherwise subject to disposition. We exclude the amounts of allowance for credit losses on accrued interest receivable and advances of pre-foreclosure costs when determining whether a loan has an allowance for credit losses.
- (3) As of September 30, 2021 and December 31, 2020, includes \$0.4 billion and \$0.7 billion of multifamily loans in forbearance that are reported as current.

Troubled Debt Restructurings

The table below provides details of our single-family loan modifications that were classified as TDRs during the periods presented.

Table 4.9 - Single-Family TDR Modification Metrics

	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Percentage of single-family loan modifications that were classified as TDRs with:				
Interest rate reductions and related term extensions	12%	16%	13%	15%
Principal forbearance and related interest rate reductions and term extensions	34	25	35	20
Average coupon interest rate reduction	0.4 %	0.3 %	0.4 %	0.3 %
Average months of term extension	154	173	151	183

Substantially all of our completed single-family loan modifications classified as a TDR during 3Q 2021, 3Q 2020, YTD 2021, and YTD 2020 resulted in a modified loan with a fixed interest rate.

The table below presents the volume of single-family and multifamily loans that were newly classified as TDRs. Loans classified as a TDR in one period may be subject to further action (such as a modification or remodification) in a subsequent period. In such cases, the subsequent action would not be reflected in the table below since the loan would already have been classified as a TDR.

Table 4.10 - TDR Activity

(Dollars in millions)	3Q 2021		3Q 2020		YTD 2021		YTD 2020	
	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis
Single-family: ⁽¹⁾⁽²⁾								
20- and 30-year or more, amortizing fixed-rate	3,136	\$562	6,432	\$1,290	10,647	\$1,889	18,173	\$3,360
15-year amortizing fixed-rate	365	37	802	97	1,262	131	2,121	230
Adjustable-rate	37	8	89	18	137	27	274	50
Alt-A, interest-only, and option ARM	109	16	307	47	416	55	608	90
Total single-family	3,647	623	7,630	1,452	12,462	2,102	21,176	3,730
Multifamily	—	—	—	—	—	—	—	—

- (1) The pre-TDR amortized cost basis for single-family loans initially classified as TDRs during 3Q 2021 and YTD 2021 was \$0.6 billion and \$2.1 billion, respectively, compared to \$1.4 billion and \$3.7 billion during 3Q 2020 and YTD 2020, respectively.
- (2) Includes certain bankruptcy events and forbearance plans, repayment plans, payment deferrals, and modification activities that do not qualify for the temporary relief related to TDRs provided by the CARES Act based on servicer reporting at the time of the TDR event.

The table below presents the volume of our TDR modifications that experienced payment defaults (i.e., loans that became two months delinquent or completed a loss event) during the applicable periods and had completed a modification during the year preceding the payment default.

Table 4.11 - Payment Defaults of Completed TDR Modifications

(Dollars in millions)	3Q 2021		3Q 2020		YTD 2021		YTD 2020	
	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis	Number of Loans	Post-TDR Amortized Cost Basis
Single-family:								
20- and 30-year or more, amortizing fixed-rate	595	\$103	2,008	\$357	2,408	\$425	8,628	\$1,575
15-year amortizing fixed-rate	15	2	82	9	101	11	398	49
Adjustable-rate	—	—	17	2	21	4	105	16
Alt-A, interest-only, and option ARM	70	10	106	19	286	44	619	123
Total single-family	680	115	2,213	387	2,816	484	9,750	1,763
Multifamily	—	—	—	—	—	—	—	—

In addition to modifications, loans may be classified as TDRs as a result of other loss mitigation activities (i.e., repayment plans, forbearance plans, or loans in modification trial periods). During YTD 2021 and YTD 2020, 2,264 and 2,903, respectively, of such loans (with a post-TDR amortized cost basis of \$0.4 billion during both periods) experienced a payment default within a year after the loss mitigation activity occurred.

Non-Cash Investing and Financing Activities

During YTD 2021 and YTD 2020, we acquired \$507.4 billion and \$293.9 billion, respectively, of loans held-for-investment in exchange for the issuance of debt securities of consolidated trusts in guarantor swap transactions. We received approximately \$189.3 billion and \$87.2 billion of loans held-for-investment from sellers during YTD 2021 and YTD 2020, respectively, to satisfy advances to lenders that were recorded in other assets on our condensed consolidated balance sheets.

NOTE 5**Guarantees and Other Off-Balance Sheet Credit Exposures**

We generate revenue through our guarantee activities by agreeing to absorb the credit risk associated with certain financial instruments that are owned or held by third parties. In exchange for providing this guarantee, we generally receive an ongoing guarantee fee that is commensurate with the risks assumed and that will, over the long-term, provide us with cash flows that are expected to exceed the credit-related and administrative expenses of the underlying financial instruments. The profitability of our guarantee activities may vary and will be dependent on our guarantee fee and the actual credit performance of the underlying financial instruments that we have guaranteed.

The table below shows our maximum exposure, recognized liability, and maximum remaining term of our guarantees to nonconsolidated VIEs and other third parties. This table does not include certain of our unrecognized guarantees, such as guarantees to consolidated VIEs or to securitization trusts that do not expose us to incremental credit risk. The maximum exposure disclosed in the table is not representative of the actual loss we are likely to incur, based on our historical loss experience and after consideration of proceeds from related collateral liquidation, including possible recoveries under credit enhancements. See **Note 8** for additional information on our credit enhancements.

Table 5.1 - Financial Guarantees

(Dollars in millions, terms in years)	September 30, 2021			December 31, 2020		
	Maximum Exposure ⁽¹⁾	Recognized Liability ⁽²⁾	Maximum Remaining Term	Maximum Exposure ⁽¹⁾	Recognized Liability ⁽²⁾	Maximum Remaining Term
<i>Single-family:</i>						
Securitization activity guarantees	\$28,735	\$406	40	\$29,739	\$401	39
Other mortgage-related guarantees	10,375	245	30	9,215	193	30
Total single-family	\$39,110	\$651		\$38,954	\$594	
<i>Multifamily:</i>						
Securitization activity guarantees	\$312,677	\$4,450	39	\$287,334	\$4,031	39
Other mortgage-related guarantees	10,338	402	33	10,721	425	33
Total multifamily	\$323,015	\$4,852		\$298,055	\$4,456	
Other guarantees	\$66,065	\$1,684	30	\$47,703	\$794	30
Fannie Mae securities backing Freddie Mac securitization products	104,736	—	40	85,841	—	41

- (1) The maximum exposure represents the contractual amounts that could be lost if counterparties or borrowers defaulted, without consideration of proceeds from related collateral liquidation and possible recoveries under credit enhancements. For other guarantees, this amount primarily represents the notional amount or UPB of our interest rate and market value guarantees and guarantees of third-party derivatives. For certain of our other guarantees, our exposure may be unlimited; however, we generally reduce our exposure through separate derivative contracts with third parties.
- (2) For securitization activity guarantees and other mortgage-related guarantees, this amount represents the guarantee obligation on our condensed consolidated balance sheets and excludes our allowance for credit losses on off-balance sheet credit exposures. For other guarantees, this amount represents the fair value of the contract.

The table below shows the payment status of the mortgage loans underlying our guarantees that are not measured at fair value.

Table 5.2 – UPB of Loans Underlying Our Guarantees by Payment Status

(In millions)	September 30, 2021				
	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total ⁽¹⁾
Single-family	\$39,706	\$1,870	\$633	\$2,614	\$44,823
Multifamily ⁽²⁾	366,061	39	19	457	366,576
Total	\$405,767	\$1,909	\$652	\$3,071	\$411,399

(In millions)	December 31, 2020				
	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total ⁽¹⁾
Single-family	\$37,187	\$2,204	\$945	\$3,922	\$44,258
Multifamily ⁽²⁾	339,614	87	62	557	340,320
Total	\$376,801	\$2,291	\$1,007	\$4,479	\$384,578

(1) Loan-level payment status is not available for certain guarantees totaling \$0.4 billion and \$0.7 billion as of September 30, 2021 and December 31, 2020, respectively, and therefore is not included in the table above.

(2) As of September 30, 2021 and December 31, 2020, includes \$1.3 billion and \$6.9 billion, respectively, of multifamily loans in forbearance that are reported as current.

Other Off-Balance Sheet Credit Exposures

In addition to our guarantees, we enter into other agreements that expose us to off-balance sheet credit risk, primarily related to our multifamily business, including certain purchase commitments that are not accounted for as derivative instruments, liquidity guarantees, unfunded lending arrangements and other similar commitments. These agreements may require us to transfer cash before or upon settlement of our contractual obligation. We recognize an allowance for credit losses for those agreements not measured at fair value or otherwise recognized in the financial statements. The total notional value of off-balance sheet credit exposures was \$15.4 billion as of September 30, 2021 and December 31, 2020. See **Note 7** for additional discussion of our allowance for credit losses on our off-balance sheet credit exposures.

We also have certain multifamily purchase commitments totaling \$9.5 billion and \$5.5 billion at September 30, 2021 and December 31, 2020, respectively, that are excluded from the amounts above as they are not included in our allowance for credit losses. We have elected the fair value option for certain of these commitments.

NOTE 6**Investment Securities**

The table below summarizes the fair values of our investments in debt securities by classification.

Table 6.1 - Investment Securities

(In millions)	September 30, 2021	December 31, 2020
Trading securities	\$52,723	\$44,458
Available-for-sale securities	4,207	15,367
Total fair value of investment securities	\$56,930	\$59,825

As of September 30, 2021 and December 31, 2020, we did not classify any securities as held-to-maturity, although we may elect to do so in the future.

Trading Securities

The table below presents the estimated fair values of our trading securities by major security type. Our non-mortgage-related securities primarily consist of investments in U.S. Treasury securities.

Table 6.2 - Trading Securities

(In millions)	September 30, 2021	December 31, 2020
Mortgage-related securities:		
Agency	\$22,210	\$17,504
Non-agency	—	1
Total mortgage-related securities	22,210	17,505
Non-mortgage-related securities	30,513	26,953
Total fair value of trading securities	\$52,723	\$44,458

For trading securities held at September 30, 2021, we recorded net unrealized gains (losses) of (\$480) million and (\$1,229) million during 3Q 2021 and YTD 2021, respectively. For trading securities held at September 30, 2020, we recorded net unrealized gains (losses) of (\$161) million and \$171 million during 3Q 2020 and YTD 2020, respectively.

Available-for-Sale Securities

At September 30, 2021 and December 31, 2020, all available-for-sale securities were mortgage-related securities. We had no allowance for credit losses on our available-for-sale securities as of September 30, 2021 and December 31, 2020.

The table below provides details of the securities classified as available-for-sale on our condensed consolidated balance sheets.

Table 6.3 - Available-for-Sale Securities

(In millions)	September 30, 2021				
	Amortized Cost Basis	Gross Unrealized Gains in Other Comprehensive Income	Gross Unrealized Losses in Other Comprehensive Income	Fair Value	Accrued Interest Receivable
Available-for-sale securities:					
Agency	\$3,094	\$153	(\$1)	\$3,246	\$7
Non-agency and other	700	261	—	961	3
Total available-for-sale securities	\$3,794	\$414	(\$1)	\$4,207	\$10

(In millions)	December 31, 2020				
	Amortized Cost Basis	Gross Unrealized Gains in Other Comprehensive Income	Gross Unrealized Losses in Other Comprehensive Income	Fair Value	Accrued Interest Receivable
Available-for-sale securities:					
Agency	\$13,514	\$794	(\$4)	\$14,304	\$36
Non-agency and other	830	233	—	1,063	4
Total available-for-sale securities	\$14,344	\$1,027	(\$4)	\$15,367	\$40

The fair value of our available-for-sale securities held at September 30, 2021 scheduled to contractually mature after ten years was \$1.7 billion, with an additional \$1.5 billion scheduled to contractually mature after five years through ten years.

Available-for-Sale Securities in a Gross Unrealized Loss Position

The table below presents available-for-sale securities in a gross unrealized loss position and whether such securities have been in an unrealized loss position for less than 12 months, or 12 months or greater.

Table 6.4 - Available-for-Sale Securities in a Gross Unrealized Loss Position

(In millions)	September 30, 2021			
	Less than 12 Months		12 Months or Greater	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities:				
Agency	\$36	\$—	\$87	(\$1)
Non-agency and other	1	—	—	—
Total available-for-sale securities in a gross unrealized loss position	\$37	\$—	\$87	(\$1)

(In millions)	December 31, 2020			
	Less than 12 Months		12 Months or Greater	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities:				
Agency	\$223	(\$2)	\$144	(\$2)
Non-agency and other	17	—	—	—
Total available-for-sale securities in a gross unrealized loss position	\$240	(\$2)	\$144	(\$2)

At September 30, 2021, the gross unrealized losses relate to 34 securities.

Realized Gains and Losses on Sales of Available-for-Sale Securities

The table below summarizes the gross realized gains and gross realized losses from the sale of available-for-sale securities.

Table 6.5 - Gross Realized Gains and Gross Realized Losses from Sales of Available-for-Sale Securities

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Gross realized gains	\$14	\$53	\$534	\$130
Gross realized losses	(4)	(27)	(57)	(87)
Net realized gains (losses)	\$10	\$26	\$477	\$43

Non-Cash Investing and Financing Activities

During YTD 2021 and YTD 2020, we recognized \$32.4 billion and \$22.2 billion, respectively, of investment securities in exchange for the issuance of debt securities of consolidated trusts through partial sales of commingled single-class securities that were previously consolidated.

NOTE 7

Allowance for Credit Losses

The table below summarizes changes in our allowance for credit losses.

Table 7.1 - Details of the Allowance for Credit Losses

(In millions)	3Q 2021			3Q 2020			YTD 2021			YTD 2020		
	Single-family	Multifamily	Total	Single-family	Multifamily	Total	Single-family	Multifamily	Total	Single-family	Multifamily	Total
Beginning balance	\$5,513	\$96	\$5,609	\$6,916	\$216	\$7,132	\$6,353	\$200	\$6,553	\$5,233	\$68	\$5,301
Provision (benefit) for credit losses	(244)	1	(243)	320	7	327	(1,076)	(103)	(1,179)	2,110	155	2,265
Charge-offs	(288)	—	(288)	(122)	—	(122)	(729)	—	(729)	(407)	—	(407)
Recoveries collected	43	—	43	41	—	41	150	—	150	165	—	165
Other	268	—	268	39	—	39	594	—	594	93	—	93
Ending balance	\$5,292	\$97	\$5,389	\$7,194	\$223	\$7,417	\$5,292	\$97	\$5,389	\$7,194	\$223	\$7,417

Components of the ending balance of the allowance for credit losses:

Mortgage loans held-for-investment	\$4,490	\$41	\$4,531	\$6,647	\$126	\$6,773
Advances of pre-foreclosure costs	592	—	592	383	—	383
Accrued interest receivable on mortgage loans	157	—	157	107	—	107
Off-balance sheet credit exposures	53	56	109	57	97	154
Total	\$5,292	\$97	\$5,389	\$7,194	\$223	\$7,417

3Q 2021 vs. 3Q 2020 and YTD 2021 vs. YTD 2020

A benefit for credit losses in the 2021 periods primarily driven by the following factors:

- A reserve release due to:
 - Reduced expected credit losses related to COVID-19 - Our estimate of expected credit losses related to the COVID-19 pandemic decreased during the 2021 periods as economic conditions improved. Our provision for credit losses increased during the 2020 periods due to the increase in expected credit losses related to the economic effects of the pandemic.
 - Appreciation in realized house prices - The realized house price growth rates were higher in the 2021 periods and, as a result, further reduced our estimate of expected credit losses as the higher house prices decreased both the probability and severity of expected credit losses.
- This was partially offset by an increase in expected losses on new single-family loans due to growth in our single-family mortgage portfolio. We recognize expected credit losses at the time of loan acquisition.

In addition, charge-offs increased due to an increase in the number of loans we placed on non-accrual status in the 2021 periods.

NOTE 8**Credit Enhancements**

We obtain various forms of credit enhancements that reduce our exposure to credit losses. These credit enhancements may be associated with mortgage loans or guarantees recognized on our condensed consolidated balance sheets or embedded in debt recognized on our condensed consolidated balance sheets.

The table below presents details of our credit enhancement receivables. These amounts are recognized in other assets on our condensed consolidated balance sheets.

Table 8.1 - Credit Enhancement Receivables

(In millions)	September 30, 2021	December 31, 2020
Freestanding credit enhancement expected recovery receivables, net of allowance	\$157	\$677
Primary mortgage insurance receivables ⁽¹⁾ , net of allowance	71	74
Total credit enhancement receivables	\$228	\$751

(1) Excludes \$433 million and \$444 million of deferred payment obligations associated with unpaid claim amounts as of September 30, 2021 and December 31, 2020, respectively. We have reserved for substantially all these unpaid amounts as collectability is uncertain.

For information about counterparty credit risk associated with mortgage insurers and other credit enhancement providers, see **Note 16**.

Single-Family Credit Enhancements

The table below presents the UPB and maximum coverage related to our single-family credit enhancements.

Table 8.2 - Single-Family Credit Enhancements

(In millions)	Credit Enhancement Accounting Treatment	September 30, 2021		December 31, 2020	
		UPB ⁽¹⁾	Maximum Coverage ⁽²⁾	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾
Primary mortgage insurance ⁽³⁾	Attached	\$528,184	\$130,218	\$472,881	\$116,973
STACR:					
Trust notes	Freestanding	674,897	21,036	488,251	17,288
Debt notes	Debt	243,770	9,701	365,482	12,377
Insurance/reinsurance ⁽⁴⁾	Freestanding	945,982	15,652	876,815	11,586
Subordination:					
Nonconsolidated VIEs	Guarantee	34,040	5,892	34,671	5,718
Consolidated VIEs	Debt	5,140	311	9,499	464
Lender risk-sharing	Freestanding	4,815	4,377	5,731	4,831
Other	Primarily attached	165	162	374	371
Total single-family credit enhancements		\$187,349	\$169,608		

(1) Represents the current UPB of the assets included in the associated reference pool or securitization trust, as applicable. Underlying loans may be covered by more than one form of credit enhancement. The UPB of certain CRT transactions may be different from the UPB of the underlying loans due to timing differences in reporting cycles between the transactions and the loans. Prior periods have been revised to conform to the current period presentation.

(2) For STACR transactions, represents the outstanding balance held by third parties. For insurance/reinsurance transactions, represents the remaining aggregate limit of insurance purchased from third parties. For subordination, represents the outstanding UPB of the securities that are held by third parties and are subordinate to the securities we guarantee. For lender risk-sharing, represents the remaining amount of loss recovery that is available subject to the terms of counterparty agreements.

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

(4) As of September 30, 2021 and December 31, 2020, substantially all of our counterparties posted sufficient collateral on our ACIS transactions to meet the minimum collateral requirements of the ACIS program, which are based on a combination of factors, including counterparty credit risk of the reinsurer and the structure and risk profile of the transaction.

Multifamily Credit Enhancements

The table below presents the UPB and maximum coverage related to our multifamily credit enhancements.

Table 8.3 - Multifamily Credit Enhancements

(In millions)	Credit Enhancement Accounting Treatment	September 30, 2021		December 31, 2020	
		UPB ⁽¹⁾	Maximum Coverage ⁽²⁾	UPB ⁽¹⁾	Maximum Coverage ⁽²⁾
Subordination:					
Nonconsolidated VIEs	Guarantee	\$355,710	\$44,046	\$328,897	\$42,799
Lender risk-sharing	Freestanding	3,814	718	3,317	598
Insurance/reinsurance ⁽³⁾	Freestanding	5,298	187	5,383	190
SCR:					
Trust notes	Freestanding	8,846	503	—	—
Debt notes	Debt	2,093	105	2,217	111
Other	Primarily debt	1,139	379	2,211	453
Total multifamily credit enhancements			\$45,938		\$44,151

(1) Represents the current UPB of the mortgage assets included in the associated reference pool or securitization trust, as applicable. Underlying loans may be covered by more than one form of credit enhancement. Prior periods have been revised to conform to the current period presentation.

(2) For subordination, represents the outstanding UPB of the securities that are held by third parties and are subordinate to the securities we guarantee. For lender risk-sharing, represents the remaining amount of loss recovery that is available subject to the terms of counterparty agreements. For insurance/reinsurance transactions, represents the remaining aggregate limit of insurance purchased from third parties. For SCR transactions, represents the outstanding balance held by third parties. Prior periods have been revised to conform to the current period presentation.

(3) As of September 30, 2021 and December 31, 2020, the counterparties to our insurance/reinsurance transactions have complied with the minimum collateral requirements. Minimum collateral requirements are assessed on each deal based on a combination of factors, including counterparty credit risk of the reinsurer and the structure and risk profile of the transaction.

We have other multifamily credit enhancements in the form of collateral posting requirements, indemnification, pool insurance, bond insurance, recourse, and other similar arrangements. These credit enhancements, along with the proceeds received from the sale of the underlying mortgage collateral, are designed to recover all or a portion of our losses on our mortgage loans or the amounts paid under our financial guarantee contracts. Our historical losses and related recoveries pursuant to these agreements have not been significant and therefore these other types of multifamily credit enhancements are excluded from the table above.

NOTE 9

Debt

The table below summarizes the balances of total debt per our condensed consolidated balance sheets.

Table 9.1 - Total Debt

(In millions)	September 30, 2021	December 31, 2020
Debt securities of consolidated trusts held by third parties	\$2,701,530	\$2,308,176
Debt of Freddie Mac:		
Short-term debt	—	4,955
Long-term debt	193,896	279,415
Total debt of Freddie Mac	193,896	284,370
Total debt	\$2,895,426	\$2,592,546

As of September 30, 2021, our aggregate indebtedness was \$197.6 billion, which was below the current \$300.0 billion debt cap limit imposed by the Purchase Agreement. Our aggregate indebtedness calculation primarily includes the par value of short- and long-term debt.

Debt Securities of Consolidated Trusts Held by Third Parties

The table below summarizes the debt securities of consolidated trusts held by third parties based on underlying loan product type.

Table 9.2 - Debt Securities of Consolidated Trusts Held by Third Parties

(Dollars in millions)	September 30, 2021				December 31, 2020			
	Contractual Maturity	UPB	Carrying Amount ⁽¹⁾	Weighted Average Coupon ⁽²⁾	Contractual Maturity	UPB	Carrying Amount ⁽¹⁾	Weighted Average Coupon ⁽²⁾
Single-family:								
30-year or more, fixed-rate	2021 - 2061	\$2,096,351	\$2,154,881	2.68 %	2021 - 2060	\$1,799,065	\$1,855,438	3.07 %
20-year fixed-rate	2021 - 2041	122,738	126,011	2.46	2021 - 2041	97,520	100,498	2.84
15-year fixed-rate	2021 - 2036	368,734	377,973	2.19	2021 - 2036	303,142	310,612	2.46
Adjustable-rate	2021 - 2051	21,025	21,510	2.35	2021 - 2051	23,964	24,484	2.76
Interest-only	2026 - 2051	2,893	3,075	2.47	2026 - 2041	3,671	3,736	3.15
FHA/VA	2022 - 2051	841	857	3.65	2021 - 2050	752	769	4.04
Total single-family		2,612,582	2,684,307			2,228,114	2,295,537	
Multifamily	2021 - 2051	16,994	17,223	2.19	2021 - 2050	12,488	12,639	2.43
Total debt of consolidated trusts held by third parties		\$2,629,576	\$2,701,530			\$2,240,602	\$2,308,176	

(1) Includes \$448 million and \$205 million at September 30, 2021 and December 31, 2020, respectively, of debt securities of consolidated trusts that represents the fair value of debt for which the fair value option was elected.

(2) The effective interest rate for debt securities of consolidated trusts held by third parties was 1.58% and 1.76% as of September 30, 2021 and December 31, 2020, respectively.

Debt of Freddie Mac

The table below summarizes the balances and effective interest rates for debt of Freddie Mac.

Table 9.3 - Total Debt of Freddie Mac

(Dollars in millions)	September 30, 2021			December 31, 2020		
	Par Value	Carrying Amount ⁽¹⁾	Weighted Average Effective Rate ⁽²⁾	Par Value	Carrying Amount ⁽¹⁾	Weighted Average Effective Rate ⁽²⁾
Short-term debt:						
Discount notes and Reference Bills	\$—	\$—	— %	\$11	\$11	0.69 %
Medium-term notes	—	—	—	4,944	4,944	1.31
Securities sold under agreements to repurchase ⁽³⁾	3,455	3,455	(0.01)	—	—	—
Total short-term debt	3,455	3,455	(0.01)	4,955	4,955	1.31
Long-term debt:						
Original maturities on or before December 31,						
2021	13,498	13,498	0.79	43,422	43,417	0.95
2022	48,707	48,726	0.78	61,071	61,092	0.68
2023	39,963	39,913	0.46	61,998	61,920	0.45
2024	13,364	13,345	0.46	21,679	21,651	0.61
2025	35,471	35,126	0.83	44,342	43,944	0.84
Thereafter	36,602	34,892	2.62	36,386	34,583	2.64
STACR and SCR debt ⁽⁴⁾	9,806	9,651	4.23	12,488	12,342	4.18
Hedging-related basis adjustments	N/A	(1,255)		N/A	466	
Total long-term debt	197,411	193,896	1.20	281,386	279,415	1.09
Total debt of Freddie Mac⁽⁵⁾	\$200,866	\$197,351		\$286,341	\$284,370	

(1) Represents par value, net of associated discounts or premiums and issuance cost. Includes \$1.5 billion and \$2.4 billion at September 30, 2021 and December 31, 2020, respectively, of long-term debt that represents the fair value of debt for which the fair value option was elected.

(2) Based on carrying amount.

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

(4) Contractual maturities of these debt securities are not presented because they are subject to prepayment risk, as their payments are based upon the performance of a pool of mortgage assets that may be prepaid by the related mortgage borrower at any time, generally without penalty.

(5) Carrying amount for debt of Freddie Mac includes callable debt of \$70.4 billion and \$124.0 billion at September 30, 2021 and December 31, 2020, respectively.

Non-Cash Investing and Financing Activities

During 3Q 2020, we issued \$0.8 billion of debt of Freddie Mac in exchange for cash collateral that was previously pledged by sellers. This debt issuance represents a non-cash transaction.

NOTE 10

Derivatives

Use of Derivatives

We use derivatives primarily to hedge interest-rate sensitivity mismatches between our financial assets and liabilities. We analyze the interest-rate sensitivity of financial assets and liabilities across a variety of interest-rate scenarios based on market prices, models, and economics. When we use derivatives to mitigate our exposures, we consider a number of factors, including cost, exposure to counterparty risk, and our overall risk management strategy.

We classify derivatives into three categories:

- Exchange-traded derivatives;
- Cleared derivatives; and
- OTC derivatives.

Exchange-traded derivatives include standardized interest-rate futures contracts and options on futures contracts. Cleared derivatives refer to those interest-rate swaps that the CFTC has determined are subject to the central clearing requirement of the Dodd-Frank Act. OTC derivatives refer to those derivatives that are neither exchange-traded derivatives nor cleared derivatives.

Types of Derivatives

We principally use the following types of derivatives:

- LIBOR- and SOFR-based interest-rate swaps;
- LIBOR-, Treasury-, and SOFR-based purchased options (including swaptions); and
- LIBOR-, Treasury-, and SOFR-based exchange-traded futures.

We also purchase swaptions on credit indices in order to obtain protection against adverse movements in multifamily spreads which may affect the profitability of our K Certificate or SB Certificate transactions.

In addition to swaps, futures, and purchased options, our derivative positions include written options and swaptions, and commitments.

Hedge Accounting

We apply fair value hedge accounting to certain single-family mortgage loans and certain issuances of debt where we hedge the changes in fair value of these items attributable to the designated benchmark interest rate (i.e., LIBOR), using LIBOR-based interest-rate swaps.

Derivative Assets and Liabilities at Fair Value

The table below presents the notional value and fair value of derivatives reported on our condensed consolidated balance sheets.

Table 10.1 - Derivative Assets and Liabilities at Fair Value

(In millions)	September 30, 2021			December 31, 2020		
	Notional or Contractual Amount	Derivatives at Fair Value		Notional or Contractual Amount	Derivatives at Fair Value	
		Assets	Liabilities		Assets	Liabilities
Not designated as hedges						
Interest-rate risk management derivatives:						
Swaps	\$615,568	\$1,910	(\$4,465)	\$559,596	\$2,639	(\$7,091)
Written options	32,882	—	(1,634)	18,259	—	(735)
Purchased options ⁽¹⁾	163,055	4,011	—	169,995	5,265	—
Futures	82,170	—	—	181,702	—	—
Total interest-rate management derivatives	893,675	5,921	(6,099)	929,552	7,904	(7,826)
Mortgage commitment derivatives:						
Forward contracts to purchase mortgage loans	12,218	11	(38)	37,122	183	—
Forward contracts to purchase mortgage-related securities	30,606	6	(170)	45,185	203	—
Forward contracts to sell mortgage-related securities	83,885	456	(16)	136,802	2	(759)
Total mortgage commitment derivatives	126,709	473	(224)	219,109	388	(759)
CRT-related derivatives	31,530	22	(33)	28,949	61	(47)
Other	6,625	2	(23)	4,029	2	(16)
Total derivatives not designated as hedges	1,058,539	6,418	(6,379)	1,181,639	8,355	(8,648)
Designated as fair value hedges						
Interest-rate risk management derivatives:						
Swaps	141,214	74	(1,602)	180,686	224	(500)
Total derivatives designated as fair value hedges	141,214	74	(1,602)	180,686	224	(500)
Derivative interest receivable (payable) ⁽²⁾		407	(459)		455	(523)
Netting adjustments ⁽³⁾		(5,946)	8,051		(7,829)	8,717
Total derivative portfolio, net	\$1,199,753	\$953	(\$389)	\$1,362,325	\$1,205	(\$954)

(1) Includes swaptions on credit indices with a notional or contractual amount of \$11.4 billion and \$16.8 billion at September 30, 2021 and December 31, 2020, respectively, and a fair value of \$3.0 million and \$9.0 million at September 30, 2021 and December 31, 2020, respectively.

(2) Includes other derivative receivables and payables.

(3) Represents counterparty netting and cash collateral netting.

See **Note 11** for information related to our derivative counterparties and collateral held and posted.

Gains and Losses on Derivatives

The table below presents the gains and losses on derivatives, including the accrual of periodic cash settlements, while not designated in qualifying hedge relationships and reported on our condensed consolidated statements of comprehensive income (loss) as investment gains (losses), net.

Table 10.2 - Gains and Losses on Derivatives

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Not designated as hedges				
Interest-rate risk management derivatives:				
Swaps	\$649	\$1,048	\$2,303	(\$2,815)
Written options	(9)	37	(165)	(228)
Purchased options	(225)	(580)	(859)	3,202
Futures	30	(33)	189	(2,481)
Total interest-rate risk management derivatives fair value gains (losses)	445	472	1,468	(2,322)
Mortgage commitment derivatives	46	(335)	662	(1,457)
CRT-related derivatives	(2)	48	(29)	169
Other	14	18	22	55
Total derivatives not designated as hedges fair value gains (losses)	503	203	2,123	(3,555)
Accrual of periodic cash settlements ⁽¹⁾	(471)	(540)	(1,283)	(1,045)
Total	\$32	(\$337)	\$840	(\$4,600)

(1) Includes interest on variation margin on cleared interest-rate swaps.

Fair Value Hedges

The table below presents the effects of fair value hedge accounting by condensed consolidated statements of comprehensive income (loss) line item, including the gains and losses on derivatives and hedged items designated in qualifying hedge relationships and other components due to the application of hedge accounting.

Table 10.3 - Gains and Losses on Fair Value Hedges

(In millions)	3Q 2021		3Q 2020	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Total amounts of income and expense line items presented in our condensed consolidated statements of comprehensive income in which the effects of fair value hedges are recorded:	\$15,791	(\$11,373)	\$14,849	(\$11,392)
Interest contracts on mortgage loans held-for-investment:				
Gain (loss) on fair value hedging relationships:				
Hedged items	38	—	(121)	—
Derivatives designated as hedging instruments	(58)	—	239	—
Interest accruals on hedging instruments	(14)	—	(128)	—
Discontinued hedge-related basis adjustments amortization	(332)	—	(943)	—
Interest contracts on debt:				
Gain (loss) on fair value hedging relationships:				
Hedged items	—	211	—	210
Derivatives designated as hedging instruments	—	(256)	—	(219)
Interest accruals on hedging instruments	—	236	—	266
Discontinued hedge-related basis adjustments amortization	—	6	—	15

(In millions)	YTD 2021		YTD 2020	
	Interest Income	Interest Expense	Interest Income	Interest Expense
Total amounts of income and expense line items presented in our condensed consolidated statements of comprehensive income in which the effects of fair value hedges are recorded:	\$44,923	(\$32,099)	\$48,157	(\$39,039)
Interest contracts on mortgage loans held-for-investment:				
Gain (loss) on fair value hedging relationships:				
Hedged items	(399)	—	5,442	—
Derivatives designated as hedging instruments	379	—	(5,315)	—
Interest accruals on hedging instruments	(267)	—	(313)	—
Discontinued hedge-related basis adjustments amortization	(1,624)	—	(1,891)	—
Interest contracts on debt:				
Gain (loss) on fair value hedging relationships:				
Hedged items	—	1,725	—	(258)
Derivatives designated as hedging instruments	—	(1,876)	—	254
Interest accruals on hedging instruments	—	739	—	553
Discontinued hedge-related basis adjustments amortization	—	14	—	52

Cumulative Basis Adjustments Due to Fair Value Hedging

The table below presents the cumulative basis adjustments and the carrying amounts of the hedged item by its respective balance sheet line item.

Table 10.4 - Cumulative Basis Adjustments Due to Fair Value Hedging

(In millions)	Carrying Amount Assets / (Liabilities)	September 30, 2021				
		Cumulative Amount of Fair Value Hedging Basis Adjustments Included in the Carrying Amount			Closed Portfolio Under the Last-of-Layer Method	
		Total	Under the Last-of-Layer Method	Discontinued - Hedge Related	Total Amount by Amortized Cost Basis	Designated Amount by UPB
Mortgage loans held-for-investment	\$705,615	\$3,094	\$—	\$3,094	\$—	\$—
Debt	(126,821)	1,255	—	(26)	—	—

(In millions)	Carrying Amount Assets / (Liabilities)	December 31, 2020				
		Cumulative Amount of Fair Value Hedging Basis Adjustments Included in the Carrying Amount			Closed Portfolio Under the Last-of-Layer Method	
		Total	Under the Last-of-Layer Method	Discontinued - Hedge Related	Total Amount by Amortized Cost Basis	Designated Amount by UPB
Mortgage loans held-for-investment	\$478,077	\$5,117	(\$318)	\$5,435	\$220,301	\$9,112
Debt	(176,512)	(466)	—	(38)	—	—

NOTE 11

Collateralized Agreements and Offsetting Arrangements

Offsetting of Financial Assets and Liabilities

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 and collateral agreement. We also offset payables related to securities sold under agreements to repurchase against receivables related to securities purchased under agreements to resell when such amounts meet the conditions for balance sheet offsetting.

As of September 1, 2021, Freddie Mac is subject to new initial margin requirements for OTC derivative transactions. As of September 30, 2021, the new initial margin requirements did not have a significant impact on our collateral posting arrangements.

The table below presents offsetting and collateral information related to derivatives, securities purchased under agreements to resell, and securities sold under agreements to repurchase which are subject to enforceable master netting agreements or similar arrangements.

Table 11.1 - Offsetting and Collateral Information of Financial Assets and Liabilities

(In millions)	September 30, 2021					
	Gross Amount Recognized	Amount Offset in the Consolidated Balance Sheets		Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets ⁽²⁾	Net Amount
		Counterparty Netting	Cash Collateral Netting ⁽¹⁾			
Assets:						
Derivatives:						
OTC derivatives	\$6,374	(\$4,800)	(\$1,197)	\$377	(\$354)	\$23
Cleared and exchange-traded derivatives	28	(7)	58	79	—	79
Mortgage commitment derivatives	473	—	—	473	—	473
Other	24	—	—	24	—	24
Total derivatives	6,899	(4,807)	(1,139)	953	(354)	599
Securities purchased under agreements to resell	88,770	(3,455)	—	85,315	(85,315)	—
Total	\$95,669	(\$8,262)	(\$1,139)	\$86,268	(\$85,669)	\$599
Liabilities:						
Derivatives:						
OTC derivatives	(\$8,144)	\$4,800	\$3,238	(\$106)	\$—	(\$106)
Cleared and exchange-traded derivatives	(16)	7	6	(3)	3	—
Mortgage commitment derivatives	(224)	—	—	(224)	—	(224)
Other	(56)	—	—	(56)	—	(56)
Total derivatives	(8,440)	4,807	3,244	(389)	3	(386)
Securities sold under agreements to repurchase	(3,455)	3,455	—	—	—	—
Total	(\$11,895)	\$8,262	\$3,244	(\$389)	\$3	(\$386)

Referenced footnotes are included after the next table.

(In millions)	December 31, 2020					
	Gross Amount Recognized	Amount Offset in the Consolidated Balance Sheets		Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets ⁽²⁾	Net Amount
		Counterparty Netting	Cash Collateral Netting ⁽¹⁾			
Assets:						
Derivatives:						
OTC derivatives	\$8,566	(\$5,932)	(\$1,957)	\$677	(\$648)	\$29
Cleared and exchange-traded derivatives	17	—	60	77	—	77
Mortgage commitment derivatives	388	—	—	388	—	388
Other	63	—	—	63	—	63
Total derivatives	9,034	(5,932)	(1,897)	1,205	(648)	557
Securities purchased under agreements to resell	105,003	—	—	105,003	(105,003)	—
Total	\$114,037	(\$5,932)	(\$1,897)	\$106,208	(\$105,651)	\$557
Liabilities:						
Derivatives:						
OTC derivatives	(\$8,812)	\$5,932	\$2,759	(\$121)	\$—	(\$121)
Cleared and exchange-traded derivatives	(37)	—	26	(11)	—	(11)
Mortgage commitment derivatives	(759)	—	—	(759)	—	(759)
Other	(63)	—	—	(63)	—	(63)
Total derivatives	(9,671)	5,932	2,785	(954)	—	(954)
Securities sold under agreements to repurchase	—	—	—	—	—	—
Total	(\$9,671)	\$5,932	\$2,785	(\$954)	\$—	(\$954)

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

(2) Does not include the fair value amount of non-cash collateral posted or held that exceeds the associated net asset or liability, netted by counterparty, presented on the condensed consolidated balance sheets.

Collateral Pledged

Collateral Pledged to Freddie Mac

We have cash pledged to us as collateral primarily related to OTC derivative transactions. We had \$1.7 billion and \$2.8 billion pledged to us as collateral that was invested as part of our other investments portfolio as of September 30, 2021 and December 31, 2020, respectively.

We primarily execute securities purchased under agreements to resell transactions with central clearing organizations where we have the right to repledge the collateral that has been pledged to us, either with the central clearing organization or with other counterparties. At September 30, 2021 and December 31, 2020, we had \$44.4 billion and \$85.8 billion, respectively, of securities pledged to us in these transactions. In addition, as of September 30, 2021 and December 31, 2020, we had \$0.8 billion of securities pledged to us for transactions involving securities purchased under agreements to resell not executed with central clearing organizations that we had the right to repledge.

Collateral Pledged by Freddie Mac

For cash collateral related to commitments and securities purchased under agreements to resell transactions primarily with central clearing organizations, we posted less than \$0.1 billion cash collateral as of September 30, 2021 and \$1.3 billion as of December 31, 2020.

The table below summarizes the fair value of the securities pledged as collateral by us for derivatives and collateralized borrowing transactions, including securities that the secured party may repledge.

Table 11.2 - Collateral in the Form of Securities Pledged

(In millions)	September 30, 2021			
	Derivatives	Securities Sold Under Agreements to Repurchase	Other ⁽¹⁾	Total
Trading securities	\$1,711	\$3,456	\$1,212	\$6,379
Total securities pledged	\$1,711	\$3,456	\$1,212	\$6,379

(In millions)	December 31, 2020			
	Derivatives	Securities Sold Under Agreements to Repurchase	Other ⁽¹⁾	Total
Debt securities of consolidated trusts ⁽²⁾	\$121	\$—	\$345	\$466
Trading securities	1,920	—	1,163	3,083
Total securities pledged	\$2,041	\$—	\$1,508	\$3,549

(1) Includes other collateralized borrowings and collateral related to transactions with certain clearinghouses.

(2) Represents debt securities of consolidated trusts held by us in our mortgage-related investments portfolio which are recorded as a reduction to debt securities of consolidated trusts held by third parties on our condensed consolidated balance sheets.

The table below summarizes the underlying collateral pledged and the remaining contractual maturity of our gross obligations under securities sold under agreements to repurchase.

Table 11.3 - Underlying Collateral Pledged

(In millions)	September 30, 2021				Total
	Overnight and Continuous	30 Days or Less	After 30 Days Through 90 Days	Greater Than 90 Days	
U.S. Treasury securities and other	\$715	\$2,741	\$—	\$—	\$3,456

NOTE 12

Stockholders' Equity and Earnings Per Share

Accumulated Other Comprehensive Income

The table below presents changes in AOCI related to available-for-sale securities, cash flow hedges, and our defined benefit plans, after the effects of our federal statutory tax rate of 21% for the periods presented.

Table 12.1 - Changes in AOCI by Component, Net of Taxes

(In millions)	3Q 2021			
	AOCI Related to Available-for-Sale Securities	AOCI Related to Cash Flow Hedge Relationships	AOCI Related to Defined Benefit Plans	Total
Beginning balance	\$342	(\$188)	\$32	\$186
Other comprehensive income before reclassifications	(6)	—	—	(6)
Amounts reclassified from accumulated other comprehensive income	(8)	7	(3)	(4)
Changes in AOCI by component	(14)	7	(3)	(10)
Ending balance	\$328	(\$181)	\$29	\$176
(In millions)	YTD 2021			
	AOCI Related to Available-for-Sale Securities	AOCI Related to Cash Flow Hedge Relationships	AOCI Related to Defined Benefit Plans	Total
Beginning balance	\$810	(\$206)	\$39	\$643
Other comprehensive income before reclassifications	(105)	—	(1)	(106)
Amounts reclassified from accumulated other comprehensive income	(377)	25	(9)	(361)
Changes in AOCI by component	(482)	25	(10)	(467)
Ending balance	\$328	(\$181)	\$29	\$176
(In millions)	3Q 2020			
	AOCI Related to Available-for-Sale Securities	AOCI Related to Cash Flow Hedge Relationships	AOCI Related to Defined Benefit Plans	Total
Beginning balance	\$1,210	(\$220)	\$58	\$1,048
Other comprehensive income before reclassifications	4	—	—	4
Amounts reclassified from accumulated other comprehensive income	(20)	6	(4)	(18)
Changes in AOCI by component	(16)	6	(4)	(14)
Ending balance	\$1,194	(\$214)	\$54	\$1,034
(In millions)	YTD 2020			
	AOCI Related to Available-for-Sale Securities	AOCI Related to Cash Flow Hedge Relationships	AOCI Related to Defined Benefit Plans	Total
Beginning balance	\$618	(\$244)	\$64	\$438
Other comprehensive income before reclassifications	610	—	2	612
Amounts reclassified from accumulated other comprehensive income	(34)	30	(12)	(16)
Changes in AOCI by component	576	30	(10)	596
Ending balance	\$1,194	(\$214)	\$54	\$1,034

Reclassifications from AOCI to Net Income

The table below presents reclassifications from AOCI to net income, including the affected line items in our condensed consolidated statements of comprehensive income (loss).

Table 12.2 - Reclassifications from AOCI to Net Income

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
AOCI related to available-for-sale securities				
Affected line items on the condensed consolidated statements of comprehensive income (loss):				
Investment gains (losses), net	\$10	\$26	\$477	\$43
Income tax (expense) benefit	(2)	(6)	(100)	(9)
Net of tax	8	20	377	34
AOCI related to cash flow hedge relationships				
Affected line items on the condensed consolidated statements of comprehensive income (loss):				
Interest expense	(9)	(9)	(30)	(39)
Income tax (expense) benefit	2	3	5	9
Net of tax	(7)	(6)	(25)	(30)
AOCI related to defined benefit plans				
Affected line items on the condensed consolidated statements of comprehensive income (loss):				
Salaries and employee benefits	4	5	12	15
Income tax (expense) benefit	(1)	(1)	(3)	(3)
Net of tax	3	4	9	12
Total reclassifications in the period, net of tax	\$4	\$18	\$361	\$16

Senior Preferred Stock

Pursuant to the January 2021 Letter Agreement, the company will not be required to pay a dividend to Treasury until we have built sufficient capital to meet the capital requirements and buffers set forth in the ERCF. Accordingly, the company was not required to pay a dividend to Treasury on the senior preferred stock in September 2021. As the company builds capital during this period, the quarterly increases in our Net Worth Amount have been, or will be, added to the aggregate liquidation preference of the senior preferred stock. As a result, the liquidation preference of the senior preferred stock increased from \$91.4 billion as of June 30, 2021 to \$95.0 billion on September 30, 2021 based on the \$3.6 billion increase in the Net Worth Amount during 2Q 2021. The liquidation preference will increase to \$98.0 billion on December 31, 2021 based on the \$2.9 billion increase in our Net Worth Amount during 3Q 2021. See **Note 2** for additional information.

As of September 30, 2021, our assets exceeded our liabilities under GAAP; therefore, no draw is being requested from Treasury under the Purchase Agreement.

The table below provides a summary of our senior preferred stock outstanding at September 30, 2021.

Table 12.3 - Senior Preferred Stock

(In millions, except initial liquidation preference price per share)	Shares Authorized	Shares Outstanding	Total Par Value	Initial Liquidation Preference Price per Share	Total Liquidation Preference
Non-draw Adjustment Dates:					
September 8, 2008	1.00	1.00	\$1.00	\$1,000	\$1,000
December 31, 2017	—	—	—	N/A	3,000
September 30, 2019	—	—	—	N/A	1,826
December 31, 2019	—	—	—	N/A	1,848
March 31, 2020	—	—	—	N/A	2,448
June 30, 2020	—	—	—	N/A	382
September 30, 2020	—	—	—	N/A	1,938
December 31, 2020	—	—	—	N/A	2,449
March 31, 2021	—	—	—	N/A	2,522
June 30, 2021	—	—	—	N/A	2,378
September 30, 2021	—	—	—	N/A	3,611
Total non-draw adjustments	1.00	1.00	1.00		23,402
Draw Dates:					
November 24, 2008	—	—	—	N/A	13,800
March 31, 2009	—	—	—	N/A	30,800
June 30, 2009	—	—	—	N/A	6,100
June 30, 2010	—	—	—	N/A	10,600
September 30, 2010	—	—	—	N/A	1,800
December 30, 2010	—	—	—	N/A	100
March 31, 2011	—	—	—	N/A	500
September 30, 2011	—	—	—	N/A	1,479
December 30, 2011	—	—	—	N/A	5,992
March 30, 2012	—	—	—	N/A	146
June 29, 2012	—	—	—	N/A	19
March 30, 2018	—	—	—	N/A	312
Total draw adjustments	—	—	—		71,648
Total senior preferred stock	1.00	1.00	\$1.00		\$95,050

Stock Issuances and Repurchases

We did not repurchase or issue any of our common shares or non-cumulative preferred stock during YTD 2021, except for issuances of treasury stock related to stock based compensation granted prior to conservatorship.

Dividends and Dividend Restrictions

No common dividends were declared during YTD 2021. As a result of the increase in the applicable Capital Reserve Amount pursuant to the January 2021 Letter Agreement, we have not declared or paid a dividend on the senior preferred stock during YTD 2021. We also have not declared or paid dividends on any other series of Freddie Mac preferred stock outstanding during YTD 2021.

Our payment of dividends on Freddie Mac common stock or any series of Freddie Mac preferred stock (other than senior preferred stock) is subject to certain restrictions as described in **Note 13** in our 2020 Annual Report.

NOTE 13

Net Interest Income

The table below presents the components of net interest income per our condensed consolidated statements of comprehensive income (loss).

Table 13.1 - Components of Net Interest Income

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Interest income				
Mortgage loans	\$15,124	\$14,134	\$42,969	\$45,792
Investment securities	627	659	1,854	1,948
Other	40	56	100	417
Total interest income	15,791	14,849	44,923	48,157
Interest expense				
Debt securities of consolidated trusts held by third parties	(10,954)	(10,847)	(30,742)	(36,269)
Debt of Freddie Mac:				
Short-term debt	—	(38)	(2)	(598)
Long-term debt	(419)	(507)	(1,355)	(2,172)
Total interest expense	(11,373)	(11,392)	(32,099)	(39,039)
Net interest income	4,418	3,457	12,824	9,118
Benefit (provision) for credit losses	243	(327)	1,179	(2,265)
Net interest income after benefit (provision) for credit losses	\$4,661	\$3,130	\$14,003	\$6,853

NOTE 14

Investment Gains (Losses), Net

The table below presents the components of investment gains (losses), net on our condensed consolidated statements of comprehensive income (loss).

Table 14.1 - Components of Investment Gains (Losses), Net

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
Investment gains (losses), net:				
Mortgage loans gains (losses)	\$784	\$1,769	\$2,501	\$3,987
Investment securities gains (losses)	(480)	(285)	(1,317)	835
Debt gains (losses)	47	(25)	203	735
Derivative gains (losses)	32	(337)	840	(4,600)
Investment gains (losses), net	\$383	\$1,122	\$2,227	\$957

NOTE 15

Segment Reporting

During 1Q 2021, our chief operating decision maker began making decisions about allocating resources and assessing segment performance based on two reportable segments, Single-family and Multifamily. In prior periods, we managed our business based on three reportable segments, Single-family Guarantee, Multifamily, and Capital Markets. As our mortgage-related investments portfolio has declined over time, our capital markets activities have become increasingly focused on supporting our single-family and multifamily businesses. As a result, we determined that, effective in 1Q 2021, our Capital Markets segment should no longer be considered a separate reportable segment, and our chief operating decision maker no longer reviews separate financial results or discrete financial information for our capital markets activities. Substantially all of the revenues and expenses that were previously directly attributable to our Capital Markets segment are now included in our Single-family segment, while certain administrative expenses and other centrally-incurred costs previously allocated to the Capital Markets segment are now allocated between the Single-family and Multifamily segments using various methodologies depending on the nature of the expense.

In connection with this change, we also changed the measure of segment profit and loss for each segment to be based on net income and comprehensive income calculated using the same accounting policies we use to prepare our general purpose financial statements in conformity with generally accepted accounting principles. The financial results of each reportable segment include directly attributable revenue and expenses. We allocate interest expense and other debt funding and hedging-related costs to each reportable segment using a funds transfer pricing process. We fully allocate to each reportable segment the administrative expenses and other centrally-incurred costs that are not directly attributable to a particular segment using various methodologies depending on the nature of the expense. As a result, the sum of each income statement line item for the two reportable segments is equal to that same income statement line item for the consolidated entity. We have discontinued the reclassifications of certain activities between various line items that were included in our previous measure of segment profit and loss. Prior period information has been revised to conform to the current period presentation.

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

Segment Allocations and Results

The results of each reportable segment include directly attributable revenues and expenses. We allocate interest expense and other debt funding and hedging-related costs to each reportable segment using a funds transfer pricing process. We fully allocate to each reportable segment administrative expenses and other centrally-incurred costs that are not directly attributable to a particular segment using various methodologies depending on the nature of the expense.

The table below presents the financial results for our Single-family and Multifamily segments.

Table 15.1 - Segment Financial Results

(In millions)	3Q 2021		
	Single-family	Multifamily	Total
Net interest income	\$4,080	\$338	\$4,418
Non-interest income (loss)			
Guarantee income	(20)	266	246
Investment gains (losses), net	(247)	630	383
Other income (loss)	148	52	200
Non-interest income (loss)	(119)	948	829
Net revenues	3,961	1,286	5,247
Benefit (provision) for credit losses	244	(1)	243
Non-interest expense			
Administrative expense	(479)	(148)	(627)
Credit enhancement expense	(371)	(15)	(386)
Benefit for (decrease in) credit enhancement recoveries	(59)	(1)	(60)
REO operations income (expense)	9	—	9
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(602)	—	(602)
Other expense	(170)	(8)	(178)
Non-interest expense	(1,672)	(172)	(1,844)
Income (loss) before income tax (expense) benefit	2,533	1,113	3,646
Income tax (expense) benefit	(505)	(222)	(727)
Net income (loss)	2,028	891	2,919
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	14	(28)	(14)
Changes in unrealized gains (losses) related to cash flow hedge relationships	7	—	7
Changes in defined benefit plans	(3)	—	(3)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	18	(28)	(10)
Comprehensive income (loss)	\$2,046	\$863	\$2,909

(In millions)	YTD 2021		
	Single-family	Multifamily	Total
Net interest income	\$11,848	\$976	\$12,824
Non-interest income (loss)			
Guarantee income	79	771	850
Investment gains (losses), net	190	2,037	2,227
Other income (loss)	408	77	485
Non-interest income (loss)	677	2,885	3,562
Net revenues	12,525	3,861	16,386
Benefit (provision) for credit losses	1,076	103	1,179
Non-interest expense			
Administrative expense	(1,470)	(447)	(1,917)
Credit enhancement expense	(1,057)	(33)	(1,090)
Benefit for (decrease in) credit enhancement recoveries	(494)	(16)	(510)
REO operations income (expense)	(6)	—	(6)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(1,706)	—	(1,706)
Other expense	(551)	(21)	(572)
Non-interest expense	(5,284)	(517)	(5,801)
Income (loss) before income tax (expense) benefit	8,317	3,447	11,764
Income tax (expense) benefit	(1,696)	(703)	(2,399)
Net income (loss)	6,621	2,744	9,365
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	(400)	(82)	(482)
Changes in unrealized gains (losses) related to cash flow hedge relationships	25	—	25
Changes in defined benefit plans	(9)	(1)	(10)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	(384)	(83)	(467)
Comprehensive income (loss)	\$6,237	\$2,661	\$8,898

(In millions)	3Q 2020		
	Single-family	Multifamily	Total
Net interest income	\$3,168	\$289	\$3,457
Non-interest income (loss)			
Guarantee income	40	275	315
Investment gains (losses), net	82	1,040	1,122
Other income (loss)	129	43	172
Non-interest income (loss)	251	1,358	1,609
Net revenues	3,419	1,647	5,066
Benefit (provision) for credit losses	(320)	(7)	(327)
Non-interest expense			
Administrative expense	(513)	(128)	(641)
Credit enhancement expense	(260)	(7)	(267)
Benefit for (decrease in) credit enhancement recoveries	26	(6)	20
REO operations income (expense)	(40)	—	(40)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(467)	—	(467)
Other expense	(228)	(9)	(237)
Non-interest expense	(1,482)	(150)	(1,632)
Income (loss) before income tax (expense) benefit	1,617	1,490	3,107
Income tax (expense) benefit	(335)	(309)	(644)
Net income (loss)	1,282	1,181	2,463
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	(12)	(4)	(16)
Changes in unrealized gains (losses) related to cash flow hedge relationships	6	—	6
Changes in defined benefit plans	(4)	—	(4)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	(10)	(4)	(14)
Comprehensive income (loss)	\$1,272	\$1,177	\$2,449

(In millions)	YTD 2020		
	Single-family	Multifamily	Total
Net interest income	\$8,243	\$875	\$9,118
Non-interest income (loss)			
Guarantee income	82	1,079	1,161
Investment gains (losses), net	45	912	957
Other income (loss)	270	131	401
Non-interest income (loss)	397	2,122	2,519
Net revenues	8,640	2,997	11,637
Benefit (provision) for credit losses	(2,110)	(155)	(2,265)
Non-interest expense			
Administrative expense	(1,457)	(372)	(1,829)
Credit enhancement expense	(715)	(16)	(731)
Benefit for (decrease in) credit enhancement recoveries	684	24	708
REO operations income (expense)	(139)	—	(139)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(1,341)	—	(1,341)
Other expense	(457)	(23)	(480)
Non-interest expense	(3,425)	(387)	(3,812)
Income (loss) before income tax (expense) benefit	3,105	2,455	5,560
Income tax (expense) benefit	(640)	(507)	(1,147)
Net income (loss)	2,465	1,948	4,413
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	457	119	576
Changes in unrealized gains (losses) related to cash flow hedge relationships	30	—	30
Changes in defined benefit plans	(9)	(1)	(10)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	478	118	596
Comprehensive income (loss)	\$2,943	\$2,066	\$5,009

We measure total assets for our reportable segments based on the mortgage portfolio for each segment. We operate our business in the U.S. and its territories, and accordingly, we generate no revenue from and have no long-lived assets, other than financial instruments, in geographic locations other than the U.S. and its territories.

The table below presents total assets for our Single-family and Multifamily segments.

Table 15.2 - Segment Assets

(In millions)	September 30, 2021	December 31, 2020
Single-family	\$2,682,406	\$2,326,426
Multifamily	404,467	388,347
Total segment assets	3,086,873	2,714,773
Reconciling items ⁽¹⁾	(148,889)	(87,358)
Total assets per condensed consolidated balance sheets	\$2,937,984	\$2,627,415

(1) Reconciling items include assets in our mortgage portfolio that are not recognized on our condensed consolidated balance sheets and assets recognized on our condensed consolidated balance sheets that are not allocated to the reportable segments.

NOTE 16

Concentration of Credit and Other Risks

Single-Family Mortgage Portfolio

The table below summarizes the concentration by geographic area of the approximately \$2.7 trillion and \$2.3 trillion UPB of our single-family mortgage portfolio as of September 30, 2021 and December 31, 2020, respectively. See **Note 4**, **Note 6**, and **Note 7** for more information about credit risk associated with loans and mortgage-related securities that we hold or guarantee.

Table 16.1 - Concentration of Credit Risk of Our Single-Family Mortgage Portfolio

(Dollars in billions)	September 30, 2021			December 31, 2020			YTD 2021 ⁽¹⁾		YTD 2020 ⁽¹⁾	
	Portfolio UPB ⁽²⁾	% of Portfolio	SDQ Rate	Portfolio UPB ⁽²⁾	% of Portfolio	SDQ Rate	Credit Losses Amount	% of Credit Losses ⁽³⁾	Credit Losses Amount	% of Credit Losses
Region:⁽⁴⁾										
West	\$831	31 %	1.24 %	\$720	31 %	2.41 %	\$—	NM	\$—	5 %
Northeast	636	24	1.82	549	24	3.16	—	NM	0.1	40
North Central	401	15	1.23	357	15	2.06	—	NM	0.1	27
Southeast	436	16	1.57	375	16	2.95	—	NM	0.1	18
Southwest	378	14	1.41	325	14	2.59	—	NM	—	10
Total	\$2,682	100 %	1.46	\$2,326	100 %	2.64	\$—	NM	\$0.3	100 %
State:										
California	\$486	18 %	1.36	\$424	18 %	2.64	\$—	NM	\$—	4 %
Texas	167	6	1.62	145	6	3.11	—	NM	—	3
Florida	159	6	1.83	135	6	3.70	—	NM	—	10
New York	116	4	2.75	103	4	4.56	—	NM	—	12
Illinois	106	4	1.88	96	4	2.96	—	NM	0.1	14
All other	1,648	62	1.31	1,423	62	2.34	—	NM	0.2	57
Total	\$2,682	100 %	1.46	\$2,326	100 %	2.64	\$—	NM	\$0.3	100 %

(1) Excludes credit losses related to charge-offs of accrued interest receivables.

(2) Excludes \$458 million and \$505 million in UPB of loans underlying certain securitization products for which data was not available as of September 30, 2021 and December 31, 2020, respectively.

(3) NM - not meaningful due to the credit losses amount rounding to zero.

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

Credit Performance of Certain Higher Risk Single-Family Loan Categories

Participants in the mortgage market have characterized single-family loans based upon their overall credit quality at the time of origination, including as prime or subprime. Mortgage market participants have classified single-family loans as Alt-A if these loans have credit characteristics that range between their prime and subprime categories, if they are underwritten with lower or alternative income or asset documentation requirements compared to a full documentation loan, or both. Although we discontinued new purchases of loans with lower documentation standards beginning March 1, 2009, we continued to purchase certain amounts of these loans in cases where the loan was either:

- Purchased pursuant to a previously issued other mortgage-related guarantee;
- Part of our relief refinance initiative; or
- In another refinance loan initiative and the pre-existing loan (including Alt-A loans) was originated under less than full documentation standards.

In the event we purchase a refinance loan and the original loan had been previously identified as Alt-A, such refinance loan may no longer be categorized or reported as Alt-A in the table below because the new refinance loan replacing the original loan would not be identified by the seller/servicer as an Alt-A loan. As a result, our reported Alt-A balances may be lower than would otherwise be the case had such refinancing not occurred.

Although we do not categorize single-family loans we purchase or guarantee as prime or subprime, we recognize that there are a number of loan types with certain characteristics that indicate a higher degree of credit risk. For example, a borrower's credit score is a useful measure for assessing the credit quality of the borrower. Statistically, borrowers with higher credit scores are more likely to repay or have the ability to refinance than those with lower scores.

Presented below is a summary of the serious delinquency rates of certain higher-risk categories (based on characteristics of the loan at origination) of loans in our single-family mortgage portfolio. The table presents each higher-risk category in isolation. A single loan may fall within more than one category (e.g., a loan with an original LTV ratio greater than 90% may also have a credit score at origination less than 620). Loans with a combination of these attributes will have an even higher risk of delinquency than those with an individual attribute.

Table 16.2 - Certain Higher Risk Categories in Our Single-Family Mortgage Portfolio

(% of portfolio based on UPB)	% of Portfolio ⁽¹⁾		SDQ Rate ⁽¹⁾	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Alt-A	1 %	1 %	7.93 %	10.66 %
Original LTV ratio greater than 90% ⁽²⁾	13	15	2.67	4.25
Lower credit scores at origination (less than 620)	1	1	8.37	11.00

(1) Excludes \$458 million and \$505 million in UPB of loans underlying certain securitization products for which data was not available as of September 30, 2021 and December 31, 2020, respectively.

(2) Includes HARP loans, which we purchased as part of our participation in the MHA Program.

Sellers and Servicers

We acquire a significant portion of our single-family and multifamily loan purchase and guarantee volume from several large sellers. Single-family top 10 sellers provided 50% and 44% of our purchase and guarantee volume during YTD 2021 and YTD 2020, respectively. None of our single-family sellers provided 10% or more of our purchase and guarantee volume during these periods. The table below summarizes the concentration of multifamily sellers who provided 10% or more of our purchase and guarantee volume.

Table 16.3 - Multifamily Seller Concentration

Multifamily Sellers	YTD 2021	YTD 2020
CBRE Capital Markets, Inc.	15 %	15 %
Berkadia Commercial Mortgage LLC	14	14
Other top 10 sellers	49	48
Top 10 multifamily sellers	78 %	77 %

We purchase single-family loans from both depository and non-depository sellers. Non-depository institutions may not have the same financial strength or operational capacity, or be subject to the same level of regulatory oversight, as large depository institutions. Our top five non-depository sellers provided approximately 30% and 24% of our single-family purchase volume during YTD 2021 and YTD 2020, respectively.

Significant portions of our single-family and multifamily loans are serviced by several large servicers. The table below summarizes the concentration of single-family and multifamily servicers who serviced 10% or more of our single-family mortgage portfolio and multifamily mortgage portfolio as of September 30, 2021 or December 31, 2020.

Table 16.4 - Servicer Concentration

Single-family Servicers	September 30, 2021 ⁽¹⁾	December 31, 2020 ⁽¹⁾
Wells Fargo Bank, N.A.	9 %	11 %
Other top 10 servicers	38	38
Top 10 single-family servicers	47 %	49 %
Multifamily Servicers ⁽²⁾	September 30, 2021	December 31, 2020
CBRE Capital Markets, Inc.	17 %	17 %
Berkadia Commercial Mortgage LLC	14	13
JLL Real Estate Capital LLC	11	11
Other top 10 servicers	38	39
Top 10 multifamily servicers	80 %	80 %

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

(2) Represents multifamily primary servicers.

Single-family loans utilize both depository and non-depository servicers. Some of these non-depository servicers have grown in recent years and now service a large share of our loans. As of September 30, 2021 and December 31, 2020, approximately 19% and 18%, respectively, of our single-family mortgage portfolio, excluding loans for which we do not exercise control over the associated servicing, was serviced by our five largest non-depository servicers, on a combined basis. We routinely monitor the performance of our largest non-depository servicers.

Multifamily loans utilize both primary and master servicers. Primary servicers service unsecuritized mortgage loans and are also typically engaged by master servicers to service on their behalf the mortgage loans underlying securitizations. For a majority of our K Certificate securitizations, we utilize one of three large financial depository institutions as master servicer. For SB Certificate securitizations and a smaller number of K Certificate securitizations, we serve as master servicer. Multifamily primary servicers included in the table above present potential operational risk and impact to the borrowers if the servicing needs to be transferred to another servicer. We also rely on master servicers of our multifamily securitization transactions to advance funds in the event of payment shortfalls, including principal and interest payments related to loans in forbearance. In instances where payment shortfalls occur, the master servicer is required to make advances as long as such advances have not been deemed unrecoverable. For multifamily loans purchased and held in our mortgage-related investments portfolio, the primary servicers are not required to advance funds in the event of payment shortfalls and therefore do not present significant counterparty credit risk.

Credit Enhancement Providers

We have counterparty credit risk relating to the potential insolvency of, or non-performance by, mortgage insurers that insure single-family loans we purchase or guarantee. We also have similar exposure to insurers and reinsurers through our ACIS and other insurance transactions where we purchase insurance policies as part of our CRT activities. See **Note 8** for additional information on our credit enhancements.

We evaluate the recovery and collectability from mortgage insurers as part of the estimate of our allowance for credit losses. See **Note 7** for additional information. As of September 30, 2021, mortgage insurers provided coverage with maximum credit loss of \$130.2 billion, for \$528.2 billion of UPB, in connection with our single-family mortgage portfolio. These amounts are based on gross coverage without regard to netting of coverage that may exist to the extent an affected loan is covered under other types of insurance. Changes in our expectations related to recovery and collectability from our credit enhancement providers may affect our estimates of expected credit losses, perhaps significantly.

The table below summarizes the concentration of mortgage insurer counterparties who provided 10% or more of our overall mortgage insurance coverage.

Table 16.5 - Mortgage Insurer Concentration

Mortgage Insurer	Credit Rating ⁽¹⁾	Mortgage Insurance Coverage ⁽²⁾	
		September 30, 2021	December 31, 2020
Arch Mortgage Insurance Company	A	20 %	20 %
Mortgage Guaranty Insurance Corporation	BBB+	19	18
Radian Guaranty Inc.	BBB+	18	19
Essent Guaranty, Inc.	BBB+	15	16
Enact ⁽³⁾	BBB	15	15
National Mortgage Insurance Corporation	BBB	12	10
Total		99 %	98 %

(1) Ratings are for the corporate entity to which we have the greatest exposure. Latest rating available as of September 30, 2021. Represents the lower of S&P and Moody's credit ratings stated in terms of the S&P equivalent.

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

(3) Enact was previously known as Genworth Mortgage Insurance Corporation.

PMI Mortgage Insurance Co. and Triad Guaranty Insurance Corp. are both under the control of their state regulators and are in run-off. A substantial portion of their claims is recorded by us as deferred payment obligations. As of both September 30, 2021 and December 31, 2020, we had cumulative unpaid deferred payment obligations of \$0.4 billion from these insurers. We have reserved for substantially all of these unpaid amounts as collectability is uncertain. It is not clear how the regulators of these companies will administer their respective deferred payment plans in the future, nor when or if those obligations will be paid.

As part of our insurance/reinsurance CRT transactions, we regularly obtain insurance coverage from insurers and reinsurers. These transactions incorporate several features designed to increase the likelihood that we will recover on the claims we file with the insurers and reinsurers, including the following:

- In each transaction, we require the individual insurers and reinsurers to post collateral to cover portions of their exposure, which helps to promote certainty and timeliness of claim payment and
- While private mortgage insurance companies are required to be monoline (i.e., to participate solely in the mortgage insurance business, although the holding company may be a diversified insurer), many of our insurers and reinsurers in these transactions participate in multiple types of insurance business, which helps diversify their risk exposure.

Other Investments 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 into such transactions. We monitor the financial strength of our counterparties to these transactions and may use collateral maintenance requirements to manage our exposure to individual counterparties. The permitted term and dollar limits for each of these transactions are also based on the counterparty's financial strength.

Our other investments (including non-mortgage-related securities and cash equivalents) counterparties are primarily major financial institutions, including other GSEs, Treasury, the Federal Reserve Bank of New York, GSD/FICC, highly-rated supranational institutions, depository and non-depository institutions, brokers and dealers, and government money market funds. As of September 30, 2021 and December 31, 2020, including amounts related to our consolidated VIEs, the balance in our other investments portfolio was \$140.5 billion and \$163.1 billion, respectively. The balances consist primarily of cash, securities purchased under agreements to resell invested with counterparties, U.S. Treasury securities, cash deposited with the Federal Reserve Bank of New York, and secured lending activities. As of September 30, 2021, all of our securities purchased under agreements to resell were fully collateralized. As of both September 30, 2021 and December 31, 2020, \$0.8 billion of our securities purchased under agreements to resell were used to provide financing to investors in Freddie Mac securities to increase liquidity and expand the investor base for those securities. These transactions differ from the securities purchased under agreements to resell that we use for liquidity purposes as the counterparties we face may not be major financial institutions and we are exposed to the counterparty risk of these institutions.

NOTE 17

Fair Value Disclosures

The accounting guidance for fair value measurements and disclosures defines fair value, establishes a framework for measuring fair value, and sets forth disclosure requirements regarding fair value measurements. This guidance applies whenever other accounting guidance requires or permits assets or liabilities to be measured at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market for the asset or liability.

We use fair value measurements for the initial recording of certain assets and liabilities and periodic remeasurement of certain assets and liabilities on a recurring or non-recurring basis.

Fair Value Measurements

The accounting guidance for fair value measurements and disclosures establishes a three-level fair value hierarchy that prioritizes the inputs into the valuation techniques used to measure fair value. The levels of the fair value hierarchy are defined as follows in priority order:

- Level 1 - inputs to the valuation techniques are based on quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs to the valuation techniques are based on observable inputs other than quoted prices in active markets for identical assets or liabilities.
- Level 3 - one or more inputs to the valuation technique are unobservable and significant to the fair value measurement.

We use quoted market prices and valuation techniques that seek to maximize the use of observable inputs, where available, and minimize the use of unobservable inputs. Our inputs are based on the assumptions a market participant would use in valuing the asset or liability. Assets and liabilities are classified in their entirety within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The table below presents our assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis subsequent to initial recognition, including instruments where we have elected the fair value option.

Table 17.1 - Assets and Liabilities Measured at Fair Value on a Recurring Basis

(In millions)	September 30, 2021				
	Level 1	Level 2	Level 3	Netting Adjustment ⁽¹⁾	Total
Assets:					
<i>Investment securities:</i>					
Available-for-sale, at fair value:					
<i>Mortgage-related securities:</i>					
Agency	\$—	\$2,817	\$429	\$—	\$3,246
Non-agency and other	—	1	960	—	961
Total available-for-sale securities, at fair value	—	2,818	1,389	—	4,207
Trading, at fair value:					
<i>Mortgage-related securities:</i>					
Agency	—	18,747	3,463	—	22,210
Non-mortgage-related securities	29,742	771	—	—	30,513
Total trading securities, at fair value	29,742	19,518	3,463	—	52,723
Total investments in securities	29,742	22,336	4,852	—	56,930
<i>Mortgage loans:</i>					
Held-for-sale, at fair value	—	8,436	—	—	8,436
Derivative assets, net	15	6,454	23	—	6,492
Netting adjustments ⁽¹⁾	—	—	—	(5,539)	(5,539)
Total derivative assets, net	15	6,454	23	(5,539)	953
<i>Other assets:</i>					
Guarantee assets, at fair value	—	—	5,843	—	5,843
Non-derivative purchase commitments, at fair value	—	158	—	—	158
All other, at fair value	—	—	77	—	77
Total other assets	—	158	5,920	—	6,078
Total assets carried at fair value on a recurring basis	\$29,757	\$37,384	\$10,795	(\$5,539)	\$72,397
Liabilities:					
Debt securities of consolidated trusts held by third parties, at fair value					
	\$—	\$169	\$279	\$—	\$448
Debt of Freddie Mac, at fair value	—	1,424	112	—	1,536
Derivative liabilities, net	—	7,957	24	—	7,981
Netting adjustments ⁽¹⁾	—	—	—	(7,592)	(7,592)
Total derivative liabilities, net	—	7,957	24	(7,592)	389
<i>Other liabilities:</i>					
Non-derivative purchase commitments, at fair value	—	11	—	—	11
All other, at fair value	—	—	1	—	1
Total other liabilities	—	11	1	—	12
Total liabilities carried at fair value on a recurring basis	\$—	\$9,561	\$416	(\$7,592)	\$2,385

Referenced footnote is included after the prior period table.

(In millions)	December 31, 2020				
	Level 1	Level 2	Level 3	Netting Adjustment ⁽¹⁾	Total
Assets:					
<i>Investment securities:</i>					
Available-for-sale, at fair value:					
<i>Mortgage-related securities:</i>					
Agency	\$—	\$13,778	\$526	\$—	\$14,304
Non-agency and other	—	1	1,062	—	1,063
Total available-for-sale securities, at fair value	—	13,779	1,588	—	15,367
Trading, at fair value:					
<i>Mortgage-related securities:</i>					
Agency	—	14,246	3,258	—	17,504
Non-agency	—	—	1	—	1
Total mortgage-related securities	—	14,246	3,259	—	17,505
Non-mortgage-related securities	26,255	698	—	—	26,953
Total trading securities, at fair value	26,255	14,944	3,259	—	44,458
Total investments in securities	26,255	28,723	4,847	—	59,825
<i>Mortgage loans:</i>					
Held-for-sale, at fair value					
Derivative assets, net	—	8,516	63	—	8,579
Netting adjustments ⁽¹⁾	—	—	—	(7,374)	(7,374)
Total derivative assets, net	—	8,516	63	(7,374)	1,205
<i>Other assets:</i>					
Guarantee assets, at fair value					
Non-derivative purchase commitments, at fair value	—	158	—	—	158
All other, at fair value	—	—	108	—	108
Total other assets	—	158	5,617	—	5,775
Total assets carried at fair value on a recurring basis	\$26,255	\$51,596	\$10,527	(\$7,374)	\$81,004
Liabilities:					
Debt securities of consolidated trusts held by third parties, at fair value					
Debt of Freddie Mac, at fair value	—	2,267	120	—	2,387
Derivative liabilities, net	—	9,132	16	—	9,148
Netting adjustments ⁽¹⁾	—	—	—	(8,194)	(8,194)
Total derivative liabilities, net	—	9,132	16	(8,194)	954
<i>Other liabilities:</i>					
Non-derivative purchase commitments, at fair value					
All other, at fair value	—	—	3	—	3
Total other liabilities	—	1	3	—	4
Total liabilities carried at fair value on a recurring basis	\$—	\$11,402	\$342	(\$8,194)	\$3,550

(1) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

Level 3 Fair Value Measurements

The table below presents a reconciliation of all assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis using significant unobservable inputs (Level 3), including transfers into and out of Level 3. The table also presents gains and losses due to changes in fair value, including both realized and unrealized gains and losses, recognized on our condensed consolidated statements of comprehensive income (loss) for Level 3 assets and liabilities.

Table 17.2 - Fair Value Measurements of Assets and Liabilities Using Significant Unobservable Inputs

(In millions)	3Q 2021											
	Balance, July 1, 2021	Total Realized/Unrealized Gains (Losses)		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Balance, September 30, 2021	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of September 30, 2021 ⁽²⁾	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of September 30, 2021
		Included in Earnings	Included in Other Comprehensive Income									
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	\$476	\$—	(\$7)	\$—	\$—	\$—	(\$40)	\$—	\$—	\$429	\$—	(\$5)
Non-agency and other	998	6	19	—	—	—	(63)	—	—	960	6	15
Total available-for-sale mortgage-related securities	1,474	6	12	—	—	—	(103)	—	—	1,389	6	10
Trading, at fair value:												
Mortgage-related securities:												
Agency	3,523	(210)	—	344	—	(96)	(23)	—	(75)	3,463	(207)	—
Non-agency	—	—	—	—	—	—	—	—	—	—	—	—
Total trading mortgage-related securities	3,523	(210)	—	344	—	(96)	(23)	—	(75)	3,463	(207)	—
Derivative assets	25	(2)	—	—	—	—	—	—	—	23	(2)	—
Other assets:												
Guarantee assets	5,869	(113)	—	—	333	—	(246)	—	—	5,843	(113)	—
All other, at fair value	70	11	—	(4)	4	—	(4)	—	—	77	11	—
Total other assets	5,939	(102)	—	(4)	337	—	(250)	—	—	5,920	(102)	—
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value												
	\$251	(\$8)	\$—	(\$8)	\$61	\$—	(\$17)	\$—	\$—	\$279	(\$4)	\$—
Debt of Freddie Mac, at fair value												
	117	(3)	—	—	—	—	(2)	—	—	112	(3)	—
Derivative liabilities												
	23	3	—	—	—	—	(2)	—	—	24	—	—
All other, at fair value												
	—	(1)	—	2	—	—	—	—	—	1	(1)	—

Referenced footnotes are included after the prior period table.

(In millions)	YTD 2021											
	Balance, January 1, 2021	Total Realized/Unrealized Gains (Losses)		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Balance, September 30, 2021	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of September 30, 2021 ⁽²⁾	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of September 30, 2021
		Included in Earnings	Included in Other Comprehensive Income									
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	\$526	\$—	(\$12)	\$—	\$—	\$—	(\$85)	\$—	\$—	\$429	\$—	(\$10)
Non-agency and other	1,062	18	28	—	—	—	(148)	—	—	960	18	22
Total available-for-sale mortgage-related securities	1,588	18	16	—	—	—	(233)	—	—	1,389	18	12
Trading, at fair value:												
Mortgage-related securities:												
Agency	3,258	(562)	—	1,284	—	(276)	(61)	—	(180)	3,463	(565)	—
Non-agency	1	(1)	—	—	—	—	—	—	—	—	—	—
Total trading mortgage-related securities	3,259	(563)	—	1,284	—	(276)	(61)	—	(180)	3,463	(565)	—
Derivative assets	63	(40)	—	—	—	—	—	—	—	23	(40)	—
Other assets:												
Guarantee asset	5,509	(196)	—	—	1,238	—	(708)	—	—	5,843	(196)	—
All other, at fair value	108	(19)	—	(3)	14	(9)	(14)	—	—	77	(19)	—
Total other assets	5,617	(215)	—	(3)	1,252	(9)	(722)	—	—	5,920	(215)	—
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value												
	\$203	(\$18)	\$—	(\$8)	\$150	\$—	(\$48)	\$—	\$—	\$279	(\$12)	\$—
Debt of Freddie Mac, at fair value	120	(3)	—	—	1	—	(6)	—	—	112	(3)	—
Derivative liabilities	16	15	—	—	2	—	(9)	—	—	24	7	—
All other, at fair value	3	(6)	—	3	—	1	—	—	—	1	(6)	—

Referenced footnotes are included after the prior period table.

(In millions)	YTD 2020											
	Balance, January 1, 2020	Total Realized/Unrealized Gains (Losses)		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3 ⁽¹⁾	Transfers out of Level 3 ⁽¹⁾	Balance, September 30, 2020	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of September 30, 2020 ⁽²⁾	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of September 30, 2020
		Included in Earnings	Included in Other Comprehensive Income									
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	\$1,960	\$12	\$44	\$54	\$—	(\$218)	(\$122)	\$—	(\$1,095)	\$635	\$—	\$3
Non-agency and other	1,267	12	(52)	—	—	—	(122)	—	—	1,105	12	(41)
Total available-for-sale mortgage-related securities	3,227	24	(8)	54	—	(218)	(244)	—	(1,095)	1,740	12	(38)
Trading, at fair value:												
Mortgage-related securities:												
Agency	2,709	(86)	—	1,187	—	(110)	(55)	—	(397)	3,248	(93)	—
Non-agency	1	—	—	—	—	—	—	—	—	1	—	—
Total trading mortgage-related securities	2,710	(86)	—	1,187	—	(110)	(55)	—	(397)	3,249	(93)	—
Derivative assets	16	45	—	—	14	—	—	—	—	75	44	—
Other assets:												
Guarantee asset	4,426	289	—	—	1,048	—	(584)	—	—	5,179	289	—
All other, at fair value	120	(7)	—	(12)	20	(15)	4	—	—	110	(7)	—
Total other assets	4,546	282	—	(12)	1,068	(15)	(580)	—	—	5,289	282	—
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value												
	\$203	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$203	\$—	\$—
Debt of Freddie Mac, at fair value	129	(2)	—	—	18	—	(10)	—	—	135	(2)	—
Derivative liabilities	37	(12)	—	—	2	—	(12)	—	—	15	(23)	—
All other, at fair value	1	—	—	—	—	—	—	—	—	1	—	—

(1) Transfers out of Level 3 consisted primarily of certain mortgage-related securities due to an increased volume and level of activity in the market and availability of price quotes from dealers and third-party pricing services. Certain Freddie Mac securities are classified as Level 3 at issuance and generally are classified as Level 2 when they begin trading.

(2) Represents the amount of total gains or losses for the period, included in earnings, attributable to the change in unrealized gains and losses related to assets and liabilities classified as Level 3 that were still held at September 30, 2021 and September 30, 2020, respectively. This amount includes any allowance for credit losses recorded on available-for-sale securities and amortization of basis adjustments.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for Level 3 assets and liabilities measured on our condensed consolidated balance sheets at fair value on a recurring basis.

Table 17.3 - Quantitative Information about Recurring Level 3 Fair Value Measurements

(Dollars in millions, except for certain unobservable inputs as shown)	September 30, 2021				
	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs		Weighted Average ⁽²⁾
			Type	Range	
Assets					
Available-for-sale, at fair value					
Mortgage-related securities					
Agency	\$341	Discounted cash flows	OAS	88 - 179 bps	88 bps
	76	Median of external sources	External pricing sources	\$102.0 - \$106.8	\$104.8
	12	Other			
Non-agency and other	800	Median of external sources	External pricing sources	\$68.3 - \$79.2	\$73.1
	118	Single external source	External pricing sources	\$100.9 - \$100.9	\$100.9
	42	Other			
Trading, at fair value					
Mortgage-related securities					
Agency	2,891	Single external source	External pricing sources	\$0.0 - \$7,737.9	\$513.8
	291	Median of external sources	External pricing sources	\$3.9 - \$4.5	\$4.2
	280	Discounted cash flows	OAS	(835) - 1,789 bps	604 bps
Guarantee assets, at fair value	5,468	Discounted cash flows	OAS	17 - 186 bps	45 bps
	376	Other			
Insignificant Level 3 assets ⁽¹⁾	100				
Total level 3 assets	\$10,795				
Liabilities					
Debt securities of consolidated trusts held by third parties, at fair value	\$146	Single external source	External pricing sources	\$99.7 - \$107.0	\$102.0
	133	Other			
Insignificant Level 3 liabilities ⁽¹⁾	137				
Total level 3 liabilities	\$416				

Referenced footnotes are included after the next table.

(Dollars in millions, except for certain unobservable inputs as shown)	December 31, 2020				
	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs		
			Type	Range	Weighted Average ⁽²⁾
Assets					
Available-for-sale, at fair value					
Mortgage-related securities					
Agency	\$410	Discounted cash flows	OAS	90 - 90 bps	90 bps
	116	Other			
Non-agency and other	875	Median of external sources	External pricing sources	\$67.1 - \$79.1	\$72.8
	187	Other			
Trading, at fair value					
Mortgage-related securities					
Agency	2,204	Single external source	External pricing sources	\$0.0 - \$8,894.6	\$947.8
	472	Discounted cash flows	OAS	(951) - 2,910 bps	834 bps
	583	Other			
Guarantee assets, at fair value	5,195	Discounted cash flows	OAS	15 - 186 bps	38 bps
	314	Other			
Insignificant Level 3 assets ⁽¹⁾	171				
Total level 3 assets	\$10,527				
Liabilities					
Debt securities of consolidated trusts held by third parties, at fair value	\$203	Single external source	External pricing sources	\$97.3 - \$107.0	\$101.7
Insignificant Level 3 liabilities ⁽¹⁾	139				
Total level 3 liabilities	\$342				

(1) Represents the aggregate amount of Level 3 assets or liabilities measured at fair value on a recurring basis that are individually and in the aggregate insignificant.

(2) Unobservable inputs were weighted primarily by the relative fair value of the financial instruments.

Assets Measured at Fair Value on a Non-Recurring Basis

We may be required, from time to time, to measure certain assets at fair value on a non-recurring basis. These adjustments usually result from the application of lower-of-cost-or-fair-value accounting or measurement of impairment based on the fair value of the underlying collateral. Certain of the fair values in the tables below were not obtained as of the period end, but were obtained during the period.

The table below presents assets measured on our condensed consolidated balance sheets at fair value on a non-recurring basis.

Table 17.4 - Assets Measured at Fair Value on a Non-Recurring Basis

(In millions)	September 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a non-recurring basis:								
Mortgage loans ⁽¹⁾	\$—	\$12	\$1,136	\$1,148	\$—	\$6	\$2,241	\$2,247

(1) Includes loans that are classified as held-for-investment and have been measured for impairment based on the fair value of the underlying collateral and held-for-sale loans where the fair value is below cost.

The table below provides valuation techniques, the range, and the weighted average of significant unobservable inputs for Level 3 assets measured on our condensed consolidated balance sheets at fair value on a non-recurring basis.

Table 17.5 - Quantitative Information About Non-Recurring Level 3 Fair Value Measurements

(Dollars in millions, except for unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	September 30, 2021		
			Unobservable Inputs		
			Type	Range	Weighted Average ⁽¹⁾
Non-recurring fair value measurements					
Mortgage loans	\$1,136				
		Internal model	Historical sales proceeds	\$3,150 - \$675,000	\$215,995
		Internal model	Housing sales index	70 - 420 bps	133 bps
		Median of external sources	External pricing sources	\$62.0 - \$106.3	\$96.5
Non-recurring fair value measurements					
December 31, 2020					
(Dollars in millions, except for unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Unobservable Inputs		
			Type	Range	Weighted Average ⁽¹⁾
Mortgage loans	\$2,241				
		Internal model	Historical sales proceeds	\$3,001 - \$696,004	\$202,539
		Internal model	Housing sales index	66 - 345 bps	119 bps
		Median of external sources	External pricing sources	\$59.5 - \$104.0	\$92.1

(1) Unobservable inputs were weighted primarily by the relative fair value of the financial instruments.

Fair Value of Financial Instruments

The table below presents the carrying value and estimated fair value of our financial instruments. For certain types of financial instruments, such as cash and cash equivalents, securities purchased under agreements to resell, secured lending, and certain debt, the carrying value on our GAAP balance sheets approximates fair value, as these assets and liabilities are short-term in nature and have limited fair value volatility.

Table 17.6 - Fair Value of Financial Instruments

(In millions)	September 30, 2021						
	GAAP Measurement Category ⁽¹⁾	GAAP Carrying Amount	Fair Value				Total
			Level 1	Level 2	Level 3 ⁽²⁾	Netting Adjustments ⁽³⁾	
Financial Assets							
Cash and cash equivalents	Amortized cost	\$9,478	\$9,478	\$—	\$—	\$—	\$9,478
Securities purchased under agreements to resell	Amortized cost	85,315	—	88,770	—	(3,455)	85,315
<i>Investment securities:</i>							
Available-for-sale, at fair value	FV - OCI	4,207	—	2,818	1,389	—	4,207
Trading, at fair value	FV - NI	52,723	29,742	19,518	3,463	—	52,723
Total investment securities		56,930	29,742	22,336	4,852	—	56,930
<i>Mortgage loans:</i>							
Loans held by consolidated trusts		2,671,954	—	2,478,011	228,952	—	2,706,963
Loans held by Freddie Mac		61,160	—	32,961	30,266	—	63,227
Total mortgage loans	Various⁽⁴⁾	2,733,114	—	2,510,972	259,218	—	2,770,190
Derivative assets, net	FV - NI	953	15	6,454	23	(5,539)	953
Guarantee assets	FV - NI	5,843	—	—	5,847	—	5,847
Non-derivative purchase and other commitments	FV - NI	158	—	240	—	—	240
Advances to lenders	Amortized cost	8,954	—	—	8,954	—	8,954
Secured lending	Amortized cost	1,284	—	1,205	80	—	1,285
Total financial assets		\$2,902,029	\$39,235	\$2,629,977	\$278,974	(\$8,994)	\$2,939,192
Financial Liabilities							
<i>Debt:</i>							
Debt securities of consolidated trusts held by third parties		\$2,701,530	\$—	\$2,722,542	\$786	\$—	\$2,723,328
Debt of Freddie Mac		193,896	—	198,880	3,960	(3,455)	199,385
Total debt	Various⁽⁵⁾	2,895,426	—	2,921,422	4,746	(3,455)	2,922,713
Derivative liabilities, net	FV - NI	389	—	7,957	24	(7,592)	389
Guarantee obligations	Amortized cost	5,503	—	—	6,184	—	6,184
Non-derivative purchase and other commitments	FV - NI	21	—	11	215	—	226
Total financial liabilities		\$2,901,339	\$—	\$2,929,390	\$11,169	(\$11,047)	\$2,929,512

(1) FV - NI denotes fair value through net income. FV - OCI denotes fair value through other comprehensive income.

(2) Certain amounts were reclassified from secured lending to non-derivative purchase and other commitments. Prior periods have been revised to conform to the current period presentation.

(3) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

(4) As of September 30, 2021, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value, and FV - NI were \$2.7 trillion, \$9.1 billion, and \$8.4 billion, respectively.

(5) As of September 30, 2021, the GAAP carrying amounts measured at amortized cost and FV - NI were \$2.9 trillion and \$2.0 billion, respectively.

(In millions)	December 31, 2020							
	GAAP Measurement Category ⁽¹⁾	GAAP Carrying Amount	Fair Value				Netting Adjustments ⁽³⁾	Total
			Level 1	Level 2	Level 3 ⁽²⁾			
Financial Assets								
Cash and cash equivalents	Amortized cost	\$23,889	\$23,889	\$—	\$—	\$—	\$23,889	
Securities purchased under agreements to resell	Amortized cost	105,003	—	105,003	—	—	105,003	
<i>Investment securities:</i>								
Available-for-sale, at fair value	FV - OCI	15,367	—	13,779	1,588	—	15,367	
Trading, at fair value	FV - NI	44,458	26,255	14,944	3,259	—	44,458	
Total investment securities		59,825	26,255	28,723	4,847	—	59,825	
<i>Mortgage loans:</i>								
Loans held by consolidated trusts		2,273,347	—	2,080,687	262,309	—	2,342,996	
Loans held by Freddie Mac		110,541	—	76,917	36,578	—	113,495	
Total mortgage loans	Various⁽⁴⁾	2,383,888	—	2,157,604	298,887	—	2,456,491	
Derivative assets, net	FV - NI	1,205	—	8,516	63	(7,374)	1,205	
Guarantee assets	FV - NI	5,509	—	—	5,515	—	5,515	
Non-derivative purchase and other commitments	FV - NI	158	—	246	—	—	246	
Advances to lenders	Amortized cost	4,162	—	—	4,162	—	4,162	
Secured lending	Amortized cost	1,680	—	1,427	253	—	1,680	
Total financial assets		\$2,585,319	\$50,144	\$2,301,519	\$313,727	(\$7,374)	\$2,658,016	
Financial Liabilities								
<i>Debt:</i>								
Debt securities of consolidated trusts held by third parties		\$2,308,176	\$—	\$2,382,157	\$852	\$—	\$2,383,009	
Debt of Freddie Mac		284,370	—	286,634	4,088	—	290,722	
Total debt	Various⁽⁵⁾	2,592,546	—	2,668,791	4,940	—	2,673,731	
Derivative liabilities, net	FV - NI	954	—	9,132	16	(8,194)	954	
Guarantee obligations	Amortized cost	5,050	—	—	5,378	—	5,378	
Non-derivative purchase and other commitments	FV - NI	20	—	1	307	—	308	
Total financial liabilities		\$2,598,570	\$—	\$2,677,924	\$10,641	(\$8,194)	\$2,680,371	

(1) FV - NI denotes fair value through net income. FV - OCI denotes fair value through other comprehensive income.

(2) Certain amounts were reclassified from secured lending to non-derivative purchase and other commitments. Prior periods have been revised to conform to the current period presentation.

(3) Represents counterparty netting, cash collateral netting, and net derivative interest receivable or payable.

(4) As of December 31, 2020, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value, and FV - NI were \$2.4 trillion, \$19.5 billion, and \$14.2 billion, respectively.

(5) As of December 31, 2020, the GAAP carrying amounts measured at amortized cost and FV - NI were \$2.6 trillion and \$2.6 billion, respectively.

Fair Value Option

We elected the fair value option for certain multifamily held-for-sale loans, multifamily held-for-sale loan purchase commitments, and long-term debt.

The table below presents the fair value and UPB related to certain loans and debt for which we have elected the fair value option. This table does not include interest-only securities related to debt securities of consolidated trusts and debt of Freddie Mac held by third parties with a fair value of \$267 million and \$173 million and multifamily held-for-sale loan purchase commitments with a net fair value of \$147 million and \$157 million, as of September 30, 2021 and December 31, 2020, respectively.

Table 17.7 - Difference between Fair Value and UPB for Certain Financial Instruments with Fair Value Option Elected

(In millions)	September 30, 2021			December 31, 2020		
	Multifamily Held-For-Sale Loans	Debt of Freddie Mac - Long Term	Debt Securities of Consolidated Trusts Held by Third Parties	Multifamily Held-For-Sale Loans	Debt of Freddie Mac - Long Term	Debt Securities of Consolidated Trusts Held by Third Parties
Fair value	\$8,436	\$1,394	\$322	\$14,199	\$2,216	\$203
UPB	8,129	1,357	322	13,400	2,189	200
Difference	\$307	\$37	\$—	\$799	\$27	\$3

Changes in Fair Value Under the Fair Value Option Election

The table below presents the changes in fair value included in non-interest income (loss) in our condensed consolidated statements of comprehensive income (loss), related to items for which we have elected the fair value option.

Table 17.8 - Changes in Fair Value Under the Fair Value Option Election

(In millions)	3Q 2021	3Q 2020	YTD 2021	YTD 2020
	Gains (Losses)		Gains (Losses)	
Multifamily held-for-sale loans	(\$100)	\$209	(\$330)	\$1,160
Multifamily held-for-sale loan purchase commitments	423	614	960	1,796
Debt of Freddie Mac - long term	6	(37)	36	441
Debt securities of consolidated trusts held by third parties	7	—	16	4

Changes in fair value attributable to instrument-specific credit risk were not material for 3Q 2021, YTD 2021, 3Q 2020, and YTD 2020 for assets or liabilities for which we elected the fair value option.

NOTE 18

Legal Contingencies

We are involved as a party in a variety of legal and regulatory proceedings arising from time to time in the ordinary course of business including, among other things, contractual disputes, personal injury claims, employment-related litigation, and other legal proceedings incidental to our business. We are frequently involved, directly or indirectly, in litigation involving mortgage foreclosures. From time to time, we are also involved in proceedings arising from our termination of a seller's or servicer's eligibility to sell loans to, and/or service loans for, us. In these cases, the former seller or servicer sometimes seeks damages against us for wrongful termination under a variety of legal theories. In addition, we are sometimes sued in connection with the origination or servicing of loans. These suits typically involve claims alleging wrongful actions of sellers and servicers. Our contracts with our sellers and servicers generally provide for indemnification of Freddie Mac against liability arising from sellers' and servicers' wrongful actions with respect to loans sold to or serviced for Freddie Mac.

Litigation and claims resolution are subject to many uncertainties and are not susceptible to accurate prediction. In accordance with the accounting guidance for contingencies, we reserve for litigation claims and assessments asserted or threatened against us when a loss is probable (as defined in such guidance) and the amount of the loss can be reasonably estimated.

Putative Securities Class Action Lawsuit: Ohio Public Employees Retirement System vs. Freddie Mac, Syron, Et Al.

This putative securities class action lawsuit was filed against Freddie Mac and certain former officers on January 18, 2008 in the U.S. District Court for the Northern District of Ohio purportedly on behalf of a class of purchasers of Freddie Mac stock from August 1, 2006 through November 20, 2007. FHFA later intervened as Conservator, and the plaintiff amended its complaint on several occasions. The plaintiff alleged, among other things, that the defendants violated federal securities laws by making false and misleading statements concerning our business, risk management, and the procedures we put into place to protect the company from problems in the mortgage industry. The plaintiff seeks unspecified damages and interest, and reasonable costs and expenses, including attorney and expert fees.

In October 2013, defendants filed motions to dismiss the complaint. In October 2014, the District Court granted defendants' motions and dismissed the case in its entirety against all defendants, with prejudice. In November 2014, plaintiff filed a notice of appeal in the U.S. Court of Appeals for the Sixth Circuit. On July 20, 2016, the Sixth Circuit reversed the District Court's dismissal and remanded the case to the District Court for further proceedings. On August 14, 2018, the District Court denied the plaintiff's motion for class certification. On January 23, 2019, the Sixth Circuit denied plaintiff's petition for leave to appeal that decision. On September 17, 2020, the District Court granted a request from the plaintiff for summary judgment and entered final judgment in favor of Freddie Mac and the other defendants. On October 9, 2020, the plaintiff filed a notice of appeal with the Sixth Circuit. On January 27, 2021, Freddie Mac filed a motion to dismiss the appeal.

At present, it is not possible for us to predict the probable outcome of this lawsuit or any potential effect on our business, financial condition, liquidity, or results of operations. In addition, we are unable to reasonably estimate the possible loss or range of possible loss in the event of an adverse judgment in the foregoing matter due to the following factors, among others: the inherent uncertainty of the appellate process, and the inherent uncertainty of pre-trial litigation in the event the case is ultimately remanded to the District Court in whole or in part. In particular, while the District Court denied plaintiff's motion for class certification, this decision and the entry of final judgment in defendants' favor have been appealed. Absent a final resolution of whether a class will be certified, the identification of a class if one is certified, and the identification of the alleged statement or statements that survive dispositive motions, we cannot reasonably estimate any possible loss or range of possible loss.

LIBOR Lawsuit

On March 14, 2013, Freddie Mac filed a lawsuit in the U.S. District Court for the Eastern District of Virginia against the British Bankers Association and the 16 U.S. Dollar LIBOR panel banks and a number of their affiliates. The case was subsequently transferred to the U.S. District Court for the Southern District of New York. The complaint alleges, among other things, that the defendants fraudulently and collusively depressed LIBOR, a benchmark interest rate indexed to trillions of dollars of financial products, and asserts claims for antitrust violations, breach of contract, tortious interference with contract, and fraud. Freddie Mac filed an amended complaint in July 2013, and a second amended complaint in October 2014. In August 2015, the District Court dismissed the portion of our claim related to antitrust violations and fraud and we filed a motion for reconsideration. On March 31, 2016, the District Court granted a portion of our motion, finding personal jurisdiction over certain defendants, and denied the portion of our motion with respect to statutes of limitation for our fraud claims. Subsequently, in a related case, the U.S. Court of Appeals for the Second Circuit reversed the District Court's dismissal of certain plaintiffs' antitrust claims and

remanded the case to the District Court for consideration of whether, among other things, the plaintiffs are "efficient enforcers" of the antitrust laws.

On December 20, 2016, after briefing and argument on the defendants' renewed motions to dismiss on personal jurisdiction and efficient enforcer grounds, the District Court denied defendants' motions in part and granted them in part. The District Court held that Freddie Mac is an efficient enforcer of the antitrust laws, but dismissed on personal jurisdiction grounds Freddie Mac's antitrust claims against all defendants except HSBC USA, N.A. Then, in an order issued February 2, 2017, the District Court effectively dismissed Freddie Mac's remaining antitrust claim against HSBC USA, N.A. At present, Freddie Mac's breach of contract actions against Bank of America, N.A., Barclays Bank, Citibank, N.A., Credit Suisse, Deutsche Bank, Royal Bank of Scotland, and UBS AG are its only claims remaining in the District Court.

On February 23, 2018, the Second Circuit reversed the District Court's dismissal of certain plaintiffs' state law fraud and unjust enrichment claims on statutes of limitations grounds. While Freddie Mac was not a party to the appeal, this decision could have the effect of reinstating Freddie Mac's fraud claims against the above-named defendants. The Second Circuit also reversed certain aspects of the District Court's personal jurisdiction rulings and remanded with instructions to allow the named appellant to amend its complaint. The District Court subsequently granted in part Freddie Mac's motion for leave to amend its complaint, and Freddie Mac amended its complaint on April 16, 2019.

Litigation Concerning the Purchase Agreement

Since July 2013, a number of lawsuits have been filed against us concerning the August 2012 amendment to the Purchase Agreement, which created the net worth sweep dividend provisions of the senior preferred stock. The plaintiffs in the lawsuits allege that they are holders of common stock and/or junior preferred stock issued by Freddie Mac and Fannie Mae. (For purposes of this discussion, junior preferred stock refers to the various series of preferred stock of Freddie Mac and Fannie Mae other than the senior preferred stock issued to Treasury.) It is possible that similar lawsuits will be filed in the future. The lawsuits against us are described below.

Litigation in the U.S. District Court for the District of Columbia

In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations. This case is the result of the consolidation of three putative class action lawsuits: *Cacciapelle and Bareiss vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and FHFA*, filed on July 29, 2013; *American European Insurance Company vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and FHFA*, filed on July 30, 2013; and *Marneu Holdings, Co. vs. FHFA, Treasury, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation*, filed on September 18, 2013. (The *Marneu* case was also filed as a shareholder derivative lawsuit.) A consolidated amended complaint was filed in December 2013. In the consolidated amended complaint, plaintiffs alleged, among other items, that the August 2012 amendment to the Purchase Agreement breached Freddie Mac's and Fannie Mae's respective contracts with the holders of junior preferred stock and common stock and the covenant of good faith and fair dealing inherent in such contracts. Plaintiffs sought unspecified damages, equitable and injunctive relief, and costs and expenses, including attorney and expert fees.

The *Cacciapelle* and *American European Insurance Company* lawsuits were filed purportedly on behalf of a class of purchasers of junior preferred stock issued by Freddie Mac or Fannie Mae who held stock prior to, and as of, August 17, 2012. The *Marneu* lawsuit was filed purportedly on behalf of a class of purchasers of junior preferred stock and purchasers of common stock issued by Freddie Mac or Fannie Mae over a not-yet-defined period of time.

Arrowood Indemnity Company vs. Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, FHFA, and Treasury. This case was filed on September 20, 2013. The allegations and demands made by plaintiffs in this case were generally similar to those made by the plaintiffs in the *In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* case described above. Plaintiffs in the Arrowood lawsuit also requested that, if injunctive relief were not granted, the Arrowood plaintiffs be awarded damages against the defendants in an amount to be determined including, but not limited to, the aggregate par value of their junior preferred stock, the total of which they stated to be approximately \$42 million.

American European Insurance Company, Cacciapelle, and Miller vs. Treasury and FHFA. This case was filed as a shareholder derivative lawsuit, purportedly on behalf of Freddie Mac as a nominal defendant, on July 30, 2014. The complaint alleged that, through the August 2012 amendment to the Purchase Agreement, Treasury and FHFA breached their respective fiduciary duties to Freddie Mac, causing Freddie Mac to suffer damages. The plaintiffs asked that Freddie Mac be awarded compensatory damages and disgorgement, as well as attorneys' fees, costs, and other expenses.

FHFA, joined by Freddie Mac and Fannie Mae, moved to dismiss the *In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* case and the other related cases in January 2014. Treasury filed a motion to dismiss the same day. In September 2014, the District Court granted the motions and dismissed the plaintiffs' claims. All plaintiffs appealed that decision, and on February 21, 2017, the U.S. Court of Appeals for the District of Columbia Circuit affirmed in part and remanded in part the decision granting the motions to dismiss. The DC Circuit affirmed dismissal of all

claims except certain claims seeking monetary damages for breach of contract and breach of implied duty of good faith and fair dealing. In March 2017, certain institutional and class plaintiffs filed petitions for panel rehearing with respect to certain claims. On July 17, 2017, the DC Circuit granted the petitions for rehearing and issued a modified decision, which permitted the institutional plaintiffs to pursue the breach of contract and breach of implied duty of good faith and fair dealing claims that had been remanded. The DC Circuit also removed language related to the standard to be applied to the implied duty claims, leaving that issue for the District Court to determine on remand. On October 16, 2017, certain institutional and class plaintiffs filed petitions for a writ of certiorari in the U.S. Supreme Court challenging whether the prohibition in the Housing and Economic Recovery Act (HERA) on injunctive relief against FHFA bars judicial review of the net worth sweep dividend provisions of the August 2012 amendment to the Purchase Agreement, as well as whether HERA bars shareholders from pursuing derivative litigation where they allege the conservator faces a conflict of interest. The Supreme Court denied the petitions on February 20, 2018. On November 1, 2017, certain institutional and class plaintiffs and plaintiffs in another case in which Freddie Mac was not originally a defendant, *Fairholme Funds, Inc. v. FHFA, Treasury, and Federal National Mortgage Association*, filed proposed amended complaints in the District Court. Each of the proposed amended complaints names Freddie Mac as a defendant for breach of contract and breach of the covenant of good faith and fair dealing claims as well as for new claims alleging breach of fiduciary duty and breach of Virginia corporate law. On January 10, 2018, FHFA, Freddie Mac, and Fannie Mae moved to dismiss the amended complaints. On September 28, 2018, the District Court dismissed all of the claims except those alleging breach of the implied covenant of good faith and fair dealing. Discovery is ongoing.

Litigation in the U.S. Court of Federal Claims

Reid and Fisher vs. the United States of America and Federal Home Loan Mortgage Corporation. This case was filed as a derivative lawsuit, purportedly on behalf of Freddie Mac as a nominal defendant, on February 26, 2014. The complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking of private property for public use without just compensation. The plaintiffs ask that Freddie Mac be awarded just compensation for the U.S. government's alleged taking of its property, attorneys' fees, costs, and other expenses. On March 8, 2018, the plaintiffs filed an amended complaint under seal, with a redacted copy filed on November 14, 2018. The United States filed a motion to dismiss on August 1, 2018 and an amended motion to dismiss on October 1, 2018. The Court denied the United States' motion to dismiss on May 8, 2020 and granted plaintiffs' motion to certify the decisions for interlocutory appeal on June 11, 2020. The Federal Circuit denied the petition for interlocutory appeal on August 21, 2020. These proceedings are stayed pending a ruling on the *Fairholme Funds* appeals.

Fairholme Funds, Inc., et al. vs. the United States of America, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation. This case was originally filed on July 9, 2013 against the United States of America. On March 8, 2018, plaintiffs filed an amended complaint under seal. A redacted public version was filed on May 11, 2018 and adds Freddie Mac and Fannie Mae as nominal defendants. The amended complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking or exaction of private property for public use without just compensation, and that by enacting the net worth sweep, the government breached the fiduciary duty it owed to Freddie Mac and Fannie Mae, and implied-in-fact contracts between the United States on the one hand and Freddie Mac and Fannie Mae on the other. The plaintiffs ask that plaintiffs, Freddie Mac, and Fannie Mae be awarded (1) just compensation for the government's alleged taking or exaction of their property, (2) damages for the government's breach of fiduciary duties, and (3) damages for the government's breach of the alleged implied-in-fact contracts. In addition, plaintiffs seek pre- and post-judgment interest, attorneys' fees, costs, and other expenses. The United States filed a motion to dismiss on August 1, 2018 and an amended motion to dismiss on October 1, 2018. On December 6, 2019, the Court dismissed the claims plaintiffs labeled as direct claims and denied defendant's motion to dismiss with respect to the claims plaintiffs labeled as derivative. Accordingly, derivative takings, exaction, breach of fiduciary duty, and breach of implied-in-fact contract claims remain. By order dated March 9, 2020, the Court granted unopposed motions by plaintiffs and defendant to certify the December 6 opinion for interlocutory review, modified its December 6 opinion to include the language necessary for an interlocutory appeal to the U.S. Court of Appeals for the Federal Circuit, and stayed further proceedings in the case pending the completion of the interlocutory appeal process. The Federal Circuit granted the petition for interlocutory appeal on June 18, 2020.

Perry Capital LLC vs. the United States of America, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation. This case was filed as a derivative lawsuit, purportedly on behalf of Freddie Mac and Fannie Mae as nominal defendants, on August 15, 2018. The complaint alleges, among other items, that the net worth sweep dividend provisions of the senior preferred stock constitute an unlawful taking of private property for public use without just compensation or an illegal exaction in violation of the Fifth Amendment, and that by enacting the net worth sweep, the government breached the fiduciary duty it owed to Freddie Mac and Fannie Mae, and implied-in-fact contracts between the United States on the one hand and Freddie Mac and Fannie Mae on the other. The plaintiff asks that it, Freddie Mac, and Fannie Mae be awarded just compensation for the government's alleged taking of their property or damages for the illegal exaction; damages for the government's breach of fiduciary duties; and damages for the government's breach of the alleged implied-in-fact contracts. These proceedings are stayed pending a ruling on the *Fairholme Funds* appeals.

At present, it is not possible for us to predict the probable outcome of the lawsuits discussed above in the U.S. District Courts and the U.S. Court of Federal Claims (including the outcome of any appeal) or any potential effect on our business, financial condition, liquidity, or results of operations. In addition, we are unable to reasonably estimate the possible loss or range of

possible loss in the event of an adverse judgment in the foregoing matters due to a number of factors, including the inherent uncertainty of pre-trial litigation. In addition, with respect to the *In re Fannie Mae/Freddie Mac Senior Preferred Stock Purchase Agreement Class Action Litigations* case, the plaintiffs have not demanded a stated amount of damages they believe are due, and the Court has not certified a class.

NOTE 19

Regulatory Capital

In October 2008, FHFA announced that it was suspending capital classification of us during conservatorship in light of the Purchase Agreement. FHFA continues to monitor our capital levels, but the existing statutory and FHFA regulatory capital requirements are not binding during conservatorship.

We continue to provide quarterly submissions to FHFA on minimum capital as required by FHFA. The table below summarizes our net worth and estimated core capital and minimum capital levels reported to FHFA.

Table 19.1 - Net Worth and Minimum Capital

(In millions)	September 30, 2021	December 31, 2020
GAAP net worth (deficit)	\$25,311	\$16,413
Core capital (deficit) ⁽¹⁾⁽²⁾	(47,513)	(56,878)
Less: Minimum capital ⁽¹⁾	23,841	22,694
Minimum capital surplus (deficit)⁽¹⁾	(\$71,354)	(\$79,572)

(1) Core capital and minimum capital figures are estimates and represent amounts submitted to FHFA. FHFA is the authoritative source for our regulatory capital.

(2) 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.

In May 2017, FHFA, as Conservator, issued guidance to us to evaluate and manage our financial risk and to make economic business decisions, while in conservatorship, utilizing a risk-based CCF, a capital system with detailed formulae provided by FHFA. In November 2020, FHFA released a final rule that establishes the ERCF as a new enterprise regulatory capital framework for Freddie Mac and Fannie Mae. The ERCF, which went into effect in February 2021, has a transition period for compliance. In general, the compliance date for the regulatory capital requirements will be the later of the date of termination of our conservatorship and any later compliance date provided in a consent order or other transition order. In accordance with FHFA guidance, we are transitioning to the ERCF to measure and manage risk. Pursuant to the final rule, we will be required to report our regulatory capital under the ERCF beginning on January 1, 2022.

On September 15, 2021, FHFA issued a notice of proposed rulemaking to amend the ERCF. The proposed amendments would refine the PLBA and the capital treatment of CRT transactions. FHFA is seeking comments on the proposed rule through November 26, 2021. On October 27, 2021, FHFA issued an additional notice of proposed rulemaking to amend the ERCF by introducing additional public disclosure requirements for the Enterprises. FHFA is seeking comments on this proposed rule within 60 days of its publication in the Federal Register.

END OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

Other Information

LEGAL PROCEEDINGS

We are involved as a party to a variety of legal proceedings. For more information, see **Note 18**.

In addition, a number of lawsuits have been filed against the U.S. government related to the conservatorship and the Purchase Agreement. Some of these cases also have challenged the constitutionality of the structure of FHFA. For information on these lawsuits, see the **Legal Proceedings** section in our 2020 Annual Report. One such case, filed in the U.S. District Court for the Southern District of Texas, was appealed to the U.S. Court of Appeals for the Fifth Circuit and subsequently to the U.S. Supreme Court. On June 23, 2021, the Supreme Court held that the shareholders' statutory claim is barred and found the "for cause" removal provision for the director of FHFA in HERA unconstitutional. The Supreme Court held that the August 2012 amendment to the Purchase Agreement should not be voided as a result of the constitutional violation and remanded the case to the lower courts to determine what other remedy, if any, the shareholders are entitled to receive on their constitutional claim. Another such case, filed in the U.S. District Court for the District of Minnesota, was appealed to the U.S. Court of Appeals for the Eighth Circuit. On October 6, 2021, the Eighth Circuit affirmed the dismissal of all of the plaintiffs' claims except their claim that the "for cause" removal provision in HERA was unconstitutional. The Eighth Circuit reversed dismissal of that claim and remanded the case to the district court for consideration of the same issue that the Supreme Court remanded, i.e., what remedy if any, the shareholders are entitled to receive on their claim. In addition, on October 1, 2021, a case was filed in the U.S. Court of Federal Claims claiming that FHFA's placement of Freddie Mac into conservatorship violated HERA and represented an unlawful taking or illegal exaction and breached an implied regulatory contract with certain banks. Freddie Mac is not a party to any of these lawsuits.

RISK FACTORS

This Form 10-Q should be read together with the **Risk Factors** section in our 2020 Annual Report, which describe various risks and uncertainties to which we are or may become subject. These risks and uncertainties could, directly or indirectly, adversely affect our business, financial condition, results of operations, cash flows, strategies, and/or prospects.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

The securities we issue are "exempted securities" under the Securities Act of 1933, as amended. As a result, we do not file registration statements with the SEC with respect to offerings of our securities.

Following our entry into conservatorship, we suspended the operation of, and ceased making grants under, equity compensation plans. Previously, we had provided equity compensation under those plans to employees and members of the Board of Directors. Under the Purchase Agreement, we cannot issue any new options, rights to purchase, participations, or other equity interests without Treasury's prior approval. However, grants outstanding as of the date of the Purchase Agreement remain in effect in accordance with their terms.

Information About Certain Securities Issuances by Freddie Mac

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

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

We provide disclosure about our mortgage-related securities, some of which are off-balance sheet obligations (e.g., K Certificates and SB Certificates), on our website at www.freddiemac.com/mbs and mf.freddiemac.com/investors. From

these addresses, investors can access information and documents, including offering circulars and offering circular supplements, for mortgage-related securities offerings.

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

EXHIBITS

The exhibits are listed in the **Exhibit Index** of this Form 10-Q.

Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms and that such information is accumulated and communicated to management of the company, including the company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we must apply judgment in implementing possible controls and procedures.

Management, including the company's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2021. As a result of management's evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2021, at a reasonable level of assurance, because we have not been able to update our disclosure controls and procedures to provide reasonable assurance that information known by FHFA on an ongoing basis is communicated from FHFA to Freddie Mac's management in a manner that allows for timely decisions regarding our required disclosure under the federal securities laws. We consider this situation to be a material weakness in our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING DURING 3Q 2021

We evaluated the changes in our internal control over financial reporting that occurred during 3Q 2021 and concluded that there were no changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MITIGATING ACTIONS RELATED TO THE MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING

As described above under ***Evaluation of Disclosure Controls and Procedures***, we have one material weakness in internal control over financial reporting as of September 30, 2021 that we have not remediated.

Given the structural nature of this material weakness, we believe it is likely that we will not remediate it while we are under conservatorship. However, both we and FHFA have continued to engage in activities and employ procedures and practices intended to permit accumulation and communication to management of information needed to meet our disclosure obligations under the federal securities laws. These include the following:

- FHFA has established the Division of Resolutions, which is intended to facilitate operation of the company with the oversight of the Conservator.
- We provide drafts of our SEC filings to FHFA personnel for their review and comment prior to filing. We also provide drafts of certain external press releases and statements to FHFA personnel for their review and comment prior to release.
- FHFA personnel, including senior officials, review our SEC filings prior to filing, including this Form 10-Q, and engage in discussions with us regarding issues associated with the information contained in those filings. Prior to filing this Form 10-Q, FHFA provided us with a written acknowledgment that it had reviewed the Form 10-Q, was not aware of any material misstatements or omissions in the Form 10-Q, and had no objection to our filing the Form 10-Q.
- The Director or Acting Director of FHFA is in frequent communication with our Chief Executive Officer, typically meeting (in person or by phone) on at least a bi-weekly basis.
- FHFA representatives attend meetings frequently with various groups within the company to enhance the flow of information and to provide oversight on a variety of matters, including accounting, credit and capital markets management, external communications, and legal matters.
- Senior officials within FHFA's accounting group meet frequently with our senior financial executives regarding our accounting policies, practices, and procedures.

In view of our mitigating actions related to this material weakness, we believe that our condensed consolidated financial statements for 3Q 2021 have been prepared in conformity with GAAP.

Exhibit Index

Exhibit	Description*
10.1	Letter Agreement dated September 14, 2021 between the United States Department of the Treasury and the Federal Home Loan Mortgage Corporation, acting through the Federal Housing Finance Agency as its Conservator (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 20, 2021)
31.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(a)
31.2	Certification of Executive Vice President and Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(a)
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Label
101.PRE	XBRL Taxonomy Extension Presentation
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

* The SEC file numbers for the Registrant's Registration Statement on Form 10, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K are 000-53330 and 001-34139.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Federal Home Loan Mortgage Corporation

By: /s/ Michael J. DeVito
Michael J. DeVito
Chief Executive Officer
(Principal Executive Officer)

Date: October 29, 2021

By: /s/ Christian M. Lown
Christian M. Lown
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: October 29, 2021

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CERTIFICATION
PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)

I, Michael J. DeVito, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 of the Federal Home Loan Mortgage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2021

/s/ Michael J. DeVito

Michael J. DeVito
Chief Executive Officer

CERTIFICATION
PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)

I, Christian M. Lown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 of the Federal Home Loan Mortgage Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2021

/s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 of the Federal Home Loan Mortgage Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. DeVito, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2021

/s/ Michael J. DeVito

Michael J. DeVito

Chief Executive Officer

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 of the Federal Home Loan Mortgage Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christian M. Lown, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 29, 2021

/s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer