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 June 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 July 13, 2021, there were 650,059,553 shares of the registrant's common stock outstanding.

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MD&A TABLE INDEX

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 six months ended June 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 June 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.

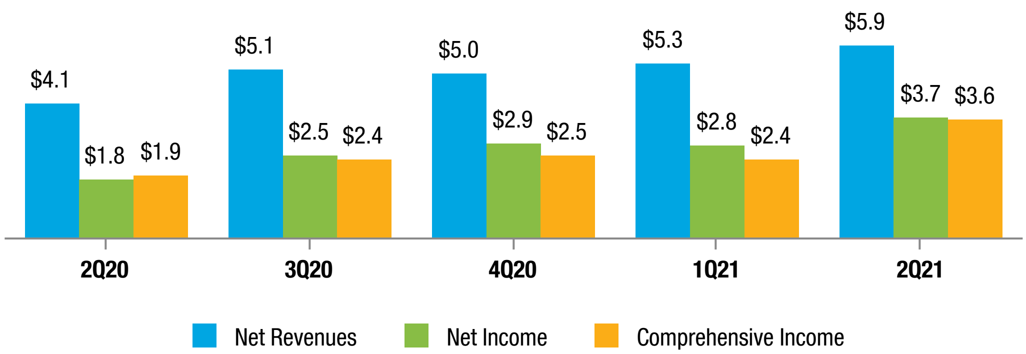
We have taken actions to help homeowners with Freddie Mac-owned mortgages who are directly or indirectly affected by the COVID-19 pandemic stay in their homes during this challenging time. We have also provided support to the multifamily mortgage market. For additional information on our support of the 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

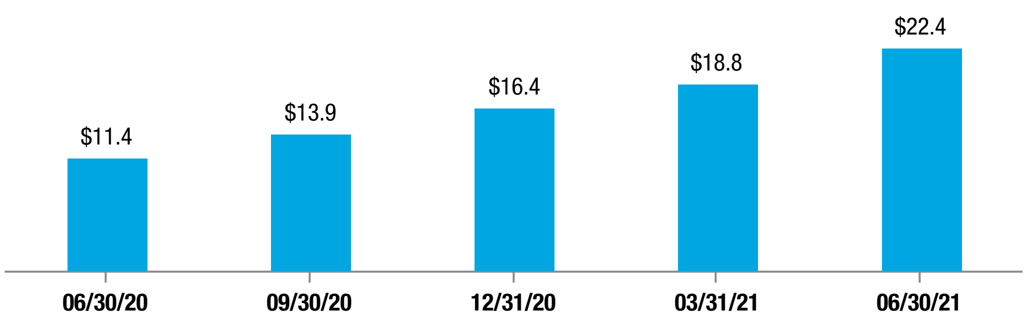
(In billions)



- Net income was $3.7 billion for 2Q 2021, an increase of 107% year-over-year. Comprehensive income was $3.6 billion for 2Q 2021, an increase of 86% year-over-year. The increases in both net income and comprehensive income were driven by higher net revenues and a credit reserve release, primarily in our Single-family segment.
- Net revenues increased 41% year-over-year to $5.9 billion, primarily driven by higher net interest income due to continued growth in our single-family mortgage portfolio, higher average guarantee fee rates on our single-family mortgage portfolio, and higher deferred fee income recognition.

Net Worth

(In billions)

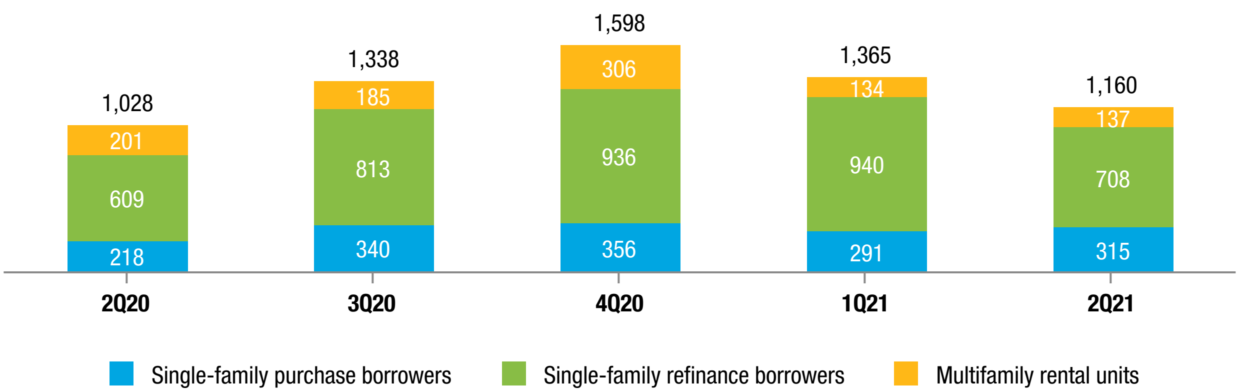


- Net worth was $22.4 billion as of June 30, 2021, up from $16.4 billion as of December 31, 2020. The increases in net worth reflected above through March 31, 2021 have been added to the aggregate liquidation preference of the senior preferred stock, and the increase in net worth during 2Q 2021 will be added to the aggregate liquidation preference of the senior preferred stock on September 30, 2021. For more information, see **MD&A - Introduction - *Business Results - Conservatorship and Government Support for Our Business***.

Market Liquidity

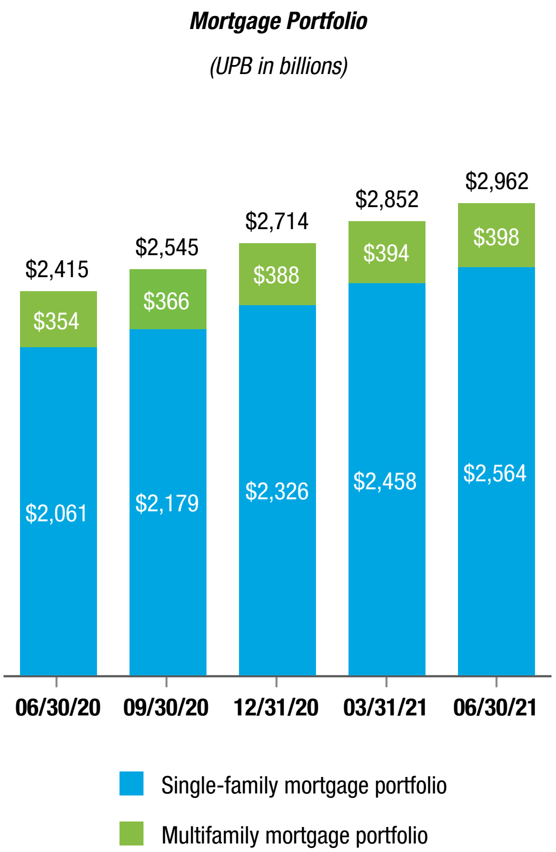
Market Liquidity

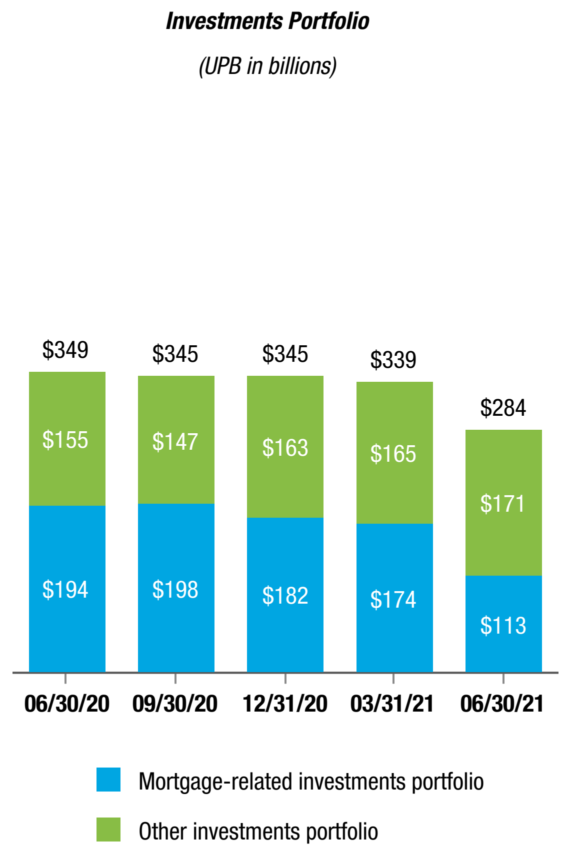
(In thousands)



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 $306 billion in liquidity to the mortgage market in 2Q 2021, which enabled the financing of nearly 1.2 million home purchases, refinancings, and rental units.

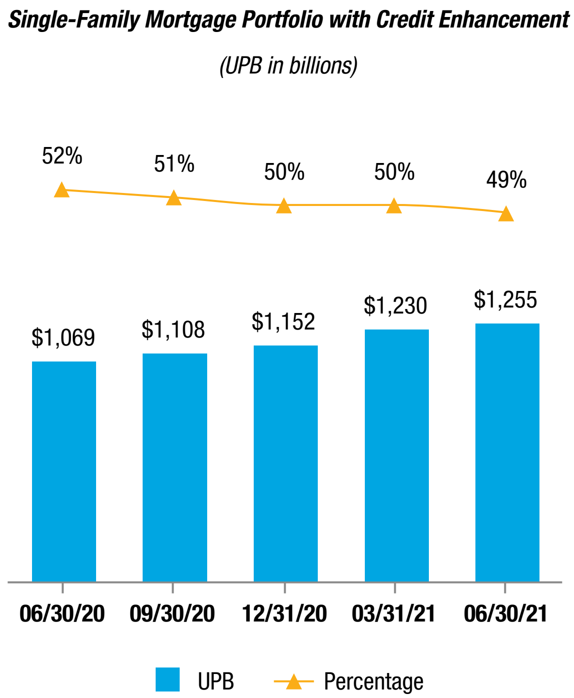
Portfolio Balances

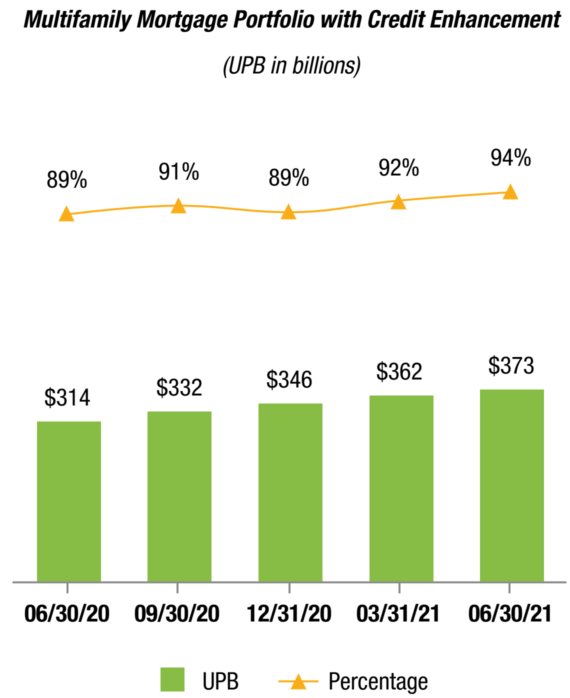




- Our mortgage portfolio increased 23% year-over-year to $2,962 billion, driven by a 24% increase in our single-family mortgage portfolio and a 12% increase in our multifamily mortgage portfolio.
  - The growth in our single-family mortgage portfolio was primarily driven by higher new business activity. 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 19% year-over-year to $284 billion, primarily due to a decrease in our mortgage-related investments portfolio. This was partially offset by an increase in our other investments portfolio.
  - The decrease in our mortgage-related investments portfolio was driven by asset sales to comply with the August 2020 FHFA instructions with respect to 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 increase in our other investments portfolio was driven by our compliance with the minimum liquidity requirements established by FHFA that have been in effect since December 2020.

Credit Risk Transfer





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 through 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.

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

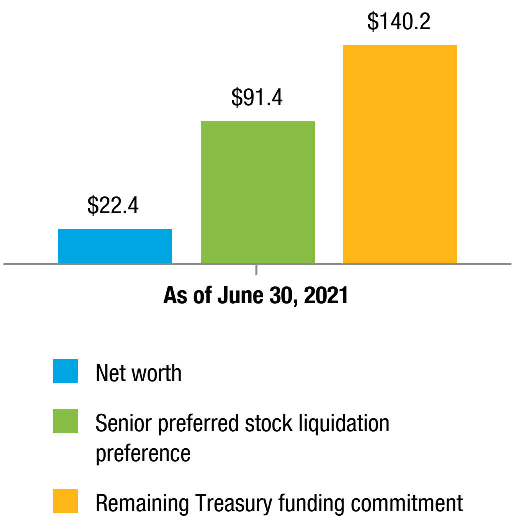
Treasury, as the holder of the senior preferred stock, is entitled to receive cumulative quarterly cash dividends, when, as, and if declared by the Board of Directors. The dividends we have paid to Treasury on the senior preferred stock have been declared by, and paid at the direction of, the Conservator,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

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.

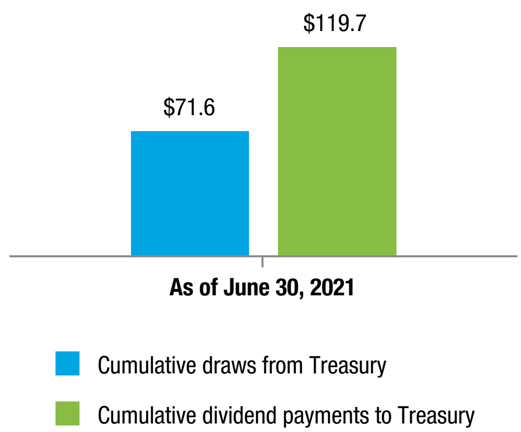
Net Worth, Liquidation Preference, and Treasury Funding Commitment

(In billions)



Draws and Dividend Payments

(In billions)



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

- Our Net Worth Amount was $22.4 billion as of June 30, 2021, up from $18.8 billion as of March 31, 2021. As our Net Worth Amount as of March 31, 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 2Q 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 $89.1 billion on March 31, 2021 to $91.4 billion on June 30, 2021 based on the $2.4 billion increase in our Net Worth Amount during 1Q 2021, and will increase to $95.0 billion on September 30, 2021 based on the $3.6 billion increase in our Net Worth Amount during 2Q 2021.

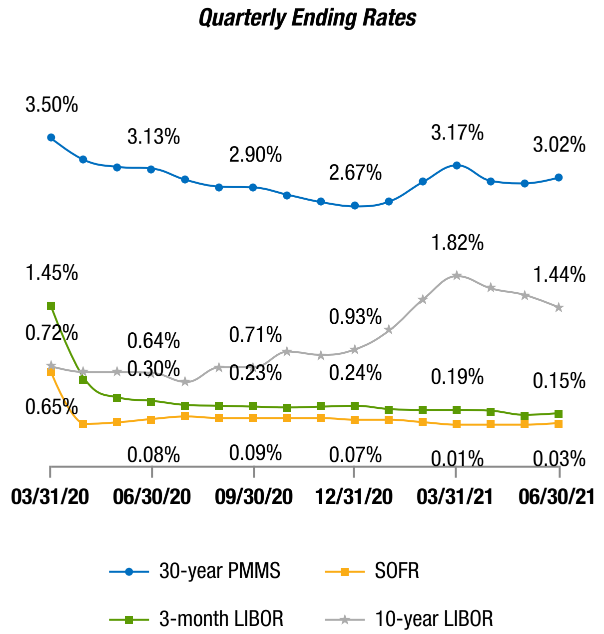
At June 30, 2021, our assets exceeded our liabilities under GAAP; therefore, no draw is being requested from Treasury under the Purchase Agreement. As of June 30, 2021, our aggregate funding received from Treasury under the Purchase Agreement was $71.6 billion. The remaining Treasury commitment under the Purchase Agreement was $140.2 billion at June 30, 2021, and will be reduced by any future draws.

For more information on the conservatorship and government support for our business, including our dividend requirements on and increases in the liquidation preference of the senior preferred stock, see **Note 2**.

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.

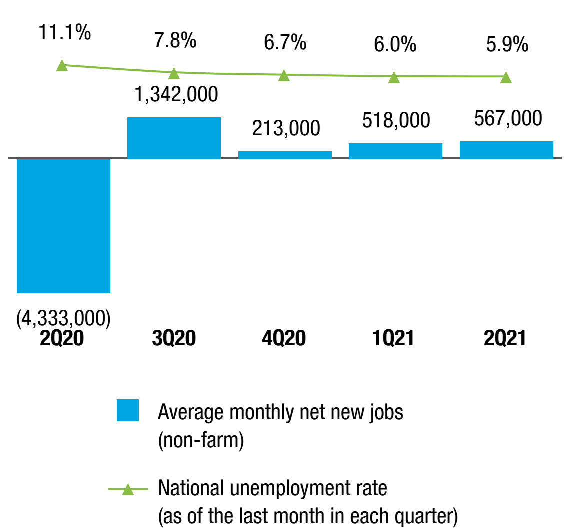
Interest Rates[1]



(1) 30-year PMMS interest rates are as of the last week in each quarter. SOFR interest rates are 30-day average 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.
- Changes in the 3-month LIBOR rate affect the interest expense on our short-term funding.
- 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.
- The yield curve flattened as long-term rates declined during 2Q 2021, reversing some of the increases that occurred in 1Q 2021, while short-term rates remained near zero.

Unemployment Rate and Monthly Net New Jobs

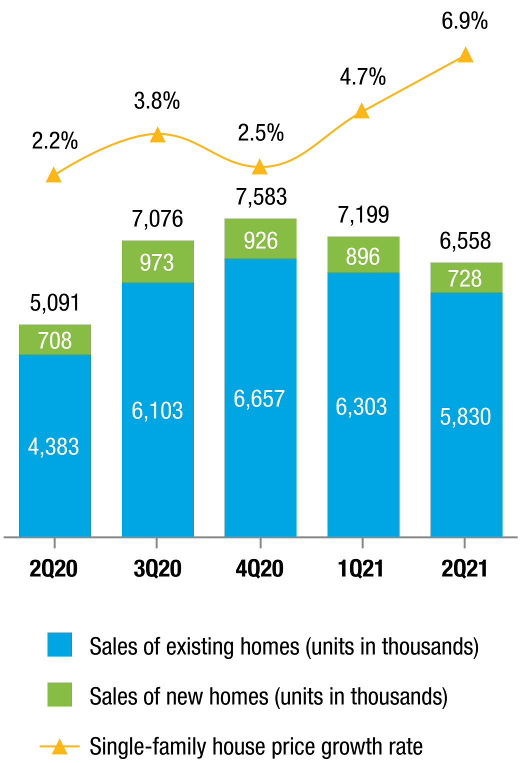


Source: U.S. Bureau of Labor Statistics.

- Changes in the national unemployment rate can affect several market factors, including the demand for both single-family and multifamily housing and loan delinquency rates.
- In response to the COVID-19 pandemic, many state and local governments enacted measures designed to curb the spread of COVID-19 that severely curtailed economic activity and significantly increased unemployment levels. While the labor market has improved, it has yet to return to pre-pandemic levels, with non-farm payroll jobs still down nearly 7 million from February 2020. The improved availability of a COVID-19 vaccine and its widespread distribution are contributing to the easing of government restrictions and driving economic growth, which continues to help reduce unemployment levels.

Single-Family Housing and Mortgage Market Conditions

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

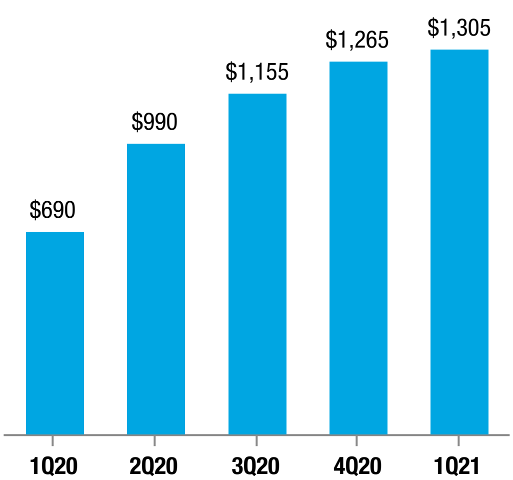


Sources: National Association of Realtors, U.S. Census Bureau, and Freddie Mac House Price Index.

- Low interest rates and increased time at home as a result of the COVID-19 pandemic (such as for health and safety reasons, remote work, or virtual learning) drove significant increases in home sales in 2020. Mortgage rates remained low in the first half of 2021, but we expect them to increase in the second half of 2021. A shortage of homes for sale has contributed to high house price growth, which in turn has slowed the pace of home sales. These factors could lead to lower home purchase volumes.
- Single-family house prices increased 6.9% during 2Q 2021, compared to an increase of 2.2% during 2Q 2020. We expect house price growth to remain robust in 2021.

U.S. Single-Family Mortgage Originations

(UPB in billions)

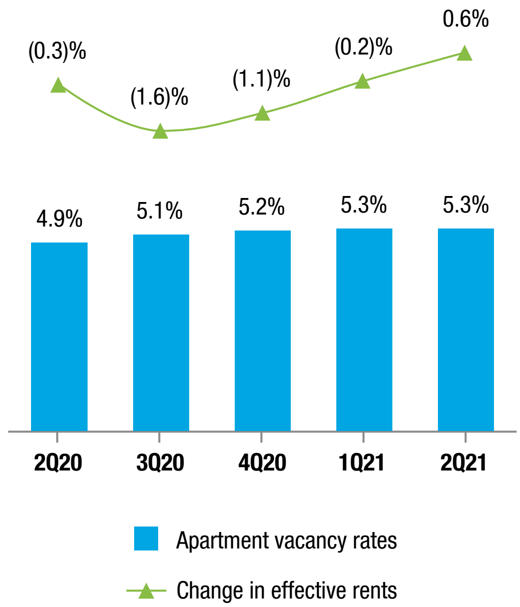


Source: Inside Mortgage Finance. 2Q 2021 U.S. single-family mortgage originations data is not yet available.

- U.S. single-family loan origination volumes increased to $1,305 billion in 1Q 2021 from $690 billion in 1Q 2020 as a result of low average mortgage interest rates, higher home sales, and increasing house prices.

Multifamily Housing and Mortgage Market Conditions

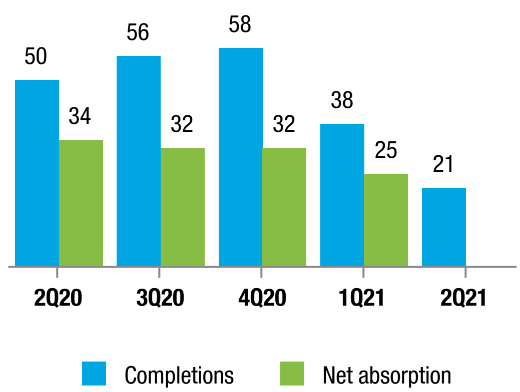
Apartment Vacancy Rates and Change in Effective Rents



Source: Reis.

Apartment Completions and Net Absorption

(Units in thousands)



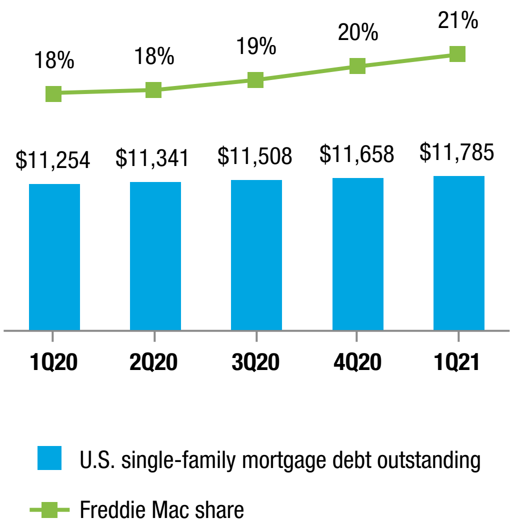
Source: Reis. 2Q 2021 net absorption data is not yet available.

- Vacancy rates remained flat during 2Q 2021 and slightly below the long-term average (between 2000 and 2Q 2021) of 5.4% due to COVID-19 relief programs and eviction moratoriums, along with improving economic conditions leading to increased demand. Vacancy rates for the remainder of the year are expected to be flat or slightly down as demand is expected to keep pace with supply. However, vacancy rates may be impacted in the future as the COVID-19 relief programs and eviction moratoriums are set to expire in the second half of 2021.
- 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 substantially all of the geographic markets in 2Q 2021. However, the actual effective rents paid in 2Q 2021 were modestly lower on a year-over-year basis. The positive rent growth observed at the national level during 2Q 2021 is expected to continue through the remainder of 2021.
- Multifamily property prices grew 4.2% in 2Q 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 given low interest rates and a less optimistic outlook for most other commercial property types (e.g., office, retail, hotel).
- Improving markets typically result in strong demand, with net absorptions expected to match or exceed completions for full-year 2021. Increases in absorption rates are expected if employment rates continue to increase, which typically drives household income and formation.

Mortgage Debt Outstanding

Single-Family Mortgage Debt Outstanding

(UPB in billions)

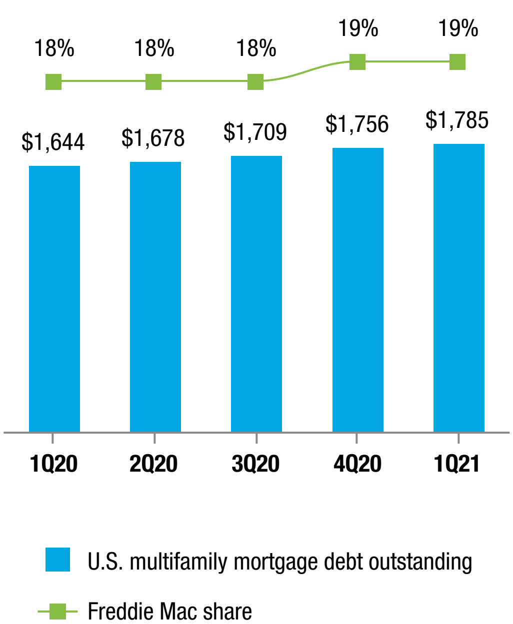


Source: Federal Reserve Financial Accounts of the United States of America. 2Q 2021 U.S. single-family mortgage debt outstanding data is not yet available.

- 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.

Multifamily Mortgage Debt Outstanding

(UPB in billions)

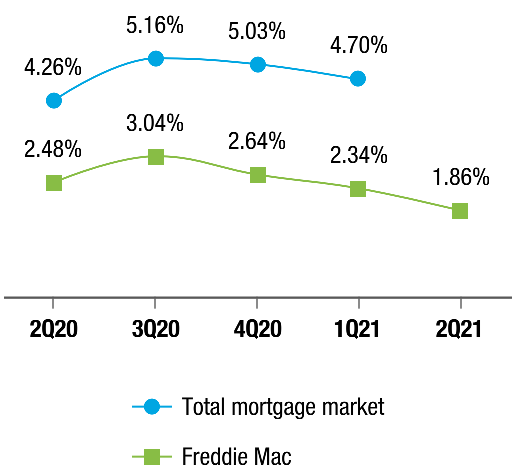


Source: Federal Reserve Financial Accounts of the United States of America. 2Q 2021 U.S. multifamily mortgage debt outstanding data is not yet available.

- While the multifamily mortgage market grew, our share of multifamily mortgage debt outstanding remained flat in 1Q 2021 due to increased competition and a reduced loan purchase cap.

Delinquency Rates

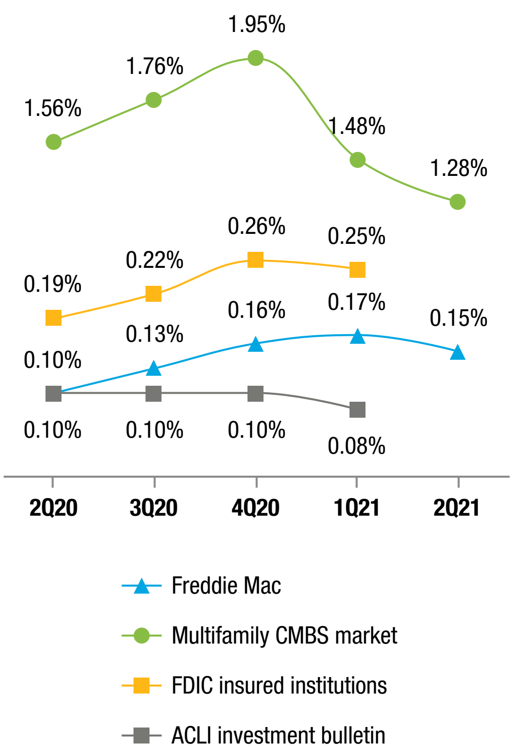
Single-Family Serious Delinquency Rates



Source: National Delinquency Survey from the Mortgage Bankers Association. 2Q 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 monthly 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 June 30, 2021 were covered by credit enhancements that may 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 as a result of the COVID-19 pandemic and the forbearance programs we are offering in response.

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 2Q 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 monthly 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.
- Our multifamily delinquency rate increased year-over-year, due to the effects of the COVID-19 pandemic, but decreased quarter-over-quarter and remains low compared to many other market participants. See **MD&A - Risk Management - *Credit Risk - Multifamily Mortgage Credit Risk*** for additional information on our delinquency and forbearance rates.
- Multifamily delinquency rates could increase further 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. See **MD&A - Risk Management - *Credit Risk - Multifamily Mortgage Credit Risk*** for additional information.

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)

			Change				Change	
(Dollars in millions)	2Q 2021	2Q 2020	$	%	YTD 2021	YTD 2020	$	%
Net interest income	$4,767	$2,876	$1,891	66 %	$8,406	$5,661	$2,745	48 %
Guarantee income	356	469	(113)	(24)	604	846	(242)	(29)
Investment gains (losses), net	636	670	(34)	(5)	1,844	(165)	2,009	1,218
Other income (loss)	107	134	(27)	(20)	285	229	56	24
Net revenues	**5,866**	**4,149**	**1,717**	**41**	**11,139**	**6,571**	**4,568**	**70**
Benefit (provision) for credit losses	740	(705)	1,445	205	936	(1,938)	2,874	148
Credit enhancement expense	(369)	(233)	(136)	(58)	(704)	(464)	(240)	(52)
Benefit for (decrease in) credit enhancement recoveries	(193)	221	(414)	(187)	(450)	688	(1,138)	(165)
REO operations expense	(7)	(14)	7	50	(15)	(99)	84	85
Credit-related income (expense)	**171**	**(731)**	**902**	**123**	**(233)**	**(1,813)**	**1,580**	**87**
Administrative expense	(651)	(601)	(50)	(8)	(1,290)	(1,188)	(102)	(9)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(570)	(442)	(128)	(29)	(1,104)	(874)	(230)	(26)
Other expense	(179)	(140)	(39)	(28)	(394)	(243)	(151)	(62)
Operating expense	**(1,400)**	**(1,183)**	**(217)**	**(18)**	**(2,788)**	**(2,305)**	**(483)**	**(21)**
Income (loss) before income tax (expense) benefit	**4,637**	**2,235**	**2,402**	**107**	**8,118**	**2,453**	**5,665**	**231**
Income tax (expense) benefit	(958)	(458)	(500)	(109)	(1,672)	(503)	(1,169)	(232)
Net income (loss)	**3,679**	**1,777**	**1,902**	**107**	**6,446**	**1,950**	**4,496**	**231**
Total other comprehensive income (loss), net of taxes and reclassification adjustments	(68)	161	(229)	(142)	(457)	610	(1,067)	(175)
Comprehensive income (loss)	**$3,611**	**$1,938**	**$1,673**	**86 %**	**$5,989**	**$2,560**	**$3,429**	**134 %**

Net Revenues

Net Interest Income

The table below presents the components of net interest income.

Table 2 - Components of Net Interest Income

			Change				Change	
(Dollars in millions)	2Q 2021	2Q 2020	$	%	YTD 2021	YTD 2020	$	%
Guarantee net interest income:								
Contractual net interest income	$2,108	$1,111	$997	90 %	$3,933	$2,295	$1,638	71 %
Net interest income related to the Temporary Payroll Tax Cut Continuation Act of 2011	585	454	131	29	1,140	883	257	29
Deferred fee income	1,699	748	951	127	2,718	1,300	1,418	109
Total guarantee net interest income	**4,392**	**2,313**	**2,079**	**90**	**7,791**	**4,478**	**3,313**	**74**
Investments net interest income:								
Contractual net interest income and amortization	969	1,225	(256)	(21)	2,065	2,435	(370)	(15)
Interest expense related to CRT debt	(142)	(187)	45	24	(289)	(427)	138	32
Total investments net interest income	**827**	**1,038**	**(211)**	**(20)**	**1,776**	**2,008**	**(232)**	**(12)**
Income (expense) from hedge accounting	(452)	(475)	23	5	(1,161)	(825)	(336)	(41)
Net interest income	**$4,767**	**$2,876**	**$1,891**	**66 %**	**$8,406**	**$5,661**	**$2,745**	**48 %**

Key Drivers:

- **Guarantee net interest income**
  - **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020** - Increased primarily due to the continued growth in the single-family mortgage portfolio, higher average guarantee fee rates on the single-family mortgage portfolio, and higher deferred fee income recognition.
- **Investments net interest income**
  - **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020** - Decreased primarily due to a change in our investment mix as the lower-yielding other investments portfolio represented a larger percentage of our total 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 issue STACR debt notes on a regular basis.
- **Income (expense) from hedge accounting**
  - **YTD 2021 vs. YTD 2020** - Expense increased primarily due to amortization of hedge accounting-related basis adjustments driven by faster 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

	2Q 2021			2Q 2020		
(Dollars in millions)	Average Balance	Interest Income (Expense)	Average Rate	Average Balance	Interest Income (Expense)	Average Rate
Interest-earning assets:						
Cash and cash equivalents	$120,325	$1	— %	$18,656	$3	0.06 %
Securities purchased under agreements to resell	29,276	4	0.05	95,243	30	0.13
Advances to lenders	3,770	10	1.06	2,507	9	1.47
Secured lending	1,618	8	1.83	2,067	11	2.26
Mortgage-related securities, net	27,313	580	8.50	43,068	553	5.14
Non-mortgage-related securities	30,755	37	0.49	31,632	84	1.05
Loans held by consolidated trusts[1]	2,486,743	13,983	2.25	1,992,498	14,260	2.86
Loans held by Freddie Mac[1]	82,135	607	2.96	88,112	766	3.48
Total interest-earning assets	**2,781,935**	**15,230**	**2.19**	**2,273,783**	**15,716**	**2.76**
Interest-bearing liabilities:						
Debt securities of consolidated trusts held by third parties	2,479,641	(10,033)	(1.62)	1,951,651	(11,975)	(2.45)
Debt of Freddie Mac:						
Short-term debt	11,698	—	0.01	101,989	(130)	(0.51)
Long-term debt	244,207	(430)	(0.70)	195,573	(735)	(1.50)
Total debt of Freddie Mac	**255,905**	**(430)**	**(0.67)**	**297,562**	**(865)**	**(1.16)**
Total interest-bearing liabilities	**2,735,546**	**(10,463)**	**(1.53)**	**2,249,213**	**(12,840)**	**(2.28)**
Impact of net non-interest-bearing funding	46,389	—	0.03	24,570	—	0.02
Total funding of interest-earning assets	**2,781,935**	**(10,463)**	**(1.50)**	**2,273,783**	**(12,840)**	**(2.26)**
Net interest income/yield		**$4,767**	**0.69 %**		**$2,876**	**0.50 %**

(1) Loan fees, primarily consisting of amortization of upfront fees, included in interest income were $806 million and $1.2 billion for loans held by consolidated trusts and $29 million and $20 million for loans held by Freddie Mac during 2Q 2021 and 2Q 2020, respectively.

(Dollars in millions)	YTD 2021 Average Balance	YTD 2021 Interest Income (Expense)	YTD 2021 Average Rate	YTD 2020 Average Balance	YTD 2020 Interest Income (Expense)	YTD 2020 Average Rate
Interest-earning assets:						
Cash and cash equivalents	$92,734	$4	0.01 %	$15,444	$24	0.31 %
Securities purchased under agreements to resell	54,778	21	0.07	83,767	291	0.69
Advances to lenders	3,864	20	1.06	2,030	18	1.81
Secured lending	1,631	15	1.81	2,097	28	2.63
Mortgage-related securities, net	28,201	1,154	8.18	44,034	1,082	4.92
Non-mortgage-related securities	29,173	73	0.51	30,124	207	1.37
Loans held by consolidated trusts(1)	2,418,033	26,509	2.19	1,978,555	30,117	3.04
Loans held by Freddie Mac(1)	93,069	1,336	2.87	83,259	1,541	3.70
Total interest-earning assets	**2,721,483**	**29,132**	**2.14**	**2,239,310**	**33,308**	**2.97**
Interest-bearing liabilities:						
Debt securities of consolidated trusts held by third parties	2,410,850	(19,789)	(1.64)	1,926,559	(25,422)	(2.64)
Debt of Freddie Mac:						
Short-term debt	12,595	(2)	(0.02)	110,605	(560)	(1.00)
Long-term debt	252,795	(935)	(0.74)	183,022	(1,665)	(1.81)
Total debt of Freddie Mac	**265,390**	**(937)**	**(0.71)**	**293,627**	**(2,225)**	**(1.51)**
Total interest-bearing liabilities	**2,676,240**	**(20,726)**	**(1.55)**	**2,220,186**	**(27,647)**	**(2.49)**
Impact of net non-interest-bearing funding	45,243	—	0.03	19,124	—	0.02
Total funding of interest-earning assets	**2,721,483**	**(20,726)**	**(1.52)**	**2,239,310**	**(27,647)**	**(2.47)**
Net interest income/yield		**$8,406**	**0.62 %**		**$5,661**	**0.50 %**

(1) Loan fees, primarily consisting of amortization of upfront fees, included in interest income were $1.8 billion and $2.0 billion for loans held by consolidated trusts and $52 million and $41 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)	2Q 2021	2Q 2020	Change $	Change %	YTD 2021	YTD 2020	Change $	Change %
Contractual guarantee fees	$304	$245	$59	24 %	$589	$485	$104	21 %
Guarantee obligation amortization	288	254	34	13	560	474	86	18
Guarantee asset fair value changes	(236)	(30)	(206)	(687)	(545)	(113)	(432)	(382)
Guarantee income	**$356**	**$469**	**($113)**	**(24)%**	**$604**	**$846**	**($242)**	**(29)%**

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)	2Q 2021	2Q 2020	Change $	Change %	YTD 2021	YTD 2020	Change $	Change %
Mortgage loans gains (losses)	$1,511	$1,046	$465	44 %	$1,717	$2,218	($501)	(23)%
Investment securities gains (losses)	(330)	65	(395)	(608)	(837)	1,120	(1,957)	(175)
Debt gains (losses)	18	60	(42)	(70)	156	760	(604)	(79)
Derivative gains (losses)	(563)	(501)	(62)	(12)	808	(4,263)	5,071	119
Investment gains (losses), net	**$636**	**$670**	**($34)**	**(5)%**	**$1,844**	**($165)**	**$2,009**	**1,218 %**

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 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)	2Q 2021	2Q 2020	Change $	Change %	YTD 2021	YTD 2020	Change $	Change %
Single-family:								
Gains (losses) on mortgage loans	$510	$103	$407	395 %	$554	$81	$473	584 %
Multifamily:								
Gains (losses) on certain loan purchase commitments	342	650	(308)	(47)	537	1,182	($645)	(55)
Gains (losses) on mortgage loans	659	293	366	125	626	955	(329)	(34)
Total Multifamily	**1,001**	**943**	**58**	**6**	**1,163**	**2,137**	**(974)**	**(46)**
Mortgage loans gains (losses)	**$1,511**	**$1,046**	**$465**	**44 %**	**$1,717**	**$2,218**	**($501)**	**(23)%**

Key Drivers:

- **2Q 2021 vs. 2Q 2020** - Single-family mortgage loans gains increased primarily due to a higher volume of sales of single-family held-for-sale loans. For multifamily, mortgage loans gains increased primarily due to higher floating-rate loan securitization volume, partially offset by less K Certificate spread tightening and a smaller volume of fixed-rate held-for-sale loan commitments.
- **YTD 2021 vs. YTD 2020** - Single-family mortgage loans gains increased primarily due to a higher volume of sales of single-family held-for-sale loans. For multifamily, mortgage loans gains decreased as tighter K Certificate spreads and higher floating-rate loan securitization volume were more than offset by the impacts of interest-rate changes on the fair values of our loans and fixed-rate loan commitments. During YTD 2021, we recorded fair value losses due to increases in long-term interest rates compared to significant fair value gains during YTD 2020 due to large interest rate decreases as a result of the market volatility caused by the COVID-19 pandemic.

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 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)

			Change				Change	
(Dollars in millions)	2Q 2021	2Q 2020	$	%	YTD 2021	YTD 2020	$	%
Realized gains (losses) on sales of available-for-sale securities	$99	$7	$92	1,314 %	$467	$17	$450	2,647 %
Realized and unrealized gains (losses) on trading securities	(410)	84	(494)	(588)	(1,264)	1,153	(2,417)	(210)
Other	(19)	(26)	7	27	(40)	(50)	10	20
Investment securities gains (losses)	**($330)**	**$65**	**($395)**	**(608)%**	**($837)**	**$1,120**	**($1,957)**	**(175)%**

Key Drivers:

- **2Q 2021 vs. 2Q 2020** - Decreased primarily due to higher losses on trading securities as a result of a larger decrease in long-term interest rates and a change in investment mix in 2Q 2021 compared to 2Q 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).

Table 8 - Components of Debt Gains (Losses)

			Change				Change	
(Dollars in millions)	2Q 2021	2Q 2020	$	%	YTD 2021	YTD 2020	$	%
Fair value changes:								
Debt securities of consolidated trusts	$13	($1)	$14	1,400 %	$12	$3	$9	300 %
Debt of Freddie Mac	22	(69)	91	132	30	479	(449)	(94)
Total fair value changes	**35**	**(70)**	**105**	**150**	**42**	**482**	**(440)**	**(91)**
Gains (losses) on extinguishment of debt:								
Debt securities of consolidated trusts	(8)	35	(43)	(123)	133	39	94	241
Debt of Freddie Mac	(9)	95	(104)	(109)	(19)	239	(258)	(108)
Total gains (losses) on extinguishment of debt	**(17)**	**130**	**(147)**	**(113)**	**114**	**278**	**(164)**	**(59)**
Debt gains (losses)	**$18**	**$60**	**($42)**	**(70)%**	**$156**	**$760**	**($604)**	**(79)%**

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)

			Change				Change	
(Dollars in millions)	2Q 2021	2Q 2020	$	%	YTD 2021	YTD 2020	$	%
Fair value gains (losses):								
Interest-rate risk management derivatives	$631	$175	$456	261 %	$1,023	($2,794)	$3,817	137 %
Mortgage commitment derivatives	(860)	(396)	(464)	(117)	616	(1,122)	1,738	155
CRT-related derivatives	15	43	(28)	(65)	(27)	121	(148)	(122)
Other	11	6	5	83	8	37	(29)	(78)
Total fair value gains (losses)	**(203)**	**(172)**	**(31)**	**(18)**	**1,620**	**(3,758)**	**5,378**	**143**
Accrual of periodic cash settlements	(360)	(329)	(31)	(9)	(812)	(505)	(307)	(61)
Derivative gains (losses)	**($563)**	**($501)**	**($62)**	**(12)%**	**$808**	**($4,263)**	**$5,071**	**119 %**

Key Drivers:

- **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

			Change				Change	
(Dollars in millions)	2Q 2021	2Q 2020	$	%	YTD 2021	YTD 2020	$	%
Benefit (provision) for credit losses:								
Single-family	$686	($624)	$1,310	210 %	$832	($1,790)	$2,622	146 %
Multifamily	54	(81)	135	167	104	(148)	252	170
Benefit (provision) for credit losses	**$740**	**($705)**	**$1,445**	**205 %**	**$936**	**($1,938)**	**$2,874**	**148 %**

Key Drivers:

Single-family

- **2Q 2021 vs. 2Q 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 than in the 2020 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

- **2Q 2021 vs. 2Q 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 driven by improved actual and forecasted economic factors.

Credit Enhancement Expense

Key Drivers:

- **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020** - Increased $136 million and $240 million, respectively, primarily due to higher outstanding cumulative volumes of CRT transactions.

Benefit for (Decrease in) Credit Enhancement Recoveries

Key Drivers:

- **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020** - Decreased $414 million and $1.1 billion, respectively, as a result of the corresponding decrease in expected credit losses.

Other Comprehensive Income (Loss)

Key Drivers:

- **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020** - Decreased $229 million and $1.1 billion, respectively, primarily due to recognition of realized gains due to sales of available-for-sale securities. The 2020 periods included fair value gains as long-term interest rates declined as a result of the market volatility caused by the COVID-19 pandemic. We economically hedge our interest rate exposure on investment securities 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

			Change	
(Dollars in millions)	June 30, 2021	December 31, 2020	$	%
Assets:				
Cash and cash equivalents	$11,171	$23,889	($12,718)	(53)%
Securities purchased under agreements to resell	113,697	105,003	8,694	8
Subtotal	**124,868**	**128,892**	**(4,024)**	**(3)**
Investment securities, at fair value	59,558	59,825	(267)	—
Mortgage loans, net	2,608,223	2,383,888	224,335	9
Accrued interest receivable, net	7,637	7,754	(117)	(2)
Derivative assets, net	756	1,205	(449)	(37)
Deferred tax assets, net	6,494	6,557	(63)	(1)
Other assets	34,606	39,294	(4,688)	(12)
Total assets	**$2,842,142**	**$2,627,415**	**$214,727**	**8 %**
Liabilities and Equity:				
Liabilities:				
Accrued interest payable	$6,122	$6,210	($88)	(1)%
Debt	2,802,755	2,592,546	210,209	8
Derivative liabilities, net	507	954	(447)	(47)
Other liabilities	10,356	11,292	(936)	(8)
Total liabilities	**2,819,740**	**2,611,002**	**208,738**	**8**
Total equity	**22,402**	**16,413**	**5,989**	**36**
Total liabilities and equity	**$2,842,142**	**$2,627,415**	**$214,727**	**8 %**

Key Drivers:

As of June 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, partially offset by an increase in the size of our other investments portfolio to comply with the minimum liquidity requirements established by FHFA that have been in effect since December 2020.
- **Other assets** decreased primarily due to lower servicer receivables driven by the decrease in loan prepayments.
- **Total equity** increased primarily due to our net income for 2Q 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 pursuant to the Letter Agreements.

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 loans*** - Single-family and multifamily loans that we have purchased for cash and aggregate prior to securitization.
  - ***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 loans*** - Unsecuritized mortgage loans that do not fit in either of the prior two categories, primarily multifamily loans we acquire as part of a buy-and-hold investment strategy.
- **Other** - Primarily consists of other mortgage-related guarantees.

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

Table 12 - Mortgage Portfolio

	June 30, 2021			December 31, 2020		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Securitized mortgage loans:						
Held by consolidated trusts	$2,469,623	$15,197	$2,484,820	$2,204,936	$12,305	$2,217,241
Held by nonconsolidated trusts	35,181	355,718	390,899	34,932	331,860	366,792
Total securitized mortgage loans	**2,504,804**	**370,915**	**2,875,719**	**2,239,868**	**344,165**	**2,584,033**
Unsecuritized mortgage loans:						
Securitization pipeline loans	25,745	12,878	38,623	51,040	29,183	80,223
Loss mitigation loans	22,892	—	22,892	26,303	—	26,303
Other loans	—	4,608	4,608	—	4,224	4,224
Total unsecuritized mortgage loans	**48,637**	**17,486**	**66,123**	**77,343**	**33,407**	**110,750**
Other	**10,148**	**10,026**	**20,174**	**9,215**	**10,775**	**19,990**
Total mortgage portfolio	**$2,563,589**	**$398,427**	**$2,962,016**	**$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

	June 30, 2021			December 31, 2020		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Guaranteed mortgage-related securities:						
Issued by consolidated trusts	$2,518,884	$15,191	$2,534,075	$2,273,736	$12,305	$2,286,041
Issued by nonconsolidated trusts	29,409	311,443	340,852	29,300	289,056	318,356
Total guaranteed mortgage-related securities	**2,548,293**	**326,634**	**2,874,927**	**2,303,036**	**301,361**	**2,604,397**
Other	**10,148**	**10,026**	**20,174**	**9,215**	**10,775**	**19,990**
Total guarantee portfolio	**$2,558,441**	**$336,660**	**$2,895,101**	**$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 Freddie Mac mortgage-related securities, both single-family and multifamily, 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 $124.1 billion as of June 30, 2021, including $10.8 billion representing 10% of the notional amount of the interest-only securities we held as of June 30, 2021.

With respect to the composition of our mortgage-related investments portfolio, in August 2020, FHFA instructed us to: (1) reduce the amount of agency MBS to no more than $50 billion by June 30, 2021 and no more than $20 billion by June 30, 2022, with all dollar caps to be based on UPB; and (2) reduce the UPB of our existing portfolio of collateralized mortgage obligations (CMOs), which are also sometimes referred to as REMICs, to zero by June 30, 2021. We will have a holding period limit to sell any new CMO tranches created but not sold at issuance. CMOs do not include tranches initially retained from reperforming loans senior subordinate securitization structures.

Table 14 - Mortgage-Related Investments Portfolio

	June 30, 2021			December 31, 2020		
(In millions)	Single-Family	Multifamily	Total	Single-Family	Multifamily	Total
Unsecuritized mortgage loans:						
Securitization pipeline loans	$25,745	$12,878	$38,623	$51,040	$29,183	$80,223
Loss mitigation loans	22,892	—	22,892	26,303	—	26,303
Other loans	—	4,608	4,608	—	4,224	4,224
Total unsecuritized mortgage loans	**48,637**	**17,486**	**66,123**	**77,343**	**33,407**	**110,750**
Mortgage-related securities:						
Agency mortgage-related securities	42,320	3,466	45,786	65,954	4,066	70,020
Non-agency mortgage-related securities	1,225	101	1,326	1,300	114	1,414
Total mortgage-related securities	**43,545**	**3,567**	**47,112**	**67,254**	**4,180**	**71,434**
Mortgage-related investments portfolio	**$92,182**	**$21,053**	**$113,235**	**$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.

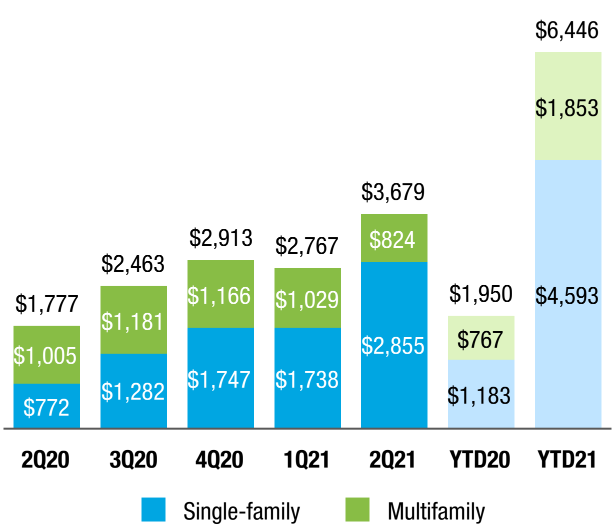
Segment	Description
Single-family	Reflects results from our purchase, sale, securitization, and guarantee of single-family loans and securities, our investments in those loans and securities, the management of single-family mortgage credit risk and market risk, and any results of our treasury function 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.

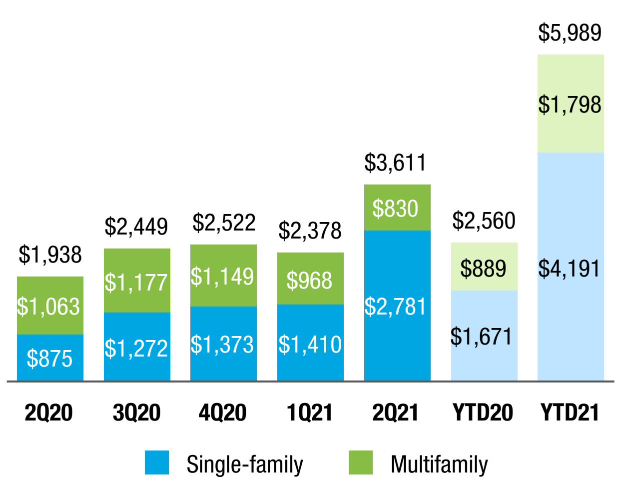
Segment Net Income (Loss)

(In millions)



Segment Comprehensive Income (Loss)

(In millions)



Single-Family

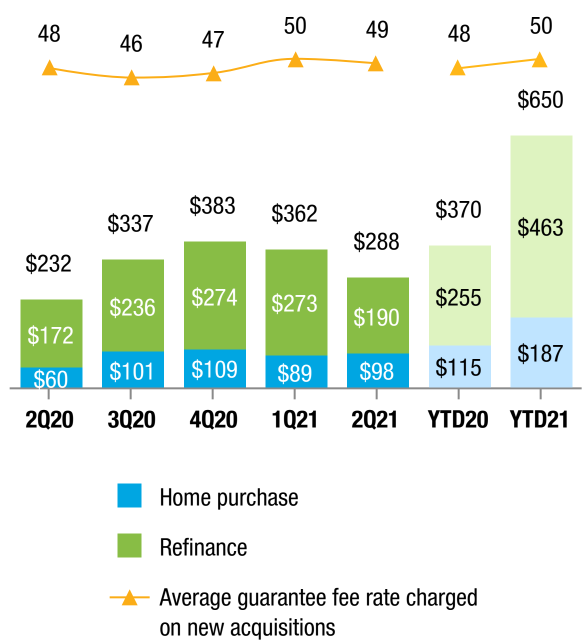
Business Results

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

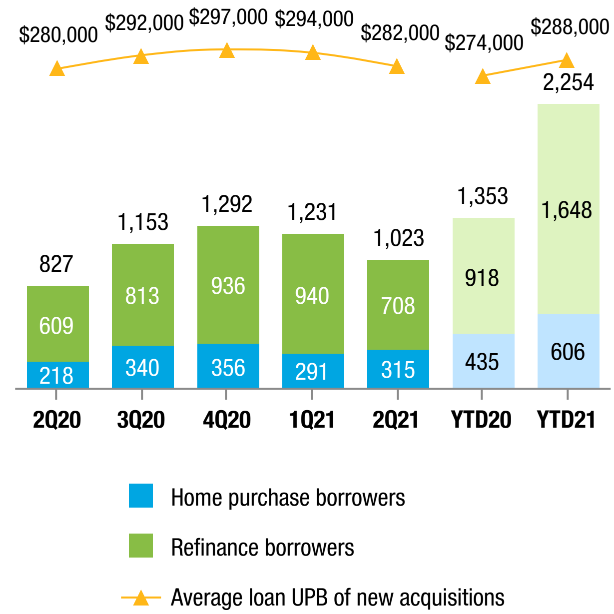
(UPB in billions, guarantee fee rate in bps)



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

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

(Loan count in thousands)

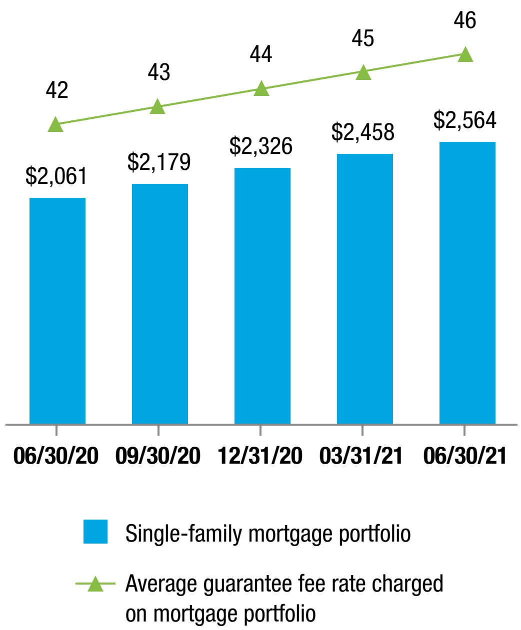


- **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020**
  - Our loan purchase and guarantee activity increased due to higher refinance and home purchase volumes driven by the low mortgage interest rate environment. We expect mortgage interest rates to increase in the second half of 2021 and, as a result, refinance volume to decrease.
  - The average guarantee fee rate charged on new acquisitions increased 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.
  - We continue to monitor our compliance with the Purchase Agreement covenants added pursuant to the January 2021 Letter Agreement that place additional restrictions on our secondary market activities, including our single-family loan acquisitions and cash window activities, and we have changed, and may further change, our loan acquisition and cash window programs to maintain compliance. In 1Q 2021, FHFA instructed us to apply the $1.5 billion limit on the volume of loans purchased through the cash window program per lender during any period comprising four calendar quarters to certain lenders beginning on July 1, 2021. In June 2021, FHFA revised this guidance on early implementation of the new cash window restrictions, reverting to the requirement in the Purchase Agreement to implement this $1.5 billion limit beginning on January 1, 2022.

Single-Family Mortgage Portfolio

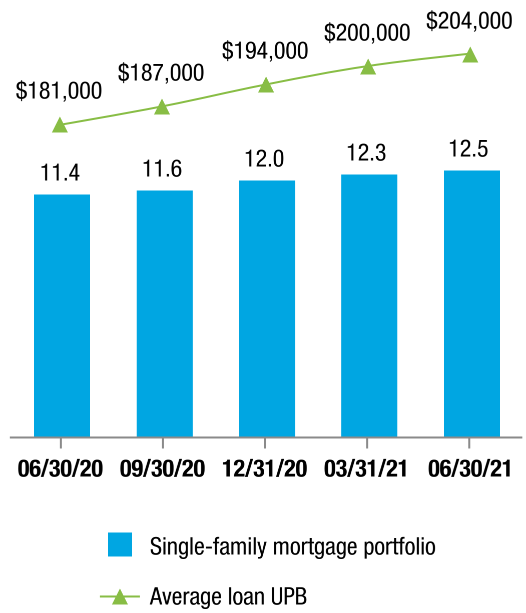
Single-Family Mortgage Portfolio and Average Guarantee Fee Rate[1] Charged on Mortgage Portfolio

(UPB in billions, guarantee fee rate in bps)



Single-Family Loans

(Loan count in millions)



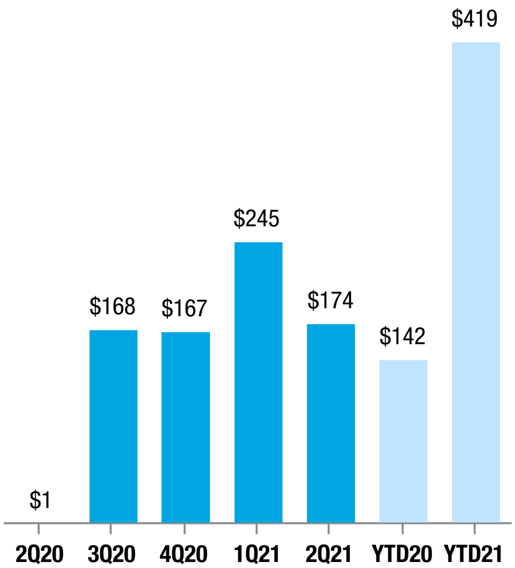
(1) Guarantee fee rate calculation excludes the legislated 10 basis point increase. As of June 30, 2021, excludes $49 billion in UPB of loans for which the average guarantee fee charged information is not available.

- The single-family mortgage portfolio grew $503 billion, or 24%, 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.
- **2Q 2021 vs. 2Q 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.

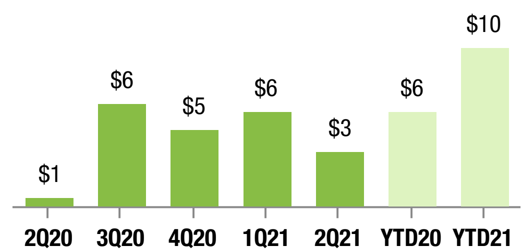
CRT Activities

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. We evaluate and update our CRT strategy as needed depending on our overall business strategy, regulatory requirements, and market conditions.

UPB Covered by New CRT Issuance
(In billions)



New CRT Issuance Maximum Coverage
(In billions)



- **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020**
  - The percentage of our single-family acquisitions targeted for CRT transactions (primarily 30-year fixed rate loans with LTV ratios between 60% and 97%) decreased to 61% during the 2021 periods from 63% and 66% during 2Q 2020 and YTD 2020, respectively, primarily driven by an increase in the proportion of recently acquired loans with lower LTV ratios.
  - The UPB of mortgage loans covered by CRT transactions issued during the 2021 periods increased significantly due to the recovery of the CRT markets from the impact of the COVID-19 pandemic, the increase in loan acquisition activity in recent quarters, and the shortened timeline between loan acquisition and ACIS issuance.
  - Our CRT issuance maximum coverage increased but was proportionally lower than the increase in UPB of mortgage loans covered by CRT transactions issued during the 2021 periods due to the improved credit quality of the covered loans, which reduced the amount of credit coverage we required on those loans.

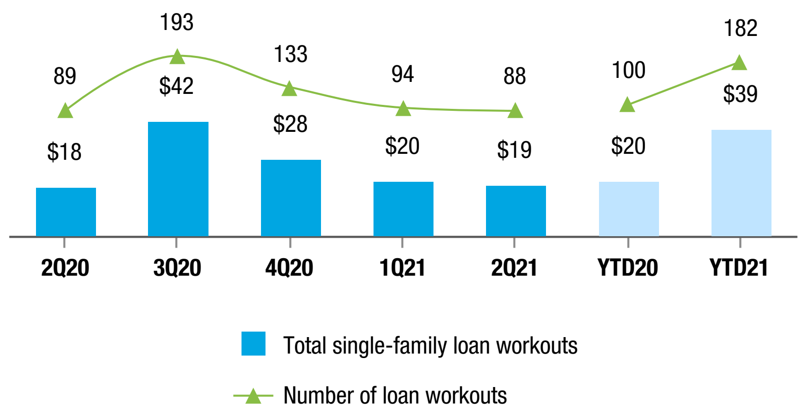
See **MD&A – Risk Management - *Single-Family Mortgage Credit Risk - Transferring Credit Risk to Third-Party Investors*** for additional information on our CRT activities and other credit enhancements.

Loss Mitigation Activities

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

Completed Loan Workout Activity

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



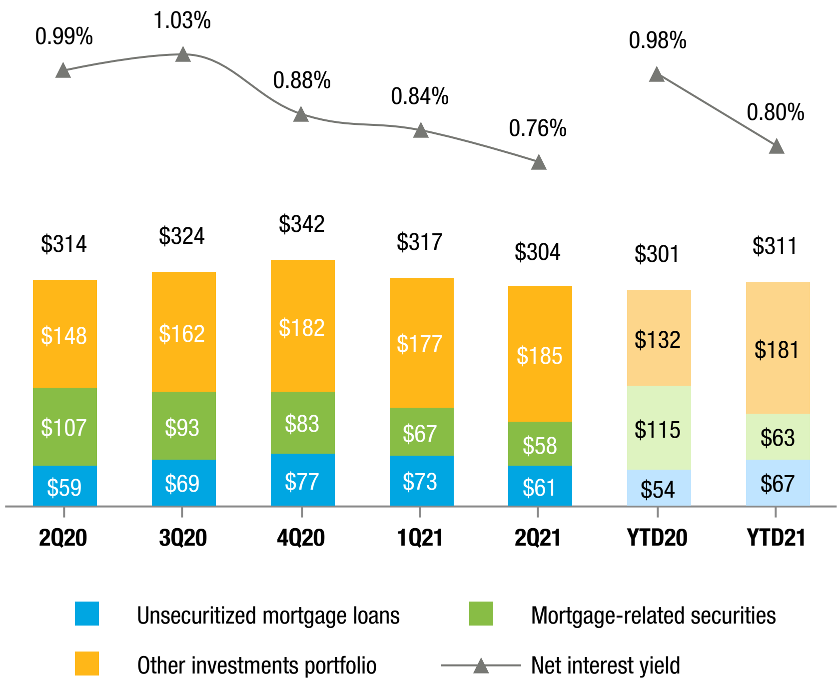
- Completed loan workout activity includes forbearance plans where borrowers fully reinstated the loan to current status during or at the end of the forbearance period, payment deferrals, modifications, successfully completed repayment plans, short sales, and deeds in lieu of foreclosure. Completed loan 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 177,000 loans in active forbearance plans and 11,000 loans in other active loss mitigation activity as of June 30, 2021.
- Pursuant to FHFA guidance and the CARES Act, we offer mortgage relief options for borrowers affected by the COVID-19 pandemic. Among other things, we are offering 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 are also offering 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.
- **YTD 2021 vs. YTD 2020 -** Our loan workout activity increased significantly, primarily driven by the increase in completed forbearance plans and 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)



- **2Q 2021 vs. 2Q 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 in 2Q 2021 compared to 2Q 2020 due to a decline in the mortgage-related investments portfolio driven by asset sales to comply with the August 2020 FHFA instructions with respect to agency MBS and CMO portfolios. The weighted average investments portfolio balance increased in YTD 2021 compared to YTD 2020 as the increase in the other investments portfolio to comply with the minimum liquidity requirements established by FHFA that have been in effect since December 2020 more than offset the decline in the mortgage-related investments portfolio.

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

			Change				Change	
(Dollars in millions)	2Q 2021	2Q 2020	$	%	YTD 2021	YTD 2020	$	%
Guarantee net interest income	$4,334	$2,283	$2,051	90 %	$7,680	$4,423	$3,257	74 %
Investments net interest income	578	782	(204)	(26)	1,249	1,477	(228)	(15)
Income (expense) from hedge accounting	(452)	(475)	23	5	(1,161)	(825)	(336)	(41)
Net interest income	4,460	2,590	1,870	72	7,768	5,075	2,693	53
Guarantee income	10	55	(45)	(82)	99	42	57	136
Investment gains (losses), net	137	(61)	198	325	437	(37)	474	1,281
Other income (loss)	108	83	25	30	260	141	119	84
Net revenues	**4,715**	**2,667**	**2,048**	**77**	**8,564**	**5,221**	**3,343**	**64**
Benefit (provision) for credit losses	686	(624)	1,310	210	832	(1,790)	2,622	146
Credit enhancement expense	(361)	(228)	(133)	(58)	(686)	(455)	(231)	(51)
Benefit for (decrease in) credit enhancement recoveries	(190)	219	(409)	(187)	(435)	658	(1,093)	(166)
REO operations expense	(7)	(14)	7	50	(15)	(99)	84	85
Credit-related income (expense)	**128**	**(647)**	**775**	**120**	**(304)**	**(1,686)**	**1,382**	**82**
Administrative expense	(503)	(477)	(26)	(5)	(991)	(944)	(47)	(5)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(570)	(442)	(128)	(29)	(1,104)	(874)	(230)	(26)
Other expense	(172)	(131)	(41)	(31)	(381)	(229)	(152)	(66)
Operating expense	**(1,245)**	**(1,050)**	**(195)**	**(19)**	**(2,476)**	**(2,047)**	**(429)**	**(21)**
Income (loss) before income tax (expense) benefit	**3,598**	**970**	**2,628**	**271**	**5,784**	**1,488**	**4,296**	**289**
Income tax (expense) benefit	(743)	(198)	(545)	(275)	(1,191)	(305)	(886)	(290)
Net income (loss)	**2,855**	**772**	**2,083**	**270**	**4,593**	**1,183**	**3,410**	**288**
Total other comprehensive income (loss), net of taxes and reclassification adjustments	(74)	103	(177)	(172)	(402)	488	(890)	(182)
Comprehensive income (loss)	**$2,781**	**$875**	**$1,906**	**218 %**	**$4,191**	**$1,671**	**$2,520**	**151 %**

Key Business Drivers:

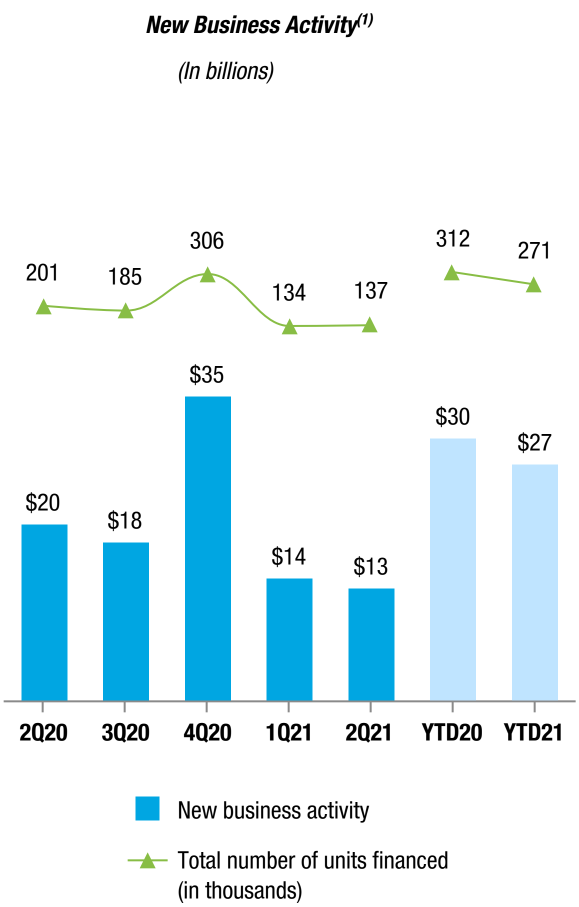
- **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020**
  - Higher net interest income in the 2021 periods compared to the 2020 periods primarily due to the continued growth in the single-family mortgage portfolio, higher average guarantee fee rates on the single-family mortgage portfolio, and higher deferred fee income recognition.
  - Credit-related income in 2Q 2021 compared to credit-related expense in 2Q 2020 and lower credit-related expense in YTD 2021 compared to YTD 2020, primarily driven by a benefit for credit losses as a result of a credit reserve release due to realized house price appreciation and improving economic conditions. This was partially offset by a decrease in credit enhancement recoveries. Credit-related expense in the 2020 periods was primarily driven by the negative economic effects of the COVID-19 pandemic.

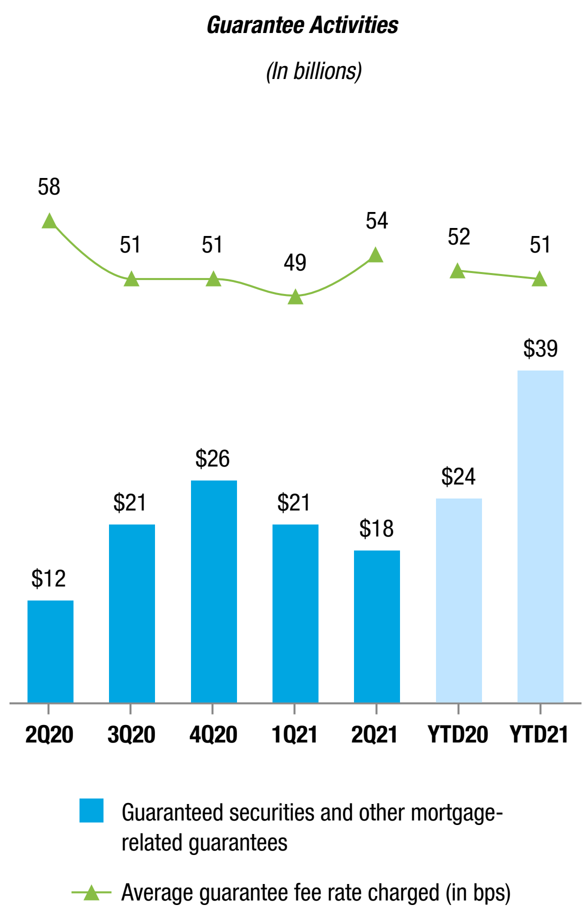
Multifamily

Business Results

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

New Business Activity and Guarantee Activities

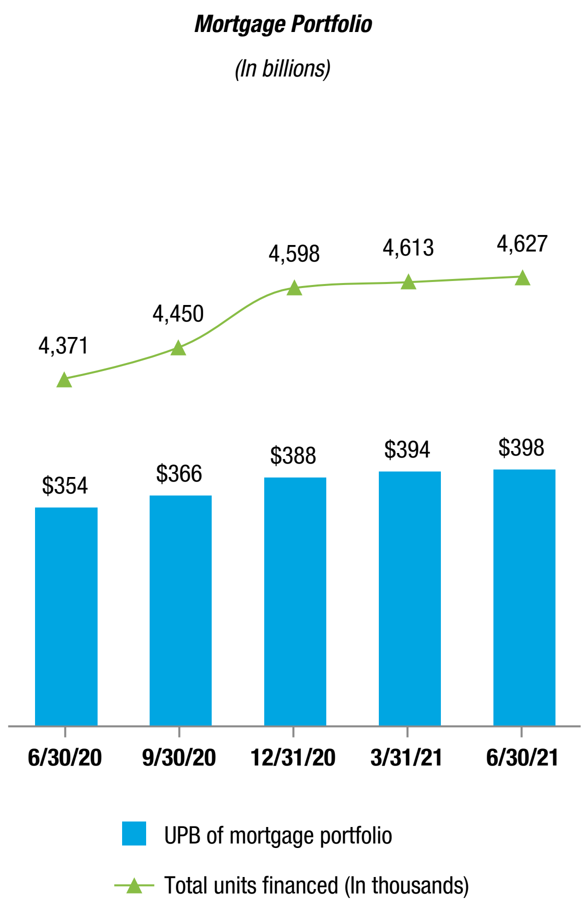


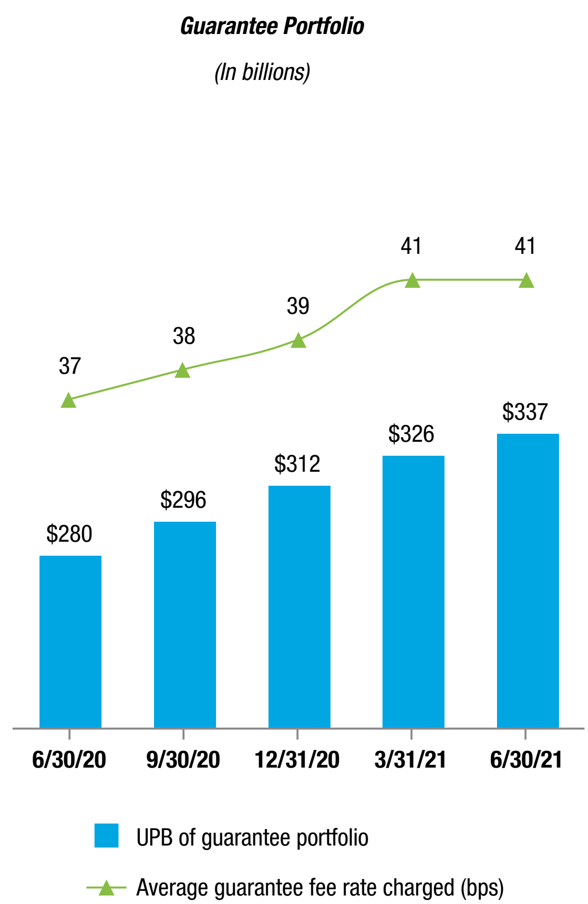


(1) Includes LIHTC new business activity

- In November 2020, FHFA announced that the 2021 loan purchase cap for the multifamily business will be $70 billion, and at least 50% of the multifamily new business activity must be mission-driven, affordable housing, generally defined as affordable to renters at 80% of AMI or below, with at least 20% being affordable to renters at 60% of AMI or below.
  - As of June 30, 2021, the total multifamily new business activity counting toward this cap was $27.0 billion. Approximately 67% of this activity, based on UPB, was mission-driven, affordable housing, with approximately 33% being affordable to renters at 60% of AMI or below.
- New business activity decreased YTD 2021 compared to YTD 2020 due to increased competition and a reduced loan purchase cap. We expect full year 2021 new business activity to reach the $70 billion purchase cap as broader economic activity is expected to drive demand for mortgage financing.
- Outstanding commitments, including index lock commitments and commitments to purchase or guarantee multifamily assets, were $18.7 billion and $18.0 billion as of June 30, 2021 and June 30, 2020, respectively, indicating a strong pipeline for the remainder of the year.
- 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



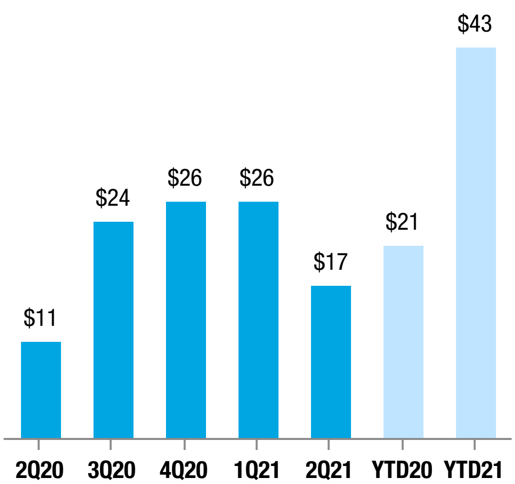


- Our multifamily mortgage and guarantee portfolios increased as of June 30, 2021 compared to December 31, 2020 primarily due to ongoing loan purchase and securitization activities. We expect continued growth in these portfolios during the remainder of 2021 as purchase and securitization activities should outpace loan payoffs.
- In addition to our multifamily mortgage portfolio, we own equity interests in LIHTC fund partnerships with carrying values totaling $1.6 billion and $1.4 billion as of June 30, 2021 and December 31, 2020, respectively.

CRT Activities

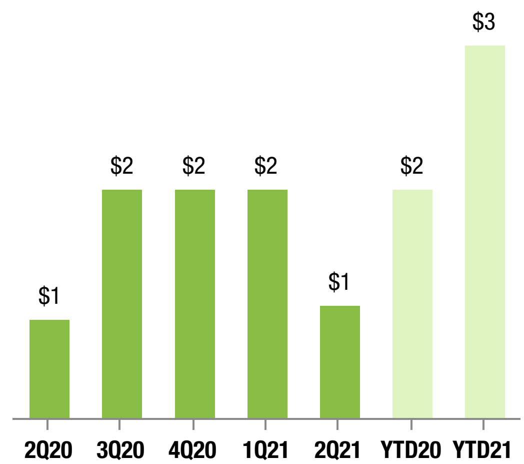
UPB Covered by New CRT Issuance

(In billions)



New CRT Issuance Maximum Coverage

(In billions)



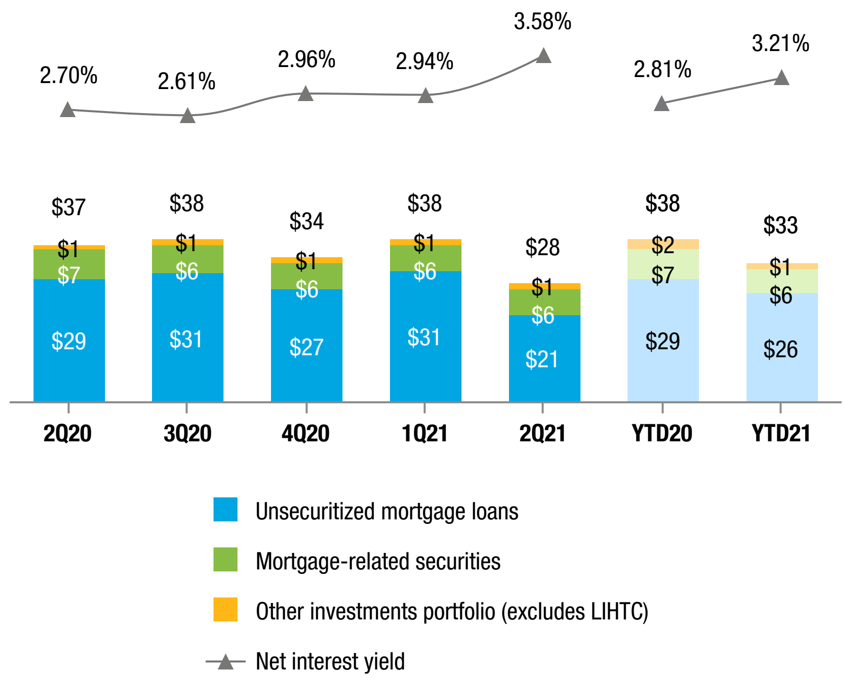
- As of June 30, 2021, we had cumulatively transferred a substantial amount of the expected and stressed credit risk on the multifamily guarantee portfolio primarily through subordination in our securitizations. In addition, nearly all of our securitization activities shifted substantially all of the 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 the 2021 periods and the related maximum coverage increased as we securitized the significant loan purchase activity from the previous two quarters.

We evaluate our risk transfer strategy and make changes depending on market conditions, our business strategy, 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)

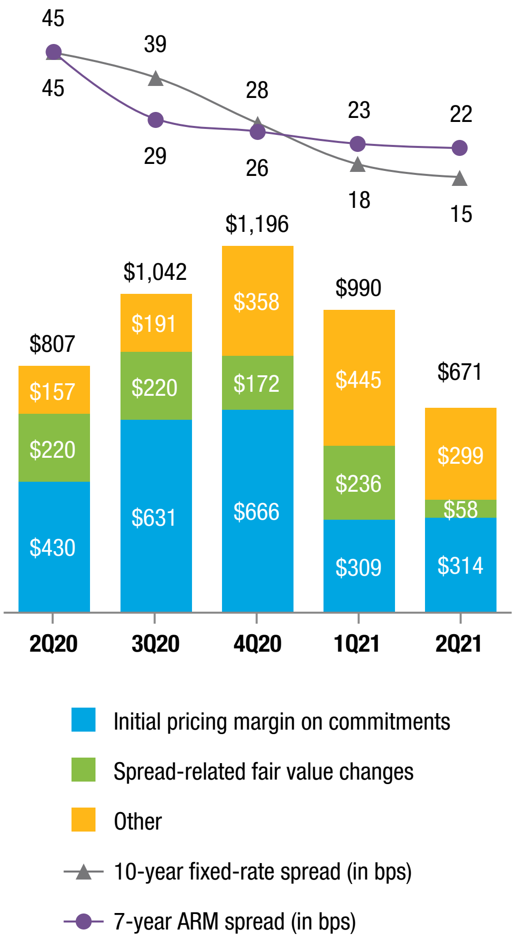


- **2Q 2021 vs. 2Q 2020 and YTD 2021 vs. YTD 2020**
  - Net interest yield increased primarily due to a change in the composition of our investments portfolio as our interest-only securities, which are generally higher yielding investments, represented a larger percentage of our investments portfolio.
  - The weighted average investments portfolio balance decreased as the average unsecuritized mortgage loans balance decreased due to an increase in securitization activity.

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

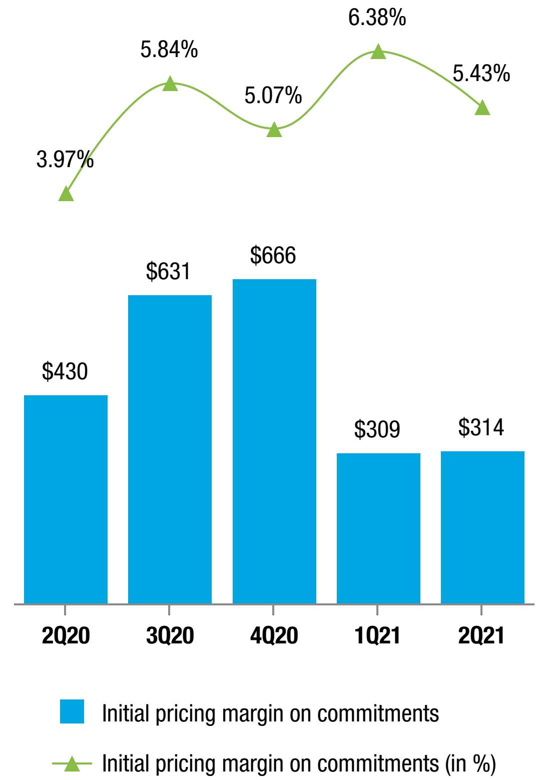
Multifamily Segment Mortgage Loans Gains (Losses), Net

(In millions)



Initial Pricing Margin on Commitments

(In millions)



(Notional in millions)	**2Q20**	**3Q20**	**4Q20**	**1Q20**	**2Q21**
New loan commitments for which we have elected the fair value option	$10,821	$10,804	$13,127	$4,850	$5,778

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 2Q 2021 compared to 2Q 2020 due to less K Certificate spread tightening, lower net impacts from index lock activity, and a smaller volume of fixed-rate loan commitments, partially offset by higher floating-rate loan securitization volume.

Financial Results

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

Table 16 - Multifamily Segment Financial Results

			Change				Change	
(Dollars in millions)	2Q 2021	2Q 2020	$	%	YTD 2021	YTD 2020	$	%
Guarantee net interest income	$59	$36	$23	64 %	$112	$62	$50	81 %
Investments net interest income	248	250	(2)	(1)	526	524	2	—
Net interest income	307	286	21	7	638	586	52	9
Guarantee income	346	414	(68)	(16)	505	804	(299)	(37)
Mortgage loans gains (losses), net	671	807	(136)	(17)	1,661	171	1,490	871
Other investment gains (losses), net	(172)	(76)	(96)	(126)	(254)	(299)	45	15
Investment gains (losses), net	499	731	(232)	(32)	1,407	(128)	1,535	1,199
Other income (loss)	(1)	51	(52)	(102)	25	88	(63)	(72)
Net revenues	**1,151**	**1,482**	**(331)**	**(22)**	**2,575**	**1,350**	**1,225**	**91**
Credit-related income (expense)	**43**	**(84)**	**127**	**151**	**71**	**(127)**	**198**	**156**
Operating expense	**(155)**	**(133)**	**(22)**	**(17)**	**(312)**	**(258)**	**(54)**	**(21)**
Income (loss) before income tax (expense) benefit	**1,039**	**1,265**	**(226)**	**(18)**	**2,334**	**965**	**1,369**	**142**
Income tax (expense) benefit	(215)	(260)	45	17	(481)	(198)	(283)	(143)
Net income (loss)	**824**	**1,005**	**(181)**	**(18)**	**1,853**	**767**	**1,086**	**142**
Total other comprehensive income (loss), net of taxes and reclassification adjustments	6	58	(52)	(90)	(55)	122	(177)	(145)
Comprehensive income (loss)	**$830**	**$1,063**	**($233)**	**(22)%**	**$1,798**	**$889**	**$909**	**102 %**

Key Business Drivers:

- **2Q 2021 vs. 2Q 2020**
  - Lower net investment gains primarily due to less K Certificate spread tightening, lower net impacts from index lock activity, and a smaller volume of fixed-rate held-for-sale loan commitments, partially offset by higher floating-rate loan securitization volume.
  - Benefit for credit losses compared to a provision for credit losses driven by improved actual and forecasted economic factors.
- **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.
  - Net investment gains compared to net investment losses primarily due to higher floating-rate loan securitization volume, coupled with fair value gains due to K Certificate spread tightening. YTD 2020 included significant spread-related losses as a result of the market volatility caused by the COVID-19 pandemic.

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/Servicer Performance

Temporary Underwriting Changes Due to COVID-19 Pandemic

We have 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. As discussed below, these temporary changes have either expired or, in certain cases, been made permanent.

In March and May 2020, we introduced a number of temporary measures to help provide sellers with the clarity and flexibility to continue to lend in a prudent and responsible manner during the COVID-19 pandemic. The flexibility we allowed in demonstrating a borrower's current employment status has expired and is not applicable to loan applications dated on or after May 1, 2021. The option to verify the borrower’s employment via email was included permanently in our Guide on April 7, 2021.

In March and April 2020, we announced loan processing flexibilities to expedite loan closings and help keep homebuyers, sellers, and appraisers safe during the COVID-19 pandemic. These flexibilities have expired and are not applicable to loan applications dated on or after June 1, 2021. They included:

- Allowing desktop appraisals or exterior-only inspection appraisals for certain purchase transactions;
- Allowing exterior-only appraisals for certain no cash-out refinances;
- Allowing desktop appraisals on new construction properties (purchase transactions);
- Allowing flexibility on demonstrating that construction has been completed; and
- Allowing flexibility for borrowers to provide documentation (rather than requiring an inspection) to allow renovation disbursements (draws).

The following temporary flexibilities have expired and are not applicable to loan applications dated on or after May 1, 2021:

- Offering flexibility in condominium project reviews and
- Expanding the use of powers of attorney and remote online notarizations. Permanent updates to our requirements for the use of powers of attorney were included in our Guide and are effective for applications dated on or after June 30, 2021.

On July 16, 2021, FHFA announced that we and Fannie Mae will be eliminating the 50-basis point adverse market refinance fee for loan deliveries effective August 1, 2021.

Appraisal Waivers

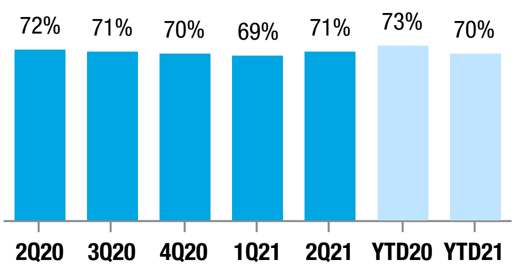
In March 2020, we introduced expanded eligibility of Automated Collateral Evaluation (ACE) waivers to include no cash-out refinances with LTVs up to 90% and cash-out refinances for primary residences with LTVs up to 70% and second homes with LTVs up to 60%. As a result of this expansion, combined with a historically high refinance market (ACE waivers are granted more often for refinanced loans), ACE waiver usage increased from approximately 36% and 29% of loan purchases during 2Q

2020 and YTD 2020, respectively, to approximately 39% and 43% of loan purchases during 2Q 2021 and YTD 2021, respectively.

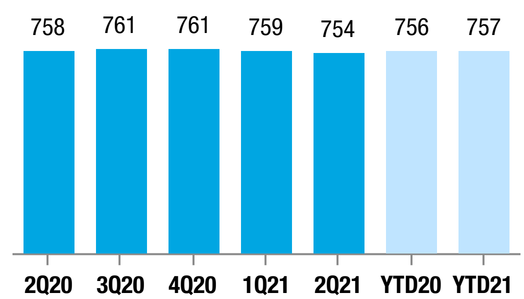
Loan Purchase Credit Characteristics

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

	2Q 2021		2Q 2020		YTD 2021		YTD 2020	
(Dollars in billions)	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
30-year or more amortizing fixed-rate	$224	78 %	$182	78 %	$517	80 %	$296	80 %
20-year amortizing fixed-rate	17	6	11	5	35	5	17	5
15-year amortizing fixed-rate	46	16	37	16	97	15	54	14
Adjustable-rate	1	—	2	1	1	—	3	1
Total	**$288**	**100 %**	**$232**	**100 %**	**$650**	**100 %**	**$370**	**100 %**
Percentage of purchases								
DTI ratio > 45%		11 %		10 %		10 %		12 %
Original LTV ratio > 90%		11		11		9		13
Original credit score < 680		6		4		5		5
Transaction type:								
Cash window		46		62		55		57
Guarantor swap		53		37		45		42
Other		1		1		—		1
Property type:								
Detached single-family houses and townhouses		92		93		93		93
Condominium or co-op		8		7		7		7
Occupancy type:								
Primary residence		94		94		94		93
Second home		3		3		3		3
Investment property		3		3		3		4
Loan purpose:								
Purchase		34		26		29		31
Cash-out refinance		23		18		21		19
Other refinance		43		56		50		50

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

	2Q 2021		2Q 2020	
(In millions)	UPB[1]	Maximum Coverage[2]	UPB[1]	Maximum Coverage[2]
STACR	$101,136	$1,500	$17,682	$578
Insurance/reinsurance	69,203	1,567	35,439	376
Subordination	3,037	214	—	—
Lender risk-sharing	195	195	246	188
Less: UPB with more than one type of CRT	—	—	(52,748)	(578)
Total CRT Issuance	**$173,571**	**$3,476**	**$619**	**$564**

	YTD 2021		YTD 2020	
(In millions)	UPB[1]	Maximum Coverage[2]	UPB[1]	Maximum Coverage[2]
STACR	$277,843	$5,044	$150,253	$4,285
Insurance/reinsurance	297,510	4,281	133,197	1,230
Subordination	3,037	214	1,865	177
Lender risk-sharing	366	366	6,453	579
Less: UPB with more than one type of CRT	(159,835)	—	(150,253)	(578)
Total CRT Issuance	**$418,921**	**$9,905**	**$141,515**	**$5,693**

(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.

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 as of June 30, 2021 and December 31, 2020, respectively.

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

	June 30, 2021		
(Dollars in millions)	UPB[1]	% of Portfolio	Maximum Coverage[2]
Primary mortgage insurance[3]	$501,768	20%	$122,942
STACR	897,667	35	31,495
Insurance/reinsurance	922,969	36	14,331
Subordination	40,957	2	6,199
Lender risk-sharing	4,975	—	4,477
Other	237	—	234
Less: UPB with multiple credit enhancements and other reconciling items[4]	(1,113,809)	(44)	—
Single-family mortgage portfolio - credit-enhanced	**1,254,764**	**49**	**179,678**
Single-family mortgage portfolio - non-credit-enhanced	1,308,825	51	—
Total	**$2,563,589**	**100%**	**$179,678**

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.

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

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

Credit Enhancement Coverage Characteristics

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

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

	June 30, 2021		December 31, 2020	
(% of portfolio based on loan UPB)[1]	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate
Credit-enhanced				
Primary mortgage insurance	20 %	2.74 %	21 %	3.77 %
CRT and other	44	2.14	41	3.22
Non-credit-enhanced	51	1.52	50	2.13
Total	**N/A**	**1.86**	**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

	June 30, 2021		December 31, 2020	
(Dollars in millions)	UPB	% of UPB with Credit Enhancement	UPB	% of UPB with Credit Enhancement
Year of Loan Origination				
2021	$530,861	20 %	N/A	N/A
2020	976,491	56	$971,092	36 %
2019	202,114	72	276,302	73
2018	85,483	79	118,668	80
2017	110,927	73	147,856	75
2016 and prior	657,713	47	812,508	49
Total	**$2,563,589**	**49**	**$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]

	June 30, 2021		December 31, 2020	
(Dollars in millions)	UPB	% of Portfolio	UPB	% of Portfolio
Low current LTV ratio[1][2]	$917,902	36 %	$784,150	34 %
Short-term[1][3]	64,032	2	81,681	3
Pre-CRT program inception[1][4]	6,288	—	11,327	—
CRT pipeline[1][5]	303,006	12	276,611	12
Other[1][6]	17,597	1	20,414	1
Single-family mortgage portfolio - non-credit-enhanced	**$1,308,825**	**51 %**	**$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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Credit enhancement costs:				
Credit enhancement expense	($361)	($228)	($686)	($455)
Interest expense related to CRT debt	(136)	(182)	(275)	(414)
Less: estimated reinvestment income from proceeds of CRT debt issuance	14	13	25	59
Single-family credit enhancement costs	**($483)**	**($397)**	**($936)**	**($810)**
Credit enhancement investment gains (losses):				
CRT derivatives gains (losses)	$6	$8	12	$100
CRT debt gains (losses)	(1)	(66)	36	483
Single-family credit enhancement investment gains (losses)[1]	**$5**	**($58)**	**$48**	**$583**
Single-family benefit for (decrease in) credit enhancement recoveries[1]	**($190)**	**$219**	**($435)**	**$658**

(1) Recoveries collected under freestanding credit enhancements and write-offs of CRT debt were $2 million and $5 million during 2Q 2021 and YTD 2021, respectively, compared to $5 million and $8 million during 2Q 2020 and YTD 2020, respectively.

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)	June 30, 2021	December 31, 2020
Freestanding credit enhancement expected recovery receivables, net of allowance	$209	$653
Primary mortgage insurance receivables[1], net of allowance	71	74
Total credit enhancement receivables	**$280**	**$727**

(1) Excludes $433 million and $444 million of deferred payment obligations associated with unpaid claim amounts as of June 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

	June 30, 2021						
(Dollars in billions)	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	$531	756	755	70 %	68 %	— %	— %
2020	977	760	763	71	62	—	—
2019	202	746	753	77	60	—	—
2018	85	737	737	77	56	—	—
2017	111	741	747	75	51	—	—
2016 and prior	658	738	752	75	39	—	3
Total	**$2,564**	**751**	**756**	**73**	**56**	**—**	**1**

	December 31, 2020						
(Dollars in billions)	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

	June 30, 2021												
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 90		CLTV > 90 to 100		CLTV > 100		All Loans		
(Original credit score)	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate(1)	% of Portfolio	SDQ Rate(1)	% of Portfolio	SDQ Rate(1)	% of Portfolio	SDQ Rate(1)	% of Portfolio	SDQ Rate	% Modified(2)
< 620	0.8 %	8.19 %	0.2 %	13.81 %	— %	NM	— %	NM	— %	NM	1.0 %	9.45 %	9.4 %
620 to 679	4.2	4.87	2.3	5.54	0.3	4.88%	0.1	5.63%	—	NM	6.9	5.06	6.2
≥ 680	49.0	1.38	34.9	1.44	6.4	1.05	1.7	0.51	—	NM	92.0	1.37	0.5
Not available	0.1	6.31	—	NM	—	NM	—	NM	—	NM	0.1	6.70	14.3
Total	**54.1 %**	**1.90**	**37.4 %**	**1.87**	**6.7 %**	**1.42**	**1.8 %**	**1.05**	**— %**	**NM**	**100.0 %**	**1.86**	**1.2**

Referenced footnotes are included after the prior period table.

	December 31, 2020												
	CLTV ≤ 60		CLTV > 60 to 80		CLTV > 80 to 90		CLTV > 90 to 100		CLTV > 100		All Loans		
(Original credit score)	% of Portfolio	SDQ Rate	% of Portfolio	SDQ Rate[1]	% of Portfolio	SDQ Rate[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.

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 June 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 June 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

	June 30, 2021				December 31, 2020			
(Dollars in billions)	UPB	CLTV	% Modified[1]	SDQ Rate	UPB	CLTV	% Modified[1]	SDQ Rate
Alt-A	$16.8	51 %	14.0 %	9.07 %	$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 as of June 30, 2021 and December 31, 2020. 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

	June 30, 2021			December 31, 2020			YTD 2021[(1)]		YTD 2020[(1)]	
(Dollars in billions)	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	$800	31 %	1.65 %	$720	31 %	2.41 %	$—	NM	$—	6 %
Northeast	608	24	2.30	549	24	3.16	—	NM	0.1	38
North Central	385	15	1.52	357	15	2.06	—	NM	0.1	27
Southeast	412	16	2.02	375	16	2.95	—	NM	0.1	20
Southwest	358	14	1.82	325	14	2.59	—	NM	—	9
Total	**$2,563**	**100 %**	**1.86**	**$2,326**	**100 %**	**2.64**	**$—**	**NM**	**$0.3**	**100 %**
State:										
California	$472	19 %	1.80	$424	18 %	2.64	$—	NM	$—	4 %
Texas	158	6	2.13	145	6	3.11	—	NM	—	3
Florida	149	6	2.42	135	6	3.70	—	NM	—	11
New York	111	4	3.43	103	4	4.56	—	NM	—	10
Illinois	102	4	2.34	96	4	2.96	—	NM	0.1	14
All other	1,571	61	1.66	1,423	62	2.34	—	NM	0.2	58
Total	**$2,563**	**100 %**	**1.86**	**$2,326**	**100 %**	**2.64**	**$—**	**NM**	**$0.3**	**100 %**

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

(2) Excludes $476 million and $505 million in UPB of loans underlying certain securitization products for which data was not available as of June 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[(1)]

	June 30, 2021		December 31, 2020	
(Dollars in billions)	UPB	% of Total	UPB	% of Total
Current LTV ratio[(2)]:				
≤ 60	$22.0	57 %	$29.4	49 %
> 60 to 80	14.2	37	23.7	39
> 80 to 100	2.1	6	6.9	11
> 100	0.1	—	0.3	1
Total	**$38.4**	**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 1.9% and 2.0% of the single-family mortgage portfolio as of June 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 56% and 59% as of June 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)]

	June 30, 2021					
(Dollars in millions)	Current	One Month Past Due	Two Months Past Due	Three Months to Six Months Past Due[(2)]	Greater Than Six Months Past Due[(2)]	Total
UPB	$6,466	$2,224	$2,061	$6,902	$27,212	$44,865
Number of loans (in thousands)	32	11	10	33	123	209
As a percentage of our single-family mortgage portfolio[(3)]	0.26%	0.09%	0.08%	0.26%	0.98%	1.67%
	December 31, 2020					
(Dollars in millions)	Current	One Month Past Due	Two Months Past Due	Three Months to Six Months Past Due[(2)]	Greater Than Six Months Past Due[(2)]	Total
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 1.9% and 2.0% of the single-family mortgage portfolio as of June 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 $19.5 billion and $42.2 billion as of June 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)	June 30, 2021	December 31, 2020
Accrued interest receivable:		
Less than three months past due	$29	$74
Three months to six months past due	93	235
Greater than six months past due[(2)]	806	911
Accrued interest receivable, gross	928	1,220
Allowance for credit losses	(167)	(138)
Accrued interest receivable, net	**$761**	**$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 1.9% and 2.0% of the single-family mortgage portfolio as of June 30, 2021 and December 31, 2020, respectively.

(2) 97% 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 June 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 2Q 2021 and YTD 2021, we deferred $359 million and $609 million, 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)	June 30, 2021	December 31, 2020
Active forbearance at end of period	177	280
Forbearance plan exits[2] (from January 1, 2020 to end of period)		
Reinstatement[3]	237	189
Pay-off	56	39
Payment deferral	273	166
Other[4]	59	43
Total forbearance plan exits[5]	625	437
Total single-family loans that received forbearance[6] (from January 1, 2020 to end of period)	**802**	**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 1.9% and 2.0% of the single-family mortgage portfolio as of June 30, 2021 and December 31, 2020, respectively.

(2) Represents the exit path the borrower took upon exit from the forbearance plan, which could be at the end of or during 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) 86% and 83% of loans that received and subsequently exited forbearance were current or paid off as of June 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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Beginning balance	$6,130	$6,347	$6,353	$5,233
Provision (benefit) for credit losses	(686)	624	(832)	1,790
Charge-offs	(203)	(121)	(441)	(285)
Recoveries collected	61	36	107	124
Other	211	30	326	54
Ending balance	**$5,513**	**$6,916**	**$5,513**	**$6,916**
Components of ending balance of allowance for credit losses:				
Mortgage loans held-for-investment	$4,601	$6,482		
Advances of pre-foreclosure costs	691	323		
Accrued interest receivable on mortgage loans	168	57		
Off-balance-sheet credit exposures	53	54		
Total	**$5,513**	**$6,916**		
As a percentage of our single-family mortgage portfolio	0.22 %	0.34 %		

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 declined as a result of the foreclosure moratorium that will remain in effect through July 31, 2021. After July 31, 2021, servicers will implement new 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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Charge-offs	$203	$121	$441	$285
Recoveries collected[1]	(61)	(36)	(107)	(124)
Charge-offs, net	142	85	334	161
REO operations expense	7	14	15	99
Total credit losses	**$149**	**$99**	**$349**	**$260**
Total credit losses (in bps)	2.3	1.9	2.8	3.2

(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

	June 30, 2021			December 31, 2020		
(Dollars in millions)	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	$25,810	$3,007	$28,817	$28,547	$4,293	$32,840
Non-accrual loans	21,044	4,459	25,503	13,679	5,020	18,699
Total TDRs and non-accrual loans	**$46,854**	**$7,466**	**$54,320**	**$42,226**	**$9,313**	**$51,539**
Non-accrual loans as a percentage of total loans outstanding[1]			0.99 %			0.80 %
Allowance for credit losses as a percentage of non-accrual loans[2]			21.62			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

	2Q 2021[1]			2Q 2020[1]		
(In millions)	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	$570	$111	$681	$365	$230	$595
Recognized	(302)	(44)	(346)	(179)	(128)	(307)
Foregone interest income on TDRs and non-accrual loans[2]	**$268**	**$67**	**$335**	**$186**	**$102**	**$288**

Referenced footnotes are included after the prior period table.

(In millions)	YTD 2021(1) Mortgage Loans Held-for-Investment	YTD 2021(1) Mortgage Loans Held-for-Sale	YTD 2021(1) Total	YTD 2020(1) Mortgage Loans Held-for-Investment	YTD 2020(1) Mortgage Loans Held-for-Sale	YTD 2020(1) Total
Interest on TDRs and non-accrual loans:						
At original contractual rates	$1,168	$215	$1,383	$863	$446	$1,309
Recognized	(652)	(84)	(736)	(559)	(258)	(817)
Foregone interest income on TDRs and non-accrual loans(2)	**$516**	**$131**	**$647**	**$304**	**$188**	**$492**

(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)	June 30, 2021 Loan Count	June 30, 2021 Amount	June 30, 2020 Loan Count	June 30, 2020 Amount
Beginning balance, as of January 1	229,277	$32,676	249,182	$35,623
New additions(1)	8,815	1,449	13,546	2,230
Repayments and reclassifications to held-for-sale	(22,782)	(3,799)	(28,055)	(4,657)
Foreclosure sales and foreclosure alternatives	(1,181)	(218)	(1,120)	(170)
Ending balance, as of June 30	**214,129**	**$30,108**	**233,553**	**$33,026**

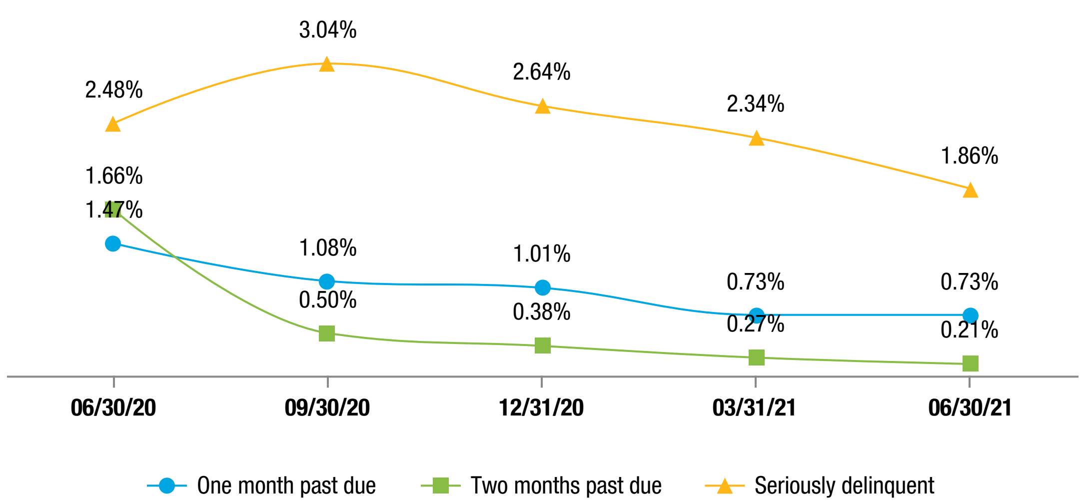
(1) Includes certain bankruptcy events and forbearance plans, repayment plans, payment deferrals, and modification activities that do not qualify for the temporary relief related to TDR provided by the CARES Act, based on servicer reporting at the time of the TDR event.

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.

Single-Family Delinquency Rates



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 1.86% as of June 30, 2021, compared to 2.48% as of June 30, 2020, driven by an increase in the number of borrowers exiting forbearance and completing loan workout solutions that return their mortgages to current status. In addition, 54% of the seriously delinquent loans at June 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

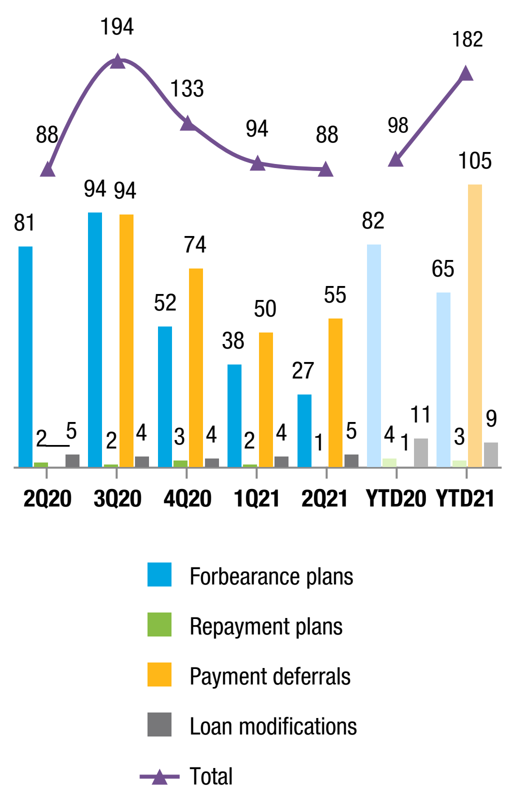
Pursuant to FHFA guidance and the CARES Act, we have offered mortgage payment relief options to borrowers affected by the COVID-19 pandemic. Among other things, we are offering forbearance of up to 18 months to single-family borrowers experiencing a financial hardship and a payment deferral option that 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 will remain in effect through July 31, 2021. After July 31, 2021, servicers will implement new 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.

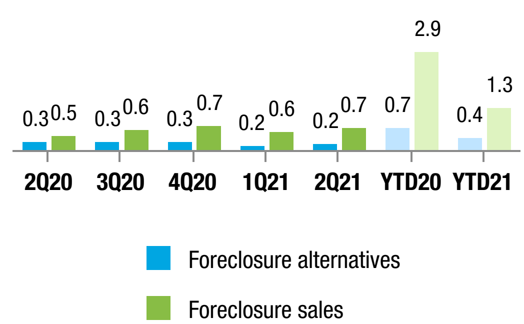
Home Retention Actions[1]

(In thousands)



Foreclosure Alternatives and Foreclosure Sales

(In thousands)



(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 $7.9 billion in UPB of single-family loans classified as held-for-sale at June 30, 2021, $4.3 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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Seriously delinquent loans	$—	$—	$—	$296
Reperforming loans	3,424	—	3,424	1,865
Total	**$3,424**	**$—**	**$3,424**	**$2,161**

Managing Foreclosure and REO Activities

Pursuant to FHFA guidance and the CARES Act, we are required to suspend foreclosures, other than for vacant or abandoned properties, and evictions due to the COVID-19 pandemic until July 31, 2021. As a result of this suspension, our REO ending inventory declined year-over-year. After July 31, 2021, servicers will implement new 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

	2Q 2021		2Q 2020		YTD 2021		YTD 2020	
(Dollars in millions)	Number of Properties	Amount	Number of Properties	Amount	Number of Properties	Amount	Number of Properties	Amount
Beginning balance — REO	1,604	$175	4,168	$474	1,766	$199	4,989	$565
Additions	375	31	190	15	729	61	1,631	151
Dispositions	(502)	(47)	(1,546)	(159)	(1,018)	(101)	(3,808)	(386)
Ending balance — REO	**1,477**	**159**	**2,812**	**330**	**1,477**	**159**	**2,812**	**330**
Beginning balance, valuation allowance		(1)		(17)		(1)		(10)
Change in valuation allowance		—		9		—		2
Ending balance, valuation allowance		**(1)**		**(8)**		**(1)**		**(8)**
Ending balance — REO, net		**$158**		**$322**		**$158**		**$322**

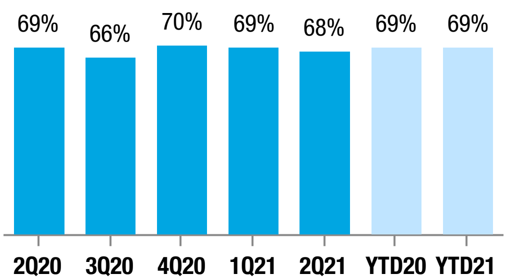
Multifamily Mortgage Credit Risk

Maintaining Prudent Underwriting Standards

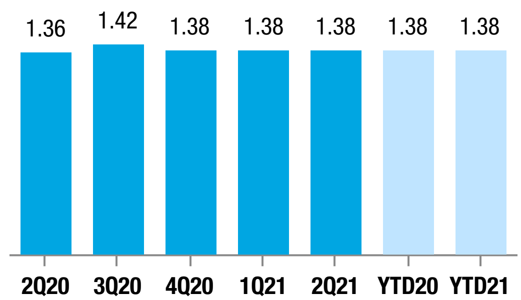
We use a prior approval underwriting approach for multifamily loans in which we maintain credit discipline by completing our own underwriting and credit review for each new loan prior to purchase. Our underwriting standards focus on the LTV ratio and DSCR, which estimates a borrower's ability to repay 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. In December 2020, we extended the deadline for borrowers whose loans have not been more than 30 days past due to request a new COVID-19 forbearance agreement or supplemental relief to March 31, 2021, and have since further extended this deadline to September 30, 2021.

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 credit quality of loans under our COVID-19 forbearance program, which includes both the forbearance period and the repayment period.

Table 40 - Multifamily Loans that Received Forbearance(1)

(UPB in millions)	2Q 2021 UPB	2Q 2021 Loan Count
Total multifamily loans in a forbearance program, beginning of period	$7,416	1,100
New loans entering forbearance program	175	33
Active forbearance paydowns	(17)	—
Total loans exiting forbearance program(2)	(2,475)	(386)
Total multifamily loans in a forbearance program	**$5,099**	**747**

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

(2) Approximately 86% of loans exited our COVID-19 forbearance program through full repayment of the forborne amounts or loan payoff.

Of the loans in forbearance, 81.5%, 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 14.4% as of June 30, 2021. 12.1% of loans in forbearance are scheduled to mature prior to 2023. Since the inception of our COVID-19 forbearance program, approximately 39.3% of loans (by UPB) that received relief have exited through full repayment of the forborne amounts. A majority of the remaining loans in our COVID-19 forbearance program will reach the end of their repayment period in the second half of 2021.

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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Beginning balance	$150	$136	$200	$69
Provision (benefit) for credit losses	(54)	81	(104)	148
Ending balance	**$96**	**$217**	**$96**	**$217**
Components of ending balance of allowance for credit losses:				
Mortgage loans held-for-investment	$47	$124		
Off-balance sheet credit exposures	49	93		
Total	**$96**	**$217**		

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 Activity

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

	2Q 2021		2Q 2020		YTD 2021		YTD 2020	
(In millions)	UPB(1)	Maximum Coverage(2)	UPB(1)	Maximum Coverage(2)	UPB(1)	Maximum Coverage(2)	UPB(1)	Maximum Coverage(2)
Subordination	$16,929	$1,351	$10,738	$877	$38,043	$2,969	$21,284	$2,189
SCR	—	—	—	—	4,852	277	—	—
Total CRT Activities	**$16,929**	**$1,351**	**$10,738**	**$877**	**$42,895**	**$3,246**	**$21,284**	**$2,189**

(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.

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 June 30, 2021 and December 31, 2020, our maximum coverage provided by subordination in nonconsolidated VIEs was $44.3 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

	June 30, 2021			December 31, 2020		
(Dollars in millions)	UPB	Delinquency Rate	Forbearance Rate(1)(2)	UPB	Delinquency Rate	Forbearance Rate(1)(2)
Credit-enhanced:						
Subordination	$353,191	0.15 %	1.18 %	$328,897	0.18 %	1.99 %
Other	19,885	0.25	1.78	17,352	0.17	2.73
Total credit-enhanced	**373,076**	**0.15**	**1.21**	**346,249**	**0.18**	**2.03**
Non-credit-enhanced	25,351	0.04	2.33	42,098	0.02	1.83
Total	**$398,427**	**0.15**	**1.28**	**$388,347**	**0.16**	**2.01**

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

(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

	June 30, 2021			December 31, 2020		
(Dollars in millions)	UPB	Delinquency Rate	Forbearance Rate	UPB	Delinquency Rate	Forbearance Rate
Less than 10%	$86,920	— %	0.04 %	$53,220	0.04 %	0.15 %
10% or greater	266,271	0.20	1.55	275,677	0.20	2.35
Total	**$353,191**	**0.15**	**1.18**	**$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

	June 30, 2021			December 31, 2020		
(Dollars in millions)	UPB	Delinquency Rate	Forbearance Rate	UPB	Delinquency Rate	Forbearance Rate
Unsecuritized loans:						
Held-for-sale	$7,661	0.12 %	1.91 %	$21,794	0.04 %	0.85 %
Held-for-investment	6,256	—	0.10	8,655	—	1.40
Securitization products	6,519	—	6.68	6,711	—	6.84
Other mortgage-related guarantees	4,915	—	0.07	4,938	—	0.07
Total	**$25,351**	**0.04**	**2.33**	**$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 (mortgage insurers, investors, etc.), financial intermediaries, clearinghouses, and other counterparties, as well as through our guarantees of Fannie Mae securities underlying commingled resecuritization transactions.

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.

Our top five non-depository sellers provided approximately 29% and 24% of our single-family purchase volume during YTD 2021 and YTD 2020, respectively. The table below summarizes the concentration of non-depository servicers of our single-family mortgage portfolio.

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

	June 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 %	16 %	18 %	17 %
Other non-depository servicers	34	34	30	28
Total	**53 %**	**50 %**	**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 investment 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 June 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 47 - Single-Family Mortgage Insurers

			June 30, 2021	
(In millions)	Credit Rating(1)	Credit Rating Outlook(1)	UPB	Coverage(2)
Arch Mortgage Insurance Company	A	Negative	$98,121	$24,367
Mortgage Guaranty Insurance Corporation (MGIC)	BBB+	Stable	94,375	23,094
Radian Guaranty Inc. (Radian)	BBB+	Stable	92,041	21,913
Essent Guaranty, Inc.	BBB+	Negative	77,888	19,043
Genworth Mortgage Insurance Corporation	BB+	Watch Positive	77,195	19,077
National Mortgage Insurance (NMI)	BBB	Stable	58,119	14,474
PMI Mortgage Insurance Co. (PMI)	Not Rated	N/A	1,581	396
Republic Mortgage Insurance Company (RMIC)	Not Rated	N/A	1,169	289
Triad Guaranty Insurance Corporation (Triad)	Not Rated	N/A	736	184
Others	N/A	N/A	543	105
Total			**$501,768**	**$122,942**

(1) Ratings and outlooks are for the corporate entity to which we have the greatest exposure. Latest rating available as of June 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.

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

Table 48 - Single-Family ACIS Counterparties

	June 30, 2021		December 31, 2020	
(Dollars in billions)	Maximum Coverage(1)	% of Total	Maximum Coverage(1)	% of Total
Top five ACIS counterparties	$6.2	45 %	$5.3	48 %
All other ACIS counterparties	7.5	55	5.8	52
Total	**$13.7**	**100 %**	**$11.1**	**100 %**

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

As of June 30, 2021 and December 31, 2020, our ACIS counterparties posted collateral of $3.4 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.

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

	June 30, 2021			December 31, 2020		
	PVS-YC	PVS-L		PVS-YC	PVS-L	
(In millions)	25 bps	50 bps	100 bps	25 bps	50 bps	100 bps
Assuming shifts of the LIBOR yield curve, (gains) losses on:[1]						
Assets:						
Investments	($145)	$2,804	$5,943	($286)	$3,700	$7,670
Guarantees[2]	88	(734)	(899)	165	(1,691)	(3,250)
Total Assets	**(57)**	**2,070**	**5,044**	**(121)**	**2,009**	**4,420**
Liabilities	(16)	(2,873)	(6,166)	(54)	(3,237)	(7,503)
Derivatives	77	791	1,041	185	1,180	2,839
Total	**4**	**(12)**	**(81)**	**$10**	**($48)**	**($244)**
PVS	**4**	**—**	**—**	**$10**	**$—**	**$—**

(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 portfolio, which includes buy-ups, float, and upfront fees (including buy-downs).

Table 50 - Duration Gap and PVS Results

	2Q 2021			2Q 2020		
(Duration gap in months, **dollars in millions**)	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps
Average	0.3	$7	$17	0.4	$12	$60
Minimum	(0.8)	—	—	(0.6)	—	—
Maximum	1.0	24	93	0.9	30	200
Standard deviation	0.3	6	23	0.3	8	49

	YTD 2021			YTD 2020		
(Duration gap in months, **dollars in millions**)	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps	Duration Gap	PVS-YC 25 bps	PVS-L 50 bps
Average	0.3	$7	$39	0.4	$11	$61
Minimum	(0.8)	—	—	(0.6)	—	—
Maximum	1.0	24	200	1.5	30	236
Standard deviation	0.3	6	49	0.4	7	62

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 51 - PVS-L Results Before Derivatives and After Derivatives

	PVS-L (50 bps)		
(In millions)	Before Derivatives	After Derivatives	Effect of Derivatives
June 30, 2021	$1,287	$—	($1,287)
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.

As we continue our efforts to replace LIBOR with SOFR, we expect to transition the company-wide discounting from LIBOR to SOFR in measuring the company's interest-rate risk in the future. We do not expect the change to have a significant impact on measurement of our interest-rate risk.

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 June 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 52 - Earnings Sensitivity to Changes in Interest Rates

(In millions)	June 30, 2021	June 30, 2020
Interest Rate Scenarios[1]		
Parallel yield curve shifts:		
+100 basis points	$19	($10)
-100 basis points	(19)	10
Non-parallel yield curve shifts - long-term interest rates:		
+100 basis points	(179)	272
-100 basis points	179	(272)
Non-parallel yield curve shifts - short-term and medium-term interest rates:		
+100 basis points	197	(281)
-100 basis points	(197)	281

(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 meet the needs of customers in a timely and cost-efficient manner. We are also required to comply with the 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 53 - Liquidity Sources

(In millions)	Balance(1) at June 30, 2021	Balance(1) at December 31, 2020	Description
• Other Investments Portfolio - Liquidity and Contingency Operating Portfolio	$118,080	$95,894	• The liquidity and contingency operating portfolio, included within our other investments portfolio, is primarily used for short-term liquidity management.
• Liquid Portion of the Mortgage-Related Investments Portfolio	43,573	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 54 - Other Investments Portfolio

	June 30, 2021				December 31, 2020			
(In millions)	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio (1)	Liquidity and Contingency Operating Portfolio	Custodial Account	Other	Total Other Investments Portfolio (1)
Cash and cash equivalents	$7,217	$3,954	$—	$11,171	$6,509	$17,380	$—	$23,889
Securities purchased under agreements to resell	81,334	36,266	717	118,317	65,753	38,487	763	105,003
Non-mortgage related securities	29,529	—	3,754	33,283	23,632	—	3,321	26,953
Advances to lenders	—	—	5,045	5,045	—	—	4,162	4,162
LIHTC equity investment	—	—	1,572	1,572	—	—	1,410	1,410
Secured lending	—	—	1,593	1,593	—	—	1,680	1,680
Total	**$118,080**	**$40,220**	**$12,681**	**$170,981**	**$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 $3.1 billion as of both June 30, 2021 and December 31, 2020.

The liquidity and contingency operating portfolio also included cash collateral posted to us primarily by derivatives counterparties of $1.8 billion and $2.8 billion as of June 30, 2021 and December 31, 2020, respectively. We have 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 55 - Funding Sources

(In millions)	Balance[1] at June 30, 2021	Balance[1] at December 31, 2020	Description
• Debt of Freddie Mac	$227,102	$284,370	• Debt of Freddie Mac is used to fund our business activities.
• Debt Securities of Consolidated Trusts	2,575,653	2,308,176	• Debt securities of consolidated trusts are used primarily to fund our single-family 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 purchasing 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 56 - Debt of Freddie Mac Activity

	2Q 2021				YTD 2021			
(Dollars in millions)	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 %	$—	—%
Issuances	—	—	—	—	—	—	—	—
Repurchases	—	—	—	—	—	—	—	—
Maturities	—	—	—	—	(11)	0.69	—	—
Ending Balance	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Securities sold under agreements to repurchase								
Beginning balance	7,930	(0.05)	—	—	—	—	—	—
Additions	153,190	(0.06)	—	—	287,018	(0.05)	—	—
Repayments	(156,500)	(0.06)	—	—	(282,398)	(0.06)	—	—
Ending Balance	**4,620**	**(0.03)**	**—**	**—**	**4,620**	**(0.03)**	**—**	**—**
Callable debt								
Beginning balance	10,910	0.03	101,514	0.71	685	0.10	123,338	0.71
Issuances	—	—	—	—	22,050	0.04	1,090	0.60
Repurchases	—	—	—	—	—	—	—	—
Calls	(10,910)	0.03	(11,795)	0.55	(22,735)	0.04	(34,184)	0.65
Maturities	—	—	(668)	1.70	—	—	(1,193)	1.79
Ending Balance	**—**	**—**	**89,051**	**0.72**	**—**	**—**	**89,051**	**0.72**
Non-callable debt								
Beginning balance	—	—	137,973	1.17	4,259	1.51	145,560	1.21
Issuances	—	—	—	—	—	—	—	—
Repurchases	—	—	(11)	0.38	(1,835)	1.53	(2,832)	1.93
Maturities	—	—	(8,197)	0.63	(2,424)	1.49	(12,963)	1.18
Ending Balance	**—**	**—**	**129,765**	**1.21**	**—**	**—**	**129,765**	**1.21**
STACR and SCR Debt(2)								
Beginning balance	—	—	12,061	4.13	—	—	12,488	4.09
Issuances	—	—	—	—	—	—	—	—
Repurchases	—	—	—	—	—	—	—	—
Maturities	—	—	(401)	4.38	—	—	(828)	4.32
Ending Balance	**—**	**—**	**11,660**	**4.10**	**—**	—	**11,660**	**4.10**
Total debt of Freddie Mac	**4,620**	**(0.03)%**	**230,476**	**1.17 %**	**4,620**	**(0.03%)**	**230,476**	**1.17%**
Offsetting arrangements	(4,620)				(4,620)			
Total debt of Freddie Mac, net	**$—**		**$230,476**		**$—**		**$230,476**	

(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 June 30, 2021, our aggregate indebtedness, calculated as the par value of debt of Freddie Mac, was $230.6 billion, which was below the current $300.0 billion debt cap limit imposed by the Purchase Agreement.

The decrease in total outstanding debt of Freddie Mac from December 31, 2020 to June 30, 2021 was driven by the decline in the mortgage-related investments portfolio, coupled with lower expected cash window volume due to lower expected refinance activities and pursuant to the January 2021 Letter Agreement.

Maturity and Redemption Dates

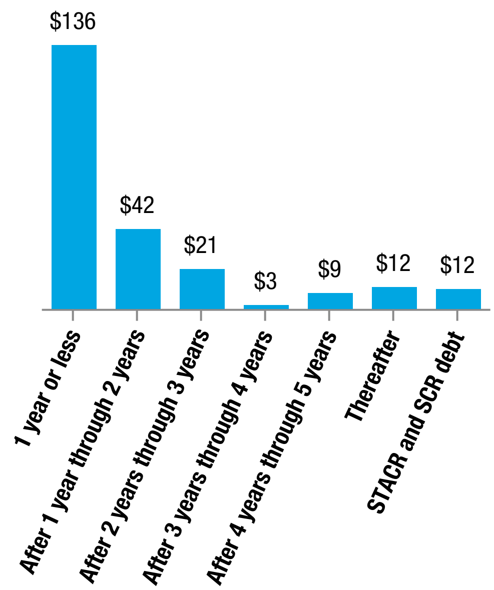
The following graphs present debt of Freddie Mac by contractual maturity date and earliest redemption date. The earliest redemption date refers to the earliest call date for callable debt and the contractual maturity date for all other debt of Freddie Mac.

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

(Par value in billions)

Earliest Redemption Date as of June 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 $2,543.5 billion and $2,273.3 billion of mortgage loans, which represented 89.5% and 86.5% of our total assets, as of June 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 $2,575.7 billion and $2,308.2 billion of debt securities of consolidated trusts, which represented 91.9% and 89.0% of our total debt, as of June 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 57 - Activity for Debt Securities of Consolidated Trusts Held by Third Parties

(In millions)	2Q 2021	YTD 2021
Beginning balance	$2,376,691	$2,240,602
Issuances:		
New issuances to third parties	225,555	455,755
Additional issuances of securities	168,463	348,386
Total issuances	**394,018**	**804,141**
Extinguishments:		
Purchases of debt securities from third parties	(2,506)	(5,071)
Debt securities received in settlement of secured lending	(58,472)	(109,164)
Repayments of debt securities	(203,397)	(424,174)
Total extinguishments	**(264,375)**	**(538,409)**
Ending balance	**2,506,334**	**2,506,334**
Unamortized premiums and discounts	69,319	69,319
Debt securities of consolidated trusts held by third parties	**$2,575,653**	**$2,575,653**

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 June 30, 2021 and December 31, 2020, the outstanding UPB of the guaranteed securities was $359.5 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 June 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 $99.0 billion and $85.8 billion, respectively.

Cash Flows

Cash and cash equivalents (including restricted cash and cash equivalents) increased by $3.6 billion from $7.6 billion as of June 30, 2020 to $11.2 billion as of June 30, 2021, primarily due to an increase in the size of our other investments portfolio to comply with the minimum liquidity requirements established by FHFA that have been in effect since December 2020.

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 $22.4 billion as of June 30, 2021, no dividend is payable to Treasury for the quarter ended June 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. Pursuant to the final rule, we will be required to report our regulatory capital under the ERCF beginning on January 1, 2022.

We invest our Net Worth Amount primarily in short-term investments. The table below presents activity related to our net worth during 2Q 2021 and YTD 2021.

Table 58 - Net Worth Activity

(In millions)	2Q 2021	YTD 2021
Beginning balance	$18,791	$16,413
Comprehensive income (loss)	3,611	5,989
Capital draw from Treasury	—	—
Senior preferred stock dividends declared	—	—
Total equity / net worth	**$22,402**	**$22,402**
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	91,439	91,439

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 June 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 59 - Forecasted House Price Growth Rates

	2021	2022
June 30, 2021	12.1 %	5.3 %
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

Supreme Court Decision on HERA and Change in FHFA Director

On June 23, 2021, the U.S. Supreme Court decided in *Collins v. Yellen* that the “for cause” removal provision for the director of FHFA in the Housing and Economic Recovery Act was unconstitutional. As a result, the President has the power to remove the FHFA Director at will. In this decision, the U.S. Supreme Court also noted that “the Recovery Act authorizes the agency to act in what it determines is ‘in the best interests of the regulated entity or the Agency,’" further providing that “when the FHFA acts as a conservator, it may aim to rehabilitate the regulated entity in a way that, while not in the best interests of the regulated entity, is beneficial to the Agency and, by extension, the public it serves.” For more information on this case, see the **Legal Proceedings** section in this Form 10-Q and our 2020 Annual Report.

On June 23, 2021, President Biden appointed Sandra Thompson as Acting Director of FHFA to replace Mark Calabria. Changes in FHFA leadership could result in significant changes to our business activities or strategic direction. For more information on our conservatorship and related risks, see the **MD&A – Conservatorship and Related Matters** and **Risk Factors** sections in our 2020 Annual Report.

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 2Q 2021 and YTD 2021, we completed $300.2 billion and $674.7 billion, respectively, of new business purchases subject to this requirement and accrued $126 million and $283 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

FHFA Final Rule on Resolution Planning

In May 2021, FHFA published a final rule that requires Freddie Mac and Fannie Mae to develop credible resolution plans, also known as living wills. The purpose of the rule is to require each Enterprise to develop a resolution plan to facilitate its rapid and orderly resolution under FHFA’s receivership authority in a manner that: (1) minimizes disruption in the national housing finance markets by providing for the continued operation of the core business lines of the Enterprise in receivership by a newly constituted limited life regulated entity (“LLRE”); (2) preserves the value of the Enterprise’s franchise and assets; (3) facilitates the division of assets and liabilities between the LLRE and the receivership estate; (4) ensures that investors in mortgage-backed securities guaranteed by the Enterprises and in Enterprise unsecured debt bear losses in accordance with the priority of payments established in the GSE Act; and (5) fosters market discipline by making clear that no extraordinary government support will be available to indemnify investors against losses or fund the resolution of an Enterprise. The rule addresses procedural requirements related to the frequency and timing for submission of initial and subsequent resolution plans to FHFA. The rule provides a set of required and prohibited assumptions when developing the resolution plans, including assuming that receivership may occur under the severely adverse economic conditions provided by FHFA in conjunction with any stress testing required or another scenario provided by FHFA, not assuming the provision or continuation of extraordinary government support (including support under the Purchase Agreement), and reflecting statutory provisions that obligations and securities of the Enterprises are not guaranteed by the United States and do not constitute a debt or obligation of the United States. This rule became effective on July 6, 2021, and our first resolution plan must be submitted to FHFA in April 2023.

Borrower Protection as Foreclosure and REO Eviction Moratoriums End

On June 28, 2021, the CFPB amended Regulation X to help protect mortgage borrowers as federal foreclosure moratoriums are phased out and borrowers exit forbearance. These rules establish temporary safeguards to help ensure that borrowers suffering hardship related to COVID-19 have time before foreclosure to explore their options, including loan modification and selling their homes. The rules cover loans on principal residences, generally exclude small servicers, and will take effect on August 31, 2021. The new foreclosure and eviction moratoriums will expire on December 31, 2021 and rules relating to borrower contact will expire on October 1, 2022.

On June 29, 2021, FHFA announced that Freddie Mac and Fannie Mae servicers will not be permitted to make a first notice or filing for foreclosure that would be prohibited by these CFPB rules before the CFPB rules take effect. The Enterprises' moratoriums on single-family foreclosures and REO evictions will expire on July 31, 2021. Requiring Enterprise servicers to follow the CFPB's new protections a month before the CFPB rule takes effect will help protect borrowers from foreclosure and provides certainty for servicers about Enterprise expectations.

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 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 purchasing agency MBS and agency CMBS in amounts needed 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, our limited 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 or other catastrophic event 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 MAC

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(In millions, except share-related amounts)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Net interest income				
Interest income	$15,230	$15,716	$29,132	$33,308
Interest expense	(10,463)	(12,840)	(20,726)	(27,647)
Net interest income	**4,767**	**2,876**	**8,406**	**5,661**
Non-interest income (loss)				
Guarantee income	356	469	604	846
Investment gains (losses), net	636	670	1,844	(165)
Other income (loss)	107	134	285	229
Non-interest income (loss)	**1,099**	**1,273**	**2,733**	**910**
Net revenues	**5,866**	**4,149**	**11,139**	**6,571**
Benefit (provision) for credit losses	**740**	**(705)**	**936**	**(1,938)**
Non-interest expense				
Salaries and employee benefits	(346)	(327)	(690)	(668)
Professional services	(97)	(88)	(184)	(164)
Other administrative expense	(208)	(186)	(416)	(356)
Total administrative expense	(651)	(601)	(1,290)	(1,188)
Credit enhancement expense	(369)	(233)	(704)	(464)
Benefit for (decrease in) credit enhancement recoveries	(193)	221	(450)	688
REO operations expense	(7)	(14)	(15)	(99)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(570)	(442)	(1,104)	(874)
Other expense	(179)	(140)	(394)	(243)
Non-interest expense	**(1,969)**	**(1,209)**	**(3,957)**	**(2,180)**
Income (loss) before income tax (expense) benefit	**4,637**	**2,235**	**8,118**	**2,453**
Income tax (expense) benefit	(958)	(458)	(1,672)	(503)
Net income (loss)	**3,679**	**1,777**	**6,446**	**1,950**
Other comprehensive income (loss), net of taxes and reclassification adjustments				
Changes in unrealized gains (losses) related to available-for-sale securities	(73)	154	(468)	592
Changes in unrealized gains (losses) related to cash flow hedge relationships	8	11	18	24
Changes in defined benefit plans	(3)	(4)	(7)	(6)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	**(68)**	**161**	**(457)**	**610**
Comprehensive income (loss)	**$3,611**	**$1,938**	**$5,989**	**$2,560**
Net income (loss)	$3,679	$1,777	$6,446	$1,950
Future increase in senior preferred stock liquidation preference	(3,611)	(1,938)	(5,989)	(2,320)
Net income (loss) attributable to common stockholders	**$68**	**($161)**	**$457**	**($370)**
Net income (loss) per common share — basic and diluted	**$0.02**	**($0.05)**	**$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)	June 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents (Notes 3, 16) (includes $3,954 and $17,379 of restricted cash and cash equivalents)	$11,171	$23,889
Securities purchased under agreements to resell (Notes 3, 11, 16)	113,697	105,003
Investment securities, at fair value (Note 3, 6)	59,558	59,825
Mortgage loans held-for-sale (Notes 3, 4) (includes $6,811 and $14,199 at fair value)	17,508	33,652
Mortgage loans held-for-investment (Notes 3, 4) (net of allowance for credit losses of $4,648 and $5,732)	2,590,715	2,350,236
Accrued interest receivable (Notes 3, 4, 6, 11) (net of allowance of $168 and $140)	7,637	7,754
Derivative assets, net (Notes 10, 11)	756	1,205
Deferred tax assets, net	6,494	6,557
Other assets (Notes 3) (includes $6,080 and $5,775, at fair value)	34,606	39,294
Total assets	**$2,842,142**	**$2,627,415**
Liabilities and equity		
Liabilities		
Accrued interest payable (Note 3)	$6,122	$6,210
Debt (Notes 3, 9) (includes $2,073 and $2,592 at fair value)	2,802,755	2,592,546
Derivative liabilities, net (Notes 10, 11)	507	954
Other liabilities (Notes 3)	10,356	11,292
Total liabilities	**2,819,740**	**2,611,002**
Commitments and contingencies (Notes 5, 10, 18)		
Equity (Note 12)		
Senior preferred stock (liquidation preference of $91,439 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)	(60,656)	(67,102)
AOCI, net of taxes, related to:		
Available-for-sale securities	342	810
Cash flow hedge relationships	(188)	(206)
Defined benefit plans	32	39
Total AOCI, net of taxes	186	643
Treasury stock, at cost, 75,804,333 shares and 75,804,594 shares	(3,885)	(3,885)
Total equity	**22,402**	**16,413**
Total liabilities and equity	**$2,842,142**	**$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)	June 30, 2021	December 31, 2020
Condensed Consolidated Balance Sheet Line Item (Note 3)		
Assets:		
Mortgage loans held-for-investment	$2,543,467	$2,273,347
All other assets	67,620	83,982
Total assets of consolidated VIEs	**$2,611,087**	**$2,357,329**
Liabilities:		
Debt	$2,575,653	$2,308,176
All other liabilities	5,631	5,610
Total liabilities of consolidated VIEs	**$2,581,284**	**$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	Shares Outstanding: Preferred Stock	Shares Outstanding: Common Stock	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
Balance at March 31, 2021	1	464	650	$72,648	$14,109	$—	$—	($64,335)	$254	($3,885)	$18,791
Comprehensive income (loss):											
Net income (loss)	—	—	—	—	—	—	—	3,679	—	—	3,679
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	(68)	—	(68)
Comprehensive income (loss)	—	—	—	—	—	—	—	3,679	(68)	—	3,611
Ending balance at June 30, 2021	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**$—**	**($60,656)**	**$186**	**($3,885)**	**$22,402**
Balance at March 31, 2020	1	464	650	$72,648	$14,109	$—	$—	($74,255)	$887	($3,885)	$9,504
Comprehensive income (loss):											
Net income (loss)	—	—	—	—	—	—	—	1,777	—	—	1,777
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	161	—	161
Comprehensive income (loss)	—	—	—	—	—	—	—	1,777	161	—	1,938
Ending balance at June 30, 2020	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**$—**	**($72,478)**	**$1,048**	**($3,885)**	**$11,442**

(In millions)	Shares Outstanding: Senior Preferred Stock	Shares Outstanding: Preferred Stock	Shares Outstanding: Common Stock	Senior Preferred Stock	Preferred Stock, at Redemption Value	Common Stock, at Par Value	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	AOCI, Net of Tax	Treasury Stock, at Cost	Total Equity
Balance at December 31, 2020	1	464	650	$72,648	$14,109	$—	$—	($67,102)	$643	($3,885)	$16,413
Comprehensive income (loss):											
Net income (loss)	—	—	—	—	—	—	—	6,446	—	—	6,446
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	(457)	—	(457)
Comprehensive income (loss)	—	—	—	—	—	—	—	6,446	(457)	—	5,989
Ending balance at June 30, 2021	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**$—**	**($60,656)**	**$186**	**($3,885)**	**$22,402**
Balance at December 31, 2019	1	464	650	$72,648	$14,109	$—	$—	($74,188)	$438	($3,885)	$9,122
Comprehensive income (loss):											
Net income (loss)	—	—	—	—	—	—	—	1,950	—	—	1,950
Other comprehensive income (loss), net of taxes	—	—	—	—	—	—	—	—	610	—	610
Comprehensive income (loss)	—	—	—	—	—	—	—	1,950	610	—	2,560
Cumulative effect from adoption of CECL	—	—	—	—	—	—	—	(240)	—	—	(240)
Ending balance at June 30, 2020	**1**	**464**	**650**	**$72,648**	**$14,109**	**$—**	**$—**	**($72,478)**	**$1,048**	**($3,885)**	**$11,442**

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	**$16,070**	**$428**
Cash flows from investing activities		
Purchases of trading securities	(62,814)	(78,316)
Proceeds from sales of trading securities	67,944	58,808
Proceeds from maturities and repayments of trading securities	3,126	11,172
Purchases of available-for-sale securities	(7,288)	(5,668)
Proceeds from sales of available-for-sale securities	20,941	24,810
Proceeds from maturities and repayments of available-for-sale securities	753	1,737
Purchases of mortgage loans acquired as held-for-investment	(367,336)	(221,933)
Proceeds from sales of mortgage loans acquired as held-for-investment	5,199	2,706
Proceeds from repayments of mortgage loans acquired as held-for-investment	414,680	294,343
Advances under secured lending arrangements	(112,980)	(47,276)
Repayments of secured lending arrangements	92	964
Net proceeds from dispositions of real estate owned and other recoveries	144	446
Net (increase) decrease in securities purchased under agreements to resell	(13,314)	(43,234)
Derivative premiums and terminations, swap collateral, and exchange settlement payments, net	1,113	(9,273)
Other, net	(303)	(292)
Net cash provided by (used in) investing activities	**(50,043)**	**(11,006)**
Cash flows from financing activities		
Proceeds from issuance of debt securities of consolidated trusts held by third parties	501,890	267,231
Repayments and redemptions of debt securities of consolidated trusts held by third parties	(429,404)	(268,704)
Proceeds from issuance of debt of Freddie Mac	23,153	295,145
Repayments of debt of Freddie Mac	(79,001)	(279,459)
Net increase (decrease) in securities sold under agreements to repurchase	4,620	(1,179)
Other, net	(3)	(40)
Net cash provided by (used in) financing activities	**21,255**	**12,994**
Net increase (decrease) in cash and cash equivalents (includes restricted cash and cash equivalents)	(12,718)	2,416
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	**$11,171**	**$7,605**
Supplemental cash flow information		
Cash paid for:		
Debt interest	$34,301	$35,486
Income taxes	2,590	340
Non-cash investing and financing activities (Note 4 and 6)		

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 under the conservatorship of FHFA. 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 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 June 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, and will continue to be, added to the liquidation preference of the senior preferred stock. As a result, the liquidation preference of the senior preferred stock increased from $89.1 billion as of March 31, 2021 to $91.4 billion on June 30, 2021 based on the $2.4 billion increase in our Net Worth Amount during 1Q 2021, and will increase to $95.0 billion on September 30, 2021 based on the $3.6 billion increase in our Net Worth Amount during 2Q 2021.

The Purchase Agreement, as amended by the January 2021 Letter Agreement, includes significant restrictions on our ability to manage our business, including limits on our secondary market activities; the amount and type of single-family and multifamily loans we can acquire; 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. We have accounted for the January 2021 Letter Agreement as a modification of the senior preferred stock recognized on our condensed consolidated balance sheet.

The Purchase Agreement has an indefinite term and can terminate only in limited circumstances, which do not include the end of the conservatorship. The Purchase Agreement therefore could continue after the conservatorship ends. However, Treasury's consent is required for a termination of conservatorship other than in connection with receivership or under the limited circumstances specified in the Purchase Agreement as amended by the January 2021 Letter Agreement involving maintenance of certain capital and resolution of currently pending material litigation related to our conservatorship and the Purchase Agreement. Treasury has the right to exercise the warrant, in whole or in part, at any time on or before September 7, 2028.

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

In February 2019, FHFA 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 interest-only securities. The balance of the mortgage-related investments portfolio for the purposes of the FHFA and Purchase Agreement limits was $124.1 billion as of June 30, 2021, including $10.8 billion representing 10% of the notional amount of the interest-only securities we held as of June 30, 2021. Our ability to acquire and sell mortgage assets continues to be significantly constrained by limitations imposed by the Purchase Agreement and FHFA.

With respect to the composition of our mortgage-related investments portfolio, in August 2020, FHFA instructed us to: (1) reduce the amount of agency MBS to no more than $50 billion by June 30, 2021 and no more than $20 billion by June 30, 2022, with all dollar caps to be based on UPB; and (2) reduce the UPB of our existing portfolio of CMOs, which are also sometimes referred to as REMICs, to zero as of June 30, 2021. We will have a holding period limit to sell any new CMO tranches created but not sold at issuance. CMOs do not include tranches initially retained from reperforming loans senior subordinate securitization structures.

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 March 31, 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 2Q 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.

During YTD 2021, we contributed $45 million of capital to CSS, and we have contributed $702 million since we began making contributions in the fourth quarter of 2014. The carrying value of our investment in CSS was $17 million and $16 million as of June 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. The fair value of these investments in our resecuritization trusts for which we are not the primary beneficiary was $23.6 billion and $28.5 billion as of June 30, 2021 and December 31, 2020, respectively. 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 $94.9 billion and $85.3 billion as of June 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 $28.3 billion and $28.1 billion at June 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 $34.1 billion and $33.7 billion at June 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 $1.4 billion and $1.7 billion at June 30, 2021 and December 31, 2020, respectively. The total assets of these nonconsolidated VIEs totaled $1.5 billion and $1.8 billion at June 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 $274.8 billion and $253.0 billion at June 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 $314.3 billion and $291.3 billion at June 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 $22.1 billion and $21.5 billion at June 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 $24.6 billion and $23.9 billion at June 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 $14.8 billion and $14.9 billion at June 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 at both June 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 $174 million and $420 million at June 30, 2021 and December 31, 2020, respectively. The total assets of these nonconsolidated VIEs totaled $19.9 billion and $17.3 billion at June 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)	June 30, 2021	December 31, 2020
Condensed Consolidated Balance Sheet Line Item		
Assets:		
Cash and cash equivalents (includes $3,859 and $17,289 of restricted cash and cash equivalents)	$3,860	$17,290
Securities purchased under agreements to resell	36,266	38,487
Investment securities, at fair value	4,159	591
Mortgage loans held-for-investment, net	2,543,467	2,273,347
Accrued interest receivable, net	7,141	7,134
Other assets	16,194	20,480
Total assets of consolidated VIEs	**$2,611,087**	**$2,357,329**
Liabilities:		
Accrued interest payable	$5,631	$5,610
Debt	2,575,653	2,308,176
Total liabilities of consolidated VIEs	**$2,581,284**	**$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)	June 30, 2021	December 31, 2020
Assets and Liabilities Recorded on our Condensed Consolidated Balance Sheets[(1)]		
Assets:		
Investment securities, at fair value	$23,598	$28,459
Accrued interest receivable, net	236	239
Derivative assets, net	24	61
Other assets	5,615	5,553
Liabilities:		
Debt	67	—
Derivative liabilities, net	46	47
Other liabilities	4,857	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

	June 30, 2021			December 31, 2020		
(In millions)	Single-family	Multifamily	Total	Single-family	Multifamily	Total
Held-for-sale UPB	$7,920	$10,475	$18,395	$10,702	$23,789	$34,491
Cost basis and fair value adjustments, net	(1,272)	385	(887)	(1,637)	798	(839)
Total held-for-sale loans, net	**6,648**	**10,860**	**17,508**	**9,065**	**24,587**	**33,652**
Held-for-investment UPB	2,510,339	22,209	2,532,548	2,271,576	21,923	2,293,499
Cost basis adjustments	62,756	59	62,815	62,415	54	62,469
Allowance for credit losses	(4,601)	(47)	(4,648)	(5,628)	(104)	(5,732)
Total held-for-investment loans, net	**2,568,494**	**22,221**	**2,590,715**	**2,328,363**	**21,873**	**2,350,236**
Total mortgage loans, net	**$2,575,142**	**$33,081**	**$2,608,223**	**$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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Single-family:				
Purchases:				
Held-for-investment loans	$287.1	$230.7	$647.7	$368.4
Sale of held-for-sale loans(1)	3.0	—	3.0	2.2
Multifamily:				
Purchases:				
Held-for-investment loans	1.3	3.1	2.9	4.3
Held-for-sale loans	11.5	16.4	23.8	24.6
Sale of held-for-sale loans(2)	17.7	11.0	38.8	21.7

(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

	2Q 2021			2Q 2020		
(In millions)	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed
Single-family reclassifications from:						
Held-for-investment to held-for-sale[1]	$469	$28	$—	$759	$34	$—
Held-for-sale to held-for-investment[2]	67	6	—	244	20	4
Multifamily reclassifications from:						
Held-for-investment to held-for-sale	1,202	5	—	615	—	—
Held-for-sale to held-for-investment	12	—	—	89	—	—

	YTD 2021			YTD 2020		
(In millions)	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed	UPB	Allowance for Credit Losses Reversed or (Established)	Valuation Allowance (Established) or Reversed
Single-family reclassifications from:						
Held-for-investment to held-for-sale[1]	$970	$35	$—	$3,396	$248	$—
Held-for-sale to held-for-investment[2]	102	9	—	245	20	4
Multifamily reclassifications from:						
Held-for-investment to held-for-sale	1,730	6	—	647	—	—
Held-for-sale to held-for-investment	21	—	—	571	(1)	—

(1) Prior to reclassification from held-for-investment to held-for-sale, we charged-off $15 million and $42 million against the allowance for credit losses during 2Q 2021 and YTD 2021, respectively, compared to $94 million and $173 million during 2Q 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

	Non-Accrual Amortized Cost Basis		Interest Income Recognized[1]	
(In millions)	March 31, 2021	June 30, 2021	2Q 2021	YTD 2021
Single-family:				
20- and 30-year or more, amortizing fixed-rate	$21,137	$19,431	$35	$70
15-year amortizing fixed-rate	1,031	914	1	3
Adjustable-rate	296	268	—	1
Alt-A, interest-only, and option ARM	700	611	1	2
Total single-family	**23,164**	**21,224**	**37**	**76**
Total multifamily	**—**	**—**	**—**	**—**
Total single-family and multifamily	**$23,164**	**$21,224**	**$37**	**$76**

Referenced footnotes are included after the prior period table.

(In millions)	Non-Accrual Amortized Cost Basis		Interest Income Recognized[1]	
	March 31, 2020	June 30, 2020	2Q 2020	YTD 2020
Single-family:				
20- and 30-year or more, amortizing fixed-rate	$5,494	$10,226	($35)	$30
15-year amortizing fixed-rate	241	528	(2)	1
Adjustable-rate	83	150	—	—
Alt-A, interest-only, and option ARM	389	540	(1)	2
Total single-family	**6,207**	**11,444**	**(38)**	**33**
Total multifamily	**13**	**—**	**—**	**—**
Total single-family and multifamily	**$6,220**	**$11,444**	**($38)**	**$33**

(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			
	June 30, 2021	December 31, 2020	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Single-family loans	$7,222	$7,292	($119)	($92)	($285)	($121)
Multifamily loans	104	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 the Enhanced Relief Refinance program) 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

	June 30, 2021						
	Year of Origination						Total
(In millions)	2021	2020	2019	2018	2017	Prior	
Current LTV Ratio:							
20- and 30-year or more, amortizing fixed-rate							
≤ 60	$115,459	$306,280	$65,299	$38,381	$65,585	$467,656	$1,058,660
> 60 to 80	235,850	446,701	107,331	36,116	27,259	36,693	889,950
> 80 to 90	63,487	98,729	7,580	1,426	489	1,565	173,276
> 90 to 100	39,697	3,968	167	53	41	561	44,487
> 100[1]	67	7	2	14	33	554	677
Total 20- and 30-year or more, amortizing fixed-rate	**454,560**	**855,685**	**180,379**	**75,990**	**93,407**	**507,029**	**2,167,050**
15-year amortizing fixed-rate							
≤ 60	43,775	102,912	18,842	8,654	16,342	94,098	284,623
> 60 to 80	33,861	46,353	4,268	539	204	100	85,325
> 80 to 90	3,311	1,540	33	4	4	9	4,901
> 90 to 100	595	41	—	1	2	3	642
> 100[1]	9	—	—	1	2	6	18
Total 15-year amortizing fixed-rate	**81,551**	**150,846**	**23,143**	**9,199**	**16,554**	**94,216**	**375,509**
Adjustable-rate							
≤ 60	545	1,539	803	636	2,056	12,158	17,737
> 60 to 80	746	947	472	214	404	313	3,096
> 80 to 90	130	55	15	5	7	4	216
> 90 to 100	55	—	1	—	—	1	57
> 100[1]	—	—	—	—	—	1	1
Total adjustable-rate	**1,476**	**2,541**	**1,291**	**855**	**2,467**	**12,477**	**21,107**
Alt-A, Interest-only, and option ARM							
≤ 60	—	—	—	—	—	8,149	8,149
> 60 to 80	—	—	—	—	—	1,083	1,083
> 80 to 90	—	—	—	—	—	120	120
> 90 to 100	—	—	—	—	—	45	45
> 100[1]	—	—	—	—	—	32	32
Total Alt-A, interest-only, and option ARM	**—**	**—**	**—**	**—**	**—**	**9,429**	**9,429**
Total single-family loans	**$537,587**	**$1,009,072**	**$204,813**	**$86,044**	**$112,428**	**$623,151**	**$2,573,095**
Total for all loan product types by current LTV ratio:							
≤ 60	$159,779	$410,731	$84,944	$47,671	$83,983	$582,061	$1,369,169
> 60 to 80	270,457	494,001	112,071	36,869	27,867	38,189	979,454
> 80 to 90	66,928	100,324	7,628	1,435	500	1,698	178,513
> 90 to 100	40,347	4,009	168	54	43	610	45,231
> 100[1]	76	7	2	15	35	593	728
Total single-family loans	**$537,587**	**$1,009,072**	**$204,813**	**$86,044**	**$112,428**	**$623,151**	**$2,573,095**

Referenced footnotes are included after the prior period table.

	December 31, 2020						
	Year of Origination						Total
(In millions)	2020	2019	2018	2017	2016	Prior	
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 10.22% and 11.17% as of June 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 current financial strength and debt service capacity of the borrower;
- "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 by Vintage

	June 30, 2021							
	Year of Origination							
(In millions)	2021	2020	2019	2018	2017	Prior	Revolving Loans	Total
Category:								
Pass	$1,293	$7,698	$5,560	$1,135	$654	$3,039	$2,168	$21,547
Special mention	—	—	476	—	—	106	—	582
Substandard	—	—	23	1	13	102	—	139
Doubtful	—	—	—	—	—	—	—	—
Total	**$1,293**	**$7,698**	**$6,059**	**$1,136**	**$667**	**$3,247**	**$2,168**	**$22,268**

	December 31, 2020							
	Year of Origination							
(In millions)	2020	2019	2018	2017	2016	Prior	Revolving Loans	Total
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 loans, held-for-investment, by payment status.

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

	June 30, 2021						
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure[1]	Total	Three Months or More Past Due, and Accruing	Non-accrual With No Allowance[2]
Single-family:							
20- and 30-year or more, amortizing fixed-rate	$2,114,708	$11,746	$3,429	$37,167	$2,167,050	$18,089	$845
15-year amortizing fixed-rate	371,888	1,103	235	2,283	375,509	1,363	10
Adjustable-rate	20,323	143	42	599	21,107	334	7
Alt-A, interest-only, and option ARM	8,266	222	78	863	9,429	254	128
Total single-family	**2,515,185**	**13,214**	**3,784**	**40,912**	**2,573,095**	**20,040**	**990**
Total multifamily[3]	**22,268**	**—**	**—**	**—**	**22,268**	**—**	**—**
Total single-family and multifamily	**$2,537,453**	**$13,214**	**$3,784**	**$40,912**	**$2,595,363**	**$20,040**	**$990**

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 $0.8 billion and $1.0 billion of single-family loans that were in the process of foreclosure as of June 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 June 30, 2021 and December 31, 2020, includes $0.6 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

	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Percentage of single-family loan modifications that were classified as TDRs with:				
Interest rate reductions and related term extensions	13%	15%	14%	15%
Principal forbearance and related interest rate reductions and term extensions	37	18	35	19
Average coupon interest rate reduction	0.4 %	0.3 %	0.4 %	0.3 %
Average months of term extension	145	187	149	187

Substantially all of our completed single-family loan modifications classified as a TDR during 2Q 2021, 2Q 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

	2Q 2021		2Q 2020		YTD 2021		YTD 2020	
(Dollars in millions)	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	3,729	$656	5,309	$943	7,511	$1,327	11,741	$2,070
15-year amortizing fixed-rate	425	47	590	61	897	94	1,319	133
Adjustable-rate	52	10	88	15	100	19	185	32
Alt-A, interest-only, and option ARM	156	20	135	19	307	39	301	43
Total single-family	**4,362**	**733**	**6,122**	**1,038**	**8,815**	**1,479**	**13,546**	**2,278**
Multifamily	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

(1) The pre-TDR amortized cost basis for single-family loans initially classified as TDR during 2Q 2021 and YTD 2021 was $0.8 billion and $1.5 billion, respectively, compared to $1.0 billion and $2.3 billion during 2Q 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 TDR 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

	2Q 2021		2Q 2020		YTD 2021		YTD 2020	
(Dollars in millions)	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	682	$124	4,116	$791	1,813	$322	6,620	$1,218
15-year amortizing fixed-rate	24	2	197	26	86	9	316	40
Adjustable-rate	6	1	59	10	21	4	88	14
Alt-A, interest-only, and option ARM	89	13	349	72	216	34	513	104
Total single-family	**801**	**140**	**4,721**	**899**	**2,136**	**369**	**7,537**	**1,376**
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, 1,689 and 1,936, respectively, of such loans (with a post-TDR amortized cost basis of $0.3 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 $295.5 billion and $162.4 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 $112.1 billion and $45.1 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 resecuritization 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

	June 30, 2021			December 31, 2020		
(**Dollars in millions**, terms in years)	Maximum Exposure(1)	Recognized Liability(2)	Maximum Remaining Term	Maximum Exposure(1)	Recognized Liability(2)	Maximum Remaining Term
Single-family:						
Securitization activity guarantees	$29,696	$410	39	$29,739	$401	39
Other mortgage-related guarantees	10,148	241	30	9,215	193	30
Total single-family	**$39,844**	**$651**		**$38,954**	**$594**	
Multifamily:						
Securitization activity guarantees	$309,718	$4,382	39	$287,334	$4,031	39
Other mortgage-related guarantees	9,973	389	33	10,721	425	33
Total multifamily	**$319,691**	**$4,771**		**$298,055**	**$4,456**	
Other guarantees	$63,926	$1,387	30	$47,703	$794	30
Fannie Mae securities backing Freddie Mac resecuritization products	99,039	—	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 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

	June 30, 2021				
(In millions)	Current	One Month Past Due	Two Months Past Due	Three Months or More Past Due, or in Foreclosure	Total(1)
Single-family	$40,023	$1,784	$594	$3,058	$45,459
Multifamily(2)	362,877	55	25	548	363,505
Total	**$402,900**	**$1,839**	**$619**	**$3,606**	**$408,964**

	December 31, 2020				
(In millions)	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	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 $0.5 billion and $0.7 billion as of June 30, 2021 and December 31, 2020, respectively, and therefore is not included in the table above.

(2) As of June 30, 2021, includes $4.4 billion 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 $15.0 billion and $15.4 billion at June 30, 2021 and December 31, 2020, respectively. 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 $4.5 billion and $5.5 billion at June 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)	June 30, 2021	December 31, 2020
Trading securities	$54,991	$44,458
Available-for-sale securities	4,567	15,367
Total fair value of investment securities	**$59,558**	**$59,825**

As of June 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)	June 30, 2021	December 31, 2020
Mortgage-related securities:		
Agency	$21,708	$17,504
Non-agency	—	1
Total mortgage-related securities	**21,708**	**17,505**
Non-mortgage-related securities	33,283	26,953
Total fair value of trading securities	**$54,991**	**$44,458**

For trading securities held at June 30, 2021, we recorded net unrealized gains (losses) of ($398) million and ($797) million during 2Q 2021 and YTD 2021, respectively. For trading securities held at June 30, 2020, we recorded net unrealized gains (losses) of $120 million and $638 million during 2Q 2020 and YTD 2020, respectively.

Available-for-Sale Securities

At June 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 June 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

	June 30, 2021				
(In millions)	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	$3,380	$189	($1)	$3,568	$8
Non-agency and other	757	242	—	999	4
Total available-for-sale securities	**$4,137**	**$431**	**($1)**	**$4,567**	**$12**

	December 31, 2020				
(In millions)	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 June 30, 2021 scheduled to contractually mature after ten years was $1.7 billion, with an additional $1.8 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

	June 30, 2021			
	Less than 12 Months		12 Months or Greater	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities:				
Agency	$20	$—	$105	($1)
Non-agency and other	—	—	—	—
Total available-for-sale securities in a gross unrealized loss position	**$20**	**$—**	**$105**	**($1)**

	December 31, 2020			
	Less than 12 Months		12 Months or Greater	
(In millions)	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 June 30, 2021, the gross unrealized losses relate to 31 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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Gross realized gains	$121	$44	$520	$77
Gross realized losses	(22)	(37)	(53)	(60)
Net realized gains (losses)	**$99**	**$7**	**$467**	**$17**

Non-Cash Investing and Financing Activities

During YTD 2021 and YTD 2020, we recognized $23.9 billion and $12.7 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

	2Q 2021			2Q 2020			YTD 2021			YTD 2020		
(In millions)	Single-family	Multifamily	Total	Single-family	Multifamily	Total	Single-family	Multifamily	Total	Single-family	Multifamily	Total
Beginning balance	$6,130	$150	$6,280	$6,347	$136	$6,483	$6,353	$200	$6,553	$5,233	$69	$5,302
Provision (benefit) for credit losses	(686)	(54)	(740)	624	81	705	(832)	(104)	(936)	1,790	148	1,938
Charge-offs	(203)	—	(203)	(121)	—	(121)	(441)	—	(441)	(285)	—	(285)
Recoveries collected	61	—	61	36	—	36	107	—	107	124	—	124
Other	211	—	211	30	—	30	326	—	326	54	—	54
Ending balance	**$5,513**	**$96**	**$5,609**	**$6,916**	**$217**	**$7,133**	**$5,513**	**$96**	**$5,609**	**$6,916**	**$217**	**$7,133**
Components of ending balance of allowance for credit losses:												
Mortgage loans held-for-investment	$4,601	$47	$4,648	$6,482	$124	$6,606						
Advances of pre-foreclosure costs	691	—	691	323	—	323						
Accrued interest receivable on mortgage loans	168	—	168	57	—	57						
Off-balance sheet credit exposures	53	49	102	54	93	147						
Total	**$5,513**	**$96**	**$5,609**	**$6,916**	**$217**	**$7,133**						

2Q 2021 vs. 2Q 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 than in the 2020 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)	June 30, 2021	December 31, 2020
Freestanding credit enhancement expected recovery receivables, net of allowance	$217	$677
Primary mortgage insurance receivables[1], net of allowance	71	74
Total credit enhancement receivables	**$288**	**$751**

(1) Excludes $433 million and $444 million of deferred payment obligations associated with unpaid claim amounts as of June 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

		June 30, 2021		December 31, 2020	
(In millions)	Credit Enhancement Accounting Treatment	UPB[1]	Maximum Coverage[2]	UPB[1]	Maximum Coverage[2]
Primary mortgage insurance[3]	Attached	$501,768	$122,942	$472,881	$116,973
STACR:					
Trust notes	Freestanding	623,920	19,942	488,251	17,288
Debt notes	Debt	273,747	11,553	365,482	12,377
Insurance/reinsurance[4]	Freestanding	922,969	14,331	876,815	11,586
Subordination:					
Nonconsolidated VIEs	Guarantee	34,871	5,853	34,671	5,718
Consolidated VIEs	Debt	6,086	346	9,499	464
Lender risk-sharing	Freestanding	4,975	4,477	5,731	4,831
Other	Primarily attached	237	234	374	371
Total single-family credit enhancements			**$179,678**		**$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.

(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 June 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

		June 30, 2021		December 31, 2020	
(In millions)	Credit Enhancement Accounting Treatment	UPB(1)	Maximum Coverage(2)	UPB(1)	Maximum Coverage(2)
Subordination:					
Nonconsolidated VIEs	Guarantee	$353,191	$44,306	$328,897	$42,799
Lender risk-sharing	Freestanding	2,892	599	3,317	598
Insurance/reinsurance(3)	Freestanding	5,344	189	5,383	190
SCR:					
Trust notes	Freestanding	4,788	272	—	—
Debt notes	Debt	2,139	107	2,217	111
Other	Primarily debt	1,202	404	2,211	453
Total multifamily credit enhancements			**$45,877**		**$44,151**

(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. 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 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 June 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)	June 30, 2021	December 31, 2020
Debt securities of consolidated trusts held by third parties	$2,575,653	$2,308,176
Debt of Freddie Mac:		
Short-term debt	—	4,955
Long-term debt	227,102	279,415
Total Debt of Freddie Mac	**227,102**	**284,370**
Total debt	**$2,802,755**	**$2,592,546**

As of June 30, 2021, our aggregate indebtedness was $230.6 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

	June 30, 2021				December 31, 2020			
(Dollars in millions)	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 - 2060	$1,990,165	$2,046,438	2.77 %	2021 - 2060	$1,799,065	$1,855,438	3.07 %
20-year fixed-rate	2021 - 2041	119,298	122,569	2.53	2021 - 2041	97,520	100,498	2.84
15-year fixed-rate	2021 - 2036	357,016	365,964	2.25	2021 - 2036	303,142	310,612	2.46
Adjustable-rate	2021 - 2051	20,531	20,996	2.48	2021 - 2051	23,964	24,484	2.76
Interest-only	2026 - 2051	3,144	3,277	2.57	2026 - 2041	3,671	3,736	3.15
FHA/VA	2021 - 2051	828	845	3.79	2021 - 2050	752	769	4.04
Total single-family		**2,490,982**	**2,560,089**			**2,228,114**	**2,295,537**	
Multifamily	2021-2051	15,352	15,564	2.26	2021-2050	12,488	12,639	2.43
Total debt of consolidated trusts held by third parties		**$2,506,334**	**$2,575,653**			**$2,240,602**	**$2,308,176**	

(1) Includes $252 million and $205 million at June 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 1.73% and 1.76% as of June 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

	June 30, 2021			December 31, 2020		
(Dollars in millions)	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)	4,620	4,620	(0.03)	—	—	—
Total short-term debt	**4,620**	**4,620**	**(0.03)**	**4,955**	**4,955**	**1.31**
Long-term debt:						
Original maturities on or before December 31,						
2021	26,621	26,620	0.72	43,422	43,417	0.95
2022	55,228	55,247	0.72	61,071	61,092	0.68
2023	48,199	48,139	0.44	61,998	61,920	0.45
2024	16,389	16,367	0.49	21,679	21,651	0.61
2025	35,777	35,414	0.83	44,342	43,944	0.84
Thereafter	36,602	34,867	2.62	36,386	34,583	2.64
STACR and SCR debt(4)	11,660	11,496	4.19	12,488	12,342	4.18
Hedging-related basis adjustments	N/A	(1,048)		N/A	466	
Total long-term debt	**230,476**	**227,102**	**1.13**	**281,386**	**279,415**	**1.09**
Total debt of Freddie Mac(5)	**$235,096**	**$231,722**		**$286,341**	**$284,370**	

(1) Represents par value, net of associated discounts or premiums and issuance cost. Includes $1.8 billion and $2.4 billion at June 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 $89.0 billion and $124.0 billion at June 30, 2021 and December 31, 2020, respectively.

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

	June 30, 2021			December 31, 2020		
	Notional or Contractual Amount	Derivatives at Fair Value		Notional or Contractual Amount	Derivatives at Fair Value	
(In millions)		Assets	Liabilities		Assets	Liabilities
Not designated as hedges						
Interest-rate risk management derivatives:						
Swaps	$647,387	$2,082	($5,132)	$559,596	$2,639	($7,091)
Written options	31,654	—	(1,331)	18,259	—	(735)
Purchased options(1)	236,105	4,395	—	169,995	5,265	—
Futures	174,513	—	—	181,702	—	—
Total interest-rate management derivatives	**1,089,659**	**6,477**	**(6,463)**	**929,552**	**7,904**	**(7,826)**
Mortgage commitment derivatives:						
Forward contracts to purchase mortgage loans	11,857	23	(3)	37,122	183	—
Forward contracts to purchase mortgage-related securities	32,396	79	(6)	45,185	203	—
Forward contracts to sell mortgage-related securities	77,182	11	(201)	136,802	2	(759)
Total mortgage commitment derivatives	**121,435**	**113**	**(210)**	**219,109**	**388**	**(759)**
CRT-related derivatives	30,553	24	(38)	28,949	61	(47)
Other	7,685	1	(24)	4,029	2	(16)
Total derivatives not designated as hedges	**1,249,332**	**6,615**	**(6,735)**	**1,181,639**	**8,355**	**(8,648)**
Designated as fair value hedges						
Interest-rate risk management derivatives:						
Swaps	153,002	109	(1,336)	180,686	224	(500)
Total derivatives designated as fair value hedges	**153,002**	**109**	**(1,336)**	**180,686**	**224**	**(500)**
Derivative interest receivable (payable)(2)		485	(463)		455	(523)
Netting adjustments(3)		(6,453)	8,027		(7,829)	8,717
Total derivative portfolio, net	**$1,402,334**	**$756**	**($507)**	**$1,362,325**	**$1,205**	**($954)**

(1) Includes swaptions on credit indices with a notional or contractual amount of $11.5 billion and $16.8 billion at June 30, 2021 and December 31, 2020, respectively, and a fair value of $3.0 million and $9.0 million at June 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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Not designated as hedges				
Interest-rate risk management derivatives:				
Swaps	$1,039	$1,000	$1,654	($3,863)
Written options	305	55	(156)	(265)
Purchased options	(586)	(760)	(634)	3,782
Futures	(127)	(120)	159	(2,448)
Total interest-rate risk management derivatives fair value gains (losses)	**631**	**175**	**1,023**	**(2,794)**
Mortgage commitment derivatives	(860)	(396)	616	(1,122)
CRT-related derivatives	15	43	(27)	121
Other	11	6	8	37
Total derivatives not designated as hedges fair value gains (losses)	**(203)**	**(172)**	**1,620**	**(3,758)**
Accrual of periodic cash settlements[1]	(360)	(329)	(812)	(505)
Total	**($563)**	**($501)**	**$808**	**($4,263)**

(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

	2Q 2021		2Q 2020	
(In millions)	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:	$15,230	($10,463)	$15,716	($12,840)
Interest contracts on mortgage loans held-for-investment:				
Gain (loss) on fair value hedging relationships:				
Hedged items	1,086	—	670	—
Derivatives designated as hedging instruments	(1,097)	—	(474)	—
Interest accruals on hedging instruments	(139)	—	(122)	—
Discontinued hedge-related basis adjustments amortization	(511)	—	(695)	—
Interest contracts on debt:				
Gain (loss) on fair value hedging relationships:				
Hedged items	—	(600)	—	37
Derivatives designated as hedging instruments	—	568	—	(81)
Interest accruals on hedging instruments	—	248	—	187
Discontinued hedge-related basis adjustments amortization	—	3	—	17

	YTD 2021		YTD 2020	
(In millions)	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:	$29,132	($20,726)	$33,308	($27,647)
Interest contracts on mortgage loans held-for-investment:				
Gain (loss) on fair value hedging relationships:				
Hedged items	(437)	—	5,563	—
Derivatives designated as hedging instruments	437	—	(5,554)	—
Interest accruals on hedging instruments	(253)	—	(185)	—
Discontinued hedge-related basis adjustments amortization	(1,292)	—	(948)	—
Interest contracts on debt:				
Gain (loss) on fair value hedging relationships:				
Hedged items	—	1,514	—	(468)
Derivatives designated as hedging instruments	—	(1,620)	—	473
Interest accruals on hedging instruments	—	503	—	287
Discontinued hedge-related basis adjustments amortization	—	8	—	37

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

	June 30, 2021					
		Cumulative Amount of Fair Value Hedging Basis Adjustments Included in the Carrying Amount			Closed Portfolio Under the Last-of-Layer Method	
(In millions)	Carrying Amount Assets / (Liabilities)	Total	Under the Last-of-Layer Method	Discontinued - Hedge Related	Total Amount by Amortized Cost Basis	Designated Amount by UPB
Mortgage loans held-for-investment	$693,011	$3,388	($224)	$3,612	$72,555	$3,019
Debt	(146,969)	1,048	—	(30)	—	—

	December 31, 2020					
		Cumulative Amount of Fair Value Hedging Basis Adjustments Included in the Carrying Amount			Closed Portfolio Under the Last-of-Layer Method	
(In millions)	Carrying Amount Assets / (Liabilities)	Total	Under the Last-of-Layer Method	Discontinued - Hedge Related	Total Amount by Amortized Cost Basis	Designated Amount by UPB
Mortgage loans held-for-investment	$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.

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

	June 30, 2021					
		Amount Offset in the Consolidated Balance Sheets				
(In millions)	Gross Amount Recognized	Counterparty Netting	Cash Collateral Netting[1]	Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets[2]	Net Amount
Assets:						
Derivatives:						
OTC derivatives	$6,955	($5,088)	($1,405)	$462	($419)	$43
Cleared and exchange-traded derivatives	116	(5)	45	156	—	156
Mortgage commitment derivatives	113	—	—	113	—	113
Other	25	—	—	25	—	25
Total derivatives	**7,209**	**(5,093)**	**(1,360)**	**756**	**(419)**	**337**
Securities purchased under agreements to resell	118,317	(4,620)	—	113,697	(113,697)	—
Total	**$125,526**	**($9,713)**	**($1,360)**	**$114,453**	**($114,116)**	**$337**
Liabilities:						
Derivatives:						
OTC derivatives	($8,197)	$5,088	$2,902	($207)	$—	($207)
Cleared and exchange-traded derivatives	(65)	5	32	(28)	28	—
Mortgage commitment derivatives	(210)	—	—	(210)	—	(210)
Other	(62)	—	—	(62)	—	(62)
Total derivatives	**(8,534)**	**5,093**	**2,934**	**(507)**	**28**	**(479)**
Securities sold under agreements to repurchase	(4,620)	4,620	—	—	—	—
Total	**($13,154)**	**$9,713**	**$2,934**	**($507)**	**$28**	**($479)**

Referenced footnotes are included after the next table.

(In millions)	December 31, 2020					
	Gross Amount Recognized	Amount Offset in the Consolidated Balance Sheets: Counterparty Netting	Amount Offset in the Consolidated Balance Sheets: Cash Collateral Netting(1)	Net Amount Presented in the Consolidated Balance Sheets	Gross Amount Not Offset in the Consolidated Balance Sheets(2)	Net Amount
Assets:						
Derivatives:						
OTC derivatives	$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 $1.8 billion and $2.8 billion pledged to us as collateral that was invested as part of our liquidity and contingency operating portfolio as of June 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 June 30, 2021, and December 31, 2020, we had $59.6 billion and $85.8 billion, respectively, of securities pledged to us in these transactions. In addition, at June 30, 2021 and December 31, 2020, we had $0.7 billion and $0.8 billion, respectively, 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 June 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

	June 30, 2021			
(In millions)	Derivatives	Securities Sold Under Agreements to Repurchase	Other[3]	Total
Cash equivalents[1]	$—	$569	$—	$569
Debt securities of consolidated trusts[2]	—	—	335	335
Trading securities	1,888	4,054	1,536	7,478
Total securities pledged	**$1,888**	**$4,623**	**$1,871**	**$8,382**

	December 31, 2020			
(In millions)	Derivatives	Securities Sold Under Agreements to Repurchase	Other[3]	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) Represents U.S. Treasury securities accounted for as cash equivalents.

(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.

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

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

	June 30, 2021				
(In millions)	Overnight and Continuous	30 Days or Less	After 30 Days Through 90 Days	Greater Than 90 Days	Total
U.S. Treasury securities and other	$2,875	$1,748	$—	$—	$4,623

NOTE 12

Stockholders' Equity and Earnings Per Share

Accumulated Other Comprehensive Income

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

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

	2Q 2021			
(In millions)	AOCI Related to Available-for-Sale Securities	AOCI Related to Cash Flow Hedge Relationships	AOCI Related to Defined Benefit Plans	Total
Beginning balance	$415	($196)	$35	$254
Other comprehensive income before reclassifications	6	—	—	6
Amounts reclassified from accumulated other comprehensive income	(79)	8	(3)	(74)
Changes in AOCI by component	**(73)**	**8**	**(3)**	**(68)**
Ending balance	**$342**	**($188)**	**$32**	**$186**

	YTD 2021			
(In millions)	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	(99)	—	(1)	(100)
Amounts reclassified from accumulated other comprehensive income	(369)	18	(6)	(357)
Changes in AOCI by component	**(468)**	**18**	**(7)**	**(457)**
Ending balance	**$342**	**($188)**	**$32**	**$186**

	2Q 2020			
(In millions)	AOCI Related to Available-for-Sale Securities	AOCI Related to Cash Flow Hedge Relationships	AOCI Related to Defined Benefit Plans	Total
Beginning balance	$1,056	($231)	$62	$887
Other comprehensive income before reclassifications	160	—	—	160
Amounts reclassified from accumulated other comprehensive income	(6)	11	(4)	1
Changes in AOCI by component	**154**	**11**	**(4)**	**161**
Ending balance	**$1,210**	**($220)**	**$58**	**$1,048**

	YTD 2020			
(In millions)	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	606	—	2	608
Amounts reclassified from accumulated other comprehensive income	(14)	24	(8)	2
Changes in AOCI by component	**592**	**24**	**(6)**	**610**
Ending balance	**$1,210**	**($220)**	**$58**	**$1,048**

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)	2Q 2021	2Q 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	$99	$7	$467	$17
Income tax (expense) benefit	(20)	(1)	(98)	(3)
Net of tax	**79**	**6**	**369**	**14**
AOCI related to cash flow hedge relationships				
Affected line items on the condensed consolidated statements of comprehensive income (loss):				
Interest expense	(10)	(14)	(21)	(30)
Income tax (expense) benefit	2	3	3	6
Net of tax	**(8)**	**(11)**	**(18)**	**(24)**
AOCI related to defined benefit plans				
Affected line items on the condensed consolidated statements of comprehensive income (loss):				
Salaries and employee benefits	4	5	8	10
Income tax (expense) benefit	(1)	(1)	(2)	(2)
Net of tax	**3**	**4**	**6**	**8**
Total reclassifications in the period, net of tax	**$74**	**($1)**	**$357**	**($2)**

Senior Preferred Stock

As a result of changes to the terms of the 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 June 2021. As the company builds capital during this period, the quarterly increases in our Net Worth Amount have been, and will continue to 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 $89.1 billion as of March 31, 2021 to $91.4 billion on June 30, 2021 based on the $2.4 billion increase in the Net Worth Amount during 1Q 2021. The liquidation preference will increase to $95.0 billion on September 30, 2021 based on the $3.6 billion increase in our Net Worth Amount during 2Q 2021. See **Note 2** for additional information.

As of June 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 June 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
Total non-draw adjustments	**1.00**	**1.00**	**1.00**		**19,791**
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**		**$91,439**

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 did not declare or pay a dividend on the senior preferred stock during YTD 2021. We also did not declare or pay 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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Interest income				
Mortgage loans	$14,590	$15,026	$27,845	$31,658
Investment securities	617	637	1,227	1,289
Other	23	53	60	361
Total interest income	**15,230**	**15,716**	**29,132**	**33,308**
Interest expense				
Debt securities of consolidated trusts held by third parties	(10,032)	(11,975)	(19,788)	(25,422)
Debt of Freddie Mac:				
Short-term debt	—	(130)	(2)	(560)
Long-term debt	(431)	(735)	(936)	(1,665)
Total interest expense	**(10,463)**	**(12,840)**	**(20,726)**	**(27,647)**
Net interest income	**4,767**	**2,876**	**8,406**	**5,661**
Benefit (provision) for credit losses	740	(705)	936	(1,938)
Net interest income after benefit (provision) for credit losses	**$5,507**	**$2,171**	**$9,342**	**$3,723**

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)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Investment gains (losses), net:				
Mortgage loans gains (losses)	$1,511	$1,046	$1,717	$2,218
Investment securities gains (losses)	(330)	65	(837)	1,120
Debt gains (losses)	18	60	156	760
Derivative gains (losses)	(563)	(501)	808	(4,263)
Investment gains (losses), net	**$636**	**$670**	**$1,844**	**($165)**

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

	2Q 2021		
(In millions)	Single-family	Multifamily	Total
Net interest income	**$4,460**	**$307**	**$4,767**
Non-interest income (loss)			
Guarantee income	10	346	356
Investment gains (losses), net	137	499	636
Other income (loss)	108	(1)	107
Non-interest income (loss)	**255**	**844**	**1,099**
Net revenues	**4,715**	**1,151**	**5,866**
Benefit (provision) for credit losses	**686**	**54**	**740**
Non-interest expense			
Administrative expense	(503)	(148)	(651)
Credit enhancement expense	(361)	(8)	(369)
Benefit for (decrease in) credit enhancement recoveries	(190)	(3)	(193)
REO operations expense	(7)	—	(7)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(570)	—	(570)
Other expense	(172)	(7)	(179)
Non-interest expense	**(1,803)**	**(166)**	**(1,969)**
Income (loss) before income tax (expense) benefit	**3,598**	**1,039**	**4,637**
Income tax (expense) benefit	(743)	(215)	(958)
Net income (loss)	**2,855**	**824**	**3,679**
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	(79)	6	(73)
Changes in unrealized gains (losses) related to cash flow hedge relationships	8	—	8
Changes in defined benefit plans	(3)	—	(3)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	**(74)**	**6**	**(68)**
Comprehensive income (loss)	**$2,781**	**$830**	**$3,611**

	YTD 2021		
(In millions)	Single-family	Multifamily	Total
Net interest income	**$7,768**	**$638**	**$8,406**
Non-interest income (loss)			
Guarantee income	99	505	604
Investment gains (losses), net	437	1,407	1,844
Other income (loss)	260	25	285
Non-interest income (loss)	**796**	**1,937**	**2,733**
Net revenues	**8,564**	**2,575**	**11,139**
Benefit (provision) for credit losses	**832**	**104**	**936**
Non-interest expense			
Administrative expense	(991)	(299)	(1,290)
Credit enhancement expense	(686)	(18)	(704)
Benefit for (decrease in) credit enhancement recoveries	(435)	(15)	(450)
REO operations expense	(15)	—	(15)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(1,104)	—	(1,104)
Other expense	(381)	(13)	(394)
Non-interest expense	**(3,612)**	**(345)**	**(3,957)**
Income (loss) before income tax (expense) benefit	**5,784**	**2,334**	**8,118**
Income tax (expense) benefit	(1,191)	(481)	(1,672)
Net income (loss)	**4,593**	**1,853**	**6,446**
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	(414)	(54)	(468)
Changes in unrealized gains (losses) related to cash flow hedge relationships	18	—	18
Changes in defined benefit plans	(6)	(1)	(7)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	**(402)**	**(55)**	**(457)**
Comprehensive income (loss)	**$4,191**	**$1,798**	**$5,989**

(In millions)	2Q 2020 Single-family	2Q 2020 Multifamily	2Q 2020 Total
Net interest income	**$2,590**	**$286**	**$2,876**
Non-interest income (loss)			
Guarantee income	55	414	469
Investment gains (losses), net	(61)	731	670
Other income (loss)	83	51	134
Non-interest income (loss)	**77**	**1,196**	**1,273**
Net revenues	**2,667**	**1,482**	**4,149**
Benefit (provision) for credit losses	**(624)**	**(81)**	**(705)**
Non-interest expense			
Administrative expense	(477)	(124)	(601)
Credit enhancement expense	(228)	(5)	(233)
Benefit for (decrease in) credit enhancement recoveries	219	2	221
REO operations expense	(14)	—	(14)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(442)	—	(442)
Other expense	(131)	(9)	(140)
Non-interest expense	**(1,073)**	**(136)**	**(1,209)**
Income (loss) before income tax (expense) benefit	**970**	**1,265**	**2,235**
Income tax (expense) benefit	(198)	(260)	(458)
Net income (loss)	**772**	**1,005**	**1,777**
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	95	59	154
Changes in unrealized gains (losses) related to cash flow hedge relationships	11	—	11
Changes in defined benefit plans	(3)	(1)	(4)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	**103**	**58**	**161**
Comprehensive income (loss)	**$875**	**$1,063**	**$1,938**

	YTD 2020		
(In millions)	Single-family	Multifamily	Total
Net interest income	**$5,075**	**$586**	**$5,661**
Non-interest income (loss)			
Guarantee income	42	804	846
Investment gains (losses), net	(37)	(128)	(165)
Other income (loss)	141	88	229
Non-interest income (loss)	**146**	**764**	**910**
Net revenues	**5,221**	**1,350**	**6,571**
Benefit (provision) for credit losses	**(1,790)**	**(148)**	**(1,938)**
Non-interest expense			
Administrative expense	(944)	(244)	(1,188)
Credit enhancement expense	(455)	(9)	(464)
Benefit for (decrease in) credit enhancement recoveries	658	30	688
REO operations expense	(99)	—	(99)
Temporary Payroll Tax Cut Continuation Act of 2011 expense	(874)	—	(874)
Other expense	(229)	(14)	(243)
Non-interest expense	**(1,943)**	**(237)**	**(2,180)**
Income (loss) before income tax (expense) benefit	**1,488**	**965**	**2,453**
Income tax (expense) benefit	(305)	(198)	(503)
Net income (loss)	**1,183**	**767**	**1,950**
Other comprehensive income (loss), net of taxes and reclassification adjustments			
Changes in unrealized gains (losses) related to available-for-sale securities	469	123	592
Changes in unrealized gains (losses) related to cash flow hedge relationships	24	—	24
Changes in defined benefit plans	(5)	(1)	(6)
Total other comprehensive income (loss), net of taxes and reclassification adjustments	**488**	**122**	**610**
Comprehensive income (loss)	**$1,671**	**$889**	**$2,560**

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)	June 30, 2021	December 31, 2020
Single-family	$2,563,589	$2,326,426
Multifamily	398,427	388,347
Total segment assets	**2,962,016**	**2,714,773**
Reconciling items[1]	(119,874)	(87,358)
Total assets per condensed consolidated balance sheets	**$2,842,142**	**$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 loan portfolio and geographic area of the approximately $2.6 trillion and $2.3 trillion UPB of our single-family mortgage portfolio as of June 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

	June 30, 2021			December 31, 2020			YTD 2021[1]		YTD 2020[1]	
(Dollars in billions)	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	$800	31 %	1.65 %	$720	31 %	2.41 %	$—	NM	$—	6 %
Northeast	608	24	2.30	549	24	3.16	—	NM	0.1	38
North Central	385	15	1.52	357	15	2.06	—	NM	0.1	27
Southeast	412	16	2.02	375	16	2.95	—	NM	0.1	20
Southwest	358	14	1.82	325	14	2.59	—	NM	—	9
Total	**$2,563**	**100 %**	**1.86**	**$2,326**	**100 %**	**2.64**	**$—**	**NM**	**$0.3**	**100 %**
State:										
California	$472	19 %	1.80	$424	18 %	2.64	$—	NM	$—	4 %
Texas	158	6	2.13	145	6	3.11	—	NM	—	3
Florida	149	6	2.42	135	6	3.70	—	NM	—	11
New York	111	4	3.43	103	4	4.56	—	NM	—	10
Illinois	102	4	2.34	96	4	2.96	—	NM	0.1	14
All other	1,571	61	1.66	1,423	62	2.34	—	NM	0.2	58
Total	**$2,563**	**100 %**	**1.86**	**$2,326**	**100 %**	**2.64**	**$—**	**NM**	**$0.3**	**100 %**

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

(2) Excludes $476 million and $505 million in UPB of loans underlying certain securitization products for which data was not available as of June 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 (for example, 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(1)		SDQ Rate(1)	
(% of portfolio based on UPB)	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Alt-A	1 %	1 %	9.07 %	10.66 %
Original LTV ratio greater than 90%(2)	13	15	3.31	4.25
Lower credit scores at origination (less than 620)	1	1	9.45	11.00

(1) Excludes $476 million and $505 million in UPB of loans underlying certain securitization products for which data was not available as of June 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 49% and 46% 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
Berkadia Commercial Mortgage LLC	15 %	15 %
CBRE Capital Markets, Inc.	15	14
Other top 10 sellers	50	48
Top 10 multifamily sellers	**80 %**	**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 29% 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 June 30, 2021 or December 31, 2020.

Table 16.4 - Servicer Concentration

Single-family Servicers	June 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]	June 30, 2021	December 31, 2020
CBRE Capital Markets, Inc.	16 %	17 %
Berkadia Commercial Mortgage LLC	13	13
JLL Real Estate Capital LLC	11	11
Other top 10 servicers	41	39
Top 10 multifamily servicers	**81 %**	**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 June 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 June 30, 2021, mortgage insurers provided coverage with maximum credit loss of $123.0 billion, for $501.8 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. On October 23, 2016, Genworth Financial, Inc. ("Genworth") announced that it had entered into an agreement to be acquired by China Oceanwide Holdings Group Co., Ltd. ("Oceanwide"). Because Genworth Mortgage Insurance Corporation, a subsidiary of Genworth, is an approved mortgage insurer, Freddie Mac evaluated the planned acquisition and approved Oceanwide's control of Genworth Mortgage Insurance Corporation. On April 6, 2021, Genworth announced that it had terminated its merger agreement with Oceanwide.

Table 16.5 - Mortgage Insurer Concentration

		Mortgage Insurance Coverage[2]	
Mortgage Insurer	**Credit Rating[1]**	**June 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
Genworth Mortgage Insurance Corporation	BB+	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 June 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.

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 June 30, 2021 and December 31, 2020, we had cumulative unpaid deferred payment obligations of $0.4 billion from these insurers. We have reserved 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 June 30, 2021 and December 31, 2020, including amounts related to our consolidated VIEs, the balance in our other investments portfolio was $171.0 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 June 30, 2021, all of our securities purchased under agreements to resell were fully collateralized. As of June 30, 2021 and December 31, 2020, $0.7 billion and $0.8 billion, respectively, of our securities purchased under agreements to resell were used to provide financing to investors in Freddie Mac securities to increase liquidity and expand the investor base for those securities. These transactions differ from the securities purchased under agreements to resell that we use for liquidity purposes as the counterparties we face may not be major financial institutions and we are exposed to 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

	June 30, 2021				
(In millions)	Level 1	Level 2	Level 3	Netting Adjustment[1]	Total
Assets:					
Investment securities:					
Available-for-sale, at fair value:					
Mortgage-related securities:					
Agency	$—	$3,092	$476	$—	$3,568
Non-agency and other	—	1	998	—	999
Total available-for-sale securities, at fair value	**—**	**3,093**	**1,474**	**—**	**4,567**
Trading, at fair value:					
Mortgage-related securities:					
Agency	—	18,185	3,523	—	21,708
Non-mortgage-related securities	32,269	1,014	—	—	33,283
Total trading securities, at fair value	**32,269**	**19,199**	**3,523**	**—**	**54,991**
Total investments in securities	**32,269**	**22,292**	**4,997**	**—**	**59,558**
Mortgage loans:					
Held-for-sale, at fair value	—	6,811	—	—	6,811
Derivative assets, net	17	6,682	25	—	6,724
Netting adjustments[1]	—	—	—	(5,968)	(5,968)
Total derivative assets, net	**17**	**6,682**	**25**	**(5,968)**	**756**
Other assets:					
Guarantee assets, at fair value	—	—	5,869	—	5,869
Non-derivative held-for-sale purchase commitments, at fair value	—	141	—	—	141
All other, at fair value	—	—	70	—	70
Total other assets	**—**	**141**	**5,939**	**—**	**6,080**
Total assets carried at fair value on a recurring basis	**$32,286**	**$35,926**	**$10,961**	**($5,968)**	**$73,205**
Liabilities:					
Debt securities of consolidated trusts held by third parties, at fair value	$—	$1	$251	$—	$252
Debt of Freddie Mac, at fair value	—	1,704	117	—	1,821
Derivative liabilities, net	—	8,048	23	—	8,071
Netting adjustments[1]	—	—	—	(7,564)	(7,564)
Total derivative liabilities, net	**—**	**8,048**	**23**	**(7,564)**	**507**
Total liabilities carried at fair value on a recurring basis	**$—**	**$9,753**	**$391**	**($7,564)**	**$2,580**

Referenced footnote is included after the prior period table.

	December 31, 2020				
(In millions)	Level 1	Level 2	Level 3	Netting Adjustment[1]	Total
Assets:					
Investment securities:					
Available-for-sale, at fair value:					
Mortgage-related securities:					
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:					
Mortgage-related securities:					
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**
Mortgage loans:					
Held-for-sale, at fair value	—	14,199	—	—	14,199
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**
Other assets:					
Guarantee assets, at fair value	—	—	5,509	—	5,509
Non-derivative held-for-sale 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	$—	$2	$203	$—	$205
Debt of Freddie Mac, at fair value	—	2,267	120	—	2,387
Derivative liabilities, net	—	9,132	16	—	9,148
Netting adjustments[1]	—	—	—	(8,194)	(8,194)
Total derivative liabilities, net	**—**	**9,132**	**16**	**(8,194)**	**954**
Other liabilities:					
Non-derivative held-for-sale purchase commitments, at fair value	—	1	—	—	1
All other, at fair value	—	—	3	—	3
Total other liabilities	**—**	**1**	**3**	**—**	**4**
Total liabilities carried at fair value on a recurring basis	**$—**	**$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

	2Q 2021											
		Total Realized/Unrealized Gains (Losses)										
(In millions)	Balance, April 1, 2021	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, June 30, 2021	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2021[2]	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of June 30, 2021
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	$801	$—	$1	$—	$—	($296)	($30)	$—	$—	$476	$—	$—
Non-agency and other	1,035	5	8	—	—	—	(50)	—	—	998	6	7
Total available-for-sale mortgage-related securities	**1,836**	**5**	**9**	**—**	**—**	**(296)**	**(80)**	**—**	**—**	**1,474**	**6**	**7**
Trading, at fair value:												
Mortgage-related securities:												
Agency	3,061	(170)	—	737	—	—	(23)	—	(82)	3,523	(177)	—
Non-agency	1	(1)	—	—	—	—	—	—	—	—	—	—
Total trading mortgage-related securities	**3,062**	**(171)**	**—**	**737**	**—**	**—**	**(23)**	**—**	**(82)**	**3,523**	**(177)**	**—**
Derivative assets	30	(5)	—	—	—	—	—	—	—	25	(5)	—
Other assets:												
Guarantee assets	5,688	5	—	—	416	—	(240)	—	—	5,869	48	—
All other, at fair value	115	(39)	—	5	4	(9)	(6)	—	—	70	(39)	—
Total other assets	**5,803**	**(34)**	**—**	**5**	**420**	**(9)**	**(246)**	**—**	**—**	**5,939**	**9**	**—**

		Total Realized/Unrealized (Gains) Losses										
	Balance, April 1, 2021	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, June 30, 2021	Change in Unrealized (Gains) Losses Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2021[2]	Change in Unrealized (Gains) Losses, Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of June 30, 2021
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value	$260	($13)	$—	$—	$35	$—	($31)	$—	$—	$251	($12)	$—
Debt of Freddie Mac, at fair value	120	(3)	—	—	—	—	—	—	—	117	(2)	—
Derivative liabilities	34	(8)	—	—	—	—	(3)	—	—	23	(11)	—
All other, at fair value	—	(1)	—	1	—	—	—	—	—	—	(1)	—

Referenced footnotes are included after the prior period table.

	YTD 2021											
		Total Realized/Unrealized Gains (Losses)										
(In millions)	Balance, January 1, 2021	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, June 30, 2021	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2021[2]	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of June 30, 2021
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	$526	$—	($5)	$—	$—	$—	($45)	$—	$—	$476	$—	($4)
Non-agency and other	1,062	12	9	—	—	—	(85)	—	—	998	12	7
Total available-for-sale mortgage-related securities	**1,588**	**12**	**4**	**—**	**—**	**—**	**(130)**	**—**	**—**	**1,474**	**12**	**3**
Trading, at fair value:												
Mortgage-related securities:												
Agency	3,258	(355)	—	1,112	—	(269)	(43)	—	(180)	3,523	(364)	—
Non-agency	1	(1)	—	—	—	—	—	—	—	—	—	—
Total trading mortgage-related securities	**3,259**	**(356)**	**—**	**1,112**	**—**	**(269)**	**(43)**	**—**	**(180)**	**3,523**	**(364)**	**—**
Derivative assets	63	(38)	—	—	—	—	—	—	—	25	(38)	—
Other assets:												
Guarantee asset	5,509	(83)	—	—	905	—	(462)	—	—	5,869	(79)	—
All other, at fair value	108	(29)	—	1	10	(9)	(11)	—	—	70	(29)	—
Total other assets	**5,617**	**(112)**	**—**	**1**	**915**	**(9)**	**(473)**	**—**	**—**	**5,939**	**(108)**	**—**

		Total Realized/Unrealized (Gains) Losses										
	Balance, January 1, 2021	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, June 30, 2021	Change in Unrealized (Gains) Losses Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2021[2]	Change in Unrealized (Gains) Losses, Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of June 30, 2021
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value	$203	($10)	$—	$—	$88	$—	($30)	$—	$—	$251	($8)	$—
Other debt, at fair value	120	—	—	—	1	—	(4)	—	—	117	—	—
Derivative liabilities	16	11	—	—	2	—	(6)	—	—	23	5	—
All other, at fair value	3	(5)	—	2	—	—	—	—	—	—	(5)	—

(In millions)	2Q 2020											
	Balance, April 1, 2020	Total Realized/Unrealized Gains (Losses)		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, June 30, 2020	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2020[2]	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of June 30, 2020
		Included in Earnings	Included in Other Comprehensive Income									
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	$650	$—	$8	$197	$—	($10)	($31)	$—	$—	$814	$—	$6
Non-agency and other	1,101	4	41	—	—	—	(40)	—	—	1,106	4	32
Total available-for-sale mortgage-related securities	**1,751**	**4**	**49**	**197**	**—**	**(10)**	**(71)**	**—**	**—**	**1,920**	**4**	**38**
Trading, at fair value:												
Mortgage-related securities:												
Agency	2,544	(53)	—	742	—	(170)	(11)	—	—	3,052	(49)	—
Non-agency	1	—	—	—	—	—	—	—	—	1	—	—
Total trading mortgage-related securities	**2,545**	**(53)**	**—**	**742**	**—**	**(170)**	**(11)**	**—**	**—**	**3,053**	**(49)**	**—**
Derivative assets	63	(1)	—	—	—	—	—	—	—	62	51	—
Other assets:												
Guarantee assets	4,565	163	—	—	289	—	(193)	—	—	4,824	163	—
All other, at fair value	106	(3)	—	(6)	6	—	11	—	—	114	(3)	—
Total other assets	**4,671**	**160**	**—**	**(6)**	**295**	**—**	**(182)**	**—**	**—**	**4,938**	**160**	**—**

	Balance, April 1, 2020	Total Realized/Unrealized (Gains) Losses		Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, June 30, 2020	Change in Unrealized (Gains) Losses Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2020[2]	Change in Unrealized (Gains) Losses, Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of June 30, 2020
		Included in Earnings	Included in Other Comprehensive Income									
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value	$199	$3	$—	$—	$—	$—	$—	$—	$—	$202	$3	$—
Debt of Freddie Mac, at fair value	151	1	—	—	1	—	(7)	—	(23)	123	1	—
Derivative liabilities	24	(5)	—	—	—	—	(2)	—	—	17	(28)	—
All other, at fair value	1	—	—	—	—	—	—	—	—	1	—	—

	YTD 2020											
		Total Realized/Unrealized Gains (Losses)										
(In millions)	Balance, January 1, 2020	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, June 30, 2020	Change in Unrealized Gains (Losses) Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2020[2]	Change in Unrealized Gains (Losses), Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of June 30, 2020
Assets												
Investment securities:												
Available-for-sale, at fair value:												
Mortgage-related securities:												
Agency	$1,960	$12	$46	$197	$—	($218)	($88)	$—	($1,095)	$814	$—	$4
Non-agency and other	1,267	7	(86)	—	—	—	(82)	—	—	1,106	7	(68)
Total available-for-sale mortgage-related securities	**3,227**	**19**	**(40)**	**197**	**—**	**(218)**	**(170)**	**—**	**(1,095)**	**1,920**	**7**	**(64)**
Trading, at fair value:												
Mortgage-related securities:												
Agency	2,709	(37)	—	923	—	(104)	(42)	—	(397)	3,052	(44)	—
Non-agency	1	—	—	—	—	—	—	—	—	1	—	—
Total trading mortgage-related securities	**2,710**	**(37)**	**—**	**923**	**—**	**(104)**	**(42)**	**—**	**(397)**	**3,053**	**(44)**	**—**
Derivative assets	16	45	—	—	1	—	—	—	—	62	45	—
Other assets:												
Guarantee asset	4,426	262	—	—	512	—	(376)	—	—	4,824	262	—
All other, at fair value	120	(11)	—	(6)	12	(8)	7	—	—	114	(11)	—
Total other assets	**4,546**	**251**	**—**	**(6)**	**524**	**(8)**	**(369)**	**—**	**—**	**4,938**	**251**	**—**

		Total Realized/Unrealized (Gains) Losses										
	Balance, January 1, 2020	Included in Earnings	Included in Other Comprehensive Income	Purchases	Issues	Sales	Settlements, Net	Transfers into Level 3[1]	Transfers out of Level 3[1]	Balance, June 30, 2020	Change in Unrealized (Gains) Losses Included in Net Income Related to Assets and Liabilities Still Held as of June 30, 2020[2]	Change in Unrealized (Gains) Losses, Net of Tax, Included in OCI Related to Assets and Liabilities Still Held as of June 30, 2020
Liabilities												
Debt securities of consolidated trusts held by third parties, at fair value	$203	($1)	$—	$—	$—	$—	$—	$—	$—	$202	($1)	$—
Other debt, at fair value	129	—	—	—	2	—	(8)	—	—	123	—	—
Derivative liabilities	37	(14)	—	—	2	—	(8)	—	—	17	(22)	—
All other, at fair value	1	—	—	—	—	—	—	—	—	1	—	—

(1) Transfers out of Level 3 during 2Q 2021, YTD 2021, 2Q 2020, and YTD 2020 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 June 30, 2021 and June 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

	June 30, 2021				
			Unobservable Inputs		
(**Dollars in millions**, except for certain unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[2]
Assets					
Available-for-sale, at fair value					
Mortgage-related securities					
Agency	$379	Discounted cash flows	OAS	89 - 89 bps	89 bps
	97	Other			
Non-agency and other	855	Median of external sources	External pricing sources	$66.4 - $79.5	$72.4
	143	Other			
Trading, at fair value					
Mortgage-related securities					
Agency	2,879	Single external source	External pricing sources	$0.0 - $7,971.4	$596.0
	644	Other			
Guarantee assets, at fair value	5,455	Discounted cash flows	OAS	17 - 186 bps	45 bps
	414	Other			
Insignificant Level 3 assets[1]	95				
Total level 3 assets	**$10,961**				
Liabilities					
Debt securities of consolidated trusts held by third parties, at fair value	$172	Single external source	External pricing sources	$99.9 - $106.9	$102.1
	79	Other			
Insignificant Level 3 liabilities[1]	140				
Total level 3 liabilities	**$391**				

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

	June 30, 2021				December 31, 2020			
(In millions)	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]	$—	$32	$1,443	$1,475	$—	$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

	June 30, 2021				
			Unobservable Inputs		
(Dollars in millions, except for unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[1]
Non-recurring fair value measurements					
Mortgage loans	$1,443				
		Internal model	Historical sales proceeds	$3,150 - $622,325	$209,088
		Internal model	Housing sales index	72 - 637 bps	127 bps
		Median of external sources	External pricing sources	$60.0 - $106.3	$95.2

	December 31, 2020				
			Unobservable Inputs		
(Dollars in millions, except for unobservable inputs as shown)	Level 3 Fair Value	Predominant Valuation Technique(s)	Type	Range	Weighted Average[1]
Non-recurring fair value measurements					
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 other, 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

	June 30, 2021						
			Fair Value				
(In millions)	GAAP Measurement Category(1)	GAAP Carrying Amount	Level 1	Level 2	Level 3	Netting Adjustments(2)	Total
Financial Assets							
Cash and cash equivalents	Amortized cost	$11,171	$11,171	$—	$—	$—	$11,171
Securities purchased under agreements to resell	Amortized cost	113,697	—	118,317	—	(4,620)	113,697
Investment securities:							
Available-for-sale, at fair value	FV - OCI	4,567	—	3,093	1,474	—	4,567
Trading, at fair value	FV - NI	54,991	32,269	19,199	3,523	—	54,991
Total investment securities		**59,558**	**32,269**	**22,292**	**4,997**	**—**	**59,558**
Mortgage loans:							
Loans held by consolidated trusts		2,543,467	—	2,351,354	234,749	—	2,586,103
Loans held by Freddie Mac		64,756	—	36,783	30,364	—	67,147
Total mortgage loans	**Various(3)**	**2,608,223**	**—**	**2,388,137**	**265,113**	**—**	**2,653,250**
Derivative assets, net	FV - NI	756	17	6,682	25	(5,968)	756
Guarantee assets	FV - NI	5,869	—	—	5,873	—	5,873
Non-derivative purchase commitments, at fair value	FV - NI	141	—	226	—	—	226
Advances to lenders	Amortized cost	5,045	—	—	5,045	—	5,045
Secured lending	Amortized cost	1,593	—	1,391	56	—	1,447
Total financial assets		**$2,806,053**	**$43,457**	**$2,537,045**	**$281,109**	**($10,588)**	**$2,851,023**
Financial Liabilities							
Debt:							
Debt securities of consolidated trusts held by third parties		$2,575,653	$—	$2,607,642	$796	$—	$2,608,438
Debt of Freddie Mac		227,102	—	233,566	3,965	(4,620)	232,911
Total debt	**Various(4)**	**2,802,755**	**—**	**2,841,208**	**4,761**	**(4,620)**	**2,841,349**
Derivative liabilities, net	FV - NI	507	—	8,048	23	(7,564)	507
Guarantee obligations	Amortized cost	5,422	—	—	6,232	—	6,232
Non-derivative purchase commitments, at fair value	FV - NI	12	—	—	53	—	53
Total financial liabilities		**$2,808,696**	**$—**	**$2,849,256**	**$11,069**	**($12,184)**	**$2,848,141**

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

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

(3) As of June 30, 2021, the GAAP carrying amounts measured at amortized cost, lower-of-cost-or-fair-value, and FV - NI were $2.6 trillion, $10.7 billion, and $6.8 billion, respectively.

(4) As of June 30, 2021, the GAAP carrying amounts measured at amortized cost and FV - NI were $2.8 trillion and $2.1 billion, respectively.

			December 31, 2020					
			Fair Value					
(In millions)	GAAP Measurement Category[(1)]	GAAP Carrying Amount	Level 1	Level 2	Level 3	Netting Adjustments[(2)]	Total
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
Investment securities:							
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**
Mortgage loans:							
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[(3)]**	**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 commitments, at fair value	FV - NI	158	—	246	—	—	246
Advances to lenders	Amortized cost	4,162	—	—	4,162	—	4,162
Secured lending	Amortized cost	1,680	—	1,427	89	—	1,516
Total financial assets		**$2,585,319**	**$50,144**	**$2,301,519**	**$313,563**	**($7,374)**	**$2,657,852**
Financial Liabilities							
Debt:							
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[(4)]**	**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 commitments, at fair value	FV - NI	20	—	1	143	—	144
Total financial liabilities		**$2,598,570**	**$—**	**$2,677,924**	**$10,477**	**($8,194)**	**$2,680,207**

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

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

(3) 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.

(4) 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 long-term 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 $233 million and $173 million and multifamily held-for-sale loan purchase commitments with a net fair value of $141 million and $157 million, as of June 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

	June 30, 2021			December 31, 2020		
(In millions)	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	$6,811	$1,668	$172	$14,199	$2,216	$203
UPB	6,424	1,637	169	13,400	2,189	200
Difference	**$387**	**$31**	**$3**	**$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

	2Q 2021	2Q 2020	YTD 2021	YTD 2020
(In millions)	Gains (Losses)		Gains (Losses)	
Multifamily held-for-sale loans	$221	$313	($230)	$951
Multifamily held-for-sale loan purchase commitments	342	650	537	1,182
Debt of Freddie Mac - long term	22	(70)	30	478
Debt securities of consolidated trusts held by third parties	13	—	9	4

Changes in fair value attributable to instrument-specific credit risk were not material for 2Q 2021, YTD 2021, 2Q 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 HERA's prohibition 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)	June 30, 2021	December 31, 2020
GAAP net worth (deficit)	$22,402	$16,413
Core capital (deficit)(1)(2)	(50,432)	(56,878)
Less: Minimum capital(1)	23,549	22,694
Minimum capital surplus (deficit)(1)	**($73,981)**	**($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. Pursuant to the final rule, we will be required to report our regulatory capital under the ERCF beginning on January 1, 2022.

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 this Form 10-Q and **Note 20** in our 2020 Annual Report.

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 the Housing and Economic Recovery Act 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. 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.freddiemac.com**, **mf.freddiemac.com**, and **www.freddiemac.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 June 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 June 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 2Q 2021

We evaluated the changes in our internal control over financial reporting that occurred during 2Q 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 June 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 (or if that office is vacant, with our President), 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 2Q 2021 have been prepared in conformity with GAAP.

Exhibit Index

Exhibit	Description*
10.1	Memorandum Agreement, dated May 4, 2021, between Freddie Mac and Michael J. DeVito†
10.2	Restrictive Covenant and Confidentiality Agreement, dated June 4, 2021, between Freddie Mac and Michael DeVito†
10.3	Form of Restrictive Covenant and Confidentiality Agreement between the Federal Home Loan Mortgage Corporation and Executive Officers†
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.

† This exhibit is a management contract or compensatory plan, contract, or arrangement.

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: July 29, 2021

By: /s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: July 29, 2021

Form 10-Q Index

Freddie Mac
We make home possible®

Memorandum

Date:
May 4, 2021

To:
Michael J. DeVito

From
Sara Mathew
Chair, Freddie Mac Board of Directors

Subject
Terms and Conditions for Employment as Chief Executive Officer of the Federal Home Loan Mortgage Corporation (“Freddie Mac” or “Company”)

On behalf of the Board of Directors of Freddie Mac (the “Board”), we are delighted to have you join Freddie Mac as its Chief Executive Officer. This communication sets forth the terms of Freddie Mac's agreement (the "Agreement") to employ you as its Chief Executive Officer, effective June 1, 2021. The terms and conditions set forth herein have been developed in conjunction with and are subject to approval by the Federal Housing Finance Agency ("FHFA"), in consultation with the United States Department of the Treasury ("Treasury"), and the Board. To the extent that any required approval is not obtained, this Agreement shall be null and void in all respects and you shall have no further obligations under this Agreement, the Restrictive Covenant and Confidentiality Agreement (the "Restrictive Covenant Agreement"), or any other plan, policy or program of Freddie Mac.

Please review and confirm that such terms and conditions conform to your understanding by returning to me a signed copy of this Agreement.

As Freddie Mac's Chief Executive Officer, you shall be the highest-ranking officer of Freddie Mac and shall have the same status, privileges, and responsibilities normally inherent in such capacity in corporations of similar size and character. You shall also perform such additional duties consistent with your position as the Board may from time to time reasonably assign to you. In addition, for so long as you remain Chief Executive Officer, the Board shall nominate you to serve on the Board as a director of Freddie Mac.

During your employment as Chief Executive Officer, you agree to devote substantially all your time, attention, and energies to our business, and to not be engaged in any other business activity unless permitted under our Outside Activities and Family Member Activities policy, which will be provided to you under separate cover. This restriction shall not prevent you from making investments of your assets in such form or manner as you desire, consistent with Freddie Mac's Personal Investments Policy and the Restrictive Covenant Agreement you are required to sign pursuant to Section II below.

Compensation

Your annualized base salary shall be $600,000 and you shall not receive more than this amount during any calendar year. You will not participate in the Company's executive management compensation programs.

If you terminate your employment with Freddie Mac at any time for any reason, your base salary will terminate effective as of the date your employment terminates.

Benefits

Our stage-in-life benefits and wellness offerings are some of the best in the industry and are customizable for you to meet the unique needs of you and your family—whether at work or at home, on the job or off. You will also be eligible to participate in certain benefits available only to officers, including a financial counseling reimbursement program and the executive retirement benefits. You are immediately eligible for the financial counseling reimbursement program and will become eligible for the executive retirement benefits after completing one year of service.

The medical, dental and vision benefits you elect will become effective on the first day of the month after your first day of employment. You will automatically be enrolled to contribute to the 401(k) Plan shortly after you begin employment and become eligible for company contributions after one year of service.

In connection with your relocation you will be eligible to take advantage of the applicable relocation program, which will also be provided to you under separate cover.

I. Termination of Board Membership

Your termination of employment for any reason (including resignation) shall be deemed to be the termination of your membership on the Board as of the same effective date.

II. Restrictive Covenant Agreement

The terms of compensation provided in this Agreement are contingent upon your agreement to be bound by the terms of the Restrictive Covenant Agreement, attached as Exhibit A, as well as an amendment to the Restrictive Covenant Agreement that likely will be adopted on or around June 1, 2021, which will provide for a restriction on employment for a period of six months following departure from the Company with counterparties as to which you have made or significantly influenced business decisions during the previous six months. You must sign and return the Restrictive Covenant Agreement together with a signed copy of this Agreement, and you hereby agree to sign and deliver such additional documents as may be necessary to effectuate the further amendments to the Restrictive Covenant Agreement described above.

III. FHFA's Review and Approval Authority

The terms and conditions of your compensation have been approved by the Board, but require approval by FHFA in consultation with Treasury. Notwithstanding such approval and any provision of this Agreement, you acknowledge and understand that any compensation paid or to be paid during or after your employment remains subject to any withholding, escrow or prohibition consistent with FHFA's authority pursuant to the Federal Home Loan Corporation Act, as amended, or the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended.

IV. Reservation of Rights

This Agreement is not intended, nor shall it be interpreted, to constitute a contract of employment for a specified duration. Your employment is "at-will" and each of you and Freddie Mac retain the discretion to terminate the employment relationship at any time for any lawful reason with or without notice.

This offer of employment is contingent upon Freddie Mac's satisfaction, in its sole discretion, with your references and the results of your background checks and drug test.

During the course of your review of this Agreement, Freddie Mac expects that you have had the opportunity to consult with and receive assistance from appropriate advisors, including legal, tax, and financial advisors.

This Agreement shall be construed, and the rights and obligations herein determined, exclusively in accordance with the substantive law of the Commonwealth of Virginia, excluding provisions of Virginia law concerning choice-of-law that would result in the law of any state other than Virginia being applied.

_/s/ Sara Mathew____________________	__5/5/21___________
Sara Mathew Chair, Freddie Mac Board of Directors	Date

I agree to the terms of this Agreement.

_/s/ Michael J. DeVito________________	__May-06-2021________
Michael J. DeVito	Date

Tel: (703) 918-5000
www.FreddieMac.com

Corporate Headquarters
8250 Jones Branch Drive
McLean, VA 22102

RESTRICTIVE COVENANT AND CONFIDENTIALITY AGREEMENT

In exchange for the mutual promises and consideration set forth below, this Restrictive Covenant and Confidentiality Agreement ("Agreement") is entered into by and between the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "Company") and the undersigned employee ("you"), effective on the date you assign a personal signature at the conclusion of this Agreement. This Agreement supersedes any previous Restrictive Covenant and Confidentiality Agreement between the above parties.

I. Definitions

The following terms shall have the meanings indicated when used in this Agreement.

A. *Competitor*: The following entities, and their respective parents, successors, subsidiaries, and affiliates are competitors: (i) Fannie Mae (ii) all Federal Home Loan Banks (including the Office of Finance); and (iii) such other entities to which you and the Company may agree in writing from time-to-time.

B. *Confidential Information*: Information or materials in written, oral, magnetic, digital, computer, photographic, optical, electronic, or other form, whether now existing or developed or created during the period of your employment with Freddie Mac, that constitutes trade secrets and/or proprietary or confidential information. This information includes, but is not limited to: (i) all information marked Proprietary or Confidential; (ii) information concerning the components, capabilities, and attributes of Freddie Mac's business plans, methods, and strategies; (iii) information relating to tactics, plans, or strategies concerning shareholders, investors, pricing, investment, marketing, sales, trading, funding, hedging, modeling, sales and risk management; (iv) financial or tax information and analyses, including but not limited to, information concerning Freddie Mac's capital structure and tax or financial planning; (v) confidential information about Freddie Mac's customers, borrowers, employees, or others; (vi) pricing and quoting information, policies, procedures, and practices; (vii) confidential customer lists; (viii) proprietary algorithms; (ix) confidential contract terms; (x) confidential information concerning Freddie Mac's policies, procedures, and practices or the way in which Freddie Mac does business; (xi) proprietary or confidential data bases, including their structure and content; (xii) proprietary Freddie Mac business software, including its design, specifications and documentation; (xiii) information about Freddie Mac products, programs, and services which has not yet been made public; (xiv) confidential information about Freddie Mac's dealings with third parties, including dealers, customers, vendors, and regulators; and/or (xv) confidential information belonging to third parties to which you received access in connection with your employment with Freddie Mac. Confidential Information does not include general skills, experience, or knowledge acquired in connection with your employment with Freddie Mac that otherwise are generally known to the public or within the industry or trade in which Freddie Mac operates.

II. Compliance with the Code of Conduct and Corporate Policies & Procedures, Including the Personal Investments Policy, Following Commencement of Employment With Freddie Mac

As a Freddie Mac employee, you will be subject to Freddie Mac's Code of Conduct ("Code") and to Corporate Policy 3-206, Personal Investments Policy ("Policy") that, among other things, limit the investment activities of

Freddie Mac employees. You agree to fully comply with the Code and the Policy, copies of which are enclosed for your review.

You agree to consult with Freddie Mac's Chief Compliance Officer as soon as practical prior to beginning employment with Freddie Mac about any investments that you or a "covered household member," as that term is defined in the Policy, may have that may be prohibited by the Policy. You also agree to disclose prior to beginning employment with Freddie Mac any other matter or situation that may create a conflict of interest as such term is defined in the Code.

In addition, prior to beginning employment with Freddie Mac, you agree to disclose to Freddie Mac's Human Resources Division the terms of any employment, confidentiality or stock grant agreements to which you may currently be subject that may affect your future employment or recruiting activities so that Freddie Mac may ensure that your employment by Freddie Mac and conduct as a Freddie Mac employee are not inconsistent with any of their terms.

III. Non-Competition

You recognize that as a result of your employment with Freddie Mac, you have access to and knowledge of Confidential Information, the improper disclosure or use of which would result in grave competitive harm to Freddie Mac. Therefore, you agree that neither during your employment with Freddie Mac, nor for the twelve (12) months immediately following termination of your employment for any reason, will you consider offers of employment from, seek or accept employment with, or otherwise directly or indirectly provide professional services to any Competitor, if you will be rendering duties, responsibilities or services for the Competitor that are of the type and nature rendered or performed by you during the past two years of your employment with Freddie Mac. You acknowledge and agree that this covenant has unique, substantial and immeasurable value to Freddie Mac, that you have sufficient skills to provide a livelihood for yourself while this covenant remains in force, and that this covenant will not interfere with your ability to work consistent with your experience, training and education. This non-competition covenant applies regardless of whether your employment is terminated by you, by Freddie Mac, or by a joint decision.

If you are a licensed lawyer, this non-competition covenant shall be interpreted in a manner consistent with any rule applicable to a licensed legal professional in the jurisdiction(s) of your licensure or registration that concerns your employment as counsel with, or provision of legal services to, a Competitor.

IV. Non-Solicitation and Non-Recruitment

During Your employment with Freddie Mac and for a period of twelve (12) months after your termination date, you will not solicit or recruit, attempt to solicit or recruit or assist another in soliciting or recruiting any Freddie Mac managerial employee (including manager-level, Executive-level, or officer-level employee) with whom you worked, or any employee whom you directly or indirectly supervised at Freddie Mac, to leave the employee's employment with Freddie Mac for purposes of employment or for the rendering of professional services. This prohibition against solicitation does not apply if Freddie Mac has notified the employee being solicited or recruited that his/her employment with the Company will be terminated pursuant to a corporate reorganization, reduction-in-force, involuntary termination or voluntary early retirement program.

If you are a licensed lawyer, this non-solicitation covenant shall be interpreted in a manner consistent with any rule applicable to a licensed legal professional in the jurisdiction(s) of your licensure or registration.

V. Treatment of Confidential Information During and Following Employment With Freddie Mac

A. *Non-Disclosure*. You recognize that Freddie Mac is engaged in an extremely competitive business and that, in the course of performing your job duties, you will have access to and gain knowledge about Confidential Information. You further recognize the importance of carefully protecting this Confidential Information in order for Freddie Mac to compete successfully. Therefore, you agree that both during and following your employment with Freddie Mac, you will neither divulge Confidential Information to any persons, including to other Freddie Mac employees who do not have a Freddie Mac business-related need to know, nor make use of the Confidential Information for your own benefit or for the benefit of anyone else other than Freddie Mac. You further agree to take all reasonable precautions to prevent the disclosure of Confidential Information to unauthorized persons or entities, and to comply with all Company policies, procedures, and instructions regarding the treatment of such information.

B. *Disclosure of Trade Secrets to Government.* As required by federal law, and notwithstanding anything to the contrary in this Agreement:

i) You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law.

ii) You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if the filing is made under seal.

iii) If you file a lawsuit for retaliation by Freddie Mac for reporting a suspected violation of law, you may (a) disclose trade secrets to your attorney, and (b) use the trade secret information in the court proceeding if you file any document containing the trade secret under seal and do not disclose the trade secret except pursuant to court order.

C. *Ability to Enforce Agreement and Assist Government Investigations*. Nothing in this Agreement prohibits or otherwise restricts you from: (1) making any disclosure of information required by law; (2) assisting any regulatory or law enforcement agency or legislative body to the extent you maintain a legal right to do so notwithstanding this Agreement; (3) filing, testifying, participating in or otherwise assisting in a proceeding relating to the alleged violation of any federal, state, or local law, regulation, or rule, to the extent you maintain a legal right to do so notwithstanding this Agreement; or (4) filing, testifying, participating in or otherwise assisting the Securities and Exchange Commission or any other proper authority in a proceeding relating to allegations of fraud.

VI. Additional Post-Employment Obligations

A. *Return of Materials*. You agree that upon termination of your employment with Freddie Mac for any reason whatsoever, you will deliver to your immediate supervisor all tangible materials embodying Confidential Information, including, but not limited to, any documentation, records, listings, notes, files, data, sketches, memoranda, models, accounts, reference materials, samples, machine-readable media, computer disks, tapes, and equipment which in any way relate to Confidential Information, whether developed by you or not. You further agree not to retain any copies of any materials embodying Confidential Information.

B. *Disclosure of Future Employment.* To enable Freddie Mac to monitor compliance with the obligations imposed by this Agreement, you further agree to notify Freddie Mac by email to Term_notification@freddiemac.com the identity of your subsequent employer(s) and your prospective job title and responsibilities prior to beginning employment, if you did not disclose this information to the Human Resources Division at the conclusion of your employment with Freddie Mac**.** You agree that this notice requirement shall remain in effect for twelve (12) months following the termination of your Freddie Mac employment.

C. *Contact With Future Employers*. You agree that, in order to assure the continued confidentiality of the Confidential Information, Freddie Mac may correspond with your future employers to advise them generally of your exposure to and knowledge of Confidential Information, and your obligations and responsibilities regarding the Confidential Information. You understand and agree that any such contact may include a request for assurance and confirmation from such employer(s) that you will not disclose Confidential Information to such employer(s), nor will such employer(s) permit any use whatsoever of the Confidential Information.

D. *Participation in Business Transactions Involving Freddie Mac*. In order to protect Freddie Mac's Confidential Information as defined herein, after your separation of employment from Freddie Mac, you are prohibited from participating directly or indirectly in any Business Transaction involving Freddie Mac, on behalf of yourself or a third party, for a period of ninety (90) calendar days following your date of termination of employment. For purposes of this paragraph, "Business Transaction" shall mean business engagements between Freddie Mac and third parties involving the purchase or sale of securities, properties or mortgages. Questions regarding the scope of this prohibition should be directed to the Compliance Helpline.

VII. Consideration Given to You

In exchange for agreeing to be bound by the terms, conditions, and restrictions stated in this Agreement, Freddie Mac will provide you with:

A. Employment (offer of employment or continued employment), and
B. Participation in either Freddie Mac's Incentive Program for Vice Presidents and Non-Officers (if you are a Vice President), or Freddie Mac's Executive Management Compensation Program (if you are a Senior Vice President or above).

which you agree is adequate consideration for your agreement to be bound by the provisions of this Agreement.

VIII. Reservation of Rights

You agree that nothing in this Agreement constitutes a contract or commitment by Freddie Mac to continue your employment in any job position for any period of time, nor does anything in this Agreement limit in any way Freddie Mac's right to terminate your employment at any time for any reason.

IX. Absence of Any Conflict of Interest

You represent that you do not have any confidential information, trade secrets or other proprietary information that you obtained as the result of your employment with another employer that you will be using in your position at Freddie Mac. You also represent that you are not subject to any employment, confidentiality or stock grant agreements, or any other restrictions or limitations imposed by a prior employer, which would affect your ability to perform the duties and responsibilities for Freddie Mac in the job position offered, and further represent that you have provided Freddie Mac with copies of any non-competition, non-solicitation or similar agreements or limitations that have not expired, so that Freddie Mac can make an independent judgment that your employment with Freddie Mac is not inconsistent with any of its terms.

X. Enforcement

A. You acknowledge that during your employment with Freddie Mac, you may be subject to corrective action, up to and including termination of employment, for your breach or threat of breach of any provision of this Agreement. You further agree that, following the conclusion of your employment with Freddie Mac, Freddie Mac may contact your future employers or take other legal steps necessary to protect Freddie Mac Confidential Information from improper use or disclosure.

B. You acknowledge that in the event that you breach any provision of this Agreement during or after your employment with Freddie Mac, you may be subject to a recapture or forfeiture of i) any incentive pay under the Incentive Program for Vice Presidents and Non-Officers or ii) any Deferred Salary pay under the Executive Management Compensation Program, notwithstanding the terms of any program, plan, agreement or award to the contrary. Such recapture or forfeiture shall be limited to such pay earned within three years prior to or two years after the date of the breach, or any severance pay paid or payable to you by Freddie Mac, This recapture and forfeiture provision shall not apply to incentive, Deferred Salary or severance pay paid or earned prior to 2021. The Board of Directors, in the case of senior officers, and the CEO, in the case of vice presidents, in the good faith exercise of their sole discretion shall determine the appropriate dollar amount and type of compensation to be recaptured from and/or forfeited by you, if any. The Board of Directors, in the case of senior officers, and the CEO, in the case of vice presidents, will consider certain factors when determining the dollar amount for recapture and forfeiture including: materiality of the violation and proportionality of the violation as compared to the amount of compensation subject to recapture and forfeiture.

C. You agree that irreparable injury will result to Freddie Mac's business interests in the event of breach or threatened breach of this Agreement, the full extent of Freddie Mac's damages will be impossible to ascertain, and monetary damages will not be an adequate remedy for Freddie Mac. Therefore, you agree that in the event of a breach or threat of breach of any provision(s) of this Agreement, Freddie Mac, in addition to any other relief available, shall be entitled to temporary, preliminary, and permanent equitable relief to restrain any such breach or threat of breach by you and all persons acting for and/or in concert with you, without the necessity of posting bond or security, which you expressly waive.

D. You agree that each of your obligations specified in this Agreement is a separate and independent covenant, and that all of your obligations set forth herein shall survive any termination, for any reason, of your Freddie Mac employment. To the extent that any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable because it is overbroad, that provision shall be limited and enforced to the extent permitted by applicable law. Should any provision of this Agreement be declared or determined by any court of competent jurisdiction to be unenforceable or invalid under applicable law, the validity of the remaining obligations will not be affected thereby and only the unenforceable or invalid obligation will be deemed not to be a part of this Agreement.

E. This Agreement is governed by, and will be construed in accordance with, the laws of the Commonwealth of Virginia, without regard to its or any other jurisdiction's conflict-of-law provisions. You agree that any action related to or arising out of this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Virginia, and you hereby irrevocably consent to personal jurisdiction and venue in such court and to service of process by United States Mail or express courier service in any such action.

F. If any dispute(s) arise(s) between Freddie Mac and you with respect to any matter which is the subject of this Agreement, the prevailing party in such dispute(s) shall be entitled to recover from the other party all of its costs and expenses, including its reasonable attorneys' fees.

XI. At-Will Employment Relationship

Nothing in this Agreement is intended or shall be construed to abrogate the "at will" employment relationship between you and Freddie Mac, and both you and Freddie Mac retain the right to terminate the employment relationship at any time for any lawful reason with or without notice.

Exhibit 10.2

Freddie Mac
We make home possible®

Tel: (703) 918-5000
www.FreddieMac.com

Corporate Headquarters
8250 Jones Branch Drive
McLean, VA 22102

RESTRICTIVE COVENANT AND CONFIDENTIALITY AGREEMENT

In exchange for the mutual promises and consideration set forth below, this Restrictive Covenant and Confidentiality Agreement ("Agreement") is entered into by and between the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "Company") and the undersigned employee ("you"), effective on the date you assign a personal signature at the conclusion of this Agreement. This Agreement supersedes any previous Restrictive Covenant and Confidentiality Agreement between the above parties.

I. Definitions

The following terms shall have the meanings indicated when used in this Agreement.

A. *Confidential Information*: Information or materials in written, oral, magnetic, digital, computer, photographic, optical, electronic, or other form, whether now existing or developed or created during the period of your employment with Freddie Mac, that constitutes trade secrets and/or proprietary or confidential information. This information includes, but is not limited to: (i) all information marked Proprietary or Confidential; (ii) information concerning the components, capabilities, and attributes of Freddie Mac's business plans, methods, and strategies; (iii) information relating to tactics, plans, or strategies concerning shareholders, investors, pricing, investment, marketing, sales, trading, funding, hedging, modeling, sales and risk management; (iv) financial or tax information and analyses, including but not limited to, information concerning Freddie Mac's capital structure and tax or financial planning; (v) confidential information about Freddie Mac's customers, borrowers, employees, or others; (vi) pricing and quoting information, policies, procedures, and practices; (vii) confidential customer lists; (viii) proprietary algorithms; (ix) confidential contract terms; (x) confidential information concerning Freddie Mac's policies, procedures, and practices or the way in which Freddie Mac does business; (xi) proprietary or confidential data bases, including their structure and content; (xii) proprietary Freddie Mac business software, including its design, specifications and documentation; (xiii) information about Freddie Mac products, programs, and services which has not yet been made public; (xiv) confidential information about Freddie Mac's dealings with third parties, including dealers, customers, vendors, and regulators; and/or (xv) confidential information belonging to third parties to which you received access in connection with your employment with Freddie Mac. Confidential Information does not include general skills, experience, or knowledge acquired in connection with your employment with Freddie Mac that otherwise are generally known to the public or within the industry or trade in which Freddie Mac operates.

B. *Covered Employees:* All Freddie Mac employees who a) have had regular contact with a Covered Entity, *and* b) have exercised Significant Influence over business decisions regarding such an entity.

C. *Covered Entities:* Freddie Mac seller/servicers, counterparties, business partners or suppliers.

D. *Significant Influence:* Making business decisions regarding a Covered Entity, as to whether to do business; the frequency of the business; the volume of the business; or the primary terms of the business; or regularly recommending such business decisions if the recommendations are usually adopted.

E. *Seek or Have Sought To Do Business:* Participated in a Request for Proposals ("RFP") process or other formal procurement process in which specific business proposals are made. Non-specific communications (such as unsolicited emails and calls) are not covered.

II. Compliance with the Code of Conduct and Corporate Policies & Procedures, Including the Personal Investments Policy, Following Commencement of Employment With Freddie Mac

As a Freddie Mac employee, you will be subject to Freddie Mac's Code of Conduct ("Code") and to Corporate Policy 3-206, Personal Investments Policy ("Policy") that, among other things, limit the investment activities of Freddie Mac employees. You agree to fully comply with the Code and the Policy, copies of which are enclosed for your review.

You agree to consult with Freddie Mac's Chief Compliance Officer as soon as practical prior to beginning employment with Freddie Mac about any investments that you or a "covered household member," as that term is defined in the Policy, may have that may be prohibited by the Policy. You also agree to disclose prior to beginning employment with Freddie Mac any other matter or situation that may create a conflict of interest as such term is defined in the Code.

In addition, prior to beginning employment with Freddie Mac, you agree to disclose to Freddie Mac's Human Resources Division the terms of any employment, confidentiality or stock grant agreements to which you may currently be subject that may affect your future employment or recruiting activities so that Freddie Mac may ensure that your employment by Freddie Mac and conduct as a Freddie Mac employee are not inconsistent with any of their terms.

III. Non-Competition

A. *Non-Compete Provision*. You recognize that as a result of your employment with Freddie Mac, you have access to and knowledge of Confidential Information, the improper disclosure or use of which would result in grave competitive harm to Freddie Mac. Therefore, you agree that neither during your employment with Freddie Mac, nor for the twelve (12) months immediately following termination of your employment for any reason, will you consider offers of employment from, seek or accept employment with, or otherwise directly or indirectly provide professional services to Fannie Mae or a Federal Home Loan Bank (including the Office of Finance), if you will be rendering duties, responsibilities or services for any such entity that are of the type and nature rendered or performed by you during the past two years of your employment with Freddie Mac. You acknowledge and agree that this covenant has unique, substantial and immeasurable value to Freddie Mac, that you have sufficient skills to provide a livelihood for yourself while this covenant remains in force, and that this covenant will not interfere with your ability to work consistent with your experience, training and education. This non-competition covenant applies regardless of whether your employment is terminated by you, by Freddie Mac, or by a joint decision.

B. *Application to Attorneys*. If you are a licensed attorney, this non-competition covenant shall be interpreted in a manner consistent with any rule applicable to a licensed legal professional in the jurisdiction(s) of your licensure or registration that concerns your employment as counsel with, or provision of legal services to, any entity identified herein.

IV. Post-Employment Prohibitions From Working on Matters Involving Freddie Mac

A. *Principal Cooling Off Period*

1. *Participation in Mortgage Finance Transactions Involving Freddie Mac*. After your separation of employment from Freddie Mac, you are prohibited from participating directly (or indirectly, by explicitly directing others in their direct participation in transactional activities) in any Mortgage Finance Transaction involving Freddie Mac, on behalf of yourself or a third party, for a period of six months following your separation from employment. For purposes of this paragraph, "Mortgage Finance Transaction" shall mean business engagements between Freddie Mac and third parties involving the purchase or sale of securities, properties or mortgages. Other than the specific restriction described above, this Agreement shall not be construed as restricting your ability to be employed by, advise, or interact in a manner consistent with normal business interactions with people or entities that do transact with Freddie Mac. Questions regarding the scope of this prohibition should be directed to the Compliance & Ethics Helpline (www.FreddieMacEthicsHelpline.com or 877-301-2633).

B. Additional Cooling Off Period for Covered Employees

1. *Cooling Off Period*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, and accept employment or other payment for services with a Covered Entity over which you had regular contact and Significant Influence within six months preceding your separation of employment from Freddie Mac, you are prohibited from participating directly (or indirectly, by explicitly directing others to participate) in any business matter or transaction involving Freddie Mac, on behalf of such entity, for a period of six months following your date of separation from employment.

2. *Entities That Seek or Have Sought To Do Business With Freddie Mac*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, and accept employment or other payment for services with a business entity over which you had regular contact and Significant Influence, and that entity then Seeks or Has Sought To Do Business with Freddie Mac within six months preceding your separation of employment from Freddie Mac, you are prohibited from participating directly (or indirectly, by explicitly directing others to participate) in any business matter or transaction involving Freddie Mac, on behalf of such entity, for a period of six months following your date of separation from employment.

3. *Entities That Are Created After Your Separation of Employment From Freddie Mac*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, and accept employment or other payment for services with a business entity created after your separation from Freddie Mac that does business with Freddie Mac, you are prohibited from participating directly (or indirectly, by explicitly directing others to participate), on behalf of such entity, in any business matter or transaction involving Freddie Mac as to which you would have had Significant Influence, for a period of six months following your date of separation from employment.

4. *Matter-Based Conflicts*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, you are prohibited from representing any person (including yourself) or entity with respect to any matter involving Freddie Mac as to which you had direct or substantial involvement while employed by Freddie Mac, for six months following your separation from employment with Freddie Mac.

5. *Interpretive Review Process*. If you are a Covered Employee, you may contact the Compliance & Ethics Helpline at any time to seek an interpretive review from the Ethics Office of Freddie Mac's Compliance Department, which shall determine whether the Additional Cooling Off Period described above shall apply to a particular position and employer you are considering. In making this determination, the Ethics Office shall consider the existence of a conflict of interest or risk of significant competitive harm, the extent and duration of your influence, the volume of business done with the employer, and other relevant factors. The Ethics Office shall also, to the extent feasible, shield your identity as the requestor and maintain confidentiality of the request. If you are a Senior Vice President or above, the Ethics Office's determination shall be subject to the approval of the Chair of the Nominating and Governance Committee of the Board of Directors.

6. *Determination Upon Exit or Within Six Months of Your Separation From Employment*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, and have not obtained a determination from the Ethics Office under the Interpretive Review process detailed above, the Ethics Office will make such a determination as to whether the Additional Cooling Off Period described above shall apply to your new position and new employer, upon your separation from employment if you have accepted new employment by then, or later once you have accepted such new employment.

V. Non-Solicitation and Non-Recruitment

During your employment with Freddie Mac and for a period of twelve (12) months after your termination date, you will not solicit or recruit, attempt to solicit or recruit or assist another in soliciting or recruiting any Freddie Mac managerial employee (including manager-level, Executive-level, or officer-level employee) with whom you worked, or any employee whom you directly or indirectly supervised at Freddie Mac, to leave the employee's employment with Freddie Mac for purposes of employment or for the rendering of professional services. This prohibition against solicitation does not apply if Freddie Mac has notified the employee being solicited or recruited that his/her employment with the Company will be terminated pursuant to a corporate reorganization, reduction-in-force, involuntary termination or voluntary early retirement program.

If you are a licensed lawyer, this non-solicitation covenant shall be interpreted in a manner consistent with any rule applicable to a licensed legal professional in the jurisdiction(s) of your licensure or registration.

VI. Treatment of Confidential Information During and Following Employment With Freddie Mac

A. *Non-Disclosure*. You recognize that Freddie Mac is engaged in an extremely competitive business and that, in the course of performing your job duties, you will have access to and gain knowledge about Confidential Information. You further recognize the importance of carefully protecting this Confidential Information in order for Freddie Mac to compete successfully. Therefore, you agree that both during and following your employment with Freddie Mac, you will neither divulge Confidential Information to any persons, including to other Freddie Mac employees who do not have a Freddie Mac business-related need to know, nor make use of the Confidential Information for your own benefit or for the benefit of anyone else other than Freddie Mac. You further agree to take all reasonable precautions to prevent the disclosure of Confidential Information to unauthorized persons or entities, and to comply with all Company policies, procedures, and instructions regarding the treatment of such information.

B. *Disclosure of Trade Secrets to Government.* As required by federal law, and notwithstanding anything to the contrary in this Agreement:

i) You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law.

ii) You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if the filing is made under seal.

iii) If you file a lawsuit for retaliation by Freddie Mac for reporting a suspected violation of law, you may (a) disclose trade secrets to your attorney, and (b) use the trade secret information in the court proceeding if you file any document containing the trade secret under seal and do not disclose the trade secret except pursuant to court order.

C. *Ability to Enforce Agreement and Assist Government Investigations*. Nothing in this Agreement prohibits or otherwise restricts you from: (1) making any disclosure of information required by law; (2) assisting any regulatory or law enforcement agency or legislative body to the extent you maintain a legal right to do so notwithstanding this Agreement; (3) filing, testifying, participating in or otherwise assisting in a proceeding relating to the alleged violation of any federal, state, or local law, regulation, or rule, to the extent you maintain a legal right to do so notwithstanding this Agreement; or (4) filing, testifying, participating in or otherwise assisting the Securities and Exchange Commission or any other proper authority in a proceeding relating to allegations of fraud.

VII. Additional Post-Employment Obligations

A. *Return of Materials*. You agree that upon termination of your employment with Freddie Mac for any reason whatsoever, you will deliver to your immediate supervisor all tangible materials embodying Confidential Information, including, but not limited to, any documentation, records, listings, notes, files, data, sketches, memoranda, models, accounts, reference materials, samples, machine-readable media, computer disks, tapes, and equipment which in any way relate to Confidential Information, whether developed by you or not. You further agree not to retain any copies of any materials embodying Confidential Information.

B. *Disclosure of Future Employment.* To enable Freddie Mac to monitor compliance with the obligations imposed by this Agreement, you further agree to notify Freddie Mac by email to Term_notification@freddiemac.com the identity of your subsequent employer(s) and your prospective job title and responsibilities prior to beginning employment, if you did not disclose this information to the Human Resources Division at the conclusion of your employment with Freddie Mac**.** You agree that this notice requirement shall remain in effect for twelve (12) months following the termination of your Freddie Mac employment.

C. *Contact With Future Employers*. You agree that, in order to assure the continued confidentiality of the Confidential Information, Freddie Mac may correspond with your future employers to advise them generally of your exposure to and knowledge of Confidential Information, and your obligations and responsibilities regarding the Confidential Information. You understand and agree that any such contact may include a request for assurance and confirmation from such employer(s) that you will not disclose Confidential Information to such employer(s), nor will such employer(s) permit any use whatsoever of the Confidential Information.

VIII. Consideration Given to You

In exchange for agreeing to be bound by the terms, conditions, and restrictions stated in this Agreement, Freddie Mac will provide you with employment as Chief Executive Officer of Freddie Mac, which you agree is adequate consideration for your agreement to be bound by the provisions of this Agreement.

IX. Reservation of Rights

You agree that nothing in this Agreement constitutes a contract or commitment by Freddie Mac to continue your employment in any job position for any period of time, nor does anything in this Agreement limit in any way Freddie Mac's right to terminate your employment at any time for any reason.

X. Absence of Any Conflict of Interest

You represent that you do not have any confidential information, trade secrets or other proprietary information that you obtained as the result of your employment with another employer that you will be using in your position at Freddie Mac. You also represent that you are not subject to any employment, confidentiality or stock grant agreements, or any other restrictions or limitations imposed by a prior employer, which would affect your ability to perform the duties and responsibilities for Freddie Mac in the job position offered, and further represent that you have provided Freddie Mac with copies of any non-competition, non-solicitation or similar agreements or limitations that have not expired, so that Freddie Mac can make an independent judgment that your employment with Freddie Mac is not inconsistent with any of its terms.

XI. Enforcement

A. You acknowledge that during your employment with Freddie Mac, you may be subject to corrective action, up to and including termination of employment, for your breach or threat of breach of any provision of this Agreement. You further agree that, following the conclusion of your employment with Freddie Mac, Freddie Mac may contact your future employers or take other legal steps necessary to protect Freddie Mac Confidential Information from improper use or disclosure, such as seeking injunctive relief or asserting legal claims.

B. You agree that in the event that you breach Section IV(A) or IV(B) of this Agreement, Freddie Mac may request that your new employer recuse you from any business transactions with Freddie Mac for six months. You further agree that Freddie Mac may also seek injunctive relief or assert legal claims such as breach of contract or tortious interference with contract, against you or your new employer. Finally, you agree that Freddie Mac may bar your new employer from doing business with Freddie Mac for a period of time.

C. You acknowledge that if you are a Senior Vice President or above, in the event that you breach any provision of this Agreement during or after your employment with Freddie Mac, you may be subject to a forfeiture of any unpaid Deferred Salary you are eligible for under the Executive Management Compensation Program, notwithstanding the terms of any program, plan, agreement or award to the contrary, to the extent permitted by applicable law. Such forfeiture shall be limited to such pay earned within six months prior to your separation from employment, or any unpaid severance pay you are eligible for from Freddie Mac. This forfeiture provision shall not apply to Deferred Salary earned prior to June 1, 2021. The Board of Directors, in the good faith exercise of their sole discretion, shall determine the appropriate dollar amount and type of compensation to be forfeited by you, if any. The Board of Directors will consider certain factors when determining the dollar amount of any forfeiture including: materiality of the violation and proportionality of the violation as compared to the amount of compensation subject to forfeiture.

D. You agree that irreparable injury will result to Freddie Mac's business interests in the event of breach or threatened breach of this Agreement, the full extent of Freddie Mac's damages will be impossible to ascertain, and monetary damages will not be an adequate remedy for Freddie Mac. Therefore, you agree that in the event of a breach or threat of breach of any provision(s) of this Agreement, Freddie Mac, in addition to any other relief available, shall be entitled to temporary, preliminary, and permanent equitable relief to restrain any such breach or threat of breach by you and all persons acting for and/or in concert with you, without the necessity of posting bond or security, which you expressly waive.

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F. This Agreement is governed by, and will be construed in accordance with, the laws of the Commonwealth of Virginia, without regard to its or any other jurisdiction's conflict-of-law provisions. You agree that any action related to or arising out of this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Virginia, and you hereby irrevocably consent to personal jurisdiction and venue in such court and to service of process by United States Mail or express courier service in any such action.

G. If any dispute(s) arise(s) between Freddie Mac and you with respect to any matter which is the subject of this Agreement, the prevailing party in such dispute(s) shall be entitled to recover from the other party all of its costs and expenses, including its reasonable attorneys' fees.

XII. At-Will Employment Relationship

Nothing in this Agreement is intended or shall be construed to abrogate the "at will" employment relationship between you and Freddie Mac, and both you and Freddie Mac retain the right to terminate the employment relationship at any time for any lawful reason with or without notice.

By: /s/ Michael DeVito Date: 06/04/2021
Michael DeVito

Exhibit 10.3

Tel: (703) 918-5000
www.FreddieMac.com

Corporate Headquarters
8250 Jones Branch Drive
McLean, VA 22102

RESTRICTIVE COVENANT AND CONFIDENTIALITY AGREEMENT

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III. Non-Competition

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IV. Post-Employment Prohibitions From Working on Matters Involving Freddie Mac

A. *Principal Cooling Off Period*

1. *Participation in Mortgage Finance Transactions Involving Freddie Mac*. After your separation of employment from Freddie Mac, you are prohibited from participating directly (or indirectly, by explicitly directing others in their direct participation in transactional activities) in any Mortgage Finance Transaction involving Freddie Mac, on behalf of yourself or a third party, for a period of six months following your separation from employment. For purposes of

this paragraph, “Mortgage Finance Transaction” shall mean business engagements between Freddie Mac and third parties involving the purchase or sale of securities, properties or mortgages. Other than the specific restriction described above, this Agreement shall not be construed as restricting your ability to be employed by, advise, or interact in a manner consistent with normal business interactions with people or entities that do transact with Freddie Mac. Questions regarding the scope of this prohibition should be directed to the Compliance & Ethics Helpline (www.FreddieMacEthicsHelpline.com or 877-301-2633).

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1. *Cooling Off Period*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, and accept employment or other payment for services with a Covered Entity over which you had regular contact and Significant Influence within six months preceding your separation of employment from Freddie Mac, you are prohibited from participating directly (or indirectly, by explicitly directing others to participate) in any business matter or transaction involving Freddie Mac, on behalf of such entity, for a period of six months following your date of separation from employment.

2. *Entities That Seek or Have Sought To Do Business With Freddie Mac*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, and accept employment or other payment for services with a business entity over which you had regular contact and Significant Influence, and that entity then Seeks or Has Sought To Do Business with Freddie Mac within six months preceding your separation of employment from Freddie Mac, you are prohibited from participating directly (or indirectly, by explicitly directing others to participate) in any business matter or transaction involving Freddie Mac, on behalf of such entity, for a period of six months following your date of separation from employment.

3. *Entities That Are Created After Your Separation of Employment From Freddie Mac*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, and accept employment or other payment for services with a business entity created after your separation from Freddie Mac that does business with Freddie Mac, you are prohibited from participating directly (or indirectly, by explicitly directing others to participate), on behalf of such entity, in any business matter or transaction involving Freddie Mac as to which you would have had Significant Influence, for a period of six months following your date of separation from employment.

4. *Matter-Based Conflicts*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, you are prohibited from representing any person (including yourself) or entity with respect to any matter involving Freddie Mac as to which you had direct or substantial involvement while employed by Freddie Mac, for six months following your separation from employment with Freddie Mac.

5. *Interpretive Review Process*. If you are a Covered Employee, you may contact the Compliance & Ethics Helpline at any time to seek an interpretive review from the Ethics Office of Freddie Mac’s Compliance Department, which shall determine whether the Additional Cooling Off Period described above shall apply to a particular position and employer you are considering. In making this determination, the Ethics Office shall consider the existence of a conflict of interest or risk of significant competitive harm, the extent and duration of your influence, the volume of business done with the employer, and other relevant factors. The Ethics Office shall also, to the extent feasible, shield your identity as the requestor and maintain confidentiality of the request. If you are a Senior Vice President or above, the Ethics Office’s determination shall be subject to the approval of the Chair of the Nominating and Governance Committee of the Board of Directors.

6. *Determination Upon Exit or Within Six Months of Your Separation From Employment*. If you are a Covered Employee at the time of your separation from employment with Freddie Mac, and have not obtained a determination from the Ethics Office under the Interpretive Review process detailed above, the Ethics Office will make such a determination as to whether the Additional Cooling Off Period described above shall apply to your new position and

new employer, upon your separation from employment if you have accepted new employment by then, or later once you have accepted such new employment.

V. Non-Solicitation and Non-Recruitment

During your employment with Freddie Mac and for a period of twelve (12) months after your termination date, you will not solicit or recruit, attempt to solicit or recruit or assist another in soliciting or recruiting any Freddie Mac managerial employee (including manager-level, Executive-level, or officer-level employee) with whom you worked, or any employee whom you directly or indirectly supervised at Freddie Mac, to leave the employee's employment with Freddie Mac for purposes of employment or for the rendering of professional services. This prohibition against solicitation does not apply if Freddie Mac has notified the employee being solicited or recruited that his/her employment with the Company will be terminated pursuant to a corporate reorganization, reduction-in-force, involuntary termination or voluntary early retirement program.

If you are a licensed lawyer, this non-solicitation covenant shall be interpreted in a manner consistent with any rule applicable to a licensed legal professional in the jurisdiction(s) of your licensure or registration.

VI. Treatment of Confidential Information During and Following Employment With Freddie Mac

A. *Non-Disclosure*. You recognize that Freddie Mac is engaged in an extremely competitive business and that, in the course of performing your job duties, you will have access to and gain knowledge about Confidential Information. You further recognize the importance of carefully protecting this Confidential Information in order for Freddie Mac to compete successfully. Therefore, you agree that both during and following your employment with Freddie Mac, you will neither divulge Confidential Information to any persons, including to other Freddie Mac employees who do not have a Freddie Mac business-related need to know, nor make use of the Confidential Information for your own benefit or for the benefit of anyone else other than Freddie Mac. You further agree to take all reasonable precautions to prevent the disclosure of Confidential Information to unauthorized persons or entities, and to comply with all Company policies, procedures, and instructions regarding the treatment of such information.

B. *Disclosure of Trade Secrets to Government.* As required by federal law, and notwithstanding anything to the contrary in this Agreement:

i) You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law.

ii) You shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if the filing is made under seal.

iii) If you file a lawsuit for retaliation by Freddie Mac for reporting a suspected violation of law, you may (a) disclose trade secrets to your attorney, and (b) use the trade secret information in the court proceeding if you file any document containing the trade secret under seal and do not disclose the trade secret except pursuant to court order.

C. *Ability to Enforce Agreement and Assist Government Investigations*. Nothing in this Agreement prohibits or otherwise restricts you from: (1) making any disclosure of information required by law; (2) assisting any regulatory or law enforcement agency or legislative body to the extent you maintain a legal right to do so notwithstanding this Agreement; (3) filing, testifying, participating in or otherwise assisting in a proceeding relating to the alleged violation of any federal, state, or local law, regulation, or rule, to the extent you maintain a legal right to do so notwithstanding this Agreement; or (4) filing, testifying, participating in or otherwise assisting the Securities and Exchange Commission or any other proper authority in a proceeding relating to allegations of fraud.

VII. Additional Post-Employment Obligations

A. *Return of Materials*. You agree that upon termination of your employment with Freddie Mac for any reason whatsoever, you will deliver to your immediate supervisor all tangible materials embodying Confidential Information, including, but not limited to, any documentation, records, listings, notes, files, data, sketches, memoranda, models, accounts, reference materials, samples, machine-readable media, computer disks, tapes, and equipment which in any way relate to Confidential Information, whether developed by you or not. You further agree not to retain any copies of any materials embodying Confidential Information.

B. *Disclosure of Future Employment.* To enable Freddie Mac to monitor compliance with the obligations imposed by this Agreement, you further agree to notify Freddie Mac by email to Term_notification@freddiemac.com the identity of your subsequent employer(s) and your prospective job title and responsibilities prior to beginning employment, if you did not disclose this information to the Human Resources Division at the conclusion of your employment with Freddie Mac**.** You agree that this notice requirement shall remain in effect for twelve (12) months following the termination of your Freddie Mac employment.

C. *Contact With Future Employers*. You agree that, in order to assure the continued confidentiality of the Confidential Information, Freddie Mac may correspond with your future employers to advise them generally of your exposure to and knowledge of Confidential Information, and your obligations and responsibilities regarding the Confidential Information. You understand and agree that any such contact may include a request for assurance and confirmation from such employer(s) that you will not disclose Confidential Information to such employer(s), nor will such employer(s) permit any use whatsoever of the Confidential Information.

VIII. Consideration Given to You

In exchange for agreeing to be bound by the terms, conditions, and restrictions stated in this Agreement, Freddie Mac will provide you with:

A. Employment (offer of employment or continued employment), and
B. Participation in either Freddie Mac's 2022 Incentive Program for Vice Presidents and Non-Officers (if you are a Vice President), or Freddie Mac's 2022 Executive Management Compensation Program (if you are a Senior Vice President or above, other than the Chief Executive Officer).

which you agree is adequate consideration for your agreement to be bound by the provisions of this Agreement.

IX. Reservation of Rights

You agree that nothing in this Agreement constitutes a contract or commitment by Freddie Mac to continue your employment in any job position for any period of time, nor does anything in this Agreement limit in any way Freddie Mac's right to terminate your employment at any time for any reason.

X. Absence of Any Conflict of Interest

You represent that you do not have any confidential information, trade secrets or other proprietary information that you obtained as the result of your employment with another employer that you will be using in your position at Freddie Mac. You also represent that you are not subject to any employment, confidentiality or stock grant agreements, or any other restrictions or limitations imposed by a prior employer, which would affect your ability to perform the duties and responsibilities for Freddie Mac in the job position offered, and further represent that you have provided Freddie Mac with copies of any non-competition, non-solicitation or similar agreements or limitations that have not expired, so that Freddie Mac can make an independent judgment that your employment with Freddie Mac is not inconsistent with any of its terms.

XI. Enforcement

A. You acknowledge that during your employment with Freddie Mac, you may be subject to corrective action, up to and including termination of employment, for your breach or threat of breach of any provision of this Agreement. You further agree that, following the conclusion of your employment with Freddie Mac, Freddie Mac may contact your future employers or take other legal steps necessary to protect Freddie Mac Confidential Information from improper use or disclosure, such as seeking injunctive relief or asserting legal claims.

B. You agree that in the event that you breach Section IV(A) or IV(B) of this Agreement, Freddie Mac may request that your new employer recuse you from any business transactions with Freddie Mac for six months. You further agree that Freddie Mac may also seek injunctive relief or assert legal claims such as breach of contract or tortious interference with contract, against you or your new employer. Finally, you agree that Freddie Mac may bar your new employer from doing business with Freddie Mac for a period of time.

C. You acknowledge that if you are a Senior Vice President or above, in the event that you breach any provision of this Agreement during or after your employment with Freddie Mac, you may be subject to a forfeiture of any unpaid Deferred Salary you are eligible for under the Executive Management Compensation Program, notwithstanding the terms of any program, plan, agreement or award to the contrary, to the extent permitted by applicable law. Such forfeiture shall be limited to such pay earned within six months prior to your separation from employment, or any unpaid severance pay you are eligible for from Freddie Mac. This forfeiture provision shall not apply to Deferred Salary earned prior to June 1, 2021. The Board of Directors, in the good faith exercise of their sole discretion, shall determine the appropriate dollar amount and type of compensation to be forfeited by you, if any. The Board of Directors will consider certain factors when determining the dollar amount of any forfeiture including: materiality of the violation and proportionality of the violation as compared to the amount of compensation subject to forfeiture.

D. You agree that irreparable injury will result to Freddie Mac's business interests in the event of breach or threatened breach of this Agreement, the full extent of Freddie Mac's damages will be impossible to ascertain, and monetary damages will not be an adequate remedy for Freddie Mac. Therefore, you agree that in the event of a breach or threat of breach of any provision(s) of this Agreement, Freddie Mac, in addition to any other relief available, shall be entitled to temporary, preliminary, and permanent equitable relief to restrain any such breach or threat of breach by you and all persons acting for and/or in concert with you, without the necessity of posting bond or security, which you expressly waive.

E. You agree that each of your obligations specified in this Agreement is a separate and independent covenant, and that all of your obligations set forth herein shall survive any termination, for any reason, of your Freddie Mac employment. To the extent that any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable because it is overbroad, that provision shall be limited and enforced to the extent permitted by applicable law. Should any provision of this Agreement be declared or determined by any court of competent jurisdiction to be unenforceable or invalid under applicable law, the validity of the remaining obligations will not be affected thereby and only the unenforceable or invalid obligation will be deemed not to be a part of this Agreement.

F. This Agreement is governed by, and will be construed in accordance with, the laws of the Commonwealth of Virginia, without regard to its or any other jurisdiction's conflict-of-law provisions. You agree that any action related to or arising out of this Agreement shall be brought exclusively in the United States District Court for the Eastern District of Virginia, and you hereby irrevocably consent to personal jurisdiction and venue in such court and to service of process by United States Mail or express courier service in any such action.

G. If any dispute(s) arise(s) between Freddie Mac and you with respect to any matter which is the subject of this Agreement, the prevailing party in such dispute(s) shall be entitled to recover from the other party all of its costs and expenses, including its reasonable attorneys' fees.

XII. At-Will Employment Relationship

Nothing in this Agreement is intended or shall be construed to abrogate the "at will" employment relationship between you and Freddie Mac, and both you and Freddie Mac retain the right to terminate the employment relationship at any time for any lawful reason with or without notice.

Exhibit 31.1

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 June 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: July 29, 2021

/s/ Michael J. DeVito

Michael J. DeVito

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(a)

I, Christian M. Lown, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 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: July 29, 2021

/s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 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: July 29, 2021

/s/ Michael J. DeVito

Michael J. DeVito

Chief Executive Officer

Exhibit 32.2

CERTIFICATION

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ENACTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 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: July 29, 2021

/s/ Christian M. Lown

Christian M. Lown

Executive Vice President and Chief Financial Officer