



CMHC's Third Quarter Financial Report (2015)

Media Briefing – November 27, 2015

- The QFR presents the financial results for the quarter ended September 30, 2015
- To further enhance transparency and expand the availability of data, we have also released complementary Mortgage Loan Insurance, Securitization Business and Covered Bonds Supplements.
- These files contain a range of statistics and data on CMHC's commercial activities and help readers better understand the business undertaken by CMHC.

- CMHC set-out three strategic directions that will focus our efforts and activities over the next five years to help Canadians meet their housing needs. They are:
 - Align Risk with Mandate
 - Lead through Information and Insight
 - Be a High-Performing Organization
- These strategic directions reflect the work we have already begun to achieve our vision of being the heart of a world leading housing system.



Federal Investments for Canadians in need

- For the three-month period ended September 30, 2015 CMHC provided more than \$463 million for housing programs on behalf of the Government of Canada.
- Annually CMHC delivers approximately \$2 billion in federal funding for housing, and continue to deliver funding to meet its long-term commitments to social housing.

Facilitating Access & Financial Stability

- CMHC provides mortgage loan insurance and securitization guarantee programs to facilitate access to mortgage financing and to contribute to the stability of the financial system
- CMHC offers mortgage loan insurance in all markets and through all economic cycles
- CMHC's securitization products provide both large and small lenders with a reliable, cost-effective source of funds for mortgage lending, supporting competition in the mortgage market and contributing to the stability of the financial system.
- During the third quarter:
 - CMHC provided mortgage loan insurance for more than 80,000 units across Canada.
 - CMHC provided guarantees of close to \$2 billion through its securitization products.

- CMHC's mortgage loan insurance and securitization guarantee programs operate on a commercial basis without support from Canadian taxpayers
- CMHC's net income (after taxes) in the third quarter was \$380 million
- Over the past decade, CMHC has contributed \$21 billion toward improving the Government of Canada's fiscal position through both its income taxes and net income.

The quality of CMHC's loan portfolio is strong

- Ensuring overall portfolio quality through prudent underwriting reduces the risk associated with the mortgage loan insurance business.
- The strength of CMHC's portfolio is reflected in the overall arrears rate which was 0.35% as at September 30, 2015
- At the end of Q3, Homeowners with CMHC-insured mortgages had:
 - Average equity of 46% (relatively unchanged from last year)
- For new transactional homeowner business during the third quarter:
 - The average gross debt service ratio (GDS) was 25.7%
 - The average credit score was 747
- The GDS and credit score results indicate a strong ability of CMHC-insured homebuyers to manage their financial obligations

CMHC follows prudent risk management practices

- CMHC conducts regular stress-testing of its mortgage loan insurance operation.
- CMHC's capital holdings create a buffer against potential losses, reducing Canadian taxpayers' exposure to housing markets, and helping to ensure long term stability of the financial system.
- CMHC's capital holdings as at 30 September 2015 are more than three times (345%) the minimum capital required by OSFI for mortgage insurers.

- CMHC will continue to:
 - Facilitate access to housing and contribute to financial stability
 - Manage our risks appropriately with due regard for loss
 - Provide industry leading data, knowledge and analysis