



 CMHC's 2nd Quarter Financial Report (2016)
Media Briefing – August 29, 2016

Introduction

- The QFR presents the financial results for the quarter ended June 30, 2016 as well as year to date results for 2016.
- In support of the QFR results, we continue to provide additional data through our 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.

Operating Environment

- 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 June 30, 2016 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 second quarter:
 - CMHC provided mortgage loan insurance for nearly 135,000 units across Canada.
 - CMHC provided guarantees of more than \$27 billion through its securitization products.

Net Income

- 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 second quarter was \$338 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

- The strength of CMHC's portfolio is reflected in the overall arrears rate which was 0.32% as at June 30, 2016
- At the end of Q2, Homeowners with CMHC-insured mortgages had:
 - Average equity of 46,8% (for the entire portfolio)
- For new transactional homeowner business during the second quarter:
 - The average gross debt service ratio (GDS) was 25.6%
 - The average credit score at origination was 750
- The GDS and credit score results indicate a strong ability of CMHC-insured homebuyers to manage their financial obligations

CMHC insurance portfolio in oil producing regions

The quality of CMHC's portfolio, even in oil producing regions, remains strong and stable.

	Canada	Alberta	Saskatchewan	Newfoundland and Labrador
Arrears rate (as at June 30, 2016)	0.32 %	0.41 %	0.69 %	0.34 %
(as at March 31, 2016)	0.34 %	0.35 %	0.70 %	0.32 %
Average equity (transactional homeowner IIF based on updated property value) (as at June 30, 2016)	34.4 %	28.9 %	32.5 %	38.7 %
(as at March 31, 2016)	34.5 %	30.5 %	33.0 %	39.5 %
Average insured loan (YTD)	\$ 237,628	\$ 326,095	\$ 232,214	\$ 187,630
Average insured loan amount outstanding (overall portfolio)	\$ 174,163	\$ 224,844	\$ 169,669	\$ 134,203
Average GDS (transactional homeowner – YTD as at June 30, 2016)	25.6 %	25.8 %	23.6 %	21.1 %
(6 months ended June 30, 2015)	25.7 %	25.9 %	24.0 %	21.1 %

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 June 2016 are more than three times (366%) 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