

CANADA MORTGAGE AND HOUSING CORPORATION

# Securitization Business Supplement

**First QUARTER**  
March 31, 2016

To supplement CMHC's consolidated financial statements, which are prepared in accordance with IFRS, CMHC uses non-IFRS measures to analyse its performance. The following Securitization Business Supplement is prepared for the first quarter ending March 31, 2016, and is intended to help readers better understand CMHC's Securitization activity. CMHC believes that this business supplement provides meaningful information that enables greater transparency and clarity with respect to CMHC's Securitization activity.

## NEW SECURITIZATION GUARANTEE ACTIVITY

As at March 31, 2016, of the \$145 billion guarantee limit for 2016, \$21.8 billion of securities were guaranteed. Of the approximate 79 active participants in CMHC's securitization programs, 73 are regulated institutions.

Securities guaranteed	Three Months Ended				Year-to-Date		
	31-Mar 2016	31-Dec 2015	30-Sep 2015	30-Jun 2015	31-Mar 2015	31-Mar 2016	31-Mar 2015
<b>Total guaranteed (\$M)</b>	<b>21,834</b>	<b>36,078</b>	<b>31,923</b>	<b>24,598</b>	<b>23,124</b>	<b>21,834</b>	<b>23,124</b>
NHA mortgage-backed securities (NHA MBS)*	12,584	27,078	22,673	14,598	14,124	12,584	14,124
Canada mortgage bonds (CMB)	9,250	9,000	9,250	10,000	9,000	9,250	9,000
<b>NHA MBS (\$M)</b>	<b>12,584</b>	<b>27,078</b>	<b>22,673</b>	<b>14,598</b>	<b>14,124</b>	<b>12,584</b>	<b>14,124</b>
Federally regulated institutions	8,906	23,452	16,905	9,620	9,018	8,906	9,018
Provincially regulated institutions	265	359	496	466	602	265	602
IIROC regulated institutions**	1,631	1,427	2,176	1,790	1,652	1,631	1,652
Other institutions	1,783	1,840	3,097	2,722	2,852	1,783	2,852
<b>CMB (\$M)</b>	<b>9,250</b>	<b>9,000</b>	<b>9,250</b>	<b>10,000</b>	<b>9,000</b>	<b>9,250</b>	<b>9,000</b>
Federally regulated institutions	4,890	4,873	4,938	5,120	5,133	4,890	5,133
Provincially regulated institutions	1,908	1,744	1,614	1,919	1,313	1,908	1,313
IIROC regulated institutions	1,551	1,388	1,623	1,761	1,597	1,551	1,597
Other institutions	901	996	1,075	1,200	957	901	957



Component items may not add to totals due to rounding.

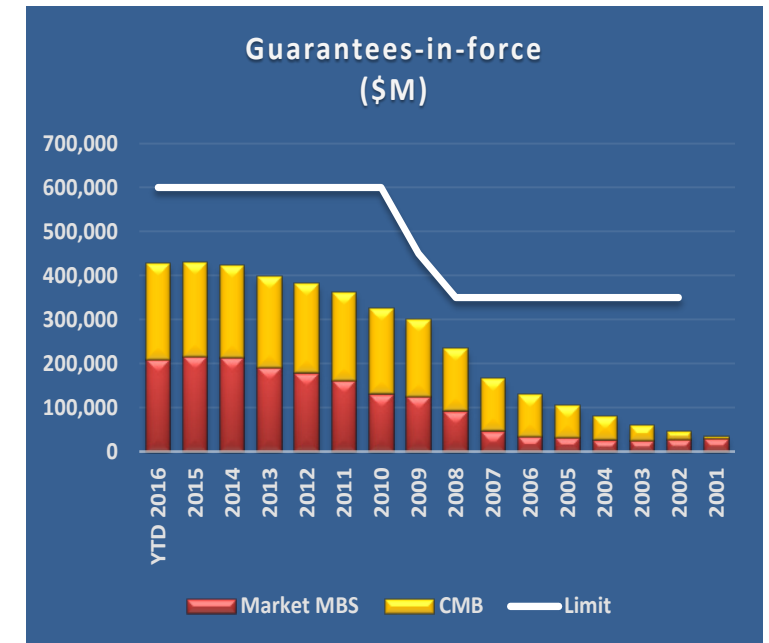
\*NHA MBS amount of \$12,584 million consists of \$12,191 million new NHA MBS issued and guaranteed as at March 2016 and \$393 million of replacement NHA MBS issued prior to 2016, but on which guarantee fees were paid by in 2016 to facilitate usage outside of the CMB Program.

\*\* IIROC: The Investment Industry Regulatory Organization of Canada is the national self-regulatory organization that oversees all investment dealers in Canada. [www.iiroc.ca](http://www.iiroc.ca)

## GUARANTEES-IN-FORCE

The amount of guarantees-in-force outstanding is a function of new guarantee activity and maturities/principal runoff from outstanding guaranteed securities. Approximately 89 per cent of the \$428.5 billion in guarantees-in-force outstanding as at March 31, 2016, is with regulated institutions, of which 73 per cent is with federally regulated institutions.

Guarantees-in-force	31-Mar	31-Dec	As at:		
	2016	2015	30-Sep 2015	30-Jun 2015	31-Mar 2015
<b>Guarantees-in-force (\$M)</b>	<b>428,532</b>	<b>430,565</b>	<b>426,687</b>	<b>419,589</b>	<b>420,907</b>
NHA MBS	208,727	215,510	208,382	206,934	212,752
CMB	219,805	215,055	218,305	212,655	208,155
<b>NHA MBS (\$M)</b>	<b>208,727</b>	<b>215,510</b>	<b>208,382</b>	<b>206,934</b>	<b>212,752</b>
Federally regulated institutions	165,992	173,843	168,605	168,677	176,654
Provincially regulated institutions	1,695	1,559	1,480	1,414	1,269
IIROC regulated institutions	16,167	15,987	15,225	15,164	14,342
Other institutions	24,873	24,122	23,073	21,679	20,487
<b>CMB (\$M)</b>	<b>219,805</b>	<b>215,055</b>	<b>218,305</b>	<b>212,655</b>	<b>208,155</b>
Federally regulated institutions	139,579	141,233	143,924	141,371	139,762
Provincially regulated institutions	21,720	19,812	19,185	17,570	15,959
IIROC regulated institutions	37,228	36,413	37,372	36,355	35,638
Other institutions	21,279	17,597	17,824	17,359	16,796



Component items may not add to totals due to rounding.

The maturity profile of the outstanding guaranteed obligations is generally distributed across a five-year term, reflecting the predominance of the five-year mortgage term of the mortgages securitized under the NHA MBS Program and the core five-year CMB term.

Guarantees-in-Force Maturity Profile (\$M)	As at:									
	31-Mar-16		31-Dec-15		30-Sep-15		30-Jun-15		31-Mar-15	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2015					1,756	12,250	6,434	15,850	16,818	21,350
2016	13,673	27,750	25,794	32,250	36,669	32,250	43,644	32,250	47,299	32,250
2017	29,740	29,650	31,022	29,650	32,045	29,650	34,072	29,650	35,616	29,650
2018	42,418	38,650	44,069	38,650	45,249	38,650	47,162	38,650	48,560	38,650
2019	50,969	30,750	52,547	30,750	51,927	30,750	52,918	30,750	53,495	30,750
2020	62,686	40,005	58,888	40,005	37,584	35,005	19,501	27,755	7,934	19,755
2021	6,408	16,500	265	9,250	270	7,250	302	7,250	303	7,250
2022	555	13,000	577	13,000	599	13,000	629	13,000	655	13,000
2023	587	6,000	606	6,000	546	6,000	563	6,000	470	6,000
2024	914	6,000	927	6,000	947	6,000	960	6,000	949	6,000
2025	356	11,500	388	9,500	358	7,500	311	5,500	209	3,500
2026	34		34		34		35		35	
2027	25		25		25		25		26	
2028	331		336		340		345		349	
2033	27		27		28		28		28	
2034	5		5		5		5		5	
<b>Total</b>	<b>208,727</b>	<b>219,805</b>	<b>215,510</b>	<b>215,055</b>	<b>208,382</b>	<b>218,305</b>	<b>206,934</b>	<b>212,655</b>	<b>212,752</b>	<b>208,155</b>

Component items may not add to totals due to rounding.

## MORTGAGE ARREARS RATE IN THE NHA MBS PROGRAM

At the time of an NHA MBS issuance, no pooled mortgage must be in arrears and mortgages must have mortgage default insurance coverage in accordance with the Government of Canada regulations for mortgage insurance. Mortgage arrears of the pooled mortgages are analyzed and monitored, at the issuer level, on a monthly basis in the context of the overall financial condition of the issuer. This information along with established arrears triggers and the financial viability of the issuer is considered when permitting the issuer new guarantee approvals.

As at March 31, 2016, the 90-day arrears rate—the number of loans in arrears (4,815) as a proportion of the total number of loans (1,912,734)—in the NHA MBS Program was 0.25 per cent.

90-Day Arrears for Mortgages in NHA MBS Outstanding	31-Mar 2016	31-Dec 2015	As at: 30-Sep 2015	30-Jun 2015	31-Mar 2015
<b>Overall 90-days arrears rate</b>	<b>0.25%</b>	<b>0.25%</b>	<b>0.26%</b>	<b>0.25%</b>	<b>0.27%</b>
Federally regulated institutions*	0.29%	0.28%	0.29%	0.28%	0.29%
Provincially regulated institutions	0.16%	0.13%	0.14%	0.12%	0.13%
IIROC regulated institutions	0.15%	0.16%	0.17%	0.17%	0.19%
Other institutions*	0.12%	0.10%	0.12%	0.13%	0.15%

- Maple Bank GmbH (Schedule III bank) was removed from FRI category to Other Institutions category as a result of Maple's default in mid-February

## INTEREST SPREAD

CMHC establishes a minimum spread requirement between the NHA MBS coupon and the lowest mortgage rate in the pool. This interest spread, which is for the benefit of the issuer in good standing, is an important feature which incentivizes the issuer to fulfill its responsibilities under the NHA MBS Program. This program feature ensures that program participants have significant “skin in the game.” In the event of a failure of an issuer to fulfill its responsibilities under the NHA MBS Program, CMHC, as guarantor and trustee on behalf of the NHA MBS investor, will have access to the interest spread to be used in ensuring the obligations under the NHA MBS are fulfilled.

31-Mar-16	MORTGAGE		NHA MBS		Interest Spread	
Pool Type	Balance Outstanding (\$M)	Spread to Index *	Mortgage Rate	Spread to Index *		MBS Coupon
<b>Fixed rate</b>						
867	39,619		3.08		1.77	1.31
964	627		2.70		1.55	1.15
965	17,425		3.30		2.45	0.85
966	9,249		2.76		2.07	0.69
967	0.1		9.19		7.50	1.69
970	11		4.07		1.85	2.22
975	270,682		3.05		1.62	1.43
990	4,363		4.01		3.45	0.56
	<b>341,978</b>		<b>3.07</b>		<b>1.72</b>	<b>1.35</b>
<b>Floating rate</b>						
880	5,779	(0.56)	2.13	0.44	1.31	0.81
885	4,090	(0.62)	2.08	0.17	1.04	1.05
980	33,876	(0.59)	2.10	0.24	1.10	1.00
985	41,241	(0.50)	2.20	0.12	0.99	1.21
987	11,538	(0.56)	2.20	(1.08)	1.12	1.08
	<b>96,525</b>		<b>2.16</b>		<b>1.07</b>	<b>1.09</b>
<b>Total</b>	<b>438,502</b>		<b>2.87</b>		<b>1.57</b>	<b>1.30</b>

Component items may not add to totals due to rounding.

\*Adjustable (880/980) and variable rate (885/985) mortgage rates are based on lenders' prime rates. Floating rate NHA MBS coupons, with the exception of the NHA MBS 987 pool, are based on one-month Canadian Dollar Offered Rate (CDOR). The coupon rate of the NHA MBS 987 pool is based on a spread to the weighted average mortgage rate in the pool. All spreads and rates shown in the table are weighted averages.

## ADDITIONAL INFORMATION

To complement the monthly reports on CMHC's website, additional details on NHA MBS issuance volumes, including by pool type and issuer, can be found at: [http://www.cmhc.ca/en/hoficlincl/mobase/mobase\\_006.cfm](http://www.cmhc.ca/en/hoficlincl/mobase/mobase_006.cfm)

### NHA MBS ISSUANCE VOLUMES

NHA MBS issued during the period	Three months ended				Year-to-date		
	31-Mar 2016	31-Dec 2015	30-Sep 2015	30-Jun 2015	31-Mar 2015	31-Mar 2016	31-Mar 2015
Guaranteed (Market) NHA MBS	12,193	26,991	22,681	14,212	14,037	12,193	14,037
NHA MBS sold to Canada Housing Trust	8,122	8,895	9,186	9,764	8,192	8,122	8,192
Replacement NHA MBS *	13,289	11,420	18,256	10,060	12,240	13,289	12,240
<b>Total NHA MBS volumes (\$M)</b>	<b>33,604</b>	<b>47,306</b>	<b>50,124</b>	<b>34,035</b>	<b>34,469</b>	<b>33,604</b>	<b>34,469</b>

Component items may not add to totals due to rounding.

\*NHA MBS designated for future sale to Canada Housing Trust (CHT) under the CMB Program to replace the monthly principal runoff from the NHA MBS assets held by CHT with respect to CMB transactions. Replacement NHA MBS are restricted securities and usage outside of the CMB Program requires a payment of a guarantee fee.

### NHA MBS OUTSTANDING

All NHA MBS issued and outstanding	As at:				
	31-Mar 2016	31-Dec 2015	30-Sep 2015	30-Jun 2015	31-Mar 2015
Guaranteed (Market) NHA MBS	208,727	215,510	208,382	206,934	212,752
NHA MBS sold to Canada Housing Trust	212,994	208,773	210,155	203,000	201,197
Replacement NHA MBS	16,782	16,839	15,718	14,259	18,770
<b>Total NHA MBS outstanding (\$M)</b>	<b>438,502</b>	<b>441,122</b>	<b>434,256</b>	<b>424,193</b>	<b>432,719</b>

Component items may not add to totals due to rounding.