

CANADA MORTGAGE AND HOUSING CORPORATION

SECURITIZATION BUSINESS SUPPLEMENT

FIRST QUARTER
March 31, 2020

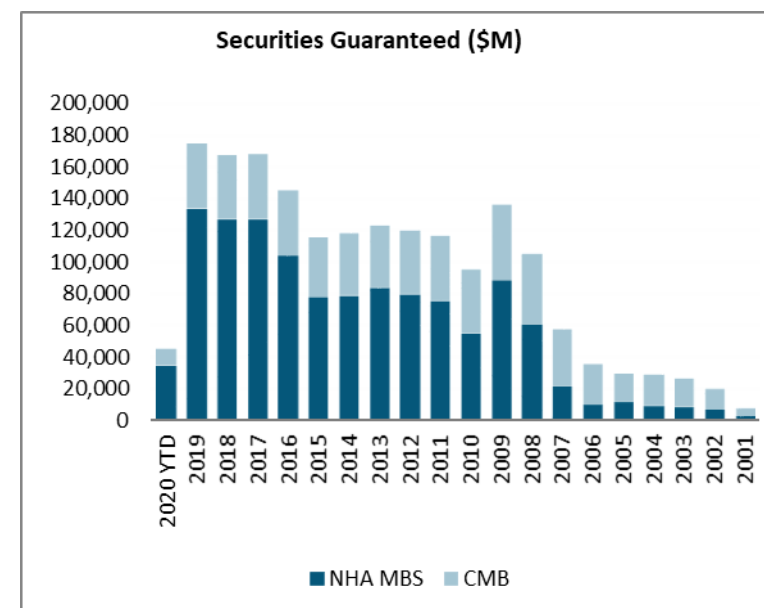
To supplement CMHC's consolidated financial statements, which are prepared in accordance with IFRS, CMHC uses non-IFRS measures to analyze its performance. The following Securitization Business Supplement is prepared for the first quarter ending March 31, 2020, and is intended to help readers better 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 part of Canada's COVID-19 Economic Response Plan, the Government of Canada announced proactive and coordinated measures to ensure the health of our financial system and economy. The government launched a revised Insured Mortgage Purchase Program (IMPP) to purchase up to \$150 billion of NHA MBS through CMHC. Additionally, the issuance limit of Canada Mortgage Bonds increased to a total annual issuance amount of up to \$60 billion. Consequently, the 2020 annual NHA MBS guarantee limit increased from \$145 billion to \$295 billion.

As at March 31, 2020, CMHC guaranteed \$46 billion of securities (\$35.5 billion of NHA MBS and \$10.5 billion of CMB). Of the approximate 98 active participants in CMHC's securitization programs, 93 are regulated institutions.

Securities guaranteed	Three months ended				Year-to-date		
	31-Mar 2020	31-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019	31-Mar 2020	31-Mar 2019
Total Guaranteed (\$M)	45,990	50,140	42,930	41,708	38,924	45,990	38,924
NHA Mortgage-Backed Securities (NHA MBS)*	35,490	40,390	33,430	30,958	28,924	35,490	28,924
Canada Mortgage Bonds (CMB)	10,500	9,750	9,500	10,750	10,000	10,500	10,000
NHA MBS (\$M)	35,490	40,390	33,430	30,958	28,924	35,490	28,924
Federally Regulated Institutions	21,745	29,149	20,340	19,106	19,749	21,745	19,749
Provincially Regulated Institutions	4,536	3,948	3,892	3,459	2,223	4,536	2,223
IIROC Regulated Institutions**	6,861	4,681	6,502	5,048	3,188	6,861	3,188
Other Institutions	2,348	2,612	2,696	3,344	3,764	2,348	3,764
CMB (\$M)	10,500	9,750	9,500	10,750	10,000	10,500	10,000
Federally Regulated Institutions	6,387	5,475	5,327	6,273	5,401	6,387	5,401
Provincially Regulated Institutions	1,731	1,661	1,687	1,323	1,697	1,731	1,697
IIROC Regulated Institutions	1,905	1,783	1,771	2,653	2,030	1,905	2,030
Other Institutions	478	832	715	501	872	478	872



Component items may not add to totals because of rounding.

* The NHA MBS amount of \$35.5 billion consists of \$34.5 billion in new NHA MBS issued and guaranteed in 2020 and \$0.9 billion in replacement NHA MBS issued prior to 2020 but on which NHA MBS guarantee fees were paid in 2020.

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

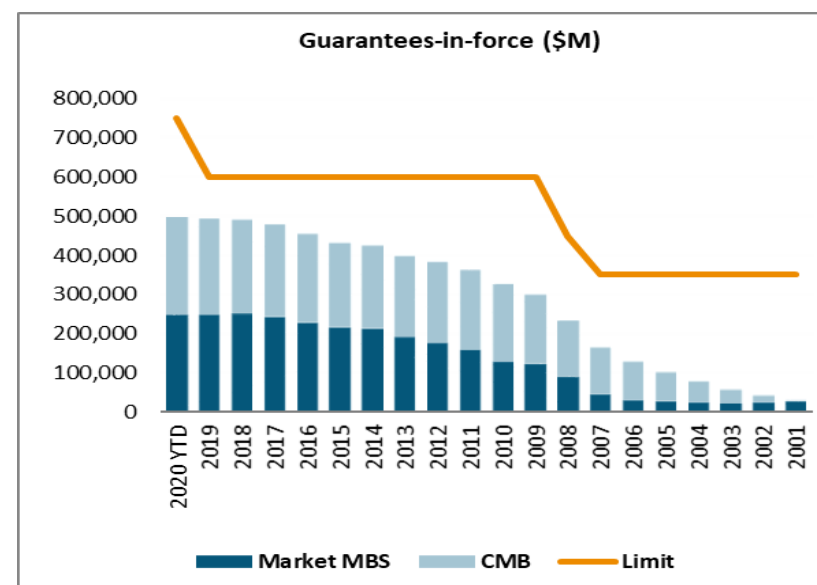


GUARANTEES-IN-FORCE

The amount of guarantees-in-force outstanding is a function of new guarantee activity and maturities/principal runoff from outstanding guaranteed securities. Approximately 90 per cent of the \$493.99 billion in guarantees-in-force outstanding as at March 31, 2020, is with regulated institutions, and 66 per cent of guarantees-in-force outstanding as at March 31, 2020, is with federally regulated institutions. In support of the new IMPP, the Guarantee-in-force limit has been raised to \$750 billion from the prior \$600 billion for a five-year period.

Guarantees-in-force	As at:				
	31-Mar 2020	31-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019
Guarantees-in-force (\$M)	493,991	492,839	488,320	491,581	494,400
Market NHA MBS	250,346	249,341	244,071	251,333	254,901
CMB	243,645	243,499	244,249	240,249	239,499
Market NHA MBS (\$M)	250,346	249,341	244,071	251,333	254,901
Federally Regulated Institutions	180,031	181,639	176,417	183,570	188,844
Provincially Regulated Institutions	11,909	11,036	10,389	10,232	8,942
IROC Regulated Institutions	26,121	23,557	23,183	22,097	21,980
Other Institutions	32,286	33,108	34,083	35,435	35,134
CMB (\$M)	243,645	243,499	244,249	240,249	239,499
Federally Regulated Institutions	144,776	146,255	146,543	144,659	143,997
Provincially Regulated Institutions	35,898	34,553	34,420	33,010	33,317
IROC Regulated Institutions	43,890	43,551	43,593	43,234	42,373
Other Institutions	19,080	19,141	19,693	19,346	19,811

Component items may not add to totals because of 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-20		31-Dec-19		30-Sep-19		30-Jun-19		31-Mar-19	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2019					2,217	10,500	10,850	16,000	21,840	26,000
2020	25,890	29,645	38,012	39,999	46,439	39,999	53,249	39,999	56,642	39,999
2021	56,906	37,750	59,785	37,750	59,832	37,750	64,665	37,750	67,177	37,750
2022	50,542	44,250	52,425	44,250	50,684	44,250	49,836	44,250	49,766	44,250
2023	50,269	36,500	52,193	36,500	51,843	36,500	52,039	36,500	48,717	36,500
2024	51,298	37,500	44,268	37,500	30,688	32,250	18,690	25,000	8,904	16,500
2025	12,651	21,750	294	13,750	321	11,500	336	11,500	359	11,500
2026	32	7,000	30	7,000	32	7,000	35	7,000	39	7,000
2027	260	6,750	276	6,750	282	6,750	244	6,750	248	6,750
2028	976	13,250	956	13,250	988	13,250	970	13,250	1,132	13,250
2029	794	6,750	900	6,750	657	4,500	330	2,250	47	
2030	588	2,500	115							
2033	25		25		25		25		26	
2034	61		62		62		63		5	
2040	52									
Total	250,346	243,645	249,341	243,499	244,071	244,249	251,333	240,249	254,901	239,499

Component items may not add to totals because of 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, 2020, the 90-day arrears rate—the number of loans in arrears (3,373) as a proportion of the total number of loans (2,040,849)—in the NHA MBS Program was 0.17 per cent.

90 days arrears for mortgages in NHA MBS outstanding	As at:				
	31-Mar 2020	31-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019
Overall 90 days arrears rate	0.17%	0.16%	0.17%	0.16%	0.17%
Federally Regulated Institutions	0.20%	0.20%	0.21%	0.19%	0.20%
Provincially Regulated Institutions	0.10%	0.10%	0.11%	0.08%	0.09%
IIROC Regulated Institutions	0.09%	0.09%	0.09%	0.08%	0.10%
Other Institutions	0.05%	0.03%	0.04%	0.03%	0.03%

Component items may not add to totals because of rounding.



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 that incentivizes the Issuer to fulfil 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-20 Pool Type	Balance Outstanding (\$M)	MORTGAGE		NHA MBS		Interest Spread
		Spread to Index *	Mortgage Rate	Spread to Index *	MBS Coupon	
Fixed Rate						
867	69,337		2.97		1.80	1.17
964	650		2.81		1.82	0.99
965	23,730		2.86		2.17	0.69
966	26,794		2.74		2.03	0.71
967	4		2.49		1.87	0.62
970	0		6.99		5.88	1.12
975	288,399		2.91		1.72	1.20
990	4,121		3.46		2.88	0.59
	413,035		2.91		1.79	1.12
Floating Rate	-					
880	4,450	(0.50)	2.00	0.32	2.07	(0.07)
885	8,386	(0.64)	2.02	0.08	1.83	0.20
980	39,647	(0.74)	2.69	0.12	1.86	0.83
985	24,956	(0.69)	2.24	0.06	1.80	0.44
987	4,673	(0.41)	2.14	0.37	2.51	(0.37)
	82,114		2.42		1.89	0.53
Total	495,149		2.83		1.80	1.03

Component items may not add to totals because of rounding.

* Adjustable (880/980) and variable (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 the 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.

There was noticeable decrease in the prime rate during the month of March. This caused the weighted average mortgage rates of the NHA MBS pools, which are reported as of month end, to drop from the previous month. The NHA MBS coupon rates for floating rate pools, however, are based on rates established at the beginning of the month and do not reflect this prime rate decrease. Consequently, this reporting lag and a decline in the prime rate in March resulted in a negative interest spread for some floating rate pool types.



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

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/nha-mortgage-backed-securities/securitization-reports>.

NHA MBS ISSUANCE VOLUMES

NHA MBS issued during the period	Three months ended				Year-to-date		
	31-Mar 2020	31-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019	31-Mar 2020	31-Mar 2019
Guaranteed (Market) NHA MBS	34,549	40,195	33,132	30,454	27,162	34,549	27,162
Replacement NHA MBS *	4,408	4,770	11,347	4,939	7,308	4,408	7,308
Total NHA MBS Volumes (\$M)	38,957	44,965	44,479	35,392	34,471	38,957	34,471

Component items may not add to totals because of 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 can only be used as reinvestment assets in CMB transactions issued prior to July 1, 2016.

NHA MBS OUTSTANDING

All NHA MBS issued and outstanding	As at:				
	31-Mar 2020	31-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019
Guaranteed (Market) NHA MBS	250,346	249,341	244,071	251,333	254,901
NHA MBS sold to Canada Housing Trust	237,338	239,228	239,139	233,892	235,112
Replacement NHA MBS	7,464	6,568	8,149	6,203	8,548
Total NHA MBS Outstanding (\$M)	495,149	495,136	491,360	491,428	498,562

Component items may not add to totals because of rounding.

