

CANADA MORTGAGE AND HOUSING CORPORATION

Securitization Business Supplement

FIRST QUARTER
MARCH 31, 2021

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, 2021, 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

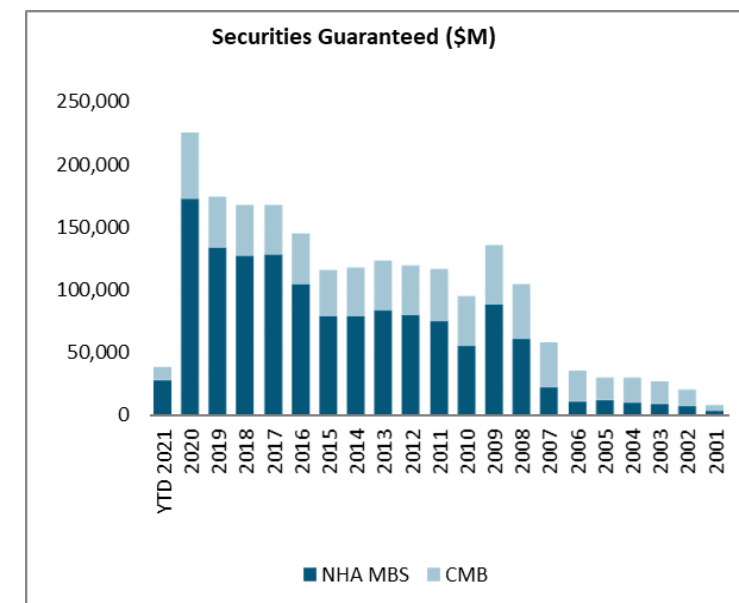
The 2021 annual CMB issuance limit is \$40B and the 2021 annual NHA MBS guarantee limit is \$150 billion. As at March 31, 2021, CMHC guaranteed \$38.2 billion of securities (\$28.2 billion of NHA MBS and \$10 billion of CMB). Of the approximate 97 active participants in CMHC's securitization programs, 91 are regulated institutions.

Securities guaranteed	Three months ended				Year-to-date		
	31-Mar 2021	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Mar 2021	31-Mar 2020
Total Guaranteed (\$M)	38,184	51,855	42,667	84,342	45,990	38,184	45,990
NHA Mortgage-Backed Securities (NHA MBS)*	28,184	40,105	29,917	66,342	35,490	28,184	35,490
Canada Mortgage Bonds (CMB)	10,000	11,750	12,750	18,000	10,500	10,000	10,500
NHA MBS (\$M)	28,184	40,105	29,917	66,342	35,490	28,184	35,490
Federally Regulated Institutions	18,003	25,170	18,146	51,299	21,745	18,003	21,745
Provincially Regulated Institutions	3,208	4,968	3,997	5,753	4,536	3,208	4,536
IIROC Regulated Institutions**	3,495	6,869	5,577	5,828	6,861	3,495	6,861
Other Institutions	3,477	3,098	2,198	3,461	2,348	3,477	2,348
CMB (\$M)	10,000	11,750	12,750	18,000	10,500	10,000	10,500
Federally Regulated Institutions	5,516	7,354	8,037	10,587	6,387	5,516	6,387
Provincially Regulated Institutions	1,353	1,518	1,851	2,977	1,731	1,353	1,731
IIROC Regulated Institutions	1,595	2,132	2,277	3,282	1,905	1,595	1,905
Other Institutions	1,536	746	584	1,155	478	1,536	478

Component items may not add to totals because of rounding.

* The NHA MBS amount of \$28,184 million consists of \$27,763 million in new NHA MBS issued and guaranteed in 2021 and \$421 million in replacement NHA MBS issued prior to 2021 but on which NHA MBS guarantee fees were paid in 2021.

** 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/>).

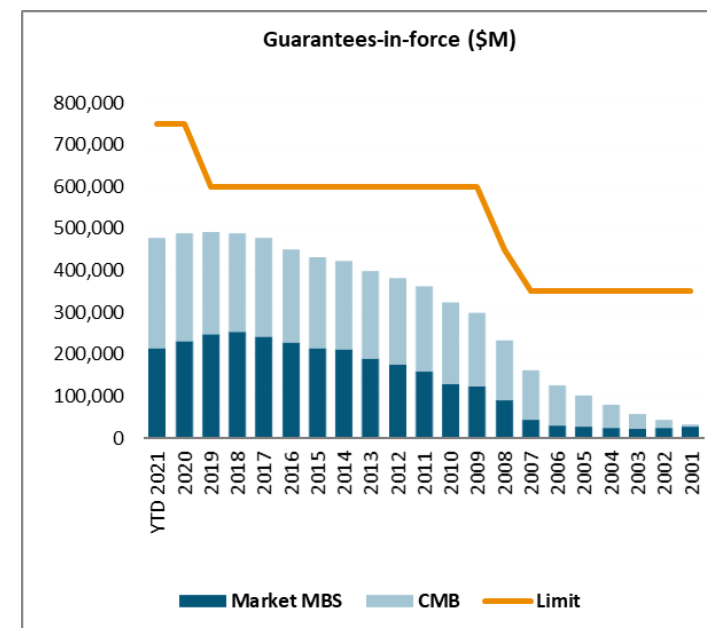


GUARANTEES-IN-FORCE

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 \$479.2 billion in guarantees-in-force outstanding as at March 31, 2021, is with regulated institutions; and 65 per cent of guarantees-in-force outstanding as at March 31, 2021, is with federally regulated institutions. In support of the IMPP in 2020, the Guarantee-in-force limit has been raised to \$750 billion from the prior \$600 billion for a five-year period (2020-2024).

Guarantees-in-force	As at:				
	31-Mar 2021	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020
Guarantees-in-force (\$M)	479,233	488,865	499,961	515,278	493,991
Market NHA MBS	216,983	232,365	240,811	263,628	250,346
CMB	262,250	256,500	259,150	251,650	243,645
Market NHA MBS (\$M)	216,983	232,365	240,811	263,628	250,346
Federally Regulated Institutions	154,831	166,342	173,814	193,673	180,031
Provincially Regulated Institutions	9,551	10,866	10,518	11,808	11,909
IIROC Regulated Institutions	23,974	25,415	26,229	26,666	26,121
Other Institutions	28,628	29,742	30,251	31,481	32,286
CMB (\$M)	262,250	256,500	259,150	251,650	243,645
Federally Regulated Institutions	156,298	153,044	155,172	149,855	144,776
Provincially Regulated Institutions	38,525	37,759	38,314	37,020	35,898
IIROC Regulated Institutions	47,952	47,105	46,818	45,525	43,890
Other Institutions	19,475	18,591	18,846	19,250	19,080

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-21		31-Dec-20		30-Sep-20		30-Jun-20		31-Mar-20	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2020					1,449	14,400	10,292	19,650	25,890	29,644.50
2021	18,667	33,500	29,628	37,750	41,339	37,750	53,654	37,750	56,906	37,750.00
2022	31,286	44,250	36,533	44,250	42,273	44,250	47,677	44,250	50,542	44,250.00
2023	40,384	45,500	46,016	45,500	46,914	45,500	51,569	42,500	50,269	36,500.00
2024	54,469	37,500	58,268	37,500	60,281	37,500	62,149	37,500	51,298	37,500.00
2025	58,910	40,750	58,760	40,750	45,906	35,250	35,330	29,750	12,651	21,750.00
2026	10,212	15,000	29	9,000	30	7,000	34	7,000	32	7,000.00
2027	377	6,750	327	6,750	319	6,750	342	6,750	260	6,750.00
2028	870	13,250	900	13,250	855	13,250	925	13,250	976	13,250.00
2029	556	6,750	620	6,750	625	6,750	729	6,750	794	6,750.00
2030	736	10,750	744	10,750	604	10,750	707	6,500	588	2,500.00
2031	286	8,250	309	4,250						
2033	24		24		25		25		25	
2034	60		60		61		61		61	
2035	64		64		64		65			
2040	82		82		67		67		52	
Total	216,983	262,250	232,365	256,500	240,811	259,150	263,628	251,650	250,346	243,645

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, 2021, the 90-day arrears rate—the number of loans in arrears (2,758) as a proportion of the total number of loans (1,873,361)—in the NHA MBS Program was 0.15 per cent.

90 days arrears for mortgages in NHA MBS outstanding	31-Mar 2021	31-Dec 2020	As at:		
			30-Sep 2020	30-Jun 2020	31-Mar 2020
Overall 90 days arrears rate	0.15%	0.16%	0.14%	0.19%	0.17%
Federally Regulated Institutions	0.18%	0.19%	0.17%	0.23%	0.20%
Provincially Regulated Institutions	0.09%	0.13%	0.07%	0.08%	0.10%
IROC Regulated Institutions	0.07%	0.08%	0.09%	0.12%	0.09%
Other Institutions	0.06%	0.08%	0.08%	0.10%	0.05%

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-Dec-21	MORTGAGE		NHA MBS			
Pool Type	Balance Outstanding (\$M)	Spread to Index*	Mortgage Rate	Spread to Index*	MBS Coupon	Interest Spread
Fixed Rate						
867	68,575		2.91		1.46	1.45
964	247		2.73		1.82	0.91
965	26,432		2.64		1.94	0.70
966	34,328		2.53		1.77	0.75
967	2		2.48		1.85	0.63
970	0		6.99		5.88	1.12
975	278,171		2.78		1.46	1.32
990	4,065		3.24		2.61	0.63
	411,819		2.78		1.53	1.25
Floating Rate						
	-					
880	2,272	(0.52)	1.92	0.24	0.66	1.26
885	4,762	(0.72)	1.73	0.00	0.42	1.31
980	34,013	(0.80)	1.64	0.08	0.50	1.14
985	18,571	(0.70)	1.81	0.01	0.43	1.38
987	2,481	(0.53)	1.93	(0.70)	1.23	0.70
	62,098		1.72		0.51	1.21
Total	473,918		2.64		1.40	1.24

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.



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 2021	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Mar 2020
Guaranteed (Market) NHA MBS	27,763	39,522	29,687	63,925	34,549	27,763
Replacement NHA MBS*	5,618	3,705	6,937	6,025	4,408	5,618
Total NHA MBS Volumes (\$M)	33,381	43,228	36,624	69,949	38,957	33,381

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 2021	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020
Guaranteed (Market) NHA MBS	216,983	232,365	240,811	263,628	250,346
NHA MBS sold to Canada Housing Trust	254,027	249,789	250,718	243,890	237,338
Replacement NHA MBS	2,907	4,672	3,904	5,174	7,464
Total NHA MBS Outstanding (\$M)	473,918	486,826	495,432	512,692	495,149

Component items may not add to totals because of rounding.

