

CANADA MORTGAGE AND HOUSING CORPORATION

# Securitization Business Supplement

SECOND QUARTER

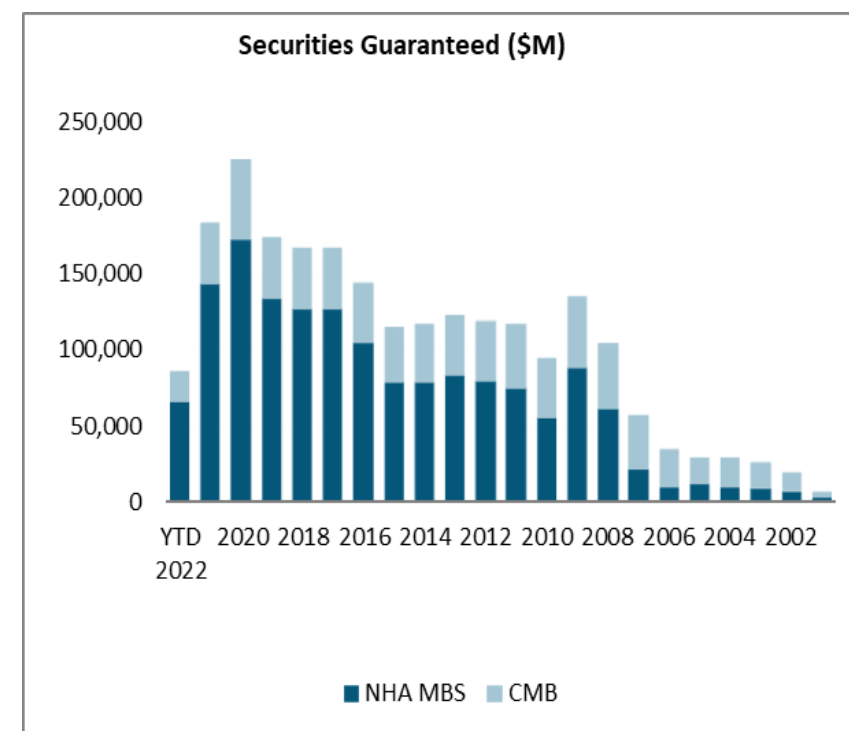
June 30, 2022

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 second quarter ending June 30, 2022 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 2022 annual CMB issuance limit is \$40B and the 2022 annual NHA MBS guarantee limit is \$150 billion. As at June 30, 2022, CMHC guaranteed \$86.8 billion of securities (\$66.3 billion of NHA MBS and \$20.5 billion of CMB). Of the approximate 96 active participants in CMHC's securitization programs, 90 are regulated institutions.

Securities guaranteed	Three months ended				Year-to-date		
	30-Jun 2022	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021	30-Jun 2022	30-Jun 2021
<b>Total Guaranteed (\$M)</b>	<b>44,155</b>	<b>42,660</b>	<b>48,405</b>	<b>50,714</b>	<b>46,226</b>	<b>86,816</b>	<b>84,409</b>
NHA Mortgage-Backed Securities (NHA MBS)*	33,905	32,410	38,405	40,464	36,476	66,316	64,659
Canada Mortgage Bonds (CMB)	10,250	10,250	10,000	10,250	9,750	20,500	19,750
<b>NHA MBS (\$M)</b>	<b>33,905</b>	<b>32,410</b>	<b>38,405</b>	<b>40,464</b>	<b>36,476</b>	<b>66,316</b>	<b>64,659</b>
Federally Regulated Institutions	20,693	20,643	24,851	24,605	22,443	41,336	40,446
Provincially Regulated Institutions	4,429	3,372	5,538	4,738	4,107	7,800	7,315
IIROC Regulated Institutions**	5,887	4,846	5,303	7,134	5,931	10,733	9,426
Other Institutions	2,897	3,550	2,713	3,987	3,995	6,446	7,473
<b>CMB (\$M)</b>	<b>10,250</b>	<b>10,250</b>	<b>10,000</b>	<b>10,250</b>	<b>9,750</b>	<b>20,500</b>	<b>19,750</b>
Federally Regulated Institutions	6,407	5,975	6,014	6,317	6,220	12,382	11,736
Provincially Regulated Institutions	1,605	1,097	1,444	1,146	1,159	2,702	2,512
IIROC Regulated Institutions	1,560	1,272	1,087	1,455	1,356	2,832	2,951
Other Institutions	678	1,906	1,455	1,332	1,015	2,584	2,551



Component items may not add to totals because of rounding.

\*The NHA MBS amount of \$66.3 billion consists of \$64 billion in new NHA MBS issued and guaranteed in 2022 and \$2.3 billion in replacement NHA MBS issued prior to 2022 but on which NHA MBS guarantee fees were paid in 2022.

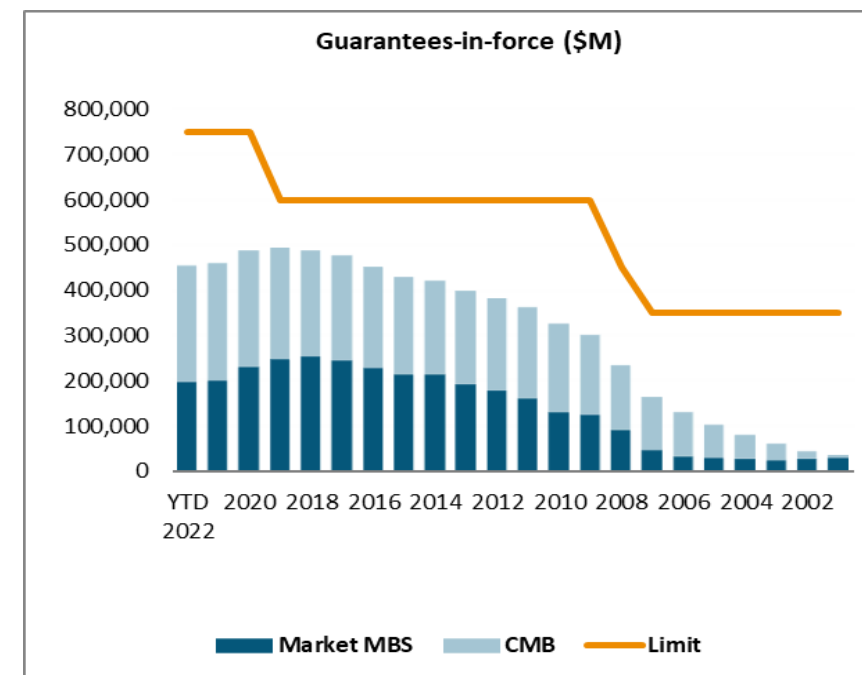
\*\*IIROC: The Investment Industry Regulatory Organization of Canada is the national self-regulatory organization that oversees all investment dealers in Canada (<http://www.iiroc.ca/>).

## 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 \$455.5 billion in guarantees-in-force outstanding as at June 30, 2022, is with regulated institutions; and 64 per cent of guarantees-in-force outstanding as at June 30, 2022, 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:				
	30-Jun 2022	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021
<b>Guarantees-in-force (\$M)</b>	<b>455,510</b>	<b>460,147</b>	<b>460,570</b>	<b>460,177</b>	<b>461,073</b>
Market NHA MBS	198,760	203,147	201,820	201,427	206,573
CMB	256,750	257,000	258,750	258,750	254,500
<b>Market NHA MBS (\$M)</b>	<b>198,760</b>	<b>203,147</b>	<b>201,820</b>	<b>201,427</b>	<b>206,573</b>
Federally Regulated Institutions	137,101	141,841	140,747	141,742	146,753
Provincially Regulated Institutions	11,718	11,270	11,372	9,707	9,001
IIROC Regulated Institutions	26,897	26,169	25,476	23,991	24,098
Other Institutions	23,044	23,867	24,225	25,987	26,720
<b>CMB (\$M)</b>	<b>256,750</b>	<b>257,000</b>	<b>258,750</b>	<b>258,750</b>	<b>254,500</b>
Federally Regulated Institutions	154,276	153,715	155,023	154,073	150,724
Provincially Regulated Institutions	36,583	37,021	36,531	37,427	37,278
IIROC Regulated Institutions	45,197	45,425	46,965	47,582	47,219
Other Institutions	20,693	20,839	20,231	19,668	19,279

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:									
	30-Jun-22		31-Mar-22		31-Dec-21		30-Sep-21		30-Jun-21	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2021							1,082	10,000	7,399	16,000
2022	3,641	21,750	8,913	32,250	14,015	44,250	20,151	44,250	25,589	44,250
2023	21,597	45,500	24,805	45,500	27,548	45,500	31,157	45,500	35,851	45,500
2024	35,716	37,500	40,164	37,500	43,046	37,500	46,742	37,500	50,121	37,500
2025	52,655	40,750	54,141	40,750	55,834	40,750	55,761	40,750	58,883	40,750
2026	61,593	32,500	64,040	32,500	57,717	32,500	43,560	27,500	25,445	21,250
2027	18,775	20,750	7,338	14,250	256	7,750	310	6,750	392	6,750
2028	1,103	13,250	1,163	13,250	1,153	13,250	583	13,250	951	13,250
2029	412	6,750	318	6,750	412	6,750	513	6,750	567	6,750
2030	1,389	10,750	750	10,750	654	10,750	402	10,750	814	10,750
2031	879	23,500	1,008	23,500	958	19,750	939	15,750	333	11,750
2032	762	3,750	269							
2033	23		24		24		24		24	
2034	57		58		58		59		59	
2035	63		63		63		63		64	
2040	79		80		80		81		81	
2041	15		15							
<b>Total</b>	<b>198,760</b>	<b>256,750</b>	<b>203,147</b>	<b>257,000</b>	<b>201,820</b>	<b>258,750</b>	<b>201,427</b>	<b>258,750</b>	<b>206,573</b>	<b>254,500</b>

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 June 30, 2022, the 90-day arrears rate—the number of loans in arrears (1,630) as a proportion of the total number of loans (1,666,896)—in the NHA MBS Program was 0.10 per cent.

90 days arrears for mortgages in NHA MBS outstanding	As at:				
	30-Jun 2022	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021
<b>Overall 90 days arrears rate</b>	<b>0.10%</b>	<b>0.11%</b>	<b>0.11%</b>	<b>0.12%</b>	<b>0.12%</b>
Federally Regulated Institutions	0.12%	0.14%	0.14%	0.14%	0.15%
Provincially Regulated Institutions	0.05%	0.07%	0.05%	0.07%	0.07%
IIROC Regulated Institutions	0.05%	0.06%	0.07%	0.06%	0.06%
Other Institutions	0.03%	0.04%	0.04%	0.04%	0.04%

## 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.

30-Jun-22	MORTGAGE			NHA MBS		
Pool Type	Balance Outstanding (\$M)	Spread to Index*	Mortgage Rate	Spread to Index*	MBS Coupon	Interest Spread
<b>Fixed Rate</b>						
867	59,868		2.63		1.30	1.33
964	73		2.86		2.11	0.75
965	35,392		2.49		1.77	0.72
966	41,891		2.53		1.77	0.76
967	-					-
970	-					-
975	248,278		2.54		1.31	1.22
990	4,132		3.09		2.47	0.62
	<b>389,634</b>		<b>2.55</b>		<b>1.41</b>	<b>1.14</b>
<b>Floating Rate</b>						
880	2,494	(0.82)	2.85	0.15	1.92	0.93
881	344	(1.09)	2.58	0.29	1.70	0.88
885	4,742	(0.88)	2.82	0.01	1.78	1.04
886	-					-
980	35,298	(0.97)	2.70	(0.03)	1.74	0.95
981	1,804	(1.12)	2.55	0.24	1.65	0.89
985	18,582	(0.87)	2.88	(0.00)	1.77	1.12
986	840	(1.12)	2.65	0.47	1.88	0.78
987	2,036	(0.88)	2.83	(1.03)	1.81	1.03
	<b>66,141</b>		<b>2.76</b>		<b>1.76</b>	<b>1.00</b>
<b>Total</b>	<b>455,775</b>		<b>2.58</b>		<b>1.46</b>	<b>1.12</b>

Component items may not add to totals because of rounding.

\*Adjustable (880/980), variable (885/985) and CORRA (881/886/981/986) mortgage rates are based on lenders' prime rates. Floating rate NHA MBS coupons for NHA MBS 880/980/885/985 pool types are based on the one-month Canadian Dollar Offered Rate (CDOR). Floating rate NHA MBS coupons for NHA MBS CORRA (881/886/981/986) pool types are based on one month daily compounded CORRA rate. 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		
	30-Jun 2022	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021	30-Jun 2022	30-Jun 2021
Guaranteed (Market) NHA MBS	33,873	30,130	38,118	39,610	36,188	64,003	63,951
Replacement NHA MBS*	1,867	1,335	1,147	3,599	3,782	3,201	9,400
<b>Total NHA MBS Volumes (\$M)</b>	<b>35,739</b>	<b>31,465</b>	<b>39,265</b>	<b>43,209</b>	<b>39,970</b>	<b>67,204</b>	<b>73,351</b>

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-June 2022	31-Mar 2022	31-Dec 2021	30-Sep 2021	30-Jun 2021
Guaranteed (Market) NHA MBS	198,760	203,147	201,820	201,427	206,573
NHA MBS sold to Canada Housing Trust	255,533	253,479	255,566	252,896	246,244
Replacement NHA MBS	1,482	2,134	2,674	4,453	6,251
<b>Total NHA MBS Outstanding (\$M)</b>	<b>455,775</b>	<b>458,760</b>	<b>460,060</b>	<b>458,777</b>	<b>459,068</b>

Component items may not add to totals because of rounding.