

CANADA MORTGAGE AND HOUSING CORPORATION

# Securitization Business Supplement

**THIRD QUARTER**  
**SEPTEMBER 30, 2023**

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 third quarter ending September 30, 2023 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

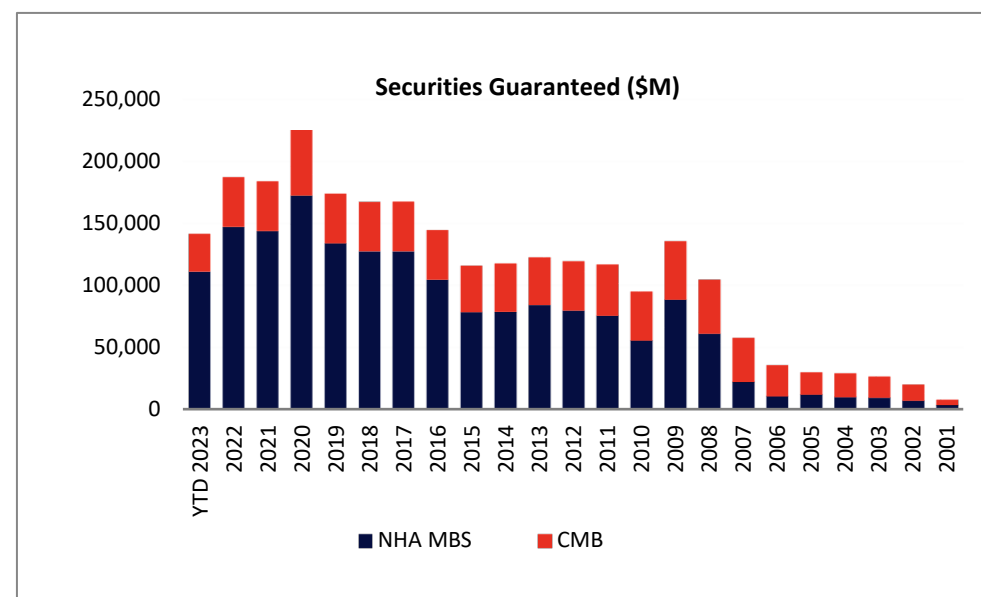
The 2023 annual NHA MBS guarantee limit is \$150 billion. On 26 September 2023, the Deputy Prime Minister and Minister of Finance announced the annual limit for Canada Mortgage Bonds (CMB) is being increased from \$40 billion to up to \$60 billion. As at September 30, 2023, CMHC guaranteed \$141.4 billion of securities (\$110.9 billion of NHA MBS and \$30.5 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-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022	30-Sep 2023	30-Sep 2022
<b>Total Guaranteed (\$M)</b>	<b>51,313</b>	<b>47,030</b>	<b>43,047</b>	<b>50,326</b>	<b>49,748</b>	<b>141,389</b>	<b>136,564</b>
NHA Mortgage-Backed Securities (NHA MBS)*	41,313	36,780	32,797	40,576	39,998	110,889	106,314
Canada Mortgage Bonds (CMB)	10,000	10,250	10,250	9,750	9,750	30,500	30,250
<b>NHA MBS (\$M)</b>	<b>41,313</b>	<b>36,780</b>	<b>32,797</b>	<b>40,576</b>	<b>39,998</b>	<b>110,889</b>	<b>106,314</b>
Federally Regulated Institutions	21,547	21,822	19,898	25,351	24,372	63,267	65,673
Provincially Regulated Institutions	5,243	3,827	3,964	5,112	5,314	13,034	13,149
IIROC Regulated Institutions**	10,980	8,329	5,753	6,792	6,065	25,062	16,798
Other Institutions	3,543	2,802	3,182	3,321	4,248	9,526	10,694
<b>CMB (\$M)</b>	<b>10,000</b>	<b>10,250</b>	<b>10,250</b>	<b>9,750</b>	<b>9,750</b>	<b>30,500</b>	<b>30,250</b>
Federally Regulated Institutions	4,998	5,775	5,647	5,506	5,215	16,420	17,597
Provincially Regulated Institutions	1,566	1,279	1,516	1,796	1,518	4,361	4,220
IIROC Regulated Institutions	2,589	2,520	2,492	1,960	1,996	7,600	4,828
Other Institutions	848	676	596	489	1,021	2,119	3,605

Component items may not add to totals because of rounding.

\* The NHA MBS amount of \$110.9 billion consists of \$110.1 billion in new NHA MBS issued and guaranteed in 2023 and \$0.83 billion in replacement NHA MBS issued prior to 2023 but on which NHA MBS guarantee fees were paid in 2023.

\*\* 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/>).

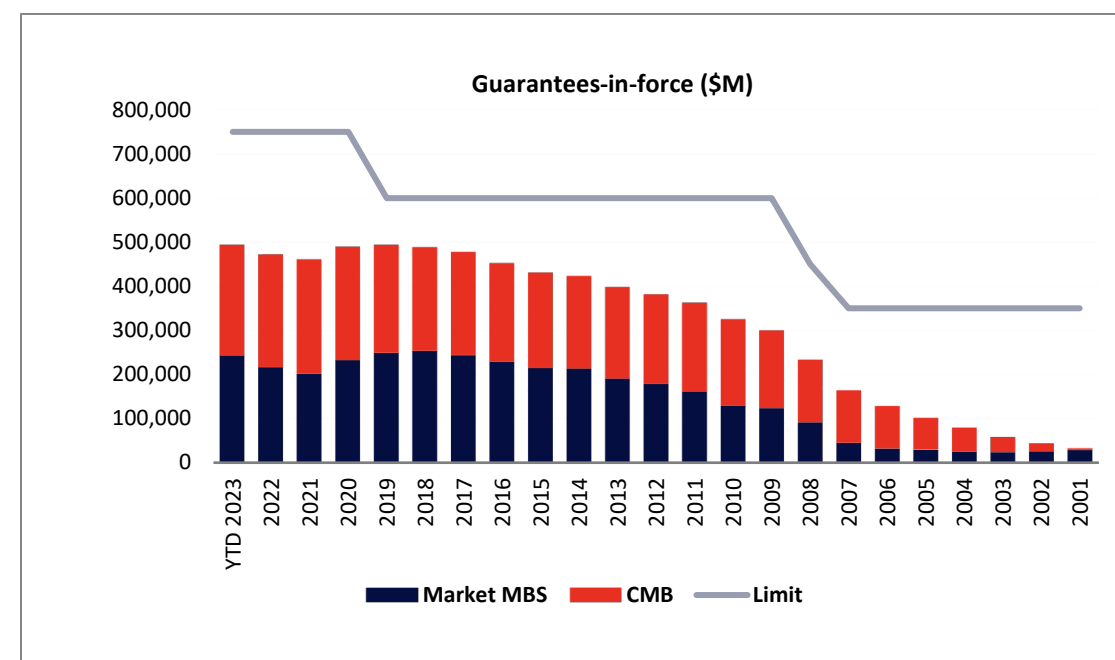


## GUARANTEES-IN-FORCE

The amount of guarantees-in-force outstanding is a function of new guarantee activity and maturities/principal runoff from outstanding guaranteed securities. Approximately 91 per cent of the \$493.2 billion in guarantees-in-force outstanding as at September 30, 2023, is with regulated institutions; and 61 per cent of guarantees-in-force outstanding as at September 30, 2023, is with federally regulated institutions. In support of the IMPP in 2020, the Guarantee-in-force limit was raised to \$750 billion from the prior \$600 billion for a five-year period (2020-2024).

Guarantees-in-force	As at:				
	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022
<b>Total Guaranteed (\$M)</b>	<b>493,224</b>	<b>487,961</b>	<b>480,597</b>	<b>471,044</b>	<b>463,266</b>
Market NHA MBS	242,724	227,961	220,347	216,544	201,516
CMB	250,500	260,000	260,250	254,500	261,750
<b>Market NHA MBS (\$M)</b>	<b>242,724</b>	<b>227,961</b>	<b>220,347</b>	<b>216,544</b>	<b>201,516</b>
Federally Regulated Institutions	154,513	149,050	147,014	145,576	138,204
Provincially Regulated Institutions	18,702	16,628	15,146	14,457	12,988
IIROC Regulated Institutions**	44,661	37,847	33,920	32,384	27,235
Other Institutions	24,849	24,436	24,267	24,128	23,089
<b>CMB (\$M)</b>	<b>250,500</b>	<b>260,000</b>	<b>260,250</b>	<b>254,500</b>	<b>261,750</b>
Federally Regulated Institutions	147,782	155,163	155,061	152,058	156,589
Provincially Regulated Institutions	37,210	37,629	38,341	37,379	37,747
IIROC Regulated Institutions	44,651	46,506	45,869	44,680	45,958
Other Institutions	20,857	20,702	20,979	20,383	21,457

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-Sep-23		30-Jun-23		31-Mar-23		31-Dec-22		30-Sep-22	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2022									605	17,000
2023	963	11,000	5,181	30,500	10,914	41,000	14,952	45,500	18,155	45,500
2024	25,530	37,500	28,134	37,500	29,863	37,500	32,188	37,500	32,261	37,500
2025	50,154	40,750	51,453	40,750	53,669	40,750	53,617	40,750	50,136	40,750
2026	71,697	32,500	65,156	32,500	61,335	32,500	60,216	32,500	59,623	32,500
2027	56,032	31,750	54,935	31,750	50,988	31,750	50,737	31,750	36,674	26,750
2028	32,011	33,000	18,510	27,000	9,737	20,750	1,066	14,500	1,023	13,250
2029	403	6,750	372	6,750	355	6,750	418	6,750	342	6,750
2030	1,710	10,750	1,655	10,750	1,388	10,750	1,433	10,750	1,377	10,750
2031	1,277	23,500	1,240	23,500	1,090	23,500	1,077	23,500	823	23,500
2032	831	11,000	734	11,000	656	11,000	578	11,000	262	7,500
2033	1,633	12,000	383	8,000	143	4,000	50		23	
2034	334	-	55		56		56		57	
2035	62	-	62		62		62		63	
2040	76	-	77		77		78		79	
2041	14	-	14		15		15		15	
<b>Total</b>	<b>242,724</b>	<b>250,500</b>	<b>227,961</b>	<b>260,000</b>	<b>220,347</b>	<b>260,250</b>	<b>216,544</b>	<b>254,500</b>	<b>201,516</b>	<b>261,750</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 September 30, 2023, the 90-day arrears rate—the number of loans in arrears (1,606) as a proportion of the total number of loans (1,662,982)—in the NHA MBS Program was 0.1 per cent.

90 days arrears for mortgages in NHA MBS outstanding	As at:				
	30-Sep 2023	30-Jun 2023	31-Mar 2022	31-Dec 2022	30-Sep 2022
<b>Overall 90 days arrears rate</b>	<b>0.10%</b>	<b>0.09%</b>	<b>0.09%</b>	<b>0.10%</b>	<b>0.10%</b>
Federally Regulated Institutions	0.12%	0.11%	0.11%	0.12%	0.12%
Provincially Regulated Institutions	0.07%	0.06%	0.06%	0.06%	0.06%
IIROC Regulated Institutions	0.06%	0.06%	0.06%	0.07%	0.06%
Other Institutions	0.04%	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-Sep-23	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	58,830		2.87		1.58	1.29
964	4		3.77		2.81	0.96
965	57,166		3.01		2.20	0.81
966	49,025		2.84		2.05	0.79
967	-					-
970	-					-
975	266,102		2.98		1.79	1.19
990	4,229		3.27		2.66	0.62
	<b>435,356</b>		<b>2.96</b>		<b>1.85</b>	<b>1.10</b>
<b>Floating Rate</b>						
	-					
880	1,605	(0.88)	6.23	0.08	5.45	0.77
881	5,603	(0.89)	6.20	0.18	5.20	1.00
885	2,103	(0.94)	6.26	0.02	5.40	0.86
886	1,270	(0.80)	6.40	0.26	5.27	1.13
980	28,350	(0.99)	6.13	(0.15)	5.22	0.91
981	9,636	(0.96)	6.17	0.23	5.25	0.92
985	4,820	(0.85)	6.40	(0.02)	5.36	1.04
986	5,654	(0.79)	6.43	0.04	5.06	1.37
987	2,225	(0.85)	6.25	(0.51)	5.75	0.51
	<b>61,266</b>		<b>6.21</b>		<b>5.25</b>	<b>0.96</b>
<b>Total</b>	<b>496,622</b>		<b>3.36</b>		<b>2.27</b>	<b>1.09</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-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022	30-Sep 2023	30-Sep 2022
Guaranteed (Market) NHA MBS	41,255	36,780	32,037	39,622	39,958	110,073	103,961
Replacement NHA MBS *	1,537	2,306	1,126	738	1,787	4,969	4,988
<b>Total NHA MBS Volumes (\$M)</b>	<b>42,793</b>	<b>39,086</b>	<b>33,163</b>	<b>40,360</b>	<b>41,745</b>	<b>115,042</b>	<b>108,949</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:				
	30-Sep 2023	30-Jun 2023	31-Mar 2023	31-Dec 2022	30-Sep 2022
Guaranteed (Market) NHA MBS	242,724	227,961	220,347	216,544	201,516
NHA MBS sold to Canada Housing Trust	251,888	259,733	262,365	256,428	263,643
Replacement NHA MBS	2,010	1,304	934	1,854	1,343
<b>Total NHA MBS Outstanding (\$M)</b>	<b>496,622</b>	<b>488,999</b>	<b>483,646</b>	<b>474,827</b>	<b>466,502</b>

Component items may not add to totals because of rounding.

