2021-2025 Summary of the Corporate Plan

CANADA MORTGAGE AND HOUSING CORPORATION

Summary of the amended 2021-2025 Corporate Plan, including the summary of the amended 2021 Operating and Capital Budgets, and Borrowing Plan. Reflects new funding for the Rental Construction Financing initiative (RCFi) as per Fall Economic Statement measures, and new funding for the Canada Greener Homes Loan (CGHL) Initiative as per Budget 2021 measures, as approved by Treasury Board.

Canada

CMHC SCHL

CMHC's 2021-2025 Corporate Plan was approved by the Treasury Board of Canada without conditions on December 3, 2020. The Summary of the 2021-2025 Corporate Plan has been prepared in accordance with section 125 of the *Financial Administration Act* (FAA) and serves to inform Canadians and Parliamentarians of the major objectives and priorities for the upcoming planning period, and reflects the current direction identified by Government and through internal management processes. Pursuant to section 153(1) of the FAA, the Summary excludes commercially sensitive information which if disclosed would be detrimental to the commercial interest of CMHC.

Some photos included in the Summary of the Corporate Plan predate COVID-19 physical distancing measures.

TABLE OF CONTENTS

Minister's Foreword	4
Message from the Chief Executive Officer	5
Our Strategy	6
Our Strategy in Action in 2021-2025	11
Understand needs of Canadians who are vulnerable to offer differentiated solutions	11
Experiment with new ideas to improve and accelerate housing affordability	15
Publicize housing data and insights to promote long-term affordability and sustainability	17
Our People	18
National Housing Strategy	21
Climate Change	23
Risk Management	24
Operating Environment	27
Financial Highlights	29
Financial Overview	30
Appendix 1 – Financial Plan	35
Appendix 1.1 – Operating Budget	35
Appendix 1.2 – Capital Budget	39
Appendix 1.3 – Borrowing Plan	40
Appendix 1.4 – Financial Statements and Notes	47
Appendix 1.5 – Impact of a Downside Scenario	61
Appendix 1.6 – Future Initiatives	62
Appendix 1.7 – Chief Financial Officer Attestation	63
Appendix 2 – Corporate Governance Structure	64
Appendix 3 – Planned Results and CEO Commitment	69
Appendix 4 – Summary of Risks and Responses	71
Appendix 5 – Stress Testing	73
Appendix 6 – Compliance With Legislative and Policy Requirements	76
Appendix 7 – Government Priorities and Direction	77
Appendix 8 – 2020 Mid-Year Performance	80
Appendix 9 – Summary of Amendments to CMHC 2021-2025 Corporate Plan	81
Appendix 9.1 – New Funding for the Rental Construction Financing Initiative (RCFi)	81
Appendix 9.2 – New Funding for the Canada Greener Homes Loan (CGHL) Initiative	83

OUR MISSION

We help Canadians meet their housing needs.

Minister's Foreword

Nothing is more important than a home: the COVID-19 pandemic has highlighted this like never before. Our Government is committed to supporting Canadians through this crisis and ensuring we emerge from it with a resilient, inclusive and strong economy. Investing in housing affordability is one of the main ways we will achieve this.

We're doing this in large part through our National Housing Strategy (NHS), a 10-year plan backed by more than $55 billion in investments which we have committed to increasing substantially. Canada Mortgage and Housing Corporation (CMHC) is leading the NHS, delivering new and expanded initiatives to address urgent needs related to the pandemic, as well as longer-term programs that will lead to a brighter future for housing in Canada. At the same time, CMHC continues to innovate and mobilize all its resources to reach beyond the ambitious goals of the NHS.

In this *2021-2025 Corporate Plan Summary*, CMHC provides a clear roadmap for its housing affordability strategy. It highlights how CMHC will create more secure, affordable housing for those who are vulnerable. It shows how it will boost housing supply and options to meet the diverse needs of Canadians, while ensuring the stability and sustainability of our housing system. Further, it outlines the bold actions that Canada's national housing agency is taking to address the issues that matter most to Canadians, such as climate change, reconciliation with Indigenous peoples, and anti-racism and equity.

With this plan, our Government – through CMHC – has set out an ambitious and realistic way forward to a stronger, safer Canada where *everyone* has a place to call home.

Ahmed Hussen
Minister of Families, Children and Social Development

"We're all just walking each other home."

Ram Dass
The spiritual teacher and author

Message from the Chief Executive Officer

I am humbled as I reflect on CMHC's ongoing transformation and the ambition reflected in our plan for the next five years. Considering the test that 2020 proved to be, my confidence for the future of our company rests securely on the resilience and agility we have demonstrated. We answered the call to bolster the housing finance system and support Canadians.

Looking to the future, I hold tension between a zeal for our aspiration – that by 2030, everyone in Canada has a home that they can afford and that meets their needs – and a solemnity that reflects the weightiness of our times.

This is an urgent time for housing. Even before the pandemic, adequate housing was already increasingly inaccessible and unaffordable. The addition of a public health crisis has triggered a cascade of confounding factors that continues to exacerbate housing inequality.

A safe home contributes to health and prosperity over the long term, but living through the realities of a pervasive global pandemic has crystalized the essential nature of housing. As the COVID-19 pandemic reached our communities, what was the public health advice? Stay *home*. Work from *home*. Educate at home. Entertain yourself at *home*.

And while socially restrictive for many of us, the challenge was much more profound for people without a home. We must therefore see housing affordability as tied inextricably to human dignity, safety and security – even fundamental to the protection of life itself.

Our 2030 aspiration is at once more urgent and more distant. To some it seems irresponsible, unreasonable. It was George Bernard Shaw who said, "The reasonable man adapts himself to the world: the unreasonable man persists in trying to adapt the world to himself. All progress depends on the unreasonable man." Our unreasonable aspiration demands boldness: new thinking and innovation.

Our goal is to accelerate housing affordability so that everyone in Canada can participate fully in their communities and our society. Our new thinking must prioritize vulnerable populations – those who are at greatest risk of harm due to inadequate or unaffordable housing, including seniors – and confront the perceived negativity around housing density.

Speaking of new thinking, the sustainability of Canada's economy demands a different low-carbon, climate-resilient future. We now have a Chief Climate Officer developing a robust, coherent and company-wide climate change plan.

Innovation is the fuel that will propel us toward our goal. We have invested in modern IT systems, a fully mobile workforce and emerging technologies, and we are innovating around leadership and HR practices. Our Results Only Work Environment™ frees our colleagues to work when they are most productive, a "future of work" enabler that positions us to tackle the most complex housing challenges. Technology also allows us to use more reliable data and apply it to these challenges.

As ever, our employees remain our most important resource. Our colleagues have enthusiastically embraced our forceful declaration against racism, which includes eight specific commitments to redress systemic racism and discrimination within our company and within the broader housing system. Among these, we will increase representation rates anchored around targets, and re-assess all of our policies and practices through a racialized lens. And we are doing so with the help of people with lived experience.

Goal-focused, technology-enabled, well led and united behind the singular goal of housing affordability, we stand ready to address housing disparity in Canada. When Canada's housing inequality gap closes, individually and collectively, we are all the better for it.

I collect poems and quotes. The spiritual teacher and author, Ram Dass has said, "We're all just walking each other home." One day, that will be true. As I leave CMHC this year, my walk will continue. Please walk with us. Together, let's walk everyone home.

Evan Siddall
President and Chief Executive Officer

OUR STRATEGY

Everyone in Canada has a home that they can afford and that meets their needs. This is CMHC's bold aspiration and the basis for our company strategy. It guides our choices, our investment decisions, and the policies and programs we develop and implement. Importantly, our aspiration calls on all of us – governments, housing providers, not-for-profits, the private sector, and others – to seek out innovative ways to achieve housing affordability for all. Working together will be key to creating a truly inclusive society where everyone has the opportunity to thrive.

The COVID-19 pandemic underscored the importance of a home and confirmed that our affordability strategy is more relevant than ever. The pandemic has intensified existing problems, such as financial hardships and changing needs, and deepened their impact on affected populations, including the most vulnerable in society. We are therefore focusing our efforts on better understanding the problems and barriers that may prevent us from achieving our aspiration of housing affordability for all by 2030.

While CMHC's aspiration has not changed, we recognize that we must be more definitive and courageous in articulating the outcomes needed for success. These outcomes – **ensuring that Canada has the number of homes and mix of housing options to serve our diverse needs, people who are vulnerable have reliable access to secure and affordable housing, and Canada's housing system supports sustainability and house price stability** – will bring greater focus to our work and enable us to measure progress. Interconnected, they will accelerate us toward our aspiration.

To ensure that we deliver these needed outcomes, we have adjusted our strategic objectives and become more declarative of key elements that connect them. None of these strategic objectives exists on their own. By strengthening our focus on understanding Canadians' needs, we can apply this knowledge through experimenting with new ideas, closing housing data gaps, and inspiring others to get involved in this national effort.

We cannot achieve our aspiration alone. Our three strategic objectives will continue to drive our decision-making and the investments we make, but more than ever, we understand the power of data, the need for new and strengthened partnerships, and disruptive innovation. We will aggressively seek out these partnerships and new ideas in order to deepen our collective impact and achieve the results needed to ensure housing affordability for all in Canada.

CULTURE

Culture is what defines our shared beliefs, our values and our behaviours. It shapes how we interact and get our work done, and it influences our decisions. In many ways, culture is who we are as an organization, so it is not surprising that when strategy and culture are clearly connected, they work together to accelerate progress toward achieving our aspiration while energizing people around our core purpose.

Who we are as a company has never been more important. Our approach to culture will give us the courage to do what is right – ask tough questions, try new things, and stand up for those who need our support. As a community (inside and outside of CMHC), we champion diversity and equity in our housing ecosystem. We are committed to building impactful solutions by focusing on the outcomes that matter the most to deliver results that make a difference to Canadians.

OUR ASPIRATION

By 2030, everyone in Canada has a home that they can afford and that meets their needs

OUR PEOPLE

OUR FOCUS

- Understand needs of Canadians who are vulnerable
- Experiment with new ideas
- Publicize housing data and insights

OUTCOMES

People who are **vulnerable** have reliable access to **secure** and **affordable housing**

Canada has the **number** of homes and **mix** of housing options to serve our diverse needs

Canada's **housing system** supports **sustainability** and house price **stability**

Capabilities and Management Systems

The right knowledge, skills, processes and systems give us what it takes to deliver on our strategy for Canadians.

- **Partnership development** – Focusing on our ability to identify, build and maintain partnerships to exchange data and insights to better understand housing issues, and to identify and develop new solutions that meet our clients' needs.
- **Prototyping and Experimentation** – Continuing to build capabilities that support the development of game-changing, even disruptive ideas to dramatically improve housing affordability and sustainability.
- **Housing Authority** – Strengthening the use of thought leadership, evidenced-based policy and an understanding of markets and behaviours enable us to influence housing decisions.

INCREASING VISIBILITY AND INFLUENCE WITH SOCIAL MEDIA

Sharing our messages through social media helps amplify our voice and extend the reach and shelf life of our messages. We have been deliberate about growing our social media presence, and have developed training and tools to better establish ourselves on these platforms and mediums.

We are also expanding the frequency and use of live streams on social media channels to cultivate two-way communication with our audiences. For example, CMHC was the first government agency to be approved on LinkedIn Live. In addition, in June 2020, CMHC was the presenting sponsor of The Globe and Mail's webcast on the pandemic's impact on housing in Canada. This webcast brought together experts to outline the impacts of the pandemic on housing, along with potential paths forward.

Measuring Progress Toward our Aspiration

To ensure we are able to measure progress toward achieving our aspiration, we use a standardized approach to design performance measures, and we continually seek to improve performance measurement practices. We set ambitious targets and monitor our performance to inform the decisions we make and the resources we invest, and drive our progress toward our 2030 aspiration.

The measures for our three strategic objectives, together with the National Housing Strategy (NHS) measures below, represent the body of work we are undertaking to advance our strategy. The NHS is a federal housing program investing more than $55 billion to build stronger communities and help Canadians across the country access safe and affordable homes.

The cumulative (by end of 2021-2022) targets for the NHS measures are as follows:

- Number of new housing units committed through CMHC-led NHS activities – 48,290.
- Number of repaired housing units committed through CMHC-led NHS activities – 72,800.

We also monitor standard external indicators over the long term to help identify who needs housing assistance, including the following:

- Core housing need, which factors in affordability (less than 30% of income spent on shelter costs); adequacy (physical condition of the structure); and suitability (number of bedrooms relative to number required).
- Housing hardship rate, which is the percentage of households that have insufficient income to afford a modest, basic standard of living after paying their shelter costs.
- Affordability trends at various economic and demographic levels of households, and across geographies.

Our Performance Measures

Understand needs of Canadians who are vulnerable to offer differentiated solutions

Expected Results

- CMHC programs and services are designed around the lived experiences of Canadians.
- Clients value their experience with CMHC.
- Underserved segments have access to housing financing.

How

- Understand the lived experiences of Canadians to inform our decisions.
- Influence current norms and attitudes on density, homeownership, rental and inclusion.
- Develop solutions to meet specific housing needs of groups who are vulnerable and peoples who are under-represented.

Performance Measures	2021 Targets
New or improved program design informed by lived experience data	70%
Client needs addressed within service standards	67%
Net promoter score	55
Underserved insurance protection	12,786 units

Experiment with new ideas to improve and accelerate housing affordability

Expected Results

- Affordable housing is supplied above NHS targets.
- Resources are invested in effective housing affordability solutions.
- Government-backed funding programs/policies are created or modified to focus on targeted housing outcomes.

How

- Lead and explore new ways of working with and convening traditional and non-traditional partners toward co-creating options for housing solutions.
- Prototype and experiment with new solutions to improve affordability and reduce barriers to creating and preserving housing supply.
- Scale funding mechanisms to address prioritized housing needs and exceed NHS outcomes.

Performance Measures	2021 Targets
Incremental affordable housing funding (3-year delivery)	$100M
Affordable housing units created or preserved by incremental affordable housing funding	Establish target
Innovation Index	64%
Targeted guaranteed loans rate	0.343%

Publicize housing data and insights to promote long-term affordability and sustainability

Expected Results

- Governments, industry and housing participants have localized data to make evidence-based decisions on housing affordability.
- Partners share clean and relevant data with CMHC and each other.

How

- Scale and expand the effectiveness of data and tools to influence decisions and better address housing needs, manage risks and improve financial stability.
- Form strong relationships to build applications that use and provide targeted housing data.

Performance Measures	2021 Targets
Average usability satisfaction rating	Establish target
Signed data partnerships	5

Understanding Our Performance Measures

CANADIANS WITH LIVED EXPERIENCE OF HOUSING NEED AND/OR HOMELESSNESS

We work to meet Canadians' housing needs. To help ensure that the experiences of Canadians – particularly vulnerable Canadians – inform the housing solutions we develop, we have established a measure to monitor that program design improvements are informed by people with lived experience. Insight from people who know housing need and homelessness first-hand can support data and provide evidence that enables us to make decisions and take action in ways that lead to greater outcomes.

CLIENT EXPERIENCE

As a client-centric organization, we have adopted industry client-delivery standards for our services. We are measuring our commitment to service standards and the likelihood that clients will recommend us to their colleagues and peers through the Net Promoter Score. In addition, we are measuring client satisfaction and client effort as supporting metrics to provide a holistic view of our clients' experience.

UNDERSERVED INSURANCE PROTECTION

The focus of the delivery of our mortgage insurance products is on those living in Canada who are part of an underserved or under-represented market. For 2021, this means qualifying rental units (new construction and existing) approved as affordable across Canada. We are targeting the year-over-year improvement of the number of units approved for mortgage loan insurance for underserved segments.

NEW AFFORDABLE HOUSING IDEAS

We continue to establish large-scale partnerships to secure new contributions from third-party sources to affordable housing aligned with the NHS outcomes. The current performance target is to secure $100 million in commitments per year; the 2022 target will be adjusted based on data gathered in the first years of performance. We are introducing a new measure that tracks the number of homes built or preserved from this funding, and will establish a baseline of current performance and a performance target in 2021.

Our Innovation Index helps us assess our ability to prototype and experiment with new ideas that ultimately improve housing affordability in Canada. Elements of the index relate to our ability and company commitment to prototype and experiment, the readiness of solutions to be introduced to market, as well as their impact on housing affordability once implemented. Longer-term targets will be set once data exists to establish the company's current performance.

GOVERNMENT-BACKED FUNDING

To ensure that we address prioritized housing needs and exceed NHS outcomes, we track the percentage of guarantees (National Housing Act Mortgage-Backed Securities and Canada Mortgage Bonds) issued to facilitate a secondary market for mortgages aligned to the housing outcomes linked to our strategy through the targeted guaranteed loans rate.

AVERAGE USABILITY SATISFACTION RATING

Once we have a critical mass of users on board the Housing Data Exchange, the usability satisfaction rating will allow us to assess and improve the extent to which the platform is easy to navigate, understand and use. It will also measure whether participants feel confident that data and tools provided will improve decision-making. The target for this measure will be established in 2021, as we have experienced some delays in application rollout in 2020 due to COVID-19.

OUR STRATEGY IN ACTION IN 2021-2025

Our strategy gives us focus. It sets out the specific choices we have made, and is our guide for everyday action.

Understand needs of Canadians who are vulnerable to offer differentiated solutions

Adequate and affordable housing is a proven social determinant of health and directly linked to wellbeing. Unfortunately, too many vulnerable Canadians are unable to tap into the full advantages of having an affordable home that meets their needs. When this happens, people struggle to live a healthy lifestyle, find work, succeed at school, and build better futures.

The benefits of affordable housing extend beyond the individual. A healthy housing system is the cornerstone of a strong and sustainable economy and supports the goals of social equity and inclusion in Canadian communities.

In this diverse country, housing is essential to the dignity of everyone living in Canada – regardless of cultural and ethnic background, faith, sexual orientation or gender. We must come together to address the housing needs of our most vulnerable and under-represented neighbours.

With this in mind, we are taking measures to understand Canadians' needs so that we are able to create programs, initiatives and housing solutions that better serve their unique needs.

LIVED EXPERIENCE

Research and data are essential to strengthening our understanding of the housing needs of Canadians', and how best to meet them. However, this research and data can sometimes tell incomplete stories. We know that some knowledge is best imparted by those Canadians who have first-hand experience of the challenges we are striving to solve.

As such, we remain committed to involving vulnerable and under-represented people and the groups that represent them as we design, develop and improve policies and programs, including our efforts to understand how climate change threats disproportionately affect vulnerable populations.

CLIENT FOCUS

A mindset shift has been set in motion as we implement client-delivery standards for our services. As a client-focused organization, we are listening to our clients' needs and ensuring that we are working with the right clients, in the right way.

We need the help of others to achieve our goal. So we must put housing providers, developers, lenders and governments at the centre of our activities, decisions and service offerings. We have completed our client segmentation to be able to focus our thinking and efforts on the those clients who have the greatest impact on housing affordability.

...acknowledging the past and working to close gaps and build a stronger future...

RECONCILIATION

Reconciliation – acknowledging the past and working to close gaps and build a stronger future – starts with awareness and learning. Only by acknowledging the past and understanding the perspectives of others can we hope to correct injustices and create a stronger future together. CMHC understands that we need to continue to advance reconciliation and forge a new relationship with Indigenous peoples based on recognition of rights, respect, cooperation and partnership. Since the Truth and Reconciliation Commission of Canada released its report in 2015, CMHC has taken action regarding education, training and improving the cultural competency of our employees. In 2020, we took another important step toward advancing reconciliation at CMHC by appointing a special advisor to oversee the development and implementation of a new framework. Indigenous people will guide the development of the framework, which will touch on all facets of our company, including our culture, our programs, our recruitment and business practices, and our relationships with Indigenous peoples and organizations. Finally, we will co-develop and deliver our programs in a spirit of reconciliation and implement our internal policies, procedures and practices to meet the needs of Indigenous peoples.

Performance Measures	2021 Targets
Initiatives co-developed with Indigenous Peoples	Establish Target
Employee understanding of the legacies of colonialism on Indigenous Peoples	15 percentage point increase (minimum)

SHELTERS INITIATIVE FOR INDIGENOUS WOMEN AND CHILDREN

Indigenous women and children face unique challenges and barriers to housing. For those who experience violence, a shelter is often a first step to rebuilding their lives and protecting them from further violence. In 2020, the Government of Canada announced $44.8 million over five years to cover up to 100% of eligible capital costs for the construction of 10 shelters in communities on-reserve across the country and 2 shelters across the territories. This new funding is providing critical support to Indigenous families and communities in times of crisis, including the COVID-19 pandemic.

Representatives of Indigenous organizations and federal partners will be part of the review of proposals received through the 2020 expression of interest process.

Learning from Our Mistakes

THE DECLINE OF REGENT PARK

CMHC and Toronto's Regent Park have a seven-decade history. Beginning as affordable housing after the Second World War, the Regent Park neighbourhood was one of the first and largest social housing projects in Canada. The initial "garden city" design concept created a clean living environment with green spaces and walkways. Despite the original intent, the concentration of low-income families created a ghettoized and racialized environment that made it difficult for families to thrive. Over the next 50 years, the neighbourhood fell into disrepair. A new approach to housing was needed – one that considered the social relationships and services that support people.

CONTRIBUTING TO THE TRANSFORMATION

The Regent Park revitalization project, started in 2005, transformed this social housing development into a thriving, mixed-income, sustainable neighbourhood. The community is now viewed as a model to be replicated, here in Canada and internationally.

CMHC is proud to have played a role in the restoration of this neighbourhood that houses many of Toronto's most vulnerable people. Successes like this inspire us to innovate and help other communities that were treated unfairly by CMHC's past actions.

HOGAN'S ALLEY IN VANCOUVER AND HALIFAX'S HISTORIC AFRICVILLE

Vancouver's Hogan's Alley was an ethnically diverse neighbourhood in the early part of the twentieth century. It housed many Italian, Chinese and Japanese Canadians and a number of Black families, Black businesses and the city's only Black church. Most of Hogan's Alley was destroyed half a century ago to make way for construction of the Georgia Viaduct.

Africville was formed by a group of Black settlers who lived together and supported each other for 150 years. As late as the 1960s, the residents did not have the proper municipal services that were provided to neighbouring communities. Rather than addressing these gaps, authorities decided that residents should be displaced. By 1970, without proper input or consent, people were scattered and the community support structures they relied upon were broken down.

We, as a company, can do better. To atone for our role in funding the forced resettlement of Black people in Hogan's Alley, and Africville, we are working to redress these historical wrongs.

EXPERT PANEL ON THE FUTURE OF HOUSING SUPPLY AND AFFORDABILITY

Housing is complex. CMHC is supporting the work of the Expert Panel on the Future of Housing Supply and Affordability. This joint initiative by the Government of Canada and the Province of British Columbia is examining how our housing system functions and asking tough questions. This includes questions related to homeownership, regulations that may restrict housing supply, and the long-term impact of current policies at all levels of government on housing affordability, social equity and the economic viability of our cities.

Supported by open and targeted consultations with experts from across Canada and abroad, this work will drive deeper policy discussions and measures to improve future housing supply and affordability – with BC's high-priced markets as the primary focus.

The panel will provide a final report of its findings to the federal and BC governments in 2021.

Experiment with new ideas to improve and accelerate housing affordability

The factors leading to an unaffordable housing market are complex, and the solutions are complicated. Creativity is essential. Along with public, private, academic and non-government organizations in Canada, we are embarking on multiple initiatives targeted at achieving our aspiration. We are targeting four key impact areas:

- Optimizing the use of currently available housing stock in Canada by converting underutilized space into housing. Examples of this could include using empty commercial spaces or opening up rooms in homes of over-housed Canadians.
- Facilitating municipal and provincial efforts toward urban infill and intensification (for example, building higher density housing) to create new affordable housing supply in communities where ineffective supply is at the root of housing affordability issues.
- Drawing connections between people's need for housing and their other psychosocial needs so that investments in housing have a better chance of success.
- Understanding and addressing the perceived biases and disadvantages in Canada's residential rental system so that renting one's home is more socially acceptable.

In 2021, we will continue the:

- Solutions Labs initiative, which brings together diverse groups of people to solve complex housing problems, such as the financialization of housing and generational wealth inequality.
- Demonstrations Initiative, which provides innovators with funding to showcase their solutions so others can learn from and scale their concepts.
- Housing Supply Challenge, which inspires innovative solutions to the barriers that limit the supply of housing.

IMAGINING THE FUTURE

Advanced Artificial Intelligence

We are working with Statistics Canada on a satellite imagery pilot project for new home construction. The pilot combines the use of satellite imagery with machine learning/artificial intelligence protocols to identify new building construction. In doing so, we hope that the collection of data for CMHC's Starts and Completions Survey could become more efficient.

Digital Financial Ecosystems

Blockchain (a type of distributed ledger technology) is an emerging technology that we are applying to help reimagine the housing finance ecosystem. Imagine a world where all individuals have control over their digital identity data, via a trusted source for all property information, where a single, traceable source of truth exists for mortgages and affordable housing and the mortgage funding market is stable, efficient and transparent. A peer network including CMHC, financial institutions, mortgage insurers and many other participants, could improve liquidity, increase loan and security transparency, and yield significant annual savings. It could also enable new products and services.

Drone Sensing and Mobility

Drones can capture construction data with incredible accuracy in a matter of hours – this translates into huge time and cost savings especially in many remote and northern areas. The data captured by drones can be used to plan and improve long-term maintenance of structures as well. Drones equipped with thermal imaging, for example, can fly over buildings and detect if there are leaks in the building envelope. Drones can also quickly assess damage after a natural disaster and drone footage can increasingly combat claims fraud. CMHC could promote (or require) drone footage as part of some grant application processes.

3D Printing

New techniques in housing construction will soon make it possible to drastically reduce the cost to develop and maintain housing stock, from 3D printing replacement parts in remote areas to 3D printing whole houses. CMHC is investigating this technology as it applies to housing solutions.

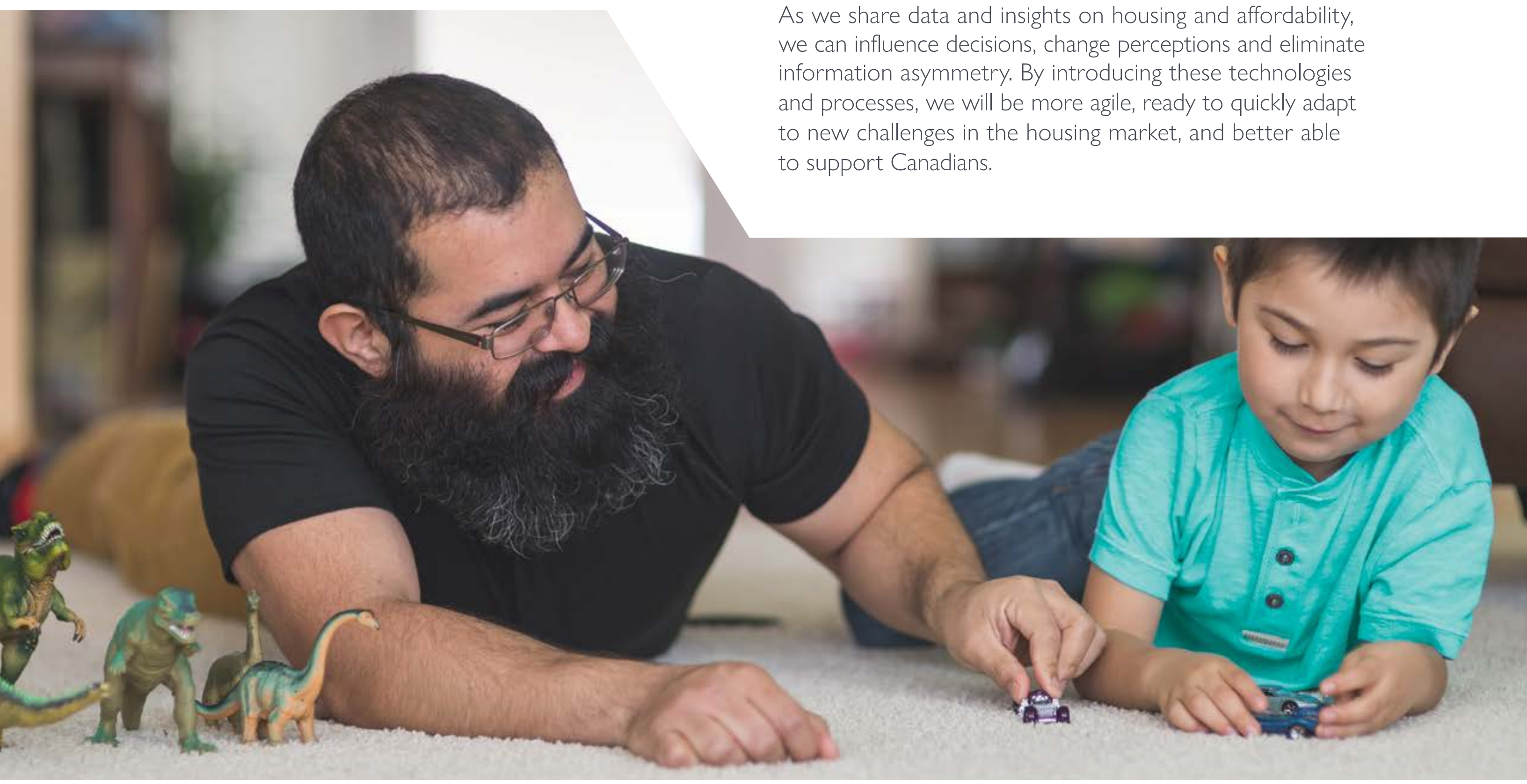
Publicize housing data and insights to promote long-term affordability and sustainability

"Garbage in, garbage out." The more and better data we convene and share, the greater our opportunity to innovate, influence and modernize.

We continue to address crucial data gaps and to expand the Housing Data Exchange. A growing group of applications is under development to drive improved evidence-based housing decisions across the housing sector.

Housing market participants will be equipped to better address housing needs, manage risk and improve financial stability. A critical component of success will include fostering relationships with information consumers and data providers, to maximize impact and increase speed-to-market within a privacy compliant and secure environment.

Our Mortgage Industry Data Analytics Application, launched in 2020, is our first Data Exchange application. It is a suite of products and services to fuel and inform data-driven decisions by financial institutions and institution



Future applications will target a broad user base (for example, planners, builders, developers and policymakers) and will be tailored to address key gaps in housing data. We are exploring concepts that could offer the following:

- Access to the most comprehensive national data available on residential mortgage lending in Canada.
- The ability to easily cross-reference local housing need and location suitability.
- Digital comparisons to maximize financial opportunities, better match buildings to environmental standards, and streamline planning and approval processes.
- Evidence that would eliminate myths about densification and improve our appreciation of housing's climate change impact.
- A simulation platform to support the planning and analysis of urban development, and to evaluate the relationship between transportation, land use and the environment.
- Unbiased insights to facilitate non-racist decision making about housing type, location, tenure choice and housing finance options.

We aspire to shift how data creates value. The Housing Data Exchange will facilitate dynamic interactions among people, data and insights, where participants collaborate, share data, experiment with new ideas, and accelerate toward a sustainable model of housing affordability and suitability. Every new application will expand value for the existing applications by introducing new, reusable data sets and new users to interact with this data, providing tremendous opportunity for scaling.

As we share data and insights on housing and affordability, we can influence decisions, change perceptions and eliminate information asymmetry. By introducing these technologies and processes, we will be more agile, ready to quickly adapt to new challenges in the housing market, and better able to support Canadians.

OUR PEOPLE

We depend on our 2,000 people, our colleagues, to advance our strategy. We believe that enabling their work is essential to achieving our strategic goals. We offer our employees modern technology; increased autonomy, accountability and trust; and nurture a culture of more candid and collaborative relationships.

We are the largest organization in Canada to adopt a Results-Only Work Environment (ROWE™), where employees choose when and where to work. We only ask that they deliver the results expected of them. This autonomy is reinforced by goal setting, planning and performance management.

Our people are entering new workspaces, designed for innovation, collaboration, collision of ideas and, ultimately, for improved client service as we work with others to achieve housing affordability for all. While we know COVID-19 will have an impact, our physical workspaces will remain in our future. We are evaluating design enhancements to continue to ensure the health and safety of our employees.

Diversity, Inclusion and Anti-Racism

We understand that we need to lead through our actions, and have worked to create an inclusive working environment that reflects diversity and equity. We must also take action to eliminate racism and reflect the lived experience of our employees and marginalized Canadians in all we do. Further, leaders reinforce our culture and values through what they say and do. We will:

- ask and support people leaders and employees to step outside of their comfort zones and have courageous and vulnerable conversations about racism; and
- use data and the voices of employees and people living in Canada to set priorities and make better informed decisions.

OUR CORPORATE COMMITMENT:
BLACK LIVES MATTER

As a group of people, we, the employees and board members of CMHC, reject the racism that persists against Black people, Indigenous persons and people of colour here in Canada every day. CMHC must set a high standard and only a sustained and focused effort will eliminate racism.

We start our own journey by committing to the following so that CMHC becomes a place where it is easy for us all to be ourselves:

SUPPORT

We will work with CEE Centre for Young Black Professionals and similar organizations elsewhere in Canada to secure stronger support for our Black colleagues.

MENTAL HEALTH

We will reinforce our support for the unique mental health of Black and racialized colleagues – ensuring that they receive counselling from people who are similarly affected.

CONVERSATION

We will work with Monumental, a new initiative to promote fairness, justice and an equitable recovery, in supporting our commitment to a continuing conversation.

HR PRACTICES

We will involve people with lived experience of racism in a re-assessment of both our recruiting, evaluation and promotion processes and our Diversity and Inclusion efforts to eliminate barriers to Black and racialized colleagues.

ACCOUNTABILITY

We already measure and publish targets for representation of Indigenous persons and people of colour; we will add targets for Black and racialized people among our people leaders and senior management.

TRAINING

We will (a) offer leadership training and professional development to support the progress of Black and racialized employees at CMHC and (b) provide mandatory anti-racism training for all staff.

POLICY REVIEW

We will re-assess all of our policies and practices through a racialized lens to eliminate discrimination, specifically including the following with the help of those with lived experience:

- **a.** ensure the enforcement of anti-racism standards to our Code of Conduct;
- **b.** proactively use our programs (including NHS initiatives) specifically to help Black and racialized Canadians; and
- **c.** help ensure that Black and racialized people have equal access as tenants in CMHC-funded buildings and recourse against discriminatory landlords.

STATEMENT

We will prepare a corporate statement rejecting racism, white supremacy and atoning for past racism and insensitivity, including our role in funding the forced resettlement of Black people, most notably from Halifax's historic Africville and Hogan's Alley in Vancouver.

We are committed to diversity and an inclusive working environment that reflects our company goal, to have our employee population mirror, if not exceed, the larger Canadian population on designated employment equity groups:

CMHC TOTAL

Group	2020 Actual	2020 Target	2021 Target	2022 Target	2023 Target	2024 Target	2025 Target
Women	57.8%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Visible Minority	28.1%	24.5%	28.4%	28.8%	29.1%	29.5%	29.8%
Black employee segment	5.4%	N/A	3.5%	3.5%	3.5%	3.5%	3.5%
Indigenous	2.4%	2.8%	2.6%	2.7%	2.9%	3.1%	3.3%
Persons Living with Disability	9.1%	6.9%	9.4%	9.6%	9.9%	10.1%	10.4%
LGBTQ2+*	4.0%	N/A	Targets to be informed by 2021 Census data or other benchmark information if possible.				

Totals may not add up due to rounding.

These targets are the minimum representation and reflect Census data. CMHC's goal is to have a diverse employee population and continuously aims to exceed these minimum targets.

COVID-19 may impact future labour market availability; the targets will be revised based on 2021 Census data and reflected in future plans.

* Establishing benchmark difficult due to lack of data on Canadian representation. Based on voluntary self-identification; actuals may be higher.

In addition to the targets outlined above, we have set a target to have Black, Indigenous, and People of Colour represent 30% of our employee population, including 3.5% for our Black employee community.

We are committed to increasing diversity in our people leadership and our CEO has signed the BlackNorth pledge created by The Canadian Council of Business Leaders Against Anti-Black Systemic Racism to combat anti-Black systemic racism in Corporate Canada. The CEO pledge commits us to specific actions and targets designed to end anti-Black systemic racism and creates opportunities for those in the underrepresented Black, Indigenous and People of Colour communities as well as other marginalized groups, which includes Persons living with Disabilities and LGBTQ2+ communities. While we are setting specific targets for Black and Indigenous persons, we are still maintaining momentum on reducing the other gaps of equity seeking groups.

LEADERS

Group	2020 Actual	2020 Target	2021 Target	2022 Target	2023 Target	2024 Target	2025 Target
Women Leaders	52.2%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
Visible Minority	17.6%	24.5%	20.0%	22.5%	24.9%	27.4%	29.8%
Black employee segment	2.2%	N/A	2.5%	2.7%	3.0%	3.2%	3.5%
Indigenous	0.8%	2.8%	1.3%	1.8%	2.3%	2.8%	3.3%
Persons Living with Disability	9.5%	6.9%	9.7%	9.9%	10.0%	10.2%	10.4%
LGBTQ2+*	4.9%	N/A	Targets to be informed by 2021 Census data or other benchmark information if possible.				

Totals may not add up due to rounding.

These targets are the minimum representation and reflect Census data. CMHC's goal is to have a diverse employee population and continuously aims to exceed these minimum targets.

COVID-19 may impact future labour market availability; the targets will be revised based on 2021 Census data and reflected in future plans.

* Establishing benchmark difficult due to lack of data on Canadian representation. Based on voluntary self-identification; actuals may be higher.

We also commit to having Black, Indigenous, and People of Colour represent 30% of our leadership group, including 3.5% of our Black employee community, by the end of 2025.

Effective Workforce Index

Our Effective Workforce Index measures the engagement and enablement of our employees. An employee who is "engaged" in the company's mandate and activities will feel more invested in achieving results. An employee who is "enabled" with the proper tools and infrastructure can perform their work efficiently. An enabled employee who is also engaged will most effectively allow us to deliver on our strategy. Our Effective Workforce Index target for 2021 is 63% (2020 target of 63%).

NATIONAL HOUSING STRATEGY

Everyone deserves a place to call home. Yet far too many Canadians find themselves in housing need.

The NHS, and the historic federal investment that it represents, gives strong momentum to our 2030 aspiration. The foundation of the 10-year, $55 billion NHS is a Human Rights-Based Approach to Housing.

The NHS recognizes that women and children fleeing domestic violence, seniors, Indigenous peoples, people with disabilities, members of racialized groups, those dealing with mental health and addiction issues, veterans and young adults all experience unique challenges in accessing housing that meets their needs. Prioritizing vulnerable populations, the NHS seeks to reduce or eliminate housing need for 530,000 households and cut chronic homelessness by 50%.

To this end, we are working closely with provinces, territories and other partners to deliver housing funds and programs. One of the initiatives under the multilateral Housing Partnership Framework is the Canada Community Housing Initiative, through which provinces and territories cost-match and deliver federal funding to protect, regenerate and expand community housing beyond the end of original long-term agreements. This enables community housing providers to continue to provide subsidized housing to low-income Canadians.

Further increasing the NHS's impact are supply initiatives that not only create much-needed affordable and accessible housing, but also support climate action by setting energy efficiency requirements that exceed those of building codes. This includes the $13.2 billion National Housing Co-Investment Fund that we rolled out in 2018-2019 and the popular Rental Construction Financing initiative, which was expanded and extended through Budget 2019 to $13.75 billion (four times the initial federal investment).

The newest initiative under the NHS, the $1 billion Rapid Housing Initiative (RHI) will rapidly create up to 3,000 new affordable homes for Canada's most vulnerable populations, who have been particularly impacted by the COVID-19 pandemic. This includes women and children fleeing violence, seniors, young adults, Indigenous peoples, people with disabilities, people dealing with mental health and addiction issues, veterans, LGBTQ2+, racialized groups and recent immigrants and refugees. The RHI covers the construction of modular housing, the acquisition of land, and the conversion of existing buildings to affordable housing, and is available to municipalities, provinces, territories, Indigenous governing bodies and organizations, and non-profit organizations.

A HUMAN RIGHTS-BASED APPROACH TO HOUSING

"Whereas housing is essential to the inherent dignity and well-being of the person and to building sustainable and inclusive communities as well as a strong national economy in which the people of Canada can prosper and thrive..."

These stirring words are part of the preamble to the *National Housing Strategy Act*, which declares that the Government of Canada recognizes the right to adequate housing as a fundamental human right affirmed in international law. It also confirms the federal government's on-going commitment to housing by requiring the adoption and maintenance of a National Housing Strategy by future federal governments.

Informed by diverse voices and perspectives during national public consultations, Canada is implementing a human rights-based approach to housing primarily through the National Housing Strategy and the *National Housing Strategy Act*.

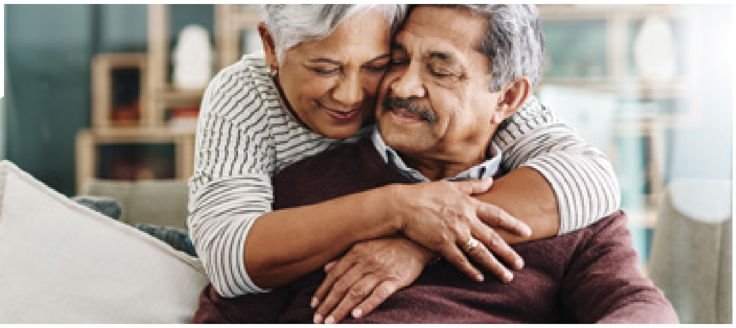
In doing this, it recognizes that housing is essential to the inherent dignity and well-being of the person and to building sustainable and inclusive communities, as well as a strong national economy in which the people of Canada can prosper and thrive.

The National Housing Council and the Federal Housing Advocate will examine issues that make it difficult for some people – especially people who are vulnerable – to access housing and will provide advice to the Minister of Families, Children and Social Development on how to best address them. We will support the National Housing Council while the Canadian Human Rights Commission will support the Federal Housing Advocate.

Summary of NHS Funding Initiatives and Targets

Initiative	Funding	Launch	Cumulative targets as of 2021-2022 fiscal (from program launch)
Investments to create new housing supply and modernize existing social housing[1]			
National Housing Co-Investment Fund	$13.2B over 10 years	2018	16,700 new units 72,800 units repaired
Affordable Housing Innovation Fund	$200M over 5 years	2016	4,000 new units*
Rental Construction Financing	$13.75B over 11 years	2017	22,990 new units
Federal Lands Initiative	$200M over 10 years	2018	1,600 new units
Rapid Housing Initiative	$1B over 2 years	2020	3,000 new units
Investments in resources for community housing providers, innovation and research			
Federal Community Housing Initiative	$500M over 10 years	2018	5,850 low-income units receiving a rent supplement (phase 2)
Community Housing Transformation Centre and Sector Transformation Fund	$64.2M over 10 years	2018	N/A
Research and Innovation	$241M over 10 years	2018	30 case studies published
Human Rights-Based Approach to Housing	$49.3M over 10 years**	2018	N/A
Federal, provincial and territorial housing partnership[2]			
FPT Housing Partnership Framework	Canada Community Housing Initiative $8.6B*** over 9 years	2020	5,400 new units**** 30,200 repaired/renewed units**** 40,000 units maintained****
	PT Priority Funding $2.2B*** over 9 years	2019	N/A Number of households provided with a Canada Housing Benefit
	Canada Housing Benefit $4B*** over 8 years	2020	
	Targeted Northern Funding $300M over 10 years	2018	
Budget 2019 Investments to make homeownership more affordable for first time home buyers			
First Time Home Buyer Incentive*****	$1.25B over 2.5 years	2019	TBD
Shared Equity Mortgage Providers Fund	$100M over 5 years	2019	860 first-time homebuyers assisted 840 new homeownership units projected to be assisted

* Program will end March 31, 2021.
** Funding amount based on Federal Budget 2017, and includes $10 million for the Community-Based Tenant Initiative.
*** Figure is inclusive of 100% cost-matching by provinces and territories.
**** At the time of publication, figures from Quebec and Prince Edward Island were not yet available.
***** Target to be determined based on mandate letter commitment implementation details when available.
1 Recognizes a unit as a conditional commitment.
2 Recognizes a unit as committed once a formal claim is processed for reimbursement.



CLIMATE CHANGE

Climate change is more than just changing weather. A changing climate is transforming our economy and our behaviours, and requires Canadians to adapt in order to remain adequately housed. Canadians are worried about climate change and believe the country needs to take action.

Increasingly, we are taking the significant greenhouse gas emissions created by housing choices into consideration in all we do. In this way, and by encouraging mitigation and adaptation, we are working to help achieve Canada's greenhouse gas reduction goals and to make housing safer, more resilient and more affordable.

Housing plays a central role in our ability to mitigate greenhouse gas emissions and climate change:

- Building materials and processes used to construct housing and municipal infrastructure can be highly carbon intensive.
- Energy used to heat and cool housing is a major contributor of greenhouse gas emissions.
- Density, built form and location of housing influence our personal transportation patterns and the carbon intensity of providing municipal services, both of which are determinants of carbon emissions.

Even if we were to achieve a zero-carbon housing system tomorrow, Canada's climate would continue to change due to the ongoing effects of greenhouse gas emissions already in the atmosphere and being added daily from other sources. Canadians will continue to face more frequent and severe weather and climate-related perils, such as flooding, wildfires, drought and heatwaves. In addition to threatening health and safety, these physical climate risks will affect the affordability and stability of housing across the country.

As the climate continues to change and carbon-pricing regimes develop, Canadians living in energy-efficient, climate-adapted housing in denser communities that encourage cycling, walking and public transit, will be better shielded from rising risks and will help lower carbon emissions and costs. When full lifecycle costs are considered, including costs that are borne by municipalities, housing that is more energy efficient and built at higher densities in a safe, resilient and durable manner, is both more climate-friendly and more affordable.

Under the direction of our first-ever Chief Climate Officer, we are exploring ways that our programs can support climate change mitigation and help Canadians and the housing system be more resilient. Our plan includes:

- Building capacity throughout the housing system to better understand and act on climate change at the housing unit and community level.
- Partnering with others on research, demonstration projects, and supporting innovation throughout the housing system.
- Modelling and planning for climate-related events, and developing our climate change analytics capabilities as part of the Housing Data Exchange.
- Enabling risk taking using our ability to manage and absorb risk through direct lending, mortgage insurance and securitization. This will include "green" mortgage and securitization products, and flood risk mitigation.
- Providing incentives and support for climate change action through programs, such as those for energy efficiency retrofits, as well as building climate compatibility into the full range of NHS programs. In doing so, we will emphasize human health in housing solutions.
- Becoming a more climate friendly company and reducing our carbon footprint by improving our buildings and facilities, and reducing employee travel.
- Implementing the recommendations of the international Financial Stability Board's Task Force on Climate-related Financial Disclosures.

By helping Canadians and the housing system be more resilient to climate change, we will help achieve sustainable housing and affordability for Canadians.

RISK MANAGEMENT

Risk management at our company has evolved greatly in the years since the 2008-2009 financial crisis. We have matured into a trusted advisor and champion of risk culture, and are now equipped with the tools and capabilities needed to identify risks and determine which to take and which to avoid. Our role as a federal Crown corporation sets us apart from other financial institutions and is the hallmark in the way we manage risk. To this end, work is underway to more closely align our risk management activities with our strategy.

We are shifting our focus to higher-value risk management activities, optimizing our oversight approach, and integrating risk tools into strategy execution and decision-making. We are building capacity for risk analytics centred on affordability and stability, while at the same time, maintaining the stress testing capabilities we have developed in recent years. Most fundamentally, we are transforming our risk culture away from a compliance mindset toward one that strategically embraces risk while respecting established limits.

Our Risk Management Framework

Our approach to risk management is driven by our Enterprise Risk Management (ERM) framework. The framework is designed to support a risk culture that accelerates the achievement of our housing affordability strategy and ensures stability of the housing finance system. Our ERM framework has four key dimensions: risk governance, risk appetite, risk management program, and risk behaviour.

Risk governance balances sound oversight and advisory support from the Chief Risk sector with clear accountability for risk within each business unit. In the context of a rapidly changing cyber threat environment, we actively manage information security through data governance, privacy governance and continued strengthening of our cyber security. Similarly, in the context of the growing risk that climate change presents to our business and Canada's housing system, we are integrating climate change risk into our ERM framework.

Our Risk Appetite Framework (RAF) describes the overall structures and approach through which *risk appetite* is established, communicated, implemented and monitored. Our risk appetite enables us to make decisions regarding the risks we are willing to take in pursuit of our aspiration and objectives. We promote full integration of risk appetite into strategy execution and decision making through ongoing advice to business units.

In times of crises, our risk appetite enables us to realign critical processes, resources and technologies, to support housing affordability and the stability of the housing finance system.

Our *risk management program* identifies and assesses the materiality of all known, reasonably foreseeable and emerging risks that may affect our operations, in both normal times and stressed situations, by focusing on seven risk categories: strategic, reputational, insurance, operational, market, credit, and liquidity (appendix 4). Our role in overseeing and managing systemic risk led to the recent development of the Crisis Readiness Framework (CRF), which is an important extension of our risk management program. The CRF helps us coordinate crisis monitoring and responses, both internally and with external parties like our federal partners, and has proved invaluable in guiding us through the pandemic.

Stress testing of our capital levels is central to our risk management program and we have grown our capacity in this area substantially since the 2008-2009 financial crisis, helping us understand near-term business impacts of the current crisis and how they could evolve depending on different recovery scenarios. In the months since the pandemic pushed our economy into recession, we have analyzed a range of potential scenarios (appendix 5).

Taken together, CMHC's risk governance, risk appetite and risk management program help define the desired *risk behaviour* in both normal operating conditions and during economic downturns.

Risks to our Business

While our capital position is strong, a number of risks have been elevated by the pandemic and its economic fallout, prompting us to change our assessment of insurance residual risk and operational residual risk to high.

Our reassessment of insurance risk is largely due to uncertainty regarding the extent to which claims may increase as mortgage payment deferral flexibilities for Canadians come to an end. Our analysis suggests that our arrears rate could reach 1%, which would be a threefold increase compared to 2019. While we have the financial capacity to operate under such conditions, we are refining our default management approach to be able to handle a possible increase in claims volume.

Our reassessment of operational risk is based on two considerations: the threat of a second wave and risks related to information security and our digital transformation. Our CRF will guide us through a second wave as needed, and we have taken steps to enhance our Business Continuity Plan.

You can find more information regarding our risk categories and mitigation efforts in appendix 4.

Emerging Risks

We exist to promote housing affordability and the stability of Canada's housing finance system. With this raison d'être, our risk identification and mitigation activities focus on potential threats to Canada's housing system. From the vantage point of the overall housing system and improving housing outcomes, key emerging threats include high levels of household debt, ongoing COVID-related uncertainty, and climate change. Taken together, these threats present material risks to our programs and activities and pose serious challenges to housing affordability and system stability over the near- and medium-term.

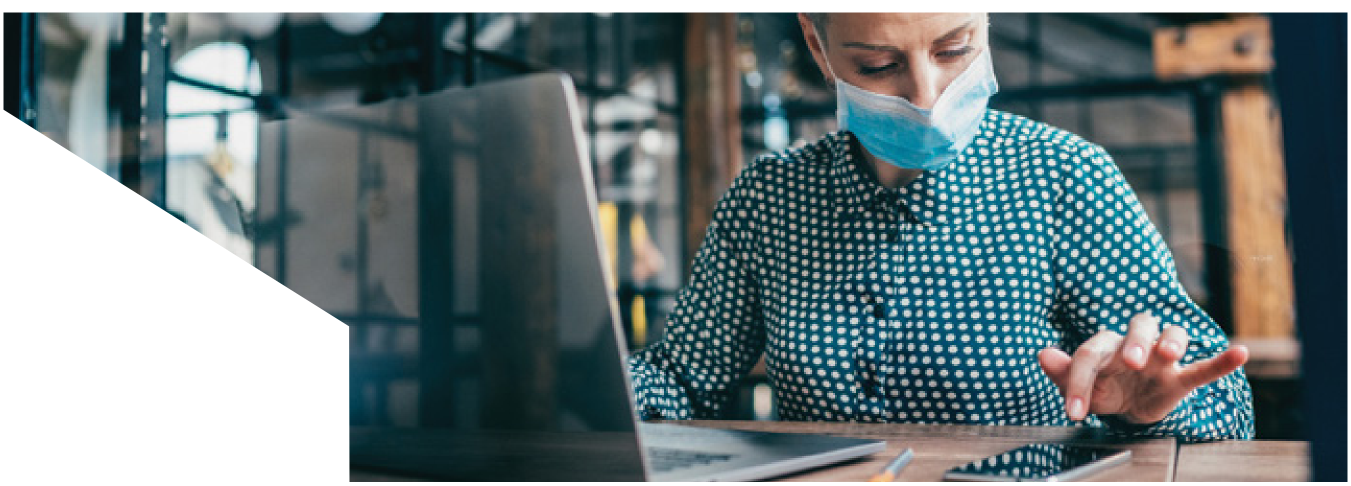
Canadians entered the pandemic with a near record level of household debt and economists have repeatedly shown that excessive amounts of household borrowing has predictable, negative impacts on future consumption and economic growth. Government support measures are providing many Canadians with a crucial lifeline during this tumultuous period, but the issue of high household debt remains and represents a key risk moving forward, particularly in the context of COVID-induced weak labour markets and falling home prices. Layering on climate-related risks compounds the threat.

We have taken measures to curb household indebtedness, most notably by changing our underwriting policies for both homeowner transactional and portfolio mortgage insurance effective July 1, 2020. And, as described above, we are developing a robust climate change plan and expanding our climate risk management capabilities.

Household debt, COVID-related uncertainty, and climate change are not the only emerging risks on our radar. Heightened protectionism, increasing government debt, and structural rebalancing due to evolving housing supply and demand drivers, are all issues that may become obstacles to affordability and the stability of the housing finance system. In addition to actively monitoring these emerging risks, we maintain a robust surveillance program to identify new risks to our business as well as threats to our housing system and the execution of our strategy.

Risk Maturity Index

We continue to ensure that we have effective risk management practices and tools. Through the Risk Maturity Index, we monitor and evaluate the soundness of the company's risk practices through a weighted assessment of the key dimensions of our ERM framework. This measure ensures that CMHC takes the right level of risks, supported by effective risk tools to deliver on its objectives. Our Risk Maturity Index target for 2021 is 85% (2020 target of 80%).



OPERATING ENVIRONMENT

External

HOUSING MARKET OUTLOOK

Our housing market outlook is subject to uncertainty due to the coronavirus pandemic. Following declines in 2020 and early 2021, we expect prices to start recovering in mid-2021 if economic conditions improve. Housing starts and sales are expected to start recovering at the end of 2020 and the beginning of 2021, respectively. Sales and prices are likely to be below their pre-pandemic levels at the end of 2022.

Our housing market outlook is based on a wide range of recovery paths. Following growth of 1.6% in 2019, our most optimistic scenario forecasts an 11% decline in real Gross Domestic Product (GDP) in 2020 while our most pessimistic scenario forecasts a 15% decline in real GDP. We do not expect real GDP to recover to the pre-crisis level until 2023. Our range of plausible forecast scenarios is wider than normal given the unusual circumstances caused by the pandemic. The discussion below focuses on the mid-points of our housing forecast range.

We project total national starts to contract dramatically from 208,685 units in 2019 to 128,000 units in 2020. This is followed by a recovery to just under 180,000 units in 2021. Between 2022 and 2025, we expect starts to stabilize around 180,000 units annually.

MLS® sales ended 2019 at 488,828 units and we forecast that they will decline to about 430,000 and 400,000 units in 2020 and 2021, respectively. Sales activity is expected to expand after 2021, reaching 506,000 units in 2025.

The average MLS® price stood at $500,938 in 2019 and is forecast to increase by 1.4% to nearly $508,000 in 2020. We expect prices to reach a low point of about $460,000 in 2021. Beyond 2021, prices are expected to increase, reaching about $620,000 in 2025.

Thus, the short-term impact on house prices is highly uncertain. Housing demand could be constrained by depressed consumer sentiment, income loss and high debt burdens. In the medium term, falling housing demand from weaker household incomes and financial conditions will result in significant downside pressure on prices, sales and starts. Nevertheless, in the short-term, housing supply could be held back by containment measures (including the initial closure of construction sites and their subsequent gradual opening) and potential sellers delaying listing their homes for sale until prices improve.

COVID-19 RESPONSE

We continue to monitor developments around COVID-19. There remains considerable uncertainty surrounding the likely duration of measures to contain the spread of COVID-19, government income and rental supports which mitigate the resulting economic effects, a potential second wave of infections in Canada, and the continued effect on our economy and housing. Through our CRF, we continue to monitor the external environment and take necessary actions to support stability in the housing system.

A particular point of uncertainty for our Mortgage Insurance business is the number of home and property owners who will ultimately default on insured mortgages following the end of six-month deferral periods. This risk, and potential remedies, remain the subject of careful monitoring and analysis.

CMHC has helped to stabilize Canada's financial system and support the economic wellbeing of households and small businesses:

- Our mandate was temporarily expanded in 2020 to allow us to deliver Canada Emergency Commercial Rent Assistance (CECRA) for small businesses. CECRA provided forgivable loans to commercial property owners who reduced rents by a minimum of 75% for small businesses that experienced financial hardship due to COVID-19.
- We redesigned and delivered a revised Insured Mortgage Purchase Program (IMPP), providing stable funding to banks and mortgage lenders in order to ensure continued lending to Canadians.
- We expanded eligibility for Portfolio Insurance to include extended amortization and refinance loans as a measure to provide liquidity to lenders, helping lenders better manage their capital and small lenders better compete on an equal footing with large lenders, thus expanding consumer choice.
- The RHI was launched in Fall 2020 to help address urgent housing needs of vulnerable Canadians, including those whose housing situation has been negatively affected by the COVID-19 pandemic. The initiative also supports Canada's economic recovery by creating employment in the housing and construction sectors. See the National Housing Strategy section for further details.

Internal

Our operations and business systems are intentionally designed to maintain secure and consistent service even when subjected to stresses, such as the global pandemic. CMHC's Business Continuity and Crisis Readiness plans have enabled us to adapt quickly to changing priorities as a result of the crisis and avoid any disruption to the services and key programs that we deliver by redeploying staff to where they are needed most, as well as implement new responses to help stabilize Canada's financial system.

Our ROWE™ workstyle combined with our recent technology modernization have fortified the company's resilience. With the right tools and a new working methodology in place, we are now transforming and revitalizing our office spaces to activity-based workplaces.

Our company will undergo a leadership transition during the planning period, with the appointment of a new President and CEO.

CMHC'S TECHNOLOGY AND BUSINESS TRANSFORMATION

Through a strategic partnership with Accenture, a global technology professional services company, we have transformed CMHC from a legacy-heavy organization into a cloud-first modern organization. CMHC had gone through several years of under-investment in IT and had a significant technology deficit. After the transformation, CMHC is now a cloud-first 'IT-rich' modern organization that makes use of modern productivity tools as well as many other enterprise platforms that position IT at the optimal intersection of risk and opportunity to keep pace with disruption – as evidenced by our seamless and minimally disruptive transition to remote work when the COVID-19 pandemic struck. Looking to the future, we are well positioned to modernize our Homeowner platform and to look at other innovative solutions to accelerate housing affordability.

FINANCIAL HIGHLIGHTS

(in $ millions, unless otherwise indicated)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
CMHC Consolidated[1]							
Total revenues	4,737	8,806	6,085	6,003	6,113	6,178	6,081
Total expenses (including income taxes)	3,157	8,089	4,758	4,237	4,250	4,234	4,150
Net income	1,580	717	1,327	1,766	1,863	1,944	1,931
Cash	922	707	411	111	1	2	2
Total assets	276,259	313,031	317,872	311,523	304,806	307,178	294,863
Total liabilities	261,646	298,603	302,589	298,628	292,879	295,443	283,461
Total equity of Canada	14,613	14,428	15,283	12,895	11,927	11,735	11,402
Total operating budget	505.7	656.1	569.3	524.6	531.5	539.5	534.8
Total capital budget	2,969	23,440	4,368	3,148	2,927	2,517	2,260
Operating budget expense ratio	15.6%	8.4%	11.6%	12.5%	11.9%	11.6%	11.2%
Redeployment ratio	6.5%	6.5%	5.0%	5.0%	5.0%	5.0%	5.0%
Employees (full-time equivalents [FTE])	1,841	2,138	2,214	2,114	2,079	2,070	2,053
Assisted Housing							
Total government funding for housing programs	2,039	5,956	3,232	2,860	2,982	2,994	2,923
Assistance for housing needs	1,843	2,583	2,595	2,068	2,083	2,090	2,086
Financing for housing	78	3,434	750	808	892	948	902
Housing expertise and capacity development	136	168	185	215	242	209	150
Total parliamentary appropriations for housing programs	2,057	6,185	3,530	3,091	3,217	3,247	3,138
Operating expenses for housing programs	210	388	270	243	250	260	244
Net income	42	117	19	54	41	44	32
Mortgage Insurance							
Claims expense	191	1,487	631	341	201	154	147
Loss ratio	13.4%	109.4%	44.6%	23.0%	13.3%	10.0%	9.6%
Operating expense ratio	21.8%	24.7%	26.6%	24.8%	23.9%	23.3%	22.9%
Combined ratio	35.2%	134.1%	71.2%	47.8%	37.2%	33.3%	32.5%
Net income	1,096	42	694	1,002	1,063	1,118	1,123
Return on equity	9.1%	0.4%	6.0%	9.2%	11.4%	12.9%	13.6%
Return on required equity	10.6%	(0.1)%	7.2%	10.9%	12.1%	13.5%	14.3%
Mortgage Funding							
Operating expense ratio	9.3%	8.4%	7.4%	6.5%	5.9%	5.6%	5.5%
Net income	464	552	605	703	755	779	775
Return on equity	19.4%	22.3%	21.7%	25.5%	28.8%	29.8%	30.1%
Return on required equity	36.1%	42.0%	47.4%	55.3%	60.0%	61.8%	62.2%

[1] Refer to appendix 1.4 Financial Statements and Notes for full details on our financial results.

Revenues experience a large spike in 2020 and then drop in 2021, driven mainly by fluctuations in parliamentary appropriations for our Assisted Housing activity. Thereafter, they steadily increase until 2024 as our NHS programs reach their peak funding years. The increase in parliamentary appropriations in 2020 is mainly due to the Canadian Emergency Commercial Rent Assistance (CECRA) for small businesses program and the Rapid Housing Initiative (RHI); however, we also launched the Housing Supply Challenge (HSC) that contributes to the increase in future years. Net income experiences a sharp decline in 2020, driven by a significant increase in insurance claims resulting from the impacts of the COVID-19 pandemic. Net income then increases over the planning period, surpassing 2019 levels in 2022, mainly due to insurance claims returning to pre-pandemic levels as well as an increase in premiums and fees earned from our commercial operations. The significant drop to our Mortgage Insurance activity return on equity and return on required equity ratios in 2020 is due to a large increase in the provision for claims as a result of the economic outlook.

FINANCIAL OVERVIEW

Financial Management

Based on underlying economic and business assumptions, CMHC is in good financial health and is well positioned to withstand the economic crisis COVID-19 has generated. We conduct regular and comprehensive stress testing to ensure we are able to continue to operate during unfavourable economic conditions and are committed to continuously adapting our risk management capabilities and integrating them into our operations. Management reviews our financial results regularly and makes operational recommendations as necessary. The Board of Directors oversees management's responsibilities for financial management, reporting and internal control systems.

Our financial planning process includes discussions and confirmation of key assumptions at various levels from budget holders to senior management. Internal governance of our financial planning process is managed through multiple committees. Our Management Committee reviews and challenges budget requests for alignment to strategy, risk appetite and return on investment where applicable. Our Executive Committee approves the initiatives recommended through this process for inclusion in our operating and capital budgets. Finally, our Board of Directors approves the Corporate Plan, including the key underlying assumptions, and recommends it to the Minister responsible for CMHC.

Significant initiatives that comprise cost uncertainty include an appropriate level of contingency based on our experience and best practices. Our planned program funding and budgets also capture the impacts of reprofiles to our programs and initiatives to reflect shifts in timing and delivery of multi-year projects.

Main Activities

We deliver our mandate and pursue our strategy through the three main activities outlined below.

ASSISTED HOUSING

- We offer housing solutions through our programs and initiatives to support the construction of new affordable housing supply, and preservation and revitalization of existing affordable housing.
- We receive parliamentary appropriations to fund assisted housing programs, including programs in response to the COVID-19 pandemic, which are designed to operate on a break-even basis.
- We make loans available at below market interest rates and provide non-subsidized housing support to housing proponents.
- We work with provinces, territories, municipalities, Indigenous governments and organizations, non-profit and co-operative housing organizations, and private sector companies across the country to deliver housing programs that target vulnerable and under-represented populations.

HOUSING ANALYSIS, RESEARCH AND DATA

- We collect and share data, and offer timely analysis and insights to support informed decision-making on housing. This allows us to contribute to housing policy matters and advance the understanding of housing and housing markets.
- We undertake research and analysis of housing supply, demand and needs, particularly those of our most vulnerable populations.
- We explore and assess housing finance issues to contribute to financial stability. Our research advances knowledge and insights on how to achieve housing affordability and supports a well-functioning housing system.
- We prototype and experiment with new ideas, as well as pursue new partnerships to foster innovation in the housing sector and to promote informed policy advice on housing solutions to address housing needs.

COMMERCIAL OPERATIONS

Mortgage Insurance

- We offer mortgage insurance products to ensure the stability of the Canadian financial system through supporting homeownership and the purpose-built rental market.
- We work with lenders to offer transactional homeowner and portfolio mortgage insurance in all parts of Canada. We also offer multi-unit mortgage insurance, which provides access to preferred interest rates for the construction, purchase, and refinancing of multi-unit residential properties, including affordable rental housing.
- We operate these programs on a commercial basis with due regard for loss and without the need for Government funding.

Mortgage Funding

- We promote stability in the Canadian financial system through providing access to funding for mortgages in all economic conditions.
- We enable approved financial institutions to pool eligible insured mortgages into marketable securities to sell to investors to generate funds for residential mortgage financing. We guarantee the timely payment of interest and principal of these securities.
- We are responsible for the administration of the covered bond legal framework, another source of mortgage funding that we administer on a cost recovery basis.

Summary of Operating and Capital Budgets

Investments made through our operating and capital budgets enable us to advance the achievement of our strategy.

Our 2021 Operating Budget of $569.3 million includes investments for the following:

- Delivery of our housing programs, including those forming part of the NHS and the Government's response to the COVID-19 pandemic.
- Enhancement of our technology platforms and tools to improve client and employee experience as well as risk management.
- Investment in data and data governance to advance current risk and privacy practices as well as the development of our Housing Data Exchange, which will encourage data sharing and improve housing related decision-making.

Our 2021 Capital Budget of $4.4 billion includes investments for the following:

- Loans and investments for the Rental Construction Financing initiative (RCFi) and the National Housing Co-Investment Fund (NHCF), as well as loans for the First-Time Home Buyer Incentive (FTHBI) and Shared Equity Mortgage Provider Fund (SEMP) – $4.3 billion.
- Modernization and enhancement of our technological platforms, as well as the implementation of our Housing Data Exchange – $104 million.
- While no loans and investments are forecasted under the Insured Mortgage Purchase Program (IMPP), a program set up as part of the Government of Canada's COVID-19 Economic Response Plan, market demand for this program is inherently difficult to predict and significant demand is possible should the pandemic situation change.

Key Financial Assumptions

ASSISTED HOUSING

Assumptions for our Assisted Housing activity over the planning period include fiscal 2019-2020 reprofile requests that are subject to the approval of the Minister of Finance. Our plan includes updates to our capital commitments to match future projections of program delivery for initiatives under the NHS as well as the FTHBI, HSC and funding for the National Action Plan in response to the Missing and Murdered Indigenous Women and Girls (MMIWG) Final Report: Reclaiming Power and Place. Due to the multi-year and multi-variable nature of construction projects, we reprofile funds to ensure our projects are funded in accordance with the achievement of construction milestones. Our 2020 estimate and corporate plan include the CECRA for small businesses program, which CMHC is delivering on behalf of the Government of Canada in response to the COVID-19 pandemic and the newest initiative under the NHS, the RHI.

COMMERCIAL OPERATIONS

Mortgage Insurance

Insurance-in-force has declined compared to prior year plan assumptions mainly due to underwriting policy changes for insured mortgages that took effect on July 1, 2020, in order to protect future homebuyers and reduce risk. These changes apply to new homeowner transactional and portfolio mortgage insurance transactions and could result in a 30% decrease in loans eligible for CMHC insurance. This decrease is partially offset by a significant increase to multi-unit residential volumes in the short term as property values increase. Borrowers also continue to refinance in a low interest rate environment and overall demand for insured financing increases, further offsetting the decline to insurance-in-force. Insurance-in-force is projected to remain under the limit per section 11 of the NHA. The limit was increased to $750 billion effective March 2020 to enable us to deliver measures in response to the COVID-19 pandemic but will revert to $600 billion on March 25, 2025.

Mortgage Funding

Annual volumes of guaranteed securities under the existing National Housing Act Mortgage-Backed Securities (NHA MBS) program are assumed to peak in 2020, due to the liquidity and funding needs during the crisis, and return to normal levels in subsequent years. Annual volumes should stabilize in the outer years of the planning period. Increased pricing for NHA MBS Tier-1 and Tier-2 became effective January 1, 2021, as well as the introduction of affordability-linked pools that are subject to preferential guarantee fees. There are no changes to pricing for Canada Mortgage Bonds (CMB).

Guarantees-in-force are impacted by the timing of new issuances while maturities are expected to fluctuate over the planning period based on the term mix. Guarantees-in-force peak by the end of 2020 due to increased volumes guaranteed in response to the COVID-19 pandemic and decline thereafter, remaining under the limit per section 11 of the NHA. The limit was increased to $750 billion effective March 2020 to enable us to deliver measures in response to the COVID-19 pandemic, but will revert to $600 billion on March 25, 2025.

Annual limits of guaranteed securities is as follows:

(in $ billions)	2020	2021	2022	2023	2024	2025
NHA MBS	295	150	150	155	155	160
CMB	60	40	40	40	40	40

Capital Management

The purpose of capital management is to ensure that our commercial operations have adequate capital to deliver their mandate while remaining financially self-sustaining.[1] We use the Capital and Dividend Policy Framework for Financial Crown Corporations (the "Framework") issued by the Department of Finance in conjunction with our Risk Appetite Framework, capital management policy and other internal capital adequacy processes to manage the capital of our commercial operations.

Capital targets are based on:

- our risk appetite for capital adequacy, which we rate as moderate;
- promoting market discipline rather than maximizing return on capital or issuing a dividend;
- for our Mortgage Insurance activity, a level comparable to a commercial entity operating in a similar line of business and with a similar product mix; and
- for our Mortgage Funding activity, a level similar to an entity with an 'AA' credit rating.

Our capital levels act as a signal and provide us with the opportunity to mitigate the impacts of adverse events. Should these mitigating factors not be sufficient to limit the impact to our capital levels, we may seek recapitalization from the Government as part of the Framework that was approved by Parliament on March 24, 2020.[2]

We perform an Own Risk and Solvency Assessment (ORSA) which is an integrated process that evaluates capital adequacy on both a regulatory and economic capital basis. The ORSA:

- is used to establish capital targets taking into consideration our strategy and risk appetite;
- determines our own view of capital needs by identifying our risks and evaluating whether or not an explicit amount of capital is necessary to absorb losses from each risk;
- for our Mortgage Insurance activity, our own view of capital (economic capital) is lower than the regulatory requirements established by Office of the Superintendent of Financial Institutions (OSFI); therefore, regulatory capital is the binding constraint for required capital; and
- for our Mortgage Funding activity, an applicable regulatory capital framework does not exist; therefore, our capital levels are established based on our own view of capital.

We annually validate and calibrate, if necessary, both our internal capitalization target and the operating capital holding target for our Mortgage Insurance and Mortgage Funding activities.

Internal target minimum capital required:

155% for Mortgage Insurance (MICAT)

105% for Mortgage Funding

- calibrated using specified confidence intervals
- designed to provide management with an early indication of the need to resolve financial problems

Operating level minimum capital required:

165% for Mortgage Insurance (MICAT)

110% for Mortgage Funding

- set in excess of the internal capitalization target
- calibrated using confidence intervals and stress testing
- designed to provide management with an early indication of the adequacy of capitalization amounts

Our risk appetite for capital ranges from our internal target at the low end of the range to an amount in excess of our operating level at the high end. Although we aim to manage capital in line with our operating level on a long-term basis, short-term deviations will not lead to action unless we project to be outside of our risk appetite in normal times. In times of crisis, however, we may deviate from our operating level to preserve capital as our focus shifts to ensuring we have sufficient liquidity.

Dividend Policy

Pursuant to our capital management policy, we intend to maintain capital available in line with capital required at the operating level by returning excess capital to the Government of Canada on a quarterly basis through dividends. Dividends are based on our view of capital needs in accordance with our specific risk profile, our capital targets noted above, and our projected capital available over the planning period. To the extent possible, in normal times, we aim to maintain capital in line with our operating levels on a long-term basis and to limit fluctuation in our dividends, unless it is to return excess capital.

Should CMHC's capitalization and retained earnings become insufficient to meet business obligations or what is needed to meet CMHC's mandate or comply with government direction during a crisis, dividend payments may be reduced or suspended.

POSSIBLE DIVIDENDS SCHEDULE

Given the economic uncertainty caused by the COVID-19 pandemic, the dividend was temporarily suspended in 2020. We are projecting to reintroduce the base dividend in 2021 and resume returning excess capital to the Government of Canada in the form of a special dividend starting in 2022.

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Total surplus equity available for possible dividend declaration[1]	2,020	-	1,580	3,950	2,770	2,220	2,190

[1] The surplus capital available for possible dividend declaration is based on a number of assumptions. The amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria in our dividend proposal approved by the Board. Possible future special dividends are dependent on OSFI lifting its current restrictions in response to the COVID-19 pandemic. We assume OSFI's guidance will be in place for the duration of 2021. When the latter restrictions are lifted and we are comfortable from a capital perspective, we may release excess capital. However, should the situation not improve or deteriorate further, we may manage our capital differently.

Investment Plan

We have an investment plan for each of our three main operating activities.

ASSISTED HOUSING

We invest principal repayments within our lending programs in high quality, fixed income and money market instruments (currently with a minimum A rating), taking into consideration our risk appetite and business activities. Investments under management had a market value of $4.0 billion as at June 30, 2020, and are expected to decrease to $2.9 billion by the end of 2025. The value of our investments under management initially increases then decreases over the planning period. This reflects the management of funds that we have drawn from the Crown Borrowing Program (CBP) but that have not yet funded the full value of the loans for the RCFi and the NHCF portfolios, as well as decreasing investment requirements in the non-NHS lending portfolio.

COMMERCIAL OPERATIONS

Mortgage Insurance

Our objective for the insurance investment portfolio is to maintain sufficient capacity to pay claims while prioritizing capital preservation and generating a reliable stream of income by investing primarily in high quality investment-grade fixed income assets. The funds available for investment are generated primarily from net cash flows from insurance premiums and investment income. Changes in interest rates affect the fair value of these securities, as well as the costs associated with hedging foreign currency exposures.

We performed a sensitivity analysis of interest rate risk associated with the investment portfolio assuming a 1% parallel shift in the yield curve. The impact of a hypothetical parallel increase in interest rates of this magnitude would result in a $570 million decline to the fair market value of the portfolio, which had a value of $19.1 billion as at June 30, 2020. Changes in market value would only be realized if investments were sold prior to maturity.

Transactions were undertaken in the second quarter of 2020 to bring the portfolio in line with an updated strategic asset allocation. The new allocation remains composed entirely of high quality fixed income securities as we maintain our focus on liability management and capital preservation. We do not expect any material changes over the planning period.

Mortgage Funding

Our objective for the mortgage funding investment portfolio is to maximize the capacity to meet liquidity needs of the timely payment guarantee while preserving capital and reducing the variability of net assets through investments in Government of Canada securities. The funds available for investment are generated primarily from net cash flows from guarantee and application fees.

Aligned with the sensitivity analysis conducted on the insurance investment portfolio, an equivalent analysis was performed on the mortgage funding portfolio. The same hypothetical increase in interest rates would result in a $181 million decline in the fair market value of the portfolio, which had a value of $4.5 billion as at June 30, 2020.

Credit Quality of Investment Portfolios

Exposure by Credit Rating (fixed income) As at June 30, 2020		
Credit Rating	**Mortgage Insurance**	**Mortgage Funding**
AAA	48%	100%
AA	20%	-
A	20%	-
BBB	12%	-
Overall duration (years)	3.1	4.2

Asset Allocation of Portfolios

Allocation by Asset Type As at June 30, 2020		
Asset Type	**Mortgage Insurance**	**Mortgage Funding**
Cash	3%	-
Canada fixed income	75%	-
U.S. fixed income	22%	-
Canada fixed income	-	100%

APPENDIX 1 – FINANCIAL PLAN

The financial plan that follows uses the same accounting standards as CMHC`s 2019 Annual Report.

Appendix 1.1 – Operating Budget

The expenses reflected in our operating budget enable the execution of our strategy and the delivery of programs, products and services to our clients and partners. Our 2021-2025 Corporate Plan includes investments in key initiatives to make housing in Canada affordable, inclusive and accessible for all. We are evaluating our operations on a continuous basis to find efficiencies and to help fund these investments.

NATIONAL HOUSING STRATEGY

The implementation of the NHS including the RHI, as well as the new programs and top-up funding to existing programs announced in recent federal budgets, has required an increase in our resources to deliver these programs.

INVESTMENT IN OUR WORKSPACE AND TECHNOLOGY

We are in the process of renovating our headquarters in Ottawa to create a technologically enabled workspace to promote teamwork, wellness, and to support our diverse workforce. We are pursuing Leadership in Energy and Environmental Design (LEED) and WELL building standard certifications. Due to a slight delay caused by the COVID-19 pandemic, our new space is expected to be ready in the summer of 2021.

We have made critical investments over the past several years since our technology transformation journey began in 2016. The original scope of work included 45 transformation projects, of which only one remains to be completed by the first quarter of 2021. Our investment in this transformation, along with the implementation of ROWE™, is enabling CMHC to continue to operate during the COVID-19 crisis and support Canadians through the launch of new programs under the Government of Canada's Economic Response Plan.

Although our transformation journey is near completion, our investment in technology will be ongoing to stay current with the newest technologies available. Included in our plan are investments in critical systems and infrastructure that support our business. We are enhancing our Client Relationship Management (CRM) platform and Mortgage Risking platform and our operating budget includes funding for both of these core systems.

Client Relationship Management Platform

Following the initial implementation through our technology transformation, we are investing in our CRM platform to enhance our client relationship management capabilities and support business sectors to deliver multiple programs. Benefits include efficiencies in employee time and greater insights into client needs that will lead to a more positive and consistent client experience. This investment will also drive smarter, customer-centric decision-making and result in products tailored to meet our clients' needs.

Mortgage Risking Platform

This digital modernization will revamp CMHC's current automated insurance underwriting system, using leading edge technology that will allow us to harness advanced risking, analytics and Artificial Intelligence capabilities. It will also improve our agility and speed to implement more advanced risk models and introduce new and innovative products, policies and processes. This agility is critical to respond to the changing priorities and operational pressures resulting from the COVID-19 pandemic.

INVESTMENT IN DATA

To meet our objective to publicize housing data and insights to promote long-term housing sustainability and affordability, we plan to build on our foundational investment in the Housing Data Exchange made in 2020. Through individual applications, the Housing Data Exchange will create value by enabling dynamic interactions between people, data and insights. Applications will target a broad user base (for example, financial institutions, planners, builders, developers and policymakers) and address key gaps in housing data. Investment in the Housing Data Exchange requires prudent management of data and the associated risks around its usage.

Our plan also includes an investment to advance data governance that will produce the framework, policies and processes to be able to use data in a meaningful and responsible way. The investments in data management and security will allow us to manage the risk appropriately for our strategy and our RAF. The outcome of these investments will be an improvement on our enterprise data governance maturity level over the next 18-24 months, enabling us to transition from a "Reactive" to a "Proactive" maturity level.

Financing profiles for our strategic priority initiatives are as follows:

(in $ millions)	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan	Total 5-year
Mortgage Risking Platform						
Operating budget	14	7	3	3	-	**27**
Capital budget	40	3	-	-	-	**43**
Client Relationship Management Platform (CRM)						
Operating budget	9	5	2	1	-	**17**
Capital budget	14	9	3	2	2	**30**
Housing Data Exchange						
Operating budget	9	17	18	19	17	**80**
Capital budget	11	11	6	7	2	**37**
Data Governance						
Operating budget	3	3	3	3	2	**14**
Capital budget	12	23	6	-	-	**41**
Innovation Investment						
Operating budget	1	-	5	5	4	**15**

2019 RESULTS | 2020 ESTIMATE | 2021-2025 PLAN

Operating Budget

(in $ millions)	2019 Plan	2019 Actual	2020 Plan	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Personnel Costs									
Salary, fringe benefits and related costs (excluding pension expense)	259.1	244.7	268.9	263.7	287.5	281.6	283.6	289.0	292.5
Total Personnel Costs	**259.1**	**244.7**	**268.9**	**263.7**	**287.5**	**281.6**	**283.6**	**289.0**	**292.5**
Non-Personnel Costs									
Recruitment costs	1.9	0.4	1.6	1.6	0.8	0.8	0.8	0.8	0.8
Training	5.6	4.5	5.6	5.6	5.5	5.4	5.3	5.3	5.3
Transportation	8.2	7.2	8.2	3.5	4.2	4.1	4.1	4.1	4.1
Marketing and promotion	6.0	3.6	4.9	5.7	3.8	3.7	3.4	3.0	2.9
Hospitality and representation	0.9	0.9	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Professional and technical services	57.8	55.7	117.7	172.8	81.4	67.3	61.5	59.3	55.6
Telecommunication services	6.2	9.4	8.7	8.7	8.7	8.3	8.3	8.3	8.4
Computer services	128.3	130.9	142.2	149.6	154.7	161.1	157.9	149.4	145.0
Business premises	22.1	22.2	19.0	19.1	15.5	17.1	16.6	15.8	15.5
Rental, repair and maintenance	1.1	1.5	1.3	1.3	2.6	2.5	2.5	2.1	1.8
Materials and supplies	1.2	0.4	1.2	1.2	1.9	0.9	0.9	0.9	0.9
Recoveries	(6.1)	(11.4)	(5.6)	(11.9)	(7.1)	(7.1)	(7.1)	(7.0)	(7.1)
Inflation on non-personnel	-	-	-	-	-	0.3	1.4	3.1	5.2
Total Non-Personnel Costs	**233.2**	**225.3**	**305.6**	**358.0**	**272.7**	**265.1**	**256.3**	**245.8**	**239.1**
Contingencies									
General contingency	19.3	-	19.5	-	19.9	19.6	19.6	19.6	19.6
Lapse provision	(20.0)	-	(21.9)	-	(19.7)	(19.7)	(19.7)	(19.7)	(19.7)
Total Contingencies	**(0.7)**	**-**	**(2.4)**	**-**	**0.2**	**(0.1)**	**(0.1)**	**(0.1)**	**(0.1)**
Total Operating Budget (before pension expense)	**491.6**	**470.0**	**572.1**	**621.7**	**560.4**	**546.6**	**539.8**	**534.7**	**531.5**
Pension/post-employment expense	58.3	53.5	84.2	67.0	58.2	47.2	60.2	63.7	58.6
Total Operating Budget (incl. Pension Expense)	**549.9**	**523.5**	**656.3**	**688.7**	**618.6**	**593.8**	**600.0**	**598.4**	**590.1**
Less: Depreciation	(16.5)	(17.8)	(32.6)	(32.6)	(49.3)	(69.2)	(68.5)	(58.9)	(55.3)
Total Operating Budget	**533.4**	**505.7**	**623.7**	**656.1**	**569.3**	**524.6**	**531.5**	**539.5**	**534.8**

PENSION COSTS

Our defined benefit pension plan reflects the criteria of uniformity, risk sharing, competitiveness and cost control. The cost of the plan, including the cost for conditional indexation, is shared equally between employees and CMHC for both of the benefit accrual options offered in the plan design. The changes in the pension expense across the planning period reflect fluctuating discount rates used to estimate the expense. These fluctuating rates are due to the economic impact of COVID-19 and the estimated timeline for economic recovery. In general, a lower discount rate results in a higher present value of the cost of employees' service and therefore a higher pension expense.

2019 actual operating budget and performance at mid-year

- Actuals for 2019 were 5% lower than the plan largely due to a lower number of FTEs and higher than planned capitalization of technology investments.
- We are estimating spending in 2020 will be aligned to the plan.

Full-Time Equivalents (FTEs)

	2019 Plan	2019 Actual	2020 Plan	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Mortgage Insurance activity	929	883	964	927	991	901	847	825	824
Mortgage Funding activity	120	112	115	101	103	105	105	105	104
Assisted Housing activity	608	459	563	692	701	681	697	710	715
Housing Analysis and Research activity	408	387	459	418	419	427	430	430	410
Total	**2,065**	**1,841**	**2,101**	**2,138**	**2,214**	**2,114**	**2,079**	**2,070**	**2,053**

The short-term increase in FTEs for Mortgage Insurance activity is primarily due to the additional resources required to address the increase in underwriting activity as well as the expected increase in mortgage defaults and claims resulting from the COVID-19 pandemic. FTEs are expected to decrease in 2022 onward as new business volumes and claims decrease and we continue to streamline our underwriting and servicing activities over the planning period. The increase in FTEs for the Assisted Housing and Housing Analysis and Research activities in 2020 is due to the incremental resources required to deliver the NHS programs including RCFi, NHCF, Federal Community Housing Initiative (FCHI) phase 2, RHI, and the FTHBI, SEMP and HSC programs announced in Federal Budget 2019. A small portion of the increase in 2020 is due to the CECRA for small businesses program. FTEs for Assisted Housing and Housing Analysis and Research continue to increase over the planning period as some of the NHS programs reach their peak years. This is slightly offset by declining FTEs for the RHI, as well as the FTHBI and SEMP programs which begin to ramp down in 2023.

Appendix 1.2 – Capital Budget

The largest portion of our capital budget supports our lending activities and allows eligible borrowers to acquire and renovate existing housing or construct new housing under the various assisted housing programs of the NHA. The capital budget also authorizes CMHC to refinance privately financed social housing projects under our Assisted Housing activity.

Capital budget requirements for 2021 are $4.4 billion. Loans and investments related to the NHS initiatives as well as FTHBI and SEMP reflect slight delays resulting from the time required to receive, assess and finalize agreements for loan applications received. The increase for other assets reflects our investments in our new headquarters and our workspace technology, mainly our Mortgage Risking, CRM and Housing Data Exchange platforms.

The IMPP was announced in March 2020 as part of the Government's COVID-19 Economic Response Plan and authorizes CMHC to purchase up to $150 billion in insured mortgage pools until the end of 2020. Although forecasted IMPP issuances in 2020 are $20 billion, we could need the full $150 billion authority if the economic situation worsens and the demand for liquidity increases. There is no forecasted demand beyond 2020; however, this could change depending on the duration and magnitude of the COVID-19 pandemic. Extension of the $150 billion IMPP authority into 2021 would require the approval of the Minister of Finance.

2019 actual capital budget and performance at mid-year

- In 2019, we made capital commitments of $3 billion, which is $1.7 billion (37%) lower than plan due to lower commitments under RCFi, NHCF, FTHBI and SEMP as a result of delays in finalizing agreements in the first few years of the programs.
- For 2020, our capital commitments are projected to be $23.4 billion; $19.6 billion higher than plan due to the forecasted $20 billion commitment for IMPP, partially offset by timing adjustments for RCFi.

2019 RESULTS | 2020 ESTIMATE | 2021-2025 PLAN

Capital Budget

(in $ millions)	2019 Plan	2019 Actual	2020 Plan	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Direct Lending	205	153	152	164	227	171	172	164	163
Innovation Fund	117	48	82	82	15	-	-	-	-
RCFi	2,253	1,701	2,486	2,100	2,459	1,750	1,500	1,250	1,000
NHCF	1,840	887	474	474	1,012	920	1,181	1,063	1,063
FTHBI and SEMP	130	56	522	522	527	217	23	5	-
Other	27	9	16	17	15	14	14	14	14
Total loans and investments (excl. IMPP)	**4,572**	**2,854**	**3,732**	**3,359**	**4,255**	**3,072**	**2,890**	**2,496**	**2,240**
IMPP	-	-	-	20,000	-	-	-	-	-
Total loans and investments (incl. IMPP)	**4,572**	**2,854**	**3,732**	**23,359**	**4,255**	**3,072**	**2,890**	**2,496**	**2,240**
Business premises	2	2	2	2	2	2	2	2	2
Capital leases	-	1	1	-	2	2	-	-	4
Workplace transformation	64	84	38	18	5	9	11	-	-
Computer software and intangible assets	42	28	65	61	104	63	24	19	14
Total business premises and intangible assets	**108**	**115**	**106**	**81**	**113**	**76**	**37**	**21**	**20**
Total capital budget (excl. IMPP)	**4,680**	**2,969**	**3,838**	**3,440**	**4,368**	**3,148**	**2,927**	**2,517**	**2,260**
Total capital budget (incl. IMPP)	**4,680**	**2,969**	**3,838**	**23,440**	**4,368**	**3,148**	**2,927**	**2,517**	**2,260**

Appendix 1.3 – Borrowing Plan

CMHC borrows in the normal course of its business to finance loans and investments in housing and to meet its liquidity needs. CMHC borrows following the establishment of a commitment to fund loans under various programs discussed below.

SUMMARY

As part of Canada's COVID-19 Economic Response Plan, the Government announced proactive and coordinated measures to ensure the health of our financial system and economy. These measures include the launch of the IMPP under which the Government stands ready to purchase up to $150 billion of insured mortgage pools through CMHC.

In 2020, we expect long-term incremental borrowings to reach $30.8 billion of the $174 billion amended authority granted in 2020, the IMPP accounting for $20 billion of the estimated new borrowing volume. Lower than planned volumes are expected due to delays in the implementation of new programs and projects as the construction workforce was impacted by COVID-19 for both RCFi and the NHCF.

Total borrowings for 2020 is expected to reach approximately $36 billion consisting of $10.8 billion to finance all lending programs and investments in housing, $20 billion to re-finance the Canadian Insured Mortgage Market through the IMPP and up to $4.9 billion in short-term borrowings to support corporate cash and liquidity management needs.

Maximum borrowings outstanding for 2021 is forecasted to reach approximately $20 billion to finance all lending programs and investments in housing, including up to $5.4 billion for cash and liquidity management. This is an increase in total expected maximum long-term debt outstanding of $2.7 billion over 2020 estimates, mainly driven by anticipated RCFi activities.

All borrowings are for the calendar year unless otherwise stated.

Borrowing Authority

CMHC's funding activities are governed by section 21 of the *Canada Mortgage and Housing Corporation Act* and section 127 of the *Financial Administration Act* (FAA). Those activities must also comply with the Minister of Finance's *Financial Risk Management Guidelines for Crown Corporations*.

Under subsection 21(2) of the *Canada Mortgage and Housing Corporation Act*, CMHC is subject to a statutory borrowing authority constraint, which limits borrowings other than from the Crown to a maximum amount of $15 billion, unless Parliament authorizes additional amounts. Under subsection 21(1), at the request of the Corporation, the Minister of Finance may lend money to the Corporation out of the Consolidated Revenue Fund on any terms and conditions that the Minister may fix.

In accordance with subsection 127(3) of the FAA, CMHC requires the approval of the Minister of Finance to enter into any particular transaction to borrow money, including the time and the terms and conditions of the transaction. This appendix outlines the borrowing plan that is subject to Minister of Finance approval.

CMHC requests the following authorities:

Short-Term Borrowings to Be Undertaken in 2021

- To access overdraft facilities in place with private sector financial institutions amounting to $4 billion intraday and $300 million overnight; and
- To borrow short-term from the CBP up to a maximum outstanding of $6 billion.

Additional short-term borrowings may be required to meet liquidity requirements under CMHC's mortgage funding guarantee programs.

Long-Term Borrowings to Be Undertaken in 2021

- To borrow new long-term borrowings not exceeding $5 billion through the CBP.

No IMPP funding is expected for 2021. In the event that market conditions and financial institutions require funding through this program, CMHC may need access to the unused portion of the $150 billion funding commitment, subject to the approval of the Minister of Finance. The ability to access this funding without delay is crucial in order to respond to market conditions during these uncertain times and contribute to the stability of our financial system.

CMHC may need to borrow sums of money beyond the requested authority should it be called upon to respond to unanticipated events that pose risks to the housing or financial markets, such as those experienced as part of the COVID-19 pandemic and the global financial crisis. Under section 127(3) of the FAA, the Corporation may seek additional borrowings from the Minister of Finance provided its total indebtedness outstanding at any time in respect of such borrowings does not exceed any statutory limit.

DIRECT LENDING

Direct Lending loans help ensure the lowest risk-adjusted financing costs for eligible social housing projects on a sustained long-term basis. Direct Lending mortgages do not offer prepayment options and typically carry a term of 5 or 10 years. Asset-liability management is conducted through market transactions and/or borrowings. Principal repayments for reinvestment had a current market value of $1.1 billion as at March 31, 2020 (see the Assisted Housing Investment Plan in the Financial Overview chapter for more details).

2020 Borrowings: $839 million in new borrowings including $164 million to finance new loans, and up to $100 million short-term borrowings outstanding to manage the liquidity needs of the program. Direct Lending 2020 funding estimates have increased by $93 million versus the original plan mainly due to renewed loans for non-profit rental housing projects in First Nation communities.

2021 Borrowings: $659 million in new borrowings consisting of approximately $227 million to finance new loans, and up to $100 million in short-term borrowings outstanding to manage the liquidity requirements of the program.

RENTAL CONSTRUCTION FINANCING INITIATIVE (RCFi)

The purpose of this initiative, totalling $13.75 billion, remains to encourage the construction of purpose-built rental housing in high-priced markets by making low-cost capital available to municipalities and housing developers during the earliest and most risky phases of development. Funding for these loans is through long-term borrowings. Total funding under the RCFi as at March 31, 2020, was $2.2 billion of which the total principal undrawn and reinvested amounted to $1.5 billion.

2020 Borrowings: Up to $2.1 billion in new borrowings. RCFi borrowing estimates dropped by $405 million compared to the original plan due to timing of signed loan agreements and delays in construction resulting from COVID-19. Unused borrowing capacity has been reprofiled and assigned over the planning period, subject to the approval of the Minister of Finance.

2021 Borrowings: Up to $2.4 billion in new borrowings.

NATIONAL HOUSING CO-INVESTMENT FUND (NHCF)

The Federal Government committed up to $8.65 billion in loans over 10 years starting in fiscal year 2018-2019. The purpose of this program is to increase housing supply by partnering with other organizations to ensure Canadians across the country can access housing that meets their needs and that they can afford. As at March 31, 2020, total borrowings under this program amounted to $143 million of which $59 million was undrawn by proponents and reinvested.

2020 Borrowings: Up to $887 million in new borrowings, which is $413 million higher than the original plan due to increasing market demand.

2021 Borrowings: Up to $974 million in new borrowings.

FIRST-TIME HOME BUYER INCENTIVE (FTHBI)

In Budget 2019, the Federal Government introduced the FTHBI to help make homeownership more affordable for Canadians while maintaining prudent safeguards around Canadians' homeownership decisions. Under this program, eligible first-time homebuyers who qualify for an insured mortgage can apply for a 5% or 10% shared equity mortgage for a newly constructed home or a 5% shared equity mortgage for an existing home, which reduces their monthly homeownership cost.

Launched in September 2019 and running until March 31, 2022, funding of $1.25 billion will be available to Canadians for just over 2.5 years. Funding for the FTHBI consists of short-term borrowings rolled forward periodically on a net basis, that is total funding minus repayments. As at March 31, 2020, total FTHBI funding outstanding amounted to $72.5 million.

2020 Borrowings: Up to $556 million included in short-term borrowings, which is $69 million lower than original plan due to lower demand for the program.

2021 Borrowings: Up to $1.1 billion included in short-term borrowings.

SHARED EQUITY MORTGAGE PROVIDER FUND (SEMP)

In some regions, non-profit and other third parties currently provide shared equity mortgages. To support housing affordability, the Federal Government announced in Budget 2019 new funding to help grow the shared equity mortgage segment which helps more Canadians achieve affordable homeownership. Launched in July 2019, the Federal Government has committed up to $100 million over 5 years in lending to existing and future third-party shared equity mortgage providers through this program. As at March 31, 2020, total borrowings under the program were nil.

2020 Borrowings: Up to $22 million in new borrowings, which is $5 million lower than the original plan due to the limited market size and relative uniqueness of the program.

2021 Borrowings: Up to $28 million in new borrowings.

OTHER LOANS AND INVESTMENTS IN HOUSING PROGRAMS

Funds to support other loans and investments in our former existing housing programs were previously borrowed through the Consolidated Revenue Fund (CRF). No new advances are being made and balances decline over time as these loans mature. A small amount of short-term borrowings from the Crown Borrowing Program (CBP) is budgeted for liquidity purposes.

MUNICIPAL INFRASTRUCTURE LENDING PROGRAM (MILP)

The MILP received long-term funding (up to 30 years) through the CBP. These borrowings are matched with the amortization of MILP loans and closed to prepayment. A spread was added to the CBP borrowing rate to compensate for the credit risk of the municipalities. Under the MILP, which ran over a 2-year period ending March 31, 2011, CMHC provided loans of $2 billion to support housing-related municipal infrastructure. Total borrowings outstanding under the MILP was $1.0 billion as at March 31, 2020.

CASH AND LIQUIDITY MANAGEMENT

Short-term CBP borrowings are used to manage daily cash and liquidity requirements (including potential obligations related to the timely payment guarantee for our mortgage funding programs). In addition, CMHC maintains two separate $2 billion intraday overdraft facilities plus access to $300 million through overnight overdraft facilities with private sector financial institutions for cash management, operational and liquidity purposes. The cash and liquidity management methodology complies with our liquidity policy, outlined at the end of this appendix, which requires that we broadly maintain liquidity sufficient to cover needs for 5 days.

2020 Borrowings:

- Short-term borrowings: cash and liquidity management, lending and other loans and investments in housing up to $4.9 billion outstanding, including up to $556 million outstanding for the FTHBI. Short-term 2020 borrowing estimates are $69 million lower than planned driven by lower demand for the FTHBI.
- Overdraft facilities up to $4 billion intraday and up to $300 million overnight.

2021 Borrowings:

- Short-term borrowings: cash and liquidity management, lending and other loans and investments in housing up to $5.4 billion outstanding, including up to $1.1 billion outstanding for the FTHBI.
- Overdraft facilities up to $4 billion intraday and up to $300 million overnight.

INSURED MORTGAGE PURCHASE PROGRAM (IMPP)

The IMPP is an emergency program launched as part of the Government of Canada's COVID-19 Economic Response Plan. The program allows CMHC to purchase up to $150 billion of insured mortgages pooled into NHA MBS directly from financial institutions. This provides financial institutions with funding so that they can continue to offer loans to businesses and Canadians that may require access to credit during the COVID-19 pandemic. As of June 30, 2020, total funding issued to financial institutions under the IMPP amounted to $5.8 billion.

2020 Borrowings: Financial institutions funding under the IMPP for calendar year 2020 is expected to reach $20 billion. Borrowing estimates under this program are contingent upon financial institutions' need for additional funding driven by the COVID-19 pandemic.

2021 Borrowings: No IMPP funding is expected to take place in 2021.

IMPP projected volumes reflect anticipated market demand for liquidity which is difficult to predict. Significant deviation from forecast is possible. CMHC's authorities may need to be extended into 2021 due to the uncertainty of the impacts of the COVID-19 pandemic, subject to the approval of the Minister of Finance.

The following tables provide outstanding short and long-term borrowings as of December 31, and peak borrowings during the year:

Outstanding Borrowings as of December 31

(in $ millions)	2019 Actual	2020 Estimate	2021 Requested	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Short-term borrowings							
Cash and liquidity management[1]	-	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	41	100	100	100	100	100	100
Other loans and investments	-	200	200	200	200	200	200
FTHBI[2]	37	556	1,056	1,250	1,250	1,250	1,250
Total short-term borrowings[3]	**78**	**4,856**	**5,356**	**5,550**	**5,550**	**5,550**	**5,550**
Long-term borrowings							
Direct Lending	4,200	3,571	3,187	3,132	3,047	3,077	2,460
Other loans and investments	1,643	1,434	1,263	1,146	988	786	624
MILP	973	841	728	629	526	419	313
RCFi[4]	1,906	3,987	6,357	8,284	9,847	11,160	12,223
NHCF[5]	44	931	1,905	2,950	4,169	5,365	6,532
SEMP[6]	-	22	50	72	94	100	100
Total long-term borrowings excl. IMPP	**8,766**	**10,786**	**13,490**	**16,213**	**18,671**	**20,907**	**22,252**
Total borrowings excl. IMPP	**8,844**	**15,642**	**18,846**	**21,763**	**24,221**	**26,457**	**27,802**
IMPP[7]	-	20,000	20,000	20,000	20,000	20,000	-
Total long-term borrowings incl. IMPP	**8,766**	**30,786**	**33,490**	**36,213**	**38,671**	**40,907**	**22,252**
Total borrowings incl. IMPP	**8,844**	**35,642**	**38,846**	**41,763**	**44,221**	**46,457**	**27,802**

1 Includes $4 billion contingency borrowing capacity to support calls on timely payment guarantee and other unforeseen liquidity needs.

2 Borrowings under FTBHI may consist of short-term borrowings up to the portion of the commitment amount utilized over the life of the program. Borrowings outstanding under this program are not to exceed $1.25 billion over the 3-year life of the program.

3 All short-term borrowings are in Canadian dollars.

4 RCFi borrowings consist of long-term borrowings. Total borrowings under this program are not to exceed $13.75 billion over the life of the program which was extended to fiscal year 2027-2028.

5 NHCF borrowings consist of long-term borrowings. Total borrowings under this program are not to exceed $8.65 billion over the life of the program which extends to fiscal year 2027-2028.

6 Borrowings under SEMP may consist of long-term borrowings. Borrowings under this program are not to exceed $100 million over the 5-year life of the program which began in fiscal year 2019-2020.

7 CMHC has the authority to issue up to $150 billion in IMPP although expected take-up in 2020 is much lower.

Peaks at Any Point during the Year

(in $ millions)	2019 Actual	2020 Estimate	2021 Requested	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Split by program							
Line of credit	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Short-term borrowings	**78**	**4,856**	**5,356**	**5,550**	**5,550**	**5,550**	**5,550**
Cash and liquidity management[1]	-	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	41	100	100	100	100	100	100
Other loans and investments	-	200	200	200	200	200	200
FTHBI[2]	37	556	1,056	1,250	1,250	1,250	1,250
Long-term borrowings	**10,313**	**12,295**	**14,517**	**16,703**	**19,188**	**21,351**	**23,090**
Direct Lending	5,420	4,939	4,130	3,606	3,503	3,412	3,230
Other loans and investments	1,839	1,443	1,234	1,063	946	788	586
MILP	1,104	973	841	728	629	526	419
RCFi[3]	1,906	3,987	6,357	8,284	9,847	11,160	12,223
NHCF[4]	44	931	1,905	2,950	4,169	5,365	6,532
SEMP[5]	-	22	50	72	94	100	100
Maximum outstanding borrowings							
Cash and liquidity management[1]	-	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	5,461	5,039	4,230	3,706	3,603	3,512	3,330
Other loans and investments	1,839	1,643	1,434	1,263	1,146	988	786
MILP	1,104	973	841	728	629	526	419
RCFi[3]	1,906	3,987	6,357	8,284	9,847	11,160	12,223
NHCF[4]	44	931	1,905	2,950	4,169	5,365	6,532
FTHBI	37	556	1,056	1,250	1,250	1,250	1,250
SEMP[5]	-	22	50	72	94	100	100
Total maximum outstanding borrowings excl. IMPP	**10,391**	**17,151**	**19,873**	**22,253**	**24,738**	**26,901**	**28,640**
IMPP[6]	-	20,000	-	-	-	-	-
Total maximum outstanding borrowings incl. IMPP	**10,391**	**37,151**	**19,873**	**22,253**	**24,738**	**26,901**	**28,640**

1 Includes $4 billion contingency borrowing capacity to support calls on the timely payment guarantee and other unforeseen liquidity needs.

2 Borrowings under FTBHI may consist of short-term borrowings up to the portion of the commitment amount utilized over the life of the program. Borrowings outstanding under this program are not to exceed $1.25 billion over the 3-year life of the program.

3 RCFi borrowings consist of long-term borrowings. Total borrowings under this program are not to exceed $13.75 billion over the life of the program which was extended to fiscal year 2027-2028.

4 NHCF borrowings consist of long-term borrowings. Total borrowings under this program are not to exceed $8.65 billion over the life of the program which extends to fiscal year 2027-2028.

5 Borrowings under SEMP may consist of long-term borrowings. Borrowings under this program are not to exceed $100 million over 5-year life of the program which began in fiscal year 2019-2020.

6 CMHC has the authority to issue up to $150 billion in IMPP although expected take-up in 2020 is much lower.

Long-Term Borrowings as at December 31

(in $ millions)	2019 Actual	2020 Estimate	2021 Requested	2022 Projected	2023 Projected	2024 Projected	2025 Projected
Opening balance	8,332	8,766	10,786	13,490	16,213	18,671	20,907
Maturities	**(1,588)**	**(1,809)**	**(1,327)**	**(790)**	**(817)**	**(744)**	**(1,138)**
Direct Lending	(1,261)	(1,468)	(1,043)	(574)	(556)	(435)	(870)
Other loans and investments	(196)	(209)	(171)	(117)	(158)	(202)	(162)
MILP	(131)	(132)	(113)	(99)	(103)	(107)	(106)
RCFi[1]	-	-	-	-	-	-	-
NHCF[2]	-	-	-	-	-	-	-
SEMP[3]	-	-	-	-	-	-	-
New issuances	**2,022**	**3,829**	**4,031**	**3,513**	**3,275**	**2,980**	**2,483**
Direct Lending	471	839	659	519	471	465	253
RCFi[1]	1,507	2,081	2,370	1,927	1,563	1,313	1,063
NHCF[2]	44	887	974	1,045	1,219	1,196	1,167
SEMP[3]	-	22	28	22	22	6	-
Total excl. IMPP	**8,766**	**10,786**	**13,490**	**16,213**	**18,671**	**20,907**	**22,252**
IMPP[4]							
Opening balance	-	-	20,000	20,000	20,000	20,000	20,000
Retirements	-	-	-	-	-	-	(20,000)
New issuances	-	20,000	-	-	-	-	-
Total IMPP	**-**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**	**-**
Total incl. IMPP	**8,766**	**30,786**	**33,490**	**36,213**	**38,671**	**40,907**	**22,252**
Split by type							
Fixed-rate	8,766	30,786	33,490	36,213	38,671	40,907	22,252
Floating-rate	-	-	-	-	-	-	-
Total incl. IMPP	**8,766**	**30,786**	**33,490**	**36,213**	**38,671**	**40,907**	**22,252**

1 RCFi borrowings consist of long-term borrowings. Total borrowings under this program are not to exceed $13.75 billion over the life of the program which was extended to fiscal year 2027-2028.

2 NHCF borrowings consist of long-term borrowings. Total borrowings under this program are not to exceed $8.65 billion over the life of the program which extends to fiscal year 2027-2028.

3 Borrowings under SEMP may consist of long-term borrowings. Borrowings under this program are not to exceed $100 million over the 5-year the life of the program which began in fiscal year 2019-2020.

4 CMHC has the authority to issue up to $150 billion in IMPP although expected take-up in 2020 is much lower.

Information on Existing Leases as of December 31

CMHC does not plan to enter into any lessee arrangements greater than the regulatory threshold, and therefore does not seek such approval from the Minister of Finance.

Liquidity Policy

Under our liquidity policy, liquidity must be held that is equal to at least one week's forecasted cash requirements. Projected operating cash requirements are determined through cash forecast models that are updated weekly.

Only the mortgage funding timely payment guarantee poses a significant potential liquidity risk to CMHC. Any corporate assets, reserves and means under any of our business lines and programs (and not specifically designated for mortgage funding purposes) can be used to satisfy a call on a timely payment guarantee. We will look to the Department of Finance through the CBP for amounts beyond its internal sources of liquidity if there is a need to satisfy a call on the timely payment guarantee.

We assess potential liquidity requirements on an actual and forecast basis, and maintain access to sufficient liquidity to meet the largest exposure to a single counterparty on any program payment date. We do so while taking into consideration market conditions, available cash, overdraft facilities, program lines of credit, market value of securities in the investment portfolios and borrowing authorities provided by the Minister of Finance and the terms of the CBP. Borrowings beyond those contemplated in the borrowing plan for cash and liquidity management purposes required to meet the obligations of the timely payment guarantee would require additional authorities from the Minister of Finance.

Appendix 1.4 – Financial Statements and Notes

BASIS OF PRESENTATION

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards in effect at December 31, 2019, as issued by the International Accounting Standards Board (IASB). CMHC's operating activities include assisted housing, mortgage insurance and mortgage funding. Housing analysis and research is not a separate activity; rather, their costs are allocated to our operating activities. Refer to our 2019 Annual Report for complete details on our significant accounting policies.

For all activities, revenues are attributed to, and assets are located in, Canada.

SIGNIFICANT ACCOUNTING POLICIES

There are no new standards issued by the IASB within the past year that impact CMHC's 2021-2025 Corporate Plan.

CONSOLIDATED BALANCE SHEETS

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Assets							
Cash and cash equivalents	922	707	411	111	1	2	2
Accrued interest receivable	737	324	355	400	478	590	697
Investment securities:							
Fair value through profit or loss	809	426	168	123	111	109	105
Fair value through other comprehensive income	20,633	21,866	23,011	20,256	19,909	19,631	18,979
Amortized cost	947	2,687	3,432	3,159	2,889	2,680	2,566
Derivatives	68	27	77	27	4	1	-
Due from the Government of Canada	249	204	219	228	238	240	232
Loans:							
Fair value through profit or loss	1,331	1,109	1,171	1,302	1,299	1,336	1,316
Amortized cost	249,439	283,326	286,354	282,405	276,646	279,229	267,246
Accounts receivable and other assets	848	2,083	2,392	3,229	2,943	3,057	3,109
Investment property	276	272	277	283	288	294	300
Deferred income tax assets	-	-	-	-	-	-	-
Total assets	**276,259**	**313,031**	**317,872**	**311,523**	**304,806**	**307,178**	**294,863**
Liabilities							
Accounts payable and other liabilities	796	700	737	727	729	754	712
Accrued interest payable	591	237	293	365	461	585	700
Derivatives	8	4	1	-	83	205	251
Provision for claims	407	1,422	1,006	580	365	278	253
Borrowings:							
Fair value through profit or loss	2,374	1,145	474	390	227	149	21
Amortized cost	249,741	286,447	290,758	286,931	281,215	283,721	271,704
Defined benefit plans liability	449	459	310	469	444	257	202
Unearned premiums and fees	7,151	8,134	8,761	8,912	9,068	9,169	9,298
Deferred income tax liabilities	129	55	249	254	287	325	320
Total liabilities	**261,646**	**298,603**	**302,589**	**298,628**	**292,879**	**295,443**	**283,461**
Equity of Canada							
Contributed capital	25	25	25	25	25	25	25
Accumulated other comprehensive income (loss)	247	(674)	315	273	211	128	(275)
Retained earnings	14,247	14,997	14,890	12,551	11,659	11,545	11,590
Reserve fund	94	80	53	46	32	37	62
Total equity of Canada	**14,613**	**14,428**	**15,283**	**12,895**	**11,927**	**11,735**	**11,402**
Total liabilities and equity of Canada	**276,259**	**313,031**	**317,872**	**311,523**	**304,806**	**307,178**	**294,863**

NOTES TO THE CONSOLIDATED BALANCE SHEETS

CMHC's assets, liabilities and equity are derived from our three main operating activities. A breakdown by activity is provided below.

Assisted Housing

Total assets of $9.7 billion at December 31, 2019, increase over the planning period to $25.9 billion due to the significant take-up of our lending programs generated by the NHS initiatives including RCFi and NHCF, as well as the FTHBI and SEMP. Total liabilities also increase as we borrow from the Government's CBP to finance our lending programs.

Total equity increases over the planning period as our annual net income and accumulated other comprehensive income increase. Refer to the Assisted Housing section of the Notes to the Consolidated Statement of Equity for details.

Commercial Operations

Mortgage Insurance

Total assets of $18.6 billion at December 31, 2019, decrease to $15.3 billion over the planning period, after peaking in 2021 at $19.7 billion. The increase is due to a large investment balance as we temporarily suspended our dividend payments to the Government of Canada in the short term in response to the uncertainty of the COVID-19 pandemic. Total assets then decline over the remainder of the planning period due to possible dividends that decrease the investment balance. The reintroduction of the dividend assumes that OSFI will lift its current restrictions on dividend increases and special dividends by 2022.

Total liabilities increase from $6.5 billion at December 31, 2019, to $7.9 billion in 2020, and then decrease until 2025. The short-term increase is mainly due to the revised provision for claims in 2020 as a result of the COVID-19 pandemic and economic outlook. The provision then decreases in future years as economic assumptions improve and our transactional insurance business portfolio continues to decline. Government of Canada fees payable remains relatively stable except for increases in 2020 and 2021, as portfolio and transactional homeowner volumes increase in these years. Unearned premiums and fees increase from $5.5 billion at December 31, 2019, to $6.6 billion in 2025 mainly due planned growth in multi-unit properties.

Possible dividend declarations in the outer years decrease total equity from $12.1 billion at December 31, 2019, to $8.0 billion in 2025 as our capital requirements decline to reflect reduced insurance-in-force for the transactional mortgage insurance business and continued improvement in risk level. Additionally, excess capital is assumed to be returned to the Government beginning in 2022.

Mortgage Funding

Total assets increase from $249.0 billion at December 31, 2019, to $254.1 billion in 2025, peaking at $283.0 billion in 2021 due to the mortgages purchased through the IMPP. The $5 billion increase over the planning period is mainly due to the net impact of issuances and maturities of securities held in the Canada Housing Trust (CHT) as well as an increase in deferred Government of Canada guarantee fees to compensate for timely payment guarantee risks.

Total liabilities increase from $246.7 billion at December 31, 2019, to $251.6 billion in 2025, mainly due to the net impact of issuances and maturities of securities held in CHT, as well as an increase in unearned MBS and CMB guarantee fees resulting from increasing NHA MBS guaranteed volumes.

Total equity increases from $2.3 billion at December 31, 2019, to $2.5 billion in 2025, due to increasing net income that is partially offset by possible dividend declarations.

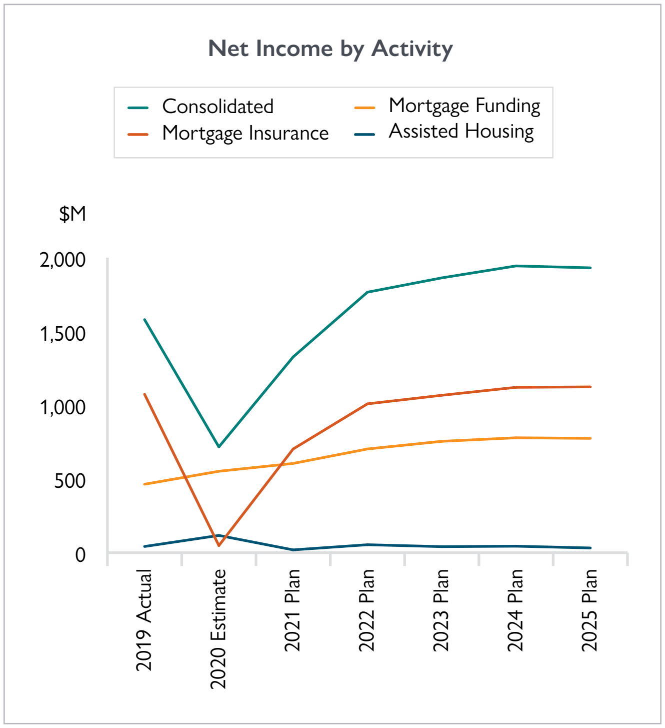
CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND EQUITY OF CANADA

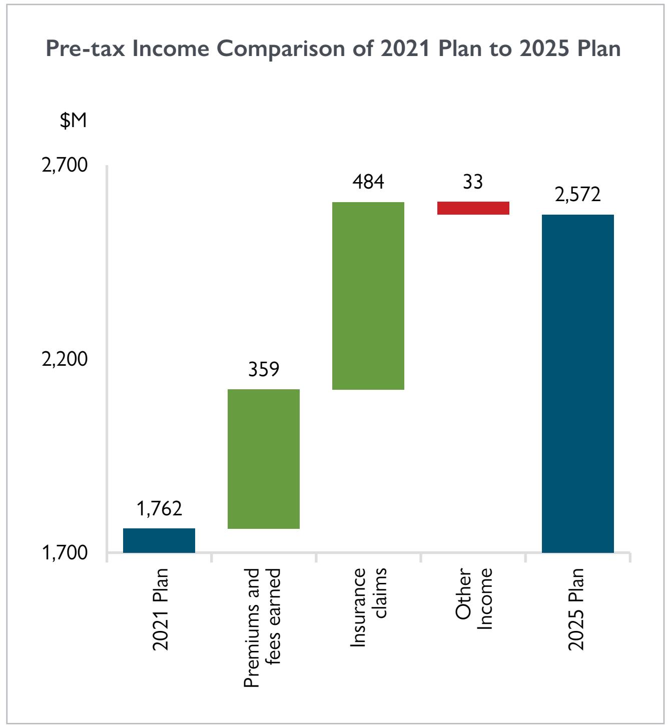
(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Interest income	5,447	1,558	1,959	2,184	2,742	3,503	4,480
Interest expense	5,379	1,508	1,738	2,045	2,548	3,254	4,176
Net interest income	**68**	**50**	**221**	**139**	**194**	**249**	**304**
Non-interest revenues and government funding							
Government funding for housing programs	2,039	5,956	3,232	2,860	2,982	2,994	2,923
Premiums and fees earned	2,011	2,022	2,190	2,374	2,482	2,534	2,549
Investment income	483	448	518	550	516	524	542
Net gains (losses) on financial instruments	112	280	(123)	38	(106)	(177)	(279)
Other income	24	50	47	42	45	54	42
Total revenues and government funding	**4,737**	**8,806**	**6,085**	**6,003**	**6,113**	**6,178**	**6,081**
Non-interest expenses							
Housing programs	1,829	5,567	2,962	2,617	2,733	2,734	2,680
Insurance claims	191	1,487	631	341	201	154	147
Operating expenses	613	807	730	694	700	705	682
Total expenses	**2,633**	**7,861**	**4,323**	**3,652**	**3,634**	**3,593**	**3,509**
Income before income taxes	2,104	945	1,762	2,351	2,479	2,585	2,572
Income taxes	524	228	435	585	616	641	641
Net income	**1,580**	**717**	**1,327**	**1,766**	**1,863**	**1,944**	**1,931**
Other comprehensive income (loss), net of tax							
Items that will be subsequently reclassified to net income							
Net unrealized gains (losses) from debt instruments held at fair value through other comprehensive income	219	(731)	1,005	28	(44)	(66)	(417)
Reclassification of gains (losses) on debt instruments held at fair value through other comprehensive income on disposal in the year	23	(190)	(16)	(70)	(18)	(17)	14
Total items that will be subsequently reclassified to net income	**242**	**(921)**	**989**	**(42)**	**(62)**	**(83)**	**(403)**
Items that will not be subsequently reclassified to net income							
Net unrealized (losses) from equity securities designated at fair value through other comprehensive income	(2)	-	3	3	3	4	5
Remeasurement gains (losses) on defined benefit plans	(68)	19	116	(165)	(2)	163	324
Total items that will not be subsequently reclassified to net income	**(70)**	**19**	**119**	**(162)**	**1**	**167**	**329**
Other comprehensive income (loss), net of tax	**172**	**(902)**	**1,108**	**(204)**	**(61)**	**84**	**(74)**
Comprehensive income	**1,752**	**(185)**	**2,435**	**1,562**	**1,802**	**2,028**	**1,857**
Contributed capital	**25**	**25**	**25**	**25**	**25**	**25**	**25**
Accumulated other comprehensive income (loss)							
Balance at beginning of year	5	247	(674)	315	273	211	128
Other comprehensive income (loss)	242	(921)	989	(42)	(62)	(83)	(403)
Balance at end of year	**247**	**(674)**	**315**	**273**	**211**	**128**	**(275)**
Retained earnings							
Balance at beginning of year	14,740	14,247	14,997	14,890	12,551	11,659	11,545
Net income	1,580	717	1,327	1,766	1,863	1,944	1,931
Other comprehensive income (loss)	(70)	19	119	(162)	1	167	329
Possible dividends declared[1]	(2,020)	-	(1,580)	(3,950)	(2,770)	(2,220)	(2,190)
Transferred to retained earnings	17	14	27	7	14	(5)	(25)
Balance at end of year	**14,247**	**14,997**	**14,890**	**12,551**	**11,659**	**11,545**	**11,590**
Reserve fund							
Balance at beginning of year	111	94	80	53	46	32	37
Transferred from retained earnings	(17)	(14)	(27)	(7)	(14)	5	25
Balance at end of year	**94**	**80**	**53**	**46**	**32**	**37**	**62**
Equity of Canada	**14,613**	**14,428**	**15,283**	**12,895**	**11,927**	**11,735**	**11,402**

[1] The surplus capital available for possible dividend declaration is based on a number of assumptions. The amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria in our dividend proposal approved by the Board. Possible future special dividends are dependent on OSFI lifting its current restrictions in response to the COVID-19 pandemic. We assume OSFI's guidance will be in place for the duration of 2021. When the latter restrictions are lifted and we are comfortable from a capital perspective, we may release excess capital. However, should the situation not improve or deteriorate further, we may manage our capital differently.

NOTES TO THE CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Our income is mostly generated from our commercial activities. Although net income is projected to decrease in 2020, we expect it to increase over the remainder of the planning period, returning to pre-pandemic levels in 2022 and leveling off by 2024. The increase in pre-tax net income is mainly due to a reduction in insurance claims and an increase in premiums and fees earned from our Mortgage Funding activity resulting from pricing changes that take effect in 2021.





Assisted Housing

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Net interest income	4	17	194	114	173	232	290
Government funding for housing programs	2,039	5,956	3,232	2,860	2,982	2,994	2,923
Net other income (loss)[1]	74	148	(156)	(26)	(98)	(156)	(226)
Total revenues and government funding	**2,117**	**6,121**	**3,270**	**2,948**	**3,057**	**3,070**	**2,987**
Housing programs	1,829	5,567	2,962	2,617	2,733	2,734	2,680
Operating expenses[2]	238	406	286	258	270	281	264
Total expenses	**2,067**	**5,973**	**3,248**	**2,875**	**3,003**	**3,015**	**2,944**
Income before income taxes	50	148	22	73	54	55	43
Income taxes	8	31	3	19	13	11	11
Net income	**42**	**117**	**19**	**54**	**41**	**44**	**32**

[1] Other income includes net gains (losses) on financial instruments and other income.

[2] Refer to the financial highlights table for operating expenses related only to housing programs.

Housing programs operate on a break-even basis as appropriations equal expenditures each year. Although lending programs are intended to operate on a break-even basis, accounting adjustments and some elements of our operating expenses do not perfectly offset which results in fluctuations to net income.

Government funding increases significantly in 2020 due to the CECRA for small businesses program and the RHI, then decreases and remains relatively consistent over the remainder of the planning period as the NHS programs fund their peak program years.

Net interest income increases over the planning period mainly due to the amortization of day one losses on the NHCF loans issued at lower than market interest rates that is included in interest income. This is partially offset by the amortization of day one gains resulting from below market rate borrowings under the CBP for both the RCFi and NHCF that is included in interest expense.

In 2020, net other income increases due to the day one unrealized gains on the RCFi and NHCF. It then decreases and becomes a loss over the planning period, as the NHCF loans continue to fund and the amortization of their deferred day one losses increases.

Total Parliamentary Appropriation Funding

We receive parliamentary appropriations in support of the various activities that we are mandated to deliver. Included in the parliamentary appropriations is funding for our commercial operations and lending activities that are earned as part of regular operations within these activities. This funding is removed in order to present Government funding for housing programs. Also included in 2020 and 2021 is emergency funding provided to Granville Island in response to the COVID-19 pandemic. Refer to the section below on Granville Island for more information.

The following table provides details on the funding that is allocated and accounted for directly within our different business activities and Granville Island.

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Parliamentary appropriations	2,057	6,185	3,530	3,091	3,217	3,247	3,138
Allocated to commercial operations	(18)	(62)	(87)	(83)	(84)	(84)	(70)
Allocated to lending activities	-	(156)	(205)	(148)	(151)	(169)	(145)
Emergency COVID-19 funding for Granville Island	-	(11)	(6)	-	-	-	-
Total Government funding for housing programs	**2,039**	**5,956**	**3,232**	**2,860**	**2,982**	**2,994**	**2,923**

Housing Analysis, Research and Data

Housing analysis, research and data activities are cost-recovered from our Assisted Housing activity's parliamentary appropriations as well as from CMHC's commercial operations.

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Assisted housing recovery	97	120	115	168	201	173	106
Commercial operations recovery	18	23	25	35	39	39	38
Total revenue	**115**	**143**	**140**	**203**	**240**	**212**	**144**
Market analysis [1]	54	56	43	44	47	48	47
Housing research and data [2]	61	87	97	159	193	164	97
Total expenses	**115**	**143**	**140**	**203**	**240**	**212**	**144**
Net income	**-**	**-**	**-**	**-**	**-**	**-**	**-**

1 Includes market analysis and survey costs recovered from commercial operations and the Assisted Housing activity.

2 Includes funding for Housing Supply Challenge announced in the 2019 Federal Budget and approved by Treasury Board in April 2020. Also includes investments in the Housing Data Exchange, which is cost recovered from commercial operations and the Assisted Housing activity.

We continue investing resources to support the implementation of the NHS housing research, data and innovation initiatives. This includes the National Housing Council that will provide advice to the Minister responsible for CMHC related to the NHS. The estimated increase in 2020 over 2019 reflects a higher allocated pension expense. The increase over the planning period is driven primarily by funding for the HSC initiative announced in Budget 2019. Also reflected is additional investment in our Housing Data Exchange, expanding on the initial investment provided through the NHS-Research and Data Initiative.

Commercial Operations

Mortgage Insurance

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Premiums and fees earned	1,429	1,359	1,417	1,483	1,513	1,537	1,540
Investment income	446	389	447	480	447	450	456
Other income[1]	92	127	65	77	16	12	(3)
Total revenues	**1,967**	**1,875**	**1,929**	**2,040**	**1,976**	**1,999**	**1,993**
Insurance claims	191	1,487	631	341	201	154	147
Operating expenses	312	335	377	368	362	358	352
Total expenses	**503**	**1,822**	**1,008**	**709**	**563**	**512**	**499**
Income before income taxes	1,464	53	921	1,331	1,413	1,487	1,494
Income taxes	368	11	227	329	350	369	371
Net income	**1,096**	**42**	**694**	**1,002**	**1,063**	**1,118**	**1,123**

[1] Other income includes net gains (losses) on financial instruments and other income.

Premiums and fees earned continue to increase slightly over the planning period as multi-unit volumes increase and housing prices increase in outer years. Additionally, portfolio and homeowner volumes increase significantly in 2020 due to low interest rates resulting in higher earned premiums and fees.

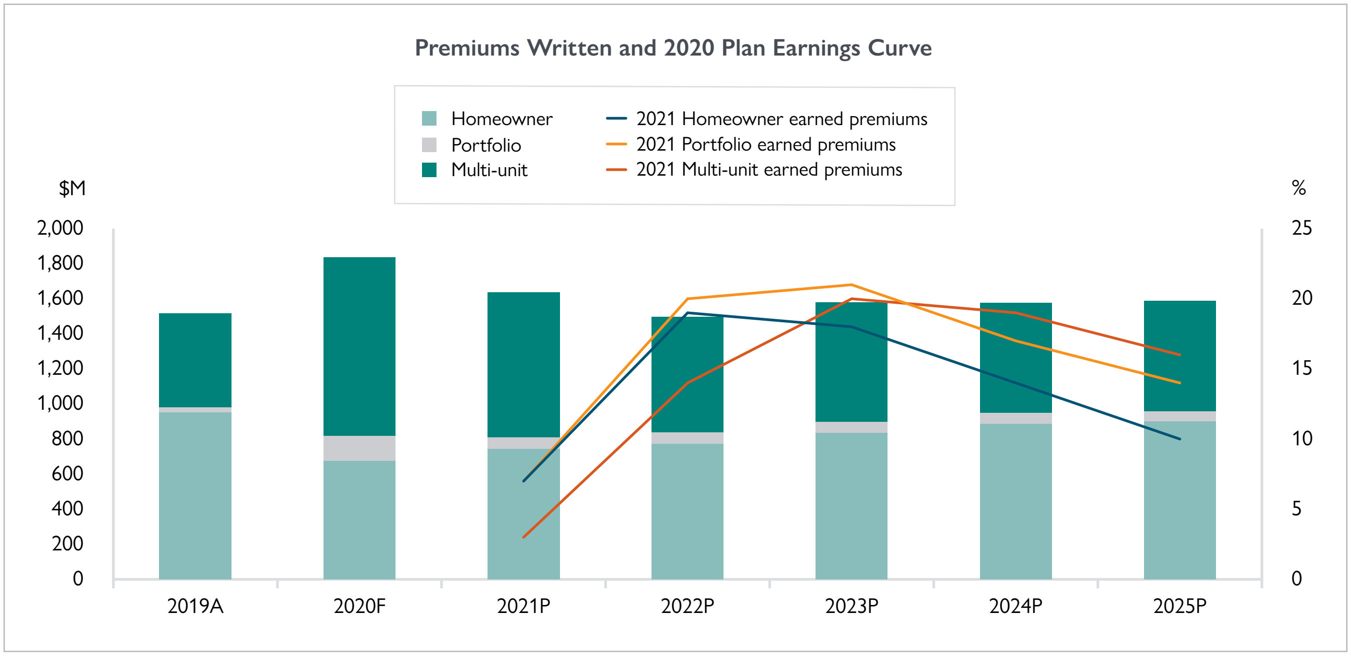
Investment income fluctuates over the planning period as investments are sold to make possible dividend payments to the Government of Canada. Interest rates also decline in 2020 and 2021 but gradually begin to recover in outer years. Investment income increases thereafter as a result of reinvestments made at higher yields but drops in 2023 due to the expectation to pay out excess capital in the form of special dividends.

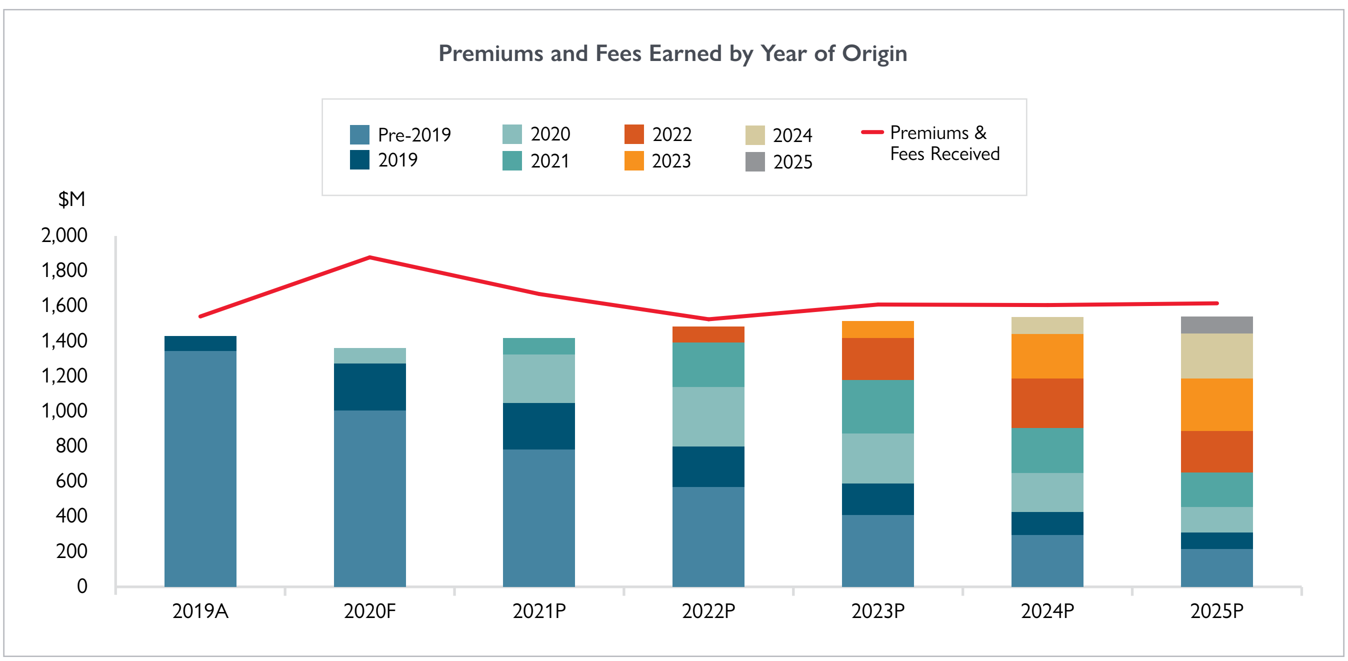
Insurance claims increase over the short term due to the COVID-19 pandemic and the economic outlook. Claims then decrease over the planning period as the economy recovers and our market share and insurance-in-force decline.

Operating expenses continue to increase in the short term due to our required investments in technology; however, operating expenses begin to decrease in 2022 as these investments are operationalized. Government of Canada fees[3] for the financial backing of our mortgage insurance business steadily increase over the planning period from $42.9 million in 2019 to $55.1 million by 2025, in line with higher transactional homeowner business volumes due to increasing property values.

[3] Introduced in 2014, Government of Canada fees for our Mortgage Insurance activity are paid annually based on the previous year's volumes ($) and are amortized into income over the respective earnings curve.

(in $ millions, unless otherwise indicated)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Mortgage Insurance Volumes							
Insurance-in-force (in $ billions)	429	433	429	421	416	407	401
Total new insured volumes (units)	249,585	343,177	266,100	236,669	238,235	220,650	214,867
Total new insured volumes ($)	49,030	65,622	53,241	48,783	51,210	51,070	50,934
Total premiums and fees received	1,549	1,882	1,673	1,529	1,613	1,610	1,620





Mortgage Funding

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Guarantee and application fees earned	582	663	773	891	969	997	1,009
Net interest income	9	8	8	8	8	8	8
Investment income	72	69	78	77	76	79	91
Other income[1]	19	347	233	248	240	240	211
Total revenues	**682**	**1,087**	**1,092**	**1,224**	**1,293**	**1,324**	**1,319**
Operating expenses	63	351	285	287	287	285	285
Total expenses	**63**	**351**	**285**	**287**	**287**	**285**	**285**
Income before income taxes	619	736	807	937	1,006	1,039	1,034
Income taxes	155	184	202	234	251	260	259
Net income	**464**	**552**	**605**	**703**	**755**	**779**	**775**

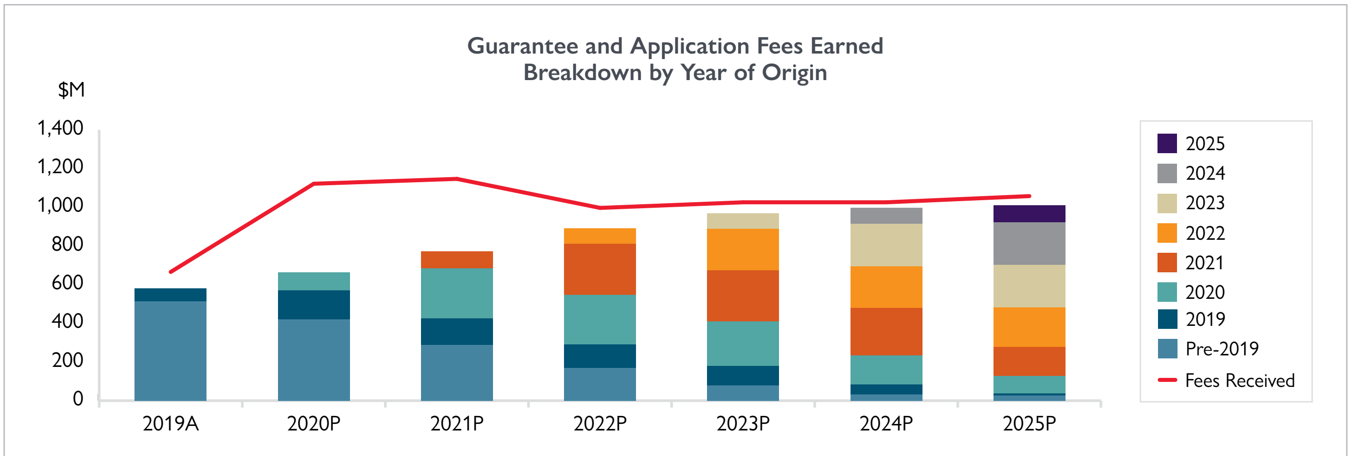
1 Other income includes net gains (losses) on financial instruments and other income.

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Mortgage Funding Volumes							
Guarantees-in-force[1]	**493**	**584**	**606**	**582**	**558**	**537**	**499**
NHA MBS	249	321	343	319	305	283	245
CMB	244	263	263	263	254	254	255
Total annual securities guaranteed	**174**	**243**	**190**	**174**	**179**	**179**	**184**
NHA MBS	134	190	150	134	139	139	144
CMB	40	53	40	40	40	40	40
Total guarantee and application fees received	**664**	**1,121**	**1,145**	**995**	**1,025**	**1,025**	**1,057**
NHA MBS	518	927	997	845	875	875	907
CMB	146	194	149	150	150	150	150

1 For 2020, the Minister of Finance approved new guarantee limits of $295 billion under the NHA MBS program and $60 billion under the CMB program for a total of $355 billion for our Mortgage Funding activity. Projected guarantee limits are subject to approval by the Minister of Finance.

Total revenues increase over the planning period mainly due to higher pricing on Tier-1 and Tier-2 NHA MBS effective on January 1, 2021. Furthermore, higher NHA MBS guaranteed volumes are expected in 2020 and 2021 following increased market demand for liquidity.

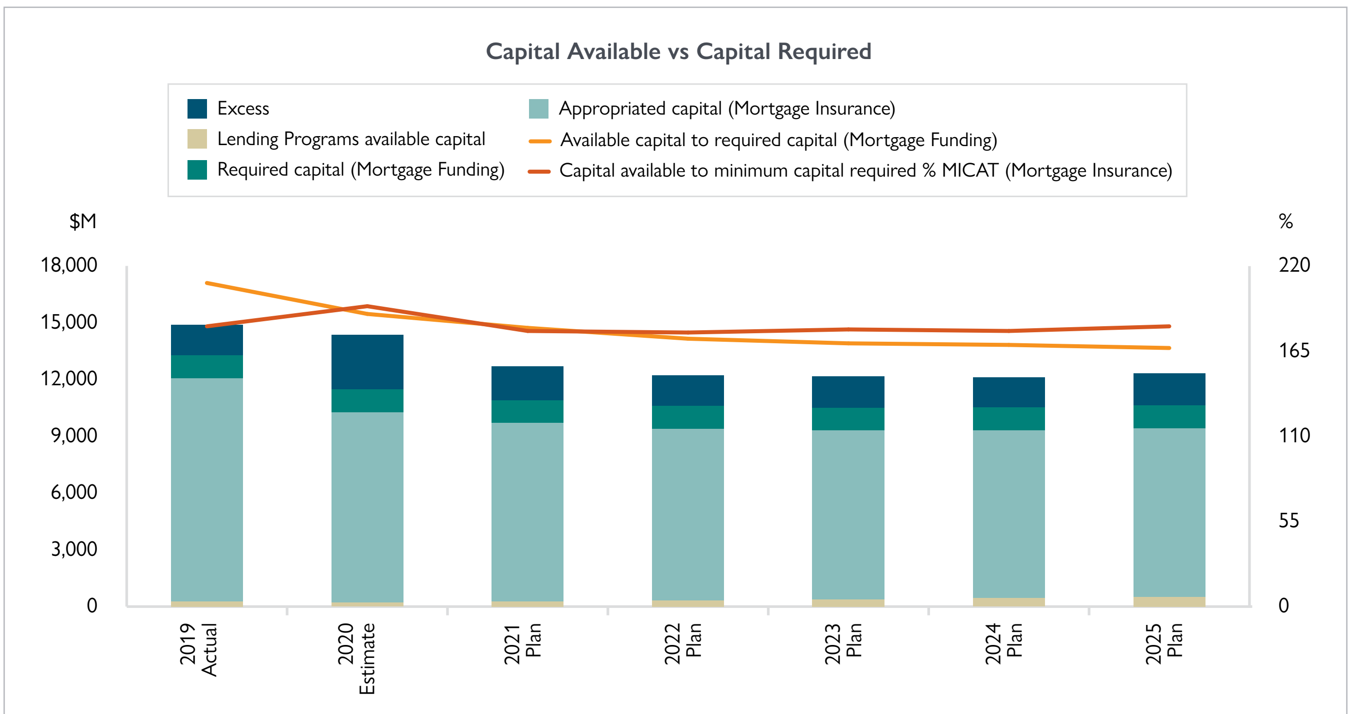
Total expenses increase slightly over the planning period, mainly due to higher Government of Canada fee expenses in line with higher NHA MBS guaranteed volumes and fees received.



NOTES TO THE CONSOLIDATED STATEMENTS OF EQUITY OF CANADA

CMHC`s three main operating activities contribute to the total equity of Canada. A breakdown of equity by activity is provided below.

Our capital level fluctuates over the planning period due to possible dividends declared. Dividend payments were temporarily suspended in March 2020 due to the uncertain economic outlook caused by the COVID-19 pandemic.



Assisted Housing

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Retained earnings	183	325	429	407	461	584	759
Reserve fund[1]	94	80	53	46	32	37	62
Available capital	**277**	**405**	**482**	**453**	**493**	**621**	**821**
Contributed capital	25	25	25	25	25	25	25
Total equity	**302**	**430**	**507**	**478**	**518**	**646**	**846**

[1] A reserve fund is maintained pursuant to section 29 of the CMHC Act to address interest rate risk exposure on prepayable loans as well as credit risk exposure on unsecured loans. The reserve fund is subject to a statutory limit of $240 million, which we have determined through our ORSA to be in a reasonable range. Should the statutory limit be exceeded, we would be required to return the excess to the Government.

Total equity for the Assisted Housing activity includes available capital for our lending activity and contributed capital. We do not hold capital for housing programs as this activity does not present risks that would require capital to be set aside. Capital for the lending activity is comprised of retained earnings and the reserve fund.

Retained earnings increase over the planning period mainly due to the unamortized portion of the day one gains previously discussed for both the RCFi and NHCF, as well as gains on the re-measurement of the defined benefit plans.

Commercial Operations

Mortgage Insurance

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Accumulated other comprehensive income (loss)	195	(559)	243	215	152	89	(199)
Appropriated retained earnings	9,997	9,432	8,798	8,616	8,513	8,203	8,060
Appropriated capital	**10,192**	**8,873**	**9,041**	**8,831**	**8,665**	**8,292**	**7,861**
Unappropriated retained earnings	1,871	2,485	2,869	981	149	203	167
Total mortgage insurance capital	**12,063**	**11,358**	**11,910**	**9,812**	**8,814**	**8,495**	**8,028**
Less: assets with a capital requirement of 100%	(40)	(34)	(51)	(69)	(64)	(46)	(31)
Total mortgage insurance capital available	**12,023**	**11,324**	**11,859**	**9,743**	**8,750**	**8,449**	**7,997**
Mortgage insurance internal capitalization target	155%	155%	155%	155%	155%	155%	155%
Operating level holding target[1]	165%	165%	165%	165%	165%	165%	165%
Capital available to minimum capital required (% MICAT)	195%	211%	216%	182%	167%	168%	168%
Surplus equity available from mortgage insurance for possible dividend declaration[2]	1,320	-	1,000	3,000	2,000	1,450	1,450

[1] We appropriate equity (retained earnings and accumulated other comprehensive income) at the 165% operating level.

[2] Surplus capital available for possible dividend declaration is based on a number of assumptions, and the amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria in our dividend proposal approved by our Board. Possible future special dividends are dependent on OSFI lifting its restrictions due to the COVID-19 pandemic.

For capital management purposes and as provided for in the CMHC Act and the NHA, we consider our capital available to be equal to the total equity of Canada for the Mortgage Insurance activity, less assets with a capital requirement of 100%. The appropriated capital is based on our Board approved capital management policy that follows guidelines developed by OSFI.

The 2019 Capital Adequacy Assessment confirmed our internal and operating levels at 155% and 165%, respectively, of the minimum capital required; OSFI's minimum regulatory capital target is 150%. The 2020 Capital Adequacy Assessment may result in revised capital holding levels, which could have impacts on our proposed dividend levels.

The Mortgage Insurance activity equity decreases over the planning period as our expected dividend declarations in the long term exceed annual net income. Refer to the Mortgage Insurance section of the Notes to the Consolidated Balance Sheet for details.

Mortgage Funding

(in $ millions, unless otherwise indicated)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Accumulated other comprehensive income (loss)	18	(142)	45	31	32	12	(103)
Appropriated retained earnings	1,181	1,341	1,154	1,168	1,167	1,186	1,301
Appropriated capital	**1,199**	**1,199**	**1,199**	**1,199**	**1,199**	**1,198**	**1,198**
Unappropriated capital	1,086	1,479	1,696	1,428	1,414	1,411	1,344
Total mortgage funding capital available	**2,285**	**2,678**	**2,895**	**2,627**	**2,613**	**2,609**	**2,542**
Available capital to required capital (%)	190%	223%	241%	219%	217%	217%	212%
Surplus capital available from mortgage funding for possible dividend declaration[1]	1,786	1,479	2,276	2,376	2,184	2,180	2,083
Possible dividend considering capital floor and liquidity restraints	700	-	580	950	770	770	740

[1] Surplus capital available for possible dividend declaration is based on a number of assumptions, and the amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria in our dividend proposal approved by our Board. Additionally, surplus capital available for possible dividend declaration is restricted by the liquidity floor. Possible future special dividends are dependent on OSFI lifting its restrictions due to the COVID-19 pandemic. Surplus capital may be revised downwards once the 2020 ORSA in finalized.

We set the minimum capital required for the Mortgage Funding activity through considering both the results of our ORSA as well as the liquidity required to sustain the timely payment guarantee for our largest single name exposure. The capital adequacy assessment for the Mortgage Funding activity is consistent with our 2019 ORSA. The 2020 ORSA may result in revised capital holding levels, which could have impacts on our proposed dividend levels.

The internal and operating targets have been set at 105% and 110%, respectively, of the minimum capital required and are consistent with our risk appetite.

The Mortgage Funding activity equity increases over the planning period due to increasing net income, partially offset by dividend declarations. Refer to the Mortgage Funding section of the Notes to the Consolidated Balance Sheet for details.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in $ millions)	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Cash flows from operating activities							
Net income	1,580	717	1,327	1,766	1,863	1,944	1,931
Adjustments to determine cash flows from operating activities							
Amortization of premiums and discounts on financial instruments	66	(32)	(236)	(150)	(205)	(245)	(268)
Net gains on financial instruments	(6)	(71)	(255)	(148)	(158)	(223)	(241)
Deferred income taxes	52	(42)	217	37	59	56	4
Net unralized gains on investment property	(3)	-	-	-	-	-	-
Changes in operating assets and liabilities							
Derivatives	(144)	37	(53)	49	106	125	47
Accrued interest receivable	(13)	412	(30)	(45)	(78)	(112)	(107)
Due from the Government of Canada	(86)	45	(15)	(9)	(10)	(2)	8
Accounts receivable and other assets	8	(1,235)	(309)	(837)	286	(114)	(52)
Accounts payable and other liabilities	72	(96)	37	(10)	2	25	(42)
Accrued interest payable	45	(354)	56	72	96	124	115
Provision for claims	(44)	1,015	(416)	(426)	(215)	(87)	(25)
Defined benefit plans liability	14	10	(149)	159	(25)	(187)	(55)
Unearned premiums and fees	203	983	627	151	156	101	129
Other	1	-	-	-	-	-	-
Loans							
Repayments	31,890	41,421	38,664	44,887	46,660	38,167	43,416
Disbursements	(41,398)	(55,996)	(43,838)	(44,022)	(43,580)	(43,274)	(42,717)
Borrowings							
Repayments	(33,821)	(41,805)	(39,077)	(45,041)	(46,817)	(38,244)	(43,888)
Issuances	44,110	57,348	44,531	43,707	43,275	42,980	42,483
Total cash flows from operating activities	**2,526**	**2,357**	**1,081**	**140**	**1,415**	**1,034**	**738**
Cash flows from investing activities							
Investment securities							
Sales and maturities	9,468	12,950	10,091	12,193	8,844	8,504	7,991
Purchases	(8,972)	(15,522)	(9,888)	(8,683)	(7,599)	(7,317)	(6,539)
Investment property							
Disposals	38	-	-	-	-	-	-
Securities sold under repurchase agreements	(280)						
Total cash flows from investing activities	**254**	**(2,572)**	**203**	**3,510**	**1,245**	**1,187**	**1,452**
Cash flows from financing activities							
Possible dividends paid [1]	(2,695)	-	(1,580)	(3,950)	(2,770)	(2,220)	(2,190)
Total cash flows from financing activities	**(2,695)**	**-**	**(1,580)**	**(3,950)**	**(2,770)**	**(2,220)**	**(2,190)**
Change in cash and cash equivalents	85	(215)	(296)	(300)	(110)	1	-
Cash and cash equivalents							
Beginning of year	837	922	707	411	111	1	2
End of year	**922**	**707**	**411**	**111**	**1**	**2**	**2**
Represented by							
Cash	-	-	-	-	-	-	-
Cash equivalents	922	707	411	111	1	2	2
	922	**707**	**411**	**111**	**1**	**2**	**2**
Supplementary disclosure of cash flows from operating activities							
Amount of interest received during the period	6,243	1,735	1,371	1,645	2,023	2,597	3,477
Amount of interest paid during the period	5,616	1,735	1,371	1,645	2,023	2,597	3,477
Amount of dividends received during the period	10	11	14	14	12	12	12
Amount of incomes taxes paid (refunded) during the period	330	737	280	898	(22)	585	642

[1] The surplus capital available for possible dividend declaration is based on a number of assumptions. The amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria in our dividend proposal approved by the Board. Possible future special dividends are dependent on OSFI lifting its current restrictions in response to the COVID-19 pandemic. We assume OSFI's guidance will be in place for the duration of 2021. When the latter restrictions are lifted and we are comfortable from a capital perspective, we may release excess capital. However, should the situation not improve or deteriorate further, we may manage our capital differently.

NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Assisted Housing

The majority of the Assisted Housing activity cash flows are generated from the movement in our lending activity. Loan disbursements exceed repayments over the planning period due to a significant volume of loan issuances for our RCFi, NHCF, FTHBI and SEMP programs. Cash generated from our borrowing activities increases significantly in parallel to fund the loans.

Any excess funding held by CMHC as a result of our lending activity is invested until needed. The net cash inflow or outflow fluctuates year to year due to timing differences between funding, advances and repayments of the loans. These timing mismatches result in either excess cash that we invest temporarily, or cash shortfalls that we borrow from the CBP to cover.

Commercial Operations

Mortgage Insurance

Premiums and fees received for our Mortgage Insurance activity are higher in 2020, mainly driven by higher insured volumes in 2020 and 2021 for our portfolio and multi-unit products. They are then expected to stabilize as transactional homeowner volumes level off and portfolio insurance volumes return to pre-pandemic levels. Claims paid of $236 million in 2019 are expected to increase to $1,311 million in 2020 and then decrease as insurance-in-force continues to decrease and the economic outlook improves.

In the short term, our investment balance remains high but decreases in the long term as we pay claims and return excess capital through expected dividend payments to the Government.

Mortgage Funding

Cash flows for the Mortgage Funding activity are driven by liquidity requirements to sustain the timely payment guarantee for the largest single name exposure. As guarantee and application fees are charged on NHA MBS and CMB products, fees received are invested in accordance with our strategic asset allocation. Investment returns further contribute to the overall change in our cash position.

GRANVILLE ISLAND

Granville Island's financial plans are included below as CMHC was transferred the responsibility for the administration and management of Granville Island in 1973 by an order in council. CMHC was selected as the appropriate federal agency to administer Granville Island due to the linkage between the recreational land uses and the anticipated redevelopment of nearby land for housing.

In 2020, as an agent Crown Corporation, CMHC facilitated obtaining funding to support Granville Island.

GRANVILLE ISLAND STATEMENTS OF INCOME

(in $ millions)	2019/2020 Actual	2020/2021 Plan	2020/2021 Estimate	2021/2022 Plan	2022/2023 Plan	2023/2024 Plan	2024/2025 Plan	2025/2026 Plan
Total revenues	15.1	16.6	16.7	12.7	13.1	14.0	16.5	17.1
Total expenses	13.6	15.0	16.7	12.7	13.1	13.4	15.0	15.3
Amortization	1.3	1.8	1.6	1.8	2.1	2.2	2.2	2.2
Net income (loss)	**0.2**	**(0.2)**	**(1.6)**	**(1.8)**	**(2.1)**	**(1.6)**	**(0.7)**	**(0.4)**

Overall Granville Island revenues are expected to have a decrease of $ $10.6 million or 64% from $ $16.6 million in 2020-2021 to $ $6.0 million in 2021-2022. This is primarily due to the COVID-19 crisis which has directly impacted the visitation and sales activity normally generated by both local and international visitors alike. The tourist market is down for the foreseeable future due to border closures and global travel bans. There is a strong possibility that a significant number of small businesses will close permanently due to their inability to pay rent and other overhead costs as a result this crisis. Tourism research sources have forecasts down from 64% in terms of expected visits, hence the projections in this budget, however, any revenue projections are volatile due to the inherent uncertainty in how the overall market will recover from the impacts of COVID-19. Note that total revenues for 2021-2022 are forecasted to be $12.7 million which assumes special funding of $ $6.7 million in 2021-2022 needed to maintain the Island due to the impacts of COVID-19. This estimated amount of revenues could vary depending on the overall market recovery and thus, affect the required amount of special funding.

Expenses are estimated to decrease by $2.3 million from $15.0 million in 2020-2021 to $12.7 million in 2021-2022 or overall 15% below the 2020-2021 plan. Expenses have been reduced where possible, but given the structure of the budget, a number of items could not be reduced, including fixed costs like utilities, property taxes, insurance, and lease payments. Other discretionary costs were cut on average between 20%-30% in 2021-2022 (compared to approved 2020-2021 plan, 20% cuts compared to 2019-2020 actual) so that the Island can function under bare minimum standards.

Note that under this model, maintenance expenses would be reduced to levels that only maintain required health and safety standards. Cultural partnerships would also be reduced to the point where we would not be able to provide much support to our cultural partners (non-profit arts and culture organizations, independent artists etc.) that aligns with our arts and culture mandate. Any movement towards the future vision of Granville Island under the GI 2040 initiative would also be at a standstill due to the paring down of consulting and other related expenditures. Marketing and communications campaigns that would be needed to attract new tenants and visitors to the Island to help revive revenues would be muted due to the lack of funding available.

Capital acquisitions for 2021-2022 are planned at $7.2 million and funded from Granville Island`s cash reserves. The budget is based on maintaining and improving aging infrastructure and asset enhancements, which include; building envelope upgrades, seawall upgrades and improvements to the exterior lighting. Projects selected for completion are necessary primarily for safety and code compliance reasons.

Appendix 1.5 – Impact of a Downside Scenario

The Corporate Plan has been prepared assuming a realistic view of future events with the information available at the time of preparation. However, these expectations may not be realized. If our best estimate of future events does not transpire, we have also prepared a reasonably plausible downside scenario. This scenario assumes a more pessimistic view from the base plan scenario and has been simulated to highlight the potential financial impacts to the 2021-2025 Corporate Plan.

The downside scenario assumes peak-to-trough declines in the economy, similar to the base plan scenario; however, it also assumes a longer duration. Recovery from the recession will be slow, with a return to pre-pandemic housing and economic activity not occurring until 2024 compared to 2022-2023 under the base plan scenario.

APPLICATION TO CMHC'S BUSINESS ACTIVITIES

This scenario is expected to impact our Mortgage Insurance activity, requiring close monitoring and potential implementation of management actions. Such management actions could include access to liquidity, market/economic stabilization and expanded default management.

While we expect no material impacts to our multi-unit and portfolio insurance volumes, we would expect a mild contraction in the transactional homeowner insured mortgage market compared to the base scenario, which would be offset by a slight increase in our market share and slower repayment of existing mortgages. Insurance claims for both our transactional homeowner and multi-unit businesses would be even higher, potentially triple that of baseline during the peak of this downside scenario. This would result in lower net income and potentially lower dividends to the Government of Canada. The expected increase in insurance claims volumes would also require additional human resource capacity increasing our operating expenses. As a result, an amendment to our Corporate Plan may be required or, as an alternative, some of CMHC's strategic initiatives may need to be de-prioritized to fund these increased operational needs.

Under a downside scenario we expect no change to our base dividends. However, CMHC may need to suspend dividends under market or economic uncertainty as we have done in 2020. Additionally, CMHC's ability to pay special dividends is also contingent on OSFI removing its COVID-19 restrictions.

Our Mortgage Funding activity is not significantly impacted by this scenario, as we do not anticipate any lender defaults. Given the assumed market impacts, the mortgage funding investment portfolio increases in value. We remain adequately capitalized as this scenario results in increased capital levels for our Mortgage Funding activity.

We expect no impact to our Assisted Housing activity. However, the Government of Canada may introduce new programs under our Assisted Housing activity or reintroduce existing commercial programs/products, such as portfolio insurance or mortgage funding programs, as policy tools to address the recession. Such actions would increase both our insurance-in-force and guarantees-in-force and would require enhanced monitoring against our statutory limits. Our borrowing authorities would also be reconsidered should there be liquidity constraints.

Summary of Consolidated Impact

(in $ millions, unless otherwise indicated)	Corporate Plan	Downside Scenario	Difference
Total equity of Canada (2025)	11,402	11,069	(333)
Cumulative net income (to 2025)	8,831	8,490	(341)
Cumulative insurance losses (to 2025)	1,474	2,183	709
Capital available to minimum capital required (2025) (% MICAT)	168%	155%	13 pts

Appendix 1.6 – Future Initiatives

INNOVATION PARTNERSHIPS

The investment in innovation in our operating budgets would allow us to experiment with new housing affordability ideas. We may also explore partnerships with other players in the housing market to bring additional resources and expertise to progress toward achieving our 2030 aspiration, as we will not reach our aspiration on our own. Some of these partnerships may generate additional revenues, and in the event they do, we intend to reinvest these revenues in innovation and increase our operating budget accordingly to develop other innovative housing solutions.

Appendix 1.7 – Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of CMHC, I have reviewed the 2021-2025 CMHC Corporate Plan and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the proposal is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported, with the following observations:
   We follow an established and prudent process to generate the assumptions that our corporate plan is based on; however, actual results could vary significantly from the Corporate Plan given the current COVID-19 global pandemic and the uncertainty it creates for the future economy. We have suspended dividend payments temporarily to maintain liquidity and financial strength and will evaluate our capital management and dividend policies regularly in order to continue to support the Canadian housing market.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observations:
   See above observation.
3. Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have bEen considered, with the following observations:
   See above observation.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the Corporate Plan, with the following observations, including observations with regard to appropriations that have not yet been approved:
   See above observation.
5. The Corporate Plan and budget(s) are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the Corporate Plan), with the following observations:
   See above observation.
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the parent Crown corporation and its wholly owned subsidiaries, with the following observations:
   See above observation.

In my opinion, the financial information contained in this proposal is sufficient overall to support decision-making.

CFO signature:

LWilliams

Lisa Williams
Chief Financial Officer
CMHC

Date: October 9, 2020

APPENDIX 2 – CORPORATE GOVERNANCE STRUCTURE

Board of Directors

The Board of Directors is responsible for managing our affairs and the conduct of our business in accordance with applicable legislation and the governing bylaws of CMHC. As steward of the company, the Board of Directors sets strategic direction in support of government policies and priorities, ensures the integrity and adequacy of company policies, information systems and management practices, ensures that principal risks are identified and managed, and evaluates and monitors performance and results. The Board of Directors has a duty to protect the long- and short-term interests of the company, safeguard CMHC's assets, and be prudent and professional in fulfilling its duties.

The Board consists of the Chair, the President and Chief Executive Officer, the Deputy Minister to the Minister Responsible for CMHC, the Deputy Minister of Finance and eight other directors appointed by the Minister with the approval of the Governor in Council. The Board and its committees (Audit, Corporate Governance and Nominating, Human Resources, Risk Management, Affordable Housing, Pension Fund Trustees) mandates are posted on our website cmhc.ca.

The Board meets a minimum of five times per year and holds an annual public meeting. In order to understand the diversity of Canadians' housing needs, the Board usually conducts meetings and meets with community representatives and housing proponents from across Canada, but due to COVID-19 the board met once in Montreal with all other meetings held via Skype.

In order to identify opportunities for enhanced Board performance and director development and education, the Board undergoes regular assessments, periodically alternating between a self-assessment and an overall assessment administered by a third party, the latter of which examines the functioning and performance of the Board as a whole in comparison to the boards of other Crown corporations and financial institutions.

Compensation and Attendance Record

JANUARY 1, 2020, TO JUNE 30, 2020

Member	Compensation	Meeting Attendance Board of Directors	Committees Governance* and Nominating	Audit	Human Resources	Risk Management	Affordable Housing	Pension Fund Trustees
Janice Abbott	8,350	5/5	3/3	-	--	-	1/1	-
Derek Ballantyne	17,175	5/5	3/3	-	-	-	-	-
Navjeet (Bob) Dhillon	7,850	5/5	-	-	1/1	-	1/1	-
Graham Flack*	n/a	5/5	3/3	-	-	-	1/1	-
Anne Giardini	9,350	5/5	3/3	2/2	-	-	-	2/2
André Hébert	6,850	4/5	-		-	1/1	1/1	-
Gordon Laing	8,350	5/5	-	2/2	-	1/1	-	-
Dana Ades-Landy	7,350	5/5	-	2/2	1/1		-	-
Linda Morris	7,850	5/5	-	-	1/1	1/1	-	
Paul Rochon*	n/a	5/5	-	2/2	-	1/1	-	-
Bruce Shirreff	8,600	4/5	3/3	-	1/1	1/1	-	-
Evan Siddall	n/a	5/5	3/3	-		-	-	1/2

* Participation by member or delegate

Board of Directors

Derek Ballantyne
Chair of the Board of Directors
and Chair of the Corporate Governance
and Nominating Committee
(April 29, 2018 – April 28, 2023)

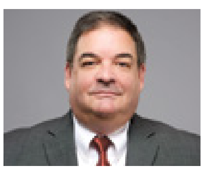
Evan Siddall
Outgoing President and
Chief Executive Officer
(January 1, 2014 – December 31, 2020)

Janice Abbott
Chair of the Affordable
Housing Committee
(December 14, 2017 – December 13, 2020
continues in office until an appointment is made)

Navjeet (Bob) Dhillon
(February 5, 2015 – February 4, 2019
continues in office until an appointment is made)

Graham Flack
Deputy Minister, Employment
and Social Development
(effective October 9, 2018)

Anne Giardini
Chair of the Pension Fund Trustees
(January 2, 2018 – January 1, 2022)



André Hébert
(February 27, 2019 – February 26, 2023)

Gordon Laing
Chair of the Audit Committee
(January 12, 2018 – December 11, 2022)

Linda Morris
Chair of the Human Resources Committee
(December 14, 2017 – December 13, 2021)

Paul Rochon
Deputy Minister of Finance
(effective April 21, 2014)

Bruce Shirreff
Vice-Chair of the Board
of Directors and Chair of the
Risk Management Committee
(January 30, 2018 – January 29, 2021)

Director vacancy

Senior Management

OUR EXECUTIVE COMMITTEE

Our Executive Committee consists of the Chief Executive Officer's direct reports and has ultimate responsibility for strategic direction and risk management.

Evan Siddall

Outgoing President and Chief Executive Officer

Romy Bowers

Senior Vice-President, Client Solutions

Romy joined CMHC in 2015 after a diverse career in the Canadian banking industry. She led CMHC's risk operations for a period and now heads up a team that brings together the expertise of CMHC's commercial and assisted housing businesses to better understand the housing needs of Canadians and develop new client-focused products and services to meet those needs.

Deborah Greenberg

Chief Information Officer

Appointed Chief Information Officer in April 2019, Deborah Greenberg is responsible for leading CMHC's digital transformation to accelerate housing affordability for Canadians. Her team drives technology and integrated business and workplace solutions and is creating a housing data exchange to support informed decision making. Deborah previously served as CMHC's Chief Legal Officer and Corporate Secretary.

Nadine Leblanc

Chief Risk Officer

Nadine enters her new role as CMHC's Chief Risk Officer at a pivotal time, when CMHC's risk management capabilities and systems have matured after a decade of building new tools and a strong risk culture. Nadine has been instrumental in enhancing the company's risk culture and financial reporting capabilities since joining the company in 2008.

Paul Mason

Senior Vice-President, Client Operations

Paul's mandate as Senior Vice-President, Client Operations, is to make delivering housing affordability solutions easy. His team is focused on simplifying and improving the customer experience, continuously improving operational efficiencies, and advancing CMHC's operational agility. Before taking on this new role, Paul led CMHC's technology and business transformation.

Steven Mennill

Chief Climate Officer

Steve's experience at CMHC and expertise in urban planning, and economics converge to make him one of Canada's foremost housing authorities. With 25 years of experience at CMHC, including as a key contributor to Canada's response to the 2008-2009 global recession. He was appointed Chief Climate Officer in April 2020.

Marie-Claude Tremblay

Senior Vice-President, People and Strategy

Marie-Claude's career of service to Canada includes roles in several federal departments as well as senior positions at CMHC, which she joined in 2010. In her current role, she aligns CMHC's strategy with its people, overseeing strategy development, human resources, and communications and marketing.

Michel Tremblay

Senior Vice-President, Policy and Innovation

Michel leads Canada's foremost team of experts and analysts responsible for accelerating housing affordability in Canada through evidence-based policy, research, and disruptive innovation. He joined CMHC in 2005 and was integral to the design of Canada's National Housing Strategy. His team is focused on developing radical, game-changing ideas that will help ensure that, by 2030, everyone in Canada has a home that they can afford, and that meets their needs.

Lisa Williams

Chief Financial Officer

Lisa is focused on steering her sector into a true partnership role with business lines to help Canadians meet their housing needs. In addition to stewardship of the company's assets, Lisa is responsible for CMHC's Investments, Treasury and Legal Services teams. She joined CMHC in 2003 and has made important contributions to the company's healthy financial performance.

Kathleen Devenny

Vice-President, Audit and Evaluation

Kathleen was appointed Vice-President of Audit and Evaluation in 2019. She joined CMHC in 2015 after a 20 year career in senior roles in the financial services industry, public accounting, and internal audit. Kathleen previously held the positions of Corporate Controller and Deputy Chief Financial Officer at CMHC.

Anik Genier

Chief of Staff

Anik brings 25 years of public sector experience to her role as Chief of Staff to the President. In addition to advising the President, she is responsible for CMHC's Corporate Governance, which supports the Board of Directors, and the Corporate Relations Office, where she began her career with CMHC in 2011. Anik recently obtained her Governance Professionals of Canada Designation.

Our Management Committee

Our Management Committee oversees the company's performance and risks and manages the company's portfolio of projects and funding request process.

Anik Genier
Chief of Staff, Chair of Management Committee

Mark Chamie
Vice-President, Investments and Treasury

Brett Dietrich
Vice-President Operations, Credit Assessment and Underwriting

Steffan Jones
Vice-President, Innovation

Neil Levecque
Vice-President, Analytics and Chief Data Officer

Caroline Sanfaçon
Vice-President, Housing Solutions – Multi-Unit

Debbie Stewart
Special Advisor, Indigenous Housing and Reconciliation

Sylvie Bourdon
Vice-President, Legal Services

André Charbonneau
Deputy Chief Financial Officer

Christina Haddad
Vice-President, Communications and Marketing

Amélie Lecompte
Deputy Chief Information Officer

Audrey Moritz
Vice-President, Operations – Multi-Unit

Carla Staresina
Vice-President, Risk Management, Strategy and Products

Glen Trevisani
Vice-President, Transformation – Mortgage Insurance

APPENDIX 3 – PLANNED RESULTS AND CEO COMMITMENT

CMHC seeks approval of its 2021-2025 Corporate Plan, including the 2021 Operating Budget, Capital Budget and Borrowing Plan. The Plan outlines CMHC's activities in support of its mandate.

Short-Term Results

Outcome(s)	Performance Indicator(s)	Target(s)	Data Source
Canadians have access to housing that meets their needs	Number of housing units committed through CMHC-led NHS activities (cumulative – by end of 2021-2022)	48,290	Corporate Performance Report/Quarterly
	Number of housing units repaired through CMHC-led NHS activities (cumulative – by end of 2021-2022)	72,800	Corporate Performance Report/Quarterly
	Capital committed for both new and repaired housing units (calendar year – by end of 2021)	$3.487B	Corporate Performance Report/Quarterly
	Expenditures for both new and repaired housing units (fiscal year – by end of 2021-2022)	$766M	Corporate Performance Report/Quarterly
	Number of first-time homebuyers assisted (fiscal year – by end of 2021-2022)	860	Administrative Data/ Quarterly
	Number of new homeownership units projected to be assisted (fiscal year – by end of 2021-2022)	840	Administrative Data/ Quarterly
	Incremental affordable housing funding (3-year delivery) – commitment	$100M	Corporate Performance Report/Quarterly
	Incremental affordable housing funding delivered above NHS	$100M	Corporate Performance Report/Quarterly
	Effective Workforce Index	63%	Corporate Performance Report/Quarterly
	Risk Maturity Index	85%	Corporate Performance Report/Quarterly
	Innovation Index	64%	Corporate Performance Report/Quarterly
	Expense redeployment ratio	5%	Corporate Performance Report/Quarterly
	Underserved insurance protection	12,786 units	Corporate Performance Report/Quarterly
Housing information and data is readily shared among Government, industry and housing stakeholders	Signed data partnerships	5	Corporate Performance Report/Quarterly
	Average usability satisfaction rating	Establish target	Corporate Performance Report/Quarterly
Issuers and lenders have stable sources of funding for mortgage lending	Utilization of annual limit for *National Housing Act* Mortgage-Backed Securities and Canada Mortgage Bonds limits	95%	Administrative data/Annual

Medium-Term Results

Outcome(s)	Performance Indicator(s)	Target(s)	Data Source
The Canadian housing sector is sustainable and supports socially inclusive communities	Improvement in attainment on the Social Inclusion Index for Housing	Baseline (April 2021)	Canada Housing Survey (Frequency: Biennial)
	Innovation Index	70% by 2022	Corporate Performance Report/Quarterly
	Effective Workforce Index	63% by 2023	Corporate Performance Report/Quarterly
	Risk Maturity Index	86% by 2023	Corporate Performance Report/Quarterly
	Incremental affordable housing funding delivered above NHS	$200M by 2022	Corporate Performance Report/Quarterly
	Underserved insurance protection	69,656 units by 2023	Corporate Performance Report/Quarterly
Comprehensive and relevant housing information is available for research, analysis and decision making	New or improved program design informed by lived experience data	70% by 2023	Corporate Performance Report/Quarterly
	Net Promoter Score	65 by 2023	Corporate Performance Report/Quarterly
	Average usability satisfaction rating	Set target (2021)	Corporate Performance Report/Quarterly
	Client needs addressed within service standards	79% by 2023	Corporate Performance Report/Quarterly
	Signed data partnerships	20 by 2022	Corporate Performance Report/Quarterly
Canadians have stable access to housing financing	Targeted guaranteed loans rate	0.385% by 2023	Corporate Performance Report /Quarterly

Long-Term Results

Outcome(s)	Performance Indicator(s)	Target(s)	Data Source
Everyone in Canada has a home that they can afford and that meets their needs	Reduction in housing need	Housing need reduced or eliminated for 530,000 households by 2027-2028	Administrative Data/Quarterly
	Housing Hardship Rate	To be monitored	Canadian Census, Canadian Income Survey and the Canadian Housing Survey/Annually
	Core Housing Need	To be monitored	Canadian Census, Canadian Income Survey and the Canadian Housing Survey/Annually

I verify that this submission is supported by the balanced use of all available and relevant performance measurement and evaluation information.

Deputy Head signature:

Evan Siddall
President and Chief Executive Officer, CMHC

APPENDIX 4 – SUMMARY OF RISKS AND RESPONSES

CMHC's risk management activities focus on seven risk categories. Since the pandemic started, our assessment of risk has been elevated compared to normal times.

The table below provides information for each risk category (as at Fall 2020), including both inherent risk (risk in the absence of any controls/actions taken to alter the risk's likelihood or impact) and residual risk ("remaining risk" after CMHC's mitigation (response)).

Category of Risk	Risk Description	Inherent Risk	Response	Residual Risk as of Q2 2020
Strategic	Risk of financial loss or other undesirable outcomes resulting from insufficient or inappropriate responses to changes in the business environment, inappropriate strategies and/or poor execution of strategic decisions.	High	Continuously monitor external environment and assess impact on strategic risks, planned objectives and targets. Adjustments to operations, programs and strategy ensures stability of the housing system and strategy achievement.	Moderate
Reputational	Risk of failure to maintain credibility and trust due to any event, behaviour, action or inaction, by either CMHC itself, employees or those with whom CMHC is associated.	High	Maintain high standards of conduct, transparency and accountability Closely monitor relationships with key stakeholders.	Moderate
Insurance	Risk of financial loss resulting from a variance between predicted and actual results in conducting mortgage loan insurance activities.	High	Actively monitor and manage risk against risk appetite. In times of crisis, re-align activities with our risk appetite as defined in the Crisis Readiness Framework, and deploy our crisis response plan. Our stress testing exercise tests the degree to which stress scenarios affect insurance risk and capital (see appendix 5).	High
Operational	Risk of loss or other undesirable outcomes resulting from people, inadequate or failed internal processes and systems, or from external events. Top operational risks include: • Maturing Digital Transformation • Information Security risk • People risk (Health & Safety) • Business Continuity **Note:** CMHC is monitoring heightened operational risks due to the recent pandemic	High	Maturing Digital Transformation: Ensure successful implementation of CMHC's digital strategy, and integration of Client Relationship Management and Enterprise Resource Planning; introduce new collaboration tools to support ROWE™. Information Security: Perform a security maturity assessment, establishing performance measures; provide security / privacy awareness training; assess Insurance Fraud risk across business lines & products. People risk: Manage increased stress and competing priorities, deadlines, and deliverables. Business Continuity: Working group developing a re-integration plan for CMHC; monitoring employees' capacity to deliver on critical services.	High

Low Moderate High
The risk ratings take into consideration both the likelihood and the impact of each risk on CMHC

Category of Risk	Risk Description	Inherent Risk	Response	Residual Risk as of Q2 2020
Credit	Potential for loss arising if a counterparty/borrower fails to honour a transaction/financial obligation with CMHC.	Moderate	Ongoing monitoring of issuers/counterparties, periodic credit reviews, maintaining risk-based exposure limits and collateral management activities. Enhanced counterparty credit analysis to provide insights on effect of mortgage deferral, systemic liquidity issues, etc. Compliance with strategic asset allocation, focusing on investment in diversified, high quality fixed income assets to reduce counterparty credit risk during stress periods.	Moderate
Market	Potential for loss arising from adverse changes in market prices and market rates.	Moderate	Match assets and liabilities or otherwise limit/price for market risks. Ongoing monitoring of risk exposures against approved market limits. All foreign currency exposures fully hedged to Canadian dollars. Portfolio sizing based on stressed scenario combined with diversified, short duration high-quality fixed income assets to buttress against stressed environment.	Moderate
Liquidity	Potential for loss if CMHC has insufficient funds to meet all financial obligations as they come due. It includes market and funding liquidity risks.	Moderate	Approve limits and other mitigants to ensure sufficient resources to meet current and projected cash requirements. Liquidity risk associated with investment portfolios considered during the selection of the strategic asset allocation. Access to diversified liquidity sources to provide adequate buffer during stress.	Moderate

Low Moderate High

The risk ratings take into consideration both the likelihood and the impact of each risk on CMHC

APPENDIX 5 – STRESS TESTING

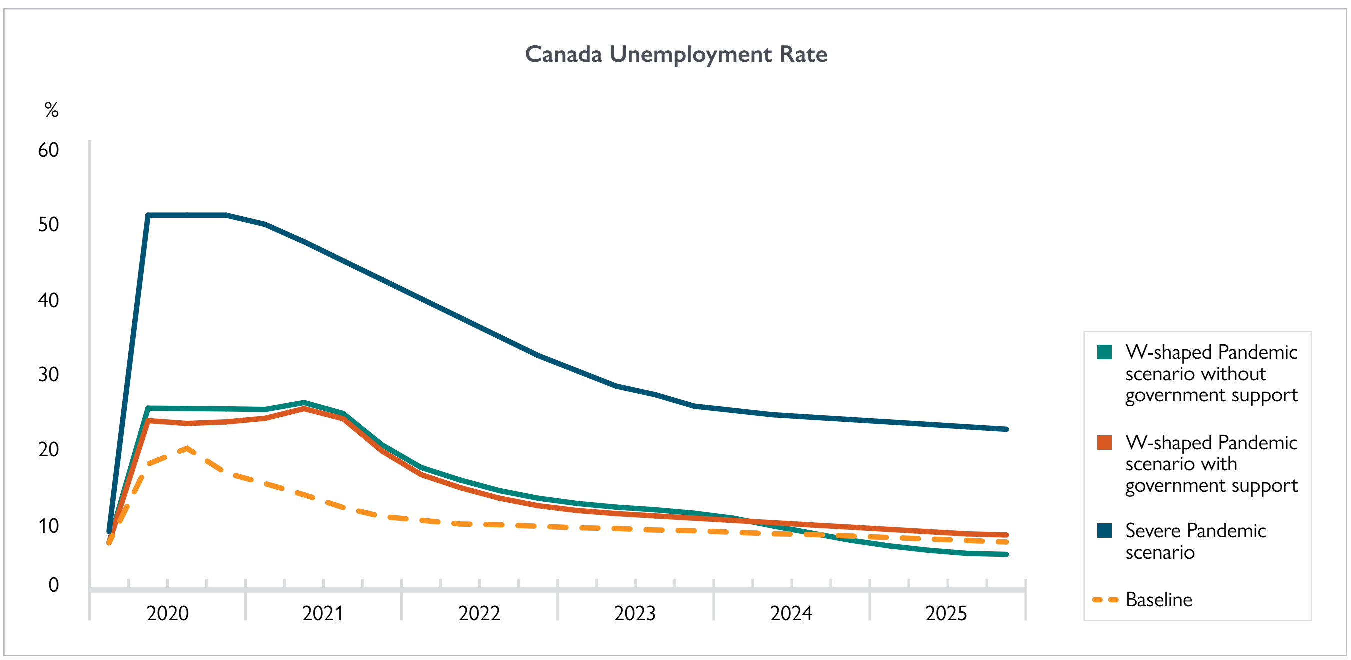
Our annual corporate-wide stress testing program is forward-looking and responsive to emerging events. Our typical stress testing approach is to run several scenarios once a year, to prepare us for severe but plausible tail events with mostly financial, environmental, and technological themes with varying degrees of probabilities of occurrence and severity.

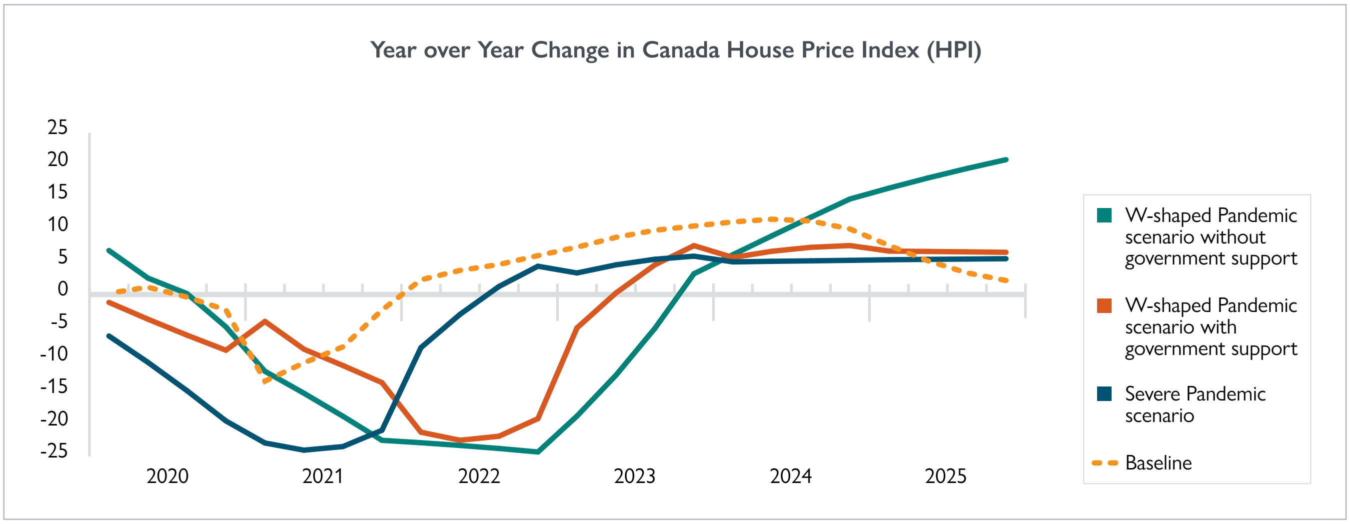
In 2020 however, to determine the COVID-19 pandemic's impact on economic factors, assess our solvency position, and enhance internal crisis preparedness, we ran three rounds of pandemic scenarios of varying severity and "shapes" of recovery.

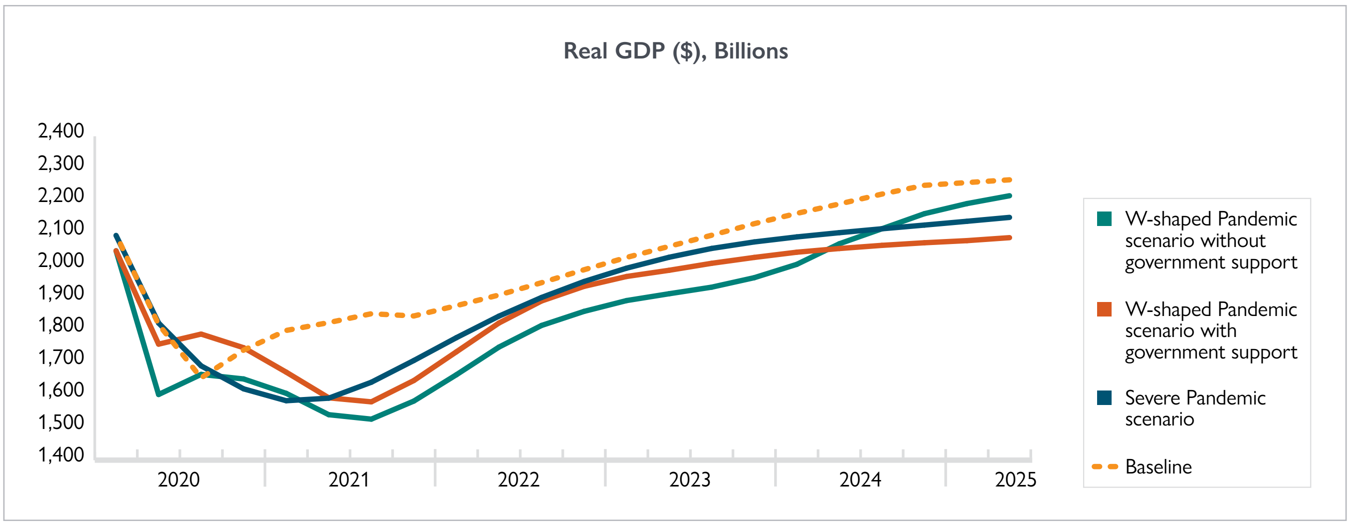
As of July 2020, the following are some of the scenarios we ran and analyzed:

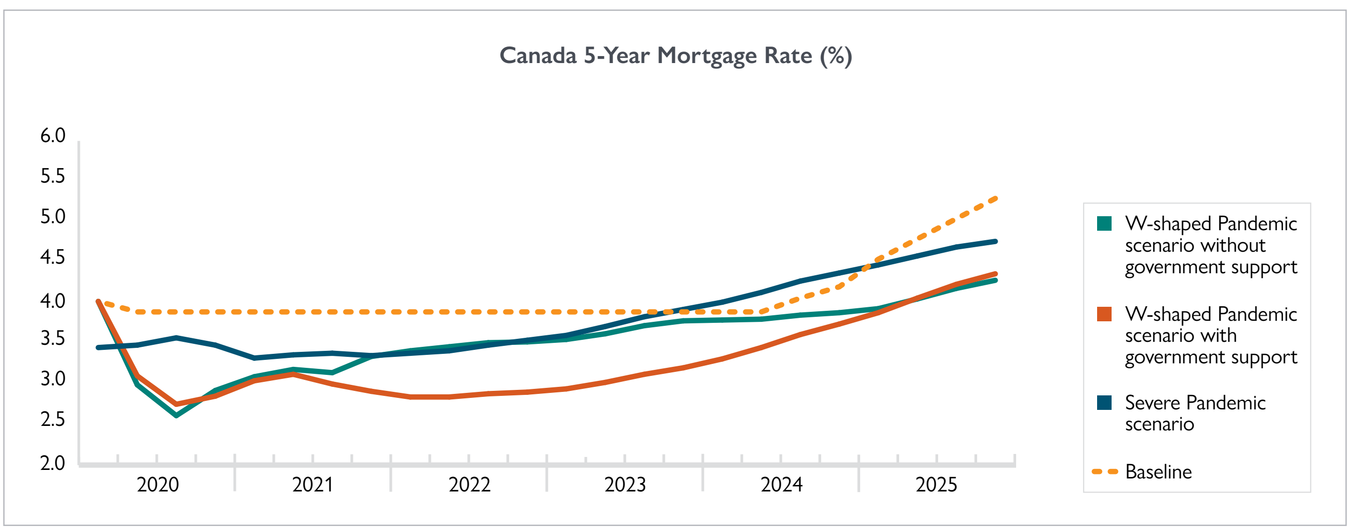
Scenario Theme		Narrative	Risk
Baseline Scenario		Best estimate of what the future will be.	Results suggest that CMHC has sufficient capital
Pandemic Scenario	Moderate	This scenario was assessed as plausible, despite not accounting for all government support measures.	Results suggest that CMHC has sufficient capital
	Severe	This scenario deliberately pushes the bounds of severity and plausibility. This is best outlined by the 50% peak unemployment rate assumption.	Results suggest that capital would be exhausted
W-shaped Pandemic Scenario	With government support	In a W-shaped Pandemic Scenario, just as the economy opens up and begins to rebound, a second wave starts. In these scenarios, severity level falls between Moderate and Severe. The second wave of infections begins in October and leads to full lockdown measures in Q4-2020 through Q2-2021.	Results suggest that CMHC has sufficient capital
	Without government support		Results suggest that CMHC has sufficient capital but management actions will be required to restore solvency.

Stress testing results for Real GDP, unemployment rate, change in Housing Price Index (HPI) and 5-year mortgage rate in Canada follow.









Stress test results are considered in our annual Own Risk and Solvency Assessment (ORSA) process, which assesses current and likely future capital needs and solvency positions.

Summary of Financial Impacts (2020-2030)

Our stress testing scenarios suggest the following impacts, which we would mitigate through capital and operational actions.

Insurance Cumulative (2020 Q1 - 2029 Q4)	CMHC Baseline	Moderate Stress	Severe Stress	W-Shaped Recession with Gov. Support	W-Shaped Recession No Gov. Support
Insurance Claim Losses – Economic ($B)	-3.681	-9.560	-35.001	-10.448	-15.128
Insurance Net Income – Accounting ($B)	12.472	7.927	-20.923	7.774	0.093
Mortgage Funding Net Income – Accounting ($B)	7.889	8.299	10.871	10.539	10.964
GDP (peak-to-trough)	-21.26%	-7.30%	-24.62%	-24.78%	-27.32%
Unemployment rate	18.90%	14.80%	50.00%	24.19%	25.00%
House Price (peak-to-trough)	-13.73%	-33.85%	-36.39%	-31.82%	-47.89%
Oil Price (peak-to-trough)	-79.86%	-59.07%	-68.21%	-75.92%	-75.99%
S&P-TSX (peak-to-trough)	-43.57%	-50.58%	-81.90%	-77.75%	-82.40%

MORTGAGE INSURANCE

- With the exception of the Round 2 Severe Pandemic scenario, current capital targets can sustain stress events with management actions.
- The Round 2 Severe Pandemic scenario leads to the largest cumulative financial losses and exhausts CMHC's capital, requiring recapitalization by Government of Canada provided that dividends were suspended in March 2020.

MORTGAGE FUNDING

- Liquidity floor was increased from $3.2 billion in FY2019 to $5 billion in FY2020. No additional management actions are required to maintain our required capital
- Mortgage funding results are countercyclical in nature and help offset the loss on the Insurance side.

In addition, we conduct operational risk scenario analysis exercises and business sector-specific stress testing. Scenario analysis exercises involving participation across a number of departments are carried out as part of CMHC's stress testing program, with results reported internally to senior management and the Board of Directors. Outcomes from the exercises are valuable to the development of business continuity and disaster recovery plans, ensuring CMHC's continued ability to deliver on its mandate.

APPENDIX 6 – COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

CMHC continues to enhance the policies, processes and structure overseen by its Chief Compliance Officer (CCO). The CCO (who is also the Chief Risk Officer) reports directly to the CEO. The Three Lines of Defence risk governance structure adds integrity and independence to the oversight of compliance risk. Our CCO also reports directly to the Audit Committee of CMHC's Board of Directors, and can communicate directly with the Board of Directors as necessary, without the presence of other members of senior management.

We maintain an enterprise-wide compliance risk management policy to manage and mitigate compliance risk. As appropriate, compliance risk is integrated with the Operational Risk Management Framework as well as the Internal Control Framework. An annual compliance opinion is provided to the Board of Directors covering CMHC's governing and enabling laws, and other material laws as listed below. In addition, certain guidelines of the Office of the Superintendent of Financial Institutions and CMHC internal policies are gradually incorporated into the scope of the compliance attestation process.

CMHC has a strong approach to managing privacy risk and ensuring compliance with the *Privacy Act*. In 2019, the Office of the Chief Risk Officer was made accountable for providing centralized leadership on privacy, and a Privacy Office was established. The Privacy Office is CMHC's central authority on all privacy-related matters and oversees compliance with the Privacy Act as well as the company's Privacy Program. The primary objectives of the Privacy Office are protecting personal information under the control of CMHC, decreasing privacy risk exposures, and maintaining client and public trust and confidence in CMHC's ability to protect their privacy.

Governing and Enabling Laws

CMHC is a federal Crown corporation, accountable to Parliament through the Minister Responsible for CMHC. Our legislative framework consists of:

- *Canada Mortgage and Housing Corporation Act:* The CMHC Act establishes our company as a Crown corporation, provides for its constitution and sets out its objects and powers.
- *National Housing Act:* The NHA promotes housing affordability and choice, to facilitate access to, and competition and efficiency in the provision of, housing finance, to protect the availability of adequate funding for housing at low cost, and generally to contribute to the well-being of the housing sector in the national economy.
- *Financial Administration Act:* The FAA sets out how government spending is approved, expenditures can be made, revenues obtained and funds borrowed, with Part X specific to Crown corporations.
- *National Housing Strategy Act:* The NHS Act furthers the progressive realization of the right to adequate housing, as recognized under the International Covenant on Economic and Social Cultural Rights, including by requiring the adoption and maintenance of a National Housing Strategy, establishing a National Housing Council and creating a Federal Housing Advocate.

Our corporate mandates, policies, corporate plans, by-laws, manuals, guidelines, authorities, agreements, strategic portfolio analysis, internal controls and processes have been designed and implemented to meet our obligations under these pieces of legislation.

Other material laws include (but are not limited to): *Canada Labour Code, Canadian Human Rights Act, Access to Information Act, Official Languages Act, Privacy Act, Accessible Canada Act.*

APPENDIX 7 – GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

CMHC participates in the Open Government Working Group and supports the Government of Canada OpenData site. We continue to work with our colleagues at Open Government to broaden exposure of CMHC data via Open Government tools, including links to our Housing Market Information Portal, information on the National Housing Strategy, and publication of micro-data files.

GENDER-BASED ANALYSIS PLUS

We recognize that people are shaped by several factors (gender, race, age, ethnicity, where they live, culture, religion, ability, geography, etc.), and we want to understand how these factors influence how people in Canada experience our policies and programs.

Although we have a duty to use GBA+ as a federal entity, for us, it goes deeper: it's inherent in our 2030 aspiration to ensure housing affordability for everyone in Canada and our corporate strategy commits us to understand the lived experience of Canadians to inform our decisions.

Recently, our employees and Board of Directors committed to re-assess all of our policies and practices through a racialized lens to eliminate discrimination. We require the application of a GBA+ lens in all our business cases seeking internal governance approval to increase adoption and considerations of GBA+ in our investments.

To build the capacity of our employees to meet these commitments, our GBA+ Champion chairs the GBA+ committee with members from all business units at CMHC. We are emphasizing access to more GBA+ and diversity training for all employees, and on building awareness of GBA+ and how to use it.

DIVERSITY AND EMPLOYMENT EQUITY

We are committed to diversity, equity and inclusion. Our goal is to have our employee population mirror, if not exceed, the larger Canadian population in four designated employment equity groups.

We know that some employment equity groups are under-represented in our leadership community. We have already achieved many of our diversity targets. In 2021, we will implement hiring targets for black and racialized people when filling senior management positions respecting the principles of merit-based staffing.

Diversity and inclusion training is regularly conducted to increase awareness and educate employees on how to recognize and respect differences among fellow employees, and how to apply unique perspectives and skills to the benefit of our clients and communities. Examples of training topics include GBA+, unconscious bias and empathic leadership. In addition, diversity and inclusion are fully integrated into our corporate strategy as essential to achieving our 2030 housing aspiration.

INDIGENOUS RECONCILIATION

CMHC is ensuring that all NHS initiatives prioritize the needs of Indigenous peoples. We are focused on delivering a better client experience and improving housing outcomes in Indigenous and northern communities through a dedicated team at CMHC. With an enhanced client service approach and deeper knowledge of the goals of Indigenous peoples, we continue to speak with Indigenous leaders about our products and services to ensure they are both tailored and flexible to help address their unique needs. The feedback provides insight that contributed to our Multi-unit insurance product review, client journey mapping, and National Housing Co-Investment Fund application process improvement.

There is an increasing number of Indigenous communities that are looking to use their lands and other assets for maximum economic potential, so they can reinvest in housing and other community infrastructure and achieve incremental outcomes. We will create tailored solutions to support Indigenous communities in achieving their housing goals.

SUSTAINABLE DEVELOPMENT AND GREENING GOVERNMENT OPERATIONS

The effects of climate change can impact our housing needs. Rising sea levels, increasing frequency and severity of weather events, and extreme cold and heat can prompt us to rethink what a safe and adequate home looks like. Under the Pan Canadian Framework for Clean Growth and Climate Change, the Government of Canada committed to working with provinces and territories, in consultation with Indigenous peoples, on reducing greenhouse gas emissions and adapting to climate change impacts while building a strong, vibrant and clean economy. CMHC will continue to support the Framework by helping ensure that Canadians have the tools to mitigate the risks of climate change – and recover should disaster hit. We are supporting federal departments and others by sharing housing data and information, offering advice on housing issues and providing our insurance business expertise as they develop policies and programs that both promote climate action and contribute to meeting housing needs.

We are working with Public Safety Canada and Indigenous Services Canada to support the creation of a taskforce to develop options for a national high-risk flood insurance program and a national action plan for the potential relocation of affected households. We are also working with Natural Resources Canada to explore ways of reducing greenhouse gas emissions by residential homes.

We are also working with the Federation of Canadian Municipalities to co-ordinate the FCM Green Municipal Fund with the programs we offer to help better support the development of affordable and energy efficient housing.

These efforts add to those established by the NHS, which states that housing investments should support Canada's climate change agenda by promoting environmental sustainability and energy efficiency. This includes through new and renewed housing that exceeds building code energy efficiency standards.

In terms of greening government operations, we continue to work toward achieving climate-compatible operations by:

- achieving Leadership in Energy and Environmental Design Gold certification for our Ottawa office retrofit as well as WELL Building Standard certifications to support and advance human health and wellness;
- achieving an ENERGY STAR® rating in the 75th percentile for all of our facilities;
- reducing our greenhouse gas (GHG) emissions by 25%;
- sourcing green energy to align with the Federal Sustainable Development Strategy;
- utilizing a 100% digitally-enabled workforce to reduce office space and emissions;
- continuing to share, and adopt, sustainability practices via the Crown Corporations Greening Community of Practice; and
- partnering with suppliers to better understand, manage, and reduce our carbon footprint.

SAFE WORKSPACES

We prioritize and support the well-being of our employees, and we are committed to a healthy and safe work environment (physically, psychologically, and digitally) that is free of harassment, work-place violence, and discrimination.

We have a comprehensive suite of policies and tools already available to employees that articulate organizational expectations and employee accountabilities, including the training and redress options available to them to address harassment in the workplace.

Our well-being program encourages healthy, respectful and ethical behaviours. Employees have digital access to a central repository of information, resources, training and services on various facets of employee well-being.

We use the results of our annual employee wellbeing survey to evaluate the supports in place and to determine priority areas for future attention (e.g., mental health, workplace stress, and workplace harassment).

ACCESSIBILITY

We believe in the Government's vision "to be the most accessible and inclusive public service in the world" and are advancing the Accessibility Strategy's goals to realize this vision in significant ways:

- Improve recruitment, retention and promotion of persons with disabilities: Our recruitment process uses virtual techniques that introduce flexibility for people with disabilities to conduct interviews in the comfort of their homes.
- Enhance the accessibility of the built environment: Our Workplace Transformation project will promote sustainability and well-being. We will prioritize employee engagement, health and wellness, and introduce elements related to clean air, access to light by all, ergonomic work settings and acoustics.

- Make information and communications technology usable by all: Accessibility tools are available and enabled for staff who have learning, vision, hearing, or mobility impairments. We have adopted the internationally accepted Web Content Accessibility Guidelines (WCAG) 2.0, Level AA conformance, which ensure that our web content and applications are accessible to a wide range of users, including people with disabilities. In addition, we are investing in an artificial intelligence-based tool that will help detect accessibility errors on the web. We are committed to making our content available and accessible to all Canadians and as such, we have developed internal guidelines to make our social media content accessible as well.

RENT RELIEF FOR COMMERCIAL TENANTS (CECRA COMPLIANCE)

The Minister of Finance sought our support regarding commercial rent assistance for small businesses that were facing financial challenges due to the COVID-19 pandemic.

On April 24, 2020, the Prime Minister announced agreements with provinces and territories on the Canada Emergency Commercial Rent Assistance (CECRA) for small businesses program. Program funding for this 2020 program was $3.0 billion including the Provincial and Territorial contribution. Subsequent extensions of the program announced for July, August and September were funded within the $3.0 billion. Allocated from the program funding was $123 million to administer the program.

While the CECRA program does not apply to agent Crown corporations like CMHC, the company aligned with the intent of the program by offering rent relief measures for tenants that would be otherwise eligible under CECRA.

DIRECTION FROM THE RESPONSIBLE MINISTER

Prior to the COVID-19 pandemic, we were on track to support the delivery of the Minister of Families, Children and Social Development's housing-related mandate commitments. However, as Government of Canada priorities shifted to mitigating the health risks and economic impacts of the pandemic, so too did our own. Knowing that many Canadians would face financial challenges because of COVID-19, we moved quickly to put measures in place to help them keep their homes, and contribute to the financial stability of our cities and our country.

Nonetheless, by reinforcing the importance of home, the pandemic has made undeniable the urgency to address the housing challenges that too many people in Canada continue to face. The NHS is our 10-year plan to do just that by creating new supply, modernizing existing housing, offering support to community housing providers and investing in research and innovation. The Strategy also calls for the collaboration and commitment of more partners than ever before as well as a whole-of-government approach that is reflected in our Minister's mandate.

As such, we continue to deliver on our Minister's mandate commitments in alignment with Government priorities:

- We are continuing to build and renovate housing through the NHS.
- We continue to work with provinces and territories to ensure the effective implementation of the Canada Housing Benefit.
- We remain active supporters of work led by Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs with the national Indigenous organizations representing First Nations, Inuit and the Métis Nation, on the co-development and political endorsement of each of the three distinctions-based housing strategies.
- The NHS recognizes veterans among the vulnerable populations it prioritizes. As such, we will continue to work with Veterans Affairs Canada and Employment and Social Development Canada to achieve a better understanding of the housing needs of homeless veterans and to inform the development of policy solutions.
- As the effects of climate change continue to increase the occurrence and severity of flooding events, we will collaborate with Public Safety Canada, other federal departments (e.g. Indigenous Services Canada) and the private sector in the creation of a taskforce that will develop options for a national high-risk flood insurance program and a national action plan for the potential relocation of affected households.
- In support of Canada's climate plan, we will continue to work with Natural Resources Canada to develop and administer policies to reduce greenhouse gas emissions by residential homes.
- We have designed two rounds of the Housing Supply Challenge to date. We will continue to work with the Minister of Infrastructure and Communities to finalize the design and implementation of other challenges and promote municipal participation.
- We will continue to work with the Department of Finance and others to implement the new First-Time Home Buyer Incentive and offer advice on possible improvements.

APPENDIX 8 – 2020 MID-YEAR PERFORMANCE

These performance measures are from the 2020-2024 CMHC Corporate Plan.

		Mid-year June 30, 2020	
	2020 Plan	Plan	Actual
Achieve NHS Targets			
Number of new housing units committed (cumulative – by end of 2020-2021)	33,970	25,400	52,595
Number of housing units repaired (cumulative – by end of 2020-2021)	48,440	34,200	60,935
Experiment with New Ideas			
Incremental affordable housing funding (3-year delivery)	$100M	$0M	$0M
Targeted guaranteed loans rate	3-5% improvement on baseline* (or 0.318%)	0.061%	0.195%
Innovation Index	64%	64%	60%
Understand Canadians' Needs			
New or improved program design informed by lived experience data	65%	-	62.5%
Client needs addressed within service standards	3-5% improvement on baseline* (or 59%)	56%	66%
Net promoter score	3-5% improvement on baseline* (or 40)	40	58
Underserved insurance protection	5% improvement* (or 29,348 units)	14,674 units	15,797 units
Build a Housing Data Exchange			
Average usability satisfaction rating	Establish target	Measured at year end	
Data exchange project status	85%	85%	100%
Signed data partnerships	5	-	1
Modernize Our Company			
Expense redeployment ratio	5.0%	2.5%	6.5%
Effective workforce index	63%**	63%	73%
Risk maturity index	80%	80%	82%
Return on required equity for commercial operations	13.2%	11.41%	13.9%

* baselines were established in 2019, absolute targets are included in brackets.
** target can also be achieved for defined levels of improvement depending on starting %.

Legend
- Sufficient progress toward target
- Insufficient progress or no progress toward target
- No data

APPENDIX 9 – SUMMARY OF AMENDMENTS TO CMHC 2021-2025 CORPORATE PLAN

Appendix 9.1 – New Funding for the Rental Construction Financing Initiative (RCFi)

FALL ECONOMIC STATEMENT (FES)

On November 30, 2020, the Government of Canada released the FES and proposed new federal commitments to affordable housing by expanding existing programs led by CMHC. One of the key programs in the FES is the Rental Construction Financing initiative (RCFi), which has been expanded by $12 billion to deliver low-cost loans over the next seven years and encourage the construction of purpose-built rental housing. This third expansion of RCFi will bring the program to a total of $25.75 billion over 11 years, more than 10 times the initial program size, with an estimated 71,000 units to be delivered.

The Government also announced additional measures in the FES, including expansions to the First-Time Home Buyer Incentive, Housing Internship Initiative for First Nation and Inuit Youth program, and new funding for the construction of emergency shelters for Indigenous women, children and 2SLGBTQQIA people escaping violence. The impacts in funding of these initiatives are not reflected in the tables below as program authorities are pending.

Financial Authorities

The additional funding for RCFi is expected after Treasury Board reviews the submission and will require the following incremental funding in 2021:

- **$14 million** in the Operating Budget (with **29** incremental Full-Time Equivalent employees)
- **$1.5 billion** in the Capital Budget

The capital commitments for RCFi in 2021 increase by $1.5 billion to $4 billion. To deliver the revised program commitments for RCFi, it is necessary to increase CMHC's annual long-term borrowing authority by $1.5 billion to **$6.5 billion**.

In addition to the incremental impact to the 2021 operating budget for RCFi, there are impacts of $2.5 million and $13.5 million for the Rapid Housing Initiative and Canada Emergency Commercial Rent Assistance program, respectively. Both programs, funded under the *Public Health Events of National Concern Payments Act*, had funding carry over into 2021 for continued operating costs.

The Total Operating Budget, Capital Budget and Full-Time Equivalents are as follows. Any amendments made to the last approved corporate plan are highlighted in the tables below.

Operating Budget, FTE and Capital Budget	2019 Actual	2020 Estimate	2021 Approved Plan	2021 Amended Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Operating Budget (in $ millions)	505.7	656.1	569.3	599.5	524.6	531.5	539.5	534.8
Full-Time Equivalents	1,841	2,138	2,214	2,243	2,152	2,118	2,109	2,090
Capital Budget (in $ millions)	2,969	23,440	4,368	5,868	3,148	2,927	2,517	2,260

The Amended Borrowing Plan for 2021 is as follows:

Borrowing Plan (in $ millions)	2019 Actual	2020 Estimate	2021 Approved Plan	2021 Amended Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Outstanding Borrowings as at Dec. 31	8,844	35,642	38,846	40,346	41,763	44,221	46,457	27,802
Peaks at Any Point During the Year	10,391	37,151	19,873	21,373	22,253	24,738	26,901	28,640
Long-Term Borrowings as at Dec. 31	8,766	30,786	33,490	34,990	36,213	38,671	40,907	22,252

Financial Statements

($ millions)	2019 Actual	2020 Estimate	2021 Approved Plan	2021 Amended Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Total Revenues and Government Funding	4,737	8,806	6,085	6,182	6,003	6,113	6,178	6,081
Total Expenses (including income taxes)	3,157	8,089	4,758	4,805	4,237	4,250	4,234	4,150
Net Income	1,580	717	1,327	1,377	1,766	1,863	1,944	1,931
Total Assets	276,259	313,031	317,872	319,580	311,523	304,806	307,178	294,863
Total Liabilities	261,646	298,603	302,589	304,248	298,628	292,879	295,443	283,461
Total Equity	14,613	14,428	15,283	15,332	12,895	11,927	11,735	11,402

Appendix 9.2 – New Funding for the Canada Greener Homes Loan (CGHL) Initiative

BUDGET 2021

On April 19, 2021, the Government of Canada tabled Budget 2021 *A Recovery Plan for Jobs, Growth and Resilience*.

Budget 2021 proposes providing CMHC $4.4 billion to help more than 200,000 homeowners complete deep home retrofits through interest-free loans worth up to $40,000 as part of the Canada Greener Homes Loan (CGHL) Initiative. In combination with available grants announced in the Fall Economic Statement to be offered by Natural Resources Canada, the loans will support eligible participants to undertake additional efficiency measures based on an authorized EnerGuide energy assessment. This way, households can take on substantial retrofits that have the biggest impact in reducing a home's environmental footprint and energy bills.

Qualified homeowners will be able to complement these interest-free loans with Natural Resources Canada's energy audit and grant program, which was announced in the 2020 Fall Economic Statement. After completing an energy audit, homeowners will access an online portal to apply and provide all required documentation. The loans will be underwritten by a third party vendor and if the homeowner's application is approved, they could request an advance of the loan to cover any upfront costs. The remainder of the loan will be disbursed upon completion of the required work.

CMHC's amendment to the 2021-2025 Corporate Plan to include RCFi was approved by the Government in May 2021 and CMHC now presents this second amendment in order to reflect recent funding decisions including the homeowner stream of the CGHL. Due to timing for design and implementation, approval of the financial authorities for the rental stream will follow at a later date and will be reflected in CMHC's 2022-2026 Corporate Plan.

The government also announced the following measures in Budget 2021:

- Canada Housing Benefit (CHB)*
- Federal Community Housing Initative (FCHI)*
- Rental Construction Financing Initiative (RCFi)*
- National Housing Co-Investment Fund (NHCF)
- Affordable Housing Innovation Fund*
- Rapid Housing Initiative (RHI)
- Granville Island Emergency Relief Fund

* pending required approvals

Financial Authorities

The additional funding for the homeowner stream of CGHL will require the following incremental funding in 2021:

- **$34.6 million** of Operating Budget (with **22** incremental Full-Time Equivalent employees)
- **$65.7 million** of Capital Budget

In addition to the incremental impact to the 2021 operating budget and FTEs for CGHL, there are impacts of $8.2 million (40 FTEs), $0.4 million (2 FTEs) and $0.2 million (1.5 FTEs) for RHI (Budget 2021), NHCF (Budget 2021) and Housing Internship for Indigenous Youth (HIIY) (2020 Fall Economic Statement), respectively. All of these programs recently received financial authorities through Treasury Board approvals and are reflected in this amendment.

The total 2021 Operating and Capital Budget, and Full-Time Equivalents from incremental impacts from CGHL, RHI, NHCF and HIIY are in the following table. Any amendments made to the last approved corporate plan are highlighted in the table below. Adjustments for years 2022 onwards will be reflected in CMHC's 2022-2026 Corporate Plan.

Operating Budget, FTE and Capital Budget	2019 Actual	2020 Estimate	2021 Approved Plan[1]	2021 Amended Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Operating Budget (in $ millions)	505.7	656.1	599.5	642.9	524.6	531.5	539.5	534.8
Full-Time Equivalents	1,841	2,138	2,243	2,308	2,152	2,118	2,109	2,090
Capital Budget (in $ millions)	2,969	23,440	5,868	5,934	3,148	2,927	2,517	2,260

1 Based on the first amended 2021-2025 Corporate Plan, approved by the Treasury Board.

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Our.
Big.
Hairy.
Audacious.
Goal.

By 2030, everyone in Canada has a home that they can afford and that meets their needs.

ALTERNATIVE TEXT AND DATA FOR FIGURES

Net Income by Segment (in millions)

	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Consolidated	1,580	717	1,327	1,766	1,863	1,944	1,931
Mortgage Insurance	1,074	48	703	1,009	1,067	1,121	1,124
Mortgage Funding	464	552	605	703	755	779	775
Assisted Housing	42	117	19	54	41	44	32

Pre-tax Income Comparison of 2021 Plan to 2025 Plan (in millions)

	2021 Plan	Premiums and fees earned	Insurance claims	Other Income	2025 Plan
Bench marks	1,762				2,572
Rises		359	484		

Premiums Written and 2020 Plan Earnings Curve (in millions)

Year	Homeowner	Portfolio	Multi-unit	2021 Homeowner earned premiums	2021 Portfolio earned premiums	2021 Multi-unit earned premiums
2019A	$950.20	$29.95	$536.49			
2020F	$676.10	$1,42.58	$1,017.55			
2021P	$743.19	$66.50	$825.39	7%	7%	3%
2022P	$772.81	$65.06	$657.64	19%	20%	14%
2023P	$833.70	$64.44	$681.16	18%	21%	20%
2024P	$884.97	$63.53	$629.94	14%	17%	19%
2025P	$900.32	$57.29	$630.08	10%	14%	16%

Premiums and Fees Earned by Year of Origin (in millions)

	2019A	2020F	2021P	2022P	2023P	2024P	2025P
Pre 2019	1,344	1,005	782	569	409	294	216
2019	85	266	265	230	178	132	92
2020	-	89	277	340	287	223	146
2021	-	-	93	253	305	256	198
2022	-	-	-	90	239	282	236
2023	-	-	-	-	95	253	298
2024	-	-	-	-	-	97	257
2025	-	-	-	-	-	-	97
Premiums & Fees Received	1,545	1,882	1,673	1,529	1,613	1,610	1,620

Guarantee and Application Fees Earned Breakdown by Year of Origin (in millions)

	2019A	2020F	2021P	2022P	2023P	2024P	2025P
Pre 2019	513.83	420.98	289.03	170.29	80.19	31.9	27.47
2019	66.66	148.8	136.38	119.29	100.48	50.69	9.91
2020		93.05	258.08	258.08	228.6	151.44	88.87
2021			88.99	263.4	263.4	243.43	152.47
2022				79.45	214.88	214.88	202.6
2023					81.98	220.54	220.54
2024						83.42	220.54
2025							86.14
Fees Received	664.00	1,120.00	1,145.00	995.00	1,024.00	1,024.00	1,056.00

Capital Available vs. Capital Required (in millions)

	2019 Actual	2020 Estimate	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Lending Programs available capital	$266	$204	$273	$321	$377	$440	$510
Appropriated capital (Mortgage Insurance)	$11,801	$10,068	$9,428	$9,073	$8,925	$8,871	$8,906
Required capital (Mortgage Funding)	$1,201	$1,201	$1,200	$1,200	$1,202	$1,200	$1,201
Excess	$1,613	$2,885	$1,786	$1,617	$1,664	$1,594	$1,701
Capital available to minimum capital required % MICAT (Mortgage Insurance)	181%	194%	178%	177%	179%	178%	181%
Available capital to required capital (Mortgage Funding)	209%	189%	180%	173%	170%	169%	167%

Canada Unemployment Rate (%)

	Baseline	Severe Pandemic scenario	W-shaped Pandemic scenario with government support	W-shaped Pandemic scenario without government support
Q1 2020	6.30	7.80	6.30	6.30
Q2 2020	16.80	50.00	22.59	24.25
Q3 2020	18.90	50.00	22.21	24.20
Q4 2020	15.60	50.00	22.42	24.16
Q1 2021	14.20	48.77	22.90	24.08
Q2 2021	12.70	46.45	24.19	25.00
Q3 2021	11.00	43.92	22.85	23.55
Q4 2021	9.80	41.39	18.53	19.35
Q1 2022	9.30	38.86	15.39	16.34
Q2 2022	8.80	36.33	13.65	14.67
Q3 2022	8.70	33.80	12.25	13.26
Q4 2022	8.50	31.27	11.24	12.24
Q1 2023	8.30	29.23	10.60	11.54
Q2 2023	8.20	27.19	10.19	11.05
Q3 2023	8.00	26.05	9.88	10.70

(continued)

	Baseline	Severe Pandemic scenario	W-shaped Pandemic scenario with government support	W-shaped Pandemic scenario without government support
Q4 2023	7.90	24.52	9.58	10.24
Q1 2024	7.70	23.95	9.28	9.58
Q2 2024	7.50	23.38	8.98	8.56
Q3 2024	7.40	23.05	8.68	7.59
Q4 2024	7.20	22.73	8.38	6.64
Q1 2025	7.00	22.41	8.08	5.88
Q2 2025	6.80	22.09	7.78	5.30
Q3 2025	6.60	21.76	7.48	4.88
Q4 2025	6.40	21.44	7.34	4.75

Year over Year Change in Canada House Price Index (HPI) (%)

	Baseline	Severe Pandemic scenario	W-shaped Pandemic scenario with government support	W-shaped Pandemic scenario without government support
Q1 2020	0.21	-6.40	-1.21	6.80
Q2 2020	1.13	-10.47	-3.81	2.54
Q3 2020	-0.39	-14.84	-6.27	0.15
Q4 2020	-2.38	-19.52	-8.60	-5.00
Q1 2021	-13.38	-22.92	-4.15	-11.85
Q2 2021	-10.55	-24.03	-8.44	-15.24
Q3 2021	-8.07	-23.47	-10.96	-18.79
Q4 2021	-2.41	-20.96	-13.60	-22.51
Q1 2022	2.28	-8.20	-21.26	-22.88
Q2 2022	3.72	-3.07	-22.50	-23.30
Q3 2022	4.64	1.24	-21.88	-23.77
Q4 2022	6.01	4.37	-19.16	-24.31
Q1 2023	7.31	3.33	-5.16	-18.77
Q2 2023	8.83	4.58	0.24	-12.46
Q3 2023	9.92	5.45	4.59	-5.21
Q4 2023	10.58	5.92	7.55	3.21
Q1 2024	11.21	5.04	5.72	6.16
Q2 2024	11.63	5.13	6.68	9.07
Q3 2024	11.35	5.2	7.29	11.94
Q4 2024	10.12	5.28	7.56	14.75
Q1 2025	7.58	5.37	6.71	16.43
Q2 2025	5.21	5.43	6.65	18.00
Q3 2025	3.35	5.48	6.59	19.46
Q4 2025	2.17	5.53	6.52	20.82

Real GDP ($), Billions

	Baseline	Severe Pandemic scenario	W-shaped Pandemic scenario with government support	W-shaped Pandemic scenario without government support
Q1 2020	2,096.40	2,093.82	2,046.45	2,046.45
Q2 2020	1,819.03	1,823.38	1,758.10	1,602.59
Q3 2020	1,653.98	1,691.04	1,789.20	1,664.69
Q4 2020	1,739.69	1,620.04	1,747.04	1,650.57
Q1 2021	1,800.43	1,583.38	1,671.60	1,606.16
Q2 2021	1,824.71	1,591.31	1,592.34	1,540.23
Q3 2021	1,852.05	1,640.47	1,579.93	1,526.54
Q4 2021	1,845.15	1,707.64	1,645.82	1,582.41
Q1 2022	1,876.93	1,778.14	1,734.46	1,663.66
Q2 2022	1,909.94	1,844.63	1,823.38	1,749.00
Q3 2022	1,947.85	1,902.19	1,891.38	1,815.78
Q4 2022	1,987.87	1,951.55	1,936.50	1,859.30
Q1 2023	2,025.91	1,992.76	1,967.06	1,892.68
Q2 2023	2,060.06	2,026.48	1,986.24	1,913.77
Q3 2023	2,094.44	2,053.67	2,007.78	1,934.09
Q4 2023	2,130.08	2,073.74	2,025.89	1,963.31
Q1 2024	2,161.84	2,089.26	2,042.03	2,004.49
Q2 2024	2,191.04	2,102.31	2,053.41	2,068.03
Q3 2024	2,221.45	2,114.36	2,063.16	2,114.34
Q4 2024	2,248.56	2,125.8	2,071.21	2,160.98
Q1 2025	2,257.04	2,137.54	2,077.75	2,192.15
Q2 2025	2,265.55	2,149.51	2,086.93	2,216.37

Canada 5-Year Mortgage Rate (%)

	Baseline	Severe Pandemic scenario	W-shaped Pandemic scenario with government support	W-shaped Pandemic scenario without government support
Q1 2020	4.02	3.45	4.02	4.02
Q2 2020	3.89	3.48	3.10	2.99
Q3 2020	3.89	3.57	2.75	2.61
Q4 2020	3.89	3.48	2.85	2.92
Q1 2021	3.89	3.32	3.04	3.09
Q2 2021	3.89	3.36	3.12	3.18
Q3 2021	3.89	3.38	3.00	3.14
Q4 2021	3.89	3.35	2.91	3.34
Q1 2022	3.89	3.38	2.84	3.41
Q2 2022	3.89	3.41	2.84	3.46
Q3 2022	3.89	3.48	2.88	3.51
Q4 2022	3.89	3.54	2.90	3.52
Q1 2023	3.89	3.60	2.94	3.55
Q2 2023	3.89	3.71	3.02	3.62
Q3 2023	3.89	3.83	3.12	3.72
Q4 2023	3.89	3.92	3.20	3.78
Q1 2024	3.89	4.01	3.31	3.79
Q2 2024	3.89	4.13	3.45	3.80
Q3 2024	4.06	4.27	3.61	3.85
Q4 2024	4.20	4.37	3.74	3.88
Q1 2025	4.54	4.47	3.88	3.93
Q2 2025	4.79	4.58	4.06	4.05
Q3 2025	5.04	4.69	4.23	4.18
Q4 2025	5.29	4.76	4.36	4.28