CANADA MORTGAGE AND
HOUSING CORPORATION

2022-2026
Summary of the Corporate Plan

Summary of the amended 2022-2026 Corporate Plan, including the summary of the amended 2022 Operating and Capital Budgets reflects new funding as per Budget 2021 and Budget 2022 measures, as approved by Treasury Board.

Canada

CMHC SCHL

For all of us who call this country home, let us take time to reflect.

This country has given us so much, but we must strive to better recognize the many contributions of Indigenous Peoples and continue to educate ourselves about the real histories and ongoing impacts of colonization.

As a small yet important step in our commitment to Reconciliation, CMHC acknowledges all Indigenous lands, treaties and peoples throughout Canada. We humbly express our gratitude for this beautiful land, and extend our utmost respect and appreciation for its many generations of caretakers.

Today and always, it is important that we have truthful, reconciliatory, and inclusive conversations that strengthen the ties that unite us. We must continuously learn from each other with open hearts and minds. Only then can we look toward our future with hope and confidence for a better Canada for all.

Spirit Island in Maligne Lake, Jasper National Park, Canadian Rocky Mountains

OUR MANDATE

To promote housing affordability and choice, facilitate access to, and competition and efficiency in the provision of, housing finance, protect the availability of adequate funding for housing at low cost, and generally contribute to the well-being of the housing sector in the national economy.

OUR MISSION

We help Canadians meet their housing needs.

CMHC's 2022-2026 Corporate Plan was approved by the Treasury Board of Canada without conditions on December 9, 2021. The Summary of the 2022-2026 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.

Table of Contents

Minister's Foreword

Throughout the COVID-19 pandemic, Canadians have pulled together to get through challenging times – and the federal government has been there to support them. We responded to the urgent needs of vulnerable people in precarious housing by rapidly creating more housing through our $72+ billion National Housing Strategy.

Now, we are firmly focused on getting to better days with an economic recovery that leaves no one behind. But to get there we must address our growing housing affordability challenges – and CMHC has a solid plan to get there.

CMHC's 2022-2026 Corporate Plan Summary is built on an ambitious goal – housing affordability for all. Its path forward is clear, focused and impactful. It focuses on CMHC's strengths, and mobilizes all sectors to make Canada's housing system more affordable, sustainable, inclusive and climate compatible in the years ahead. At the same time, it safeguards Canada's housing finance system in uncertain times.

I'm confident that this plan will help move us toward the economic recovery that Canadians are asking for – one where everyone has a chance to thrive and prosper.

The Honourable Ahmed Hussen
Minister of Housing and Diversity and Inclusion

> Everyone in Canada deserves a brighter future with a real and fair chance at success. That future starts with a place to call home.

- The Honourable Ahmed Hussen

Message from the Chief Executive Officer

At Canada Mortgage and Housing Corporation (CMHC), we are driven by one goal: housing affordability for all. Our bold aspiration is that by 2030, everyone in Canada has a home that they can afford and that meets their needs.

To that end, it is my pleasure to introduce our Corporate Plan Summary for 2022-2026, my first as President and CEO. I do so recognizing that Toronto – the city I gratefully call home – is the traditional territory of many nations, including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples.

2021 was a period of both modest celebration and profound reflection for us, as CMHC commemorated its 75th anniversary. The COVID-19 pandemic created an even greater awareness of the home as a sanctuary and, by extension, the value and importance of the work we do to support housing affordability. Ongoing acts of racism – including inequities and systemic barriers – and the appalling state of housing in many Indigenous communities also caused us to look inward.

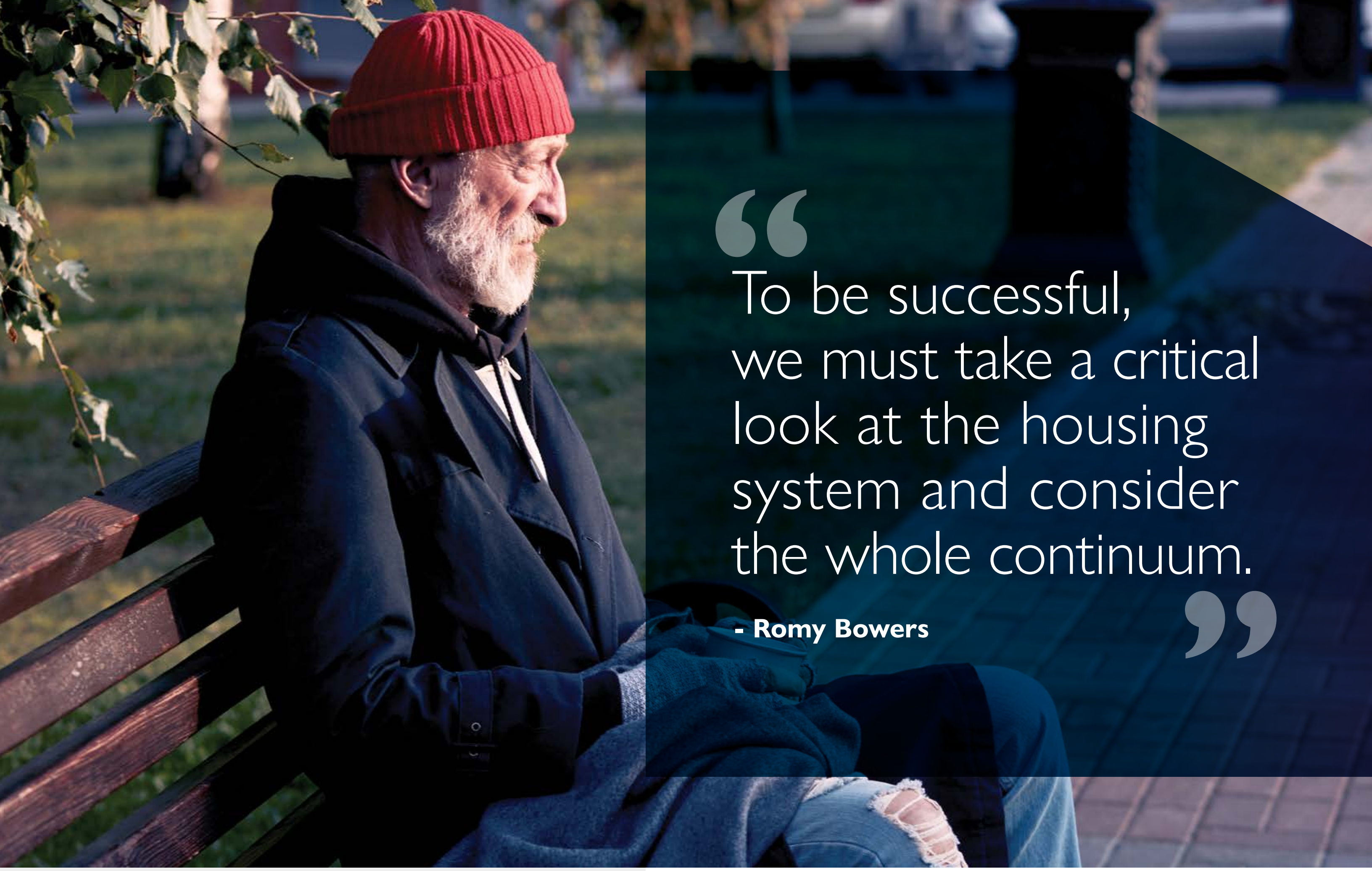
As Canada's national housing agency, we recognize that housing affordability is an essential component of nation building – of creating a Canada that is truly equitable and where everyone can fulfill their potential. To maintain our influence in the world and continue to prosper, Canada must be a leader in innovation, sustainability and productivity. Housing affordability is both a necessary condition and part of the solution for that to happen.

Governments – including the federal government through CMHC – have an important role to play in achieving housing affordability for all. The National Housing Strategy (NHS) has been successful in targeting areas where we can make a difference, particularly in supporting the development of housing for populations facing housing challenges. However, the housing system is complex and its outcomes are the result of actions taken by many participants. Governments alone cannot address all barriers to an affordable and equitable housing system. The private sector, for example, creates most of the housing supply and we need to harness its tremendous power.

To be successful, we must take a critical look at the housing system and consider the whole continuum, including the homeless, transitional housing, emergency shelters, affordable rental housing and homeownership, and community and market housing, each critically important to meet different needs, at different times.

CMHC is uniquely positioned to do this. Our commercial activities (mortgage insurance and mortgage funding) support stable, well-functioning housing markets, while our housing programs help build, renovate and maintain safe, affordable homes for those most in need. By exercising thought leadership and bringing together communities and people with varied lived experiences, we are working with others to identify ways to address market gaps and failures across the housing system. We are seeking bold new approaches backed by innovative solutions – an "all of Canada" approach anchored in new, even non-traditional, partnerships.

We continue to strengthen our focus and the execution of our strategy. We are on the right path with existing NHS initiatives, and we're positioning ourselves to do more to accelerate the creation of supply that meets the needs of those living in Canada, to address systemic barriers to equity and inclusion, and to build a sustainable housing system.



> To be successful, we must take a critical look at the housing system and consider the whole continuum.
>
> **- Romy Bowers**

Our strategy is centered on the achievement of three outcomes:

People in core housing need (CHN) have equitable and reliable access to housing that is secure and affordable.

- The need to ensure government policies address the needs of those facing housing challenges and those in CHN, and focus on removing barriers to access, including for those who are experiencing racism or discrimination.

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

- Sufficient housing supply and options that meet the diverse and changing needs of people living in Canada is key to creating and maintaining affordability.

Canada's housing system supports sustainability and stability.

- The urgency to build a housing system that is sustainable and designed to address social, financial and environmental vulnerabilities, including those driven by climate change.

In delivering on our strategy, it is imperative that we continue to: support Canada's **COVID-19 response** by providing safe, stable and permanent housing on an urgent basis for those most affected by the pandemic; pursue a **human rights-based approach to housing**, as legislated in the *National Housing Strategy Act*, by supporting bodies such as the National Housing Council and through other actions; and advance **reconciliation** and the implementation of our **Anti-Racism and Equity** commitments in order to reduce discrimination in the housing system and become a more inclusive company where our workplace is safe, welcoming and representative of people living in Canada.

My 2,200 colleagues and I are incredibly motivated by our aspiration and by a five-year plan that focuses on where and how we can affect change so that everyone in Canada has a home that they can afford and that meets their needs. We will continue to be bold and ambitious and foster a culture where courage, community and impact can flourish.

Romy Bowers
President and Chief Executive Officer

Our Aspiration

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

Housing in Canada

Where Are We Now?

In recent decades, Canada's housing landscape has been shaped by many factors such as increasing immigration, changing household characteristics, an aging population, escalating house prices in urban centres, a growing lack of affordable rental supply, climate change, local development policies and infrastructure costs, to name a few. In addition, significant barriers to access affordable housing continue to exist, including systemic racism and discrimination.

Housing affordability plays a crucial role in the Canadian economy since high housing prices and elevated debt are known to lead to reduced economic growth.

Even before the pandemic, people living in Canada were finding it increasingly difficult to access quality, affordable housing.

The impacts of the pandemic have disproportionately affected households that are more likely to rent and those who, in many cases, are already facing severe affordability challenges. This has led to temporary declines in rental demand, made worse by decreasing immigration and student demand. While this would be expected to temporarily ease some affordability pressures, the remaining demand is still outpacing rental supply and placing upward pressure on rental prices. Eventually, pent-up immigration and the effect of more ambitious immigration targets are expected to push rental demand higher; over the 2021-to-2023 period, however, vacancy rates are likely to remain elevated (in comparison to pre-pandemic levels).

The pandemic also affected the homeownership market, where pent-up demand and lack of supply have led to escalating costs. Trends toward remote work have led more buyers to move further from urban centres, putting pressure on previously "cooler" markets.

House prices are rising faster than average incomes and homeowners are borrowing more to buy their home, making it more difficult to service their mortgage, despite lower interest rates. Rents have also increased faster than incomes. Affordability has been particularly challenging for lower income households and those whose employment has been impacted as a result of the COVID-19 pandemic.

There are currently more than 1.7 million households in core housing need[1] (CHN). On average, these households cannot afford more than $660 per month for housing and, very often, already rely on government support to pay for everyday necessities. A household is in core housing need if its housing falls below at least one of the adequacy, affordability or suitability standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three housing standards). The housing standards are defined as follows:

- Spending more than 30% of their household income on housing;
- Their housing is not adequate (i.e., is in poor condition and not safe); and/or
- Their housing is not suitable (i.e., families experience overcrowding because their housing lacks the minimum number of bedrooms required).

The percentage of households in CHN has not improved between 2006 and 2016 and remains stable at 12.6%[2]. Over 90% of households in CHN face affordability challenges due to inadequate income relative to housing costs, and that gap is widening.

Housing matters beyond providing shelter. It builds a foundation for broader social and economic success for individuals and communities, and fosters stability and a sense of pride in people that can result in better outcomes for our country. While we all felt effects of the pandemic, those facing housing challenges were impacted the most. Now more than ever, it is essential to foster a shared sense of urgency among all housing participants to provide affordability solutions to those in the greatest of need.

1 2016 Statistics Canada Census

2 Ibid.

The Path Ahead

Canada's housing system is complex. Solutions must consider the full housing continuum and there is a strong need for coordination among those who have influence within the housing system. Any decision or action taken by housing participants in one segment of the housing continuum can impact the others and have compounding effects on people living in Canada. Simply put, we cannot address housing challenges in isolation, nor with a one-size-fits-all approach.

In accordance with the *National Housing Strategy Act*, the Government of Canada committed to improving housing outcomes for those in greatest need and recognizes the right to adequate housing as a fundamental human right. As Canada's housing agency, **CMHC contributes to the stability of the housing system, supports the creation of housing for people in housing need, and delivers unbiased housing research, policy and advice to all orders of government, consumers and the industry**. These actions are integral to improving living standards and meeting the basic human need of shelter for people living in Canada.

We are fully committed to achieving our aspiration. We are adapting our strategy to respond to the dynamism of the housing market and changing needs of people living in Canada. We are accelerating actions to help steer Canada toward a less carbon-intensive housing system while also helping our country prepare for changes caused by climate events. Through our various programs, we are prioritizing the housing needs of First Nations, Métis and Inuit peoples and believe that housing policy must embrace the principle of housing for Indigenous people, by Indigenous people. We are also committed to creating a more equitable housing system that benefits everyone in Canada, particularly those facing housing challenges.

We cannot solve Canada's complex housing challenges alone. The responsibility for a healthy housing system falls to all orders of government and directly contributes to other policy priorities including health, social inclusiveness, economic growth and macroeconomic stability. **Affordability in housing is linked to well-being and can build better futures for individuals, businesses and communities**. Beyond government, all participants, including those who are typically not involved in housing, must recognize the complex and interconnected nature of the housing system and work together to address gaps and challenges.

We at CMHC are making it a priority to use our unique position and influence to make this happen. In doing so, we will progress towards our aspiration and the goal of housing affordability for all people living in Canada.

OUR ASPIRATION

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

OUR PEOPLE

Courage
Community
Impact

OUR FOCUS

- Needs of households in core housing need are met through public policy measures
- Systemic racism, inequities and other barriers to access are removed
- Current and future housing needs and supply gaps are understood by system participants
- Barriers to building or renovating housing are removed
- Current and future financial, environmental and social vulnerabilities, including racism and discrimination, to the housing system are understood and tempered
- The housing system advances climate compatibility
- Housing is in the spirit of Reconciliation

OUTCOMES

People in core housing need have equitable and reliable access to housing that is secure and affordable

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

Canada's housing system supports sustainability and stability

Our Strategy

At CMHC, our strategy guides every decision we make. It keeps us focused on our ambitious aspiration and sets out the path to get there.

When we first announced our strategy in 2018, it transformed our company. Recently, we brought additional focus to our execution by articulating the outcomes needed for success. Now, given the changing context of housing in Canada, we have identified strategic results that clarify where we can have the biggest impact and affect the desired changes in the housing system.

3

OUTCOMES

Our strategy continues to be centered on the achievement of three outcomes. These outcomes define **the changes needed across the housing system** to reach our aspiration.

7

STRATEGIC RESULTS

Our strategy focuses on seven strategic results that will make it possible to reach our outcomes. These results reflect **the issues that we at CMHC are uniquely positioned to influence** and **that will deliver the greatest impact**. These are the areas where we will prioritize our efforts.

HUMAN RIGHTS-BASED APPROACH

Our strategic results are anchored in the human rights-based principles of **non-discrimination**, **inclusion, participation** and **accountability**. We are committed to ensuring that those with lived experience of housing need have a voice and are at the table when we are developing policies and programs, and making decisions that affect them.

PERFORMANCE MEASURES

Performance measures and targets have been established to assess our progress towards achieving our strategic results. While the measures are shown under the result they relate to most, in some cases they contribute to others as well.

Additional performance measures are being developed in 2022 to provide a complete view of our progress. These performance measures are detailed in Appendix 3: Planned Results and CEO Commitment.

We continuously monitor our performance to inform our decision-making and drive progress toward our outcomes.

OUR CULTURE

If strategy is ***'what we do'***, culture is ***'how we do it'***. When combined with strategy, culture accelerates execution and creates strategic advantage. Our approach to culture is deliberate. It clearly articulates what we value, and the behaviours we need to demonstrate. We are a courageous community building impactful solutions together.

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 face housing challenges. As a community (inside and outside CMHC), we champion diversity and equity in our housing system and trust in one another. We are committed to building impactful solutions by focusing on the outcomes that matter the most to deliver results that make a difference to people living in Canada.

While culture is a shared accountability for all employees, our leaders have enormous influence to set the organizational context for their teams by establishing targeted results, coaching and evaluating performance, and making decisions. Our leadership community is committed to continuously exhibiting evidence-based leadership, inspiring employees and championing our Leadership Contract which outlines expectations of our leaders.

People in core housing need have equitable and reliable access to housing that is secure and affordable

Many people living in Canada face barriers that prevent them from finding secure and affordable housing. For example, Indigenous Peoples, immigrants, seniors and single female households are over-represented in CHN and are often not appropriately served by conventional housing markets. The challenges they face are deep rooted, ranging from systemic racism and discrimination to difficulties navigating complex housing systems and programs that are not tailored to meet their specific needs.

Having secure and affordable housing improves the ability of households to provide stability and opportunity for themselves and their families, leading to improved health, employment and educational outcomes. With this in mind, we are focusing on solutions to remove barriers. This is key to providing sustainable economic growth and fostering social inclusion, which will result in a more resilient society for generations to come.

Needs of households in core housing need are met through public policy measures

Low-income households are spending a larger share of their income on housing: in addition to being more likely to be overburdened by housing costs, they are more likely to live in poor-quality dwellings. Insufficient access to good quality housing is often associated with limited access to healthcare, education, internet and job opportunities. This can have enduring impacts, including on the lifetime income of young people who grow up in poor quality housing and/or have less access to education or healthcare services.[3]

Our work focuses on doing our part to ensure government investments have the greatest possible impact on those who need it most.

As of the last Census (2016), there are more than 1.7 million households in CHN. To address these needs through new housing solutions exclusively, supply would need to increase by more than 200,000 new affordable units per year until 2030 while maintaining existing ones. To meet the needs of those in CHN, not only do our targets need to be ambitious, but innovative solutions must also be found. Our targets will therefore combine existing and new solutions to increase supply and maintain existing units for those in CHN – the ones facing the most housing challenges. We will continue to influence and establish partnerships to increase investments in affordable housing for those in core housing need.

Performance Measure	Average Annual Performance 2019 & 2020	2022 Target	2023 Target	2024 Target
# of units new, repaired and assisted, affordable to those in CHN[**]	124,000 units	130,000 units	134,000 units	140,000 units
Incremental affordable housing funding[***]	$128.5 million[*]	$100 million	$100 million	$100 million

[*] The scope of the Incremental affordable housing funding performance measure changed for 2022 onward to include only commitments for units that are affordable as defined by CHN. Average annual performance is based on the prior scope which included all commitments for affordable housing as defined by the NHS. Average annual performance using the new scope is $53.7 million.

[**] Includes commitments to all new and existing units facilitated through CMHC's activities, including NHS, Mortgage Loan Insurance, Legacy programs as well as Partnerships (units facilitated through the Incremental Affordable Housing Funding) and Innovation.

[***] Funding secured through partnerships with private entities and that is committed to supporting or creating units affordable to people in core housing need.

Systemic racism, inequities and other barriers to access are removed

Barriers to accessing safe and affordable housing can have devastating consequences for the well-being of individuals and the prosperity of our country. Challenges faced include difficulty navigating complex processes and programs, lack of income, as well as racism and discrimination.

We are prioritizing work to improve outcomes for communities that face inequities, by focusing on removing systemic barriers to access. We are doing this by working with engaged and knowledgeable partners who have the invaluable on-the-ground experience, learned best practices and networks needed to create foundational change.

We are ensuring that our programs are fair, equitable and barrier-free. We seek to demonstrate leadership in this area, with a goal to influence other participants in the housing system to do their part. Finally, we are ensuring that we have a representative workforce and a strong culture that champions diversity, inclusion and reconciliation.

[3] Brick by Brick; Building Better Housing Policies, OECD 2021

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

A well-functioning housing system has a sufficient number (new and repurposed) and mix (tenure, size, density) of affordable housing options to meet the diverse and ever-changing needs of communities and individuals.

Our focus is to better understand the many factors that drive changes in housing supply and demand, including trends in family and household formation, income growth, immigration patterns, interest rates, land availability and construction costs. We are also looking for ways to break down barriers to building and renovating affordable housing, such as building costs, zoning, NIMBYism (not in my backyard), racism, and income gaps. At the same time, we are strengthening our knowledge of current and future housing needs (including hearing from those with lived experience) so that we can work together across the housing system to address them.

Current and future housing needs and supply gaps are understood by system participants

A balance between the number and types of homes available to meet the diverse and changing needs of those living in Canada is required to maintain long-term affordability. Changes in demand are driven by many factors including trends in household formation, immigration, incomes and interest rates to name a few. A well-functioning system must foresee demand and quickly adapt supply to meet it.

Housing participants must have access to reliable data and insights in order to support sound policy and program decisions. We are working at deepening our understanding of housing needs and other market dynamics, with a focus on the needs and supply required to those facing housing challenges.

Barriers to building or renovating housing are removed

Development costs and processes, zoning requirements, access to land and financing challenges can affect the ability of housing participants to create supply that meets the diverse needs of all people living in Canada. Working in collaboration with partners across the system, we are prioritizing work to deepen our understanding of the impact of such barriers and to assess the viability of solutions that could contribute to mitigating adverse effects on affordability and supply in general.

In addition, and through the delivery of programs that lead to the creation and/or maintenance of affordable housing units, we are directly contributing to removing barriers to financing, with a focus on markets in greater need.

Performance Measure	Average Annual Performance 2019 & 2020	2022 Target	2023 Target	2024 Target
# of units new, repaired and assisted by CMHC programs*	360,000 units	380,000 units	395,000 units	415,000 units
% of units supported located in markets with greatest need of new and/or improved supply**	65%	65%	65%	65%

* Includes commitments to all new and existing units facilitated through CMHC's activities, including NHS, Mortgage Loan Insurance, Legacy programs as well as Partnerships (units facilitated through the Incremental Affordable Housing Funding) and Innovation.

** This measure captures approved rental units in markets identified as in high rental need based on their vacancy rates and affordability levels, as well as units in Northern and On-reserve communities.

Canada's housing system supports sustainability and stability

A well-functioning housing system also promotes equity, stability, long-term affordability and sustainability. It addresses housing as a human right and strives to ensure that no groups or individuals are disadvantaged nor left behind. The housing system is an important component of the broader economy and housing-related financial risks must not pose a significant threat to economic growth and well-being. Canada's housing stock must also be sustainable and contribute to Canada's climate change goals.

We are doing our part to identify, understand and temper vulnerabilities affecting the housing system – now and into the future. We are focusing on work that makes our housing system more resilient to stresses such as climate change, and health crises or pandemics, which disproportionately affect people and communities facing housing challenges.

Current and future financial, environmental and social vulnerabilities, including racism and discrimination, to the housing system are understood and tempered

Housing is an important component of the broader financial system and economy, and vulnerabilities in the housing system can pose a significant threat to Canada's prosperity. Events such as the 2008 global financial crisis, the COVID-19 pandemic, and increasingly devastating climate events have further exposed vulnerabilities.

Beyond financial vulnerabilities, social and environmental conditions place certain communities at greater risk of being disproportionally affected by economic shocks. Vulnerabilities must be identified, understood and tempered in order to maintain a resilient housing system that can avoid or absorb the effects of stressors.

We are prioritizing work to deepen our understanding of such vulnerabilities, their root causes and overall effect on the housing system and the broader economy.

The housing system advances climate compatibility

Climate change is not only transforming our economy, it is driving extreme weather and chronic, irreversible changes to the places we call home. It is having a growing impact on the health and well-being of people living in Canada, particularly those facing housing challenges.

We are committed to doing our part to address climate change. We are prioritizing work that incentivizes and supports climate change mitigation and adaptation in the housing system. We are also working to make this transition more affordable and sustainable for individuals and our housing partners.

To drive toward a net zero and resilient housing sector by 2050, the ratio of dwelling units that are adapted to the impacts of climate change and are designed to reduce greenhouse gas emissions must incrementally increase year-over-year to achieve ambitious 2030 and 2050 targets. We are exploring ways to achieve our climate change goals and how the NHS can support our efforts.

Performance Measure	Average Annual Performance 2019 & 2020	2022 Target	2023 Target	2024 Target
Ratio of climate compatible dwelling units/total of dwelling units (including retrofits) supported by CMHC	10%	20%	22%	25%

Our Mortgage Loan Insurance Flexibilities for Affordable Housing already incentivize the creation of affordable housing. Now, we are enhancing this product to provide financial incentives for borrowers making climate commitments. We are assessing the potential for a sustainable bond framework that would enable the securitization of "green" mortgages to provide collateral for residential properties meeting a certain energy efficiency and/or greenhouse gas (GHG) emission standard, in line with industry best practice. This promotes the sustainable impact of GHG avoidance and energy savings within Canada's residential housing sector.

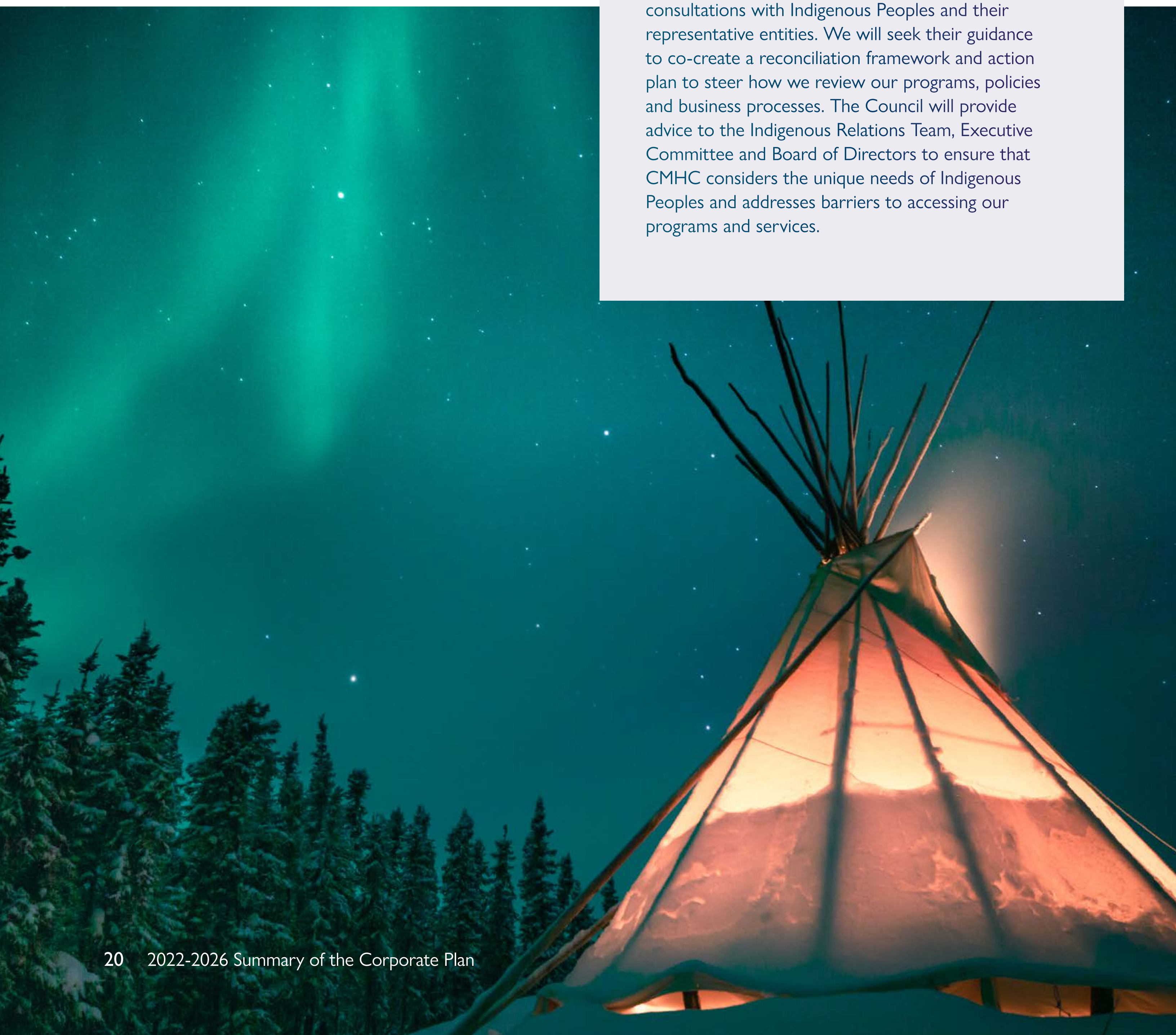
Housing is in the spirit of Reconciliation

Improving the quality and affordability of housing for First Nations, Métis and Inuit peoples is a key objective for Canada, as noted in the Report of the Truth and Reconciliation Commission. It is also crucial to achieving CMHC's aspiration.

That's why we are prioritizing work that improves housing outcomes for Indigenous Peoples. Our approach to this work will be informed by the understanding that Indigenous cultures and communities are diverse with unique needs, and that they have the right to decide what is best for them.

In alignment with the direction from the Government of Canada towards self-determination, it is important to recognize that Indigenous Peoples are already self-determining; it is our role to support self-determination. While there are different interpretations, self-determination means that Indigenous Peoples have the right to decide what is best for them and their communities.

CMHC works in partnership with the Indigenous Advisory Council, which represents a broad spectrum of Indigenous Peoples across the country with varied lived experiences, educations and expertise. To guide CMHC's efforts and commitment to reconciliation, the Council will support broader engagements and consultations with Indigenous Peoples and their representative entities. We will seek their guidance to co-create a reconciliation framework and action plan to steer how we review our programs, policies and business processes. The Council will provide advice to the Indigenous Relations Team, Executive Committee and Board of Directors to ensure that CMHC considers the unique needs of Indigenous Peoples and addresses barriers to accessing our programs and services.



How we achieve our strategic results

Over the next five years, we will focus on the following actions, capabilities and management systems to progress toward the achievement of our results:

Intensify our research and analytics, and improve data availability to deepen **understanding of housing needs** and other market dynamics, including supply challenges.

As a national agency with influence in the governmental, non-profit and private sectors, we are in a unique position to **inspire and influence change**. We can do this by using data to provide knowledge, insights and advice on all aspects of the housing system that impact affordability, especially for those facing housing challenges.

Intensify **partnerships with public and private housing participants** – We can't reach our aspiration alone; we need to engage all participants. We will continue to strengthen existing relationships and build new ones with an objective to drive our outcomes.

Continue to **effectively deliver on NHS programs and commercial products**. We will prioritize our efforts to increase new and optimize existing affordable supply, and encourage more climate compatible housing.

Experiment with new ideas to accelerate the development of housing solutions that meet both the immediate needs of people in Canada as well as the future demands of our housing system.

Accelerate momentum on driving long-term **climate goals through housing**.

Advance reconciliation with Indigenous Peoples, by recognizing their rights, understanding and respecting culture and strengthening partnerships and relationships. Education, training and improving the cultural competency of our employees will propel us forward in developing better relationships.

Diversity, Inclusion, Anti-Racism and Equity

Racism has been built up and reinforced for centuries, whether against Indigenous people, Black people, or people of colour. Only a sustained and focused effort will eliminate it.

Reducing housing discrimination in Canada is required to achieve our outcomes. We continue to take actions to eliminate racism and embed equity into our culture, programs and policies so that they reflect the lived experiences of all people living in Canada. Part of this is ensuring that people in Canada are represented within CMHC – an organization where everyone has influence in enabling dignified housing that is affordable and meets their needs.

Since we signed the BlackNorth Pledge and developed an Anti-Racism and Equity Program, we have made meaningful progress. Some of our ongoing work includes:

- Collaborating with industry partners to build networks with Black owned businesses to determine how we can improve housing outcomes of Black Canadians;
- Assessing key housing indicators from Canadian and international jurisdictions to measure gaps in housing outcomes for populations facing housing challenges with a focus on Black, Indigenous and people of colour populations; and
- Embedding an equity lens in the way we research and collect data to help close gaps, allowing us to better understand the impact of race on housing conditions in Canada.

Our journey is evoking a sense of change at CMHC and our commitment has strengthened. We are more determined than ever to be courageous in the following ways that will benefit our employees and everyone living in Canada.

- Communities are regularly and actively engaged in the work that we do so that our choices are made through the lens of advancing fairness, justice and equity.
- Equity is embedded both internally and externally, and our workforce reflects the diversity and lived experiences of people living in Canada.
- Our employees have a greater awareness of implicit biases and systemic racism, and possess the skills needed to help address systemic barriers.

We are also using the Canadian Housing Survey to fill important data gaps on social inclusion. Statistics Canada will conduct this survey every two years until 2028, helping set priorities and make informed decisions. Learning about housing needs and experiences of people living in Canada is vital to finding solutions to affect change in our housing system.

The vibrant Black community of Hogan's Alley in Vancouver was once home to Nora Hendrix, the grandmother of Jimi Hendrix, and other prominent business and cultural leaders.

The entire community was demolished in the 1960s as part of a redevelopment initiative facilitated by CMHC. Residents were displaced and businesses lost. It was the first and last time there was a concentrated Black community in Vancouver, Canada's third largest city.

Recently, CMHC leadership and staff began conversations with the Hogan's Alley Society to atone, through meaningful actions, for the mistakes of the past. We're exploring solutions to support this community in its efforts to reimagine the area. In doing so, we're learning lessons that will help us move forward on our commitment to anti-racism and equity – and ultimately, support Indigenous, Black and other racialized communities in building a future where everyone can thrive.

A specific example highlighting CMHC's commitment to this important area, is through the Hogan's Alley Housing Solutions Lab. Launched in the fall of 2021 in partnership with the Hogan's Alley Society, the Lab will explore the development of housing based on the understanding of the unique cultures and needs of Black Canadians (e.g., African Canadians, Caribbean Canadians). Currently, Black communities are not represented, advocated for, or respected in the housing sector and this is the core of the problem we are addressing with this lab. The outcomes of this lab will be relevant and replicable for Black communities across Canada.

Photo credit: City of Vancouver Archives, CVA 203-18

Indigenous Relations and Reconciliation

In 2015, the Truth and Reconciliation Commission identified 94 Calls to Action to advance reconciliation between Canadians and First Nations, Métis, and Inuit Peoples. Our approach is to review our relationship with Indigenous Peoples and improve housing outcomes through innovative design. We will take a collaborative approach by recognizing Indigenous rights, respecting culture and building strong and equitable partnerships and relationships.

We recognize that reconciliation starts with cultural recognition to address the legacy of residential schools and the policies and programs that impact Indigenous Peoples. More specifically, reconciliation is the process of:

- understanding and respecting the distinct rights of Indigenous Peoples;
- accepting and acknowledging the harms of the past;
- renewing and strengthening relationships with Indigenous Peoples;
- developing trustworthy partnerships that value Indigenous cultures; and
- taking actions to address the barriers that continue to impact Indigenous Peoples.

In 2020, CMHC established the Indigenous Relations team to deliver expert advice on best practices in reconciliation. The team works to advance the cultural shift required to build reconciliation awareness and practices inside the organization, and provide guidance as to how we engage with community and external partners.

The Indigenous Employee Circle was launched in June 2020. Their mandate is to create a sense of community and connection for Indigenous employees and allies, promote a culture of diversity and inclusion, support reconciliation practices, provide advice on the employee experience and talent development, and recognize and celebrate Indigenous culture.

Indigenous partners, including the Indigenous Advisory Council established in 2021, will foster the advice needed to advance reconciliation. From culture to relationships, this will affect all facets of CMHC and supports our vision to include Indigenous reconciliation in all that we do. In addition, a Vice-President of Indigenous Relations was appointed to provide leadership in reconciliation and guidance in the development of the Indigenous Relations Strategy, in collaboration with our internal partners, the Indigenous Employee Circle, and the Indigenous Advisory Council.

Our reconciliation journey was founded on taking a truth-first approach to learning for our employees and we have achieved a high level of participation in our cultural learning program. With advanced knowledge and awareness throughout the organization, we will build allyship with our internal reconciliation partners and develop a comprehensive reconciliation strategy. Our learning program chronicles the history of Indigenous Peoples in Canada, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and rights, and Indigenous law. Other learning sessions include prominent Indigenous Leaders and events to recognize National Indigenous Peoples Day and Orange Shirt Day.

From a policy and program perspective, we will build relationships with Indigenous partners and help to close housing gaps, including through the National Housing Strategy and our continued support for the co-development and implementation of distinct housing strategies for First Nation, Métis and Inuit governing bodies, led by Indigenous partners and Indigenous Services Canada and Crown Indigenous Relations and Northern Affairs Canada (CIRNAC).

We are working closely with First Nations communities to identify and address their diverse housing needs through a range of housing programs. Further to the government's commitment to fund the construction and operation of shelters for Inuit women and children in Inuit Nunangat and urban centres, CMHC has been working with Pauktuutit to support their research and learn more about Inuit women's shelter needs, and identify other high need areas.

CMHC is also collaborating with the Métis Technical Housing Working group, led by partners in CIRNAC. As part of our commitment to examine housing needs of those at the intersection of multiple identities, we have also funded research initiated by Les Femmes Michif Otipemisiwak on the housing needs of Métis Peoples across the gender spectrum.

Recognizing the complex needs of First Nation, Métis, and Inuit Peoples living in urban environments, we have funded research in collaboration with the Elizabeth Fry Society of Calgary and the Congress of Aboriginal Peoples.

We are fully committed to acknowledging the past, and taking action in our reconciliation practices and engagement with Indigenous governing bodies, organizations, and housing providers to remove barriers to safe and affordable housing for Indigenous Peoples.

We are collaborating with the Métis Technical Housing Working group, led by partners in CIRNAC.

Climate Change

Climate change is affecting how we live in Canada. In addition to the impacts of extreme weather events, a changing climate is transforming our economy and behaviours, underlining the need to adapt and build resilience in our housing system. We are committed to making climate change part of everything we do to improve housing affordability in a way that is climate compatible, and promote stability in Canada's housing markets and sustainability in our housing system.

Residential housing contributes to climate change along several dimensions, including how it is built, renovated, operated and where it is located. Residential buildings in Canada emit 6% of greenhouse gases, a figure that nearly triples when personal transportation is included. By reducing energy consumption and related carbon emissions of new and existing housing, and by designing communities for efficient public transit and active transportation (e.g., walking or cycling), housing can contribute to climate compatibility and Canada's climate change goals.

To support our outcome that the housing system advances climate compatibility, we are taking steps across our programs, activities and operations to help build a climate-compatible future for people living in Canada and our company – that is, a future where housing and communities are the heart of a transformation to a low-carbon and climate-resilient economy.

By supporting the resilience of Canada's housing system, we will help achieve sustainable housing and affordability across communities and households in Canada.

Our Multi-year Initiatives

Housing & Climate Change Data Integration: Housing decisions, solutions, and programs are underpinned by robust climate data on residential properties across Canada

Multi-Unit Housing Climate Compatibility: Multi-unit housing stock (new build and retrofit) is carbon neutral, and climate change resilient

Climate Partnerships/Community Development: Barriers to community planning and development being climate compatible are removed (i.e., communities are denser, less car-oriented, and more resilient to floods, fire, and heat)

Climate Resilient Housing Finance Solutions: Housing finance solutions to address climate-related hazards, promote financial stability and advance housing affordability are implemented

Climate Risk Framework & Task Force on Climate-related Financial Disclosures (TCFD): Enhance the management of climate-related risks and opportunities through a climate risk framework based on TCFD, and enhance the climate compatibility of our operations (e.g., buildings, operations, and investment portfolio)

Climate Program Development: Design, deliver, and adapt federal solutions & programs to promote housing system climate compatibility

Climate Research: Conduct, publish and promote research in key climate housing areas

(For additional information on our activities, refer to Appendix 7: Government Priorities and Direction).

National Housing Strategy

In 2017, the federal government launched Canada's National Housing Strategy (NHS), to ensure people living in Canada have a place to call home that they can afford and that meets their needs.

The NHS takes a human rights-based approach to housing, which 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. Guided by the principles of people, partnerships, and sustainable and inclusive communities, the NHS aims to address the housing needs of Canada's most vulnerable populations, including women and children fleeing family violence, Indigenous Peoples, seniors, people with disabilities, people dealing with mental health and addiction issues, veterans, people who are homeless, newcomers, people who are racialized, people who identify as LGBTQ2S+, and young adults.

As of June 30, 2021 the NHS has supported the creation and repair of over 163,700 units (over 73,300 new units and repair over 90,400 units) and provided housing affordability support to 28,000 households.

We recognize that certain population groups are more likely to experience housing need than others.

With this in mind, the NHS sets out clear and ambitious targets to prioritize the distinct housing needs of people made most vulnerable. The National Housing Co-investment Fund (NHCF) will support the creation of 60,000 new housing units and repair or renew 240,000, including affordable housing units for seniors, women and children fleeing violence and for people with developmental disabilities. NHCF funding has also been re-allocated as part of Budget 2021, specifically for the construction, repair and operation of 560 new shelter and transitional housing units by 2023. Budget 2021 also dedicated $315.4 million over 7 years to help low-income women and children fleeing violence pay their rent through the Canada Housing Benefit.

The Government dedicated $315.4 million over 7 years to help low-income women and children.

Affordable housing will be key to Canada's recovery from COVID-19, as communities across the country deal with increasing levels of homelessness and housing need. The Rapid Housing Initiative (RHI), launched in fall 2020 in response to the housing needs of those made vulnerable during the pandemic, provides capital contributions to develop new, permanent affordable housing by covering costs associated with modular multi-unit rental construction, conversion of non-residential to affordable multi-residential homes, and rehabilitation of buildings in disrepair and/or abandoned to affordable multi-residential homes. Through its first round of funding, the RHI is supporting the construction of over 4,500 affordable units for families, including more than 1,800 units for Indigenous Peoples across the country. Budget 2021 provided an additional $1.5B for the RHI in 2021-22, which will help support the creation of additional housing units in cities across Canada; at least 25% of this new funding will support women-focused housing projects.

We also support the development of innovative approaches to affordable housing, create inclusive and accessible communities, and support the fight against homelessness through the Affordable Housing Innovation Fund (AHIF). The AHIF funds projects that use new funding models or innovative building techniques in the affordable housing sector. The AHIF vastly exceeded its original target of 4,000 new affordable units by March 31, 2021 by committing funding for 19,100 units, of which 16,500 are affordable. Due to the success of AHIF, Budget 2021 provided an additional $600 million and extended the initiative for seven more years.

Canada's supply of purpose-built rental housing is also supported by the Rental Construction Financing initiative (RCFi). The RCFi provides low-cost funding to eligible borrowers from the construction phase to the operations phase of rental unit development. This helps reduce financial risk for developers so that they can create more rental housing where it is needed most. As of June 30, 2021 CMHC has committed over $11.4 billion through RCFi to support the creation of over 32,100 rental units, of which over 22,800 will be affordable.[4] Budget 2021 re-allocated $300 million over two years to support the conversion of vacant commercial property into market-based rental housing.

In addition to supporting those made most vulnerable with rapid housing solutions, we will continue to focus on Canada's community housing stock, which is aging and in need of repairs and renewal. Community housing is home to many low-income and made vulnerable people who would face undue financial stress or a greater risk of homelessness without an affordable place to live. Through a number of NHS initiatives, including the NHCF, Federal Community Housing Initiative (FCHI), Canada Community Housing Initiative (CCHI), and ongoing commitments under long-term operating agreements, we support community housing both on- and off-reserve. Budget 2021 dedicated an additional $118.2 million over seven years through the FCHI, to support community housing providers that deliver long-term housing to some of Canada's most vulnerable populations. This funding is in addition to $500 million previously announced for this program.

We are also committed to advancing reconciliation and helping build a better future with Indigenous Peoples. The NHS recognizes that Indigenous Peoples, wherever they reside, should have access to adequate, safe and affordable housing. Under the NHS, $225 million ($25M through National Housing Co-Investment Fund targeting 560 urban, rural and northern units repaired; and $200M through Canada Community Housing Initiative targeting at least 7000 urban, rural and northern units maintained) is dedicated to helping ensure community housing providers can protect affordability and undertake necessary repairs for Indigenous Peoples living in urban, rural and northern communities.

We report quarterly progress on the achievement of NHS targets on the website (https://www.placetocallhome.ca/progress-on-the-national-housing-strategy)

4 Under this supply program (RCFi), a unit is affordable if it is priced at < 30% of the median area household income.

Summary of NHS Funding Initiatives and Targets

Initiative	Funding	Launch	Cumulative targets as of 2022-2023 fiscal (from program launch)
New Construction and Modernized Housing Supply[1]			
Rental Construction Financing initiative	$25.75B over 11 years	2017	35,510 new units
National Housing Co-Investment Fund	$13.2B over 10 years	2018	22,600 new units 97,900 repair units
Federal Lands Initiative	$200M over 10 years	2018	2,000 new units
Support for the Community Housing Sector			
Federal Community Housing Initiative	$618M over 10 years	2018	6,840 low-income units receiving a rent supplement (phase 2)
Community Housing Transformation Centre/ Sector Transformation Fund/ Community Based Tenant Initiative	$64.2M over 10 years	2018	N/A
Improving Homeownership Options[2]			
Shared Equity Mortgage Providers Fund	$100M over 5 years	2019	1,200 first-time homebuyers assisted 1,180 new homeownership units projected to be assisted
Human Rights-Based Approach for Housing Funding			
Human Rights-Based Approach for Housing Funding for the National Housing Council and the Housing Advocate	$63.6M over 10 years	2018	N/A
Data, Innovation and Research			
Innovation, Research and Data Initiatives	$241M over 10 years	2018	900 items made available
Housing Supply Challenge	$300M over 5 years	2020	2 challenge rounds launched
Federal/Provincial/Territorial Housing Partnership Framework[3]			
Canada Community Housing Initiative	$8.6B over 9 years	2020	TBD
Funding for Northern Territories	$300M over 10 years	2018	TBD
Provincial and Territorial Priority Funding	$2.2B over 9 years	2019	TBD
Canada Housing Benefit	$4B over 8 years	2020	TBD

1 The Affordable Housing Innovation Fund sunset on March 31, 2021. Additional funding was announced in Budget 2021. The Rapid Housing Initiative will sunset on March 31, 2022.

2 The First-Time Home Buyer Incentive sunsets on March 31, 2022.

3 Targets will be based on those set by PTs in their 2022/23 – 2024/25 Action Plans. PTs are required to submit their Action Plans before the end of 2021/22.

Risk Management

Integral to our strategy is our willingness to embrace appropriate levels of risks in order to achieve our desired outcomes.

Over the past decade, we focused considerably on developing our risk management capabilities and today, risk management is an integral part of our organizational culture. As a federal Crown Corporation, our risk-based frameworks and policies help us maintain the required balance between our commercial activities and public mandate.

In pursuit of our aspiration, we continue to adjust and align our risk management activities to our strategic objectives and business needs, optimize our oversight approaches, and integrate risk tools into decision-making. We continue to develop our capacity in risk analytics, with a particular focus on affordability, climate change, social risks and financial stability, and have strengthened our crisis readiness and organizational resilience capabilities. We have enhanced our stress testing capabilities in recent years, which helps us better anticipate crisis related impacts and assess more complex economic and financial scenarios.

Collectively, these enhancements continue to feed our risk culture, helping employees embrace risks within established limits.

Our Risk Management Framework

CMHC's Enterprise Risk Management Framework (ERMF) guides our approach to managing risks and opportunities, and considers our strategic objectives and performance. The ERMF is structured around the four key dimensions of our risk culture: **Risk Governance**, **Risk Appetite**, **Risk Management Program**, and **Risk Behaviour**.

Risk Governance relates to how we conduct our risk management practices through our governance structure. Our Policy Governance Framework supports us in developing risk policies and practices that enable strategy, and clarify roles and responsibilities within our Three Lines Model.

Risk Appetite establishes a common understanding, at all levels in the organization, of the types and levels of risk we are willing to accept in pursuit of our strategy. Two important inputs that drive our risk appetite are our overarching corporate strategy and our capacity to take on risk.

Our **Risk Management Program** includes all risk management practices, which allow for identification, assessment, measurement and reporting of material and emerging risks across all activities (see Appendix 4: Summary of Risks and Responses). Risk management processes and internal control systems are embedded within our operations to help us effectively manage risks. Our Risk Management Program and our crisis readiness capabilities ensure that we are able to operate and deliver on our mandate, both in normal times and in times of crisis. CMHC also conducts Stress Testing (see Appendix 5: Stress Testing for the latest scenario results) and an Own Risk and Solvency Assessment (ORSA), which identify risks and assess our current and likely future capital needs and solvency positions.

CMHC's risk governance, risk appetite and risk management program help define our fourth dimension: **Risk Behaviour**. This refers to the observable risk-related actions taken by employees and by management, including risk-based decision-making and day-to-day work involving risk. CMHC continues to foster a robust risk culture, through employee training and education. We also monitor and evaluate the maturity and effectiveness of our organizational risk practices and tools. Our Risk Maturity Index target for 2021 is 85% (2020 target of 80%).

As a federal Crown Corporation, our risk-based frameworks and policies help us maintain the required balance between our commercial activities and public mandate.

Risks to our business

While our capital position remains strong, we have elevated our strategic risk rating due to various factors including the COVID-19 pandemic and the resulting social-economic fallout. You can find more information regarding our key risk categories and mitigation efforts in Appendix 4: Summary of Risks and Responses. In addition, CMHC is monitoring risks related to various initiatives such as climate change and social risks, including equity and inclusion. Work is underway to include these risks within our risk management frameworks and practices.

Our top and emerging risk identification and mitigation activities focus on potential threats to housing affordability and the stability of Canada's housing finance system. Our aspiration, the overall housing system, and improving housing outcomes are all top of mind. The top and emerging risks that we are actively monitoring include increased household and government indebtedness, supply chain bottlenecks and unexpected inflation risks, housing affordability and housing demand changes with an asymmetric economic recovery, and the impact of climate change on households and the housing finance system. Jointly, 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.

Operating Environment

External

Housing Market Outlook

The COVID-19 pandemic impacted the Canadian housing market greatly. Record high housing market activity in the second half of 2020 reflected pent-up demand, the adjustment of working practices to pandemic conditions and lower mortgage rates. This momentum continued into the first half of 2021. As economic conditions improve over the next 5 years, housing market activity is expected to moderate but remain at elevated levels.

Our latest housing forecasts provide a range of recovery paths. Following a GDP decline of 5.3% in 2020, our optimistic scenario forecasts strong growth of 8.4% and 6.4% in 2021 and 2022, respectively. On the other hand, our pessimistic scenario forecasts weaker growth of 5.0% and 0.4% in 2021 and 2022, respectively. Both paths represent stronger growth than that forecasted earlier in the year. We present the mid-points of our housing forecast ranges in the paragraphs below.

We project housing starts to exceed the levels of 2020 where 218,975 units were built. Therefore, we expect around 244,000 units and 234,000 units in 2021 and 2022, respectively. By 2026, we expect housing starts to stabilize at levels consistent with predicted demographic, economic and financial conditions, namely around 218,000 units annually.[5]

MLS® sales ended 2020 with a record high of 551,359 units. This momentum should continue into 2021 with 639,000 units, before moderating to 547,000 units in 2022. Sales activity will then expand at a moderate pace after 2022, reaching 583,000 units in 2026.

The average MLS® price stood at $558,310 in 2020 and we forecast prices to increase to $661,000 in 2021. Price growth will then return to more modest growth rates afterwards, reaching $769,000 in 2026.

Rental demand should recover with improving labour market conditions, a return to pre-pandemic immigration levels, and an upward revision to immigration targets. However, vacancy rates will likely remain elevated because of the greater negative impacts, both in magnitude and duration, of the pandemic on less affluent households who tend to rent.

The precise speed of the economic recovery in major markets remains uncertain and the outlook is subject to significant uncertainty. Important downside risks include consumer hesitancy, stronger-than-expected inflationary pressures leading to higher mortgage rates, and the evolution of new COVID-19 variants globally. On the other hand, upside risks to our baseline forecast include a stronger than expected economic recovery, lower mortgage rates, a faster return of immigration, and a continued shift of preferences towards larger units.

Our programs/products

In July 2020, CMHC changed its underwriting policies for homeowner-insured morgages. The changes were intended to protect homebuyers, reduce government and taxpayer risk and support the stability of housing markets while curtailing excessive demand and unsustainable price growth.

CMHC continues to monitor all risks and adjust our underwriting accordingly. As such, effective July 5, 2021, CMHC adjusted its underwriting policies:

- CMHC will consider a Gross Debt Service (GDS) ratio up to 39% and Total Debt Service (TDS) ratio up to 44% (an increase from 35% and 42% respectively); and
- At least one borrower (or guarantor) must have a credit score that is greater than or equal to 600 at the time of the request for insurance (down from 680).

While we are implementing these changes, we continue to apply rigorous underwriting principles to the business we do to ensure homeowners are able to meet their financial obligations.

We continue to be vigilant in our underwriting practices as high levels of indebtedness can negatively affect economic growth and put the financial system at risk, especially in times of shock. Such vigilance helps tamper financial vulnerabilities of borrowers and contributes to avoiding or absorbing potential adverse effects to Canada's financial system and the economy as a whole. As well, we actively monitor market conditions and work with our federal partners to ensure appropriate macro-prudential policies are in place.

Budget 2021 also provided $22 million to extend emergency relief for Granville Island to sustain its operations in 2021-2022. This allows Granville Island to support its tenants, many of whom are small businesses and non-profit arts and cultural venues, who continue to face significant economic duress from COVID-19.

[5] In general, a housing unit is a separate and independent place intended for habitation by a single household. While rare, an MLS® sale may include multiple units.

Rising construction costs across the country resulting primarily from the supply chain and labor limitations as a result of the impact of the COVID-19 pandemic, as well as the rise and anticipated rise in interest rates, have caused the need for active measures to plan for and mitigate impacts to projects and NHS targets. Cost increases have put pressure on project viability and require increased equity. This has resulted in project delays as providers continue to defer projects to the following year. We expect to continue to observe an increase in requests for additional funding or re-assessment due to project cost escalation and are monitoring the potential impacts to our NHS programs.

Borrower cash requirements may also be a barrier to a more robust take-up of rental construction as costs and interest rates put more stress on the viability of projects and on borrower/investor returns. Furthermore, as housing projects compete with other institutional and infrastructure projects, labor and availability of housing industry professionals is a challenge.

COVID-19 Response

CMHC further enhanced its organizational resiliency through the pandemic. We have a Crisis Management Policy that details our crisis governance structure, that was developed to promote coordination, efficiency and transparency in implementation of strategic decision-making in times of crisis. The Crisis Management Policy outlines our crisis staging from stage one (first signs) to stage four (extreme) as well as activation and deactivation.

Our crisis response is further supported by our risk appetite in times of crisis. Sets of statements guide senior management to take actions that may result in CMHC taking more or less risk than we normally would, to appropriately respond to the crisis. For example, early in the pandemic, our Crisis Management Committee in coordination with the Government of Canada, implemented a series of measures to help stabilize the financial system by ensuring sufficient liquidity was available to support housing activities and financial markets.

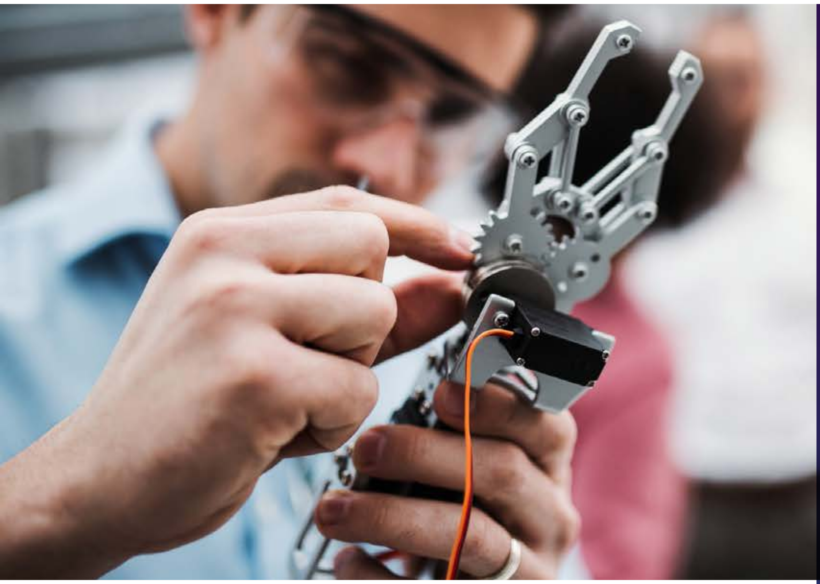
Our Crisis Management Committee continues to monitor events as they develop and remains prepared to take actions as dictated by the environment.

New funding of $1.5 billion was announced in Budget 2021 for the Rapid Housing Initiative to help address urgent housing needs of people made vulnerable, including those in uncertain housing situations, experiencing or at risk of homelessness, or living in temporary shelters due to the pandemic. The initiative also supports Canada's economic recovery by creating employment in the housing and construction sectors.

Emerging Technologies

CMHC continues to explore new and emerging technologies, and how they can be used to support the achievement of our strategy. In collaboration with partners, we assess a range of emerging technologies and seek to develop our capabilities with those technologies that hold the greatest promise. We refine, adapt and connect digital trends and opportunities with the most critical housing problems we are trying to solve, exploiting promising new technologies to our best advantage.

An example of emerging technology engagement is Robotic Process Automation. CMHC has begun its journey and is defining the best opportunities to which Robotic Process Automation can be applied, such as areas that have high transaction volume and key processes that deliver business value.



We have begun our journey and are defining the best opportunities to which Robotic Process Automation can be applied.

Internal

Change in Leadership

Following an open, transparent and merit-based process, Romy Bowers was appointed President and CEO of CMHC for a 5-year term effective April 6, 2021.

Our Results-Only Work Environment

CMHC continues to be the largest organization in Canada to implement a Results-Only Work Environment (ROWE™); a workforce strategy in which employees have complete accountability and autonomy over their work, allowing them to choose when and where to work in order to deliver results. ROWE has distinguished us as an employer of choice and has proven effective at future-proofing the organization against risks, such as the COVID-19 pandemic. As a natural progression, we will introduce stronger measures of accountability and autonomy. Since ROWE supports the wellbeing and effectiveness of our workforce, we will also continue to engrain its principles into our programs, policies and directives.

Effective Workforce Index

Measuring how engaged and enabled our employees are in their work is an important investment. CMHC can only excel with thriving employees. The signals and trends identified in this data allow us to both celebrate our strengths and proactively address any gaps, before they materialize and start to impede progress towards our aspiration. Conducting regular employee surveys shows our workforce, through purposeful action, that we value their feedback and ideas.

COVID-19 Workplace Reintegration

Our COVID-19 workplace reintegration plan conforms to federal guidance and aligns to health and safety measures issued by public health. Employees requiring access to our worksites can do so in a safe manner at all times. We implemented new workplace measures and a change management plan as we gradually transition to a normal state. Our employees can also avail themselves of support through our 24/7 Employee and Family Assistance Program, Lifespeak (our digital wellbeing platform), and $5K in benefits for psychological supports.

Internal Technology Transformation

We continue to advance our Homeowner Business Transformation (HBT) through the development and implementation of a new technology architecture driven by enhanced automation, data and analytics and the use of Artificial Intelligence. This investment positions us well for the future given new and improved user interfaces and processes for insurance servicing, portfolio and transactional underwriting, as well as improved decision-making. Such modernization will allow us to adapt and respond to market and policy changes with increased agility, contributing to system stability.

Workplace Transformation

We are well advanced with renovations to our Ottawa office to create a technology-powered, highly adaptable space to engage and drive our diverse and inclusive workforce. We are pursuing Leadership in Energy and Environmental Design Building Standard certifications to support and advance employee health and wellness. This work will conclude as planned in 2023, on time and on budget.

Financial Highlights

(in millions, unless otherwise indicated)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
CMHC Consolidated							
Total revenues and government funding	7,951	7,689	6,383	6,155	6,261	6,185	6,059
Total expenses (including income taxes)	6,289	5,808	4,744	4,368	4,353	4,204	4,054
Net income	1,662	1,881	1,639	1,787	1,908	1,981	2,005
Cash and cash equivalents	2,301	1,037	1,050	1,029	1,116	1,145	1,403
Total assets	300,970	301,990	299,220	297,807	304,422	305,746	315,364
Total liabilities	284,395	288,674	288,431	287,169	293,575	294,763	304,119
Total equity of Canada	16,575	13,316	10,789	10,638	10,847	10,983	11,245
Total operating budget	628.9	622.8	679.0	627.7	620.6	607.0	583.4
Total capital budget	9,515	5,237	5,618	5,644	5,255	4,902	4,001
Operating budget expense ratio	9.6%	10.4%	12.9%	13.1%	13.1%	12.8%	12.2%
Employees (full-time equivalents [FTE])	2,000	2,149	2,348	2,250	2,237	2,215	2,191
Assisted Housing							
Government funding for housing programs	4,892	4,965	3,612	3,237	3,179	2,974	2,799
Assistance for housing needs	2,353	3,505	2,553	2,236	2,242	2,172	2,125
Financing for housing	2,507	1,591	1,152	1,118	1,119	1,068	946
Housing expertise and capacity development	139	193	203	225	249	166	57
Total parliamentary appropriations for housing programs	4,999	5,289	3,908	3,579	3,610	3,406	3,128
Operating expenses for housing programs	369.0	353.9	353.2	337.7	337.0	310.5	279.4
Mortgage Insurance							
Claims expense	472	(213)	155	127	127	151	163
Loss ratio	34.4%	(15.1%)	10.5%	8.0%	7.7%	8.8%	9.2%
Operating expense ratio	22.7%	24.9%	24.0%	20.7%	20.1%	19.6%	19.3%
Combined ratio	57.1%	9.8%	34.5%	28.7%	27.8%	28.4%	28.5%
Net income	1,062	1,277	993	1,084	1,140	1,190	1,234
Return on equity	8.4%	10.4%	10.0%	12.5%	13.2%	13.6%	13.9%
Return on required equity	10.5%	14.0%	11.7%	13.3%	13.9%	14.1%	14.1%
Mortgage Funding							
Operating expense ratio	8.3%	8.9%	7.2%	6.6%	6.0%	5.8%	5.8%
Net income	530	543	560	620	681	720	717
Return on equity	20.4%	24.6%	39.0%	47.9%	55.6%	60.3%	60.9%
Economic capital available to economic capital required equity	176.1%	134.3%	152.0%	150.6%	152.1%	149.1%	150.4%
Economic return on required equity	16.3%	17.2%	19.9%	22.1%	24.3%	25.4%	25.2%

Revenues decline over the planning period due to a decrease in parliamentary appropriations for our Assisted Housing activity. This decline reflects new government funding received through the 2020 Fall Economic Statement (FES) and the 2021 Budget that is greater in the early part of our planning period, that some funding initially planned for later years is advanced, and as some legacy programs sunset. This decrease is partially offset by higher premiums and fees earned. Net income is lower in 2022 compared to 2021 due to a release of the insurance claims provisions, as expected claims due to the COVID-19 pandemic did not materialize. As expenses decrease from the completion of larger initiatives, such as the development of the new Mortgage Risking Platform, net income increases over the remainder of the planning period.

Financial Overview

Financial Management

Based on underlying economic and business assumptions, CMHC is in good financial health and is well positioned to withstand an economic crisis. We conduct regular and comprehensive stress testing to ensure we can 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 adjustments and 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 Planning and Funding Committee reviews and challenges budget requests for alignment with 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 three business activities, Assisted Housing, Mortgage Insurance and Mortgage Funding all of which are supported by housing analysis and research.

ASSISTED HOUSING

- Housing solutions are offered to support the construction of new affordable housing supply, and the preservation and revitalization of existing affordable and community housing.
- Parliamentary appropriations are received to fund assisted housing programs, including programs in response to circumstances of critical national importance, which are designed to operate on a break-even basis over the long-term.
- Low cost loans are made available and housing support is provided 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 support populations who are facing housing challenges and are under-represented.

COMMERCIAL OPERATIONS

Mortgage Insurance

- Mortgage insurance products are offered to ensure the stability of the Canadian financial system by 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 refinance of multi-unit residential properties, including affordable rental housing.
- Our mortgage insurance programs operate on a commercial basis with due regard for loss and without the need for government funding.

Mortgage Funding

- Stability in the Canadian financial system is promoted by providing access to funding for mortgages in all economic conditions.
- Approved financial institutions are enabled 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.

Housing Analysis and Research

- Data is collected and shared and timely analysis and insights are offered to support informed decision making on housing. This allows us to contribute to housing policy and advance the understanding of housing and housing markets.
- Research and analysis of housing supply, demand and needs is undertaken, particularly with regard to populations facing housing challenges.
- Housing finance issues are explored and assessed 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, and pursue new partnerships to foster innovation in the housing sector and provide informed policy advice on housing solutions to address housing needs.

Summary of Operating and Capital Budgets

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

Our 2022 operating budget of $679.0 million includes investments for the following:

- Delivery of our housing programs, including new program funding for new and existing programs received through the 2020 Fall Economic Statement (FES) and Budget 2021.
- Enabling the achievement of our anti-racism, equity, and reconciliation objectives to make our workplace more inclusive and improve housing options and outcomes for people living in Canada.
- Execution of our climate change model to support sustainable development, including the goals of reducing the impact of housing on climate and "greening" CMHC's operations.
- Data to encourage data sharing and improve evidence-based decision-making in housing.
- Enhancement of our technology platforms and tools to improve client and employee experience as well as risk management including our Mortgage Risking Platform as part of the Homeowner Business Transformation (HBT).

Our 2022 capital budget of $5.6 billion includes investments for the following:

- $5.5 billion – loans and investments – Rental Construction Financing initiative (RCFi), National Housing Co-Investment Fund (NHCF), and the Canada Greener Homes Loan (CGHL) initiative.
- $99 million – investment in technology and business premises. This includes investments in critical business systems such as our Mortgage Risking platform and Client Relationship Management platform, data initiatives and our Workplace Transformation.

Key Financial Assumptions

ASSISTED HOUSING

Assumptions for our Assisted Housing activity over the planning period include fiscal 2020-2021 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 and the Canada Greener Homes Loan initiative. 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 plan includes the following programs announced through the 2020 Fall Economic Statement and Budget 2021: expanded funding for RCFi, the RHI and FCHI; funding for the Canada Greener Homes Loan initiative; funding to support emergency shelters and transitional housing for Indigenous women and children, and 2SLGBTQQIA+ people; funding for Housing Internship for Indigenous Youth (HIIY); and funding advanced from later years for the NHCF. Funding announced in Budget 2021 for the following programs is not currently reflected in our plan, as required approvals are pending: the Affordable Housing Innovation Fund, the Canada Housing Benefit (CHB), the Canada Greener Homes Affordability Retrofit Loan (CGHARL) and the repurposing of funding for RCFi to be allocated to support the conversion of vacant commercial property into housing.

COMMERCIAL OPERATIONS

Mortgage Insurance

Our plan reflects the return to our pre-July 2020 underwriting practices for homeowner and portfolio mortgage loan insurance, which became effective July 5, 2021 (please refer to page 34). This results in our planned homeowner business volumes increasing over the planning period. As well, our multi-unit volumes are expected to increase in the early part of the planning period. Enhancements to the multi-unit flex program, which advances affordability, accessibility and climate compatibility are reflected in our plan. Our plan does not reflect changes in product pricing. Insurance-in-force is projected to remain under the limit per section 11 of the *National Housing Act* (NHA). The limit was increased to $750 billion effective March 2020 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) are projected to be stable throughout the planning period. The volume threshold subject to second-tier market MBS fees remains stable over the planning horizon, in line with the constant annual NHA MBS guarantee limit over the plan period.

Our plan reflects increased pricing for NHA MBS Tier-1 and Tier-2 which became effective January 1, 2021, as well as the introduction of affordability-linked pools that are subject to preferential guarantee fees. Our plan reflects a Tier-1 volume threshold of $9 billion per issuer, unchanged through the planning period. There are no changes to pricing for Canada Mortgage Bonds (CMB).

Guarantees-in-force, which are impacted by the timing of new issuances and maturities, are expected to gradually decline until 2025, remaining under the limit under 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 are as follows:

(in $ billions)	2021	2022	2023	2024	2025	2026
NHA MBS	150	150	150	150	150	150
CMB	40	40	40	40	40	40

Capital Management

We manage capital to ensure that our commercial operations have adequate capital to deliver their mandate while remaining financially self-sustaining.[6] 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 our mitigation efforts, such as the possible suspension of dividends, not be sufficient to limit the impact to our capital levels, we may seek recapitalization from the government as approved by Parliament on March 24, 2020.

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 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 (Mortgage Insurer Capital Adequacy Test or MICAT) established by the 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 management framework follows industry best practices and incorporates regulatory principles from OSFI, including those set out in OSFI's E19 – Own Risk and Solvency Assessment guideline, and those of the Basel Committee on Banking Supervision.

For our Assisted Housing activity, we maintain a reserve fund pursuant to Section 29 of the *CMHC Act*. Our Lending programs operate on a break-even basis over the long term, however, a portion of their earnings are retained in this reserve fund in order to account for potential future interest rate and credit risk exposure on our loans. Unrealized fair value market fluctuations and remeasurement of losses on defined benefit plan liabilities are absorbed in retained earnings.

We validate and calibrate annually, 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

[6] Refer to appendix 1.4 section Notes to the Consolidated Statements of Income, Comprehensive Income and Equity of Canada for more details.

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 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 and liquidity 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 DIVIDEND SCHEDULE

Given the economic uncertainty caused by the COVID-19 pandemic, the dividend was temporarily suspended in 2020. We reintroduced the base dividend in Q1 2021 and returned some excess capital to the Government of Canada in the form of a special dividend. Our plan assumes a base dividend over the planning period and that special dividends may be issued in 2022.

(in $ millions)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Total surplus equity available for possible dividend declaration[1]	-	5,080	4,080	1,980	1,680	1,780	1,680

[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 and will be lifted in 2022. When the latter restrictions are lifted and we are comfortable from a capital perspective, we may release excess capital.

Investment Plan

ASSISTED HOUSING

We invest principal repayments and undrawn proceeds within our lending programs in high quality fixed income securities (with a minimum credit rating of single A), taking into consideration our risk appetite, business activities and liquidity needs. Investments under management including cash and cash equivalents had a market value of $4.1 billion as at June 30, 2021, and are expected to decrease to $2.6 billion by the end of 2026. This reflects the management of funds that we have drawn from the Crown Borrowing Program (CBP) but that have not been fully advanced for loans under 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. We do not expect any material changes over the planning period. 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 $508 million decline to the fair market value of the portfolio, which had a value of $17.5 billion as at June 30, 2021. Changes in market value would only be realized if investments were sold prior to maturity.

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 $113 million decline in the fair market value of the portfolio, which had a value of $3.5 billion as at June 30, 2021.

Credit Quality of Investment Portfolios

Exposure by Credit Rating (fixed income) As at June 30, 2021		
Credit Rating	**Mortgage Insurance**	**Mortgage Funding**
AAA	41%	100%
AA	21%	-
A	23%	-
BBB	15%	-
Overall duration (years)	3.5	4.2

Asset Allocation of Portfolios

Allocation by Asset Type As at June 30, 2021		
Asset Type	**Mortgage Insurance**	**Mortgage Funding**
Canada fixed income	74%	-
U.S. fixed income	26%	-
Canada fixed income	-	100%

Appendix 1 – Financial Plan

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 2022-2026 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

Additional investments in housing, announced in the 2020 Fall Economic Statement and Budget 2021, require an increase in our resources to deliver these programs. Additional resources are included in our plan to support the delivery of the following NHS initiatives: the RCFi, the RHI and the Federal Community Housing Initiative (FCHI), and to support the construction of shelters and transitional houses for Indigenous women and children, and 2SLGBTQQIA+ people. Funding announced in Budget 2021 for the following programs is not currently reflected in our plan, as required approvals are pending: the Affordable Housing Innovation Fund, the CHB and, the repurposing of funding for the RCFi to be allocated to support the conversion of vacant commercial property into housing (refer to the National Housing Strategy section – page 28).

ANTI-RACISM, EQUITY AND RECONCILIATION

Enabling the achievement of our anti-racism, equity and reconciliation objectives is central to our commitment of being a more inclusive workplace. This investment will also help us achieve our strategic results of removing barriers, making housing accessible, and improving housing outcomes for people living in Canada.

CLIMATE CHANGE

CMHC's climate change operating model and activities will integrate climate change mitigation considerations in CMHC policies, programs and products, thus improving the climate compatibility of housing. This aligns with the federal government commitment on climate change.

CANADA GREENER HOMES

The Canada Greener Homes program is a new energy retrofit loan program available to homeowners, non-profit organizations and cooperatives announced as part of Budget 2021 (refer to Appendix 7: Government Priorities and Direction). This loan program provides interest free loans for deep retrofits to increase energy efficiency, which contributes to reducing housing's impact on climate while also improving climate compatibility of housing. The Canada Greener Homes Loan (CGHL) initiative available to eligible homeowners, expected to launch in 2021, is included in our plan. The Canada Greener Homes Affordability Retrofit Loan (CGHARL) available to non-profit organizations and cooperatives, announced in Budget 2021 is not included in our plan as required approvals are pending.

DATA

Our ability to intensify our research and analytics and to deepen understanding of housing need relies heavily on data. It is also key to influencing change through insights and advice on the housing system. In particular, data related to equity and climate change as they relate to housing conditions will be an important area of focus, considering how it enables delivery on several of our results.

In addition, we will focus on optimizing data usage and enable dynamic interactions between people, data and insights.

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 Risk Appetite Framework (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.

TECHNOLOGY

We have transformed CMHC. Our recent technology modernization has fortified the company’s resilience; we are technology enabled. Our investment in technology will continue to stay current. Our plan includes investments in systems and infrastructure that support our business, such as investments in our Mortgage Risking platform, core to the Homeowner Business Transformation initiative.

2020 RESULTS | 2021 ESTIMATE | 2022-2026 PLAN

Operating Budget

(in $ millions)	2020 Plan[1]	2020 Actual	2021 Plan[1]	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Personnel Costs									
Salary, fringe benefits and related costs (excluding pension expense)	268.9	257.7	299.9	285.2	314.6	309.0	314.7	318.5	320.9
Total Personnel Costs	**268.9**	**257.7**	**299.9**	**285.2**	**314.6**	**309.0**	**314.7**	**318.5**	**320.9**
Non-Personnel Costs									
Recruitment costs	1.6	0.4	0.8	0.6	0.9	0.9	0.9	0.9	0.9
Training	5.6	3.9	5.6	4.5	5.9	5.7	5.7	5.7	5.7
Transportation	8.2	2.4	4.2	2.8	4.3	4.8	4.6	4.5	4.4
Marketing and promotion	4.9	1.7	4.6	3.5	4.0	3.5	3.2	3.0	2.9
Hospitality and representation	0.8	0.4	0.7	0.3	0.8	0.8	0.8	0.8	0.8
Professional and technical services	117.7	168.1	128.6	111.3	138.0	128.1	119.7	108.6	82.1
Telecommunication services	8.7	6.8	8.7	8.7	6.4	6.4	6.5	6.5	6.6
Computer services	142.2	168.1	163.8	168.5	183.3	157.9	165.9	165.0	165.9
Business premises	19.0	14.8	15.5	15.5	21.0	19.8	16.8	15.7	15.7
Rental, repair and maintenance	1.3	0.7	2.6	2.6	2.1	2.1	2.2	2.1	2.1
Materials and supplies	1.2	0.4	1.9	0.8	0.4	0.4	0.4	0.4	0.4
Recoveries	(5.6)	(14.5)	(5.8)	10.3	(3.2)	(3.8)	(4.1)	(4.2)	(4.9)
Other	(2.4)	-	0.2	-	(9.4)	1.5	3.2	4.8	6.5
Total Non-Personnel Costs	**303.2**	**353.2**	**331.4**	**329.4**	**354.5**	**328.1**	**325.8**	**313.8**	**289.1**
Total Operating Budget (before pension expense)	**572.1**	**610.9**	**631.3**	**614.6**	**669.1**	**637.1**	**640.5**	**632.3**	**610.0**
Pension/post-employment expense	84.2	63.5	60.9	76.1	43.6	34.6	30.5	25.6	22.5
Total Operating Budget (incl. Pension Expense)	**656.3**	**674.4**	**692.2**	**690.7**	**712.7**	**671.7**	**671.0**	**657.9**	**632.5**
Less: Depreciation	(32.6)	(45.5)	(49.3)	(67.9)	(33.7)	(44.0)	(50.4)	(50.9)	(49.1)
Total Operating Budget	**623.7**	**628.9**	**642.9**	**622.8**	**679.0**	**627.7**	**620.6**	**607.0**	**583.4**

[1] 2020 amended plan includes funding for Canada Emergency Commercial Rent Assistance (CECRA) and the 2021 amended plan includes funding from 2020 FES and Budget 2021.

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 expected to be shared equally between employees and CMHC for both benefit accrual options offered in the plan. The cost-sharing ratio is projected to be equal over the planning period. The changes in the pension expense across the planning period reflect discount rates used to estimate the expense. The discount rates reflect an increase over the planning period. In general, a higher discount rate results in a lower present value of the cost of employees' service and therefore a lower pension expense.

2020 actual operating budget and performance at mid-year

- Actuals for 2020 were $5.2 million higher than the plan mainly due to new programs such as Canada Emergency Commercial Rent Assistance (CECRA) partially offset by a lower pension expense than planned.
- We are estimating that total expenses, excluding depreciation, will be slightly lower than plan ($1.5 million) in 2021.

Full-Time Equivalents (FTEs)

	2020 Plan	2020 Actual	2021 Plan[1]	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Mortgage Insurance activity	964	854	991	831	868	791	778	795	790
Mortgage Funding activity	115	106	103	117	105	106	107	106	107
Assisted Housing activity	563	640	796	793	938	914	910	889	873
Housing Analysis and Research activity	459	401	419	408	437	439	442	425	421
Total	2,101	2,000	2,309	2,149	2,348	2,250	2,237	2,215	2,191

[1] 2021 includes amended plan with new funding from 2020 FES and Budget 2021.

FTEs for the Mortgage Insurance activity in 2021 are expected to be lower than plan primarily due to expected mortgage defaults and claims that are lower than planned. The increase in FTEs for the Assisted Housing and Housing Analysis and Research activities over the planning period is due to the incremental resources required to deliver housing programs that received new funding through the 2020 FES and Budget 2021. FTEs decrease thereafter, as some program funding decreases and in part due to lower business volumes and claims.

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 2022 are $5.6 billion and include additional funding received from the 2020 FES and Budget 2021 for existing and new housing programs. Our plan reflects funding received for the RCFi and the Canada Greener Homes Loan (CGHL) initiative, and the reprofile of 2021 commitments to 2022, subject to the approval of the Minister of Finance. Investments in our Workplace Transformation are included in our capital budget over the next two years. This initiative is close to completion. The increase in other assets, including intangible assets in 2022 compared to 2021, is primarily due to the Homeowner Business Transformation costs that have increased due to our decision to adjust timelines to prioritize the claims component of the project in anticipation of higher volumes of claims due to the COVID-19 pandemic.

2020 actual capital budget and 2021 performance at mid-year

- In 2020, we made capital commitments of $9.5 billion, $5.7 billion higher than plan, primarily due to the take-up of the Insured Mortgage Purchase Program (IMPP) announced in March 2020 as part of the government's COVID-19 Economic Response Plan. This was partially offset by lower commitments under FTHBI and SEMP as a result of delays in finalizing agreements in the first few years of the programs.
- For 2021, our capital commitments are projected to be $5.2 billion; $0.7 billion lower than the amended plan due to reprofiling of RCFi program commitments to 2022.

2020 RESULTS | 2021 ESTIMATE | 2022-2026 PLAN

Capital Budget

(in $ millions)	2020 Plan	2020 Actual	2021 Plan[1]	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Direct Lending	152	153	227	227	176	163	162	166	168
Innovation Fund	82	15	15	39	-	-	-	-	-
RCFi	2,486	2,666	3,959	3,300	3,162	3,400	3,500	3,250	2,750
NHCF	474	605	1,012	1,012	1,479	1,181	923	923	923
FTHBI and SEMP	522	142	527	504	225	31	7	-	-
Other	16	15	15	19	18	18	17	17	17
CGHL	-	-	66	66	459	820	624	525	131
IMPP[2]	-	5,817	-	-	-	-	-	-	-
Total loans and investments (excl. IMPP)	**3,732**	**3,596**	**5,821**	**5,167**	**5,519**	**5,613**	**5,233**	**4,881**	**3,989**
Total loans and investments (incl. IMPP)	**3,732**	**9,413**	**5,821**	**5,167**	**5,519**	**5,613**	**5,233**	**4,881**	**3,989**
Business premises	2	2	2	2	2	2	2	2	2
Capital leases	1	-	2	4	2	-	-	4	-
Workplace transformation	38	26	5	5	9	3	-	-	-
Computer software and intangible assets	65	74	104	59	86	26	20	15	10
Total business premises and intangible assets	**106**	**102**	**113**	**70**	**99**	**31**	**22**	**21**	**12**
Total capital budget (excl. IMPP)	**3,838**	**3,698**	**5,934**	**5,237**	**5,618**	**5,644**	**5,255**	**4,902**	**4,001**
Total capital budget (incl. IMPP)	**3,838**	**9,515**	**5,934**	**5,237**	**5,618**	**5,644**	**5,255**	**4,902**	**4,001**

1 2021 includes amended plan with new funding from 2020 FES and Budget 2021.

2 IMPP was announced in March 2020 as part of the government's COVID-19 Economic Response Plan with authorization to purchase up to $150 billion in insured mortgage pools. The 2020 estimate was reduced to $20 billion and the take-up was $5.8 billion.

Appendix 1.3: Borrowing Plan

CMHC borrows from the Government of Canada as part of the Crown Borrowing Program 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

We expect total borrowings outstanding as at December 31, 2021 to reach $18.6 billion, consisting of $13.6 billion to finance all lending programs and investments in housing, $4.7 billion under the IMPP, and $300 million in short-term borrowings to support corporate cash requirements.

Maximum borrowings outstanding for 2021 are forecasted to reach $24.2 billion to finance all lending programs and investments in housing, including $5.2 billion under the IMPP and up to $4 billion for cash and liquidity management. This is a decrease of $900 million from the previous estimate, mainly due to a slower-than-expected intake of some lending programs, particularly FTHBI.

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 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 2022

- 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 2022

- CMHC forecasts long-term borrowing to near $5 billion and requests that the $6.5 billion long-term borrowing ceiling approved in May 2021 be extended to 2022.

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 five or ten years. Asset-liability management is conducted through market transactions and/or borrowings. Principal repayments for reinvestment had a current market value of $731 million as at March 31, 2021 (see Assisted Housing under "Investment Plan" in the Financial Overview section for more details).

2021 borrowings: $857 million in new borrowings consisting of $528 million for long-term and $329 million for short-term borrowings.

2022 borrowings: $529 million in new borrowings consisting of $326 million for long-term and $203 million for short-term borrowings.

RENTAL CONSTRUCTION FINANCING INITIATIVE (RCFI)

The RCFi program received new funding of $12 billion through the 2020 FES bringing the program to a total of $25.75 billion over 11 years. The purpose of this initiative is 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, 2021, was $4.2 billion of which, the total principal undrawn and reinvested amounted to $2.6 billion. This reflects the management of funds that are drawn from the CBP for which loans are not fully advanced. Not included in this plan, as pending required approval, is the repurposing of $300 million of funding for RCFi to be allocated to support the conversion of vacant commercial property into housing.

2021 borrowings: Up to $3.1 billion in new borrowings. The borrowing estimates rose by $748 million compared to the original plan mainly due to the reallocation of the loans that were delayed from 2020.

2022 borrowings: Up to $3.2 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. This initiative prioritizes housing for populations who are vulnerable and sets minimum requirements for energy efficiency and accessibility. These loans are funded through long-term borrowings. As of March 31, 2021, total borrowings under this program amounted to $485 million of which $243 million was undrawn by proponents and reinvested.

2021 borrowings: Up to $862 million in new borrowings, which is $112 million lower than original plan due to timing of commitments.

2022 borrowings: Up to $1.4 billion 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 is available to Canadians. Funding for the FTHBI consists of short-term borrowings rolled forward periodically on a net basis, which is total funding minus any repayments. As at March 31, 2021, total FTHBI funding outstanding amounted to $188 million.

2021 borrowings: Up to $475 million in new borrowings.

2022 borrowings: Up to $191 million in new 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 five years in lending to existing and future third-party shared equity mortgage providers through this program. As at March 31, 2021, total borrowings under the program were $4 million.

2021 borrowings: Up to $28 million in new borrowings

2022 borrowings: Up to $31 million in new borrowings.

CANADA GREENER HOMES LOAN INITIATIVE (CGHL)

The Canada Greener Homes Loan (CGHL) initiative launched in 2021 to help eligible homeowners undertake home retrofits to reduce their environmental footprint and energy bills. Funding for this initiative is expected to consist of short-term borrowings rolled forward periodically on a net basis, which is total funding minus any repayments.

2021 borrowings: Up to $66 million in new short-term borrowings.

2022 borrowings: Up to $459 million in new short-term borrowings, and the outstanding balance of $525 million by the end of 2022.

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 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 two-year period ending March 31, 2011, CMHC provided loans of $2 billion to support housing-related municipal infrastructure. Total borrowings outstanding under the MILP were $784 million as at March 31, 2021.

CASH AND LIQUIDITY MANAGEMENT

Short-term CBP borrowings are used to manage daily cash and liquidity requirements, which include potential obligations related to the timely payment guarantee for the 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. Borrowings related to timely payment guarantees are paid before year-end; therefore, these amounts, which are close to $4 billion, are not included in the Cash and liquidity management line in the table – Outstanding Borrowings as at December 31. 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 five business days.

2021 borrowings:

- Short-term borrowings: cash and liquidity management, lending and other loans and investments in housing up to $5 billion outstanding at any point during the year, including up to $645 million outstanding for the FTHBI and up to $66 million outstanding for the CGHL. The 2021 borrowing estimates are $345 million lower than planned mainly due to the lower demand for the FTHBI.
- Overdraft facilities up to $4 billion intraday and up to $300 million overnight.

2022 borrowings:

- Short-term borrowings: cash and liquidity management, lending and other loans and investments in housing up to $5.86 billion outstanding at any point during the year, including up to $836 million outstanding for the FTHBI and up to $726 million outstanding for the CGHL.
- 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 allowed CMHC to purchase up to $150 billion of insured mortgages pooled into NHA MBS directly from financial institutions. This provided 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. The program was closed in December 2020, and total funding issued to financial institutions under the program amounted to $5.8 billion. As at June 30, 2021, total IMPP funding outstanding was $4.7 billion.

The following tables provide outstanding short and long-term borrowings as of December 31, and peak borrowings during the year. All figures are shown on a nominal basis.

Outstanding Borrowings as at December 31

(in $ millions)	2020 Actual	2021 Estimate	2022 Requested	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Short-term borrowings							
Cash and liquidity management	50	300	300	300	300	300	300
Direct Lending	190	100	100	100	100	100	100
Other loans and Investments	-	200	200	200	200	200	200
FTHBI	170	645	836	833	829	826	823
CGHL	-	66	525	1,319	1,854	2,206	2,099
Total short-term borrowings	**410**	**1,311**	**1,961**	**2,752**	**3,283**	**3,632**	**3,522**
Long-term borrowings							
Direct Lending	3,233	2,709	2,379	2,022	1,806	1,623	1,614
Other loans and Investments	1,395	1,224	1,107	949	747	585	443
MILP	841	728	629	525	418	312	246
RCFi	3,568	6,686	9,883	13,223	16,698	20,011	22,886
NHCF	382	1,244	2,606	3,862	4,850	5,773	6,696
SEMP	4	32	63	93	100	96	69
Total long-term borrowings excl. IMPP	**9,423**	**12,623**	**16,667**	**20,674**	**24,619**	**28,400**	**31,954**
Total borrowings excl. IMPP	**9,833**	**13,934**	**18,628**	**23,426**	**27,902**	**32,032**	**35,476**
IMPP	5,249	4,664	4,153	3,648	1,080	-	-
Total long-term borrowings incl. IMPP	**14,672**	**17,287**	**20,820**	**24,322**	**25,699**	**28,400**	**31,954**
Total borrowings incl. IMPP	**15,082**	**18,598**	**22,781**	**27,074**	**28,982**	**32,032**	**35,476**

Peaks at Any Point During the Year

(in $ millions)	2020 Actual	2021 Estimate	2022 Requested	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Split by program							
Line of credit	-	-	-	-	-	-	-
Short-term borrowings	**2,410**	**5,011**	**5,660**	**6,466**	**7,020**	**7,387**	**7,291**
Cash and liquidity management[1]	2,050	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	190	100	100	100	100	100	100
Other loans and Investments	-	200	200	200	200	200	200
FTHBI	170	645	836	833	829	826	823
CGHL	-	66	524	1,333	1,891	2,261	2,168
Long-term borrowings	**11,237**	**13,959**	**17,538**	**21,582**	**25,430**	**29,088**	**32,372**
Direct Lending	4,701	3,761	3,034	2,668	2,308	2,043	1,824
Other loans and Investments	1,609	1,395	1,224	1,107	949	747	585
MILP	973	841	728	629	525	418	312
RCFi	3,568	6,686	9,883	13,223	16,698	20,011	22,886
NHCF	382	1,244	2,606	3,862	4,850	5,773	6,696
SEMP	4	32	63	93	100	96	69
Maximum outstanding borrowings							
Cash and liquidity management[1]	2,050	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	4,891	3,861	3,134	2,768	2,408	2,143	1,924
Other loans and Investments	1,609	1,595	1,424	1,307	1,149	947	785
MILP	973	841	728	629	525	418	312
RCFi	3,568	6,686	9,883	13,223	16,698	20,011	22,886
NHCF	382	1,244	2,606	3,862	4,850	5,773	6,696
FTHBI	170	645	836	833	829	826	823
SEMP	4	32	63	93	100	96	69
CGHL	-	66	524	1,333	1,891	2,261	2,168
Maximum outstanding excl. IMPP	**13,647**	**18,970**	**23,198**	**28,048**	**32,450**	**36,475**	**39,663**
IMPP	**5,769**	**5,249**	**4,664**	**4,153**	**3,648**	**1,080**	**-**
Maximum outstanding incl. IMPP	**19,416**	**24,219**	**27,862**	**32,201**	**36,098**	**37,555**	**39,663**

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

Long-Term Borrowings as at December 31

(in $ millions)	2020 Actual	2021 Estimate	2022 Requested	2023 Projected	2024 Projected	2025 Projected	2026 Projected
Opening balance	8,766	9,447	12,647	16,691	20,701	24,646	28,427
Maturities	(2,095)	(1,336)	(872)	(907)	(811)	(692)	(447)
Direct Lending	(1,468)	(1,052)	(656)	(646)	(502)	(420)	(210)
Other loans and Investments	(248)	(171)	(117)	(158)	(202)	(162)	(142)
MILP	(132)	(113)	(99)	(103)	(107)	(106)	(67)
RCFi	(166)	-	-	-	-	-	-
NHCF	(81)	-	-	-	-	-	-
SEMP	-	-	-	-	-	(4)	(28)
New issuances	2,776	4,536	4,916	4,917	4,756	4,473	3,999
Direct Lending	501	528	326	290	286	237	201
RCFi	1,852	3,118	3,197	3,341	3,475	3,313	2,875
NHCF	419	862	1,362	1,255	988	923	923
SEMP	4	28	31	31	7	-	-
Total excl. IMPP	9,447	12,647	16,691	20,701	24,646	28,427	31,979
IMPP							
Opening balance	-	5,249	4,664	4,152	3,647	1,079	-
Retirements	(568)	(585)	(512)	(505)	(2,568)	(1,079)	-
New Issuances	5,817	-	-	-	-	-	-
Total IMPP	5,249	4,664	4,152	3,647	1,079	-	-
Total incl. IMPP	14,696	17,311	20,843	24,348	25,725	28,427	31,979
Split by type							
Fixed-rate	14,696	17,311	20,843	24,348	25,725	28,427	31,979
Floating-rate	-	-	-	-	-	-	-
Total	14,696	17,311	20,843	24,348	25,725	28,427	31,979

Information on Existing Leases as of December 31

CMHC does not plan to enter 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 equivalent 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 our 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, 2020, 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.

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

SIGNIFICANT ACCOUNTING POLICIES

Refer to our 2020 Annual Report for complete details on our significant accounting policies.

There are no new standards issued by the IASB within the past year that impact CMHC's 2022-2026 Corporate Plan.

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, which will replace IFRS 4 *Insurance Contracts* effective January 1, 2023. Our 2022-2026 Corporate Plan is prepared according to IFRS 4, and our 2023-2027 Corporate Plan will be prepared under IFRS 17.

On May 28, 2021, the Department of Finance launched an industry consultation on tax implications resulting from the implementation of IFRS 17. In its news release announcing the consultation, the Department of Finance indicated that it would not consider the contractual service margin to be a deductible reserve for tax purposes; its conclusion would create a current tax liability for insurance providers. CMHC has responded to the consultation request. Should the proposed taxation changes be implemented, they would impact CMHC results and this would be reflected in our 2023-2027 Corporate Plan.

CONSOLIDATED BALANCE SHEETS

As at December 31

(in millions of Canadian dollars)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Assets							
Cash and cash equivalents	2,301	1,037	1,050	1,029	1,116	1,145	1,403
Securities purchased under resale agreements	174	-	-	-	-	-	-
Accrued interest receivable	714	736	675	659	770	889	1,063
Investment securities:							
Fair value through profit or loss	399	328	174	149	151	155	159
Fair value through other comprehensive income	23,094	19,652	17,744	17,864	18,106	18,389	18,797
Amortized cost	1,427	1,913	2,581	2,835	2,895	2,906	2,609
Derivatives	117	22	7	2	1	-	-
Due from the Government of Canada	339	374	278	252	258	248	241
Loans:							
Fair value through profit or loss	743	872	1,002	939	870	778	621
Amortized cost	270,450	275,342	273,988	272,313	278,458	279,426	288,673
Accounts receivable and other assets	931	1,197	1,186	1,141	1,089	1,062	1,043
Investment property	281	290	287	296	306	315	325
Defined benefit plans asset	-	227	248	328	402	433	430
Total assets	300,970	301,990	299,220	297,807	304,422	305,746	315,364
Liabilities							
Accounts payable and other liabilities	752	892	803	806	772	769	765
Accrued interest payable	573	650	627	635	768	910	1,111
Derivatives	8	76	92	129	154	163	155
Provision for claims	735	368	347	287	251	250	261
Borrowings:							
Fair value through profit or loss	1,156	477	390	226	148	21	-
Amortized cost	272,369	277,036	276,397	274,884	280,997	281,885	290,836
Defined benefit plans liability	549	233	172	171	169	167	163
Unearned premiums and fees	8,021	8,635	9,241	9,601	9,834	10,087	10,298
Deferred income tax liabilities	232	307	362	430	482	511	530
Total liabilities	284,395	288,674	288,431	287,169	293,575	294,763	304,119
Equity of Canada							
Contributed capital	25	25	25	25	25	25	25
Accumulated other comprehensive income (loss)	607	77	(82)	(103)	(179)	(259)	(305)
Retained earnings	15,943	13,214	10,846	10,716	11,001	11,217	11,525
Total equity of Canada	16,575	13,316	10,789	10,638	10,847	10,983	11,245
Total liabilities and equity of Canada	300,970	301,990	299,220	297,807	304,422	305,746	315,364

NOTES TO THE CONSOLIDATED BALANCE SHEETS

Assisted Housing

Total assets of $10.9 billion at December 31, 2020, increase over the planning period to $37.2 billion due to the significant take-up of our lending programs generated by the NHS initiatives including RCFi and NHCF, as well as CGHL. Total liabilities also increase as we borrow from the government's CBP to finance our lending programs. Discount rates increase beginning in 2021 and through the planning period, resulting in a defined benefit plan asset.

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 Statements of Equity of Canada for details.

Commercial Operations

Mortgage Insurance

Total assets of $20.9 billion at December 31, 2020, decrease to $17.5 billion over the planning period due to possible dividend payments.

Total liabilities increase from $7.5 billion at December 31, 2020, to $8.5 billion in 2026, due to unearned premiums and fees. Unearned premiums and fees increase from $6.1 billion at December 31, 2020, to $7.8 billion in 2026 mainly due to planned growth in portfolio and transactional homeowner volumes over the planned period.

Possible dividend declarations decrease total equity from $13.4 billion at December 31, 2020, to $9.0 billion in 2026. And lower capital requirements are projected as our insurance-in-force is expected to decrease in the early part of the planning period.

Mortgage Funding

Total assets decrease from $269.6 billion at December 31, 2020, to $261.2 billion in 2026. The $8 billion decrease 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 a decrease in investment balances compared to 2020. This is offset by an increase in deferred Government of Canada guarantee fees to compensate for timely payment guarantee risks.

Total liabilities decrease from $266.7 billion at December 31, 2020, to $260.0 billion in 2026, mainly due to the net impact of issuances and maturities of securities held in the CHT, offset by an increase in unearned MBS and CMB guarantee fees resulting from recent price increases.

Total equity decreases from $2.9 billion at December 31, 2020, to $1.2 billion in 2026, mainly due to recent dividend declarations to return excess capital and possible future dividend declarations, offset by increases in net income.

CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME AND EQUITY OF CANADA

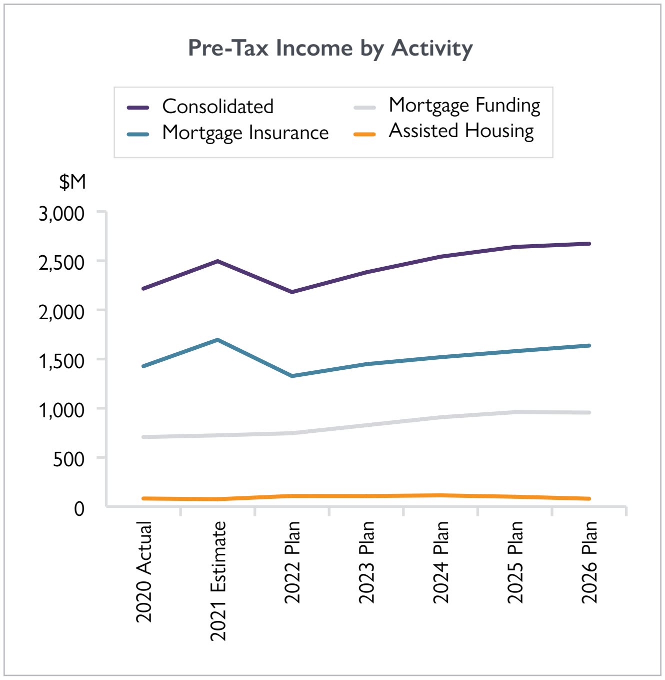
Year ended December 31

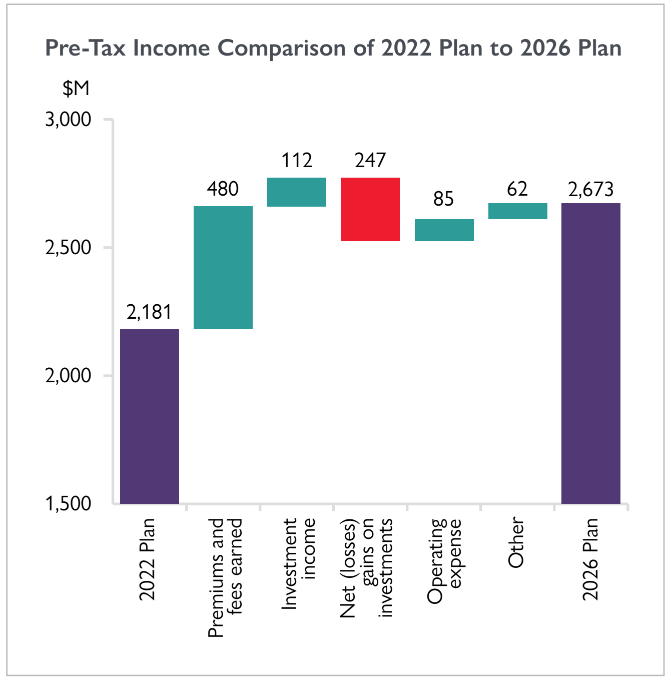
(in millions of Canadian dollars)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Interest income	4,954	4,843	4,691	4,722	4,822	5,332	6,438
Interest expense	4,937	4,832	4,671	4,688	4,791	5,291	6,368
Net interest income	**17**	**11**	**20**	**34**	**31**	**41**	**70**
Non-interest revenues and government funding							
Government funding for housing programs	4,892	4,965	3,612	3,237	3,179	2,974	2,799
Premiums and fees earned	2,039	2,108	2,233	2,417	2,570	2,676	2,713
Investment income	408	339	337	328	359	401	449
Net gains (losses) on financial instruments	563	230	183	106	42	1	(64)
Other income	32	36	(2)	33	80	92	92
Total revenues and government funding	**7,951**	**7,689**	**6,383**	**6,155**	**6,261**	**6,185**	**6,059**
Non-interest expenses							
Housing programs	4,496	4,611	3,258	2,899	2,842	2,664	2,519
Insurance claims	472	(213)	155	127	127	151	163
Operating expenses	767	796	789	747	751	730	704
Total expenses	**5,735**	**5,194**	**4,202**	**3,773**	**3,720**	**3,545**	**3,386**
Income before income taxes	2,216	2,495	2,181	2,382	2,541	2,640	2,673
Income taxes	554	614	542	595	633	659	668
Net income	**1,662**	**1,881**	**1,639**	**1,787**	**1,908**	**1,981**	**2,005**
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	550	(418)	(126)	(12)	(82)	(84)	(62)
Reclassification of gains (losses) on debt instruments held at fair value through other comprehensive income on disposal in the year	(190)	(112)	(32)	(9)	6	4	16
Total items that will be subsequently reclassified to net income	**360**	**(530)**	**(158)**	**(21)**	**(76)**	**(80)**	**(46)**
Items that will not be subsequently reclassified to net income							
Remeasurement gains (losses) on defined benefit plans	(60)	471	72	63	56	16	(17)
Total items that will not be subsequently reclassified to net income	**(60)**	**471**	**72**	**63**	**56**	**16**	**(17)**
Other comprehensive income (loss), net of tax	**300**	**(59)**	**(86)**	**42**	**(20)**	**(64)**	**(63)**
Comprehensive income	**1,962**	**1,822**	**1,553**	**1,829**	**1,888**	**1,917**	**1,942**
Contributed capital	**25**	**25**	**25**	**25**	**25**	**25**	**25**
Accumulated other comprehensive income (loss)							
Balance at beginning of year	247	607	77	(82)	(103)	(179)	(259)
Other comprehensive income (loss)	360	(530)	(158)	(21)	(76)	(80)	(46)
Balance at end of year	**607**	**77**	**(82)**	**(103)**	**(179)**	**(259)**	**(305)**
Retained earnings							
Balance at beginning of year	14,341	15,943	13,214	10,846	10,716	11,001	11,217
Net income	1,662	1,881	1,639	1,787	1,908	1,981	2,005
Other comprehensive income (loss)	(60)	471	72	63	56	16	(17)
Possible dividends declared[1]	-	(5,080)	(4,080)	(1,980)	(1,680)	(1,780)	(1,680)
Balance at end of year	**15,943**	**13,214**	**10,846**	**10,716**	**11,001**	**11,217**	**11,525**
Equity of Canada	**16,575**	**13,316**	**10,789**	**10,638**	**10,847**	**10,983**	**11,245**

[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 and will be lifted end of 2022. When the latter restrictions are lifted and we are comfortable from a capital perspective, we may release excess capital.

NOTES TO THE CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Our net income is mostly generated from our commercial activities. Although pre-tax income is projected to decrease in 2022, we expect it to increase over the remainder of the planning period. The increase in pre-tax income is mainly due to increases in premiums and fees earned from our Mortgage Insurance activity, due to higher business volumes, and from our Mortgage Funding activity, resulting from pricing changes that took effect in 2021.





Assisted Housing

(in $ millions)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Net interest income	(18)	(20)	(7)	8	9	26	56
Government funding for housing programs	4,892	4,965	3,612	3,237	3,179	2,974	2,799
Net other income (loss)[1]	93	115	131	116	122	92	42
Total revenues and government funding	**4,967**	**5,060**	**3,736**	**3,361**	**3,310**	**3,092**	**2,897**
Housing programs	4,496	4,611	3,258	2,899	2,842	2,664	2,519
Operating expenses[2]	389	374	370	355	354	328	298
Total expenses	**4,885**	**4,985**	**3,628**	**3,254**	**3,196**	**2,992**	**2,817**
Income before income taxes	82	75	108	107	114	100	80
Income taxes	14	15	31	32	33	31	27
Net income	**68**	**60**	**77**	**75**	**81**	**69**	**53**

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 over the long-term, accounting adjustments and some elements of our operating expenses do not perfectly offset, which results in fluctuations to net income.

In 2021, we continue to invest in the RHI then, in 2022, government funding begins to decrease over the remainder of the planning period as RHI ends and the legacy programs continue to sunset. This is partially offset by the other NHS programs that continue to fund through their peak program years.

Net interest income mainly increases over the planning period 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.

Net other income increases in the first few years then decreases over the planning period due to the day one unrealized gains on the RCFi and NHCF borrowings.

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 related to RCFi mortgage insurance premiums that are managed through our Mortgage Insurance activity 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 is emergency funding provided through the COVID-19 Economic Response Plan and the 2021 Federal Budget to Granville Island in response to the 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)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Parliamentary appropriations	4,999	5,289	3,908	3,579	3,610	3,406	3,128
Allocated to commercial operations	48	111	125	147	167	168	158
Allocated to lending activities	49	191	171	195	264	264	171
Emergency COVID-19 funding for Granville Island	10	22	-	-	-	-	-
Total Government funding for housing programs	**4,892**	**4,965**	**3,612**	**3,237**	**3,179**	**2,974**	**2,799**

Housing Analysis and Research

Housing Analysis and Research activities are cost-recovered from our Assisted Housing activity's parliamentary appropriations as well as from CMHC's commercial operations.

(in $ millions)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Assisted housing recovery	118	118	135	179	206	116	92
Commercial operations recovery	15	21	23	22	23	23	24
Total revenue	**133**	**139**	**158**	**201**	**229**	**139**	**116**
Market analysis[1]	48	47	47	46	48	48	49
Housing research and data[2]	85	92	111	155	181	91	67
Total expenses	**133**	**139**	**158**	**201**	**229**	**139**	**116**
Net income	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

2 Includes funding for the Housing Supply Challenge (HSC).

We continue investing resources to support the implementation of the NHS housing research, data and innovation initiatives. These include the National Housing Council that will provide advice to the Minister responsible for CMHC related to the NHS. The increase in the early part of the planning period is driven primarily by funding for the Housing Supply Challenge (HSC) initiative, a five-year program announced in Budget 2019.

Commercial Operations

Mortgage Insurance

(in $ millions)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Premiums and fees earned	1,372	1,407	1,476	1,578	1,653	1,719	1,764
Investment income	349	298	305	292	315	349	391
Other income[1]	486	127	43	21	2	(2)	(15)
Total revenues	**2,207**	**1,832**	**1,824**	**1,891**	**1,970**	**2,066**	**2,140**
Insurance claims	472	(213)	155	127	127	151	163
Operating expenses	311	350	354	327	332	337	341
Total expenses	**783**	**137**	**509**	**454**	**459**	**488**	**504**
Income before income taxes	1,424	1,695	1,315	1,437	1,511	1,578	1,636
Income taxes	362	418	322	353	371	388	402
Net income	**1,062**	**1,277**	**993**	**1,084**	**1,140**	**1,190**	**1,234**

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

Premiums and fees earned continue to increase over the planning period as housing prices and volume increase in planned years. Additionally, premiums received due to higher volumes in 2020 are contributing to the increase, as premiums received are earned over the planning period and recognized as revenues.

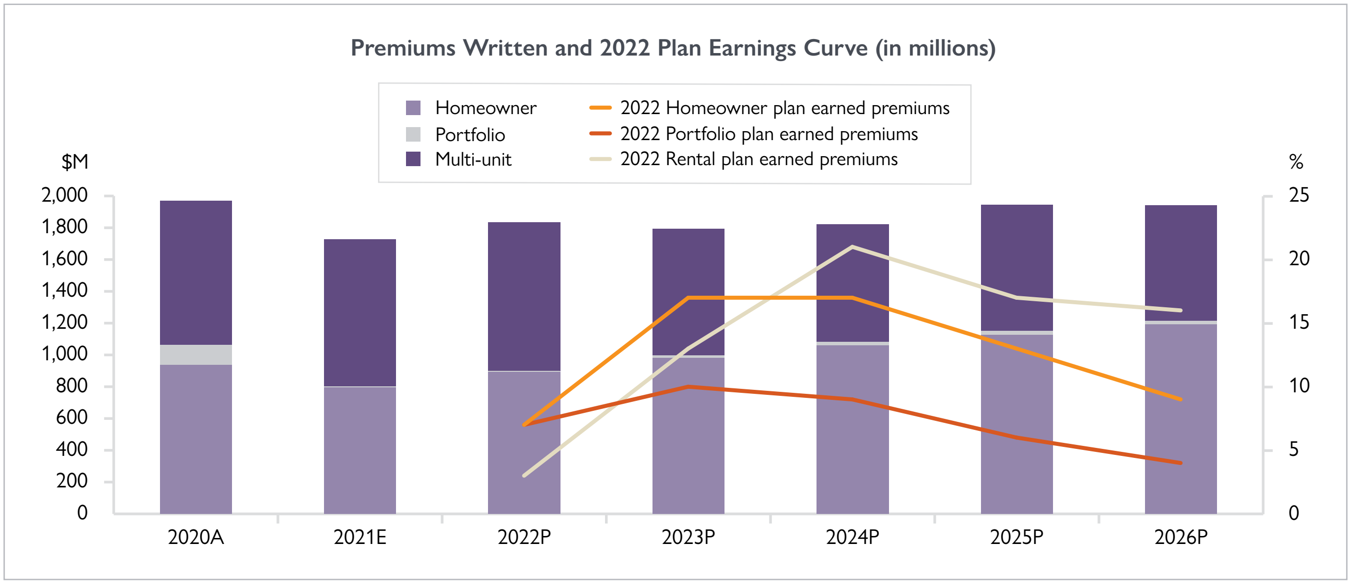
Investment income increases, mainly in the latter part of the planning period. Our investment balance decreases as we release capital and pay dividends, resulting in a decrease in investment income. This decrease is offset by book yields that are expected to gradually increase throughout the planning period.

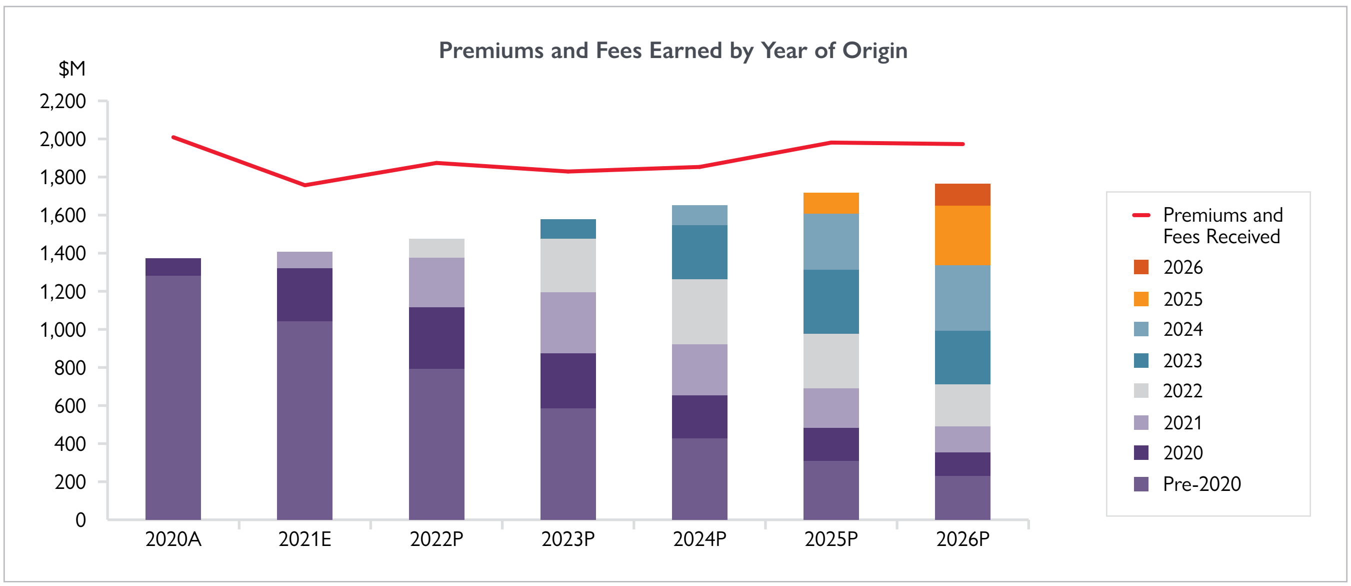
Insurance claims decrease in 2021 compared to 2020 due to a lower provision for claims as economic conditions improved. Claims increase in 2022 and remain moderate and mainly stable over the planning period.

Operating expenses continue to increase in the short term due to our required investments in technology including our Mortgage Risking Platform; however, operating expenses begin to decrease in 2023 as these investments are operationalized. Government of Canada fees[7] for the financial backing of our mortgage insurance business steadily increase over the planning period, from $50.2 million in 2021 to $61.0 million by 2026, in line with higher transactional homeowner business volumes and increased house prices.

(in $ millions, unless otherwise indicated)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Mortgage Insurance Volumes							
Insurance-in-force (in $ billions)	431	402	393	389	389	396	405
Total new insured volumes (units)	347,574	242,561	265,597	244,894	237,667	257,460	244,480
Total new insured volumes ($)	71,470	50,810	56,755	57,095	58,641	64,143	63,824
Total premiums and fees received	2,009	1,757	1,874	1,829	1,853	1,981	1,973

7 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.





Mortgage Funding

(in $ millions)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Guarantee and application fees earned	667	701	757	839	917	957	949
Net interest income	8	8	8	8	8	8	8
Investment income	70	49	39	43	50	57	63
Other income[1]	29	38	7	2	(2)	3	1
Total revenues	**774**	**796**	**811**	**892**	**973**	**1,025**	**1,021**
Operating expenses	67	72	65	65	65	65	65
Total expenses	**67**	**72**	**65**	**65**	**65**	**65**	**65**
Income before income taxes	707	724	746	827	908	960	956
Income taxes	177	181	186	207	227	240	239
Net income	**530**	**543**	**560**	**620**	**681**	**720**	**717**

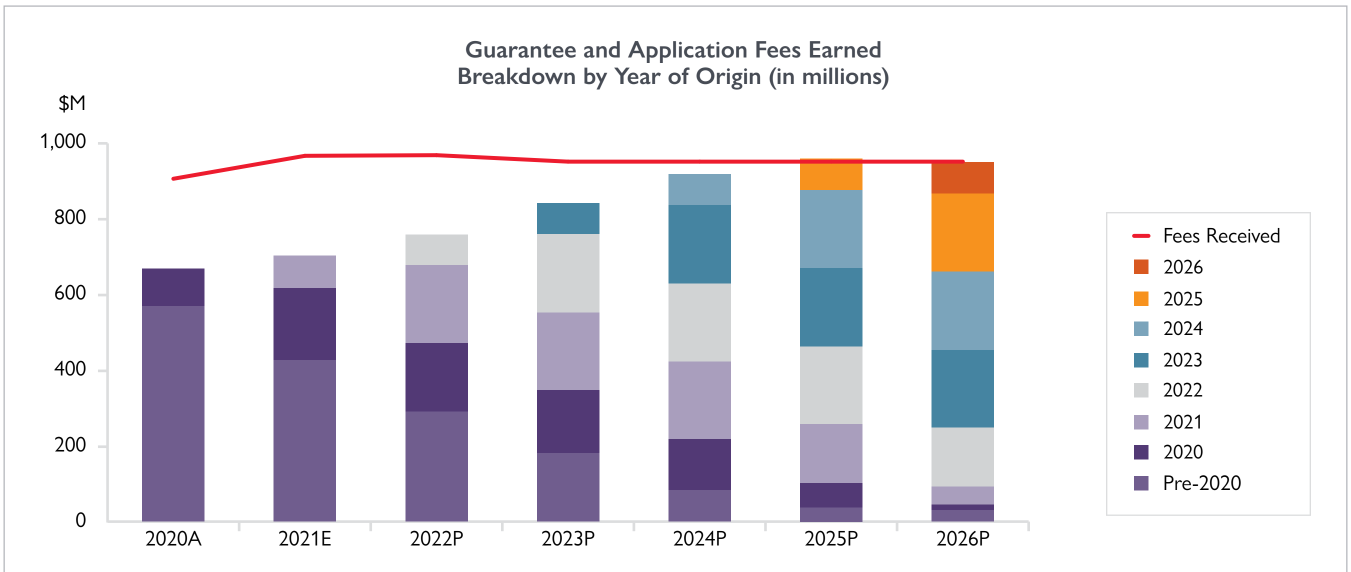
[1] Other income includes net gains (losses) on financial instruments and other income (loss).

(in $ millions)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Mortgage Funding Volumes							
Guarantees-in-force[1]	489	481	475	470	460	465	471
NHA MBS	232	222	221	221	211	215	213
CMB	257	259	255	249	249	254	258
Total annual securities guaranteed	225	174	174	174	174	174	174
NHA MBS	172	134	134	134	134	134	134
CMB	53	40	40	40	40	40	40
Total guarantee and application fees received	904	965	966	949	949	949	949
NHA MBS	708	801	802	783	783	783	783
CMB	196	164	164	166	166	166	166

[1] Projected guarantee limits are subject to approval by the Minister of Finance.

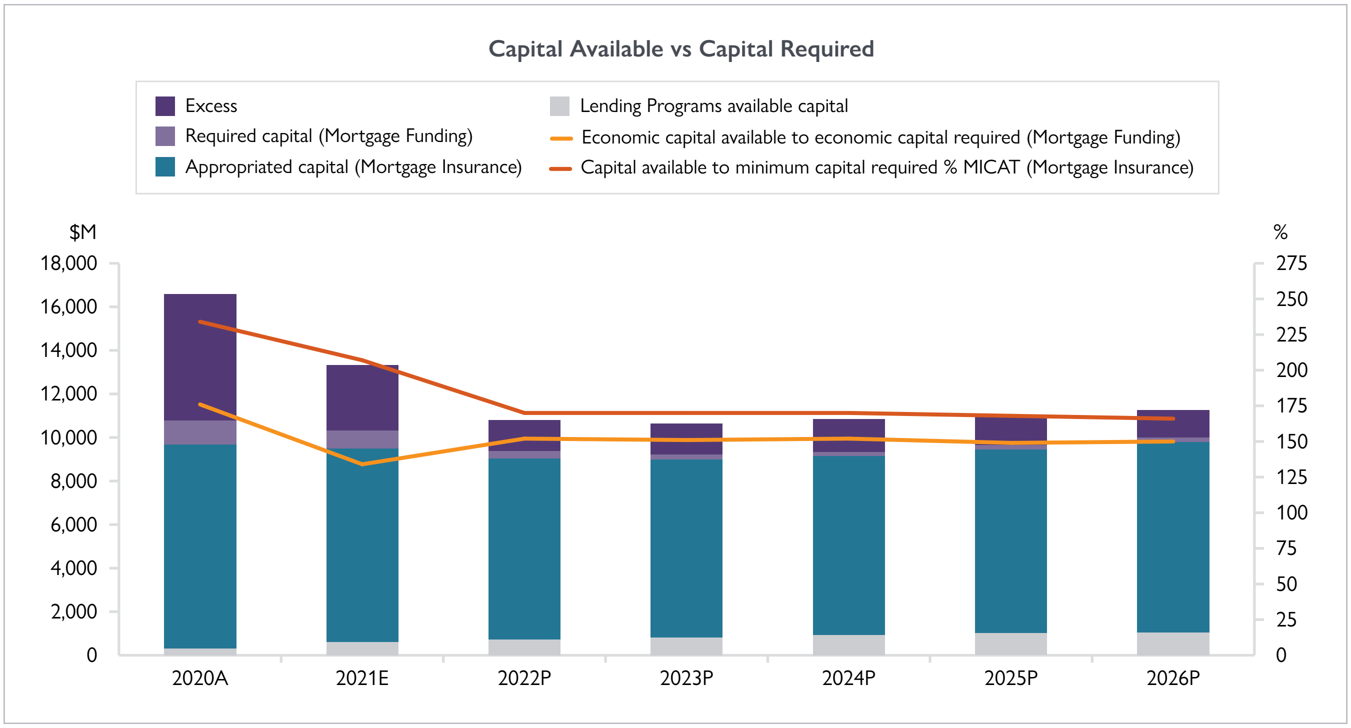
Total revenues increase over the planning period mainly due to higher pricing on Tier-1 and Tier-2 NHA MBS effective on January 1, 2021.

Total expenses decrease slightly in 2022 and remain stable over the planning period.



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.



Assisted Housing

(in $ millions)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Retained earnings	248	537	675	790	887	936	942
Reserve fund[1]	59	71	45	35	46	73	111
Available capital	**307**	**608**	**720**	**825**	**933**	**1,009**	**1,053**
Contributed capital	25	25	25	25	25	25	25
Total equity	**332**	**633**	**745**	**850**	**958**	**1,034**	**1,078**

[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. Capital for the lending activity is comprised of retained earnings and the reserve fund.

Retained earnings increase initially due to gains on the re-measurement of the defined benefit plans expected in 2021. Then, over the planning period mainly due to the unamortized portion of the day one gains previously discussed for both the RCFi and NHCF.

Commercial Operations

Mortgage Insurance

(in $ millions)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Accumulated other comprehensive income (loss)	460	46	(88)	(124)	(200)	(273)	(316)
Appropriated retained earnings	8,914	8,818	8,399	8,285	8,401	8,713	9,060
Appropriated capital	**9,374**	**8,864**	**8,311**	**8,161**	**8,201**	**8,440**	**8,744**
Unappropriated retained earnings	3,996	2,343	390	419	470	356	236
Total mortgage insurance capital	**13,370**	**11,207**	**8,701**	**8,580**	**8,671**	**8,796**	**8,980**
Less: assets with a capital requirement of 100%	(67)	(72)	(141)	(186)	(215)	(219)	(203)
Total mortgage insurance capital available	**13,303**	**11,135**	**8,560**	**8,394**	**8,456**	**8,577**	**8,777**
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)	234%	207%	170%	170%	170%	168%	166%
Surplus equity available from mortgage insurance for possible dividend declaration[2]	-	3,250	3,400	1,200	1,000	1,000	1,000

[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 2020 Capital Adequacy Assessment confirmed our internal and operating targets, of the minimum capital required; OSFI's minimum regulatory capital target is 150%. The 2021 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 in 2023 and 2024 as our expected special dividend declarations exceed annual net income. Refer to the Mortgage Insurance section of the Notes to the Consolidated Balance Sheets for details.

Mortgage Funding

(in $ millions, unless otherwise indicated)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Accumulated other comprehensive income (loss)	116	(6)	(30)	(15)	(15)	(22)	(25)
Appropriated retained earnings	991	851	364	241	207	222	224
Appropriated capital	**1,107**	**845**	**334**	**226**	**192**	**200**	**199**
Unappropriated capital	1,804	663	1,032	997	1,034	960	994
Total mortgage funding capital available	**2,911**	**1,508**	**1,366**	**1,223**	**1,226**	**1,160**	**1,193**
Economic capital available to economic capital required (%)	176.1%	134.3%	152.0%	150.6%	152.1%	149.1%	150.4%
Economic return on required equity (%)	16.3%	17.2%	19.9%	22.1%	24.3%	25.4%	25.2%
Possible dividend considering capital floor and liquidity restraints	-	1,830	680	780	680	780	680

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 2020 ORSA. The 2021 ORSA may result in revised capital holding levels, which could have impacts on our proposed dividend levels.

The Mortgage Funding activity equity decreases initially and remains stable 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 Sheets for details.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31

(in millions of Canadian dollars)	2020 Actual	2021 Estimate	2022 Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Cash flows from operating activities							
Net income	1,662	1,881	1,639	1,787	1,908	1,981	2,005
Adjustments to determine cash flows from operating activities							
Amortization of premiums and discounts on financial instruments	126	(14)	(26)	(42)	(50)	(52)	(60)
Net (gains) losses on financial instruments	(444)	(56)	99	77	56	10	(25)
Deferred income taxes	58	124	103	112	88	55	35
Net unralized gains on investment property	(18)	-	-	-	-	-	-
Changes in operating assets and liabilities							
Derivatives	(49)	163	31	42	26	10	(8)
Accrued interest receivable	23	(22)	61	16	(111)	(119)	(174)
Due from the Government of Canada	(51)	(35)	96	26	(6)	10	7
Accounts receivable and other assets	(138)	(266)	11	45	52	27	19
Accounts payable and other liabilities	(63)	140	(89)	3	(34)	(3)	(4)
Accrued interest payable	(18)	77	(23)	8	133	142	201
Provision for claims	328	(367)	(21)	(60)	(36)	(1)	11
Defined benefit plans liability	32	(302)	(10)	(18)	(20)	(17)	(18)
Unearned premiums and fees	870	614	606	360	233	253	211
Other	2	(205)	(90)	(67)	51	135	342
Loans							
Repayments	41,836	38,717	44,916	46,219	38,285	41,631	35,494
Disbursements	(62,180)	(44,937)	(44,871)	(45,529)	(45,377)	(45,198)	(44,628)
Borrowings							
Repayments	(50,144)	(39,382)	(45,153)	(46,446)	(38,422)	(41,633)	(35,201)
Issuances	71,493	45,405	45,771	45,917	45,557	45,146	44,256
Total cash flows from operating activities	**3,325**	**1,535**	**3,050**	**2,450**	**2,333**	**2,377**	**2,463**
Cash flows from investing activities							
Investment securities							
Sales and maturities	14,705	12,007	7,635	4,929	4,581	4,617	4,670
Purchases	(16,490)	(9,900)	(6,592)	(5,420)	(5,147)	(5,185)	(5,195)
Investment property							
Additions	-	-	-	-	-	-	-
Disposals	13	-	-	-	-	-	-
Securities purchased under resale agreements	(174)	174	-	-	-	-	-
Total cash flows from investing activities	**(1,946)**	**2,281**	**1,043**	**(491)**	**(566)**	**(568)**	**(525)**
Cash flows from financing activities							
Dividends paid[1]	-	(5,080)	(4,080)	(1,980)	(1,680)	(1,780)	(1,680)
Total cash flows from financing activities	**-**	**(5,080)**	**(4,080)**	**(1,980)**	**(1,680)**	**(1,780)**	**(1,680)**
Change in cash and cash equivalents	1,379	(1,264)	13	(21)	87	29	258
Cash and cash equivalents							
Beginning of year	922	2,301	1,037	1,050	1,029	1,116	1,145
End of year	**2,301**	**1,037**	**1,050**	**1,029**	**1,116**	**1,145**	**1,403**
Represented by							
Cash	-	-	-	-	-	-	-
Cash equivalents	2,301	1,037	1,050	1,029	1,116	1,145	1,403
	2,301	**1,037**	**1,050**	**1,029**	**1,116**	**1,145**	**1,403**
Supplementary disclosure of cash flows from operating activities							
Amount of interest received during the period	5,981	5,030	4,919	4,711	4,379	4,702	5,459
Amount of interest paid during the period	5,437	5,030	4,919	4,711	4,379	4,702	5,459
Amount of dividends received during the period	2	24	28	25	25	25	26
Amount of incomes taxes paid (refunded) during the period	710	629	435	489	649	658	682

[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 and will be lifted end of 2022. When the latter restrictions are lifted and we are comfortable from a capital perspective, we may release excess capital.

NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Assisted Housing

The majority of the Assisted Housing activity net 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, and CGHL 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 activities of $2,009 million for the year ended December 31, 2020, decrease in 2021 due to a decrease in homeowner and portfolio volumes compared to 2020. Premiums increase in 2022 as homeowner and multi-unit volumes increase and stabilize over the planning period. Claims paid estimated at $178 million in 2021 are expected to decrease to $153 million in 2026, as homeowner insurance-in-force decreases and the economic outlook improves. Cash not needed for operations or investments in projects is invested or returned to the government as dividends.

Mortgage Funding

Cash flows for the Mortgage Funding activity are mainly driven by guarantee fees received, investments and financing related activities. Cash not needed for operations or investments in projects is invested or returned to the government as dividends.

Granville Island

Granville Island's financial plans are included below as the responsibility for the administration and management of Granville Island was transferred to CMHC 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 and 2021, as an agent Crown Corporation, CMHC facilitated obtaining funding to support Granville Island. For the 2020-2021 fiscal year, Granville Island accessed $8.8 million in direct funding to offset the impacts related to the COVID-19 pandemic. Granville Island has been approved to receive up to $21.7 million to fund operational ($13.4 million) and capital ($8.3 million) spending for the 2021-2022 fiscal year. Any revenues generated on Granville Island will reduce the amount of operational funding accessed.

GRANVILLE ISLAND STATEMENTS OF INCOME

(in $ millions of Canadian dollars)	2020/2021 Actual[1]	2021/2022 Plan	2021/2022 Estimate	2022/2023 Plan	2023/2024 Plan	2024/2025 Plan	2025/2026 Plan	2026/2027 Plan
Total revenues and government funding	14.8	12.7	17.5	14.5	15.2	16.0	16.3	16.6
Total expenses	14.8	12.7	15.8	14.9	15.2	15.6	15.9	16.2
Amortization	1.5	1.8	1.7	2.0	2.8	2.6	2.5	2.5
Net income (loss)	**(1.5)**	**(1.8)**	**0.0**	**(2.4)**	**(2.8)**	**(2.2)**	**(2.1)**	**(2.1)**

1 Unaudited Financial Statements

In 2021-2022, the revenue shortfall related to the pandemic will be offset by COVID-19 government funding and will allow Granville Island to maintain expenditures at pre-pandemic levels. There is no additional COVID-19 funding assumed in future years. The planned $1 million increase in expenditures is due to filling previously vacant positions, wage increases, increase in Communications and Marketing expenses for post-pandemic recovery, and an increase in property taxes. Capital acquisitions for 2021-2022 are planned to be $7.2 million. The budget is based on maintaining and improving aging infrastructure and asset enhancements which include improvements to facilitate re-occupation of vacant spaces, building envelope upgrades, seawall upgrades and improvements to the exterior lighting.

In 2022-2023 and future years, it is assumed no further COVID-19 related funding will be available and that economic conditions will improve with restrictions lifted, leading to more visitors (local and international). Granville Island expects to return to positive earnings (before amortization) by 2024-2025, however, in order to achieve key elements of the Granville Island 2040 Strategic Plan, alternative funding sources will need to be explored in future years.

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 than the base plan scenario and was simulated to highlight the potential financial impacts to the 2022-2026 Corporate Plan.

The downside scenario assumes new virus variants resulting in renewed restrictions. Relative to the base plan scenario, the economy will underperform in 2021 and the subsequent recovery will be sluggish. In 2022, Canadian GDP will be 5% lower, and the Canadian unemployment rate will be 1.8 percentage points higher, relative to 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 reducing potential special dividends declared to conserve excess capital.

We expect no material impacts to our insurance volumes. Insurance claims under the downside scenario are slightly higher compared to the base scenario due to less favourable economic outcomes. And, although there is a reduction to net income, the impact is minimal. Capital available to minimum capital required is unaffected under the downside scenario.

Under a downside scenario we expect no change to our base dividends. CMHC's ability to pay special dividends is also contingent on OSFI removing its COVID-19 restrictions, which our plan assumes will be lifted by the end of 2022 under both scenarios.

Our Mortgage Funding activity is not significantly impacted by this scenario, as we do not anticipate any lender defaults. 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.

Summary of Consolidated Impact

(in $ millions, unless otherwise indicated)	Corporate Plan	Downside Scenario	Difference
Total equity of Canada (2026)	11,245	10,849	(396)
Cumulative net income (to 2026)	9,320	8,907	(413)
Cumulative insurance losses (to 2026)	723	965	242
Capital available to minimum capital required (2026) (% MICAT)	166%	166%	-

Appendix 1.6: Future Initiatives

SECURITIZATION ENVIRONMENTAL SOCIAL AND GOVERNANCE (ESG) FRAMEWORK

Development of an ESG framework for CMHC's Securitization programs to direct funding towards mortgages that support CMHC's climate and affordability objectives. The framework would identify the criteria under which green (meeting energy efficiency/emissions standards), social (meeting affordability thresholds) and sustainable (combination of green and social) issuance may be done in CMHC's securitization programs.

INNOVATION PARTNERSHIPS

To achieve our 2030 aspiration and ensure long-term solutions to housing challenges, we must explore housing innovation within the system-level context of social well-being in Canada, and engage with others who are working on interrelated and complementary issues. We will explore partnerships with a variety of new and existing participants across sectors and industries to stimulate innovation and bring additional resources and expertise into the housing ecosystem. By inviting unique perspectives and experiences to bear on our most pressing challenges, we will identify new housing affordability ideas and solutions that will help us progress toward our 2030 goal.

Appendix 1.7: Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of CMHC, I have reviewed the 2022-2026 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 due to the COVID-19 global pandemic and the uncertainty it creates for the future economy. We 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:

Michel Tremblay
Chief Financial Officer and Senior Vice-President, Corporate Services
CMHC

Date: November 1st, 2021

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 available on our website cmhc.ca.

The Board meets a minimum of five times per year and holds an annual public meeting. To understand the diversity of housing needs of people living in Canada, the Board usually conducts meetings and meets with community representatives and housing proponents from across Canada; due to COVID-19, the board met once in person (in Montréal) with all other meetings held virtually.

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 TO JUNE 30, 2021

			Committees					
Member	Compensation	Board of Directors	Governance and Nominating	Audit	Human Resources	Risk Management	Affordable Housing	Pension Fund Trustees
Janice Abbott	7,600	4/4	2/2	-	-	-	1/1	-
Derek Ballantyne	19,360	4/4	2/2	-	-	-	-	-
Romy Bowers[1]	n/a	2/4	-	-	-	-	-	1/2
Navjeet (Bob) Dhillon	6,850	4/4	-	-	1/1	-	1/1	-
Graham Flack*	n/a	3/4	2/2	-	-	-	1/1	-
Anne Giardini	8,850	4/4	2/2	2/2	-	-	-	2/2
André Hébert	7,600	4/4	-	-	-	2/2	1/1	-
Gordon Laing	7,850	4/4	-	2/2	-	2/2	-	-
Linda Morris	7,600	4/4	-	-	1/1	2/2	-	-
Michael Sabia*	n/a	3/4	-	1/2	-	2/2	-	-
Bruce Shirreff[2]	1,080	1/4	0/2	-	0/1	0/2	-	-
Evan Siddall[3]	n/a	2/4	1/2	-	-	-	-	1/2

* Participation by member or delegate

1 incoming President effective 6/04/2021

2 term ended 29/01/2021

3 outgoing President effective 5/04/2021

Board of Directors

Derek Ballantyne
Chair of the Board of Directors
(April 29, 2018 – April 28, 2023)

Romy Bowers
President and
Chief Executive Officer

Janice Abbott
Chair of the Affordable
Housing Committee
(December 18, 2020 –
December 17, 2023)

Kelly Gillis
Deputy Minister of
Infrastructure and Communities
(effective October 26, 2021)

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

André Hébert
Chair of the Risk
Management Committee
(February 27, 2019 –
February 26, 2023)

Anne Giardini
Chair of the Corporate
Governance and Nominating
Committee, Chair of the
Pension Fund Trustees
(January 2, 2018 –
January 1, 2022)

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

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

Michael Sabia
Deputy Minister, of Finance
(effective December 14, 2020)

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.

Romy Bowers

President and Chief Executive Officer

Romy joined CMHC in 2015 and was appointed President and Chief Executive Officer in April 2021. She believes CMHC can be a catalyst for solving housing affordability challenges and a leader in building a housing system that is equitable and free of systemic racism. Prior to being appointed President, Romy served as CMHC's Chief Risk Officer, Chief Commercial Officer and most recently, Senior Vice-President of Client Solutions, where she led 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.

Kathleen Devenny

Chief Risk Officer

Kathleen Devenny takes on the role of CMHC's Chief Risk Officer at a pivotal time, as CMHC's risk management capabilities and systems have matured after a decade of building new tools and a strong risk culture. These tools are now being put into practice across business lines so the company can take calculated risks to reach its 2030 aspiration.

Nadine Leblanc

Senior Vice-President, Policy

Nadine leads Canada's foremost team of experts and researchers responsible for accelerating housing affordability in Canada through evidence-based policy, research and analytics. With the National Housing Strategy now being rolled out, the Policy Sector is focusing on developing game-changing ideas that will help ensure that we reach our aspiration. Nadine joined CMHC in 2008 as part of the Finance team leading the development of major programs in response to the global financial crisis.

Paul Mason

Senior Vice-President, Client Solutions

As Senior Vice-President of Client Solutions, Paul leads a team that brings together the expertise of CMHC's commercial and assisted housing businesses to develop solutions that better meet Canadians' housing needs. Paul joined CMHC in 2016 as Chief Information Officer, leading a technology and business transformation aimed at giving employees the tools and physical environment to deliver their best on behalf of Canadians.

Steve Mennill

Chief Climate Officer

Steve was appointed as CMHC's first Chief Climate Officer in April 2020. He is leading the implementation of a robust climate change strategy that includes actions relating to mitigation and adaptation, while remaining rooted in the company's goal of housing affordability for all by 2030. He is also responsible for "greening" CMHC's own operations to reduce the company's carbon and environmental footprint. Steve's 25 years of experience at CMHC and his expertise in urban planning, and economics converge to make him one of Canada's foremost housing authorities.

Caroline Sanfaçon

Senior Vice-President, Client Operations

As Senior Vice-President of Client Operations, Caroline's mandate is to make delivering housing affordability solutions easy. To that end, her team is focused on simplifying the customer experience, continuously improving operational efficiencies, and advancing CMHC's operational agility. A strategic and innovative thinker, Caroline brings to her role over 20 years of experience in public and private real estate, including extensive experience in retail and commercial real estate credit risk and lending.

Marie-Claude Tremblay

Chief of Staff

Marie-Claude 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 communications and marketing activities, corporate governance, parliamentary affairs and correspondence, briefings and the Access to Information Program. 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.

Michel Tremblay

Chief Financial Officer and Senior Vice-President, Corporate Services

As Chief Financial Officer, Michel is responsible for the stewardship of CMHC's assets and works closely with his Executive Committee colleagues to support the roll out of housing policies and programs. In his dual role as Senior Vice-President, Corporate Services, he also leads teams that deliver support functions ranging from legal services and human resources to information technology and procurement. Michel joined CMHC in 2005 and was integral to the design of Canada's National Housing Strategy.

Lisa Williams

Senior Vice-President, Strategy

In this role, Lisa is responsible for the key drivers of corporate strategy, including CMHC's Anti-Racism and Equity Program, reconciliation with Indigenous Peoples, innovation and the Change and Project Management Office. Her team is also developing an approach to building partnerships that will drive the strategy. Since joining CMHC in 2003, throughout her various roles Lisa gained a strong understanding of corporate strategy and the role of various business lines in helping Canadians meet their housing needs.

OUR MANAGEMENT TEAM

Sylvie Bourdon
General Counsel and Vice-President, People and Culture

Mark Chamie
Vice-President, Treasury and Investments

André Charbonneau
Deputy Chief Financial Officer

Holly Cooper
Vice-President, Indigenous Relations

Brett Dietrich
Vice-President, Credit Assessment and Underwriting (Multi-Unit)

Anik Génier
Vice-President, Policy Operations and Outreach

Pam Hine
Vice-President, Housing Solutions (Multi-Unit)

Steffan Jones
Vice-President, Homeowner Business Transformation

Amélie Lecompte
Chief Information Officer

Neil Levecque
Vice-President, Operations (Multi-Unit)

Francis Mensah
Deputy Chief Risk Officer

Marie-Anna Murat
Vice-President, Communications and Marketing

Stéphane Poulin
Vice-President, Data, Research and Insight

Patricia Roset-Zuppa
Vice-President, Policy Development

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

Debbie Stewart
Vice-President, Innovation and Partnerships

Position to be filled
Vice-President, Audit and Evaluation

Appendix 3 – Planned Results and CEO Commitment

CMHC seeks approval of its 2022-2026 Corporate Plan, including the 2022 Operating Budget, Capital Budget and Borrowing Plan. The Corporate Plan outlines CMHC's activities in support of its mandate.

Short-Term Results

Outcome(s)	Performance Indicator(s)	Target(s)	Data Source
Needs of households in CHN are met through public policy measures.	# of units new, repaired and assisted, affordable to those in CHN	130,000 units in 2022	Administrative data/Corporate Performance Report
	Incremental affordable housing funding commitment	$100M in 2022	Administrative data/Corporate Performance Report
Barriers to building or renovating housing are removed.	# of units new, repaired and assisted by CMHC programs	380,000 units in 2022	Administrative data/Corporate Performance Report
	% of units supported located in markets with greatest need of new and/or improved to supply	65% in 2022	Administrative data/Corporate Performance Report
The housing system advances climate compatibility.	Ratio of climate compatible dwelling units/total of dwelling units (including retrofits) supported by CMHC	20% in 2022	Administrative data/Corporate Performance Report

Medium-Term Results

Outcome(s)	Performance Indicator(s)	Target(s)	Data Source
Needs of households in CHN are met through public policy measures.	# of units new, repaired and assisted affordable to those in CHN	404,000 units in 2022-24	Administrative data/Corporate Performance Report
	Incremental affordable housing funding commitment	$300M in 2022-2024	Administrative data/Corporate Performance Report
Systemic racism, inequities and other barriers to access are removed.	Measure around products, programs and related practices with discriminatory barriers removed	To be established in 2022	TBD
	Measure around individuals/communities reporting that barriers have been removed/ access has increased	To be established in 2022	TBD
	Measure around relevance and engagement results for CMHC produced content related to barriers to access housing	To be established in 2022	TBD
Current and future housing needs and supply gaps are understood by system participants.	Measure around relevance and engagement results for CMHC produced content related to housing needs and supply gaps	To be established in 2022	TBD
Current and future financial, environmental and social vulnerabilities, including racism and discrimination, to the housing system are understood and tempered.	Measure around ability to prepare and respond to vulnerabilities in the housing system	To be established in 2022	TBD
	Measure around relevance and engagement results for CMHC produced content related to housing system vulnerabilities	To be established in 2022	TBD

(Continued)

Outcome(s)	Performance Indicator(s)	Target(s)	Data Source
Barriers to building or renovating housing are removed.	# of units new, repaired and assisted by CMHC programs	1,190,000 units in 2022-2024	Administrative data/Corporate Performance Report
	% of units supported located in markets with greatest need of new and/or improved to supply	65% in 2022-2024	Administrative data/Corporate Performance Report
	Measure around actions/interventions taken to address identified barriers	To be established in 2022	TBD
	Measure around housing participants reporting that barriers have been removed/access has increased	To be established in 2022	TBD
	Measure around relevance and engagement results for CMHC produced content related to barriers to building and renovating housing	To be established in 2022	TBD
The housing system advances climate compatibility.	Ratio of climate compatible dwelling units/total of dwelling units (including retrofits) supported by CMHC	25% by 2024	Administrative data/Corporate Performance Report
	Measure around relevance and engagement results for CMHC produced content related to the climate compatibility	To be established in 2022	TBD
Housing is in the spirit of Reconciliation.	Under Development	To be established in 2022	TBD

Long-Term Results

Outcome(s)	Performance Indicator(s)	Target(s)	Data Source
People in core housing need have equitable and reliable access to housing that is secure and affordable.	Core Housing Need	To be monitored	Canadian Census, Canadian Income Survey and the Canadian Housing Survey/Annually
Canada has the number of homes and mix of housing options to serve diverse need.	Supply (by tenure and type)/demand (by tenure and type)	To be monitored	TBD
Canada's housing system supports sustainability and stability.	Median House Prices/Homeowner Income	To be monitored	TBD
	Median Rent/Renter Income	To be monitored	Rental Market Survey, Canadian Income Survey, Labour Force Survey
	Total tons of CO_2 equivalent (Greenhouse Gas Emissions) emitted in the housing sector	To be monitored	Environment and Climate Change Canada

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

Deputy Head signature:

Romy Bowers
President and Chief Executive Officer, CMHC

Date: November 1st, 2021

Appendix 4 – Summary of Risks and Responses

CMHC's risk management activities are structured around seven risk categories.

The table below provides information for each risk category (as at June 30, 2021), including an assessment of 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	Risk Summary	Inherent Risk	Response	Residual Risk as of Q2 2021
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.	Strategic risk is currently one of the top risks at CMHC. Increased affordability gaps, an existing demand-supply mismatch and a rapid increase in house prices in some regions pose a challenge to achieving our aspiration.	■	Continuously monitor external environment and assess impact on strategic risks, planned objectives and targets. Adjustments to strategy, programs and operations to optimize execution and impact.	■
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.	Ongoing housing affordability issues, client perceptions on service, practices, programs and outcomes being criticized as needs increase, all potentially capturing public attention.	■	Maintain high standards of conduct, transparency and accountability. Closely monitor relationships with key stakeholders, ongoing and pro-active communication with partners.	▲
Insurance	Risk of financial loss resulting from a variance between predicted and actual results in conducting mortgage loan insurance activities.	Uncertainty around potential impacts of rapidly increased house prices and economic recovery remain; but strong borrower credit, stable arrears volumes and low claim levels are reducing the risk.	■	Actively monitoring and managing risks against CMHC's risk appetite. CMHC's stress testing exercise tests the degree to which stress scenarios affect insurance risk and capital (see Appendix 5: Stress Testing).	●
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: • Data Governance – data governance gaps focusing on privacy and reporting; gaps continue to expose CMHC to higher operational risks. • Cyber Security – Risk of malicious activity that may lead to breach of confidentiality, integrity, & availability for sensitive information/systems, heightened for 2021.	■	Data Governance: Roll out of a new operating model. Work underway to support business on governing and managing data. Privacy improvements are underway including actions to improve access control. In addition, data standards, data management and business processes are being implemented to improve CMHC's data integrity. Cyber Security: Enterprise data breach playbook stress test, phishing awareness efforts, investigation of security controls' performance, and evaluation of 3rd party risk.	▲

● 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	Risk Summary	Inherent Risk	Response	Residual Risk as of Q2 2021
Credit	Potential for loss arising if a counterparty/borrower fails to honour a transaction/ financial obligation with CMHC.	Our financial risks are trending lower and within established risk limits and tolerances due to positive economic outlook and improvement in the credit market.	▲	Ongoing monitoring of issuers/ counterparties, periodic credit reviews, maintaining risk-based exposure limits and collateral management activities. Compliance with strategic asset allocation to reduce counterparty credit risk during stress periods.	●
Market	Potential for loss arising from adverse changes in market prices and market rates.		▲	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.	●
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.		▲	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.	●

● 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 corporate-wide stress testing program is forward looking and responsive to emerging events. In 2021, we broadened our program and adopted an approach that is more agile to explore severe scenarios more frequently (i.e., on a quarterly basis). Performing such frequent analyses allows us to identify potential threats to our capital and liquidity levels and enhance our operational readiness, as necessary. In the first quarter of 2021, a "K-shaped" recovery analysis was undertaken to understand the implications of the pandemic-induced economic situation, where some sectors recover faster and move upwards while others falter and move downwards. In the second quarter of 2021, a prolonged economic recession scenario was explored, where the economy faced a very slow recovery triggering an extended economic recession.

As of July 2021, we ran the following scenario themes and analyzed the outcomes:

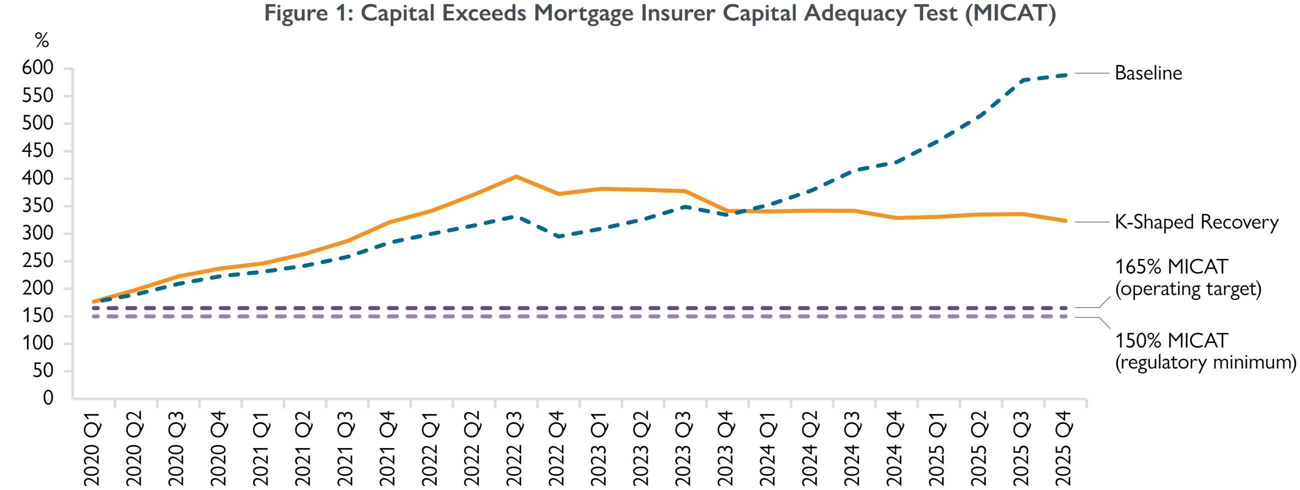
Scenario Theme	Narrative	Risk
K-shaped Recovery Analysis (Q1 2021)	Unemployment only shock on lagging high-contact service industries that are most severely affected by the pandemic with impacts limited to homeowner portfolio within oil-dependent provinces (i.e., Alberta, Saskatchewan, and Newfoundland and Labrador), where exposure is concentrated in the homeowner insurance business.	Results suggest that CMHC has sufficient capital and our overall risk profile and operational readiness remains adequate with continued close monitoring of financial system vulnerabilities and high household indebtedness.
Prolonged Recession (Q2 2021)	An extended K-shaped recovery analysis turned into a prolonged recession due to slow deployment of COVID-19 vaccines, resulting in the amplification of economic dislocations triggering an extended economic recession. This scenario is characterized by weak productivity growth (GDP peak-to-trough: -7.64%), high unemployment (12.45%), oil price decline (peak-to-trough: -51.54%), and declining house prices (peak-to-trough: -15.16%).	Results suggest that CMHC has sufficient capital but management action, such as a temporary dividend suspension, will be required to remain within risk appetite.

Summary of Financial Impacts (2021-2031)

The analysis suggests the following impacts should these events occur. We plan internally to mitigate these impacts through capital and operational actions.

K-shaped recovery analysis: For the Mortgage Insurance risks, CMHC stays well capitalized. Over a 5-year projection horizon, capital exceeds regulatory minimum (i.e., Mortgage Insurer Capital Adequacy Test of 150%) and operating targets as shown in Figure 1.

Figure 1: Capital Exceeds Mortgage Insurer Capital Adequacy Test (MICAT)



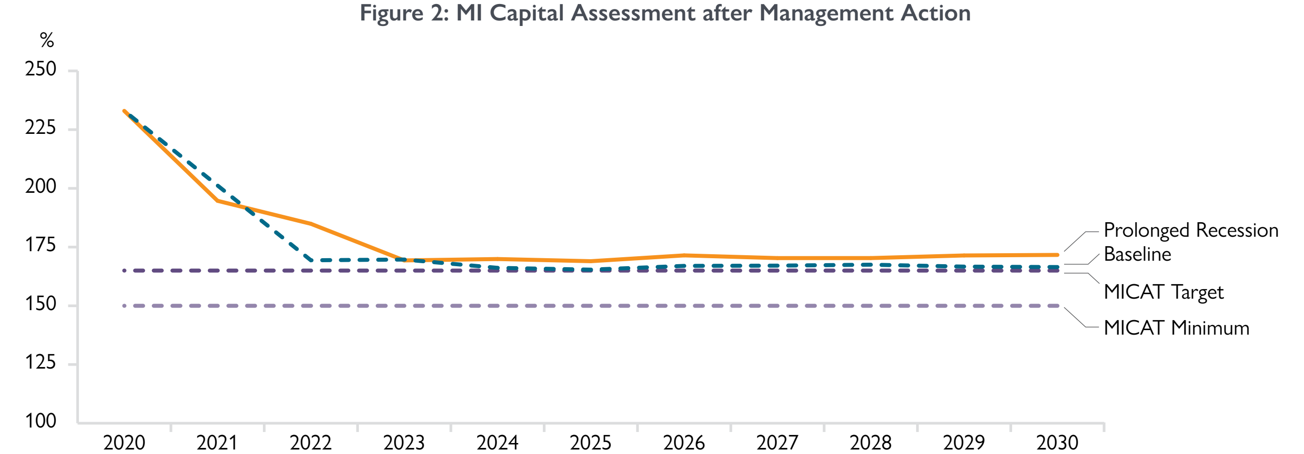
Under very severe unemployment conditions, overall insurance claims were estimated to increase by an additional $0.644 billion over 10 years compared to the baseline of $2.3 billion. The risk is due to the homeowner portfolio potentially being exposed to borrowers employed in industries that are lagging, with service and farming taking more than 50% of the share. Our overall risk profile and operational readiness remains adequate with continued close monitoring of financial system vulnerabilities and high household indebtedness.

The analysis focused on the homeowner insurance business only, therefore, Mortgage Funding was not considered.

Prolonged recession: The homeowner insurance business remains most vulnerable in this scenario. When compared with the baseline, claims spiked significantly from $1.58 billion to $4.39 billion, available capital decreased from $7.84 billion to $5.25 billion, and loss ratio increased from 34.4% to 106.7%.

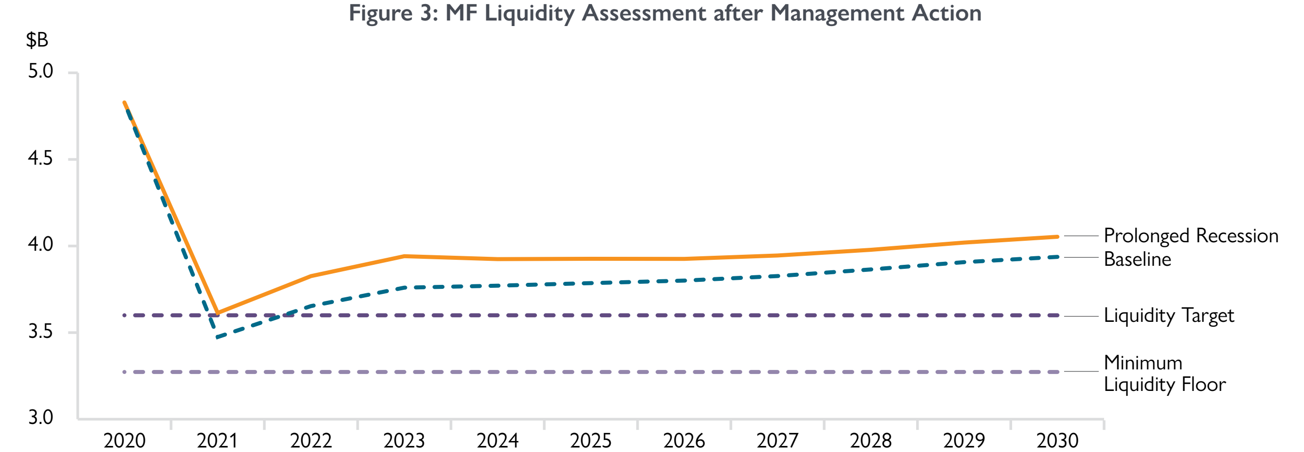
CMHC would maintain sufficient capital and liquidity after management actions are implemented, in the form of a temporary suspension of special and normal dividends. Suspension of dividends totalling approximately $3 billion enables CMHC to remain above the regulatory capital (i.e., Mortgage Insurer Capital Adequacy Test (MICAT)) target of 160% (See Figure 2).

Figure 2: MI Capital Assessment after Management Action



For Mortgage Funding, there were no concerns related to capital or claims. CMHC's normal dividend is unaffected. However, after the large special dividend payout in Q1 2021, the special dividend in 2022 would be suspended for both the prolonged and baseline scenarios in order for CMHC to maintain its investment portfolio balance above the liquidity limit to prevent us from breaching our liquidity limit (See Figure 3). Smaller special dividends ($100 million per year) may resume from 2023 onwards.

Figure 3: MF Liquidity Assessment after Management Action



Appendix 6 – Compliance with Legislative and Policy Requirements

CMHC's Three Lines Model adds independence in the oversight of compliance risk. CMHC's Chief Compliance Officer (CCO), who is also the Chief Risk Officer (CRO) reporting to the CEO, reports directly to the Audit Committee of CMHC's Board of Directors in the capacity of CCO.

CMHC maintains an enterprise-wide compliance risk management policy to manage and mitigate compliance risk. As appropriate, compliance risk is integrated with the Operational Risk Management function as well as the Internal Control Framework. An annual compliance opinion is provided to the Board of Directors covering CMHC's compliance with, for example, governing and enabling laws, and other material laws, as further described below.

CMHC continues to enhance and mature its compliance risk policy, processes and structure. For 2021, control mapping and testing has been implemented for compliance requirements deemed to have a high inherent risk, based on the previous year's assessment. Compliance requirements deemed low or moderate will be assessed without the need for control mapping and testing in 2021, and will be subject to a rotational assessment within a two to three year cycle.

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, in relation to financing for housing: (i) promotes housing affordability and choice, (ii) facilitates access to, and competition and efficiency in the provision of, housing finance, (iii) protects the availability of adequate funding for housing at low cost, and (iv) generally contributes to the well-being of the housing sector in the national economy.
- ***Financial Administration Act***: The FAA sets out how government spending is approved, and how expenditures can be made, revenues obtained and funds borrowed, with Part X being 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 federal laws include (but are not limited to): *Canada Labour Code, Canadian Human Rights Act, Access to Information Act, Official Languages Act, and Privacy 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 Open Data site. We continue to work with our colleagues at Open Government to develop a strategic plan to broaden exposure of CMHC data via Open Government tools, including links to our Housing Market Information Portal, information on the National Housing Strategy, publication of micro-data files, and other key CMHC initiatives.

This year, we adopted a new digital Access to Information and Privacy system, making it easier for people living in Canada to submit requests and application fees online, while reducing processing times in order to provide more timely information.

We proactively publish information on our website, including conference, travel, and hospitality expenditures and contracts over $10,000. We also publish Ministerial Briefing Note titles, Question Period notes, and Ministerial transition books.

Gender-Based Analysis Plus

In accordance with the *National Housing Strategy Act*, the Government of Canada is committed to improving housing outcomes for people in Canada and recognizes the right to adequate housing as a fundamental human right. This right is recognized in the International Covenant on Economic, Social and Cultural Rights (ICESCR). At its core, Canada's human rights-based approach to housing means that CMHC prioritizes the dignity and well-being of individuals living in Canada when designing, implementing, monitoring and evaluating its policies, plans and programs.

CMHC uses the Gender-based Analysis Plus (GBA+) approach to help assess how people of diverse and intersecting identities may experience our policies, programs and initiatives. GBA+ considers identity factors such as sexual and gender identity, race, ethnicity, religion, age, mental or physical ability, and geography. CMHC continues to apply GBA+ to its policies and programs to ensure we appropriately identify the specific needs of different communities of people living in Canada. Our commitment to this priority is demonstrated through our ongoing work, including:

- The creation of an Anti-Racism and Equity program to support several key outcomes such as CMHC's commitments to end racism, which were broadened to incorporate our signing of the BlackNorth pledge and the Government of Canada's Anti-Racism strategy. Employees will be provided with tools and training to apply an equity lens in their day-to-day work and ensure the GBA+ process is used to identify barriers and needs in support of equity and anti-racism and furthering a human rights-based approach to housing.
- Our funding of an annual women's housing symposium, which brings together a diverse group of women representing many intersecting identities, to better understand their experiences, as it relates to housing needs, barriers and possible solutions.
- The allocation of at least 25% of NHS targets to support the distinct needs of women and children. As of February 2021, we have committed $2.9 billion for over 39,000 units through the National Housing Co-Investment Fund (NHCF), Rental Construction Financing Initiative (RCFI), Federal Lands Initiative (FLI) and Affordable Housing Innovation Fund (AHIF).

GBA+ informs how we interact with partners, including Indigenous organizations and governments, which in turn has a positive impact on the clients they serve. We have a team of Multi-Unit Housing Specialists and Indigenous and Northern Housing Solutions Specialists who work closely with affordable housing proponents to ensure that they take full advantage of our programs and services. We work with communities across the country to increase awareness and knowledge of our programs, and help partners find the right funding solutions for their affordable housing projects, which support First Nations communities, people experiencing homelessness, persons with disabilities, Indigenous Peoples, seniors, single-parent families, low-income families, LGBTQ2S+ individuals, women, students, and others.

Diversity and Employment Equity

Our goal is to have our employee population mirror or exceed the larger Canadian population, focusing on the equity-deserving groups noted below.

ALL EMPLOYEES (INCLUDING LEADERS)

Group	June 30, 2021 actuals	Min. Goal* 2022	Min. Goal 2023	Min. Goal 2024	Min. Goal 2025	Min. Goal 2026
Women	57.1%	51.2%	51.2%	51.2%	51.2%	51.2%
Indigenous people (First Nations, Métis, Inuit)	3.0%	4.6%	4.6%	4.7%	4.7%	4.8%
People with disabilities	10.5%	12.0%	12.0%	12.0%	12.0%	12.0%
Racialized people**	34.0%	25.0%	25.7%	26.2%	26.8%	27.3%
Black	7.1%	3.7%	3.8%	3.9%	3.9%	4.0%
Chinese	8.0%	5.0%	5.1%	5.1%	5.2%	5.2%
South Asian	5.2%	6.2%	6.4%	6.5%	6.7%	6.8%
All Other	13.7%	10.1%	10.4%	10.7%	11.0%	11.3%
LGBTQ2S+ people***	4.0%	-	-	-	-	-

* Minimum goal means the absolute lowest percentage based on 2016 Census and the Canadian Survey on Disabilities, and adjusted for modeled change in demographics.

** Under Racialized people, only groups with an employee representation of 5% or above are listed.

*** Data is collected separately through the Employee Pulse Survey. Discussion underway to include data collection through the Employee Self-Identification form available to all employees through the myHR system. Benchmarking data is not available to establish goals. Rates are based on the 2020 Pulse Check Survey.

LEADERS****

Group	June 30, 2021 actuals	Min. Goal* 2022	Min. Goal 2023	Min. Goal 2024	Min. Goal 2025	Min. Goal 2026
Women	50.4%	51.2%	51.2%	51.2%	51.2%	51.2%
Indigenous people (First Nations, Métis, Inuit)	1.4%	4.6%	4.6%	4.7%	4.7%	4.8%
People with disabilities	10.5%	12.0%	12.0%	12.0%	12.0%	12.0%
Racialized people**	21.8%	25.0%	25.7%	26.2%	26.8%	27.3%
Black	5.2%	3.7%	3.8%	3.9%	3.9%	4.0%
Chinese	1.7%	5.0%	5.1%	5.1%	5.2%	5.2%
South Asian	4.7%	6.2%	6.4%	6.5%	6.7%	6.8%
All Other	10.2%	10.1%	10.4%	10.7%	11.0%	11.3%
LGBTQ2S+ people***	4.9%	-	-	-	-	-

* Minimum goal means the absolute lowest percentage based on 2016 Census and the Canadian Survey on Disabilities, and adjusted for modeled change in demographics.

** Under Racialized people, only groups with an employee representation of 5% or above are listed.

*** Data is collected separately through the Employee Pulse Survey. Discussion underway to include data collection through the Employee Self-Identification form available to all employees through the myHR system. Benchmarking data is not available to establish goals. Rates are based on the 2020 Pulse Check Survey.

**** Leaders are any individual in a position, either permanently or temporarily, with at least one reporting employee or who is an Advisor or higher.

Indigenous Reconciliation

Our vision is to include Indigenous reconciliation in all that we do to deliver on our strategy, and to support Canada's commitment to Indigenous Peoples. Reconciliation with First Nations, Métis and Inuit peoples is also a critical component of our journey to build a more equitable workplace. CMHC is committed to advancing reconciliation with First Nations, Métis and Inuit peoples and removing barriers to safe and affordable housing. We continue to strengthen partnerships with Indigenous and Northern communities and housing providers to advance affordable housing options. (For more information on CMHC's commitments to Indigenous reconciliation, refer to the Indigenous Relations and Reconciliation section).

Sustainable Development and Greening Government Operations

CANADA GREENER HOMES

To help people living in Canada make their homes more energy efficient and climate resilient, Budget 2021 allocated $4.4 billion over five years to deliver interest-free loans of up to $40,000 to help up to 200,000 homeowners, as well as non-profits and cooperatives, complete extensive home energy retrofits.

These loans are in support of Natural Resources Canada's Greener Homes Grant, which provides grants of up to $5,000 to approximately 700,000 households, free EnerGuide evaluations (worth up to $600), and expert advice to homeowners. These grants will allow homeowners to improve the energy efficiency of their homes and reduce their energy bills.

Lastly, CMHC's Green Home rebate offers a refund of 25% on the cost of CMHC mortgage loan insurance to homeowners who buy, build, or renovate for energy efficiency.

THE NATIONAL HOUSING STRATEGY

The National Housing Strategy (NHS) helps ensure that the current and next generation of affordable and community housing in Canada is sustainable and built to last. Under the Pan Canadian Framework for Clean Growth and Climate Change, Canada's federal, provincial and territorial governments have committed to significantly reducing energy consumption and greenhouse gas (GHG) emissions across the building sector by 2030.

It is an explicit principle of the NHS that housing investments should support Canada's climate change agenda and contribute to Canada's overall GHG reduction goals. To support Canada's climate change agenda, several NHS programs require that projects achieve specific reductions in energy consumption and GHG emissions, although energy efficiency requirements for each program differ based on program design and objectives.

Minimum requirements for federally delivered NHS initiatives include:

- Affordable Housing Innovation Fund – Must achieve a minimum 10% decrease in energy consumption and greenhouse gas (GHG) emissions relative to the 2015 National Energy Code of Canada for Buildings (NECB).
- Rental Construction Financing initiative – Must achieve a minimum 15% decrease in energy consumption and GHG emissions relative to the 2015 NECB or 2015 National Building Code (NBC).
- National Housing Co-Investment Fund – New projects are required to achieve either a 25% decrease in energy consumption and GHG emissions relative to the 2015 NECB or 2015 NBC, OR a 15% decrease in energy consumption and GHG emissions relative to the 2017 NECB. Existing buildings must achieve a minimum 25% decrease in energy consumption and GHG emissions as a result of the system or equipment being replaced or repaired, relative to past or pre-renewal performance levels.

- Federal Lands Initiative – Must achieve a minimum 25% reduction in operating energy consumption and GHG emissions relative to the most recent national building and energy codes (currently 2017) OR a reduction of no less than 25% in energy consumption and GHG emissions relative to past performance for renovation of federal buildings.
- Rapid Housing Initiative – Modular projects in the 15 major cities must meet or exceed by 5% the energy efficiency standards set out in the 2015 NECB or local/regional standards (whichever are higher). Outside the major cities, higher priority is given to projects exceeding the 2015 NECB or their local/regional standards.

NHS INNOVATION & RESEARCH

NHS investments also support research, data collection, demonstration projects and solution labs to help address environmental sustainability. For example, CMHC supports research projects that are examining:

- the estimated and actual impacts of improved energy efficiency in both new and existing affordable housing projects such as our post occupancy performance assessment of the Ken Soble affordable housing renewal project in Hamilton, Ontario.
- the sharing of information to improve climate-related outcomes through projects such as the Research and Planning Fund project assessing affordable, culturally appropriate, net-zero homes and clean energy for First Nations communities.

These investments aim to inform housing policies and programs, build housing sector capacity and encourage the housing sector to test and adopt new energy technologies and solutions to improve the environmental performance of housing. 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.
- achieving an ENERGY STAR® rating in the 75th percentile for all our facilities.
- reducing our GHG emissions by 25%.
- assessing our Procurement Vendor Management Framework to determine how CMHC can enhance existing sourcing practices 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.

Safe Workspaces

We prioritize and support the well-being of our employees and are committed to a healthy and safe work environment (physically, psychologically, and digitally) 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 and violence in the workplace.

Our well-being program encourages healthy, respectful and ethical behaviours and provides employees with access to a central repository of information, resources, training and services on various facets of well-being.

We use the results of our annual employee well-being survey to evaluate the supports in place and 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:** We have adopted the internationally accepted Web Content Accessibility Guidelines (WCAG) 2.0, Level AA conformance, which ensures that our web content and applications are accessible to a wide range of users, including people with disabilities. We invested in an artificial intelligence-based tool that will help detect accessibility errors on the Web. Since there are no internationally accepted guidelines specifically for accessibility in social media, we developed our own internal guidelines. Additionally, we continuously learn from industry experts as well as users with lived experience, and adapt to rapidly evolving social media platforms and trends.

Direction from the Responsible Minister

Through the National Housing Strategy, the federal government is committed to ensuring that everyone in Canada has a home that meets their needs and that they can afford. This 10-year plan sets out to achieve outcomes including:

- reducing chronic homelessness by 50%;
- reducing or eliminating housing need for 530,000 households;
- creating 160,000 new housing units, and repairing and renewing more than 300,000 housing units; and
- protecting 385,000 community housing units and expanding by another 55,000 units.

Over the last year, the Government of Canada reiterated its commitments to addressing housing need and homelessness. In January 2021, the Minister responsible for CMHC received a supplementary mandate letter from the Prime Minister that included the following commitments:

- Accelerate investments in shelters and transition housing;
- Work to eliminate chronic homelessness in Canada;
- Increase investments in rapid housing in the short-term;
- Develop new programs and partner with not-for-profits and co-ops in the medium to long-term;
- Increase access to affordable housing for Indigenous Peoples and Northern communities; and
- Make enhancements to the First-Time Home Buyers Incentive, including in Canada's largest cities so families can afford to buy their first home.

These commitments are in addition to those provided to the Minister in December 2019, and we have already begun to deliver on these new commitments through the NHS:

- On May 3, 2021, we began accepting applications for the expanded First-Time Home Buyer Incentive in Toronto, Vancouver, and Victoria, as provided in the Fall Economic Statement.
- On June 17, 2021, we announced the recipients of funding for 12 shelters for Indigenous women and children fleeing violence. The government is providing over $85 million to build and support the operation of the shelters over 5 years, as well as an additional $10.2 million annually thereafter.
- On June 30, 2021, the government announced an additional $1.5 billion through the Rapid Housing Initiative, which is expected to deliver 4,500 new housing units, as allocated in Budget 2021. Twenty-five per cent of this funding will support women-focused housing projects.

In addition, we continue to deliver on existing government commitments and are planning to deliver on recently announced investments:

- Build and renovate housing through the NHS. As of June 30, 2021, we have made commitments to support the creation of over 73,300 units and repair over 90,400 units.
- Work with provinces and territories to implement the Canada Housing Benefit (CHB). Budget 2021 provided an additional $315.4 million over seven years through the CHB to increase direct financial assistance for low-income women and children fleeing violence to help with their rent payments.
- Collaborate with Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada, and with the national Indigenous organizations representing First Nations, Métis and Inuit Peoples, on the co-development and implementation of the three distinctions-based Indigenous housing strategies.
- Support the Minister of Indigenous Services to address critical infrastructure needs in Indigenous communities, including the development of a distinctions-based urban Indigenous housing strategy.
- Collaborate with the Minister of Women and Gender Equality and Youth to accelerate investments to expand shelters and transition housing for women and children fleeing domestic violence. Through the 2020 Fall Economic Statement and Budget 2021, the federal government committed to provide $724 million for First Nations, Métis and Inuit communities. In addition, through Budget 2021, the government reallocated $250 million under the National Housing Co-Investment Fund to support the construction, repair, and operating costs of an estimated 560 units of transitional housing and shelter spaces for women and children fleeing violence.
- Support the Minister of Veterans Affairs to help the approximately 3,000 Canadian veterans who are experiencing homelessness and may require access to shelters, transitional housing, and other forms of stable housing, in addition to other wrap-around services, in order to move out of homelessness and poverty.
- Work with the Minister of Seniors to ensure seniors' housing needs are reflected in the implementation of the NHS.
- Work with Public Safety Canada, other federal departments and the private sector following the creation of the interdisciplinary Task Force on Flood Insurance and Relocation and to develop options for a national low-cost flood insurance program and a national action plan for the potential relocation of households at highest risk of repeat flooding.
- Work with NRCan in support of Canada's climate plan to develop and deliver the Canada Greener Homes initiative, which will invest $2.6 billion over 7 years to help up to 700,000 homeowners across the country improve the energy efficiency of their homes and reduce their energy bills. As provided in Budget 2021, we will also deliver $4.4 billion over 5 years, starting in 2021-2022, to help up to 200,000 homeowners complete deep home retrofits through interest-free loans of up to $40,000.

Appendix 8 – 2021 Mid-Year Performance

These performance measures are from the 2021-2025 CMHC Corporate Plan.

		2021 Plan	Mid-year June 30, 2021 Plan	Mid-year June 30, 2021 Actual
Achieve NHS Targets				
✓	Number of new housing units committed (cumulative – by end of 2021-2022)[1]	56,540	47,500	73,566
✓	Number of housing units repaired (cumulative – by end of 2021-2022)	72,800	64,675	90,489
Understand needs of Canadians who are vulnerable				
✓	New or improved program design informed by lived experience data	70%	-	64%
✓	Client needs addressed within service standards	67%	-	90%
✓	Net promoter score	55	-	53
✓	Underserved insurance protection	12,786 units	6,393 units	12,141 units
Experiment with new ideas				
✓	Incremental affordable housing funding (3-year delivery)	$100M	$0M	$151M
No data	Affordable housing units created or preserved by incremental affordable housing funding	Establish target	Measured at year end	66%
✓	Innovation Index	64%	-	67%
✓	Targeted guaranteed loans rate	0.343%	0.065%	0.442%
Publicize housing data and insights				
No data	Average usability satisfaction rating	Establish target	Measured at year end	6.5%
✗	Data exchange project status	85%	85%	70%
✓	Signed data partnerships	5	-	4

[1] 2021-2022 Plan has been adjusted to reflect additional units from the Fall Economic Statement 2020 (Rental Construction Financing +3,750) and from Budget 2021 (Rapid Housing +4,500).

Legend

- ✓ Sufficient progress toward target
- ✗ Insufficient progress or no progress toward target
- No data

Appendix 9 – Summary of Amendments to the CMHC 2022-2026 Corporate Plan

CMHC's 2022-2026 Corporate Plan was approved by the Treasury Board (TB) in December 2021. CMHC is amending this plan to reflect new planned spending for new and existing activities announced in both Budget 2021 and Budget 2022.

Budget 2021

On April 19, 2021, the Government of Canada tabled Budget 2021 – *A Recovery Plan for Jobs, Growth and Resilience*. The items included in this amendment from Budget 2021 include the following:

AFFORDABLE HOUSING INNOVATION FUND (AHIF)

The AHIF is an existing program that supports the development of transformative affordable housing ideas due to its flexibility and ability to customize the type of funding or financing required by projects (e.g., contributions, low-cost loans, equity investments). Additional funding of $550.8 million over six years starting in 2022-2023, will give innovative housing providers, developers, and financiers the resources to test new ideas and explore better ways of meeting housing challenges, including financing projects to address new gaps and respond to a shifting housing landscape created by the COVID-19 pandemic. Per direction from Budget 2022, to help develop and scale up Rent-to-Own projects, CMHC launched a $200 million five-year Rent-to-Own stream beginning in 2022 under the existing Affordable Housing Innovation Fund, $100 million of which will be sourced from the renewal of the Affordable Housing Innovation Fund.

The AHIF will aim to achieve the following program-level targets:

- 10,800 to 11,600 existing or new units supported by innovations, units of which to at least 6,000 will be new affordable housing units, and up to 1,300 units being rent-to-own.
- An average reduction of 10% in energy consumption and Greenhouse Gas (GHG) emissions.
- An average of 10% of units meet accessibility requirements.

CANADA HOUSING BENEFIT (CHB)

In Budget 2021, the Government of Canada committed $315.4 million in additional funding to the CHB to increase direct financial assistance for low-income women and children fleeing violence to help with their rent payments. Co-developed with each PT as 13 separate initiatives on a cost-matched basis, CHB agreements were signed with each PT. Funding for the CHB began flowing in April 2020. By 2027/2028, the current CHB will reduce or eliminate housing need for over 300,000 households.

The additional funding will have a separate target above and beyond the 300,000 target and will be specific to women and children fleeing violence. This additional funding will be implemented under the same policy authority as the core CHB, to be delivered by provinces and territories (PTs) directly to households through existing bilateral agreements with PTs and under the Housing Partnership Framework.

Budget 2022

On April 7, 2022, the Government of Canada tabled Budget 2022 – *A Plan to Grow Our Economy and Make Life More Affordable*. Budget 2022 announced various initiatives for CMHC, several of which are included in this amendment. These measures will contribute to making housing more affordable across the country and are directly aligned with CMHC's aspiration. Through the delivery of enhancements to existing housing programs as well as new investments, we are on a path towards improving housing for people living in Canada.

Budget 2022 initiatives in this amendment include the following:

URBAN, RURAL, NORTHERN INDIGENOUS HOUSING STRATEGY (U.R.N.)

Budget 2022 announced new funding for CMHC to co-develop and launch a new Urban, Rural, and Northern Indigenous Housing Strategy to address the housing needs of Indigenous Peoples living in urban, rural and northern areas. A portion of this funding is included in this amendment in the amount of $18.5 million over 2 years, beginning in 2022-2023 and will support engagement activities with Indigenous partners and the co-development of options for an U.R.N. Indigenous Housing Strategy.

RAPID HOUSING INITIATIVE (RHI)

The RHI forms part of the NHS and will contribute to achieving the outcomes of reducing housing need and homelessness and will complement other NHS initiatives by helping fill key gaps in the housing continuum. Budget 2022 announced $1.5 billion of additional funding to extend the RHI, that will support the achievement of these outcomes by quickly creating new affordable housing for those in greatest need, including Canadians placed in vulnerable situations as identified as a priority area for action in the NHS. Additional funding is expected to:

a) Rapidly construct new permanent affordable housing units
b) Provide affordable housing to vulnerable Canadians as prioritized under the NHS
c) Invest at least 25% of funding going towards women-focused housing projects

The following performance indicators will be used to monitor results against the RHI outcomes:

a) The number of new affordable units committed;
b) The number of new affordable units created;
c) Vulnerable population groups served;
d) The average length of time between the effective date of the funding agreement and project completion (project completion is defined as having reached occupancy permit);
e) The percentage of units that exceed the local accessibility requirements,
f) The percentage of units that exceed the local energy efficiency standards, and
g) The percentage of funding going towards women-focused housing projects.

HOME BUYERS` BILL OF RIGHTS (HBBR)

Budget 2022 announced new funding of $5 million over two years, starting in 2022/2023, to PTs, as well as other impacted partners and stakeholders, on the development and implementation of HBBR. Engagement for this initiative will focus on assessing the benefits and feasibility of potential actions to enhance homebuyer protection, such as ending blind bidding, establishing right to a home inspection and ensuring access to a property's sales history. The HBBR is one of many government initiatives, which includes a suite of regulatory, tax, and policy measures looking to support fairness in the real estate sector across the country.

PYRRHOTITE

Budget 2022 proposed additional funding in the amount of $25.7 million in 2022/2023, to support homeowners identified in the province of Quebec who have experienced serious and costly structural problems to the foundation of their homes as a result of the presence of the mineral pyrrhotite.

RENT-TO-OWN (RTO)

To help develop and scale up RTO projects, Budget 2022 announced $200 million to deliver a five-year RTO stream funded by the AHIF, starting in 2022/2023. RTO will deliver $100 million over five years from the AHIF renewal announced in Budget 2021. Additionally, $100 million in loans plus $21 million in appropriations will be reallocated to the AHIF from the existing Rental Construction Financing Initiative (RCFI). The reallocation of this funding is expected to result in up to 1,500 rent-to-own units if there is 100% usage of the funds.

ONE-TIME TOP-UP TO THE CANADA HOUSING BENEFIT

This is a federally administered program to be led by CMHC under the direction of the Minister of Housing and Diversity and Inclusion and delivered by Canada Revenue Agency (CRA) that will provide a one-time $500 payment to low-income renters experiencing housing affordability challenges. Infrastructure Canada will be available for departmental support to the Minister when necessary to supplement the work of CMHC related to this benefit. The launch of the One-time Top-up to the Canada Housing Benefit is subject to parliamentary approval and Royal Assent of enabling legislation.

The top-up is intended to be directed to low-income renters paying at least 30% of their adjusted net income on rent to provide a one-time relief to inflationary pressures that have reached their highest level in four decades. The eligibility for this benefit, which includes an income threshold of $20,000 for individuals and $35,000 for families, will ensure support is directed to the most vulnerable persons who are most impacted by inflationary pressures across the country.

Pending parliamentary approval and Royal Assent of enabling legislation, applications for the top-up will be accepted by CRA beginning in December 2022 and allow eligible applicants to receive benefit payments in the 2022/2023 fiscal year. As part of a broader affordability package, the top-up to the CHB will support the Government's objective of improving affordability, including housing affordability, for those in need across Canada.

Based on enabling legislation, it is estimated that 1.8 million low-income renters, including students, who are struggling with the cost of housing would be eligible for this new support. The proposed funding totals $1.2 billion, of which $475 million was committed in Budget 2022.

The government also announced the following measures in Budget 2022, not included in this amendment, all of which are pending the required approvals:

- Housing Accelerator Fund
- Canada Greener Affordable Housing
- Reform to the Rental Construction Financing Initiative
- Acceleration of the National Co-Investment Housing Fund
- Expansion of Co-op housing in Canada funded in part by the National Co-Investment Housing Fund and Rental Construction Financing initiative

Overall, the key risks to the Budget 2021 and 2022 programs are:

- Non-compliance with funding and financing conditions, including affordability requirements by proponents
- Achievement of established targets and program take up
- Participation and engagement of implicated groups
- Supply chain issues and an inflationary environment increasing costs of construction which may impact the unit targets

Strategies to mitigate these risks include:

- Entering into contractual agreements and performing required diligence on proponents
- Pre-engagement planning activities and coordination of efforts to mitigate the risk of engagement fatigue
- Establishment and agreement of targets with PTs
- Including some provision for inflationary impacts in RHI to mitigate cost inflation

After mitigating actions, the residual risk of the Budget 2021 and 2022 programs ranges from medium to low.

FINANCIAL AUTHORITIES

The funding for the initiatives below will have the following incremental impacts in 2022:

Group	2022 Incremental Operating Budget impacts	2022 Incremental Capital Budget Impacts	2022 Incremental FTEs	2022 Incremental Program Contributions*
U.R.N.	3.3	-	17	2.1
RHI	7.1	-	30	-
HBBR	1.1	-	5	-
Pyrrhotite	-	-	-	25.7
AHIF (incl. RTO)	3.2	30.0	14	-
CHB (Budget 2021)	0.7	-	3	-
One-time Top-up to the Canada Housing Benefit	113.1	-	2	390.6
Total	**128.5**	**30.0**	**71**	**418.4**

* Financial authorities for Program Contributions on a fiscal year basis received through the Mains/Supplementary Estimates processes.

All of these programs recently received financial authorities through the necessary approvals and are reflected in this amendment.

Other incremental financial impacts from the initiatives above are in the following table. Any amendments made to the last approved corporate plan are highlighted in the tables below. Adjustments for years 2023 onwards will be reflected in CMHC's 2023-2027 Corporate Plan.

FINANCIAL HIGHLIGHTS

(in $ millions, unless otherwise indicated)	2020 Actual	2021 Estimate	2022 Approved Plan	2022 Amended Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Consolidated								
Total revenues and government funding	7,951	7,689	6,383	6,930	6,155	6,261	6,185	6,059
Total expenses (including income taxes)	6,289	5,808	4,744	5,291	4,368	4,353	4,204	4,054
Total operating budget	628.9	622.8	679.0	807.5	627.7	620.6	607.0	583.4
Total capital budget	9,515	5,237	5,618	5,648	5,644	5,255	4,902	4,001
Operating budget expense ratio	9.6%	10.4%	12.9%	13.9%	13.1%	13.1%	12.8%	12.2%
Employees (full-time equivalents (FTE))	2,000	2,149	2,348	2,419	2,250	2,237	2,215	2,191
Assisted Housing								
Government funding for housing programs	4,892	4,965	3,612	4,159	3,237	3,179	2,974	2,799
Assistance for housing needs	2,353	3,505	2,553	3,099	2,236	2,242	2,172	2,125
Housing expertise and capacity development	139	193	203	204	225	249	166	57
Total parliamentary appropriations for housing programs	4,999	5,289	3,908	4,455	3,579	3,610	3,406	3,128
Operating expenses for housing programs	369.0	353.9	353.2	481.7	337.7	337.0	310.5	279.4

The tables in the following sections only include the line items and totals that are amended. All other information in these tables in the approved Corporate Plan are unchanged.

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Consolidated

Year ended December 31

(in millions of Canadian dollars)	2020 Actual	2021 Estimate	2022 Approved Plan	2022 Amended Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Non-interest revenues and government funding								
Government funding for housing programs	4,892	4,965	3,612	4,159	3,237	3,179	2,974	2,799
Total revenues and government funding	**7,951**	**7,689**	**6,383**	**6,930**	**6,155**	**6,261**	**6,185**	**6,059**
Non-interest expenses								
Housing programs	4,496	4,611	3,258	3,676	2,899	2,842	2,664	2,519
Operating expenses	767	796	789	918	747	751	730	704
Total expenses	**5,735**	**5,194**	**4,202**	**4,749**	**3,773**	**3,720**	**3,545**	**3,386**

Assisted Housing

(in $ millions)	2020 Actual	2021 Estimate	2022 Approved Plan	2022 Amended Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Government funding for housing programs	4,892	4,965	3,612	4,159	3,237	3,179	2,974	2,799
Total revenues and government funding	**4,967**	**5,060**	**3,736**	**4,283**	**3,361**	**3,310**	**3,092**	**2,897**
Housing programs	4,496	4,611	3,258	3,676	2,899	2,842	2,664	2,519
Operating expenses	389	374	370	499	355	354	328	298
Total expenses	**4,885**	**4,985**	**3,628**	**4,175**	**3,254**	**3,196**	**2,992**	**2,817**

Operating Budget

(in $ millions)	2020 Plan[1]	2020 Actual	2021 Plan[1]	2021 Estimate	2022 Approved Plan	2022 Amended Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Personnel Costs										
Salary, fringe benefits and related costs (excluding pension expense)	268.9	257.7	299.9	285.2	314.6	326.6	309.0	314.7	318.5	320.9
Total Personnel Costs	**268.9**	**257.7**	**299.9**	**285.2**	**314.6**	**326.6**	**309.0**	**314.7**	**318.5**	**320.9**
Non-Personnel Costs										
Training	5.6	3.9	5.6	4.5	5.9	6.0	5.7	5.7	5.7	5.7
Transportation	8.2	2.4	4.2	2.8	4.3	4.5	4.8	4.6	4.5	4.4
Marketing and promotion	4.9	1.7	4.6	3.5	4.0	4.5	3.5	3.2	3.0	2.9
Professional and technical services	117.7	168.1	128.6	111.3	138.0	251.4	128.1	119.7	108.6	82.1
Computer services	142.2	168.1	163.8	168.5	183.3	185.3	157.9	165.9	165.0	165.9
Recoveries	(5.6)	(14.5)	(5.8)	10.3	(3.2)	(3.0)	(3.8)	(4.1)	(4.2)	(4.9)
Total Non-Personnel Costs	**303.2**	**353.2**	**331.4**	**329.4**	**354.5**	**471.0**	**328.1**	**325.8**	**313.8**	**289.1**
Total Operating Budget (before pension expense)	**572.1**	**610.9**	**631.3**	**614.6**	**669.1**	**797.6**	**637.1**	**640.5**	**632.3**	**610.0**
Total Operating Budget (incl. pension expense)	**656.3**	**674.4**	**692.2**	**690.7**	**712.7**	**841.2**	**671.7**	**671.0**	**657.9**	**632.5**
Total Operating Budget	**623.7**	**628.9**	**642.9**	**622.8**	**679.0**	**807.5**	**627.7**	**620.6**	**607.0**	**583.4**

[1] 2020 amended plan includes funding for Canada Emergency Commercial Rent Assistance (CECRA) and the 2021 amended plan includes funding from 2020 Fall Economic Statement and Budget 2021.

Full-Time Equivalents (FTEs)

	2020 Plan	2020 Actual	2021 Plan[1]	2021 Estimate	2022 Approved Plan	2022 Amended Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Assisted Housing activity	563	640	796	793	938	1,009	914	910	889	873
Total	**2,101**	**2,000**	**2,309**	**2,149**	**2,348**	**2,419**	**2,250**	**2,237**	**2,215**	**2,191**

[1] 2021 includes amended plan with new funding from 2020 Fall Economic Statement and Budget 2021.

Capital Budget

(in $ millions)	2020 Plan	2020 Actual	2021 Plan[1]	2021 Estimate	2022 Approved Plan	2022 Amended Plan	2023 Plan	2024 Plan	2025 Plan	2026 Plan
Innovation Fund	82	15	15	39	-	30	-	-	-	-
Total loans and investments (excl. IMPP)	**3,732**	**3,596**	**5,821**	**5,167**	**5,519**	**5,549**	**5,613**	**5,233**	**4,881**	**3,989**
Total loans and investments (incl. IMPP)	**3,732**	**9,413**	**5,821**	**5,167**	**5,519**	**5,549**	**5,613**	**5,233**	**4,881**	**3,989**
Total capital budget (excl. IMPP)	**3,838**	**3,698**	**5,934**	**5,237**	**5,618**	**5,648**	**5,644**	**5,255**	**4,902**	**4,001**
Total capital budget (incl. IMPP)	**3,838**	**9,515**	**5,934**	**5,237**	**5,618**	**5,648**	**5,644**	**5,255**	**4,902**	**4,001**

[1] 2021 includes amended plan with new funding from 2020 Fall Economic Statement and Budget 2021.

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Alternative text and data for figures

Pre-Tax Income by Activity (in $ millions)

	Consolidated	Mortgage Insurance	Mortgage Funding	Assisted Housing
2020 Actual	2,216	1,427	707	82
2021 Estimate	2,495	1,696	724	75
2022 Plan	2,181	1,327	746	108
2023 Plan	2,382	1,448	827	107
2024 Plan	2,541	1,519	908	114
2025 Plan	2,640	1,580	960	100
2026 Plan	2,673	1,637	956	80

Pre-Tax Income Comparison of 2022 Plan to 2026 Plan (in $ millions)

	2022 Plan	Premiums and fees earned	Investment income	Net (losses) gains on investments	Operating expense	Other	2026 Plan
Bench marks	2,181						2,673
Rises		480	112		85	62	
Drops				247			

Premiums Written and 2022 Plan Earnings Curve (in $ millions, unless otherwise indicated)

	Homeowner	Portfolio	Multi-unit	2022 Homeowner Plan earned premiums	2022 Portfolio plan earned premiums	2022 Rental plan earned premiums
2020 Actual	938	125	907			
2021 Estimate	795	7	923			
2022 Plan	891	8	935	7%	7%	3%
2023 Plan	981	16	797	17%	10%	13%
2024 Plan	1,061	19	740	17%	9%	21%
2025 Plan	1,126	24	796	13%	6%	17%
2026 Plan	1,190	24	726	9%	4%	16%

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

	2020A	2021F	2022P	2023P	2024P	2025P	2026P
Pre 2020	1,280	1,043	793	585	427	309	230
2020	92	277	322	289	227	173	124
2021	-	87	261	321	266	209	136
2022	-	-	100	281	343	284	222
2023	-	-	-	102	283	338	279
2024	-	-	-	-	106	293	345
2025	-	-	-	-	-	113	313
2026	-	-	-	-	-	-	115
Premiums & Fees Received	2,009	1,757	1,874	1,829	1,853	1,981	1,973

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

	2020A	2021F	2022P	2023P	2024P	2025P	2026P
Pre 2020	568	425	289	180	82	37	30
2020	99	190	182	166	135	64	15
2021	-	86	205	205	204	155	48
2022	-	-	81	206	206	206	155
2023	-	-	-	82	206	206	205
2024	-	-	-	-	82	206	206
2025	-	-	-	-	-	83	206
2026	-	-	-	-	-	-	84
Fees Received	904	965	966	949	949	949	949

Capital Available vs Capital Required (in $ millions, unless otherwise indicated)

	2020A	2021F	2022P	2023P	2024P	2025P	2026P
Lending Programs available capital	301	608	720	825	933	1,009	1,053
Appropriated capital (Mortgage Insurance)	9,374	8,864	8,311	8,161	8,201	8,440	8,744
Required capital (Mortgage Funding)	1,107	845	334	226	192	200	199
Excess	5,793	2,999	1,424	1,426	1,521	1,334	1,249
Capital available to minimum capital required % MICAT (Mortgage Insurance)	234%	207%	170%	170%	170%	168%	166%
Economic capital available to economic capital required (Mortgage Funding)	176%	134%	152%	151%	152%	149%	150%

Figure 1: Capital Exceeds Mortgage Insurer Capital Adequacy Test (MICAT) (%)

	Baseline	165% MICAT (operating target)	150% MICAT (regulatory minimum)	K-Shaped Recovery
2020 Q1	176	165	150	176.66
2020 Q2	190	165	150	198.23
2020 Q3	209	165	150	222.60
2020 Q4	223	165	150	237.09
2021 Q1	231	165	150	246.11
2021 Q2	242	165	150	263.63
2021 Q3	258	165	150	286.75
2021 Q4	284	165	150	320.93
2022 Q1	300	165	150	341.77
2022 Q2	315	165	150	371.14
2022 Q3	332	165	150	403.92
2022 Q4	295	165	150	372.41
2023 Q1	309	165	150	381.53
2023 Q2	326	165	150	379.99
2023 Q3	349	165	150	377.31
2023 Q4	334	165	150	341.48
2024 Q1	353	165	150	340.57
2024 Q2	379	165	150	342.00
2024 Q3	415	165	150	341.66
2024 Q4	430	165	150	328.73
2025 Q1	469	165	150	330.80
2025 Q2	515	165	150	335.16
2025 Q3	579	165	150	335.76
2025 Q4	588	165	150	323.66

Figure 2: MI Capital Assessment after Management Action (%)

	Baseline	Prolonged Recession	MICAT Target	MICAT Minimum
2020	232.99	232.99	165	150
2021	201.21	194.69	165	150
2022	169.38	184.91	165	150
2023	169.69	169.32	165	150
2024	166.16	169.91	165	150
2025	165.39	168.99	165	150
2026	166.99	171.46	165	150
2027	167.10	170.31	165	150
2028	167.50	170.32	165	150
2029	166.68	171.43	165	150
2030	166.49	171.66	165	150

Figure 3: MF Liquidity Assessment after Management Action (in billions)

	Baseline	Prolonged Recession (PR)	Liquidity Target	Minimum Liquidity Floor
2020	4.83	4.83	3.60	3.27
2021	3.47	3.61	3.60	3.27
2022	3.65	3.83	3.60	3.27
2023	3.76	3.94	3.60	3.27
2024	3.77	3.92	3.60	3.27
2025	3.79	3.93	3.60	3.27
2026	3.80	3.93	3.60	3.27
2027	3.83	3.95	3.60	3.27
2028	3.86	3.98	3.60	3.27
2029	3.91	4.02	3.60	3.27
2030	3.94	4.05	3.60	3.27