CANADA MORTGAGE AND HOUSING CORPORATION

2023-2027 Summary of the Corporate Plan

Summary of the amended 2023-2027 Corporate Plan, including the summary of the amended 2023 Operating and Capital Budgets reflects new funding as per Budget 2021 and Budget 2022 measures, as approved by Treasury Board.

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Canada

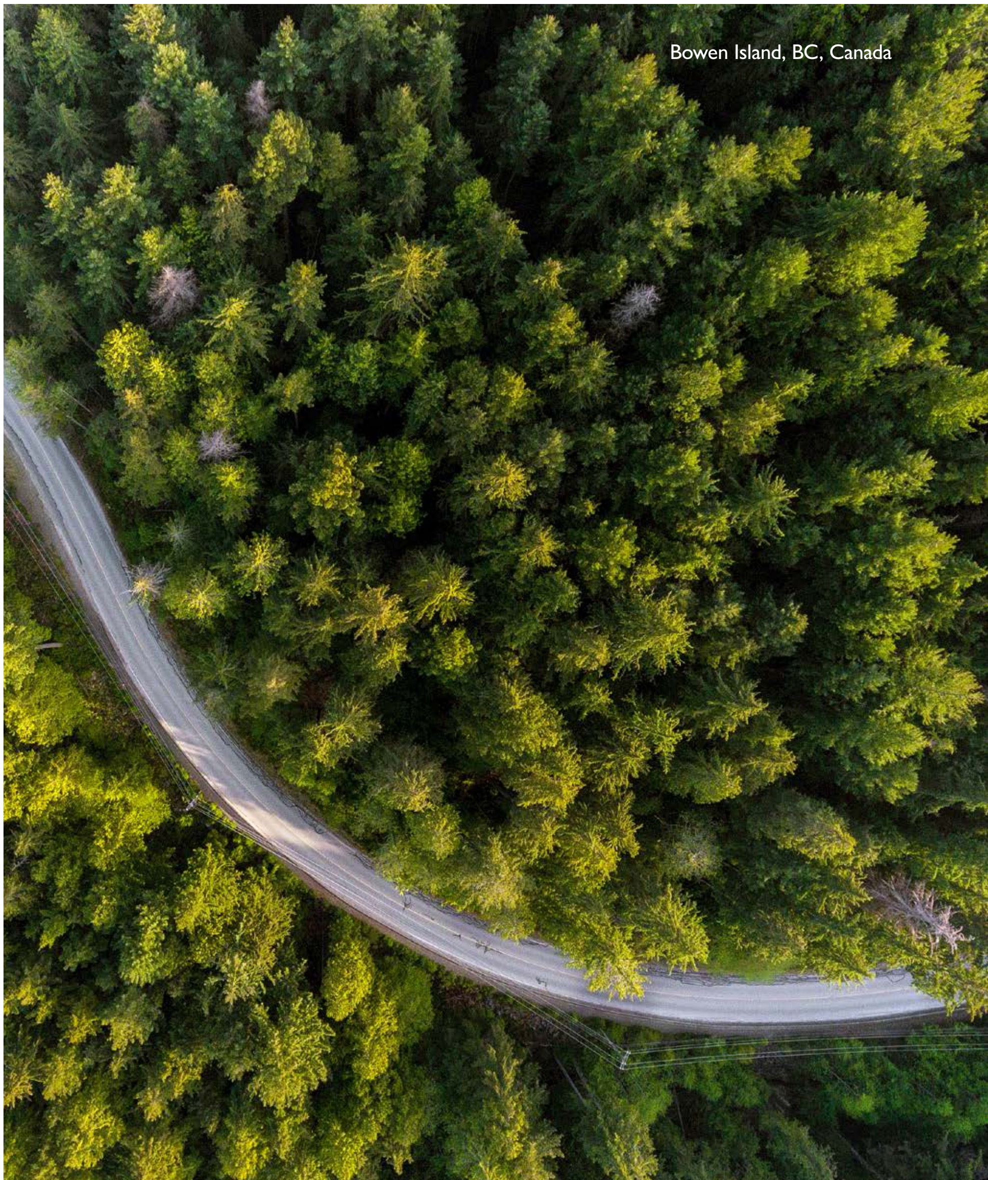
CMHC SCHL

“We are determined to make a real difference in the lives of Indigenous Peoples – by closing socio-economic gaps, supporting greater self-determination, and establishing opportunities to work together on shared priorities. We are also reviewing all federal laws and policies that concern Indigenous Peoples and making progress on the Calls to Action outlined in the Final Report of the Truth and Reconciliation Commission.”

– The Right Honourable Justin Trudeau, Prime Minister of Canada, 2017

As a significant 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. While we may come from different backgrounds and communities, we are all connected through the traditions, values, and history of our ancestors. We must continuously learn from each other with open hearts and minds, and purposefully seek to turn our profound learnings into meaningful actions. Only then can we look toward our future with hope and confidence for a better Canada for all.



Bowen Island, BC, Canada

OUR MANDATE & MISSION

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.

The Summary of the 2023-2027 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.

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Minister's Foreword

A home is much more than just four walls and a roof. A home provides safety and comfort for a mother and her two kids. It gives seniors the opportunity to retire close to friends and loved ones. For Canadians, having a home means knowing that they have a place that is uniquely theirs, and it gives them the foundation they need to build the life that they deserve.

Just as a home is a source of stability in a person's life, Canada Mortgage and Housing Corporation (CMHC) is a source of stability in Canada's housing system. During these challenging times, stability is more precious than ever.

As our country continues to battle a combination of crises outside our control – global inflation, a waning pandemic, supply chain disruptions, a war in Ukraine and more – our government, through CMHC, remains focused on addressing barriers to affordability as well as equitable and sustainable housing. We made housing affordability a central pillar of our 2022 budget, with additional programs aimed at increasing the supply of affordable housing and reducing barriers to first-time home ownership. The provisions of this budget will have an impact in the months and years to come.

The 2023-2027 Corporate Plan you are about to read outlines how CMHC will continue responding to the challenges we face today, and how it will prepare for the ones of tomorrow. It lays a clear and prudent path forward – one grounded in the organization's core values of courage, community and impact. It is a wide path that makes room for all housing participants, understanding that CMHC will not, and cannot, meet these challenges alone.

“For Canadians, having a home means knowing that they have a place that is uniquely theirs, and it gives them the foundation they need to build the life that they deserve.”

It’s a plan that will help us build a strong foundation for housing in Canada and move towards a housing future that leaves no one behind.

The Honourable Ahmed Hussen
Minister of Housing and Diversity and Inclusion

Message from the President and CEO

Housing is intrinsically connected to place, so as I introduce this plan for our future, I want to first acknowledge the history of the lands where I live in Toronto. It is the traditional territory of many nations, including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples. I am grateful to call it home, along with many diverse First Nations, Inuit, and Métis Peoples.

Mohawk

Ne kanonhsa'shón:'a tekontí:neren tsi nón:we nikanonhsó:ton, ne kati' aorí:wa tsi nahò:ten í:kehre tsi nakaié:ren, niarehkwe ki tiéntere'n tsi nikaró:ten ne tsi takenhá:tie ne Toronto ohóntsa aorihwá:ke tsi nón:we nikí:teron. Né:ne nia'tehá:ti Onkwehón:we raononhóntsa, tho ratiiá:tare ne Mississaugas of the Credit, Anishinabek, Chippewa, Haudenosaunee tánon ne Wendat. Tekatenonhwerá:tons tsi kena'tónhkhwa tsi tewakenónhsote, skátne ne nia'tehá:ti ronnokwehón:we, Othore'kehró:non tánon ne Metis.

Anishinaabemowin

Endaang aawan memaanji ishpendaagwog digobideg ayaang, dash ndo mookinaan maanda naaknigewin niigaan ani aawong, ntam wiigwa ndo dowendaan awii nisidiwaabmdamaa owi waasa shkwe-aang agaa zhiwebak ninda kiin maampii endaa-aan Toronto. Owi aawon mewizha akiimiwaa gichi niibna inakaaneziwinan, e'digo aawijig gewe Mississaugas owi Credit, gewe Anishinaabeg, gewe Chippewa, gewe Haudenosaunee miinwaa gewe Wendat bemaadizijig. Ndo miigwech-endam awii zhinkaadamaa maanda endaa-aan, miinwaa niibna bebakaan Anishinaabeg, Eshkiimewi, miinwaa Wiisaakode bemaadizijig.

There have been few times in recent history when we, as a country, have been as concerned about housing affordability. It dominates our personal and national conversations – from small talk with friends and neighbours to headline news and political debates.

And no wonder. Housing affordability has been worsening for some time, in large part due to a significant lack of supply. Rising inflation has made it even harder for people to make ends meet. Interest rates have risen in response. But this has put extra pressure on households in Canada, which hold record levels of debt.

"For over 75 years, CMHC has adapted to meet the needs of people in Canada. The CMHC of today is no exception."

An urgent situation like this calls for strong, focused action from Canada's national housing agency. And CMHC delivers with its 2023-2027 Corporate Plan. The plan outlines our efforts toward ensuring that everyone in Canada has a home that they can afford and that meets their needs. It focuses our work on federal initiatives that will help people now. And it positions us to better anticipate and deliver what they'll need in the future.

Our priority is to deliver the federal programs that people in Canada are counting on, with the excellence that our partners expect from us. The programs we're delivering through the National Housing Strategy (NHS) are already making a difference in communities across the country. For example, the Rapid Housing Initiative has been a huge success, responding quickly to the urgent housing needs of those most affected by COVID-19. We applied lessons learned from this experience to other NHS programs. Notably, we simplified our National Housing Co-Investment Fund application and approval processes to improve our service delivery.

Looking forward, we will deliver on new federal commitments in Budget 2022 to accelerate and extend investments in these programs. We will launch new initiatives, such as the Housing Accelerator Fund, which will support cities and towns to enhance development processes so that more homes can be built more quickly. Budget 2022 also provided funding to co-develop and launch an Urban, Rural and Northern Indigenous Housing Strategy to ensure more Indigenous peoples have access to affordable housing.

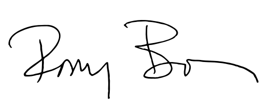
We will also leverage our commercial products to have a greater impact. Our homeowner mortgage loan insurance (MLI) helps families to access the housing market, while our multi-unit MLI is geared to borrowers creating more rental supply. Both support the stability of Canada's housing finance system. Our new multi-unit MLI Select product is incentivizing housing that is more affordable, accessible and climate compatible. We'll continue to improve these offerings and deliver them effectively.

At the same time, we also need to be ready to best serve the people of Canada in the long term. We are gathering the knowledge we need to assess current and future vulnerabilities of the housing system to identify policy actions needed to ensure its sustainability. We'll also do our part to shape the future of housing in a way that advances other issues that matter to our country, such as climate change, equity, and reconciliation with Indigenous peoples.

For example, we're already doing key studies on housing supply to better understand why some markets are more affordable than others in relation to needs. We're researching housing inequities faced by Indigenous and other racialized communities. We're developing a Reconciliation Action Plan that puts us on a path toward a better future for First Nations, Inuit, and Métis peoples – a future in which housing is co-developed, culturally appropriate, and advances self-determination. We're working to ensure Canada's housing stock can mitigate and adapt to climate change. We're also prioritizing innovation in housing design and finance because the status quo is not sustainable.

Our strategy's success depends on having a dedicated, expert staff and strong, committed partnerships within the housing sector. Fortunately, we have both. We continue to foster these vital networks and build new ones. Solving Canada's affordability challenges will take a whole-of-society approach, and every sector has a role to play.

For over 75 years, CMHC has adapted to meet the needs of people in Canada. The CMHC of today is no exception. With clear goals and concrete actions, we are responding to urgent needs now and building a better future...one where housing is affordable for *everyone* in Canada.

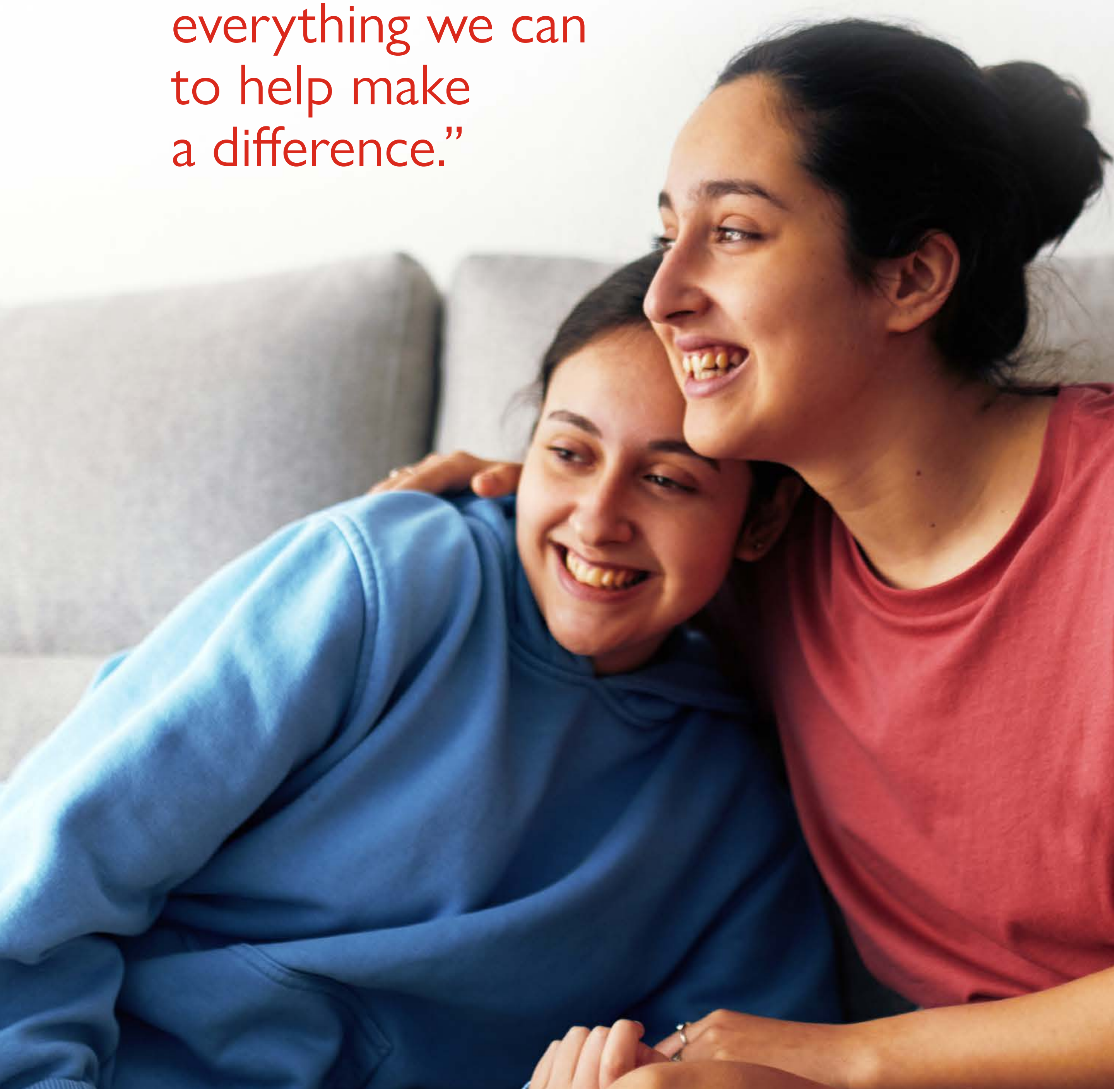


Romy Bowers
President and CEO

OUR ASPIRATION

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

"Everyone in Canada deserves a secure and affordable place to call home, and we continue to persevere in doing everything we can to help make a difference."



Housing in Canada

Where Are We Now?

The state of Canada's housing system is shaped by a variety of factors, many of which have a direct impact on housing affordability. Evolving social, economic, and demographic conditions, supply and demand imbalances, rising costs, climate change and global events are just a few drivers affecting the health of our housing system.

Over time, housing has become less affordable for more and more people in Canada. Meaningful actions have been taken to course-correct, and the system has shown strong resiliency. But more recently, housing affordability challenges have been worsening and at a faster pace. Home prices grew roughly 50% between March 2020 and March 2022, and while they have since declined, this growth represented the strongest increase on record. Mortgage debt reached new highs relative to households' disposable income, increasing the vulnerability to adverse events such as job losses. Inflation in Canada has reached its highest level in nearly four decades, prompting swift interest rate increases with the potential for further hikes to come.

The COVID-19 pandemic created a significant economic disruption that affected housing demand and supply. Labour and material shortages have further impacted the supply of housing needed across the country. Increases to the cost of living have made it more difficult for people in Canada to find adequate, affordable housing. Those most impacted were renters, who account for one third of our population and first-time homebuyers, who historically accounted for roughly half of home purchases in Canada.

While recent indicators from the Canadian Housing Survey reported fewer total households in core housing need, government support likely impacted these results and lessened the losses in income that many households suffered because of the pandemic. A household is considered to be in core housing need if its housing falls below one or more of the adequacy, suitability, and affordability standards; and, it would have to spend 30% or more of its total before-tax household income to pay the median rent of alternative local housing that is acceptable and meets all three housing standards.

“**Discrimination** and **inequities** continue to exist within the housing system”

Discrimination and inequities continue to exist within the housing system. Racialized communities, newcomers, female lone-parent households and people living with disabilities continue to be overrepresented in core housing need when compared to the national average. Indigenous peoples are particularly affected by poor housing outcomes caused by the current lack of housing and the number of units in need of repair. They are more likely to experience homelessness and to live in inadequate housing with conditions of overcrowding and mould. Addressing these challenges is vital to their future well-being. Indigenous peoples are the fastest-growing population, with a growth of 42.5% between 2006 and 2016; and the youngest population of Canada, with 44% being under the age of 25 in 2016.

Climate change also poses one of the most significant threats to financial stability, and to the affordability, accessibility, and security of housing. Floods, fires, extreme heat, storms, and rising sea levels threaten to increase costs, limit the ability to obtain property insurance and can significantly impact property values. Transitioning toward a low-carbon economy has impacts on employment, disrupts the flow of capital, alters pricing, and consequently affects housing and communities. In addition, homes contribute to climate change through the greenhouse gases (GHGs) they emit, and their form and location can affect our ability to lead low-carbon lifestyles. Canada's built environment – our homes, hospitals, schools, office buildings – offer significant opportunities for decarbonization, accounting for 13% of national GHG emissions via building operations, and 18% when considering the emissions associated with the electricity used to power them.

The state of our housing system is constantly evolving. It involves many players, and the dynamics are complex, posing significant challenges, many of which have been growing in severity. Despite the current state, CMHC has never wavered in our commitment to finding impactful solutions for those most in need. Everyone in Canada deserves a secure and affordable place to call home, and we continue to persevere in doing everything we can to help make a difference.

The Path Ahead

We, at CMHC, continue to make it our priority to use our unique position and influence to address priority gaps and numerous challenges that persist within the housing system.

As always, we remain committed to ensuring that Government investments have the greatest possible impact on those who need it most. But we cannot underestimate the importance of ongoing investments in our housing system, and the impacts on broader social and economic outcomes. Better access to good quality housing is often linked to better access to healthcare, education, and job opportunities. It leads to better physical, mental, developmental, and social health

for children and youth. Helping low-income households access the housing they need goes beyond putting a roof over their heads; it can lead to the creation of better futures for families and communities. We will continue to do our part to influence and establish partnerships that aim to increase investments in housing that is affordable, adequate, and suitable.

We are focusing on developing concrete solutions to alleviate ongoing housing shortages. To restore affordability by 2030, Canada needs an additional 3.5 million housing units above the current rates of new construction, with two thirds of this gap being in Ontario and British Columbia where affordability issues have been most acute. The task ahead is huge considering the current labour shortages and rising construction costs. Given the degree of complexity and intersectionality of these issues, we are using foresight methods to enable broad and forward-thinking analysis of the housing system to identify solutions. Budget 2022 announced some solutions to alleviate housing shortages such as the Housing Accelerator Fund, which aims to help municipalities create more supply, more quickly. In addition, the Budget commits to provide payments to those facing housing affordability challenges and make enhancements to the Rental Construction Financing initiative (RCFi) and the National Housing Co-Investment Fund (NHCF). Budget 2022 also aims to create more rent-to-own projects by supporting non-profits, co-operatives, developers, and rent-to-own companies.

The scale of housing supply gaps that challenge housing affordability cannot be solved through direct government investment alone. Partnerships between all levels of government and the private sector play a key role in all parts of the housing system to increase housing supply. For example, over 97% of new housing units are created by the private sector. Programs need to incentivize partnerships across private and public sectors to create housing affordability solutions.

A sustained and focused effort is also needed to reduce discrimination and inequities within Canada's housing system and our strategy strongly reflects this; it is anchored in the human rights-based principles of non-discrimination, inclusion, participation, and accountability. We continue to take actions to embed equity into our culture and to ensure that those with lived experience have a voice and are at the table when we are developing policies and programs that affect them.

To influence such a large-scale, systemic change, we must start at home, in our own company. That's why we ensure that the diversity of people in Canada are represented within CMHC. We are committed to renewing Indigenous community relationships with a reconciliation mindset. We recognize that Indigenous peoples understand their own needs best. Our goal is to create a positive impact and change for the communities we serve. We are collaborating and building stronger relationships with Indigenous governments, organizations, and communities to co-develop housing solutions that respond to the unique and diverse needs of First Nations, Inuit, and Métis peoples. We also work with various entities of the Government of Canada to provide our housing experience, expertise, and to advance collective reconciliation objectives.

We continue to monitor vulnerabilities in the housing system, such as high levels of indebtedness, rising inflation and rising interest rates, that can negatively affect economic growth and put the financial system at risk. This will ensure we are prepared to temper 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 will continue to actively monitor market conditions and work with our federal partners to ensure appropriate macro-prudential policies are in place. Finally, our mortgage loan insurance products continue to be critical to support the creation of rental housing and access to homeownership. These products, along with our securitization activities which provide reliable access to mortgage funding, are also key tools to respond to shocks and contribute to maintaining the stability of the financial system.

Moving forward, affordability and climate compatibility must – and can – advance hand in hand. When full life cycle costs are considered, including increasing costs of carbon and all costs borne by all orders of governments and the private sector, housing is more affordable when it is resilient, and built in areas with higher density in a safe and durable manner.

Improving the state of housing in Canada is critical to a healthy and sustainable economy. It is a shared responsibility – all orders of government, the private sector and even those not traditionally involved in housing must work in tandem to find solutions. Our collective success requires strong partnerships and relies on the industry's ability to accelerate housing supply to begin restoring housing affordability in this country. The need for resilience has never been greater, and all housing participants should share a heightened sense of urgency to come together and address these challenges head-on. In doing so, we will progress toward 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 access, building or renovating 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

“A courageous community, building impactful solutions together.”

Our Strategy

At CMHC, our strategy represents the aspects of the housing system we need to improve. It informs our decision making and keeps us focused on what we are ultimately striving to achieve. Our aspiration inspires and motivates us to make a difference for people in Canada.

3 Outcomes

Our strategy is centered on achieving three outcomes that define the changes needed across the housing system to progress towards our aspiration. We are positioning ourselves to accelerate the creation of housing that meets the core needs of people across the country, address systemic barriers to equity and inclusion, and help address supply gaps and build a sustainable housing system. While we remain steadfast in our commitment to realize these outcomes, we know we can't do it alone. We must work together with others and take an "all of Canada" approach, anchored in new and non-traditional partnerships.

7 Strategic Results

Our strategy identifies seven strategic results that make it possible to reach our outcomes. These results reflect the aspects of the housing system that we are uniquely positioned to influence and that deliver the greatest impact. These are the areas where we will prioritize our efforts. We set performance targets to drive our actions. We continually assess and report on progress toward achieving our strategic results.

Our performance measures are detailed in Appendix 3: Planned Results and CEO Commitment.

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. The success of our strategy will depend on a collective effort from our entire workforce. It requires us to achieve our cultural aspiration: to be "**a courageous community, building impactful solutions together.**"

Capabilities and Management Systems

Our capabilities and management systems enable progress toward our strategic results. Our focus is to close gaps in these capabilities so that we are better positioned to succeed.

OUTCOME

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

We must ensure government policies support households in core housing need, and focus on removing barriers to access, including for those experiencing racism and discrimination.

STRATEGIC RESULT

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

A strong housing system in which everyone has housing that meets their needs depends on government policies to support those facing the greatest housing challenges. In other words, it supports those whose needs are not met by conventional markets.

Our work focuses on optimizing government investments to create meaningful change and impacts for those who need it most. As such, we continue to enhance our existing products while also developing new solutions. We focus our research on further understanding housing challenges and raising awareness of the social and economic impacts, with a goal to improve policy and program decisions.

By launching a new phase of the Rapid Housing Initiative, creating a Co-operative Housing Development program, and improving the National Housing Co-Investment Fund and the Rental Construction Financing initiative, we expect to increase the construction of new and/or maintain the existing stock of affordable housing.

Budget 2022 also provided funding to co-develop and launch an Urban, Rural and Northern Indigenous Housing Strategy to ensure more Indigenous peoples have access to affordable housing.

We continue to influence and establish partnerships that increase investments in affordable housing for those in core housing need. We focus our innovation and partnership activities on finding solutions to address barriers being faced by our partners looking to create affordable housing, such as community housing providers and municipal, provincial, and territorial governments.

Performance Measure	2023 Target	2024 Target	2025 Target
# of units new, repaired and assisted, affordable to those in CHN[*]	120,000 units	122,000 units	126,000 units
Incremental affordable housing funding[**]	$100 million	$100 million	$100 million

[*] Includes commitments to all new and existing units facilitated through CMHC's activities, including National Housing Strategy, 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.

STRATEGIC RESULT

Systemic racism, inequities and other barriers to access are removed

Barriers to accessing secure and affordable housing can have devastating social and economic consequences for both individuals and society. These barriers can include difficulty navigating complex processes and programs, lack of income, and racism and discrimination.

We make it a top priority to improve outcomes for those who face discrimination and inequities. We do this by increasing our own understanding, and by helping to remove and avoid systemic barriers that lead to core housing need.

We acknowledge that, as part of a system, CMHC has played a role in creating and maintaining policy and program barriers. We are more determined than ever to be courageous in the following ways:

- We are actively and regularly engaging communities in the work that we do so that our choices are made through the lens of advancing fairness, justice, and equity.
- We are embedding equity within our product and programs, with a workforce that reflects the diversity and lived experiences of people living in Canada.
- We are ensuring that our employees have a greater awareness of implicit biases, privileges, power imbalances, micro-aggressions and systemic racism, and possess the skills needed to help address systemic barriers in their work and in our programs and practices.

We are developing a framework for equity, that will launch in 2023, to create a unified and consistent vision and shared understanding of our equity work across our organization. The framework will guide our work in equity, anti-racism and intersectionality, and will contain:

- A vision, approach and definition for equity at CMHC.
- How CMHC's equity activities support our Aspiration.
- Outcomes expected in our ongoing work to engage communities and reflect lived experience.
- Performance measures and key activities for equity, including in data and insights; policies, programs and practices; people; and, community engagement and partnerships.

The BlackNorth Homeownership Bridge Program

BlackNorth Initiative and Habitat for Humanity Toronto have partnered to give approximately **200 more Black families** in the Greater Toronto Area a chance to achieve their dream of home ownership. The BlackNorth Homeownership Bridge Program will support homeowners in building strength and generational wealth through their home, create ownership opportunities for multiple generations of homeowners and will ensure housing units remain affordable across multiple owners to build inclusive communities. This program, which provides a shared equity mortgage structure, was made possible through CMHC funding.

OUTCOME

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

Sufficient supply and options are needed to meet the diverse and changing needs of people living in Canada. This is key to creating and maintaining affordability.

STRATEGIC RESULT

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

To maintain long-term affordability, a balance is needed between the number and types of homes available to meet the diverse and changing needs of those living in Canada. A well-functioning system must be able to forecast and adapt to shifts in demand driven by trends in immigration, family formation, incomes, and interest rates.

We produce extensive housing research and reports to ensure housing professionals, researchers, developers, and policy makers have the reliable data and insights they need to make sound policy and program decisions. We have been expanding our research to deepen our understanding of housing needs and other market dynamics impacting those facing ongoing housing challenges.

Our goal is to produce insights that engage and compel housing system participants to take more effective and coordinated actions to address housing needs and supply gaps.

STRATEGIC RESULT

Barriers to access, building, or renovating housing are removed

As demand for housing continues to grow, one of the most significant challenges facing our country is the ability to increase supply and improve affordability. Canada's ability to ramp up supply creation and address shortages is hindered by barriers such as high development costs, complex and lengthy processes, and limited access to land and financing. We must continue to deepen our understanding of those policies and processes that unduly affect supply creation and bring together decision makers to find solutions.

Our existing Multi-Unit Mortgage Loan Insurance (MLI) products and National Housing Strategy (NHS) programs help to remove barriers to affordable financing to build and renovate rental housing, with a focus on markets in greatest need. New programs under development will allow us to do even more. For example, the Housing Accelerator Fund will aid municipalities in modernizing and updating land use planning and development approval processes and systems to increase the pace of housing development.

In addition to our existing Homeowner MLI, we are helping to break down barriers to homeownership through new products and programs, such as an enhanced First-Time Home Buyer Incentive and the Rent-to-Own stream under the Affordable Housing Innovation Fund.

While addressing the supply shortfall will take the combined efforts of all housing system participants, we are setting targets for the total number of units that will be supported by our programs and activities.

Performance Measure	2023 Target	2024 Target	2025 Target
# of units new, repaired and assisted by CMHC programs*	350,000 units	346,000 units	349,000 units
% of units supported located in markets with greatest need of new and/or improved rental supply**	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.

OUTCOME

Canada’s housing system supports sustainability and stability

We need to do our part to build a sustainable housing system that advances climate compatibility, improves housing outcomes for Indigenous peoples and addresses current and future systemic vulnerabilities.

STRATEGIC RESULT

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

Ensuring that the housing system can continue to serve people living in Canada over the long-term is critical – not only to meet diverse needs but also to support a healthy and sustainable economy.

Many factors present within the housing system may make it less resilient and impact its ability to recover from shocks. For example, we know that certain communities are more at risk of being adversely impacted by events, such as economic downturns and the effects of climate change. These factors not only influence economic and social outcomes of individuals in these communities but pose broader risks to the long-term stability and growth potential of our economy.

We must continue to deepen our understanding of these vulnerabilities in order to design and deliver policies, products and programs that help temper them. To do this, we need reliable data and expertise, within our organization, at all orders of government, and in the broader financial system. Maintaining an appropriate and diverse presence in the market through our mortgage loan insurance and securitization activities also ensures that we remain agile and able to respond to often quickly changing conditions.

STRATEGIC RESULT

The housing system advances climate compatibility

Climate change is not only transforming our economy, it continues to drive extreme weather and chronic, irreversible changes to the places we call home. That's why we're taking a comprehensive approach to tackle climate change at critical points in the housing ecosystem. Much of this work will be accomplished through various initiatives such as:

- the Canada Greener Homes Loan Initiative which provides interest-free loans to help homeowners make their homes more energy efficient and climate resilient.
- the Canada Greener Affordable Housing stream to support deep retrofits of multi-unit rental properties serving low-income renters, including co-operatives and not-for-profit owned housing; and
- the Enhanced Eco-Plus program (previously known as CMHC's Green Home program) which 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 supports Canada's climate change objectives and contributes to the country's overall GHG reduction goals. Projects that its programs support must achieve specific reductions in energy consumption and GHG emissions. We are strengthening the climate related objectives in these programs to align with the federal government's broader commitments on climate change mitigation and adaptation.

We continue to conduct, publish, and promote research in key climate housing areas, including the impacts of climate change on Canada's current and future housing stock, the impacts of our approach to housing on climate change and the requirements and risks of transitioning to a low-carbon housing system.

Performance Measure	2023 Target	2024 Target	2025 Target
Ratio of climate compatible dwelling units/total dwelling units (including retrofits) supported by CMHC	14%	15%	15%

STRATEGIC RESULT

Housing is in the spirit of reconciliation

Various colonial policies and legislation continue to affect First Nations, Inuit and Métis peoples and significantly contribute to poor housing outcomes. The unaddressed need for secure, affordable, and accessible housing for Indigenous peoples remains a chronic problem across the country.

Recent housing investments have been welcomed by Indigenous communities; however, demand continues to outpace the level of investment and the number of units available to the population.

"We continue to strengthen relationships and build partnerships with Indigenous communities, associations, and housing experts with a goal to improve affordable housing options."

Indigenous voices are at the core of what we do, based on the principle of "for Indigenous, by Indigenous." Our approach to finding solutions recognizes that First Nations, Inuit and Métis cultures and communities are diverse, with unique needs and rights – and they understand better than anyone what those needs are. In response to the various calls to action from Indigenous communities and organizations, we remain committed to co-develop housing solutions, funding models, programs, and policies with Indigenous partners. This includes the co-development and launch of an Urban, Rural, and Northern Indigenous Housing Strategy, as announced in Budget 2022.

In 2023, a key initiative will be the launch of a comprehensive Reconciliation Action Plan. The plan themes include the following:

- Culture (cultural awareness and recognition, communications and marketing, procurement, leadership actions, and other corporate areas of inclusion).
- Talent (recruitment, retention, and advancement); and
- Housing Transformation (improve housing outcomes through co-development and partnering).

The Reconciliation Action Plan development is led by CMHC's Indigenous Relations team and guided by the following:

- Indigenous Employee Circle – a CMHC Employee Resource Group.
- Indigenous Advisory Council – an external advisory group developed in March 2021 to provide community perspectives on reconciliation.
- Final Report of the Truth and Reconciliation Commission – includes 94 Calls to Action.
- Reclaiming Power and Place: Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls.
- Distinctions-based and Indigenous housing provider strategies that recognize, support and advance Indigenous rights, autonomy, and self-determination.
- United Nations Declaration on the Rights of Indigenous peoples.
- Best practices in Indigenous inclusion and reconciliation.

There is a clear connection between closing the gap to meet the housing needs of Indigenous peoples, the challenges within Canada's housing system, and the need for co-developed solutions with Indigenous peoples. We are working to create purposeful change to adapt our ways of working to ensure success. This area of work is extremely important and resulted in Housing Transformation as a key theme of our Reconciliation Action Plan (RAP).

The reconciliation journey for any organization requires courageous change and adaptation – learning, unlearning, and relearning. We're working to ensure the culture at CMHC empowers this type of change.

To monitor our inclusion and reconciliation efforts, CMHC joined the Canadian Council for Aboriginal Business Progressive Aboriginal Relations (PAR) program in 2022. The Committed Level process provides accountability and third-party validation of our reconciliation efforts.

While performance measures are being developed in 2023 to assess progress against this strategic result, we will monitor our progress in advancing reconciliation through the PAR program and measurements developed in the RAP.

> "We are working to create purposeful change to adapt our ways of working to ensure success."

Skookum Surrey

Skookum Surrey is a multi-year initiative investigating the housing realities and needs of Indigenous peoples in Surrey, B.C., with a focus on child poverty. Its scope and achievements have emerged gradually, driven by the community, and they now have a clearer picture of Indigenous housing need in the city – a necessary step before taking action. We are proud to have supported this learning journey through our Housing Research Awards and Solutions Lab program.

How we enable achievement of our strategic results

Culture

Our **values** – Courage, Community, Impact – are about how we work better, together, to serve the housing needs of everyone living in Canada. Meeting our strategic results requires focus on how **we** think and act to accelerate progress:

- The solutions we put forward must have a lasting **impact** on the **communities** that we serve.
- We have the **courage** to do what is right – to ask tough questions, try new things, and stand up for those who face housing challenges.
- We proactively seek out partners, both within and beyond the CMHC **community**, to achieve goals together.
- We champion reconciliation as well as diversity, equity, and inclusion, both inside and outside the CMHC **community**.

Our culture is embraced by our entire workforce. Demonstrating our values is a shared accountability and our employee community is motivated to do so every day. We believe that culture is created communally and is a key driver to influence meaningful change. Our leadership is committed to continuously making evidence-based decisions and inspiring employees through coaching, establishing meaningful targets and results, and creating a safe space where we can all flourish.

Capabilities and Management Systems

Capabilities and management systems are an essential component of our strategy; collectively, they enable progress toward our results. Considering the progress we've made in past years, specific gaps were identified, and efforts are prioritized to address them.

Data governance and analytics was identified as the most important capability to improve over the coming years given how critical it is to the delivery of many products, programs, and other strategic initiatives. Data and analytics are essential to furthering our understanding of challenges in the housing system, to raising awareness of those challenges and to influencing solutions. As such, we have developed a corporate data program and roadmap to accelerate this work. This includes the following:

- Aligning and sequencing all data initiatives to ensure we are as efficient as possible in their execution.
- Enhancing our data governance and management maturity.
- Evolving our data privacy and security capabilities to address emerging risks and new standards.
- Enabling and empowering our workforce by fostering a data-driven culture.

Other capabilities were also identified as important to enable delivery of our strategy. This includes strategy development and execution, partnership development, housing expertise, workforce planning and risk management.

COURAGE

We have a bold aspiration and must lead difficult but necessary **changes** to the housing system.

COMMUNITY

We are one diverse team, mutually trusting and supporting each other, and creating **partnerships** in the best interest of the communities that we serve.

IMPACT

We prioritize the results that have the most **impact** on our aspiration.

National Housing Strategy

The investments and programs within the National Housing Strategy (NHS) recognize that housing is essential to preserve the dignity and well-being of people in Canada. The successful delivery of the NHS supports our aspiration and is a significant contributor towards achieving our strategic results and outcomes.

Housing is a component of sustainable and inclusive communities, as well as a strong national economy in which the people of Canada can prosper and thrive. The NHS will promote diverse communities and create a new generation of housing that is mixed-income, mixed-use, accessible, and sustainable.

The NHS has **11** shared outcomes:

- Homelessness is reduced year-over-year.
- Housing is affordable and in good condition.
- Affordable housing promotes social and economic inclusion for individuals and families.
- Housing outcomes in Canada's territories are improved year-over-year.
- The housing needs of Indigenous groups are identified and improved.
- Affordable housing contributes to environmental sustainability.
- The NHS contributes to Canadian economic growth.
- Partnerships are built, strengthened, and mobilized to achieve better outcomes.
- Collaboration/alignment across the federal government results in more holistic responses to housing issues.
- Expertise and capacity are enhanced in the housing sector.
- Canadians have knowledge of their housing rights.

The programs within the NHS are constantly evolving to address housing gaps and better serve the housing needs of people in Canada. New initiatives and updates to existing ones are informed by data and research, as well as consultations with all orders of government, Indigenous peoples and organizations, people with lived experience of housing need and homelessness, housing providers, and the private and non-profit sectors. These efforts among others help shape the NHS, identifying new needs and informing federal budgeting. This ensures that the Strategy remains responsive to the needs of people in Canada and gives continued momentum toward our bold aspiration: that by 2030, everyone in Canada has a home that they can afford and that meets their needs.

In February 2022, Marie-Josée Houle was appointed Canada's first Federal Housing Advocate. This is an important element of the federal government's human rights-based approach to housing and its commitment to furthering the progressive realization of the right to adequate housing as recognized in the International Covenant on Economic, Social and Cultural Rights.

We know that better data and information are key to overcoming housing challenges, particularly those faced by populations who are most in need. The NHS includes investments in research to support the development of evidence-based policies and programs that can lead to better housing outcomes for people in Canada. For example, we are investing in a five-year plan of research in collaboration with the Social Sciences and Humanities Research Council on the impacts of NHS affordable housing investments on the lives of people in Canada and the environment in which they live. The NHS Research and Planning Fund continues to support not-for-profit and charity-sector stakeholders, as well as Indigenous governments and organizations conducting housing research. Both initiatives help promote interest and involvement in housing research outside of government, while supporting the housing community's research capacity development as we work to achieve common goals.

Budget 2021 and Budget 2022 committed to modifying current NHS initiatives and to creating several new programs that CMHC must design and deliver.

Budget 2022 announced a new phase of the Rapid Housing Initiative, as well as the new Housing Accelerator Fund which aims to increase the supply of housing in Canada by reducing systemic barriers that slow or prevent new housing supply from reaching market. Both programs help Canada's communities build more homes, more quickly, thereby tackling the housing shortage that contributes to worsening affordability.

To help renters in Canada who are struggling with the cost of housing, the government announced a one-time top-up to the Canada Housing Benefit which will deliver $500 to 1.8 million renters in Canada. This new one-time federal benefit complements the Canada Housing Benefit currently co-funded and delivered by provinces and territories. The federal benefit would be available to applicants with an adjusted net income below $35,000 for families, or below $20,000 for individuals, who pay at least 30 per cent of their income on rent. The Canada Revenue Agency (CRA) would be making the payments through an attestation-based application process on behalf of CMHC. 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. As announced by the Government of Canada in September 2022, the proposed funding totals $1.2 billion, of which $475 million was committed in Budget 2022.

The National Housing Co-Investment Fund promotes partnerships between governments, non-profits, and private sector organizations, among others, by providing low-cost loans and contributions for the construction, repair and revitalization of energy-efficient, accessible, and socially inclusive community and affordable housing. Budget 2022 announced the advancement of funding under the National Housing Co-Investment Fund, as well as the re-allocation of $500 million of funding under this program to create a new Co-operative Housing Development Program aimed at expanding co-operative housing in Canada. This will be co-designed with the Co-operative Housing Federation of Canada and the co-operative housing sector. To further support the sector, $1 billion in loans under the Rental Construction Financing initiative will be dedicated to supporting co-operative housing projects. These investments build on existing NHS initiatives serving the community housing sector, including the Community Housing Transformation Centre; the National Housing Co-Investment Fund; the Federal Community Housing Initiative; and the Canada Community Housing Initiative, which is delivered by provinces and territories under bilateral agreements.

Under the Rental Construction Financing initiative, we will continue to support the creation of new purpose-built rental housing that is affordable to the middle-class population by providing low-cost loans to housing developers, non-profit organizations, and municipalities during the earliest stage of rental housing development. Budget 2022 also announced the government's intent to reform this initiative by strengthening its affordability and energy efficiency requirements.

We are committed to a renewed nation-to-nation relationship with Indigenous peoples, guided by the principle that Indigenous nations are self-determining, self-governing, and rightfully aspire to having strong and healthy communities. The NHS recognizes that Indigenous peoples, wherever they reside, should have access to adequate, secure, and affordable housing. All programs prioritize funding for projects that serve Indigenous peoples and families and proposals for projects supporting Indigenous peoples are reviewed through separate, more flexible processes to help reduce barriers and ensure that more projects serving Indigenous communities are funded. Budget 2022 announced new funding for CMHC to co-develop and launch an Urban, Rural and Northern Indigenous Housing Strategy to complement the NHS and ensure more Indigenous peoples have access to affordable housing. In 2022, we worked with Indigenous housing and service providers, National Indigenous Organizations, and the provinces and territories to plan engagement sessions for early 2023, to co-develop an Urban, Rural and Northern Indigenous Housing Strategy. These Indigenous-led engagements are expected to define the scope and focus of the Strategy, priorities for investment, funding and delivery model(s) for a long-term strategy. We also supported Indigenous-led research on urban, rural and northern Indigenous housing needs, and will continue supporting this important research in 2023. It will involve an Indigenous coalition of housing and service providers that will plan and lead a national session and regional roundtable sessions with Indigenous peoples living in urban, rural and northern areas. It will also consist of Indigenous-led engagements by National Indigenous Organizations, Modern Treaty Holders, and Self-governing Indigenous Governments with their members. CMHC will support these engagements in collaboration with Indigenous Services Canada (ISC), Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), and Infrastructure Canada. At the same time, we continue to support ISC and CIRNAC in the co-development and implementation with Indigenous partners of three distinctions-based housing strategies.

The NHS also benefits from a whole-of-government approach, which considers factors beyond housing to support the creation of sustainable and inclusive communities. Housing and infrastructure, for example, are naturally linked given they both impact quality of life, the health of communities and inclusivity, among other benefits such as emissions reduction. We are therefore exploring ways to leverage these and other linkages to federal priorities and create opportunities that have greater, system-wide benefits.

We report progress of NHS programs and initiatives every quarter on placetocallhome.ca and are continuously making improvements to the way in which we report on outcomes. This enables us to better communicate the growing impact of the NHS in communities across the country.

"A place of belonging."

For many children and youth in British Columbia's child welfare system this is an unfamiliar concept. After moving from one foster home to the next, when they age out of the system, they often have no place to go and no one to turn to. A group in Kamloops is looking to change this narrative.

Kikékyelc: A Place of Belonging opened its doors in late 2020. 'Kikekyelc' is a Secwepemc word that means, "to cover young protectively, how mother birds wrap wings around their young." This 2-storey building is comprised of 31 studio and 1-bedroom apartments and provides Elders and Indigenous youth a safe, affordable co-living environment that creates a sense of community. It's a first-of-its-kind project led by Lii Michif Otipemisiwak Family and Community Services, a non-profit organization dedicated to the safety and wellness of Métis children and families. Kikékyelc: A Place of Belonging received funding under the National Housing Co-Investment Fund.

Summary of NHS Funding Initiatives and Targets

Initiative	Funding	Launch	Cumulative targets as of 2023-2024 fiscal (from program launch)	Cumulative Results as of Q2 2022
New Construction and Modernizing Housing Supply*				
Rental Construction Financing initiative	$25.7B over 11 years	2017	44,600 new units	$13.5 billion committed 38,266 new units (26,987 affordable)
National Housing Co-Investment Fund	$13.2B over 10 years	2018	29,200 new units 127,200 repair units	$5.7 billion committed 23,785 new units (15,787 affordable) 93,459 repair units (86,039 affordable)
Federal Lands Initiative	$200M over 10 years	2018	2,400 new units	$110.3 million committed 3,669 new units (1,561 affordable)
Affordable Housing Innovation Fund 2	$450.8M over 6 years	2022/23	2,600 new affordable housing units 4,100 new housing units	Program launch 2022/23
Affordable Housing Innovation Fund 2 – Rent-to-Own	$200M over 5 years	2022/23	Up to 1,000 rent-to-own housing units	Program launch 2022/23
Rapid Housing Initiative 1 and 2	$2.5B over 2 years	2020	7,000 new affordable housing units	$2.5 billion committed 10,249 new affordable units
Rapid Housing Initiative 3	$1.5B over 3 years	2022/23	4,500 new affordable housing units	Program launch expected 2022/23
Support for the Community Housing Sector				
Federal Community Housing Initiative	$618M over 10 years	2018	7,900 low-income units maintained	$85.7 million spent 6,287 low-income units maintained
Community Housing Transformation Centre/ Sector Transformation Fund/Community Based Tenant Initiative	$64.2M over 10 years	2018	N/A	CHTC is set up as a non-profit organization, with an Executive Director and Board of Directors established in June 2019. $20.3 million has been provided to the CHTC to setup operations, cover operating and program-eligible costs, and provide funding to 178 STF applications.
Improving Homeownership Options				
First Time Homebuyer Incentive	$100M over 5 years	2019	Assist up to 100,000 first-time homebuyers	$302.4 million in approved Shared Equity Mortgages 16,874 applications approved
Shared Equity Mortgage Providers Fund	$100M over 5 years	2019	1,500 first-time homebuyers assisted 1,500 new home ownerships units	$28.9 million committed 1,018 new homeownership units

*The Affordable Housing Innovation Fund initially ended on March 31, 2021. Additional funding was provided in Budget 2021 to renew the Fund. The Rapid Housing Initiative initially ended on March 31, 2022. Additional funding to extend the initiative was announced in Budget 2022.

Initiative	Funding	Launch	Cumulative targets as of 2023-2024 fiscal (from program launch)	Cumulative Results as of Q2 2022
Data, Innovation and Research				
Innovation, Research and Data Initiatives	$241M over 10 years	2018	1,100 outputs contracted	1,200 outputs contracted
Housing Supply Challenge	$300M over 5 years	2020	3 challenges launched	3 challenges launched
Federal/Provincial/Territorial Housing Partnership Framework**				
Canada Community Housing Initiative	$8.6B over 9 years	2019	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	$4.6B over 8 years	2020	TBD	

**Provinces and territories have been given an extension to provide their 2023-2025 Action Plan. Targets are not currently available.

Risk Management

As a federal Crown Corporation, our risk-based approach is specifically designed to maintain a balance between our commercial activities and public mandate. Risk management is an integral part of our strategy and business practices and enables appropriate risk-taking to achieve our desired outcomes.

In pursuit of our aspiration, we regularly adapt our risk management activities to our strategic and business needs, optimize our oversight approach, and integrate risk tools into decision-making. We continue to improve our risk analytics capacity, with a particular focus on financial stability, housing affordability and climate change. Our stress testing program helps to enhance our level of readiness to respond to impacts resulting from severe economic and financial scenarios. We continuously seek to optimize our risk management activities to align with industry best practices and guidance set out by the Office of the Superintendent of Financial Institutions (OSFI). In 2023 we will focus our efforts on reflecting new and revised OSFI guidelines, as appropriate, including but not limited to Climate risk, Technology and cyber risk, Third party risk, and Capital, leverage and liquidity risks.

We are also committed to strengthening our risk culture, which helps employees embrace risks within established limits.

Our Risk Management Framework

CMHC's Enterprise Risk Management Framework (ERMF) is a comprehensive enterprise-wide approach to identify, assess, and manage risks based on CMHC's risk appetite and within the context of our risk environment. Our risk universe includes all risks that can impact the achievement of our strategy and business objectives. To define our risk profile, we categorize these risks as Strategic, Financial or Operational.

Our philosophy is to take higher risks to solve affordability and sustainability challenges through our influence, partnerships, and innovation activities, while maintaining prudent risk management practices to minimize impacts to the stability of the housing market.

The ERMF is structured around 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. The Board of Directors has the responsibility for the overall governance framework for CMHC, including our risk management and internal control systems, our strategy for managing risk and our tolerance for risk. An integral part of our risk governance structure is the Three Lines (3L) Risk Governance Model, which facilitates effective risk management and control while reinforcing risk culture. The 3L Model is designed to better identify and structure interactions and responsibilities of management, internal audit, and challenge functions to ensure alignment, collaboration, and accountability.

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. Risk appetite complements the ERMF and provides a common approach to communicate, understand, and assess the level of risk we are willing to accept and identify risks that should be avoided. Risk appetite establishes the basis for sound and risk-informed decision-making and helps increase transparency. It is integrated with business and operations, from strategy development to implementation and monitoring. CMHC's Risk Appetite Framework (RAF) aligns the Board and management understanding of the enterprise consolidated consequences of individual and interconnected risks. The four components of the RAF – risk capacity, risk appetite, tolerances, and targets – are monitored and reviewed on an ongoing basis to ensure they remain current and relevant.

CMHC's **Risk Management Program** ensures regular risk identification and assessment, internal control and monitoring and reporting of CMHC's risks and establishes sound processes to appropriately respond to CMHC's risk universe and emerging risks.

Our risk management program and our ongoing work on organizational resilience ensures that we can operate both in normal times and in times of crisis. CMHC also conducts an Own Risk and Solvency Assessment (ORSA), which identifies risks and assesses current and likely future capital needs and solvency positions. Annual stress testing is conducted across the organization in parallel with the annual corporate planning process.

CMHC's risk governance, risk appetite and risk management program help frame our fourth dimension: **risk behaviour**. This dimension is comprised of external, observable risk-related actions made by employees and by management, including risk-based decision-making and day-to-day work. We continue to foster a healthy risk culture by encouraging desired risk behaviour through ongoing employee training and education activities. Every employee is expected to take ownership of risks, challenge one another, and discuss risks in the best interest of our contributions and performance as a corporation.

Risks to our business

While our capital position remains strong, our top corporate risks are related to strategy execution, people, and information security and privacy. You can find more information regarding our risk profile in Appendix 4. Our revised ERMF incorporated the evolving risk landscape and now addresses climate change and social risks, including anti-racism, equity, and reconciliation.

Our top and emerging risk identification and monitoring measures focus on potential threats to achieving our strategic results and outcomes. We are monitoring possible housing market corrections that could result from rate increases, potentially exacerbating housing affordability and increasing instability in the economy and the housing market. In addition, evolving geopolitical conflicts exacerbate the risk of cyber-attack and threaten economic growth, while increasing costs, and the frequency and intensity of climate events impact housing supply. These emerging risks amplify our corporate risks and present material risks to our outcomes.

Operating Environment

External

Housing Market Outlook

Higher house price levels seen in late 2020 and throughout 2021 continued into the first quarter of 2022. However, second quarter data shows housing market sales and prices trending lower which are expected to continue in the next few quarters. High inflation leading to rising interest rates and higher construction costs will moderate both housing demand and new home supply, with a mild downturn in the housing market by mid-2023.

The following scenario was based on a CMHC forecast cycle completed in June 2022.

This scenario projects a baseline 3.4% growth in GDP in 2022 and weaker growth of 0.7% in 2023. The Bank of Canada is expected to control strong inflation pressures by increasing its policy interest rate to 3.5% in early 2023 before gradually converging back to the neutral rate of 2.5%. A mild technical recession between 2022 and 2023 is forecasted to last two quarters. Similarly, a slowdown in the housing market is expected to persist throughout 2023.

The following housing forecasts represent our most current views on housing indicators. The average MLS® price stood at $688,000 in 2021 and we forecast that to increase to $766,000 in 2022 before a slight decline to $738,000 in 2023 due to anticipated increases in borrowing costs. Positive house price growth will then return from 2024 onwards, supported mainly by rising household income and household growth. By 2027, prices are expected to reach $842,000, adding to existing housing affordability pressures within Canada's housing system, especially for first-time homeowners, households in lower income groups and population groups in core housing need.

We project housing starts to moderate from the record level of 271,200 units built in 2021 across Canada. In the short run, this pace will be constrained by labour shortages and increasing financing and material costs due to rising interest rates. We project around 247,500 units and 228,700 units in 2022 and 2023, respectively. However, these forecasts are still higher than levels recorded for all other years before 2021. By 2027, we expect housing starts to stabilize to 261,300, a level that is elevated compared to historical trends. Despite this expected run of higher construction levels, a significant gap remains in the number of new housing units required to restore housing affordability by 2030.

Rental demand continues to recover with improving labour market conditions. Returning immigration levels and household formation will continue placing upward pressure on demand. Homeownership affordability challenges will continue to keep potential homebuyers in rental units and add pressure to supply for this segment. Vacancy rates will remain low and the availability of rental for the lowest income groups will be scarcer.

The outlook is subject to significant uncertainty. Significant downside risks include stronger than expected inflationary pressures leading to stronger monetary contractions, higher interest and mortgage rates, and a potential economic slowdown. Record high debt levels among households leave them exposed to these conditions. On the other hand, significant upside risks include higher than expected immigration levels. Current and future economic conditions could also impact our ability to achieve our results.

Our programs/products

Rising interest rates, supply chain issues and increasing labour and construction costs continue to put pressure on project viability and NHS targets. We continue to monitor the financial impact on our initiatives and our ability to support housing proponents going forward.

Budget 2022 includes changes to several initiatives under the National Housing Strategy and we are working to ensure government priorities for affordable housing are met. This includes $1.5 billion, starting in 2022-2023, for a new phase of the Rapid Housing Initiative to quickly create new affordable housing units, with at least 25% of funding going toward women-focused housing projects. Budget 2022 also includes enhancements to the Rental Construction Financing initiative (RCFI).

We continue our efforts to support greener homes and help homeowners lower their energy costs by providing low-interest loans through the Canada Greener Homes Loan program, which launched in June 2022. Budget 2022 adds $458.5 million starting in 2022-2023 (for a total of $680.4 million) as part of the Canada Greener Affordable Housing stream to help make existing affordable housing more energy efficient. In addition, effective June 2022, our Green Home program became CMHC Eco Plus. The program supports our commitment to reducing the impact of housing on climate change and the Government of Canada's plan to achieve carbon neutrality by 2050. As energy efficiency standards improve, so will the criteria for the Eco Plus program, which will see more certifications and ongoing alignment with Natural Resources Canada's EnerGuide rating system.

We support and incentivize municipalities in their commitment to accelerate housing development through the launch of the new Housing Accelerator Fund. Budget 2022 includes $4 billion starting in 2022-2023 to target the creation of new housing units over the next five years to combat housing supply shortages and reduce municipal planning and delivery barriers. The Housing Accelerator Fund is intended to support short to medium term changes in housing development approval systems and in citizen support for housing growth that leads to a faster housing supply response to rising demand. While the program seeks to induce an overall increase in annual housing unit creation of at least 10% over the five-year life of the program and beyond, delivery of additional units in any year will depend on overall economic conditions and the demand and cost conditions developers face.

Budget 2022 also includes an extension of the First-Time Home Buyer Incentive (FTHBI) while also implementing options to make the program more flexible and responsive to the needs of first-time home buyers, including single-led households.

In addition, we have implemented new FTHBI parameters that limit the government's share in the appreciation of a home. Effective June 1, 2022, homeowners will repay up to a maximum gain of 8% per annum, allowing participants to retain more when the home value increases. The government has also limited its share in the depreciation of a home, up to a maximum loss of 8% per annum.

Homeowner mortgage loan insurance (MLI) remains an important factor in our affordability and stability objectives, and we continue to deliver on our commercial activities and seek an appropriate and diverse presence in the market.

We continue to introduce innovative products such as the new MLI Select, which incentivizes the preservation and creation of rental supply while also addressing the need for affordable, accessible and climate compatible housing. As MLI Select offers reduced premiums as well as other incentives for energy efficiency commitments, we will no longer offer energy efficiency rebates for multi-unit mortgage loan insurance.

We continue to enhance and transform our homeowner business through the Homeowner Business Transformation (HBT) process. Significant components of our portfolio and claims arrears functions have been modernized. Work will focus on replacing our emili underwriting system over the next few years. In the interim, we will continue to make modest investments in emili to ensure mortgage insurance risk is managed appropriately and that we deliver a positive experience to our clients.

Our securitization operations are focused on supporting housing and financial sustainability, enhancing efficiencies, and improving client experience. We launched new NHA Mortgage-Backed Securities and Canada Mortgage Bonds products based on the Canadian Overnight Repo Rate Average (CORRA), which aims to promote financial stability and facilitate market adoption of CORRA as a key financial benchmark. Allocating funds for new product developments and enhancements, including the Environmental Social Governance framework and Affordability Linked Pools, will also be required to incentivize increasing supply of affordable and energy efficient housing for people in Canada.

Internal

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 under which employees are empowered to have 100% accountability and autonomy over their work, ultimately allowing them to choose when and where, within Canada, to work to deliver results. ROWE has distinguished us as an employer of choice, is a key part of our employee and candidate value proposition, contributes to talent retention and attraction, and has proven effective at future-proofing the organization against risks, such as the COVID-19 pandemic. As a natural progression, we are introducing stronger support measures, to create a balance between achieving individual results and at the same time being intentional about how we are building community, belonging, and human connections. Since ROWE supports the well-being and effectiveness of our workforce, we will also continue to engrain its principles and how we work 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 our Effective Workforce Index data allow us to both celebrate our strengths and proactively address any gaps before they materialize and start to impede progress toward our aspiration. Our most recent employee survey results (May 2022) indicated an Effective Workforce Index of 63%. Conducting regular employee surveys shows our workforce, through purposeful action, that we value their feedback and ideas.

COVID-19 Workplace Reintegration

COVID-19 remains a workplace hazard and we continue to monitor the situation. Our Workplace Reintegration Plan provides flexibility to respond to the evolving COVID-19 pandemic while maintaining employees' health and safety. The Plan will remain in effect until we are able to return to "normal times." The Plan reflects guidance from the Public Service Occupational Health Program to ensure legislated employer obligations under the Canada Labour Code are met. Our priority is to ensure employees requiring access to CMHC worksites can do so in a safe manner during all phases of the Reintegration Plan.

Workplace Transformation

Renovations to our Ottawa office are expected to be completed in late fall 2022. To support and advance employee health and wellness, we are pursuing two building standards: 1) WELL Health and Safety, and 2) Gold level of the Leadership in Energy and Environmental Design (LEED). Modernization in the regional offices is underway and is set to complete in 2024 within budget. We will explore divestiture options for CMHC-owned buildings in outer years.

Financial Overview

Financial Highlights

Year ended December 31 (in millions, unless otherwise indicated)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
CMHC Consolidated							
Net income	1,924	1,722	1,644	2,047	2,023	1,964	2,042
Cash and cash equivalents	1,525	1,128	1,125	983	839	866	954
Total assets	300,357	297,801	298,333	305,879	307,866	320,694	332,296
Total liabilities	287,147	286,204	286,701	293,869	295,582	308,085	319,152
Total equity of Canada	13,210	11,597	11,632	12,010	12,284	12,609	13,144
Total operating budget	554.0	806.9	736.7	661.9	633.1	608.3	595.3
Total capital budget	4,497	5,307	5,951	5,672	4,981	4,041	2,172
Operating budget expense ratio	9.6%	11.7%	9.7%	11.4%	10.8%	10.5%	10.3%
Employees (full-time equivalents [FTE])	2,094	2,279	2,545	2,411	2,297	2,260	2,217
Assisted Housing							
Government funding for housing programs	3,668	4,702	5,516	3,586	3,340	3,094	3,023
Assistance for housing needs	3,243	3,814	4,424	2,453	2,411	2,384	2,322
Financing for housing	455	1,041	1,328	1,361	1,251	1,057	983
Housing expertise and capacity development	135	207	205	222	132	105	104
Total government funding for housing programs	3,833	5,062	5,957	4,036	3,794	3,546	3,409
Operating expenses for housing programs	296	520	416	370	331	296	277
Mortgage Insurance							
Claims expense	(317)	61	-	-	-	-	-
Insurance service expense*	-	-	246	217	239	269	240
Loss ratio	(22.7%)	4.2%	-	-	-	-	-
Insurance service expense ratio	-	-	17.4%	13.2%	15.1%	17.9%	14.6%
Operating expense ratio*	23.2%	21.6%	9.1%	7.4%	8.0%	8.6%	7.9%
Combined ratio	0.5%	25.8%	26.5%	20.6%	23.1%	26.5%	22.5%
Net income	1,285	1,010	868	1,195	1,136	1,082	1,229
Return on equity	10.3%	9.8%	9.1%	12.5%	11.7%	11.0%	12.2%
Return on required equity	14.8%	11.8%	10.4%	14.0%	13.1%	11.9%	13.2%
Mortgage Funding							
Operating expense ratio	8.2%	7.8%	6.6%	6.2%	5.7%	5.7%	5.9%
Net income	545	558	650	727	794	816	794
Return on equity	24.6%	41.3%	55.4%	60.9%	64.1%	61.5%	52.4%
Economic capital available to economic capital required equity	136%	148%	230%	239%	239%	246%	260%
Economic return on required equity	17.5%	19.0%	25.0%	34.2%	37.8%	38.6%	37.1%

* Mortgage insurance operating expenses are lower starting in 2023, in part due to claims-related operating expenses that are included with Insurance service expense, and due to a larger proportion of Operating expenses incurred for the issuance of insurance contracts that are deferred and recognized over time, following the implementation of IFRS 17.

Net income decreases at the start of the planning period, and increases in 2024 to remain relatively stable over the remainder of the planning period. The decrease in 2022 is mainly due to higher insurance claims compared to 2021 when the provision for claims was reduced as a result of favourable economic conditions as the economy recovered from COVID-19. Net income decreases in 2023, due to slower earning patterns of Insurance revenue, following the implementation of IFRS 17 *Insurance Contracts*. Net income increases in 2024 mainly due to higher Insurance service result, and remains stable over the remainder of the planning period.

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. 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 programs and projects.

Main Activities

We deliver our mandate and pursue our strategy through three business activities, Assisted Housing, Mortgage Insurance and Mortgage Funding.

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.
- Government funding is received to fund assisted housing programs, including programs in response to circumstances of critical national importance.
- Low-cost loans are made available and housing support is provided to housing proponents. Lending programs are designed to operate on a break-even basis over the long-term.
- 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 help people living in Canada acquire affordable housing. Our work prioritizes target populations and those who have been made vulnerable and are facing housing challenges.

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.

Summary of Operating and Capital Budgets

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

Our 2023 Operating Budget of $736.7 million includes the following:

- Delivery of housing programs, including new program funding for existing and new programs received through Budget 2021 and Budget 2022.
- Development of our Corporate Data program to further strengthen governance, quality, and availability of data, as well as initiatives to fill critical data gaps.
- Delivery of our strategic results and enhancement of our capabilities and management systems, to efficiently deliver our products and programs.

Our 2023 Capital Budget of $6.0 billion includes investments for the following:

- $5.8 billion in loans and investments for the Rental Construction Financing initiative (RCFi), the National Housing Co-Investment Fund (NHCF), the Canada Greener Homes Loan (CGHL) initiative and other programs.
- Investment in technology and business premises. This includes investments in critical business systems such as our Mortgage Risking platform, part of our Homeowner Business Transformation, Client Relationship Management platform, and our Corporate Data program.

Key Financial Assumptions

Assisted Housing

Assumptions for our Assisted Housing activity over the planning period include fiscal 2021-2022 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. 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 Budget 2021:
  - the expansion of both the Affordable Housing Innovation Fund and Canada Housing Benefit;
- the following programs announced through Budget 2022:
  - the extension until March 31, 2025 of the First-Time Homebuyer Incentive;
  - expanded funding for the Rapid Housing Initiative (RHI);
  - the development and implementation of a Home Buyers' Bill of Rights;
  - engagement for the co-development and launch of an urban, rural, and Northern Indigenous housing strategy;
  - support of non-profits, co-operatives, developers, and rent-to own companies building new rent-to-own units, to be delivered under the existing Affordable Housing Innovation Fund;
  - the new one-time federal housing benefit that complements the Canada Housing Benefit.

Funding announced in Budget 2021 for the repurposing of funding for RCFi to be allocated to support the conversion of vacant commercial property into housing is not currently reflected in our plan, as required approvals are pending.

Funding announced in Budget 2022 for the following programs is not included in our plan as required approvals are pending:

- The development and launch of a new Housing Accelerator Fund;
- The advancement of funding of the National Housing Co-Investment Fund, so that all remaining funds will be delivered by 2025-2026;
- The reform of the RCFi which may include conversions of repayable loans to non-repayable loans;
- A new co-operative housing development program to expand co-operative housing in Canada, funded from RCFi and NHCF;
- Canada Greener Affordable Housing (CGAH), providing low-interest loans and grants to low-income housing providers.

Commercial Operations

Mortgage Insurance

Our planned homeowner business volumes increase over the planning period, as a result of the reversal in 2021 of the underwriting policy changes implemented in 2020. Our multi-unit insurance business volumes are expected to decrease in the early part of the planning period, due to lower refinance, and lower new construction volumes. Enhancements to the multi-unit flex program, following the launch of MLI Select in 2022, which advances affordability, accessibility and climate compatibility, are reflected in our plan. 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. Annual limits of guaranteed securities[1] of $150 billion for NHA MBS and $40 billion for CMBs are unchanged over the planning period. Our plan reflects a Tier-1 volume threshold of $9 billion per issuer, also unchanged through 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 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.

Guarantees-in-force, which are impacted by the timing of new issuances and maturities, are expected to gradually increase throughout the planning period, 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.

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

Capital Management

We manage capital to ensure that our commercial operations have adequate capital to deliver their mandate while remaining financially self-sustaining and also to follow prudent business practices and guidelines existing in the private sector as appropriate.[2] 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. We voluntarily follow guidelines set out by the Office of the Superintendent of Financial Institutions (OSFI).

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, temporary reallocation of capital from one commercial business line to the other not be sufficient to limit the impact to our capital levels, we may seek borrowings or 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* to address interest rate risk exposure on pre-payable loans as well as credit risk exposure on unsecured loans. Lending programs' earnings are retained in this reserve fund except for the unrealized fair value fluctuations as well as remeasurement gains and losses on defined benefit plans. Unrealized fair value market fluctuations and remeasurement losses on the defined benefit plan are absorbed in retained earnings until the time they are realized. Aside from the reserve fund, we do not hold capital for our Assisted Housing activities, as they do not present material financial risks to us that we do not already otherwise mitigate.

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

[2] Refer to appendix 1.4 Notes to the Consolidated Statements of Income and Comprehensive Income, and Notes to the Consolidated Statement of 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.

On July 21, 2022, OSFI released its final MICAT guideline that reflects the transition to IFRS 17 *Insurance Contracts* for fiscal years beginning on or after January 1, 2023. As part of this updated guideline, OSFI has made changes to adapt the guideline to IFRS 17, to introduce capital requirements on loss components of the insurance contract, and to specify credit risk requirements in a manner consistent with IFRS 9 Financial Instruments terminology. This guideline will be effective as of January 1, 2023 and is reflected in our 2023-2027 Corporate Plan. Our implementation of IFRS 17 is continuing and although our plan presents preliminary results, and we will continually reassess our projected capital position as we finalize our remaining transition activities, our finalized results may be materially different than those presented.

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

Following the suspension of dividends in 2020 due to economic uncertainty relating to the COVID-19 pandemic, we reintroduced the base dividend in 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 assumes the possibility of a small special dividend from Mortgage Funding starting in 2022. The plan does not assume any possible special dividends from our Mortgage Insurance activity. In addition, with rising interest rates and a higher proportion of variable rate mortgages written in the last two years, some of which do not have payments which automatically adjust to increasing rates, we will temporarily experience increased capital requirements that are not fully reflected in our Corporate Plan due to the timing of preparation and path of interest rates. The increased capital is driven by projected mortgage amortizations that temporarily increase until the next mortgage renewal date for variable rate loans that do not immediately adjust changes in interest rates. These temporarily elevated capital levels may decrease our MICAT ratio and also possible dividends. The ultimate impact is dependent on a number of factors including, but not limited to: the future path of interest rates, the proportion of new business under variable rate mortgages, actions taken by lenders and borrowers to adjust payments sooner than required as well as any actions or guidance that may be issued by the Office of the Superintendent of Financial Institutions as issuer of the MICAT framework. Our future actions will adjust in line with the outcome of these matters, which may include reconsidering our current base dividends to operate within our risk appetite for capital; if uncertainty is reduced, the payment of special dividends may be possible.

(in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Total surplus equity available for possible dividend declaration[1]	5,080	2,280	1,780	1,680	1,780	1,680	1,580

[1] The surplus capital available for possible dividend declaration is based on a number of assumptions, most notably the projected impact of the implementation of IFRS 17 *Insurance Contracts*, proposed changes to tax legislation related to the taxation of insurance contracts as part of the implementation of IFRS 17 issued by the Department of Finance as part of Budget 2022 and the revisions to the MICAT guideline as noted above. The amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria approved by the Board.

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 $5.6 billion as at June 30, 2022, and are expected to decrease to $2.2 billion by the end of 2027. 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 $521 million decline to the fair market value of the portfolio, which had a value of $15.8 billion as at June 30, 2022. 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 $132 million decline in the fair market value of the portfolio, which had a value of $3.4 billion as at June 30, 2022.

Credit Quality of Investment Portfolios

Exposure by Credit Rating (fixed income)
As at June 30, 2022

Credit Rating	Mortgage Insurance	Mortgage Funding
AAA	38%	100%
AA	22%	-
A	25%	-
BBB	15%	-
Average duration (years)	3.3	3.9

Asset Allocation of Portfolios

Allocation by Asset Type
As at June 30, 2022

Asset Type	Mortgage Insurance	Mortgage Funding
Canada fixed income	73%	-
U.S. fixed income	27%	-
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 2023-2027 Corporate Plan includes investments in key initiatives to make housing in Canada affordable, inclusive and accessible for all.

Our operating budget is higher in 2022 and at the start of the planning period, as a result of funding for new housing programs, and investments in our technology. In addition, we have embedded increases to account for inflationary pressures on personnel and non-personnel costs. The Operating budget is lower in the latter part of the planning period as programs and projects come to an end.

National Housing Strategy and other programs

Additional investments in housing, announced in Budget 2021 and in Budget 2022, require an increase in our resources to deliver these programs. Our operating budget includes funding for existing programs, new programs announced as outlined in our key assumptions section above and reprofiles requests that are subject to the approval of the Minister of Finance.

Technology

Our operating budget includes investments in technology, which enables us to deliver on our strategy and enhance our capability and management systems. These include investments to support our Commercial Operations, such as the Homeowner Business Transformation, which has modernized our portfolio mortgage loan insurance, and homeowner mortgage loan insurance claims and arrears functions. This transformation will focus on replacing our emili underwriting system over the next few years.

Investments to support our multi-unit insurance operations and our mortgage funding operations, are included in our operating budget.

Data

Our Corporate Data program is critical to the achievement of our strategy. Data and analytics enable the understanding of challenges in the housing system, raise awareness of those challenges, and influence solutions. This program includes prioritizing initiatives to further strengthen governance, quality, and availability of data, as well as initiatives to fill critical data gaps.

2021 Results | 2022 Estimate| 2023-2027 Plan

Operating Budget

(in millions of canadian dollars)	2021 Plan	2021 Actual	2022 Approved Plan	2022 Amended Plan*	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Personnel Costs										
Salary, fringe benefits and related costs (excluding pension expense)	299.9	283.1	314.6	326.6	310.4	337.8	328.9	321.0	323.0	323.1
Total personnel costs	**299.9**	**283.1**	**314.6**	**326.6**	**310.4**	**337.8**	**328.9**	**321.0**	**323.0**	**323.1**
Non-Personnel Costs										
Recruitment costs	0.8	0.8	0.9	0.9	1.1	1.2	1.0	1.0	1.0	1.0
Training	5.6	3.6	5.9	6.0	5.6	6.1	6.0	5.9	5.9	5.8
Transportation	4.2	0.8	4.3	4.5	5.3	8.0	8.3	7.2	7.1	6.9
Marketing and promotion	4.6	2.2	4.0	4.5	3.3	3.0	2.6	2.4	2.2	2.2
Hospitality and representation	0.7	0.1	0.8	0.8	0.5	0.8	0.8	0.8	0.8	0.8
Professional and technical services	128.6	63.5	138.0	251.4	256.6	166.2	137.8	127.2	99.3	80.4
Computer services	121.4	124.2	159.3	161.3	153.6	188.0	152.9	146.0	147.2	153.4
Business premises	10.7	12.1	13.1	13.1	10.8	10.0	6.9	6.4	5.7	5.8
Other	5.5	(14.0)	(5.5)	(5.2)	(6.8)	(5.7)	(0.9)	0.5	1.5	1.3
Total non-personnel costs	**282.1**	**193.3**	**320.8**	**437.3**	**430.0**	**377.6**	**315.4**	**297.4**	**270.7**	**257.6**
Total operating budget (before pension expense)	**582.0**	**476.4**	**635.4**	**763.9**	**740.4**	**715.4**	**644.3**	**618.4**	**593.7**	**580.7**
Pension/post-employment expense	60.9	77.6	43.6	43.6	66.5	21.3	17.6	14.7	14.6	14.6
Total operating budget (authority required)	**642.9**	**554.0**	**679.0**	**807.5**	**806.9**	**736.7**	**661.9**	**633.1**	**608.3**	**595.3**
Plus: Depreciation	49.3	48.0	33.7	33.7	34.4	41.9	45.2	47.6	46.8	43.7
Total operating budget (incl. depreciation)	**692.2**	**602.0**	**712.7**	**841.2**	**841.3**	**778.6**	**707.1**	**680.7**	**655.1**	**639.0**

* 2022 amended plan includes funding from Budget 2022.

Pension costs

Our defined benefit pension plan reflects the criteria of risk sharing, competitiveness and cost control. The cost of the defined benefit pension 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. Discount rates are expected to 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.

2021 actual operating budget (excluding depreciation) and 2022 performance at mid-year

- Actuals for 2021 were $88.9M lower than the 2021 Plan, mainly due to lower professional and technical service and lower salaries.
- For 2022, we are estimating total expenses will be close to plan. Underspend in personnel and non-personnel costs due to reprofiles and delays in projects is offset by higher pension costs due to lower than planned discount rate.

Full-time equivalents (FTEs)

	2021 Plan	2021 Actual	2022 Plan	2022 Amended Plan*	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Mortgage Insurance activity	1,081	875	969	969	906	955	906	896	899	904
Mortgage Funding activity	103	106	106	106	112	104	105	107	108	109
Assisted Housing activity	1,125	1,113	1,273	1,344	1,261	1,486	1,400	1,294	1,253	1,204
Total	**2,309**	**2,094**	**2,348**	**2,419**	**2,279**	**2,545**	**2,411**	**2,297**	**2,260**	**2,217**

* 2022 amended plan includes funding from Budget 2022.

FTEs were lower than plan in 2021 due to lower Mortgage Insurance and Assisted Housing FTEs. In 2022, FTEs are expected to be lower than the amended plan due to Assisted Housing and Mortgage Insurance FTEs. In 2023, FTEs are forecasted to increase compared to the 2022 estimate and the 2022 amended plan mainly due to increases in resources in Assisted Housing to support investments in housing.

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 2023 are $5.8 billion and include commitments for programs announced in Budget 2021 and 2022 as per our key assumptions.

Investments in technology and our Corporate Data program are included in our capital budget over the next years. The increase in total business premises and intangible assets in 2023 compared to the 2022 estimate, is primarily due to the postponement of some project work to 2023 including the Homeowner Business Transformation.

2021 actual capital budget and 2022 performance at mid-year

- In 2021, we made capital commitments of $4.4 billion, $1.4 billion lower than plan, primarily due to the lower commitments under RCFi and FTHBI and the Shared Equity Mortgage Provider fund (SEMP). This is mainly as a result of timing and delays in finalizing agreements.
- For 2022, our capital commitments are projected to be $5.3 billion; $0.3 billion lower than the amended plan due to reprofiling of FTHBI program commitments to 2023.

2021 Results | 2022 Estimate | 2023-2027 Plan

Capital Budget

(in millions of Canadian dollars)	2021 Plan	2021 Actual	2022 Plan*	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Direct Lending	227	172	176	165	132	128	127	130	131
Innovation Fund	15	18	30	30	37	36	36	36	9
Innovation Fund – RTO	-	-	-	15	20	20	20	20	5
RCFi	3,959	3,101	3,162	3,143	3,380	3,688	3,230	2,730	1,240
NHCF	1,012	1,048	1,479	1,279	1,181	965	965	965	758
FTHBI and SEMP	527	90	225	161	188	170	38	-	-
CGHL	66	-	459	459	886	624	525	131	-
Other	15	13	18	18	20	18	18	17	17
Total loans and investments	**5,821**	**4,442**	**5,549**	**5,270**	**5,844**	**5,649**	**4,959**	**4,029**	**2,160**
Business premises	7	7	11	5	7	2	2	2	2
Capital leases	2	3	2	2	1	-	-	-	-
Computer software and intangible assets	104	45	86	30	99	21	20	10	10
Total business premises and intangible assets	**113**	**55**	**99**	**37**	**107**	**23**	**22**	**12**	**12**
Total capital budget	**5,934**	**4,497**	**5,648**	**5,307**	**5,951**	**5,672**	**4,981**	**4,041**	**2,172**

* 2022 plan includes amended plan with new funding from Budget 2021 for the Innovation Fund of $30M.

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, 2022 to reach $21.3 billion, consisting of $17.4 billion to finance all lending programs and investments in housing, $3.6 billion under the IMPP, and $300 million in short-term borrowings to support corporate cash requirements.

Maximum borrowings outstanding for 2022 are forecasted to reach $26.5 billion to finance all lending programs and investments in housing, including $4.2 billion under the IMPP and up to $4 billion for cash and liquidity management. This is a decrease of $1.4 billion from the estimate in the previous plan, mainly due to a slower than expected intake of some lending programs, particularly FTHBI, and a higher than expected principal repayments in IMPP.

All borrowings are for the calendar year unless otherwise stated.

Borrowing authority

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

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

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

CMHC requests the following authorities:

Short-term borrowings to be undertaken in 2023

- 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 $6.5 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 2023

CMHC forecasts long-term borrowing of $5.1 billion and requests that the $6.5 billion long-term borrowing ceiling approved in 2022 be extended to 2023.

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.

2022 Borrowings: $659 million in new borrowings consisting of $456 million for long-term and $203 million for short-term borrowings.

2023 Borrowings: $437 million in new borrowings consisting of $303 million for long-term and $134 million for short-term borrowings.

Rental Construction Financing Initiative (RCFi)

The RCFi program received new funding of $12 billion through the 2020 Fall Economic Statement bringing the program to a total of $25.8 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, 2022, was $7.0 billion of which, the total principal undrawn and reinvested amounted to $3.6 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 in funding for RCFi to be allocated to support the conversion of vacant commercial property into housing.

2022 Borrowings: Up to $2.9 billion in new borrowings. The borrowing estimates fell by $269 million compared to the original plan mainly due to a slower intake than expected.

2023 Borrowings: Up to $3.3 billion in new borrowings.

National Housing Co-Investment Fund (NHCF)

The federal government committed up to $8.9 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. Not included in this plan is the advancement of $2.9 billion in funding of all remaining funds to be spent by 2025-2026 proposed in Budget 2022, which is pending approval. As of March 31, 2022, total borrowings under this program amounted to $1.5 billion of which $632 million was undrawn by proponents and reinvested.

2022 Borrowings: Up to $1.4 billion in new borrowings, which is $50 million lower than original plan.

2023 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 with funding of $1.3 billion available to Canadians the FTHBI was extended to March 31, 2025 through Budget 2022. Funding for the FTHBI consists of short-term borrowings rolled forward periodically on a net basis, which is total funding less any repayments. As at March 31, 2022, total FTHBI funding outstanding amounted to $270 million.

2022 Borrowings: Up to $130 million in new borrowings.

2023 Borrowings: Up to $153 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, 2022, total borrowings under the program were $5 million.

2022 Borrowings: Up to $31 million in new borrowings

2023 Borrowings: Up to $35 million in new borrowings.

Canada Greener Homes Loan Initiative (CGHL)

The Canada Greener Homes Loan (CGHL) initiative was launched in 2022 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.

2022 Borrowings: Up to $459 million in new short-term borrowings.

2023 Borrowings: Up to $886 million in new short-term borrowings, and the outstanding balance of $1.3 billion by the end of 2023.

Canada Greener Affordable Housing (CGAH)

The Canada Greener Affordable Housing (CGAH) stream of the Canada Greener Homes Loan Program for affordable housing providers, announced in Budget 2022, provides additional funding of $458.5 million starting in 2022-2023 (for a total of $680.4 million). The CGAH will provide low-interest loans and grants to low-income housing providers as part of the low-income stream of the Canada Greener Homes Loan program. Borrowings are not reflected in this Corporate Plan as required approvals are pending.

Innovation Fund – Rent-to-Own (RTO)

The Rent-to-Own initiative to be delivered through the Affordable Housing Innovation Fund announced in Budget 2022 provides funding of $200 million over five years starting in 2022-2023, including $100 million in loans.

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 $686 million as at March 31, 2022.

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 titled 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.

2022 Borrowings:

- Short-term borrowings: cash and liquidity management, lending and other loans and investments in housing up to $5.1 billion outstanding at any point during the year, including up to $387 million outstanding for the FTHBI and up to $459 million outstanding for the CGHL. The 2022 borrowing estimates are $514 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.

2023 Borrowings:

- Short-term borrowings: cash and liquidity management, lending and other loans and investments in housing up to $6.2 billion outstanding at any point during the year, including up to $534 million outstanding for the FTHBI and up to $1.3 billion 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 could continue to offer loans to businesses and Canadians that could 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 of June 30, 2022, total IMPP funding outstanding was $3.8 billion.

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

Outstanding Borrowings as at December 31

(in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Requested	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Short-term borrowings							
Cash and liquidity management	-	300	300	300	300	300	300
Direct Lending	106	100	100	100	100	100	100
Other loans and Investments	-	200	200	200	200	200	200
FTHBI	261	387	534	657	662	663	663
CGHL	-	459	1,337	1,856	2,194	2,075	1,790
Total short-term borrowings	**367**	**1,446**	**2,471**	**3,113**	**3,456**	**3,338**	**3,053**
Long-term borrowings							
Direct Lending	2,722	2,516	2,131	1,870	1,648	1,565	1,596
Other loans and Investments	1,224	1,107	949	747	585	443	338
MILP	728	629	525	418	312	246	195
Innovation Fund - RTO	-	15	20	20	20	20	5
RCFi	6,394	9,306	12,641	16,272	19,636	22,511	24,063
NHCF	1,227	2,640	4,076	5,262	6,383	7,494	8,505
SEMP	5	36	71	88	84	83	52
Total long-term borrowings excl. IMPP	**12,300**	**16,249**	**20,413**	**24,677**	**28,668**	**32,362**	**34,754**
Total borrowings excl. IMPP	**12,667**	**17,695**	**22,884**	**27,790**	**32,124**	**35,700**	**37,807**
IMPP	4,234	3,595	2,943	175	-	-	-
Total long-term borrowings incl. IMPP	**16,534**	**19,844**	**23,356**	**24,852**	**28,668**	**32,362**	**34,754**
Total borrowings incl. IMPP	**16,901**	**21,290**	**25,827**	**27,965**	**32,124**	**35,700**	**37,807**

Peaks at Any Point During the Year

(in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Requested	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Split by program							
Line of credit	-	-	-	-	-	-	-
Short-term borrowings	3,017	5,146	6,180	6,917	7,343	7,288	7,038
Cash and liquidity management[1]	2,650	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	106	100	100	100	100	100	100
Other loans and Investments	0	200	200	200	200	200	200
FTHBI	261	387	534	657	662	663	663
CGHL	0	459	1,346	1,960	2,381	2,325	2,075
Long-term borrowings	13,636	17,127	21,363	25,544	29,401	32,928	35,162
Direct Lending	3,774	3,178	2,819	2,428	2,109	1,922	1,732
Other loans and Investments	1,395	1,224	1,107	949	747	585	443
MILP	841	728	629	525	418	312	246
Innovation Fund - RTO	-	15	20	20	20	20	5
RCFi	6,394	9,306	12,641	16,272	19,636	22,511	24,148
NHCF	1,227	2,640	4,076	5,262	6,383	7,494	8,505
SEMP	5	36	71	88	88	84	83
Maximum outstanding borrowings							
Cash and liquidity management[1]	2,650	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	3,880	3,278	2,919	2,528	2,209	2,022	1,832
Other loans and Investments	1,395	1,424	1,307	1,149	947	785	643
MILP	841	728	629	525	418	312	246
Innovation Fund - RTO	-	15	20	20	20	20	5
RCFi	6,394	9,306	12,641	16,272	19,636	22,511	24,148
NHCF	1,227	2,640	4,076	5,262	6,383	7,494	8,505
FTHBI	261	387	534	657	662	663	663
SEMP	5	36	71	88	88	84	83
CGHL	-	459	1,346	1,960	2,381	2,325	2,075
Maximum outstanding excl. IMPP	16,653	22,273	27,543	32,461	36,744	40,216	42,200
IMPP	5,249	4,234	3,595	2,943	175	-	-
Maximum outstanding incl. IMPP	21,902	26,507	31,138	35,404	36,919	40,216	42,200

[1] Includes $4 billion contingency borrowing room to support unlikely calls on the Timely Payment Guarantee and other unforeseen liquidity needs.

Long-Term Borrowings as at December 31

(in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Requested	2024 Projected	2025 Projected	2026 Projected	2027 Projected
Opening balance	**10,347**	**13,223**	**17,173**	**21,338**	**25,602**	**29,593**	**33,287**
Maturities	**(1,336)**	**(878)**	**(949)**	**(867)**	**(733)**	**(567)**	**(407)**
Direct Lending	(1,052)	(662)	(688)	(558)	(461)	(357)	(136)
Other loans and Investments	(171)	(117)	(158)	(202)	(162)	(142)	(105)
MILP	(113)	(99)	(103)	(107)	(106)	(67)	(51)
Innovation Fund – RTO	-	-	-	-	-	-	-
RCFi	-	-	-	-	-	-	(84)
NHCF	-	-	-	-	-	-	-
SEMP	-	-	-	-	(4)	(1)	(31)
New issuances	**4,212**	**4,828**	**5,114**	**5,131**	**4,724**	**4,261**	**2,799**
Direct Lending	541	456	303	297	239	275	167
Innovation Fund – RTO	-	15	20	20	20	20	5
RCFi	2,826	2,913	3,320	3,611	3,344	2,855	1,616
NHCF	844	1,413	1,436	1,186	1,121	1,111	1,011
SEMP	1	31	35	17	0	0	0
Total excl. IMPP	**13,223**	**17,173**	**21,338**	**25,602**	**29,593**	**33,287**	**35,679**
IMPP							
Opening balance	5,249	4,234	3,595	2,943	175	-	-
Retirements	(1,015)	(639)	(652)	(2,768)	(175)	-	-
New issuances	-	-	-	-	-	-	-
Total IMPP	**4,234**	**3,595**	**2,943**	**175**	**-**	**-**	**-**
Total incl. IMPP	**17,457**	**20,768**	**24,281**	**25,777**	**29,593**	**33,287**	**35,679**
Split by type							
Fixed-rate	17,457	20,768	24,281	25,777	29,593	33,287	35,679
Floating-rate	-	-	-	-	-	-	-
Total	**17,457**	**20,768**	**24,281**	**25,777**	**29,593**	**33,287**	**35,679**

Information on Existing Leases as at December 31

CMHC does not plan to enter into any lessee arrangements greater than the regulatory threshold of 5% of total assets or $10 million, whichever is less, 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.

The mortgage funding Timely Payment Guarantee poses the most 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, 2021, as issued by the International Accounting Standards Board (IASB).

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

Significant accounting and other policies

Our 2021 Actual results and the 2022 Estimate are prepared according to IFRS 4. In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, which will replace IFRS 4 *Insurance Contracts* effective January 1, 2023, and our 2023-2027 Corporate Plan is prepared according to IFRS 17. Our plan includes an estimated impact of adopting IFRS 17, including as at January 1, 2022. The amounts are subject to change and actual results may be materially different as estimates and assumptions are refined and accounting policy decisions are finalized as part of our work toward full compliance.

Refer to our 2021 Annual Report for complete details on our significant accounting policies for 2021 Actual results and the 2022 Estimate. For the years 2023-2027 of our Corporate Plan, significant accounting policies have been revised for IFRS 17 and will be included in our 2023 Annual Report.

Under IFRS 17, insurance contract liabilities will include the present value of future insurance cash flows, adjusted for risk, as well as a contractual service margin and deferred acquisition costs, which will be released over the coverage period. Contractual service margin (CSM) will represent the difference between the premium received at inception and the present value of the risk-adjusted cash flows (that is, profit to be earned in the future). If this difference is negative at inception, the insurance contract would be considered onerous and the difference immediately recorded in income.

In August 2022, the Department of Finance issued draft legislation concerning the taxation of insurance contracts subsequent to the implementation of IFRS 17. The draft legislation follows the announcement as part of Budget 2022. The draft legislation proposes to impose income tax on the CSM in the year the insurance contract is issued, rather than tax profit over the period that the premium on mortgage loan insurance is recognized for accounting purposes. The proposed draft legislation is expected to be effective January 1, 2023 and is reflected in our 2023-2027 Corporate Plan, although not substantively enacted.

On February 4, 2022, the Department of Finance released draft legislation for public comment to amend the Income Tax Act (ITA), including the Excessive Interest and Financing Expenses Limitation (EIFEL) rules aimed at limiting the amount of interest and other financing expenses that businesses may deduct for income tax purposes based on a proportion of earnings, interest, taxes, depreciation and amortization as determined by Canadian tax principles to take effect for taxation years beginning after December 31, 2022. The legislation is broadly in line with the recommendations in the Action 4 report set out by the Organisation for Economic Co-operation and Development in respect of its Base Erosion and Profit Shifting Initiative. CMHC has submitted a response to the proposed legislation by the deadline of May 5, 2022. Should the proposed taxation changes be implemented, the impact thereof would be reflected in our 2024-2028 Corporate Plan.

Consolidated Balance Sheets

As at December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Assets							
Cash and cash equivalents	1,525	1,128	1,125	983	839	866	954
Accrued interest receivable	720	677	643	760	872	1,057	1,242
Investment securities:							
Fair value through profit or loss	289	149	169	174	179	187	197
Fair value through other comprehensive income	19,982	17,869	19,500	19,876	20,210	21,159	22,136
Amortized cost	2,817	3,648	3,496	3,190	3,309	3,117	2,188
Derivatives	31	2	1	-	-	-	-
Due from the Government of Canada	363	529	604	470	442	412	396
Loans:							
Fair value through profit or loss	500	487	395	472	443	401	362
Amortized cost	272,781	271,025	270,841	277,950	279,175	290,646	301,511
Accounts receivable and other assets	1,035	1,617	845	845	818	806	791
Investment property	314	319	357	374	391	409	431
Defined benefit plans asset	-	351	218	283	365	389	399
Deferred income tax assets	-	-	139	502	823	1,245	1,689
Total assets	**300,357**	**297,801**	**298,333**	**305,879**	**307,866**	**320,694**	**332,296**
Liabilities							
Accounts payable and other liabilities	650	932	1,484	1,323	1,045	1,166	1,193
Accrued interest payable	612	611	616	747	883	1,093	1,290
Derivatives	50	11	16	28	33	37	39
Provision for claims	310	237	15	17	18	19	17
Insurance contract liabilities	-	-	7,592	8,083	8,909	10,008	11,017
Borrowings:							
Fair value through profit or loss	475	382	223	148	21	-	-
Amortized cost	275,869	274,192	273,583	280,149	281,228	292,304	302,167
Defined benefit plans liability	250	123	162	165	167	168	170
Unearned premiums and fees	8,684	9,446	3,010	3,209	3,278	3,290	3,259
Deferred income tax liabilities	247	270	-	-	-	-	-
Total liabilities	**287,147**	**286,204**	**286,701**	**293,869**	**295,582**	**308,085**	**319,152**
Equity of Canada							
Contributed capital	25	25	25	25	25	25	25
Accumulated other comprehensive income (loss)	131	(1,376)	(621)	(647)	(667)	(624)	(536)
Retained earnings	13,054	12,948	12,228	12,632	12,926	13,208	13,655
Total equity of Canada	**13,210**	**11,597**	**11,632**	**12,010**	**12,284**	**12,609**	**13,144**
Total liabilities and equity of Canada	**300,357**	**297,801**	**298,333**	**305,879**	**307,866**	**320,694**	**332,296**

Notes to the Consolidated Balance Sheets

Assisted Housing

Total assets of $13.7 billion at December 31, 2021, increase over the planning period to $39.2 billion due to the significant take-up of our lending programs generated by the NHS initiatives including the RCFi and NHCF. Total liabilities also increase as we borrow from the government's CBP to finance our lending programs. Discount rates increase in 2022 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 $18.4 billion at December 31, 2021, increase to $22.4 billion over the planning period due to higher investment balances as a result of higher premiums received and investment income, and higher Deferred tax assets following the implementation of IFRS 17.

Total liabilities increase from $7.3 billion at December 31, 2021, to $12.1 billion in 2027 due to the fair value adjustment at transition to IFRS 17, and due to higher volumes and a slower earning pattern of CSM.

Total equity decreases from $11.1 billion at December 31, 2021, to $10.2 billion in 2027 due to unrealized losses on investments and dividend declarations, and adjustment to equity, that reduces equity, following the transition to IFRS 17.

Mortgage Funding

Total assets fluctuate over the planning period and increase from $269.1 billion at December 31, 2021, to $271.2 billion in 2027, mainly due to the net impact of issuances and maturities of securities held by the Canada Housing Trust (CHT), as well as increases in investment balances compared to 2021.

Total liabilities fluctuate over the planning period and increase from $267.6 billion at December 31, 2021, to $269.6 billion in 2027, mainly due to the net impact of issuances and maturities of securities held by the CHT.

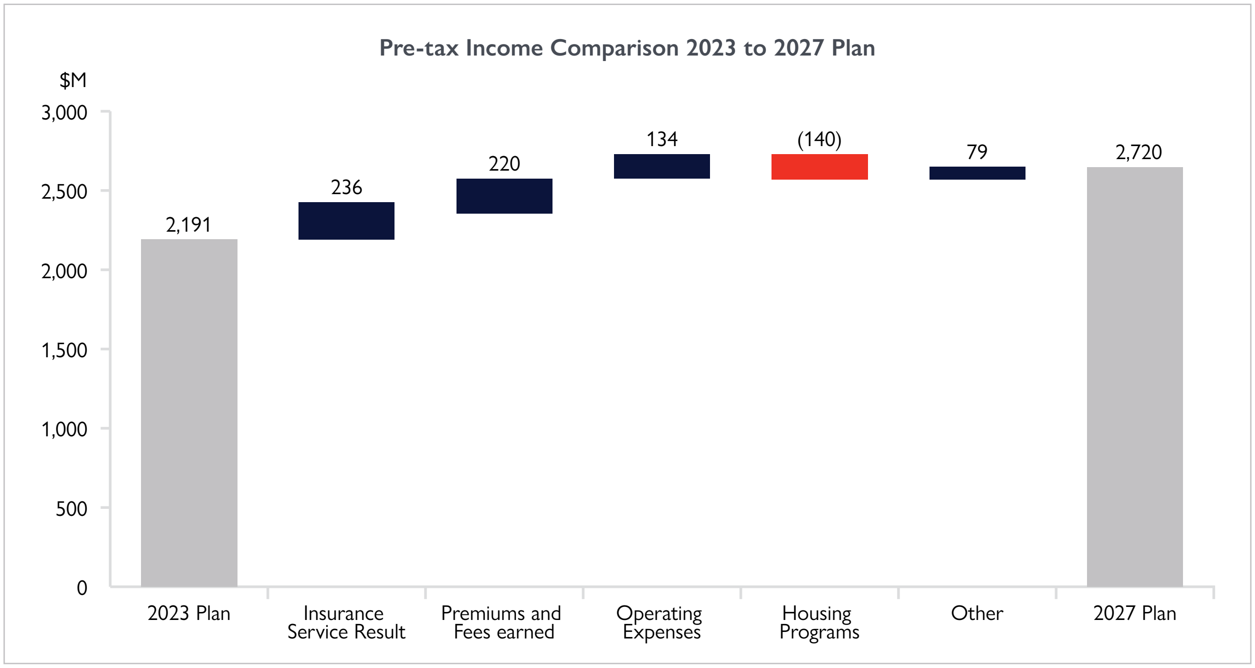
Total equity decreases initially from $1.5 billion at December 31, 2021 to $1.2 billion in 2022, mainly due to unrealized losses on investments in 2022, and increases to $1.6 billion in 2027, due to net income gradually increasing over the planning period and unrealized gains offset by dividend payments.

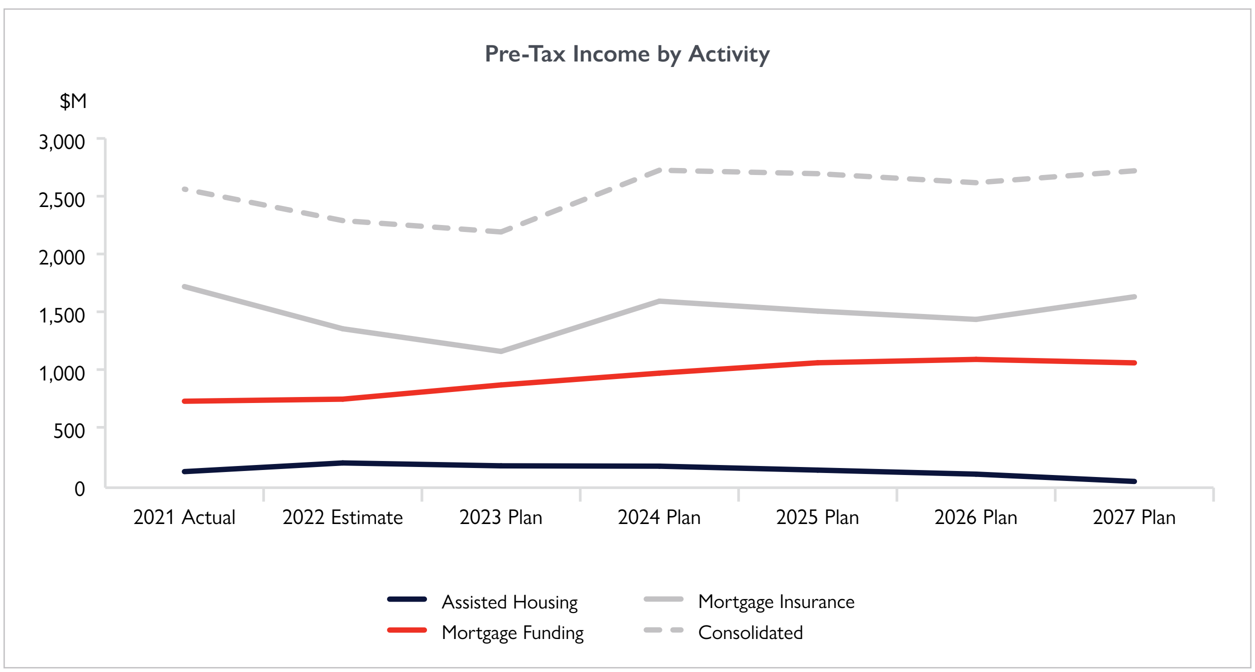
Consolidated Statements of Income and Comprehensive Income

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Interest income	4,472	4,808	4,889	5,057	5,581	6,612	7,766
Interest expense	(4,469)	(4,734)	(4,820)	(4,990)	(5,512)	(6,527)	(7,652)
Net interest income	**3**	**74**	**69**	**67**	**69**	**85**	**114**
Insurance revenue	-	-	1,412	1,646	1,580	1,504	1,642
Insurance service expense	-	-	(246)	(217)	(239)	(269)	(240)
Insurance service result	**-**	**-**	**1,166**	**1,429**	**1,341**	**1,235**	**1,402**
Investment income	343	372	508	627	693	772	850
Net gains (losses) on financial instruments	123	87	21	85	17	(28)	(116)
Insurance finance expense for insurance contracts issued	-	-	(260)	(303)	(347)	(397)	(453)
Net financial result	**466**	**459**	**269**	**409**	**363**	**347**	**281**
Government funding for housing programs	3,668	4,702	5,516	3,586	3,340	3,094	3,023
Housing programs expenses	(3,359)	(4,181)	(5,099)	(3,216)	(3,009)	(2,798)	(2,746)
Premiums and fees earned	2,115	2,190	877	977	1,086	1,121	1,097
Operating expenses	(693)	(919)	(628)	(576)	(543)	(512)	(494)
Other income	44	25	21	49	48	45	43
Insurance claims	317	(61)	-	-	-	-	-
Income before income taxes	**2,561**	**2,289**	**2,191**	**2,725**	**2,695**	**2,617**	**2,720**
Income taxes	(637)	(567)	(547)	(678)	(672)	(653)	(678)
Net income	**1,924**	**1,722**	**1,644**	**2,047**	**2,023**	**1,964**	**2,042**
Other comprehensive income (loss), net of tax **Items that will be subsequently reclassified to net income**							
Debt investments at – fair value through other comprehensive income							
Net change in fair value	(347)	(1,517)	534	24	(18)	56	94
Net amount reclassified to net income (loss)	(129)	10	61	3	17	12	15
Insurance finance income (expense) for insurance contracts issued	-	-	(56)	(53)	(19)	(25)	(21)
	(476)	**(1,507)**	**539**	**(26)**	**(20)**	**43**	**88**
Items that will not be subsequently reclassified to net income							
Equity investments – net change in fair value	-	-	-	-	-	-	-
Defined benefit plans – remeasurement	267	452	(68)	37	51	(2)	(15)
	267	**452**	**(68)**	**37**	**51**	**(2)**	**(15)**
Total other comprehensive income (loss), net of tax	**(209)**	**(1,055)**	**471**	**11**	**31**	**41**	**73**
Total comprehensive income	**1,715**	**667**	**2,115**	**2,058**	**2,054**	**2,005**	**2,115**

Notes to the Consolidated Statements of Income and Comprehensive Income

Our net income is primarily generated from our commercial activities. Pre-tax income is projected to decrease in 2022 and in 2023, and we expect it to increase in 2024 and remain stable over the remainder of the planning period. In 2023, the earning of insurance revenue is expected to be slower following the implementation of IFRS 17 resulting in a lower Income before taxes, which increases in 2024 and remains stable over the planning period.





Assisted Housing

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Net interest income	(30)	44	43	43	51	67	95
Net financial result	107	148	121	92	50	3	(86)
Government funding for housing programs	3,668	4,702	5,516	3,586	3,340	3,094	3,023
Housing programs expenses	(3,359)	(4,181)	(5,099)	(3,216)	(3,009)	(2,798)	(2,746)
Operating expenses[1]	(299)	(540)	(433)	(387)	(348)	(314)	(295)
Other income	30	19	19	46	46	43	41
Income before income taxes	**117**	**192**	**167**	**164**	**130**	**95**	**32**
Income taxes	(26)	(50)	(48)	(45)	(38)	(30)	(14)
Net income	**91**	**142**	**119**	**119**	**92**	**65**	**18**

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

Housing programs operate on a break-even basis over the long-term 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.

We continue to invest in the RHI until 2023. In 2024, 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 increased size of our NHS programs. In addition, the accretion of fair value adjustments resulting from issuing below market rate borrowings under the CBP for both the RCFi and NHCF are included in interest expense. This is offset by a larger accretion of fair value adjustments resulting from issuing NHCF loans at lower-than market interest rates, which is included in interest income.

Other income mainly increases over the planning period due to the recovery of losses on NHCF loans as well as recovery of Interest expense for CGHL and FTHBI.

Total government funding for housing programs

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. This is removed to present government funding for housing programs. Also included is emergency funding provided through the 2021 Federal Budget to Granville Island in response to the pandemic. Refer to the section below on Granville Island for more information.

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Government funding for housing programs	3,833	5,062	5,957	4,036	3,794	3,546	3,409
Allocated to commercial operations	72	139	176	147	144	144	131
Allocated to lending activities	91	213	258	303	310	308	255
Funding for Granville Island Emergency Relief Fund	2	8	7	-	-	-	-
Total government funding for housing programs	**3,668**	**4,702**	**5,516**	**3,586**	**3,340**	**3,094**	**3,023**

Commercial Operations

Mortgage Insurance

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Insurance service result	-	-	1,166	1,429	1,341	1,235	1,402
Net financial result	324	272	82	232	227	247	263
Premiums and fees earned	1,399	1,439	34	49	68	84	98
Operating expenses	(324)	(311)	(129)	(122)	(127)	(129)	(130)
Other income	(2)	(2)	(5)	(4)	(4)	(4)	(4)
Insurance claims	317	(61)	-	-	-	-	-
Income before income taxes	**1,714**	**1,337**	**1,148**	**1,584**	**1,505**	**1,433**	**1,629**
Income taxes	(429)	(327)	(280)	(389)	(369)	(351)	(400)
Net income	**1,285**	**1,010**	**868**	**1,195**	**1,136**	**1,082**	**1,229**

Following the implementation of IFRS 17 in 2023, earning of insurance premiums is presented in Insurance revenue, included with Insurance service result, net of Insurance service expense. Previously, insurance revenue was recorded in Premiums and fees earned, and claims-related expenses in Insurance claims, as presented in the table above in 2021 and 2022. Insurance service results is lower in 2023 due to slower earning of Insurance revenue following the implementation of IFRS 17 in 2023, that increase in 2024 to remain stable over the planning period. The increase in 2024 is due to the earning of non-CSM related components at a faster rate than 2023, which results in higher Insurance service result. Insurance service expense, part of the Insurance service result under IFRS 17, include claims related expenses and are stable over the planning period.

Net financial result includes Investment income and Net gains (losses) on financial instruments, and starting in 2023 following the implementation of IFRS 17, they are net of Insurance finance expense for insurance contracts issued. Net financial result is lower in 2023, due to Insurance finance expense for insurance contracts issued following the implementation of IFRS 17, and losses on financial instruments due to higher rates at the start of the planning period. Losses on financial instruments are lower the following years, and Investment income increases due to higher investment balances and rates, resulting in an increase to Net financial result that remains stable over the following years. Insurance claims are low in 2022, and increase compared to 2021 due to a lower provision for claims in 2021, as provisions established in the pandemic were reversed in 2021.

Operating expenses are lower starting in 2023 and remain stable over the planning period. Operating expenses are lower following the implementation of IFRS 17 in 2023, as claims-related operating expenses are accounted with Insurance Service Expense under IFRS 17, part of Insurance Service results. In addition, a larger proportion of Operating expenses incurred for the issuance of insurance are deferred and recognized over time following the implementation of IFRS 17 resulting in lower Operating expenses.

(in millions of Canadian dollars, unless otherwise indicated)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Insurance-in-force (in $ billions)	401	396	398	401	407	415	422
Total new insured volumes (units)	264,165	279,441	260,321	257,812	267,080	269,413	260,376
Total new insured volumes ($)	56,525	68,025	63,495	64,797	68,388	70,590	70,517
Total premiums and fees received	1,802	1,987	2,009	2,069	2,280	2,371	2,339

Mortgage Funding

(in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Net interest income	8	8	8	8	8	8	8
Net financial result	56	45	75	93	95	106	114
Guarantee and application fees earned	716	751	843	928	1,018	1,037	999
Operating expenses	(70)	(68)	(66)	(67)	(68)	(69)	(69)
Other income	16	8	7	7	6	6	6
Income before income taxes	**726**	**744**	**867**	**969**	**1,059**	**1,088**	**1,058**
Income taxes	(181)	(186)	(217)	(242)	(265)	(272)	(264)
Net income	**545**	**558**	**650**	**727**	**794**	**816**	**794**

(in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Guarantees-in-force[1]	461	471	479	479	492	504	512
NHA MBS	202	216	230	230	241	246	246
CMB	259	255	249	249	251	258	266
Total annual securities guaranteed	184	182	182	182	182	182	182
NHA MBS	144	142	142	142	142	142	142
CMB	40	40	40	40	40	40	40
Total guarantee and application fees received	1,008	1,018	1,001	1,001	1,001	1,001	1,001
NHA MBS	841	851	834	834	834	834	834
CMB	167	167	167	167	167	167	167

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

Guarantee and application fees earned increase over the planning period mainly due to higher pricing on Tier-1 and Tier-2 NHA MBS effective on January 1, 2021.

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

Consolidated Statement of Equity of Canada

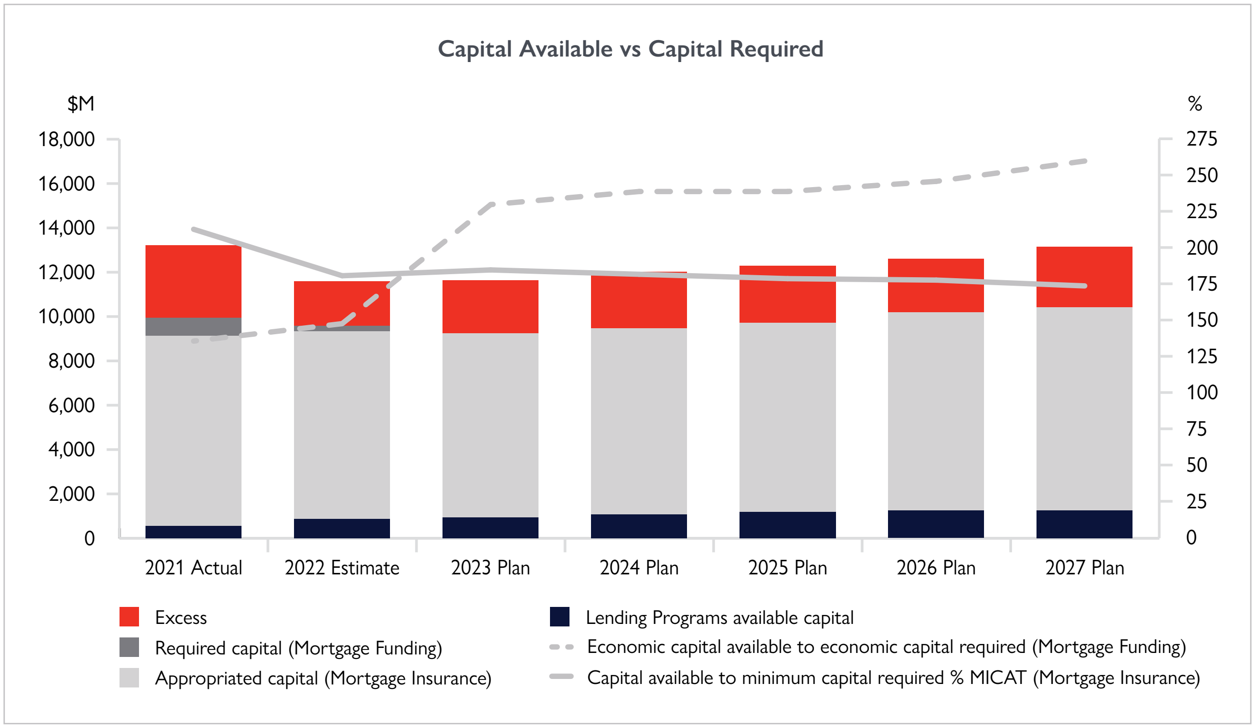
Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Contributed capital	**25**	**25**	**25**	**25**	**25**	**25**	**25**
Accumulated other comprehensive income (loss)							
Fair value reserve balance at beginning of year	607	131	(1,376)	(781)	(754)	(755)	(687)
Other comprehensive income (loss) – fair value	(476)	(1,507)	595	27	(1)	68	109
Fair value reserve balance at end of year	**131**	**(1,376)**	**(781)**	**(754)**	**(755)**	**(687)**	**(578)**
Opening insurance finance reserve	-	-	-	160	107	88	63
Impact of adopting IFRS 17	-	-	216	-	-	-	-
Restated opening insurance finance reserve	-	-	216	-	-	-	-
Other comprehensive income (loss) – insurance finance reserve	-	-	(56)	(53)	(19)	(25)	(21)
Insurance finance reserve balance at end of year	**-**	**-**	**160**	**107**	**88**	**63**	**42**
Total accumulated other comprehensive income	**131**	**(1,376)**	**(621)**	**(647)**	**(667)**	**(624)**	**(536)**
Retained earnings							
Opening retained earnings	15,943	13,054	12,948	12,228	12,632	12,926	13,208
Impact of adopting IFRS 17*	-	-	(516)	-	-	-	-
Restated opening retained earnings	-	-	12,432	-	-	-	-
Net income	1,924	1,722	1,644	2,047	2,023	1,964	2,042
Other comprehensive income (loss)	267	452	(68)	37	51	(2)	(15)
Possible dividends declared[1]	(5,080)	(2,280)	(1,780)	(1,680)	(1,780)	(1,680)	(1,580)
Total retained earnings	**13,054**	**12,948**	**12,228**	**12,632**	**12,926**	**13,208**	**13,655**
Equity of Canada	**13,210**	**11,597**	**11,632**	**12,010**	**12,284**	**12,609**	**13,144**

[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 approved by the Board.

* Our plan includes an estimated impact of adopting IFRS 17. The amounts are subject to change as estimates are refined and we work toward full compliance.

Notes to the Consolidated Statement 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

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Retained earnings	503	803	860	983	1,082	1,123	1,104
Reserve fund[1]	41	63	69	82	98	119	147
Available capital	**544**	**866**	**929**	**1,065**	**1,180**	**1,242**	**1,251**
Contributed capital	25	25	25	25	25	25	25
Total equity	**569**	**891**	**954**	**1,090**	**1,205**	**1,267**	**1,276**

[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 2022. Then, they will continue to increase 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

Year ended December 31 (in millions unless otherwise indicated)	**2021 Actual**	**2022 Estimate**	**2023 Plan**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**
Accumulated other comprehensive income (loss)	86	(1,225)	(577)	(619)	(652)	(620)	(545)
Appropriated retained earnings	8,488	9,678	8,889	9,017	9,168	9,555	9,699
Appropriated capital	**8,574**	**8,453**	**8,312**	**8,398**	**8,516**	**8,935**	**9,154**
Unappropriated retained earnings	2,578	1,058	1,190	1,277	1,288	984	1,065
Total mortgage insurance capital	**11,152**	**9,511**	**9,502**	**9,675**	**9,804**	**9,919**	**10,219**
Less: assets with a capital requirement of 100%	(88)	(227)	(167)	(424)	(560)	(297)	(540)
Total mortgage insurance capital available	**11,064**	**9,284**	**9,335**	**9,251**	**9,244**	**9,622**	**9,679**
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)	213%	181%	185%	182%	179%	178%	174%
Surplus equity available from mortgage insurance for possible dividend declaration[2]	3,250	1,600	1,000	1,000	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.

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 2022 Capital Adequacy Assessment confirmed our internal and operating targets, of the minimum capital required; OSFI's minimum regulatory capital target is 150%.

The Mortgage Insurance activity equity decreases starting in 2022 due to unrealized losses on investments in 2022, adjustments to equity following the transition to IFRS 17 in 2023, and dividend declarations, as our expected dividend declarations offset annual net income. Refer to the Mortgage Insurance section of the Notes to the Consolidated Balance Sheets for details.

Mortgage Funding

Year ended December 31 (in millions unless otherwise indicated)	**2021 Actual**	**2022 Estimate**	**2023 Plan**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**
Accumulated other comprehensive income (loss)	5	(212)	(105)	(89)	(76)	(65)	(52)
Appropriated retained earnings	811	461	105	89	76	65	52
Appropriated capital	**816**	**249**	**-**	**-**	**-**	**-**	**-**
Unappropriated capital	699	939	1,162	1,225	1,254	1,401	1,626
Total mortgage funding capital available	**1,515**	**1,188**	**1,162**	**1,225**	**1,254**	**1,401**	**1,626**
Economic capital available to economic capital required (%)	136%	148%	230%	239%	239%	246%	260%
Economic return on required equity (%)	17.5%	19.0%	25.0%	34.2%	37.8%	38.6%	37.1%
Possible dividend considering capital floor and liquidity restraints[1]	1,830	680	780	680	780	680	580

[1] Surplus capital available for possible dividend declaration is based on a number of assumptions, and the amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria in our dividend proposal approved by our Board.

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 2022 ORSA.

The Mortgage Funding Appropriated capital is nil starting in 2023, no additional capital is required as there is sufficient capital with our Mortgage Funding unearned premiums and fees. The Mortgage Funding activity equity decreases initially and slowly increases over the planning period due to increasing net income, partially offset by dividend declarations. Refer to the Mortgage Funding section of the Notes to the Consolidated Balance Sheets for details.

Consolidated Statements of Cash Flows

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Cash flows from operating activities							
Net income	1,924	1,722	1,644	2,047	2,023	1,964	2,042
Adjustments to determine cash flows from operating activities							
Amortization of premiums and discounts on financial instruments	135	(24)	58	142	194	239	271
Net losses (gains) on financial instruments	(289)	(164)	(173)	(270)	(209)	(145)	(39)
Deferred income taxes	27	23	(409)	(363)	(321)	(422)	(444)
Depreciation, amortization and impairment of fixed and intangible assets	54	34	41	45	47	47	44
Net unrealized gains on investment property	(31)	-	-	-	-	-	-
Changes in operating assets and liabilities							
Derivatives	128	(10)	6	13	5	4	2
Accrued interest receivable	(6)	43	34	(117)	(112)	(185)	(185)
Due from the Government of Canada	(55)	(166)	(75)	134	28	30	16
Accounts receivable and other assets	46	(582)	772	-	27	12	15
Accounts payable and other liabilities	(66)	282	552	(161)	(278)	121	27
Accrued interest payable	39	(1)	5	131	136	210	197
Provision for claims	(425)	(73)	(222)	2	1	1	(2)
Insurance contract liabilities	-	-	7,592	491	826	1,099	1,009
Defined benefit plans	5	36	(26)	(16)	(19)	(24)	(26)
Unearned premiums and fees	663	762	(6,436)	199	69	12	(31)
Other	(12)	245	(963)	(552)	(609)	(734)	(835)
Loans							
Repayments	40,259	42,430	45,832	38,278	41,569	33,321	33,183
Disbursements	(42,240)	(44,867)	(46,063)	(46,345)	(45,307)	(44,642)	(43,923)
Borrowings							
Repayments	(47,613)	(45,576)	(51,193)	(45,479)	(50,043)	(41,772)	(41,401)
Issuances	51,108	48,274	51,504	53,044	53,768	52,968	51,333
	3,651	**2,388**	**2,480**	**1,223**	**1,795**	**2,104**	**1,253**
Cash flows from investing activities							
Investment securities							
Sales and maturities	14,006	11,329	10,196	10,120	10,007	9,437	9,336
Purchases	(13,539)	(11,834)	(10,899)	(9,805)	(10,166)	(9,834)	(8,921)
Other	186	-	-	-	-	-	-
	653	**(505)**	**(703)**	**315**	**(159)**	**(397)**	**415**

(continued)

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Cash flows from financing activities							
Possible dividends paid	(5,080)	(2,280)	(1,780)	(1,680)	(1,780)	(1,680)	(1,580)
Change in cash and cash equivalents	(776)	(397)	(3)	(142)	(144)	27	88
Cash and cash equivalents							
Beginning of year	2,301	1,525	1,128	1,125	983	839	866
End of year	1,525	1,128	1,125	983	839	866	954
Represented by							
Cash	98	-	-	-	-	-	-
Cash equivalents	1,427	1,128	1,125	983	839	866	954
	1,525	**1,128**	**1,125**	**983**	**839**	**866**	**954**
Supplementary disclosure of cash flows from operating activities							
Amount of interest received during the period	5,474	5,586	5,492	5,245	5,699	6,516	7,691
Amount of interest paid during the period	4,999	5,252	5,266	5,072	5,511	6,279	7,409
Amount of dividends received during the period	13	20	25	26	27	28	30
Amount of incomes taxes paid (refunded) during the period	556	470	(80)	1,079	1,242	954	1,132

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, FTHBI and CGHL programs. Cash generated from our borrowing increases significantly in parallel to fund the loans.

Any excess funding held 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.

Commercial Operations

Mortgage Insurance

Cash flows for the Mortgage Insurance Activity are mainly generated from Premiums and fees received. Premiums and fees received increase over the planning period due to increased volumes. 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 has been operating and managing the Island, uninterrupted ever since.

In 2020 and 2021, as an agent Crown corporation, CMHC facilitated obtaining federal funding to support Granville Island. For the 2021-2022 fiscal year, Granville Island accessed $6.7 million in direct funding to offset the impacts related to the COVID-19 pandemic. Granville Island had originally 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. The unused amounts ($15 million) have been approved via a reprofile for use during the 2022-2023 fiscal year. The $3.1 million Net income for the 2021/2022 fiscal year reflects the reserve replenishment and capital costs allocated from the COVID-19 pandemic funding.

Granville Island Statements of Income (audited financial statements)

(in $ millions of Canadian dollars)	2021/ 2022 Actual	2022/ 2023 Plan	2022/ 2023 Estimate	2023/ 2024 Plan	2024/ 2025 Plan	2025/ 2026 Plan	2026/ 2027 Plan	2027/ 2028 Plan
Total revenues and government funding	19.9	14.5	18.8	16.8	17.1	17.4	17.7	18.1
Total expenses	15.3	14.9	16.7	16.4	16.8	17.1	17.4	17.8
Amortization	1.5	2.0	2.1	3.2	3.0	2.9	2.8	2.7
Net income (loss)	3.1	(2.4)	0.0	(2.8)	(2.7)	(2.6)	(2.5)	(2.4)

In 2022-2023, any operating revenue shortfall will be offset by the reprofiled government funding and will allow Granville Island to maintain expenditures at pre-pandemic levels. The planned $1.4 million increase in expenditures in 2022/2023 compared to 2021/2022 actuals is due to wage increases and staffing previously unfilled vacancies, increase in Communications and Marketing expenses, higher insurance costs, and increased expenditures for Consulting fees. Capital acquisitions for 2022-2023 are planned to be $12.5 million. The budget is based on completing nearly $10 million in improvements to facilitate re-tenanting of vacant spaces as part of the COVID-19 pandemic funds. In addition to that, funds have been budgeted for maintaining and improving aging infrastructure and asset enhancements, which include building envelope upgrades, seawall upgrades, and improvements to the exterior lighting.

In 2023-2024 and future years, it is assumed no further COVID related funding will be available and that economic conditions will continue to improve and a return to positive earnings (before amortization).

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. It is based on our best estimate of future events.

We also define a reasonably plausible downside scenario, which assumes a more pessimistic view from the base plan scenario. The downside scenario assumes stronger inflation pressures and more elevated inflation expectations than in the baseline. The Bank of Canada responds more aggressively to slow down the economy, minimize excess demand and bring inflation back to its 2% target. The policy interest rate remains above the neutral rate of 2.5% throughout 2023. The recession starting in late 2022 is deeper and longer than in the baseline. Similarly, a slowdown in the housing market is expected to persist throughout 2023.

Application to CMHC's Business Activities

Impacts of this downside scenario are not quantified for our 2023-2027 Corporate Plan (refer to Appendix 5 Stress Testing for more severe scenarios and their financial impacts) and would be expected to impact our Mortgage Insurance activity, requiring close monitoring and potential implementation of management actions.

We expect no material impacts to our insurance volumes. Insurance claims under the downside scenario would be expected to be slightly higher compared to the base scenario due to less favourable economic outcomes.

Our Mortgage Funding activity is not expected to be significantly impacted by this scenario, as we do not anticipate any lender defaults. We expect to remain adequately capitalized with this scenario.

We expect no impact to our Assisted Housing activity with this downside scenario.

Appendix 1.6: Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of CMHC, I have reviewed the 2023-2027 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:

- The nature and extent of the proposal are 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, current economy volatility and our transition to IFRS 17 *Insurance Contracts*. We will evaluate our capital management and dividend policies regularly in order to continue to support the Canadian housing market.
- 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.**
- 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.**
- 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.**
- 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.**
- 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: October 26, 2022

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, Housing Affordability, Pension Fund Trustees) mandates are available on our website **cmhc.ca**. In 2022, the Board revised its Affordable Housing Committee and renamed it the Housing Affordability Committee to align with CMHC's long-term goal of housing affordability. The mandate was also reviewed and adjusted to ensure an appropriate level of oversight over the company's housing activities, including the National Housing Strategy, and government priorities.

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, Board meetings have been held virtually since 2020. Moving forward, the Board will aim to resume in-person meetings to the extent possible, following public health guidelines to ensure the health and safety of members and guests.

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 compared to the boards of other Crown corporations and financial institutions.

Compensation and Attendance Record

January to June 30, 2022

		Committees						
Members	Compensation	Board of Directors	Governance and Nominating	Audit	Human Resources	Risk Management	Affordable Housing	Pension Fund Trustees
Janice Abbott	7,100	5/5	2/2	-	-	-	1/1	-
Derek Ballantyne	12,423	5/5		-	-	-	-	-
Romy Bowers	n/a	5/5	1/2	-	-	-	-	2/2
Navjeet (Bob) Dhillon	7,100	5/5	-	-	1/1	-	1/1	-
Anne Giardini*	6,697	5/5	2/2	1/2	-	-	-	1/2
Kelly Gillis	n/a	5/5	2/2	-	-	-	1/1	-
André Hébert	7,100	5/5	-	-	-	2/2	1/1	-
Gordon Laing	7,100	5/5	-	2/2	-	2/2	-	-
Linda Morris	7,600	5/5	-	-	1/1	2/2	-	-
Michael Sabia**	n/a	4/5	-	1/2	-	0/2	-	-
Chris Sicotte***	0	0/5	-	-	-	-	-	-

* term ended on April 27, 2022
** participation by member or delegate
*** appointed on June 23, 2022

Board of Directors

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

Romy Bowers
President and Chief Executive Officer
(April 6, 2021 – April 5, 2026)

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

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

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

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)

Linda Morris
Chair of the Human Resources Committee
(December 14, 2017 – December 13, 2021)
Continues in office until an appointment is made

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

Christopher Sicotte
(June 23, 2022 – June 22, 2026)

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 people in Canada and develop new client-focused products and services to meet those needs.

Kathleen Devenny

Chief Risk Officer

As Chief Risk Officer, Kathleen Devenny ensures CMHC has the capabilities and systems in place to allow the company to take calculated risks. She joined the company in 2015, after a 20-year career in senior roles in the financial services industry, public accounting, and internal audit. This prepared her for a succession of increasingly senior positions at CMHC, and for her current task of building and maintaining the company's strong risk culture in pursuit of its 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 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 all people in Canada.

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

Senior Vice-President, Corporate Affairs and 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, Lisa gained throughout her various roles a strong understanding of corporate strategy and the role of various business lines in helping people in Canada meet their housing needs.

Our Management Team

Caroline Bilodeau
Vice-President, People and Culture

Mark Chamie
Vice-President, Treasury, and Investments

André Charbonneau
Deputy Chief Financial Officer

Samir Chhelavda
Vice-President, Audit and Evaluation

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

Riaz Kara
Vice-President, Equity

Amélie Lecompte
Chief Information Officer

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

Marie-Anna Murat
Vice-President, Communications and Marketing

Stéphane Poulin
Vice-President, Data, Research and Insight

Camille Ringrose
Deputy Chief Risk Officer

Patricia Roset-Zuppa
Vice-President, Policy Development

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

Debbie Stewart
Vice-President, Innovation and Partnerships

Mark Young
General Counsel

Position to be filled
Vice-President, Climate Change

Appendix 3 – Planned Results and CEO Commitment

CMHC seeks approval of its 2023-2027 Corporate Plan, including the 2023 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 Measure(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	120,000 units in 2023	Administrative data/ Strategy Execution Report
	Incremental affordable housing funding	$100M in 2023	Administrative data/ Strategy Execution Report
Barriers to building or renovating housing are removed.	# of units new, repaired and assisted by CMHC programs	350,000 units in 2023	Administrative data/ Strategy Execution Report
	% of units supported located in markets with greatest need of new and/or improved rental supply	65% in 2023	Administrative data/ Strategy Execution Report
The housing system advances climate compatibility.	Ratio of climate-compatible dwelling units/total dwelling units (including retrofits) supported by CMHC	14% in 2023	Administrative data/ Strategy Execution Report

Medium-Term Results

Outcome(s)	Performance Measure(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	368,000 units in 2023-2025	Administrative data/ Strategy Execution Report
	Incremental affordable housing funding	$300M in 2023-2025	Administrative data/ Strategy Execution Report
Systemic racism, inequities and other barriers to access are removed.	Under development*		
Current and future housing needs and supply gaps are understood by system participants.	Measure around engagement rate with digital content published on current and future housing needs and supply gaps	Establishing baseline/ Target to be set in 2023	Web analytics

* Development of these performance measures is ongoing and expected to be substantially completed by 2023

(continued)

Outcome(s)	Performance Measure(s)	Target(s)	Data Source
Barriers to building or renovating housing are removed.	# of units new, repaired and assisted by CMHC programs	1,045,000 units in 2023-2025	Administrative data/ Strategy Execution Report
	% of units supported located in markets with greatest need of new and/or improved rental supply	65% in 2023-2025	Administrative data/ Strategy Execution Report
Current and future financial, environmental and social vulnerabilities, including racism and discrimination, to the housing system are understood and tempered.	Under development*		
The housing system advances climate compatibility.	Ratio of climate-compatible dwelling units/total dwelling units (including retrofits) supported by CMHC	15% by 2025	Administrative data/ Corporate Performance Report
Housing is in the spirit of Reconciliation.	Under development*		

* Development of these performance measures is ongoing and expected to be substantially completed by 2023.

Long-Term Result

Outcome(s)	Performance Measure(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 needs.	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

* Data sources will be identified in 2023.

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: October 26, 2022

Appendix 4 – Summary of Risks and Responses

CMHC's risk management activities are structured around three risk categories. The table below provides information for each risk category (as of June 30, 2022), including an assessment of residual risk ("remaining risk" after CMHC's mitigation (response)).

Risk Category	Risk Description	Risk Summary	Response	Residual Risk as of Q2 2022
Strategic Risk	Effect of uncertainties related to decisions including strategy development and translation into one measurable action plan; and/or agility to adapt to changes in environment that could affect the achievement of our strategy. Strategic risk is divided into six subcategories: strategy development, strategic alliance, geo-political and economic, climate change, environmental social and reputational risks.	Work is underway to further understand and address various drivers of strategic risks. Geopolitical and economic risks continue to exacerbate housing affordability and increase instability in the economy and the housing market. These together are the main contributors to the moderate and elevated strategic risk.	We are continuously monitoring external environment and assessing impact on strategic risks, planned objectives and targets.	▲
Financial Risk	Effect of uncertainties related to deviation from expected financial results that can occur from conducting our activities; and/or resiliency to changes in the environment that could affect the achievement of our financial objectives. Financial risks are broken down into four categories: credit, market, liquidity, and insurance risks.	Credit and market risks are managed within established risk limits and tolerances. Liquidity and insurance risks remain low. Overall, financial risks are low and stable.	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.	●
Operational Risk	Effect of uncertainties related to our people, internal processes, capabilities, and systems and/or resiliency to changes in the environment that could affect our operations and the execution of our strategy. Operational risks have five sub-categories, including information security and privacy, people risk, strategy execution, operational capability, and compliance and conduct.	Overall, operational risk is moderate and elevated. Three top risks are contributing to this elevated risk: 1) information security and privacy, including cyber-security, data governance and privacy 2) people risk, including the challenging labour market and work-related stress 3) strategy execution, including maturing capabilities and management systems. These risks could affect our operations and the achievement of our strategy.	Short and long-term mitigation actions are implemented to manage operational risks.	▲

● Low ▲ Moderate ■ High
The risk ratings take into consideration both the likelihood of each risk and their impact on CMHC.

Appendix 5 – Stress Testing

Our corporate-wide stress testing (CWST) program is forward-looking and responsive to emerging events. For the 2022 CWST program, two scenarios focusing on financial and macroeconomic stress events have been developed: a) a financial stress scenario, and b) a reverse stress test scenario.

The objective of the financial stress scenario is to assess capital and liquidity implications of supply chain disruptions on the economy and subsequently on the financial system. Under this scenario, labour and material shortages, higher inflation, lower consumer demand, high overnight policy rate by the Bank of Canada, and declining house prices are assumed.

The reverse stress test (RST) scenario focuses on the types of events that could lead to a depletion of capital where the business model becomes unviable due to severe losses in homeowner/multi-unit insurance. An iterative approach has been adopted for this exercise where key macroeconomic and financial risk variables are parametrized iteratively – that is, the severity of key economic variables is adjusted until a depletion of capital situation is reached. RST is expected to allow us to identify vulnerabilities in our business model or strategy that impact available capital, funding, and liquidity planning.

As of August 2022, we ran the following scenario themes and analyzed the outcomes:

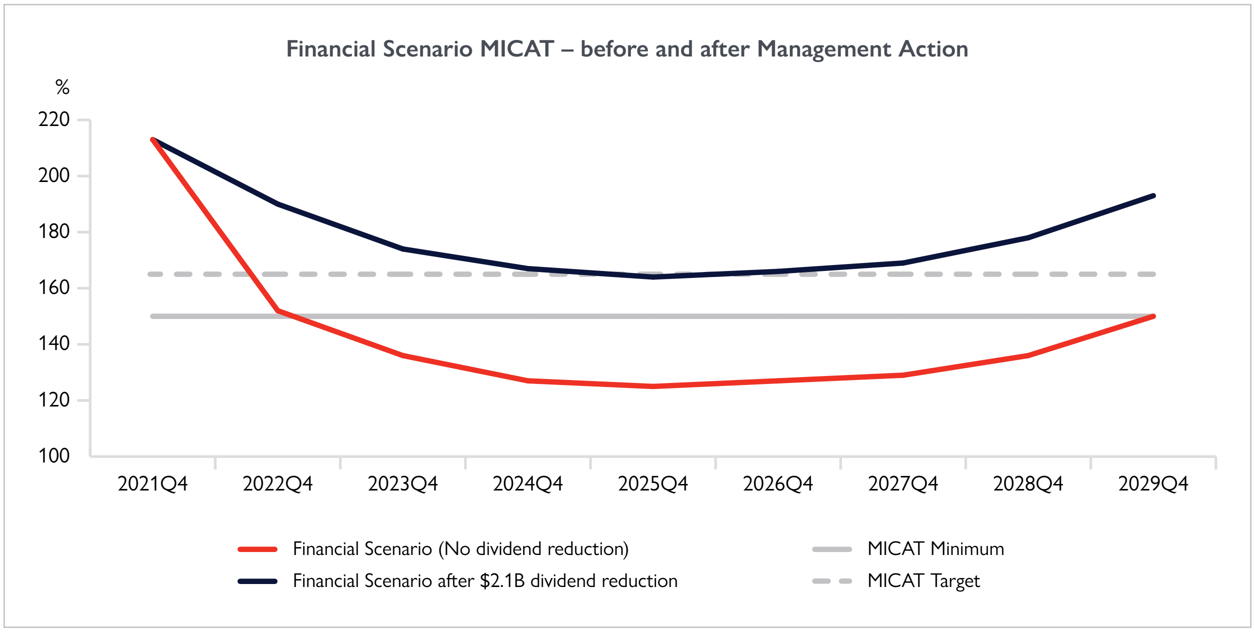
Scenario Themes	Narrative	Risk
Financial stress	Supply chain disruptions continue to dampen the production, sale, and distribution of products, causing economic slowdown. Labour and material shortages persist throughout 2023 and 2024. Higher inflation squeezes real incomes, and the Bank of Canada raises the policy rate quickly to control inflationary conditions. House prices decrease due to lower real income and higher interest rates. This scenario is characterized by weak productivity growth (GDP -5.9% peak to trough), high unemployment (9.6%), oil price decline (-28.6% peak to trough), elevated five-year mortgage rate (6.7% at the peak), and declining house prices (-29.7% peak to trough).	Results suggest that CMHC would remain adequately capitalized with sufficient liquidity, after reducing $2.1B of planned dividend payments.
Reverse stress test	Due to the iterative nature of the exercise, key macroeconomic and financial risk variables are tested under a range of values to assess the impacts caused by a slow/stagnant economy. Weak productivity growth, very high unemployment, higher energy costs causing high inflation, severe house price decline and high mortgage rates are considered in the iterative process. The parametrized values considered are GDP decline (-19.1% to -23% peak to trough), unemployment rate (14.8% to 19% at the peak), Bank of Canada overnight policy rate (2.5% to 5% at the peak), five-year fixed mortgage rate (5.2% to 10% at the peak), oil price decline (-33% to -75% peak to trough), and declining house prices (- 34.9% to -47% peak to trough).	Results suggest that timely implementation of management actions could prevent/slow down the capital depletion process.

Summary of Financial Impacts (2022-2032)

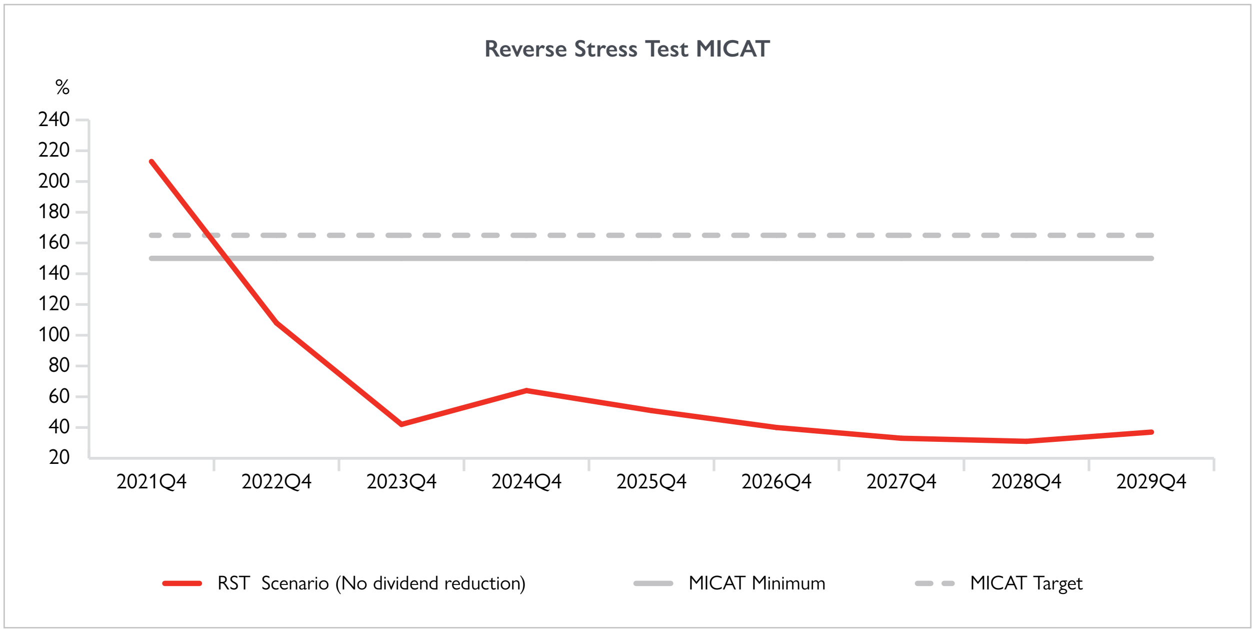
The analysis suggests the following impacts should these events occur. We plan internally to mitigate these impacts through capital and operational actions.

Mortgage Insurance (MI)

Financial scenario: Homeowner insurance line of business remains most vulnerable in this scenario. Results suggest that CMHC would remain adequately capitalized after reducing $2.1 billion in planned dividend. A sensitivity analysis on the financial scenario suggests that a higher business volume puts a lot of pressure on capital demand.



Reverse stress test scenario (RST): RST looks at economic conditions that would lead to total capital depletion through an iterative approach. Results suggest that MICAT would fall below 100% after about a year, allowing senior management sufficient time to attenuate the impacts through mitigation actions.



Appendix 6 – Compliance with Legislative and Policy Requirements

CMHC's Three Lines Risk Governance 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 risks. As appropriate, compliance risk management 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.

Governing and Enabling Laws

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

- ***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, Official Languages Act, Accessible Canada Act, Access to Information Act, and Privacy Act.*

Appendix 7 – Government Priorities and Direction

Transparency and Open Government

CMHC participates in both the Open Government Coordinators Working Group (OGCWG) and the Open Government Director General Committee (OGDGC). The goal of these groups is to promote the implementation and use of open data, sharing of open data tools and best practices, and leveraging the value of data and information held by the Government of Canada. In 2023 we will continue to support the publication of CMHC's data and information to the Government of Canada Open Data Portal.

Gender-Based Analysis Plus

In line with the Government of Canada's commitment to using Gender-Based Analysis Plus (GBA Plus) in the development of policies, programs, and legislation, CMHC continues to implement and strengthen its use of GBA Plus in our policies and programs to be more responsive to the diverse needs and experiences of different communities of people living in Canada. We view GBA Plus as an important tool for policy development and program delivery, which is why integrating and strengthening GBA Plus in our work is a priority.

In the coming year, taking lessons from the most recent Auditor General of Canada report on GBA Plus, we will continue to work together across the Corporation to strengthen linkages and increase collaboration using GBA Plus to inform complementary efforts. This includes efforts related to anti-racism, equity, and inclusion, and in our implementation of a human rights-based approach to housing. We are taking actions to identify and address barriers to conducting GBA Plus within the Corporation, while strengthening our capacity to apply GBA Plus in an increasingly methodical manner to inform our policies and programs. We are championing GBA Plus as an essential lens for policy and program development so that employees take the necessary time to carry out GBA Plus in a thorough manner. We will also increase our knowledge of GBA Plus, continue to seek out and use disaggregated data to analyze gender and diversity issues, and measure impact on outcomes for everyone in Canada and report our findings.

As well, we are taking actions to align with the Government of Canada's responsibility under the *Gender Budgeting Act*. We will integrate GBA Plus into our budget proposals in a meaningful and robust manner, striving for increasingly rigorous application of the GBA Plus lens to federal budget proposals and initiatives. We will continue to work with federal partners, including Women and Gender Equality Canada and its centre of expertise, Privy Council Office, and Treasury Board of Canada Secretariat, to stay informed of the latest GBA Plus and other related trends, information, and best practices.

Diversity and Employment Equity

Our objective is to have our employee community mirror the larger Canadian population. This brings coherence to our workforce achieving our strategic results of removing systemic racism, inequities, and other barriers to housing, and to understanding and tempering social vulnerabilities, including racism and discrimination.

As part of our maturation and commitment to lead with courage, we launched a new self-identification form in June 2022 containing a wider range of diversity dimensions with more inclusive response options and definitions for employees to self-identify, including the choice to "opt out." Self-identification data is essential to monitor workforce diversity and design measures to positively impact workplace equity and inclusion.

The goals below make use of newly published population projections for Indigenous persons by Statistics Canada. The 2021 Census was the first to use non-binary definitions for gender. Our new self-identification form allows employees to identify in more gender categories beyond binary definitions. Additionally, our leaders create an environment for employees to work in the official language of their choice. In that context, our leader goals are aspirational as these positions are typically bilingual. Results are reported through our Annual Report.

All CMHC

Group	Min. Goal 2023	Min. Goal 2024	Min. Goal 2025	Min. Goal 2026	Min. Goal 2027
Women	50.9%	50.9%	50.9%	50.9%	50.9%
Indigenous people	4.6%	4.6%	4.7%	4.7%	4.8%
People with disabilities	12.0%	12.0%	12.0%	12.0%	12.0%
Racialized people	25.7%	26.2%	26.8%	27.3%	28.0%
2SLGBTQIA+people*	-	-	-	-	-

* 2SLGBTQIA+ benchmarking data is not available to establish goals for this Corporate Plan.

Leaders*

Group	Min. Goal 2023	Min. Goal 2024	Min. Goal 2025	Min. Goal 2026	Min. Goal 2027
Women	50.9%	50.9%	50.9%	50.9%	50.9%
Indigenous people	4.6%	4.6%	4.7%	4.7%	4.8%
People with disabilities	12.0%	12.0%	12.0%	12.0%	12.0%
Racialized people	25.7%	26.2%	26.8%	27.3%	28.0%
2SLGBTQIA+people**	-	-	-	-	-

* Leaders are any individual in a position, either permanently or temporarily, with at least one reporting employee, or is an advisor or higher.
** 2SLGBTQIA+ benchmarking data is not available to establish goals for this Corporate Plan.

Indigenous Reconciliation

The Government of Canada is committed to achieving reconciliation with Indigenous peoples through a renewed, nation-to-nation, government-to-government, and Inuit-Crown relationship based on recognition of rights, respect, co-operation, and partnership as the foundation for transformative change. 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. In alignment with direction from the Government of Canada toward self-determination, it is important to recognize that Indigenous peoples are already self-determining; it is our role to support self-determination. (For more information on CMHC's commitment to Indigenous reconciliation, refer to the Strategy section).

Sustainable Development and Greening Government Operations

Over the next five years, we intend to focus on four climate missions: (1) retrofitting multi-unit rental housing; (2) supporting access to climate-related data and analytics to enable better decision-making; (3) creating stability in the housing finance system, particularly in relation to physical risks; and (4) working with municipally focused organizations to ensure community design and development lead to climate-compatible and resilient communities.

1. Multi-unit housing climate compatibility:

The bulk of Canada's affordable housing is delivered via the private rental market, the vast majority of which is multi-unit. CMHC is advancing deep retrofits in Canada toward our objective of net-zero by 2050 through various pilots, programs, and initiatives, such as the Innovation Fund and the Canada Greener Affordable Housing stream of the Canada Greener Homes Loan Program for affordable housing providers.

2. Housing and climate change data integration

Climate data and information must be accessible to all stakeholders to achieve our collective climate goals. CMHC will work with federal partners, the private sector, including financial institutions, and civil society organizations, to build capacity and increase sharing of climate data and analytics. As a result of this work, we will better understand what populations are exposed to the risks of climate change and therefore be able to better design and target solutions that promote equitable and inclusive housing outcomes.

3. Housing finance solutions addressing climate-related hazards

We must focus on addressing physical risks and transitional risks to promote the stability and sustainability of Canada's housing finance system. This will include initiatives, such as the development of a new approach to identifying, pricing, and responding to flood risk.

4. Climate compatible communities

Increasing the resiliency and climate compatibility of Canada's housing means we must re-think the way we build and design communities and embrace different ways of living. We will continue to work collaboratively with experts, municipal partners, planners, provincial governments, and other local organizations to ensure housing and communities are more climate-resilient and built at higher densities in a safe, resilient, and durable manner that is more climate-friendly, inclusive, and affordable.

We are also committed to supporting the Greening Government Strategy within our own operations. In 2022, we produced a study that identified the technologies and strategies available, and the investment required to reduce carbon emissions from the direct and indirect burning of fossil fuels used in our buildings' operations. In 2023, we will use the study to produce a roadmap for 2024 and beyond. In relation to mobility and fleets, as of 2024, we will look to purchase carbon emission offsets.

Property and workplaces: We are committed to decarbonizing our operations and continuing to measure, manage, and reduce our footprint, water use, and waste through the setting and tracking of operational goals. We are a signatory to the CIO Strategy Council Sustainable IT Pledge[3] and have pledged to set greenhouse gas emissions reduction targets related to IT operations and the supply chain. We are working to measure and disclose our IT operations' and supply chain's emissions and annual reduction progress. CHMC is committed to completing our transition to the cloud for all relevant applications and has adopted a cloud-first approach for all new IT initiatives.

Climate resilient services and operations: Budget 2021 announced that Canada's large Crown corporations (those with over $1 billion in assets) are required to adopt the Task Force on Climate-related Financial Disclosures (TCFD) standards starting in calendar 2022 at the latest. We have been providing disclosure following guidance from the TCFD since our 2019 annual report and will continue to enhance our disclosures in future periods.

[3] https://ciostrategycouncil.com/sustainable

In March 2022, the International Sustainability Standards Board (ISSB) issued two draft standards pertaining to sustainability-related disclosures: General Requirements for Disclosure of Sustainability-related Financial Information and Climate Related Disclosures. The ISSB expects to finalize these drafts by the end of 2022. Although CMHC is not currently required to comply with the requirements of the ISSB, we intend to closely monitor their development in coming periods.

Procurement of goods and services: We continue to apply the sustainable and greening principles to ensure proponents' values are aligned with CMHC. Going forward, we will consider factoring in environmental, social and governance criteria in selecting proponents as part of our vendor risk management program.

Safe Workspaces

We prioritize and support the well-being of our employees and are committed to an inclusive, healthy, and safe work environment (physical, psychological, and digital) free from harassment, workplace violence, racism, and discrimination. We have a code of conduct and a comprehensive suite of policies and tools available to employees that articulate organizational expectations and employee accountabilities, including training, reporting and the new anonymous redress option available to them to address workplace issues, harassment and/or violence.

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 (for example, mental health, workplace stress, and workplace harassment).

Accessibility

CMHC is committed to making the goals of the *Accessible Canada Act* a reality. Developed in collaboration with people with disabilities, our Multi-Year Accessibility Plan and annual progress reports outline the steps we are taking to identify, prevent and remove barriers to accessibility and advance disability inclusion at CMHC. Our existing processes to receive and respond to feedback on accessibility also enable us to continuously improve accessibility and provide greater and more equitable opportunities for people with disabilities. For example:

- Our Workplace Transformation project enhances accessibility at the Ottawa office through an overall barrier-free design that includes universal washrooms, generous circulation paths, ergonomic furniture, and much more.
- Our Microsoft 365 platform is designed to meet the needs of people with different abilities ensuring everyone can create, communicate, and collaborate on any device. Accessibility features implemented through the platform include transcription in MS Teams, as well as dictation features in Word and PowerPoint. Windows 11 will include new features including a new live captions tool, voice access control, focus mode, and more.
- Our dedicated communications and marketing professionals continue to work to improve the user experience of our Web content and applications. This work includes ensuring that we support users with differing abilities. We continue with our commitment to comply with the internationally accepted Web Content Accessibility Guidelines (WCAG) 2.1, Level AA, and more. Since there are no internationally accepted guidelines specifically for accessibility in social media, we developed our own internal guidelines and refine them regularly as new standards emerge. Additionally, we continuously learn from industry experts as well as users with lived experience and adapt to rapidly evolving Web trends and social media platforms.
- We continuously strive to improve the attraction and hiring experience of people with disabilities. Our goal is to provide everyone equitable opportunities in our hiring processes, by providing flexible and reasonable accommodation requests based on our candidate's different needs. Examples of accommodations can include accessible locations and materials, alternate formats or adaptive/assistive technologies, and interpretation services.

Appendix 8 – Direction from the Responsible Minister

On December 16, the Prime Minister of Canada addressed a mandate letter to the Minister of Housing and Diversity and Inclusion outlining the objectives the Minister will work to accomplish, as well as the pressing challenges he will address in his role. To this end, we support the Minister, as Minister responsible for CMHC, in accomplishing his mandate-letter commitments through the delivery of existing CMHC and National Housing Strategy initiatives, as well as designing and delivering new initiatives. We regularly communicate with the responsible minister through a variety of mechanisms, including regular meetings, briefings, and reporting progress against mandate letter commitments. Together, these efforts support the Minister to help ensure people in Canada can get a home of their own, through work to improve housing affordability and end chronic homelessness, and to champion the full breadth of our country's vibrant diversity through greater inclusion.

We will continue to support the construction and renovation of housing through the National Housing Strategy. The National Housing Strategy puts people first and recognizes that housing is essential to the inherent dignity and well-being of the person and to building sustainable and inclusive communities. It considers key principles of a human rights-based approach to housing, such as accountability, participation, non-discrimination, and inclusion, and contributes to the United Nations Sustainable Development Goals and the progressive realization of the international right to adequate housing. In February 2022, the Minister appointed Canada's first Federal Housing Advocate – a significant step for Canada to further the progressive realization of the international right to adequate housing. The work of the Federal Housing Advocate is complemented by that of the National Housing Council, which provides advice to the Minister of Housing and Diversity and Inclusion on housing policy and the National Housing Strategy. We will continue supporting the Minister in responding to their recommendations.

To help renters in Canada who are facing housing affordability challenges, the government announced a one-time top-up to the Canada Housing Benefit which will deliver $500 to 1.8 million renters in Canada. The proposed funding totals $1.2 billion, of which $475 million was committed in Budget 2022. This builds on the additional $315.4 million announced in Budget 2021 to increase direct financial assistance under the Canada Housing Benefit for low-income women and children fleeing violence.

Access to secure and affordable housing is critical to improving health and social outcomes and to ensuring a better life and future for Indigenous communities and children. We continue to strengthen partnerships with Indigenous and Northern communities and housing providers to remove barriers and advance affordable housing options. Budget 2022 announced new funding for CMHC to co-develop and launch an Urban, Rural and Northern Indigenous Housing Strategy to complement the National Housing Strategy and ensure more Indigenous peoples have access to secure, affordable housing.

Given that housing is linked to many other federal priorities, including homelessness, infrastructure, immigration, health, environment, and Indigenous reconciliation, we will continue working with other federal departments to reduce barriers to housing, especially for disadvantaged groups, and ensure an intersectional, whole-of-government approach to our policies and programs.

To help people in Canada make their homes more energy-efficient, we will continue coordinating with Natural Resources Canada on the delivery of the Canada Greener Homes Loan program, which was announced in Budget 2021. This includes the delivery of an additional $458.5 million that was announced in Budget 2022 (for a total of $680.4M) as part of the Canada Greener Affordable Housing stream to help make existing affordable housing more energy efficient.

We will work with our federal partners and provinces and territories on an approach for a Home Buyers' Bill of Rights, and support the government as required with the new *Prohibition on the Purchase of Residential Property by Non-Canadians Act*.

To help make it easier for renters to get on the path to homeownership, Budget 2022 also provided $200 million in dedicated support under the Affordable Housing Innovation Fund, to help develop and scale up rent-to-own projects across the country, including support for non-profits, co-ops, developers, and rent-to-own companies building new rent-to-own units. It includes $100 million in loans to support non-profits, co-operatives, developers, and rent-to-own companies building new rent-to-own units. In addition, we will explore options to make the First-Time Home Buyer Incentive more flexible and responsive to the needs of first-time home buyers.

We will continue to support the Minister of Housing and Diversity and Inclusion in delivering on the Government of Canada's housing priorities, to work toward housing affordability for all.

Appendix 9 – 2022 Mid-Year Performance

These performance measures are from the 2022-2026 CMHC Corporate Plan.

Performance Measure	2022 Plan	Mid-year June 30, 2022 Plan	Mid-year June 30, 2022 Actual
Needs of households in core housing need are met through public policy measures			
# of units new, repaired and assisted, affordable to those in Core Housing Need (CHN)	130,000	78,374	69,092
Incremental affordable housing funding	$100M	-	$0M
Barriers to building or renovating are removed			
# of units new, repaired and assisted by CMHC programs	380,000	211,988	191,445
% of units supported located in markets with greatest need of new and/or improved rental supply	65%	65%	65%
The housing system advances climate compatibility			
Ratio of climate-compatible dwelling units/total dwelling units (including retrofits) supported by CMHC	20%	20%	9%

Appendix 10 – Summary of Amendments to the CMHC 2023-2027 Corporate Plan

CMHC is amending its 2023-2027 Corporate Plan to reflect planned spending for new and existing activities announced in both Budgets 2021 and 2022.

On April 19, 2021, the Government of Canada tabled Budget 2021 – *A Recovery Plan for Jobs, Growth and Resilience*. On April 7, 2022, the Government of Canada tabled Budget 2022 – *A Plan to Grow Our Economy and Make Life More Affordable*. Budgets 2021 and 2022 announced various initiatives for CMHC, several of which are included in our 2023-2027 Corporate Plan and in this amendment. These initiatives contribute to making housing more affordable across the country and are directly aligned with our 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.

Canada Greener Affordable Housing (CGAH)

The Canada Greener Affordable Housing (CGAH) stream of the Canada Greener Homes Loan Program for affordable housing providers was initially announced in Budget 2021. The CGAH stream will provide low-interest loans and grants to low-income housing providers to complete deep energy retrofits to improve the energy efficiency of rental housing and reduce GHG emissions. Budget 2022 announced additional funding for the CGAH stream of $458.5 million starting in 2022-2023 for a total program funding of $680.4 million. We are amending our 2023-2027 Corporate Plan to reflect planned spending for the CGAH following financial authority approval. Incremental funding for 2023 is reflected in the 2023-2027 amended Corporate Plan, including 2023 Operating and Capital Budgets. Planned spending for future years will be included in CMHC's 2024-2028 Corporate Plan.

CMHC is amending the following to reflect the new planned spending in 2023 for the CGAH:

- 2023 Operating Budget of $11.7 million, including operating budget for investments in technology.
- 2023 Capital Budget for computer software and intangibles of $4 million for capital investments in technology.
- 2023 Capital Budget for loans and investments of $17 million.

CMHC's 2023-2027 Borrowing Plan does not require amendment, as borrowings that may be required for the CGAH can be accommodated within CMHC's existing borrowing authorities for 2023.

Housing Accelerator Fund (HAF)

Budget 2022 announced funding of $4 billion over five years, starting in 2022-23, to CMHC to launch a new Housing Accelerator Fund (HAF).

The HAF will provide funding for municipalities to implement changes to systems and processes, such as updating their land use planning and processes for approving new residential developments. This funding will support the efficient approval of residential developments to accelerate housing development and increase housing supply.

We are amending our 2023-2027 Corporate Plan to reflect planned spending for the HAF following financial authority approval, including 2023 Operating and Capital Budgets. Planned spending for future years will be included in CMHC's 2024-2028 Corporate Plan.

CMHC is amending the following to reflect the new planned spending in 2023 for the HAF:

- 2023 Operating Budget of $23.5 million, including operating budget for investments in technology.
- 2023 Capital Budget for computer software and intangibles of $9 million for capital investment in technology.

One-Time Top-Up to the Canada Housing Benefit

To help renters in Canada who are struggling with the cost of housing, the government announced a one-time top-up to the Canada Housing Benefit, which will deliver a benefit of $500 to 1.8 million renters in Canada. As announced by the Government of Canada in September 2022, the funding totals $1.2 billion, of which $475 million was committed in Budget 2022. The Canada Revenue Agency (CRA) will be making the payments through an attestation-based application process on behalf of CMHC. The one-time top-up to the Canada Housing Benefit is included in our 2023-2027 Corporate Plan, including our 2023-2027 Operating Budget. CMHC is amending its 2023-2027 Corporate Plan including the 2023 Operating Budget, to reflect incremental planned operating budget, including the reprofile of lapsed budgets from 2022, of $91.4 million, for a total operating budget of $112.4 million in 2023.

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

- Non-compliance with funding and financing conditions, including affordability requirements by proponents.
- Supply chain issues and an inflationary environment increasing delay and costs of construction.

Strategies to mitigate these risks include:

- Entering into contractual agreements and performing required diligence on proponents.
- Including some provision for inflationary impacts to mitigate cost inflation.

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

Financial Authorities

The funding for the initiatives below will have the following incremental impacts in 2023:

(In $ millions – except for FTEs)	2023 Incremental Operating Budget	2023 Incremental Capital Budget	2023 Incremental FTEs	2023 Incremental Program Contributions*
One-Time Top-Up to the CHB	91.4	-	15	183
CGAH	11.7	21	27	40
HAF	23.5	9	84	717
Total	**126.6**	**30**	**126**	**940**

* Financial authorities for Program Contributions on a fiscal year basis received through the Mains/Supplementary Estimates processes or statutory authority for the One-Time Top-Up to the CHB.

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 included in the tables below. Adjustments for years 2024 onwards will be reflected in CMHC's 2024-2028 Corporate Plan.

Financial Highlights

Year ended December 31 (in millions, unless otherwise indicated)	2021 Actual	2022 Estimate	2023 Approved Plan	2023 Amended Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
CMHC Consolidated								
Total operating budget	554.0	806.9	736.7	863.3	661.9	633.1	608.3	595.3
Total capital budget	4,497	5,307	5,951	5,981	5,672	4,981	4,041	2,172
Operating budget expense ratio	9.6%	11.7%	9.7%	9.9%	11.4%	10.8%	10.5%	10.3%
Employees (full-time equivalents (FTE))	2,094	2,279	2,545	2,671	2,411	2,297	2,260	2,217
Assisted Housing								
Government funding for housing programs	3,668	4,702	5,516	6,595	3,586	3,340	3,094	3,023
Assistance for housing needs	3,243	3,814	4,424	4,700	2,453	2,411	2,384	2,322
Financing for housing	455	1,041	1,328	2,131	1,361	1,251	1,057	983
Total government funding for housing programs	3,833	5,062	5,957	7,036	4,036	3,794	3,546	3,409
Operating expenses for housing programs	296	520	416	543	370	331	296	277

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.

Consolidated Statements of Income and Comprehensive Income

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Approved Plan	2023 Amended Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Government funding for housing programs	3,668	4,702	5,516	6,595	3,586	3,340	3,094	3,023
Housing program expenses	(3,359)	(4,181)	(5,099)	(6,052)	(3,216)	(3,009)	(2,798)	(2,746)
Operating expenses	(693)	(919)	(628)	(754)	(576)	(543)	(512)	(494)

Assisted Housing

Year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Estimate	2023 Approved Plan	2023 Amended Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Government funding for housing programs	3,668	4,702	5,516	6,595	3,586	3,340	3,094	3,023
Housing programs expenses	(3,359)	(4,181)	(5,099)	(6,052)	(3,216)	(3,009)	(2,798)	(2,746)
Operating expenses	(299)	(540)	(433)	(560)	(387)	(348)	(314)	(295)

Operating Budget

(in millions of Canadian dollars)	2021 Plan	2021 Actual	2022 Amended Plan	2022 Estimate	2023 Approved Plan	2023 Amended Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Personnel Costs										
Salary, fringe benefits and related costs (excluding pension expense)	299.9	283.1	326.6	310.4	337.8	356.2	328.9	321.0	323.0	323.1
Total personnel costs	**299.9**	**283.1**	**326.6**	**310.4**	**337.8**	**356.2**	**328.9**	**321.0**	**323.0**	**323.1**
Non-Personnel Costs										
Recruitment costs	0.8	0.8	0.9	1.1	1.2	1.5	1.0	1.0	1.0	1.0
Training	5.6	3.6	6.0	5.6	6.1	6.2	6.0	5.9	5.9	5.8
Marketing and promotion	4.6	2.2	4.5	3.3	3.0	4.6	2.6	2.4	2.2	2.2
Professional and technical services	128.6	63.5	251.4	256.6	166.2	259.1	137.8	127.2	99.3	80.4
Computer services	121.4	124.2	161.3	153.6	188.0	198.7	152.9	146.0	147.2	153.4
Other	5.5	(14.0)	(5.2)	(6.8)	(5.7)	(5.3)	(0.9)	0.5	1.5	1.3
Total non-personnel costs	**282.1**	**193.3**	**437.3**	**430.0**	**377.6**	**483.6**	**315.4**	**297.4**	**270.7**	**257.6**
Total operating budget (before pension expense)	**582.0**	**476.4**	**763.9**	**740.4**	**715.4**	**839.8**	**644.3**	**618.4**	**593.7**	**580.7**
Pension/post-employment expense	60.9	77.6	43.6	66.5	21.3	23.5	17.6	14.7	14.6	14.6
Total operating budget (authority required)	**642.9**	**554.0**	**807.5**	**806.9**	**736.7**	**863.3**	**661.9**	**633.1**	**608.3**	**595.3**
Total operating budget (incl. depreciation)	**692.2**	**602.0**	**841.2**	**841.3**	**778.6**	**905.2**	**707.1**	**680.7**	**655.1**	**639.0**

Full-Time Equivalents (FTEs)

	2021 Plan	2021 Actual	2022 Amended Plan	2022 Estimate	2023 Approved Plan	2023 Amended Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Assisted Housing activity	1,125	1,113	1,344	1,261	1,486	1,612	1,400	1,294	1,253	1,204
Total	**2,309**	**2,094**	**2,419**	**2,279**	**2,545**	**2,671**	**2,411**	**2,297**	**2,260**	**2,217**

Capital Budget

(in millions of Canadian dollars)	2021 Plan	2021 Actual	2022 Plan	2022 Estimate	2023 Approved Plan	2023 Amended Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
CGHL (including CGAH stream in 2023 amended plan)	66	-	459	459	886	903	624	525	131	-
Total loans and investments	**5,821**	**4,442**	**5,549**	**5,270**	**5,844**	**5,861**	**5,649**	**4,959**	**4,029**	**2,160**
Computer software and intangible assets	104	45	86	30	99	112	21	20	10	10
Total business premises and intangible assets	**113**	**55**	**99**	**37**	**107**	**120**	**23**	**22**	**12**	**12**
Total capital budget	**5,934**	**4,497**	**5,648**	**5,307**	**5,951**	**5,981**	**5,672**	**4,981**	**4,041**	**2,172**

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Alternative text and data for figures

Pre-tax Income Comparison 2023 to 2027 Plan

	2023 Plan	Insurance Service Result	Premiums and Fees earned	Operating Expenses	Housing Programs	Other	2027 Plan
Bench marks	2,191						2,720
Rises		236	220	134		79	
Drops					(140)		

Pre-Tax Income by Activity

	Consolidated	Mortgage Insurance	Mortgage Funding	Assisted Housing
2021A	2,561	1,718	726	117
2022F	2,289	1,353	744	192
2023P	2,191	1,157	867	167
2024P	2,725	1,592	969	164
2025P	2,695	1,506	1,059	130
2026P	2,617	1,434	1,088	95
2027P	2,720	1,630	1,058	32

Capital Available vs Capital Required

	Lending Programs available capital	Appropriated capital (Mortgage Insurance)	Required capital (Mortgage Funding)	Excess	Capital available to minimum capital required % MICAT (Mortgage Insurance)	Economic capital available to economic capital required (Mortgage Funding)
2021 Actual	544	8,574	816	3,276	213	136
2022 Estimate	866	8,453	250	2,028	181	148
2023 Plan	929	8,312	-	2,391	185	230
2024 Plan	1,065	8,398	-	2,547	182	239
2025 Plan	1,180	8,516	-	2,588	179	239
2026 Plan	1,242	8,935	-	2,432	178	246
2027 Plan	1,251	9,154	-	2,739	174	260

Financial Scenario MICAT – before and after Management Action

	Financial Scenario (No dividend reduction)	Financial Scenario after $2.05B dividend reduction	MICAT Minimum	MICAT Target
2021Q4	213	213	150	165
2022Q4	152	190	150	165
2023Q4	136	174	150	165
2024Q4	127	167	150	165
2025Q4	125	164	150	165
2026Q4	127	166	150	165
2027Q4	129	169	150	165
2028Q4	136	178	150	165
2029Q4	150	193	150	165

Reverse Stress Test MICAT

	RST3 Scenario (No dividend reduction)	MICAT Minimum	MICAT Target
2021Q4	213	150	165
2022Q4	108	150	165
2023Q4	42	150	165
2024Q4	64	150	165
2025Q4	51	150	165
2026Q4	40	150	165
2027Q4	33	150	165
2028Q4	31	150	165
2029Q4	37	150	165