

CANADA MORTGAGE AND HOUSING CORPORATION

Mortgage Loan Insurance Business Supplement

FIRST QUARTER
March 31, 2014

To supplement CMHC's unaudited Quarterly Consolidated financial statements, which are prepared in accordance with IFRS, CMHC uses non-IFRS measures to analyse its performance. The following Mortgage Loan Insurance Business Supplement is prepared for the first quarter ending 31 March 2014 and is intended to help readers better understand CMHC's insurance activities. CMHC believes that these performance measures provide meaningful information that enables greater transparency and clarity with respect to CMHC's residential mortgage insurance underwriting practices.

INSURANCE VOLUMES

Loans insured during period	Three months ended		
	31 March		31 December
	2014	2013	2013
Total Insured Volumes (units)	55,386	52,078	83,165
Transactional Homeowner	27,869	29,846	45,759
Portfolio	6,785	1,078	7,240
Multi-Unit Residential	20,732	21,154	30,166
Total Insured Volumes (\$M)	9,328	8,195	14,457
Transactional Homeowner	6,511	6,654	10,761
Portfolio	1,669	224	1,926
Multi-Unit Residential	1,148	1,317	1,770

Insurance-in-force	As at	
	31 March	31 December
	2014	2013
Insurance-in-force (loans)	2,922,509	2,938,825
Transactional Homeowner	1,515,236	1,524,773
Portfolio	1,386,444	1,393,335
Multi-Unit Residential	20,829	20,717
Insurance-in-force (\$B)	555	557
Transactional Homeowner:	288	288
Portfolio	217	219
Multi-Unit Residential	50	50

LOAN-TO-VALUE

Percentage distribution of loans insured during period by loan-to-value (LTV) ratio based on original property value	Three months ended											
	31 March				31 December							
	2014				2013				2013			
	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall
<=50%	0.5	10.1	2.3	2.4	0.4	16.2	3.1	1.3	0.4	9.9	2.5	2.0
>50% <=55%	0.1	3.3	2.9	1.1	0.2	4.2	0.3	0.3	0.1	4.1	2.4	0.9
>55% <=60%	0.3	4.1	6.6	1.7	0.3	6.9	8.3	1.7	0.3	7.0	7.8	2.1
>60% <=65%	0.6	7.9	8.2	2.8	0.4	9.6	5.5	1.5	0.5	11.2	13.5	3.5
>65% <=70%	0.5	11.0	1.3	2.5	0.4	10.9	2.5	1.0	0.5	10.3	5.0	2.4
>70% <=75%	1.7	18.6	42.0	9.7	1.0	17.2	40.3	7.8	1.2	23.7	41.9	9.2
>75% <=80%	6.1	45.0	6.3	13.1	5.7	35.0	2.6	6.0	5.1	33.8	2.3	8.6
>80% <=85%	3.3	0.0	30.4	6.1	3.6	0.0	36.9	8.8	3.4	0.0	24.4	5.5
>85% <=90%	22.1	0.0	0.0	15.4	21.2	0.0	0.0	17.2	21.4	0.0	0.0	16.0
>90% <=95%	64.8	0.0	0.0	45.2	66.8	0.0	0.0	54.3	67.1	0.0	0.2	49.8
>95%	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.1	0.0	0.0	0.0	0.0

Information for loans insured in quarter based on original property value

Distribution based on dollars, not number of loans

LOAN-TO-VALUE

Percentage distribution of insurance-in-force by loan-to-value (LTV) ratio	At origination							
	As at							
	31 March 2014				31 December 2013			
	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall
<=50%	2.5	30.6	12.8	14.6	2.4	30.3	12.8	14.5
>50% <=55%	1.0	7.8	6.6	4.2	1.0	7.7	6.8	4.2
>55% <=60%	1.5	9.1	10.7	5.4	1.4	9.1	10.9	5.3
>60% <=65%	2.2	10.5	9.5	6.2	2.1	10.5	9.1	6.1
>65% <=70%	3.3	12.0	14.9	7.8	3.2	11.7	15.5	7.7
>70% <=75%	5.7	17.8	20.0	11.8	5.5	17.3	19.9	11.5
>75% <=80%	12.1	12.2	10.9	12.0	11.7	13.4	10.5	12.3
>80% <=85%	17.3	0.0	11.8	10.0	17.3	0.0	12.1	9.9
>85% <=90%	28.6	0.0	0.9	14.6	27.9	0.0	0.9	14.3
>90% <=95%	25.2	0.0	1.1	13.0	26.9	0.0	0.6	13.8
>95%	0.6	0.0	0.8	0.4	0.6	0.0	0.9	0.4

Distribution based on dollars, not number of loans

LOAN-TO-VALUE

Percentage Distribution of insurance-in-force by loan-to-value (LTV) ratio	Based on Updated Property Value ¹					
	As at					
	31 March 2014			31 December 2013		
	Transactional Homeowner	Portfolio	Overall	Transactional Homeowner	Portfolio	Overall
<=50%	8.2	41.5	22.8	8.2	40.5	22.3
>50% <=55%	2.5	9.7	5.6	2.3	9.6	5.5
>55% <=60%	3.9	11.1	7.1	3.6	10.8	6.8
>60% <=65%	6.5	12.2	9.0	6.1	12.0	8.7
>65% <=70%	9.4	12.3	10.7	8.9	12.5	10.5
>70% <=75%	13.9	9.0	11.7	13.2	10.0	11.8
>75% <=80%	15.6	4.1	10.6	15.4	4.4	10.6
>80% <=85%	16.7	0.1	9.4	16.3	0.2	9.2
>85% <=90%	13.7	0.0	7.7	14.9	0.0	8.4
>90% <=95%	8.9	0.0	5.0	10.2	0.0	5.7
>95%	0.7	0.0	0.4	0.9	0.0	0.5
Average updated loan-to-value	67	41	54	67	42	55
Average updated equity	33	59	46	33	58	45

¹ LTV calculated on the basis of outstanding loan amounts and updated property values reflecting changes in local resale prices

Distribution based on dollars, not number of loans

AMORTIZATION

Percentage distribution of loans insured during period by amortization (years)	Three months ended											
	31 March				2013				31 December			
	2014				2013				2013			
	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall
<= 5	0.0	0.1	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.1	0.0	0.0
>5 <= 10	0.2	1.6	0.0	0.4	0.2	1.6	0.0	0.2	0.2	0.7	0.0	0.2
>10 <= 15	0.4	3.5	0.0	0.9	0.5	6.8	0.0	0.6	0.5	2.3	1.9	0.9
>15 <= 20	1.1	6.0	1.5	2.0	1.2	11.8	2.7	1.7	1.1	8.6	3.4	2.4
>20 <= 25	94.2	27.5	46.3	76.4	91.2	40.4	47.4	82.8	95.3	36.6	44.3	81.3
>25 <= 30	3.9	59.7	43.7	18.8	6.4	35.3	37.0	12.1	2.8	44.9	33.0	12.1
>30 <= 35	0.2	1.6	6.6	1.2	0.4	3.3	11.5	2.3	0.1	6.8	15.1	2.8
> 35	0.0	0.0	1.9	0.3	0.1	0.2	1.4	0.3	0.0	0.0	2.3	0.3
Average amortization period (years)	25	26	28	26	25	24	28	26	25	25	29	25

Distribution based on dollars, not number of loans

Percentage distribution of insurance-in-force by amortization (years)	At origination							
	As at				As at			
	31 March 2014				31 December 2013			
	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall
<= 5	0.0	0.4	0.0	0.2	0.0	0.5	0.0	0.2
>5 <= 10	0.2	3.2	0.1	1.4	0.2	3.3	0.1	1.4
>10 <= 15	0.6	7.3	0.5	3.3	0.6	7.4	0.5	3.3
>15 <= 20	2.3	12.8	2.7	6.5	2.4	13.1	2.8	6.7
>20 <= 25	42.9	41.4	49.6	42.8	41.7	41.4	50.0	42.3
>25 <= 30	22.0	20.3	26.4	21.7	22.3	19.4	25.8	21.4
>30 <= 35	26.3	12.8	16.6	20.1	27.0	13.1	16.6	20.6
> 35	5.7	1.8	4.1	4.0	5.8	1.8	4.2	4.1
Average amortization period (years)	27	22	26	25	27	22	26	25

Distribution based on dollars, not number of loans

GEOGRAPHY

Percentage distribution of loans insured during period by province	Three months ended											
	31 March				31 December							
	2014				2013							
	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall
Ontario	33.8	50.3	32.0	36.5	34.4	35.6	36.2	34.6	35.8	55.4	42.9	39.3
British Columbia	11.4	13.3	18.6	12.6	10.8	36.6	10.2	11.4	10.9	19.9	11.6	12.2
Alberta	23.4	10.0	6.0	18.9	21.8	11.7	10.5	19.7	22.7	10.9	7.6	19.3
Quebec	17.6	18.8	30.4	19.4	18.3	11.4	30.7	20.2	15.8	7.7	25.4	15.9
Nova Scotia	1.6	1.2	7.1	2.2	1.8	1.0	2.4	1.9	1.7	1.1	5.1	2.1
Saskatchewan	4.4	3.2	0.4	3.7	4.5	1.3	1.3	3.9	4.1	2.3	1.7	3.5
Manitoba	4.0	0.8	1.7	3.1	4.0	1.7	6.7	4.4	4.6	1.2	4.7	4.2
New Brunswick	1.4	1.3	1.7	1.4	1.7	0.2	0.7	1.5	1.8	0.6	0.3	1.4
Newfoundland	1.6	0.9	1.9	1.6	1.8	0.5	0.6	1.6	1.9	0.6	0.3	1.5
Prince Edward Island	0.2	0.2	0.1	0.2	0.3	0.0	0.1	0.2	0.2	0.1	0.3	0.2
Territories	0.6	0.0	0.1	0.4	0.6	0.0	0.6	0.6	0.5	0.2	0.1	0.4

Distribution based on dollars, not number of loans

GEOGRAPHY

Percentage distribution of insurance-in-force by Province	As at							
	31 March 2014			31 December 2013				
	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall
Ontario	36.1	46.8	35.8	40.2	36.1	46.6	35.7	40.2
British Columbia	12.8	19.7	13.3	15.5	12.7	19.9	13.2	15.6
Alberta	18.1	14.1	11.0	15.9	18.3	14.2	11.2	16.1
Quebec	19.8	12.1	29.9	17.7	19.6	12.0	29.7	17.4
Nova Scotia	2.5	1.7	3.5	2.3	2.6	1.7	3.6	2.3
Saskatchewan	3.0	1.9	1.5	2.4	3.0	1.9	1.5	2.4
Manitoba	3.2	1.7	2.9	2.6	3.2	1.7	2.9	2.6
New Brunswick	2.2	0.8	0.9	1.5	2.2	0.8	1.0	1.5
Newfoundland	1.5	0.9	0.4	1.2	1.5	0.9	0.4	1.2
Prince Edward Island	0.3	0.2	0.2	0.3	0.3	0.2	0.2	0.3
Territories	0.5	0.1	0.6	0.4	0.5	0.1	0.6	0.4

Distribution based on dollars, not number of loans

ARREARS

Arrears by product	As at			
	31 March 2014		31 December 2013	
	No of Loans in Arrears	Arrears Rate	No of Loans in Arrears	Arrears Rate
Transactional Homeowner	7,851	0.52%	7,749	0.51%
Portfolio	2,166	0.16%	2,151	0.15%
Multi-unit residential	141	0.68%	133	0.64%
Overall	10,158	0.35%	10,033	0.34%

CREDIT SCORE

Percentage distribution of loans insured during period by credit score at origination	Three months ended					
	31 March				31 December	
	2014		2013		2013	
	Transactional Homeowner	Portfolio	Transactional Homeowner	Portfolio	Transactional Homeowner	Portfolio
No credit score	0.0	0.0	0.0	0.0	0.0	0.0
< 600	0.4	0.4	0.6	0.2	0.5	0.5
>=600 <660	4.8	2.1	4.9	1.2	4.4	2.2
>=660 <700	12.3	4.8	12.8	4.1	12.3	5.1
>= 700	82.5	92.7	81.7	94.5	82.8	92.2
Average credit score at origination	743	769	741	770	743	770

Percentage distribution of insurance-in-force by credit score at origination	As at			
	31 March 2014		31 December 2013	
	Transactional Homeowner	Portfolio	Transactional Homeowner	Portfolio
No credit score	0.6	1.0	0.6	1.0
< 600	0.8	0.7	0.8	0.7
>=600 <660	7.8	3.6	7.9	3.7
>=660 <700	14.7	8.4	14.8	8.5
>= 700	76.1	86.3	75.9	86.1
Average credit score at origination	729	758	728	757

VOLUMES BY LOAN AMOUNT

Percentage distribution of loans insured during period by loan amount (per unit)	Three months ended											
	31 March				31 December							
	2014				2013							
	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall
Over \$1,000,000	0.1	6.3	0.0	1.4	0.0	0.5	0.0	0.1	0.1	5.4	0.0	0.9
Over \$850,000 to \$1,000,000	0.7	3.1	0.0	1.2	0.4	1.3	0.0	0.4	0.5	4.0	0.0	1.1
Over \$600,000 to \$850,000	5.0	8.7	0.0	5.7	3.6	4.5	0.0	3.6	4.2	8.0	0.0	4.7
Over \$400,000 to \$600,000	20.7	15.2	0.0	19.5	17.6	14.4	0.0	17.4	20.1	20.0	0.0	20.0
Over \$300,000 to \$400,000	25.2	17.6	0.0	23.5	25.2	15.3	0.0	24.7	25.5	18.7	0.0	24.4
Over \$200,000 to \$300,000	27.6	24.7	3.9	26.9	30.4	31.5	0.5	30.3	29.0	23.7	1.4	28.1
\$200,000 or under	20.7	24.4	96.1	21.8	22.8	32.5	99.5	23.5	20.6	20.2	98.6	20.8
Average insured loan amount (\$)	233,623	246,002	55,391	168,424	222,936	207,937	62,264	157,361	229,950	266,109	63,142	174,641

Distribution based on units

Percentage distribution of insurance-in-force by outstanding loan amount (per unit)	As at							
	31 March 2014				31 December 2013			
	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall	Transactional Homeowner	Portfolio	Multi-Unit Residential	Overall
Over \$1,000,000	0.4	1.4	0.0	0.8	0.3	1.5	0.0	0.7
Over \$850,000 to \$1,000,000	0.2	0.7	0.0	0.4	0.2	0.8	0.0	0.4
Over \$600,000 to \$850,000	1.9	2.8	0.1	2.1	1.9	2.8	0.1	2.1
Over \$400,000 to \$600,000	10.5	9.5	0.2	9.2	10.5	9.5	0.1	9.2
Over \$300,000 to \$400,000	18.4	13.6	0.7	14.9	18.5	13.6	0.4	14.9
Over \$200,000 to \$300,000	30.8	26.4	1.2	26.4	30.8	26.4	1.1	26.4
\$200,000 or under	37.8	45.6	97.8	46.2	37.8	45.4	98.3	46.3
Average outstanding loan amount (\$)	181,012	151,963	54,182	140,573	180,500	152,837	53,693	140,781

Distribution based on units

GROSS DEBT SERVICE RATIOS

Percentage distribution of loans insured in current period by CMHC borrowers average Gross Debt Service Ratios	Three months ended		
	31 March		31 December
	2014	2013	2013
	Transactional Homeowner	Transactional Homeowner	Transactional Homeowner
<30%	64.9	72.1	67.0
>=30% <=35%	22.1	18.9	21.1
>35% <=39%	12.8	8.6	11.8
>39%	0.2	0.4	0.1
Average Gross Debt Service Ratio (GDS)	26.2	25.0	25.1

Distribution based on dollars, not number of loans

Percentage distribution of insurance-in-force by CMHC borrowers Average Gross Debt Service Ratios At Origination	As at	
	31 March 2014	31 December 2013
	Transactional Homeowner	Transactional Homeowner
<30%	73.4	73.6
>=30% <=35%	18.3	18.2
>35% <=39%	6.2	6.0
>39%	2.1	2.2
Average Gross Debt Service Ratio (GDS)	23.5	23.4

Distribution based on dollars, not number of loans