

CANADA MORTGAGE AND HOUSING CORPORATION

Securitization Business Supplement

Second QUARTER
June 30, 2015

To supplement CMHC's consolidated financial statements, which are prepared in accordance with IFRS, CMHC uses non-IFRS measures to analyse its performance. The following Securitization Business Supplement is prepared for the second quarter ending 30 June 2015 and is intended to help readers better understand CMHC's Securitization activity. CMHC believes that this business supplement provide meaningful information that enables greater transparency and clarity with respect to CMHC's Securitization activity.

NEW SECURITIZATION GUARANTEE ACTIVITY

As at June 30, 2015, of the \$120 billion guarantee limit for 2015, \$48 billion of securities were guaranteed. Of the approximate 76 active participants in CMHC's Securitization Programs, 70 are regulated institutions.

Securities guaranteed	Three months ended			Year-to-date	
	30-Jun 2015	31-Mar 2015	31-Dec 2014	30-Jun 2015	30-Jun 2014
Total Guaranteed (\$M)	24,598	23,124	40,356	47,722	46,894
NHA Mortgage-Backed Securities (NHA MBS)*	14,598	14,124	30,356	28,722	28,394
Canada Mortgage Bonds (CMB)	10,000	9,000	10,000	19,000	18,500
NHA MBS (\$M)	14,598	14,124	30,356	28,722	28,394
Federally Regulated Institutions	9,620	9,018	25,430	18,638	20,188
Provincially Regulated Institutions	466	602	430	1,067	470
IIROC Regulated Institutions**	1,790	1,652	1,781	3,442	2,694
Other Institutions	2,722	2,852	2,715	5,574	5,042
CMB (\$M)	10,000	9,000	10,000	19,000	18,500
Federally Regulated Institutions	5,120	5,133	6,130	10,252	11,091
Provincially Regulated Institutions	1,919	1,313	1,089	3,232	2,255
IIROC Regulated Institutions	1,761	1,597	1,916	3,358	3,577
Other Institutions	1,200	957	865	2,158	1,576

Component items may not add to totals due to rounding.

* NHA MBS amount of \$28,722M consists of \$28,246M new NHA MBS issued and guaranteed as at June 2015 and \$475M of Replacement NHA MBS issued prior to 2015 but on which guarantee fees were paid by the Issuer in 2015 to facilitate usage outside of the CMB Program.

** IIROC: The Investment Industry Regulatory Organization of Canada is the national self-regulatory organization which oversees all investment dealers in Canada. www.iiroc.ca

GUARANTEES-IN-FORCE

The amount of guarantees-in-force outstanding is a function of new guarantee activity and maturities and principal run-off from previously outstanding guaranteed securities. Approximately 91 percent of the \$420 billion in guarantees-in-force outstanding as at June 30, 2015 is with regulated institutions of which 74 percent is with federally regulated institutions.

Guarantees-in-force	As at:				
	30-Jun 2015	31-Mar 2015	31-Dec 2014	30-Sep 2014	30-June 2014
Guarantees-in-force (\$M)	419,589	420,907	422,482	403,769	401,949
NHA MBS	206,934	212,752	213,577	198,364	194,544
CMB	212,655	208,155	208,905	205,405	207,405
NHA MBS (\$M)	206,934	212,752	213,577	198,364	194,544
Federally Regulated Institutions	168,677	176,654	180,841	168,633	167,678
Provincially Regulated Institutions	1,414	1,269	1,066	848	869
IROC Regulated Institutions	15,164	14,342	13,148	11,992	10,794
Other Institutions	21,679	20,487	18,522	16,891	15,203
CMB (\$M)	212,655	208,155	208,905	205,405	207,405
Federally Regulated Institutions	141,371	139,762	141,928	139,941	144,019
Provincially Regulated Institutions	17,570	15,959	14,646	14,247	13,276
IROC Regulated Institutions	36,355	35,638	35,548	34,612	33,818
Other Institutions	17,359	16,796	16,783	16,606	16,292

Component items may not add to totals due to rounding.

The maturity profile of the outstanding guaranteed obligations is generally distributed across a five (5) year term, reflecting the predominance of the 5-yr mortgage term of the mortgages securitized under the NHA MBS Program and the core 5-yr CMB term.

Guarantees-in-force Maturity Profile (\$M)	As at:					
	30-Jun-15		31-Mar-15		31-Dec-14	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2015	6,434	15,850	16,818	21,350	26,302	31,100
2016	43,644	32,250	47,299	32,250	48,189	32,250
2017	34,072	29,650	35,616	29,650	36,608	29,650
2018	47,162	38,650	48,560	38,650	49,059	38,650
2019	52,918	30,750	53,495	30,750	49,911	30,750
2020	19,501	27,755	7,934	19,755	506	12,255
2021	302	7,250	303	7,250	285	7,250
2022	629	13,000	655	13,000	677	13,000
2023	563	6,000	470	6,000	500	6,000
2024	960	6,000	949	6,000	945	6,000
2025	311	5,500	209	3,500	147	2,000
2026	35		35		36	-
2027	25		26		26	-
2028	345		349		353	-
2033	28		28		28	-
2034	5		5		5	-
Total	206,934	212,655	212,752	208,155	213,577	208,905

Component items may not add to totals due to rounding.

MORTGAGE ARREARS RATE IN THE NHA MBS PROGRAM

At the time of an NHA MBS issuance, no pooled mortgage must be in arrears and mortgages must have mortgage default insurance coverage in accordance with the Government of Canada regulations for mortgage insurance. Mortgage arrears of the pooled mortgages are analysed and monitored, at the Issuer level, on a monthly basis in the context of the overall financial condition of the Issuer. This information along with established arrears triggers and the financial viability of the Issuer is considered when permitting the Issuer new guarantee approvals.

As at June 30, 2015, the 90 days arrears rate - the number of loans in arrears (4,762) as a proportion of the total number of loans (1,899,953) - in the NHA MBS Program was 0.25%.

90 days arrears for mortgages in NHA MBS outstanding	30-Jun 2015	31-Mar 2015	As at: 31-Dec 2014	30-Sep 2014	30-June 2014
Overall 90 days arrears rate *	0.25%	0.27%	0.27%	0.25%	0.23%
Federally Regulated Institutions	0.28%	0.29%	0.30%	0.27%	0.25%
Provincially Regulated Institutions	0.12%	0.13%	0.12%	0.12%	0.14%
IIROC Regulated Institutions	0.17%	0.19%	0.18%	0.20%	0.18%
Other Institutions	0.13%	0.15%	0.15%	0.17%	0.16%

* In the July 2013 NHA MBS Guide update, loan delinquency was modified to include at least one monthly equivalent instalment in arrears, in whole or in part. That is, if the total expected mortgage payment was not received, irrespective of the amount of the shortfall, the loan is required to be reported in arrears under the NHA MBS Program. As Issuers continue to adopt their reporting systems to this new requirement, there will be a slight uptick in the reported mortgages in arrears. Also, with the new program requirement, 90 days arrears category will contain mortgages that are >61 days in arrears.

INTEREST SPREAD

CMHC establishes a minimum spread requirement between the NHA MBS coupon and the lowest mortgage rate in the pool. This interest spread, which is for the benefit of the Issuer in good standing, is an important feature which incentivizes the Issuer to fulfill its responsibilities under the NHA MBS Program. This program feature ensures that program participants have significant “skin-in-the-game”. In the event of a failure of an Issuer to fulfill its responsibilities under the NHA MBS Program, CMHC, as guarantor and trustee on behalf of the NHA MBS investor, will have access to the interest spread, to be used in ensuring the obligations under the NHA MBS are fulfilled.

30-Jun-15	MORTGAGE		NHA MBS			
Pool Type	Balance Outstanding (\$M)	Spread to Index *	Mortgage Rate	Spread to Index *	MBS Coupon	Interest Spread
Fixed Rate						
867	35,820		3.26		1.94	1.32
964	287		3.22		1.83	1.39
965	16,458		3.48		2.56	0.91
966	7,095		2.89		2.21	0.68
967	0.1		9.19		7.50	1.69
970	61		4.10		2.32	1.77
975	268,705		3.23		1.76	1.47
990	4,648		4.07		3.50	0.56
	333,075		3.25		1.85	1.39
Floating Rate						
	-					
880	5,393	(0.63)	2.21	0.35	1.34	0.87
885	4,045	(0.64)	2.21	0.16	1.15	1.06
980	30,857	(0.57)	2.27	0.19	1.18	1.09
985	39,028	(0.47)	2.38	0.10	1.09	1.29
987	11,796	(0.53)	2.31	(1.08)	1.23	1.08
	91,118		2.31		1.16	1.16
	-					
Total	424,193		3.05		1.70	1.34

Component items may not add to totals due to rounding. http://download.isiglobal.ca/cmhc/mbs_th/NHA_MBS_Guide_EN.pdf.

* Adjustable (880/980) and Variable Rate (885/985) mortgage rates are based on lenders' Prime rates. Floating Rate NHA MBS coupons, with the exception of the NHA MBS 987 pool, are based on 1-month Canadian Dealer Offered Rate (CDOR). The coupon rate of the NHA MBS 987 pool is based on a spread to the weighted average mortgage rate in the pool. All spreads and rates shown in the table are weighted averages.

ADDITIONAL INFORMATION

To complement the monthly reports on CMHC's website. Additional details on NHA MBS issuance volumes including by pool type and Issuer can be found at: http://www.cmhc.ca/en/hoficlincl/mobase/mobase_006.cfm

NHA MBS ISSUANCE VOLUMES

NHA MBS issued during the period	Three months ended			Year-to-date	
	30-Jun 2015	31-Mar 2015	31-Dec 2014	30-Jun 2015	30-Jun 2014
Guaranteed (Market) NHA MBS	14,212	14,037	30,409	28,249	27,436
NHA MBS sold to Canada Housing Trust	9,764	8,192	9,762	17,956	16,612
Replacement NHA MBS *	10,060	12,240	6,015	22,300	22,741
Total NHA MBS Volumes (\$M)	34,035	34,469	46,187	68,505	66,789

Component items may not add to totals due to rounding.

*NHA MBS designated for future sale to Canada Housing Trust (CHT) under the CMB program to replace the monthly principal run-off from the NHA MBS assets held by CHT with respect to CMB transactions. Replacement NHA MBS are restricted securities and usage outside of the CMB program requires a payment of a guarantee fee.

NHA MBS OUTSTANDING

All NHA MBS issued and outstanding	30-Jun 2015	31-Mar 2015	As at:	30-Sep 2014	30-June 2014
			31-Dec 2014		
Guaranteed (Market) NHA MBS	206,934	212,752	213,577	198,364	194,544
NHA MBS sold to Canada Housing Trust	203,000	201,197	202,449	198,484	197,767
Replacement NHA MBS	14,259	18,770	13,659	16,773	14,473
Total NHA MBS Outstanding (\$M)	424,193	432,719	429,685	413,621	406,784

Component items may not add to totals due to rounding.