

CANADA MORTGAGE AND HOUSING CORPORATION

SECURITIZATION BUSINESS SUPPLEMENT

Second QUARTER
June 30, 2017

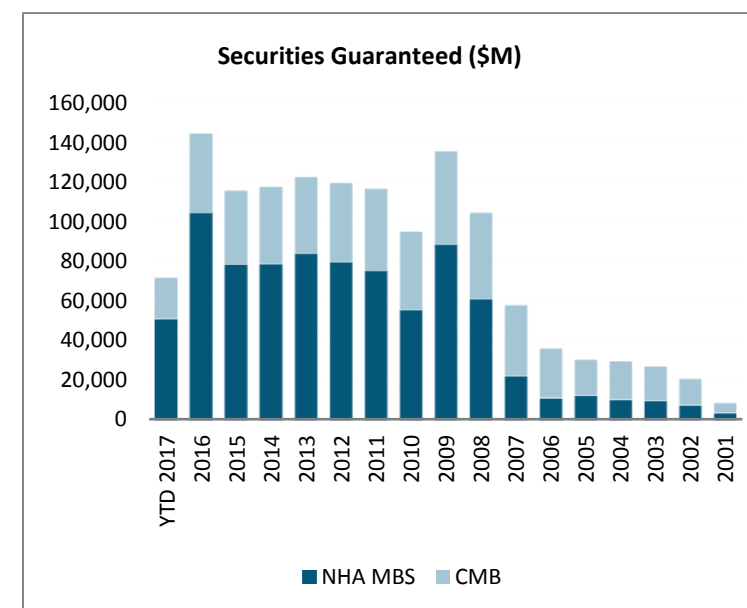
March 31, 2014

To supplement CMHC's consolidated financial statements, which are prepared in accordance with IFRS, CMHC uses non-IFRS measures to analyze its performance. The following Securitization Business Supplement is prepared for the second quarter ending June 30, 2017, and is intended to help readers better understand CMHC's securitization activity. CMHC believes that this business supplement provides meaningful information that enables greater transparency and clarity with respect to CMHC's securitization activity.

NEW SECURITIZATION GUARANTEE ACTIVITY

As at June 30, 2017, of the \$130 billion NHA MBS and \$40 billion CMB guarantee limits for 2017, \$71.9 billion of securities were guaranteed (\$51.2 billion of NHA MBS and \$20.75 billion of CMB). Of the approximate 90 active participants in CMHC's securitization programs, 85 are regulated institutions.

Securities guaranteed	Three months ended						Year-to-date	
	30-Jun 2017	31-Mar 2017	31-Dec 2016	30-Sep 2016	30-Jun 2016	31-Mar 2016	30-Jun 2017	30-Jun 2016
Total Guaranteed (\$M)	37,730	34,180	52,116	43,110	27,372	21,834	71,910	49,207
NHA Mortgage-Backed Securities (NHA MBS)*	27,730	23,430	42,366	32,860	16,622	12,584	51,160	29,207
Canada Mortgage Bonds (CMB)	10,000	10,750	9,750	10,250	10,750	9,250	20,750	20,000
NHA MBS (\$M)**	27,730	23,430	42,366	32,860	16,622	12,584	51,160	29,207
Federally Regulated Institutions	17,598	13,745	28,110	20,077	11,251	8,906	31,344	20,156
Provincially Regulated Institutions	2,985	3,478	3,939	2,407	610	265	6,463	875
IIROC Regulated Institutions***	4,240	3,731	6,120	7,410	1,949	1,631	7,971	3,580
Other Institutions	2,907	2,475	4,197	2,966	2,812	1,783	5,383	4,595
CMB (\$M)	10,000	10,750	9,750	10,250	10,750	9,250	20,750	20,000
Federally Regulated Institutions	5,853	6,200	5,423	5,298	5,642	4,890	12,053	10,532
Provincially Regulated Institutions	1,764	1,796	1,870	2,072	2,213	1,908	3,560	4,121
IIROC Regulated Institutions	1,832	1,969	1,486	1,842	1,745	1,551	3,801	3,297
Other Institutions	551	784	971	1,038	1,150	901	1,335	2,051



Component items may not add to totals because of rounding.

* The NHA MBS amount of \$51,160 million consists of \$47,831 million in new NHA MBS issued and guaranteed in 2017 and \$3,330 million in replacement NHA MBS issued prior to 2017 but on which guarantee fees were paid in 2017.

**For all CMB issued after July 1, 2016, only NHA MBS on which guarantee fees have been paid are eligible to be sold to CHT, either as original or reinvestment assets, with respect to such CMB issuance.

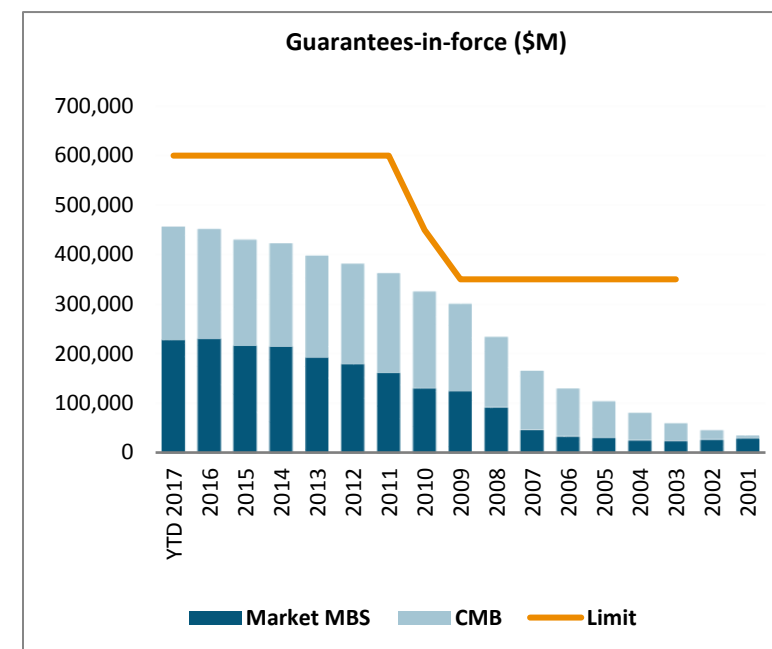
*** IIROC: The Investment Industry Regulatory Organization of Canada is the national self-regulatory organization that oversees all investment dealers in Canada (<http://www.iiroc.ca/>).



GUARANTEES-IN-FORCE

The amount of guarantees-in-force outstanding is a function of new guarantee activity and maturities/principal runoff from outstanding guaranteed securities. Approximately 89 per cent of the \$456 billion in guarantees-in-force outstanding as at June 30, 2017, is with regulated institutions, and 68 per cent of guarantees-in-force outstanding as at June 30, 2017, is with federally regulated institutions.

Guarantees-in-force	30-Jun 2017	31-Mar 2017	As at: 31-Dec 2016	30-Sep 2016	30-Jun 2016
Guarantees-in-force (\$M)	456,092	456,760	451,825	434,557	426,347
NHA MBS	227,321	227,958	229,034	211,002	208,042
CMB	228,772	228,802	222,791	223,555	218,305
NHA MBS (\$M)	227,321	227,958	229,034	211,002	208,042
Federally Regulated Institutions	167,706	170,488	173,148	161,873	161,760
Provincially Regulated Institutions	5,760	5,053	3,697	2,249	2,218
IROC Regulated Institutions	25,355	24,559	24,416	20,920	17,407
Other Institutions	28,499	27,858	27,774	25,959	26,657
CMB (\$M)	228,772	228,802	222,791	223,555	218,305
Federally Regulated Institutions	144,057	144,032	140,878	141,745	140,259
Provincially Regulated Institutions	27,785	27,095	25,368	24,767	22,694
IROC Regulated Institutions	37,255	37,514	36,688	37,287	36,394
Other Institutions	19,674	20,162	19,857	19,755	18,958



Component items may not add to totals because of rounding.

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

Guarantees-in-force Maturity Profile (\$M)	30-Jun-17		31-Mar-17		As at: 31-Dec-16		30-Sep-16		30-Jun-16	
	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2016							805	10,500	5,239	15,500
2017	6,266	14,870	13,621	24,900	18,962	29,636	23,556	29,650	27,824	29,650
2018	33,041	38,650	35,352	38,650	36,861	38,650	38,755	38,650	40,722	38,650
2019	41,886	30,750	43,268	30,750	45,095	30,750	46,338	30,750	48,876	30,750
2020	62,905	40,002	63,504	40,002	65,146	40,005	63,980	40,005	63,561	40,005
2021	65,492	37,750	63,091	37,750	60,252	37,750	34,842	32,750	19,034	25,000
2022	15,238	31,750	6,679	23,750	503	15,500	513	13,000	528	13,000
2023	620	6,000	636	6,000	540	6,000	554	6,000	571	6,000
2024	837	6,000	841	6,000	857	6,000	876	6,000	898	6,000
2025	364	11,500	366	11,500	362	11,500	367	11,500	372	11,500
2026	74	7,000	69	7,000	72	7,000	37	4,750	33	2,250
2027	257	4,500	187	2,500	34		25		25	
2028	308		313		318		322		327	
2033	27		27		27		27		27	
2034	5		5		5		5		5	
Total	227,321	228,772	227,958	228,802	229,034	222,791	211,002	223,555	208,042	218,305

Component items may not add to totals because of 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 analyzed 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, 2017, the 90-day arrears rate—the number of loans in arrears (3,803) as a proportion of the total number of loans (1,954,395)—in the NHA MBS Program was 0.19 per cent.

90 days arrears for mortgages in NHA MBS outstanding	30-Jun 2017	31-Mar 2017	As at: 31-Dec 2016	30-Sep 2016	30-Jun 2016
Overall 90days arrears rate	0.19%	0.22%	0.22%	0.24%	0.24%
Federally Regulated Institutions	0.23%	0.26%	0.26%	0.28%	0.28%
Provincially Regulated Institutions	0.08%	0.09%	0.11%	0.13%	0.12%
IIROC Regulated Institutions	0.12%	0.12%	0.13%	0.16%	0.15%
Other Institutions	0.08%	0.09%	0.12%	0.12%	0.11%



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 that 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-17	MORTGAGE		NHA MBS		Interest Spread	
Pool Type	Balance Outstanding (\$M)	Spread to Index *	Mortgage Rate	Spread to Index *		MBS Coupon
Fixed Rate						
867	57,328		2.86		1.50	1.36
964	778		2.59		1.52	1.07
965	18,255		3.08		2.29	0.78
966	14,261		2.59		1.91	0.68
967	6		2.52		1.90	0.62
970	0		6.99		5.88	1.12
975	281,177		2.83		1.50	1.33
990	4,490		3.64		3.08	0.56
	376,296		2.85		1.57	1.27
Floating Rate						
880	5,863	(0.44)	2.26	0.45	1.31	0.95
885	5,217	(0.45)	2.25	0.08	0.94	1.31
980	34,750	(0.54)	2.16	0.26	1.12	1.04
985	30,214	(0.46)	2.29	0.15	1.00	1.29
987	9,516	(0.44)	2.32	(1.07)	1.25	1.07
	85,559		2.23		1.09	1.14
Total	461,855		2.73		1.49	1.25

Component items may not add to totals because of rounding.

* Adjustable (880/980) and variable (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 the one-month Canadian Dollar 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 2017	31-Mar 2017	31-Dec 2016	30-Sep 2016	30-Jun 2016	31-Mar 2016	30-Jun 2017	30-Jun 2016
Guaranteed (Market) NHA MBS	26,316	21,559	41,743	32,282	16,269	12,193	47,875	28,462
NHA MBS sold to Canada Housing Trust*	-	-	-	6	10,164	8,122		18,286
Replacement NHA MBS **	5,793	9,776	15,313	10,673	14,804	13,289	15,569	28,093
Total NHA MBS Volumes (\$M)	32,109	31,335	57,056	42,962	41,237	33,604	63,444	74,841

Component items may not add to totals because of rounding.

* All NHA MBS sold to Canada Housing Trust (CHT) in new CMB transactions issued after July 1, 2016, are subject to an NHA MBS guarantee fee. From July 2016 onwards, the Guaranteed (Market) NHA MBS category will include NHA MBS sold to CHT.

** NHA MBS designated for future sale to Canada Housing Trust (CHT) under the CMB Program to replace the monthly principal runoff from the NHA MBS assets held by CHT with respect to CMB transactions. Replacement NHA MBS are restricted securities and can only be used as reinvestment assets in CMB transactions issued prior to July 1, 2016.

NHA MBS OUTSTANDING

All NHA MBS issued and outstanding	As at:					
	30-Jun 2017	31-Mar 2017	31-Dec 2016	30-Sep 2016	30-Jun 2016	31-Mar 2016
Guaranteed (Market) NHA MBS	227,321	227,958	229,034	211,002	208,042	208,727
NHA MBS sold to Canada Housing Trust	221,816	223,288	216,752	215,741	209,695	212,994
Replacement NHA MBS	12,718	17,224	18,575	14,688	20,934	16,782
Total NHA MBS Outstanding (\$M)	461,855	468,471	464,361	441,431	438,671	438,502

Component items may not add to totals because of rounding.

