

CANADA MORTGAGE AND HOUSING CORPORATION

# SECURITIZATION BUSINESS SUPPLEMENT

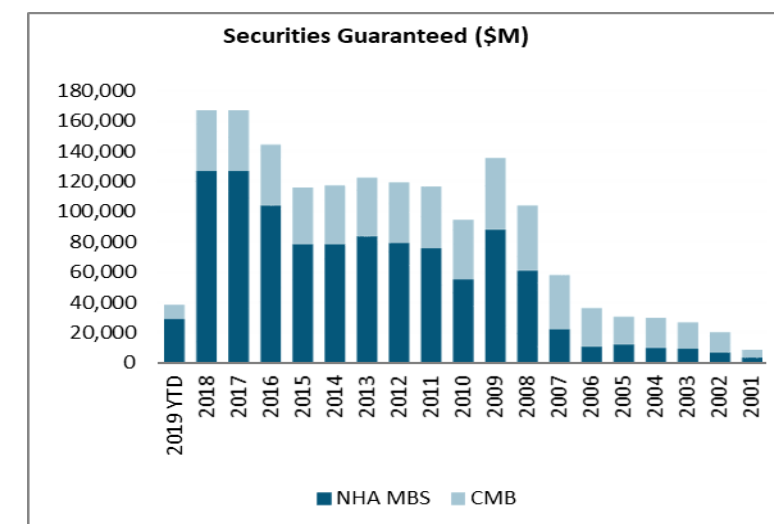
First QUARTER  
March 31, 2019

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 first quarter ending March 31, 2019, 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 March 31, 2019, of the \$140 billion NHA MBS and \$40 billion CMB guarantee limits for 2019, \$38.9 billion of securities were guaranteed (\$28.9 billion of NHA MBS and \$10 billion of CMB). Of the approximate 98 active participants in CMHC's securitization programs, 93 are regulated institutions.

Securities guaranteed	Three months ended				Year-to-date		
	31-Mar 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018	31-Mar 2018	31-Mar 2019	31-Mar 2018
<b>Total Guaranteed (\$M)</b>	<b>38,924</b>	<b>48,556</b>	<b>43,766</b>	<b>37,819</b>	<b>36,733</b>	<b>38,924</b>	<b>36,733</b>
NHA Mortgage-Backed Securities (NHA MBS)*	28,924	38,306	33,766	27,819	27,233	28,924	27,233
Canada Mortgage Bonds (CMB)	10,000	10,250	10,000	10,000	9,500	10,000	9,500
<b>NHA MBS (\$M)</b>	<b>28,924</b>	<b>38,306</b>	<b>33,766</b>	<b>27,819</b>	<b>27,233</b>	<b>28,924</b>	<b>27,233</b>
Federally Regulated Institutions	19,749	28,746	21,766	18,078	18,196	19,749	18,196
Provincially Regulated Institutions	2,223	3,690	2,898	2,893	3,284	2,223	3,284
IIROC Regulated Institutions**	3,188	2,956	4,020	2,602	2,256	3,188	2,256
Other Institutions	3,764	2,913	5,083	4,246	3,498	3,764	3,498
<b>CMB (\$M)</b>	<b>10,000</b>	<b>10,250</b>	<b>10,000</b>	<b>10,000</b>	<b>9,500</b>	<b>10,000</b>	<b>9,500</b>
Federally Regulated Institutions	5,401	5,798	5,645	6,049	5,443	5,401	5,443
Provincially Regulated Institutions	1,697	1,757	1,623	1,445	1,527	1,697	1,527
IIROC Regulated Institutions	2,030	1,887	2,230	1,991	1,815	2,030	1,815
Other Institutions	872	808	503	516	715	872	715



Component items may not add to totals because of rounding.

\* The NHA MBS amount of \$28.9 billion consists of \$27.16 billion in new NHA MBS issued and guaranteed YTD 2019 and \$1.8 billion in replacement NHA MBS issued prior to 2019 but on which NHA MBS guarantee fees were paid in 2019.

\*\* 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/>).

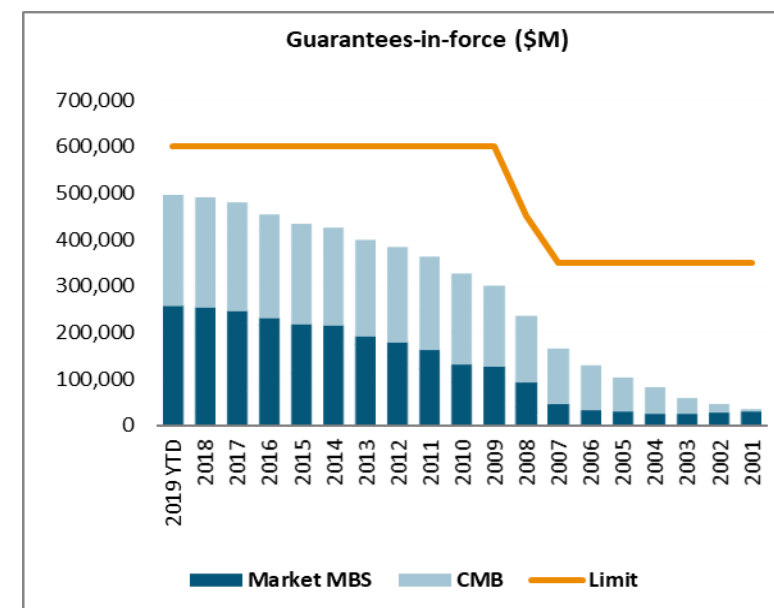


## GUARANTEES-IN-FORCE

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 \$494.4 billion in guarantees-in-force outstanding as at March 31, 2019, is with regulated institutions, and 67 per cent of guarantees-in-force outstanding as at March 31, 2019, is with federally regulated institutions.

Guarantees-in-force	31-Mar 2019	31-Dec 2018	As at: 30-Sep 2018	30-Jun 2018	31-Mar 2018
<b>Guarantees-in-force (\$M)</b>	<b>494,400</b>	<b>487,772</b>	<b>483,622</b>	<b>478,549</b>	<b>480,920</b>
NHA MBS	254,901	253,524	241,874	241,901	244,272
CMB	239,499	234,249	241,749	236,649	236,649
<b>NHA MBS (\$M)</b>	<b>254,901</b>	<b>253,524</b>	<b>241,874</b>	<b>241,901</b>	<b>244,272</b>
Federally Regulated Institutions	188,844	186,626	176,370	176,069	179,991
Provincially Regulated Institutions	8,942	9,653	8,435	9,121	8,274
IIROC Regulated Institutions	21,980	22,829	22,546	23,896	24,975
Other Institutions	35,134	34,415	34,522	32,814	31,032
<b>CMB (\$M)</b>	<b>239,499</b>	<b>234,249</b>	<b>241,749</b>	<b>236,649</b>	<b>236,649</b>
Federally Regulated Institutions	143,997	141,272	147,535	145,724	145,459
Provincially Regulated Institutions	33,317	31,939	32,719	31,428	31,129
IIROC Regulated Institutions	42,373	41,652	41,588	39,994	39,856
Other Institutions	19,811	19,386	19,907	19,504	20,204

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)	As at:									
	31-Mar-19		31-Dec-18		30-Sep-18		30-Jun-18		31-Mar-18	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2018					1,076	17,750	6,721	22,650	16,461	32,650
2019	21,840	26,000	28,592	30,750	32,131	30,750	36,756	30,750	37,888	30,750
2020	56,642	39,999	59,337	39,999	58,329	39,999	61,224	39,999	61,128	39,999
2021	67,177	37,750	70,023	37,750	68,418	37,750	69,714	37,750	70,808	37,750
2022	49,766	44,250	49,887	44,250	49,314	44,250	49,974	44,250	49,060	44,250
2023	48,717	36,500	43,536	36,500	30,593	31,000	15,594	23,250	6,947	15,500
2024	8,904	16,500	782	8,500	816	6,000	793	6,000	815	6,000
2025	359	11,500	310	11,500	308	11,500	318	11,500	334	11,500
2026	39	7,000	42	7,000	46	7,000	50	7,000	54	7,000
2027	248	6,750	253	6,750	260	6,750	262	6,750	270	6,750
2028	1,132	13,250	730	11,250	551	9,000	462	6,750	474	4,500
2029	47									
2033	26		26		26		26		26	
2034	5		5		5		5		5	
<b>Total</b>	<b>254,901</b>	<b>239,499</b>	<b>253,524</b>	<b>234,249</b>	<b>241,874</b>	<b>241,749</b>	<b>241,901</b>	<b>236,649</b>	<b>244,272</b>	<b>236,649</b>

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 March 31, 2019, the 90-day arrears rate—the number of loans in arrears (3,459) as a proportion of the total number of loans (2,086,928)—in the NHA MBS Program was 0.17 per cent.

90 days arrears for mortgages in NHA MBS outstanding	As at:				
	31-Mar 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018	31-Mar 2018
<b>Overall 90 days arrears rate</b>	<b>0.17%</b>	<b>0.17%</b>	<b>0.17%</b>	<b>0.17%</b>	<b>0.18%</b>
Federally Regulated Institutions	0.20%	0.21%	0.20%	0.20%	0.21%
Provincially Regulated Institutions	0.09%	0.09%	0.08%	0.08%	0.08%
IROC Regulated Institutions	0.10%	0.10%	0.11%	0.12%	0.12%
Other Institutions	0.03%	0.03%	0.06%	0.06%	0.06%



## 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 fulfil 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.

31-Mar-19	Balance	MORTGAGE		NHA MBS		Interest Spread
Pool Type	Outstanding (\$M)	Spread to Index *	Mortgage Rate	Spread to Index *	MBS Coupon	
<b>Fixed Rate</b>						
867	67,397		2.89		1.72	1.17
964	844		2.79		1.80	0.99
965	21,512		3.00		2.31	0.69
966	20,731		2.79		2.11	0.67
967	5		2.51		1.88	0.62
970	0		6.99		5.88	1.12
975	284,874		2.87		1.69	1.18
990	4,185		3.53		2.97	0.55
	<b>399,548</b>		<b>2.89</b>		<b>1.76</b>	<b>1.12</b>
<b>Floating Rate</b>						
880	7,768	(0.51)	3.42	0.40	2.44	0.98
885	9,743	(0.57)	3.37	0.10	2.13	1.24
980	44,544	(0.74)	3.19	0.14	2.18	1.01
985	29,066	(0.63)	3.37	0.10	2.13	1.24
987	7,891	(0.52)	3.39	(0.97)	2.42	0.97
	<b>99,014</b>		<b>3.30</b>		<b>2.20</b>	<b>1.10</b>
<b>Total</b>	<b>498,562</b>		<b>2.97</b>		<b>1.85</b>	<b>1.12</b>

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

<https://www.cmhc-schl.gc.ca/en/finance-and-investing/nha-mortgage-backed-securities/securitization-reports>.

## NHA MBS ISSUANCE VOLUMES

NHA MBS issued during the period	Three months ended				Year-to-date		
	31-Mar 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018	31-Mar 2018	31-Mar 2019	31-Mar 2018
Guaranteed (Market) NHA MBS	27,162	37,582	33,660	26,434	25,489	27,162	25,489
Replacement NHA MBS *	7,308	3,102	11,415	8,922	8,710	7,308	8,710
<b>Total NHA MBS Volumes (\$M)</b>	<b>34,471</b>	<b>40,683</b>	<b>45,075</b>	<b>35,356</b>	<b>34,199</b>	<b>34,471</b>	<b>34,199</b>

Component items may not add to totals because of rounding.

\* 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:				
	31-Mar 2019	31-Dec 2018	30-Sep 2018	30-Jun 2018	31-Mar 2018
Guaranteed (Market) NHA MBS	254,901	253,524	241,874	241,901	244,272
NHA MBS sold to Canada Housing Trust	235,112	229,282	234,668	228,204	230,485
Replacement NHA MBS	8,548	8,667	7,834	8,937	11,514
<b>Total NHA MBS Outstanding (\$M)</b>	<b>498,562</b>	<b>491,473</b>	<b>484,376</b>	<b>479,042</b>	<b>486,270</b>

Component items may not add to totals because of rounding.

