

CANADA MORTGAGE AND HOUSING CORPORATION

SECURITIZATION BUSINESS SUPPLEMENT

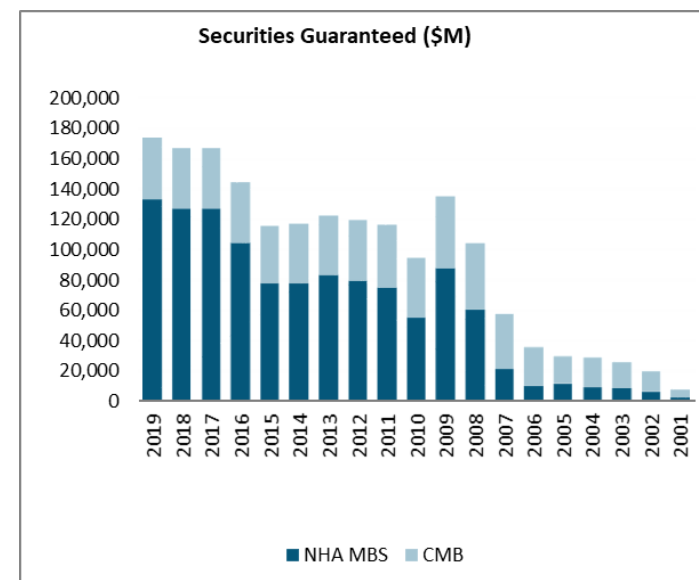
FOURTH QUARTER
December 31, 2019

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 fourth quarter ending December 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 December 31, 2019, of the \$140 billion NHA MBS and \$40 billion CMB guarantee limits for 2019, \$173.7 billion of securities were guaranteed (\$133.7 billion of NHA MBS and \$40 billion of CMB). Of the approximate 100 active participants in CMHC's securitization programs, 95 are regulated institutions.

Securities guaranteed	Three months ended				Year-to-date		
	31-Dec 2019	30-Sep 2019	30-Jun 2018	31-Mar 2018	31-Dec 2018	31-Dec 2018	
Total Guaranteed (\$M)	50,140	42,930	41,708	38,924	48,556	173,702	166,875
NHA Mortgage-Backed Securities (NHA MBS)*	40,390	33,430	30,958	28,924	38,306	133,702	127,125
Canada Mortgage Bonds (CMB)	9,750	9,500	10,750	10,000	10,250	40,000	39,750
NHA MBS (\$M)	40,390	33,430	30,958	28,924	38,306	133,702	127,125
Federally Regulated Institutions	29,149	20,340	19,106	19,749	28,746	88,344	86,785
Provincially Regulated Institutions	3,948	3,892	3,459	2,223	3,690	13,522	12,765
IIROC Regulated Institutions**	4,681	6,502	5,048	3,188	2,956	19,419	11,835
Other Institutions	2,612	2,696	3,344	3,764	2,913	12,416	15,740
CMB (\$M)	9,750	9,500	10,750	10,000	10,250	40,000	39,750
Federally Regulated Institutions	5,475	5,327	6,273	5,401	5,798	22,476	22,934
Provincially Regulated Institutions	1,661	1,687	1,323	1,697	1,757	6,368	6,352
IIROC Regulated Institutions	1,783	1,771	2,653	2,030	1,887	8,237	7,922
Other Institutions	832	715	501	872	808	2,920	2,542



Component items may not add to totals because of rounding.

*The NHA MBS amount of \$133.7 billion consists of \$130.8 billion in new NHA MBS issued and guaranteed in 2019 and \$2.9 billion in replacement NHA MBS issued prior to 2019 but on which NHA MBS guarantee fees were paid in 2019.

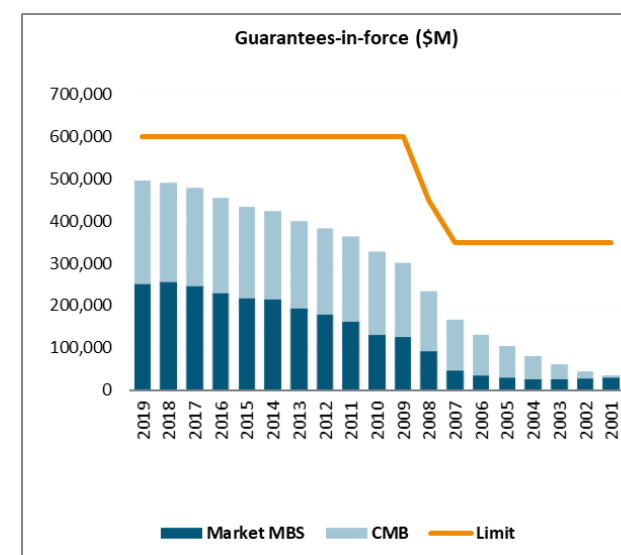
**IIROC: The Investment Industry Regulatory Organization of Canada is the national self-regulatory organization that oversees all investment dealers in Canada (<http://www.iiroc.ca/>).

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 \$492.8 billion in guarantees-in-force outstanding as at December 31, 2019, is with regulated institutions, and 67 per cent of guarantees-in-force outstanding as at December 31, 2019, is with federally regulated institutions.

Guarantees-in-force	31-Dec 2019	30-Sep 2019	As at: 30-Jun 2019	31-Mar 2018	31-Dec 2018
Guarantees-in-force (\$M)	492,839	488,320	491,581	494,400	487,772
Market NHA MBS	249,341	244,071	251,333	254,901	253,524
CMB	243,499	244,249	240,249	239,499	234,249
Market NHA MBS (\$M)	249,341	244,071	251,333	254,901	253,524
Federally Regulated Institutions	181,639	176,417	183,570	188,844	186,626
Provincially Regulated Institutions	11,036	10,389	10,232	8,942	9,653
IIROC Regulated Institutions	23,557	23,183	22,097	21,980	22,829
Other Institutions	33,108	34,083	35,435	35,134	34,415
CMB (\$M)	243,499	244,249	240,249	239,499	234,249
Federally Regulated Institutions	146,255	146,543	144,659	143,997	141,272
Provincially Regulated Institutions	34,553	34,420	33,010	33,317	31,939
IIROC Regulated Institutions	43,551	43,593	43,234	42,373	41,652
Other Institutions	19,141	19,693	19,346	19,811	19,386

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-Dec-19		30-Sep-19		30-Jun-19		31-Mar-19		31-Dec-18	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2019			2,217	10,500	10,850	16,000	21,840	26,000	28,592	30,750
2020	38,012	39,999	46,439	39,999	53,249	39,999	56,642	39,999	59,337	39,999
2021	59,785	37,750	59,832	37,750	64,665	37,750	67,177	37,750	70,023	37,750
2022	52,425	44,250	50,684	44,250	49,836	44,250	49,766	44,250	49,887	44,250
2023	52,193	36,500	51,843	36,500	52,039	36,500	48,717	36,500	43,536	36,500
2024	44,268	37,500	30,688	32,250	18,690	25,000	8,904	16,500	782	8,500
2025	294	13,750	321	11,500	336	11,500	359	11,500	310	11,500
2026	30	7,000	32	7,000	35	7,000	39	7,000	42	7,000
2027	276	6,750	282	6,750	244	6,750	248	6,750	253	6,750
2028	956	13,250	988	13,250	970	13,250	1,132	13,250	730	11,250
2029	900	6,750	657	4,500	330	2,250	47			
2030	115									
2033	25		25		25		26		26	
2034	62		62		63		5		5	
Total	249,341	243,499	244,071	244,249	251,333	240,249	254,901	239,499	253,524	234,249

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 December 31, 2019, the 90-day arrears rate—the number of loans in arrears (3,384) as a proportion of the total number of loans (2,061,627)—in the NHA MBS Program was 0.16 per cent.

90 days arrears for mortgages in NHA MBS outstanding	31-Dec 2019	30-Sep 2019	As at: 30-Jun 2019	31-Mar 2018	31-Dec 2018
Overall 90 days arrears rate	0.16%	0.17%	0.16%	0.17%	0.17%
Federally Regulated Institutions	0.20%	0.21%	0.19%	0.20%	0.21%
Provincially Regulated Institutions	0.10%	0.11%	0.08%	0.09%	0.09%
IIROC Regulated Institutions	0.09%	0.09%	0.08%	0.10%	0.10%
Other Institutions	0.03%	0.04%	0.03%	0.03%	0.03%

Component items may not add to totals because of rounding.



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-Dec-19	MORTGAGE		NHA MBS		Interest Spread	
Pool Type	Balance Outstanding (\$M)	Spread to Index*	Mortgage Rate	Spread to Index*		MBS Coupon
Fixed Rate						
867	68,886		2.97		1.80	1.16
964	689		2.79		1.80	0.99
965	23,255		2.94		2.25	0.69
966	24,703		2.76		2.06	0.69
967	4		2.49		1.87	0.62
970	0		6.99		5.88	1.12
975	284,270		2.92		1.75	1.17
990	3,946		3.51		2.95	0.56
	405,754		2.92		1.82	1.11
Floating Rate						
880	5,377	(0.51)	3.41	0.34	2.31	1.10
885	9,062	(0.62)	3.33	0.09	2.05	1.27
980	41,854	(0.80)	3.13	0.12	2.09	1.04
985	27,639	(0.67)	3.33	0.06	2.03	1.30
987	5,449	(0.51)	3.40	(0.92)	2.48	0.92
	89,382		3.25		2.10	1.14
Total	495,136		2.98		1.87	1.11

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-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019	31-Dec 2018	31-Dec 2019	31-Dec 2018
Guaranteed (Market) NHA MBS	40,195	33,132	30,454	27,162	37,582	130,943	123,164
Replacement NHA MBS*	4,770	11,347	4,939	7,308	3,102	28,363	32,149
Total NHA MBS Volumes (\$M)	44,965	44,479	35,392	34,471	40,683	159,307	155,313

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-Dec 2019	30-Sep 2019	30-Jun 2019	31-Mar 2019	31-Dec 2018
Guaranteed (Market) NHA MBS	249,341	244,071	251,333	254,901	253,524
NHA MBS sold to Canada Housing Trust	239,228	239,139	233,892	235,112	229,282
Replacement NHA MBS	6,568	8,149	6,203	8,548	8,667
Total NHA MBS Outstanding (\$M)	495,136	491,360	491,428	498,562	491,473

Component items may not add to totals because of rounding.

