

CANADA MORTGAGE AND HOUSING CORPORATION

SECURITIZATION BUSINESS SUPPLEMENT

FOURTH QUARTER
December 31, 2020

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, 2020, 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 part of Canada's COVID-19 Economic Response Plan, the Government of Canada announced proactive and coordinated measures to ensure the health of our financial system and economy. The government launched a revised Insured Mortgage Purchase Program (IMPP) to purchase up to \$150 billion of NHA MBS through CMHC. Additionally, the issuance limit of Canada Mortgage Bonds increased to a total annual issuance amount of up to \$60 billion. Consequently, the 2020 annual NHA MBS guarantee limit increased from \$145 billion to \$295 billion.

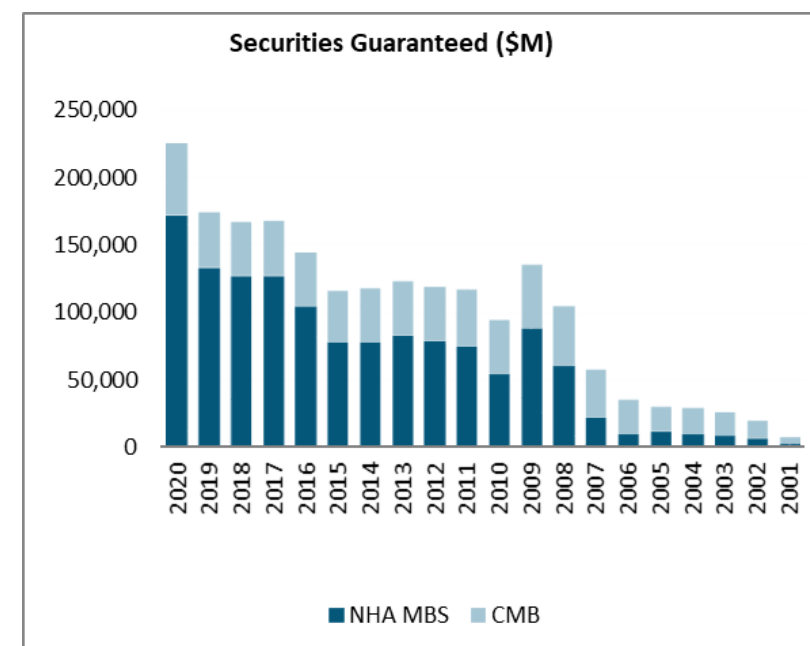
As at December 31, 2020, CMHC guaranteed \$225 billion of securities (\$171.85 billion of NHA MBS and \$53 billion of CMB). Of the approximate 98 active participants in CMHC's securitization programs, 92 are regulated institutions.

Securities guaranteed	Three months ended				Year-to-date		
	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019
Total Guaranteed (\$M)	51,855	42,667	84,342	45,990	50,140	224,854	173,702
NHA Mortgage-Backed Securities (NHA MBS)*	40,105	29,917	66,342	35,490	40,390	171,854	133,702
Canada Mortgage Bonds (CMB)	11,750	12,750	18,000	10,500	9,750	53,000	40,000
NHA MBS (\$M)	40,105	29,917	66,342	35,490	40,390	171,854	133,702
Federally Regulated Institutions	25,170	18,146	51,299	21,745	29,149	116,359	88,344
Provincially Regulated Institutions	4,968	3,997	5,753	4,536	3,948	19,254	13,522
IIROC Regulated Institutions**	6,869	5,577	5,828	6,861	4,681	25,135	19,419
Other Institutions	3,098	2,198	3,461	2,348	2,612	11,106	12,416
CMB (\$M)	11,750	12,750	18,000	10,500	9,750	53,000	40,000
Federally Regulated Institutions	7,354	8,037	10,587	6,387	5,475	32,365	22,476
Provincially Regulated Institutions	1,518	1,851	2,977	1,731	1,661	8,076	6,368
IIROC Regulated Institutions	2,132	2,277	3,282	1,905	1,783	9,596	8,237
Other Institutions	746	584	1,155	478	832	2,963	2,920

Component items may not add to totals because of rounding.

* The NHA MBS amount of \$171.85 billion consists of \$167.5 billion in new NHA MBS issued and guaranteed in 2020 and \$4.4 billion in replacement NHA MBS issued prior to 2020 but on which NHA MBS guarantee fees were paid in 2020.

** 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/>).

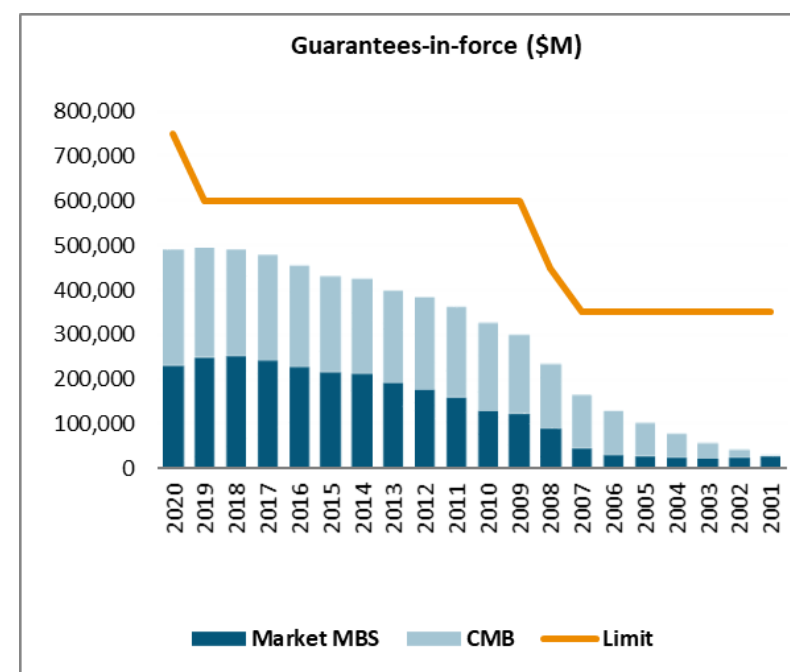


GUARANTEES-IN-FORCE

The amount of guarantees-in-force outstanding is a function of new guarantee activity and maturities/principal runoff from outstanding guaranteed securities. Approximately 90 per cent of the \$489 billion in guarantees-in-force outstanding as at December 31, 2020, is with regulated institutions; and 65 per cent of guarantees-in-force outstanding as at December 31, 2020, is with federally regulated institutions. In support of the new IMPP, the Guarantee-in-force limit has been raised to \$750 billion from the prior \$600 billion for a five-year period.

Guarantees-in-force	As at:				
	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Dec 2019
Guarantees-in-force (\$M)	488,865	499,961	515,278	493,991	492,839
Market NHA MBS	232,365	240,811	263,628	250,346	249,341
CMB	256,500	259,150	251,650	243,645	243,499
Market NHA MBS (\$M)	232,365	240,811	263,628	250,346	249,341
Federally Regulated Institutions	166,342	173,814	193,673	180,031	181,639
Provincially Regulated Institutions	10,866	10,518	11,808	11,909	11,036
IIROC Regulated Institutions	25,415	26,229	26,666	26,121	23,557
Other Institutions	29,742	30,251	31,481	32,286	33,108
CMB (\$M)	256,500	259,150	251,650	243,645	243,499
Federally Regulated Institutions	153,044	155,172	149,855	144,776	146,255
Provincially Regulated Institutions	37,759	38,314	37,020	35,898	34,553
IIROC Regulated Institutions	47,105	46,818	45,525	43,890	43,551
Other Institutions	18,591	18,846	19,250	19,080	19,141

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-21		30-Sep-20		30-Jun-20		31-Mar-20		31-Dec-19	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2020			1,449	14,400	10,292	19,650	25,890	29,645	38,012	39,999
2021	29,628	37,750	41,339	37,750	53,654	37,750	56,906	37,750	59,785	37,750
2022	36,533	44,250	42,273	44,250	47,677	44,250	50,542	44,250	52,425	44,250
2023	46,016	45,500	46,914	45,500	51,569	42,500	50,269	36,500	52,193	36,500
2024	58,268	37,500	60,281	37,500	62,149	37,500	51,298	37,500	44,268	37,500
2025	58,760	40,750	45,906	35,250	35,330	29,750	12,651	21,750	294	13,750
2026	29	9,000	30	7,000	34	7,000	32	7,000	30	7,000
2027	327	6,750	319	6,750	342	6,750	260	6,750	276	6,750
2028	900	13,250	855	13,250	925	13,250	976	13,250	956	13,250
2029	620	6,750	625	6,750	729	6,750	794	6,750	900	6,750
2030	744	10,750	604	10,750	707	6,500	588	2,500	115	
2031	309	4,250								
2033	24		25		25		25		25	
2034	60		61		61		61		62	
2035	64		64		65					
2040	82		67		67		52			
Total	232,365	256,500	240,811	259,150	263,628	251,650	250,346	243,645	249,341	243,499

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, 2020, the 90-day arrears rate—the number of loans in arrears (3,164) as a proportion of the total number of loans (1,946,534)—in the NHA MBS Program was 0.16 per cent.

90 days arrears for mortgages in NHA MBS outstanding	As at:				
	31-Dec 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Dec 2019
Overall 90 days arrears rate	0.16%	0.14%	0.19%	0.17%	0.16%
Federally Regulated Institutions	0.19%	0.17%	0.23%	0.20%	0.20%
Provincially Regulated Institutions	0.13%	0.07%	0.08%	0.10%	0.10%
IROC Regulated Institutions	0.08%	0.09%	0.12%	0.09%	0.09%
Other Institutions	0.08%	0.08%	0.10%	0.05%	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-20	Balance	MORTGAGE		NHA MBS		Interest
Pool Type	Outstanding (\$M)	Spread to Index*	Mortgage Rate	Spread to Index*	MBS Coupon	Spread
Fixed Rate						
867	72,520		2.95		1.52	1.44
964	287		2.79		1.84	0.95
965	25,324		2.70		2.00	0.71
966	32,837		2.57		1.81	0.76
967	3		2.49		1.86	0.63
970	0		6.99		5.88	1.12
975	287,646		2.84		1.51	1.33
990	4,031		3.33		2.70	0.62
	422,647		2.83		1.57	1.26
Floating Rate	-					
880	2,443	(0.46)	1.98	0.24	0.71	1.27
885	5,419	(0.69)	1.76	0.02	0.49	1.27
980	35,601	(0.80)	1.65	0.09	0.56	1.09
985	18,018	(0.70)	1.81	0.02	0.49	1.32
987	2,697	(0.47)	1.99	(0.75)	1.25	0.75
	64,179		1.73		0.57	1.16
Total	486,826		2.69		1.44	1.24

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 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Dec 2019	31-Dec 2020	31-Dec 2019
Guaranteed (Market) NHA MBS	39,522	29,687	63,925	34,549	40,195	167,682	130,943
Replacement NHA MBS*	3,705	6,937	6,025	4,408	4,770	21,076	28,363
Total NHA MBS Volumes (\$M)	43,228	36,624	69,949	38,957	44,965	188,758	159,307

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 2020	30-Sep 2020	30-Jun 2020	31-Mar 2020	31-Dec 2019
Guaranteed (Market) NHA MBS	232,365	240,811	263,628	250,346	249,341
NHA MBS sold to Canada Housing Trust	249,789	250,718	243,890	237,338	239,228
Replacement NHA MBS	4,672	3,904	5,174	7,464	6,568
Total NHA MBS Outstanding (\$M)	486,826	495,432	512,692	495,149	495,136

Component items may not add to totals because of rounding.