

CANADA MORTGAGE AND HOUSING CORPORATION

Securitization Business Supplement

FOURTH QUARTER

DECEMBER 31, 2022

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, 2022 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

The 2022 annual CMB issuance limit is \$40B and the 2022 annual NHA MBS guarantee limit is \$150 billion. As at December 31, 2022, CMHC guaranteed \$186.9 billion of securities (\$146.9 billion of NHA MBS and \$40 billion of CMB). Of the approximate 96 active participants in CMHC's securitization programs, 90 are regulated institutions.

Securities guaranteed	Three months ended				Year-to-date		
	31-Dec 2022	30-Sep 2022	30-Jun 2022	31-Mar 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021
Total Guaranteed (\$M)	50,326	49,748	44,155	42,660	48,405	186,890	183,528
NHA Mortgage-Backed Securities (NHA MBS)*	40,576	39,998	33,905	32,410	38,405	146,890	143,528
Canada Mortgage Bonds (CMB)	9,750	9,750	10,250	10,250	10,000	40,000	40,000
NHA MBS (\$M)	40,576	39,998	33,905	32,410	38,405	146,890	143,528
Federally Regulated Institutions	25,351	24,372	20,693	20,608	24,851	91,024	89,901
Provincially Regulated Institutions	5,112	5,314	4,429	3,406	5,538	18,261	17,592
IIROC Regulated Institutions**	6,792	6,065	5,887	4,846	5,303	23,590	21,863
Other Institutions	3,321	4,248	2,897	3,550	2,713	14,015	14,172
CMB (\$M)	9,750	9,750	10,250	10,250	10,000	40,000	40,000
Federally Regulated Institutions	5,506	5,215	6,407	5,975	6,014	23,103	24,066
Provincially Regulated Institutions	1,796	1,518	1,605	1,097	1,444	6,016	5,102
IIROC Regulated Institutions	1,960	1,996	1,560	1,272	1,087	6,788	5,493
Other Institutions	489	1,021	678	1,906	1,455	4,094	5,338



Component items may not add to totals because of rounding.

* The NHA MBS amount of \$146.9 billion consists of \$143.5 billion in new NHA MBS issued and guaranteed in 2022 and \$3.4 billion in replacement NHA MBS issued prior to 2022 but on which NHA MBS guarantee fees were paid in 2022.

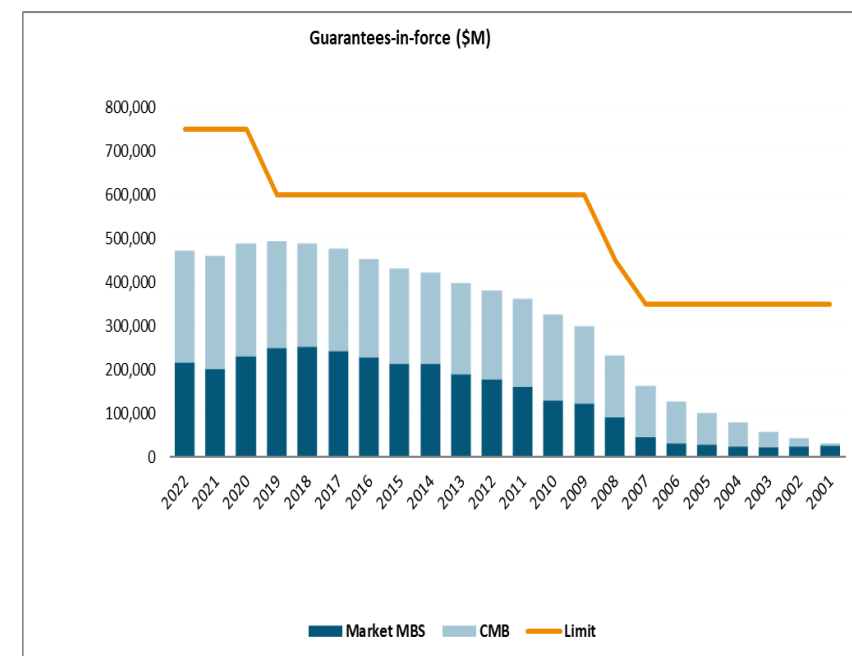
** IIROC: The Investment Industry Regulatory Organization of Canada is the national self-regulatory organization that oversees all investment dealers in Canada (<http://www.iiroc.ca/>).

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 91 per cent of the \$471 billion in guarantees-in-force outstanding as at December 31, 2022, is with regulated institutions; and 63 per cent of guarantees-in-force outstanding as at December 31, 2022, is with federally regulated institutions. In support of the IMPP in 2020, the Guarantee-in-force limit was raised to \$750 billion from the prior \$600 billion for a five-year period (2020-2024).

Guarantees-in-force	As at:				
	31-Dec 2022	30-Sep 2022	30-Jun 2022	31-Mar 2022	31-Dec 2021
Guarantees-in-force (\$M)	471,044	463,266	455,510	460,147	460,570
Market NHA MBS	216,544	201,516	198,760	203,147	201,820
CMB	254,500	261,750	256,750	257,000	258,750
Market NHA MBS (\$M)	216,544	201,516	198,760	203,147	201,820
Federally Regulated Institutions	145,576	138,204	137,101	141,841	140,747
Provincially Regulated Institutions	14,457	12,988	11,718	11,270	11,372
IROC Regulated Institutions	32,384	27,235	26,897	26,169	25,476
Other Institutions	24,128	23,089	23,044	23,867	24,225
CMB (\$M)	254,500	261,750	256,750	257,000	258,750
Federally Regulated Institutions	152,058	156,589	154,276	153,715	155,023
Provincially Regulated Institutions	37,379	37,747	36,583	37,021	36,531
IROC Regulated Institutions	44,680	45,958	45,197	45,425	46,965
Other Institutions	20,383	21,457	20,693	20,839	20,231

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-22		30-Sep-22		30-Jun-22		31-Mar-22		31-Dec-21	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2021									1,082	10,000
2022			605	17,000	3,641	21,750	8,913	32,250	14,015	44,250
2023	14,952	45,500	18,155	45,500	21,597	45,500	24,805	45,500	27,548	45,500
2024	32,188	37,500	32,261	37,500	35,716	37,500	40,164	37,500	43,046	37,500
2025	53,617	40,750	50,136	40,750	52,655	40,750	54,141	40,750	55,834	40,750
2026	60,216	32,500	59,623	32,500	61,593	32,500	64,040	32,500	57,717	32,500
2027	50,737	31,750	36,674	26,750	18,775	20,750	7,338	14,250	256	7,750
2028	1,066	14,500	1,023	13,250	1,103	13,250	1,163	13,250	1,153	13,250
2029	418	6,750	342	6,750	412	6,750	318	6,750	412	6,750
2030	1,433	10,750	1,377	10,750	1,389	10,750	750	10,750	654	10,750
2031	1,077	23,500	823	23,500	879	23,500	1,008	23,500	958	19,750
2032	578	11,000	262	7,500	762	3,750	269			
2033	50		23		23		24		24	
2034	56		57		57		58		58	
2035	62		63		63		63		63	
2040	78		79		79		80		80	
2041	15		15		15		15			
Total	201,544	261,750	201,516	261,750	198,760	256,750	203,147	257,000	201,820	258,750

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, 2022, the 90-day arrears rate—the number of loans in arrears (1,654) as a proportion of the total number of loans (1,692,384)—in the NHA MBS Program was 0.10 per cent.

90 days arrears for mortgages in NHA MBS outstanding	As at:				
	31-Dec 2022	30-Sep 2022	30-Jun 2022	31-Mar 2022	31-Dec 2021
Overall 90 days arrears rate	0.10%	0.10%	0.10%	0.11%	0.11%
Federally Regulated Institutions	0.12%	0.12%	0.12%	0.14%	0.14%
Provincially Regulated Institutions	0.06%	0.06%	0.05%	0.07%	0.05%
IIROC Regulated Institutions	0.06%	0.06%	0.05%	0.06%	0.07%
Other Institutions	0.04%	0.04%	0.03%	0.04%	0.04%

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.

30-Jun-22	MORTGAGE			NHA MBS		
Pool Type	Balance Outstanding (\$M)	Spread to Index*	Mortgage Rate	Spread to Index*	MBS Coupon	Interest Spread
Fixed Rate						
867	60,768		2.66		1.35	1.31
964	5		3.77		2.81	0.96
965	40,155		2.64		1.88	0.75
966	45,378		2.68		1.89	0.79
967	-					-
970	-					-
975	250,953		2.61		1.40	1.21
990	4,068		3.19		2.57	0.62
	401,326		2.63		1.51	1.13
Floating Rate						
	-					
880	2,260	(0.83)	5.51	0.09	4.57	0.94
881	2,709	(1.01)	5.35	0.22	4.34	1.01
885	3,978	(0.90)	5.55	0.00	4.48	1.07
886	959	(0.89)	5.56	0.25	4.37	1.19
980	39,316	(0.98)	5.21	(0.13)	4.35	0.86
981	4,422	(1.00)	5.37	0.29	4.41	0.95
985	12,420	(0.86)	5.61	(0.01)	4.47	1.13
986	5,421	(0.87)	5.58	0.07	4.19	1.39
987	2,015	(0.86)	5.51	(1.00)	4.50	1.00
	73,500		5.36		4.38	0.98
Total	474,872		3.05		1.95	1.10

Component items may not add to totals because of rounding.

* Adjustable (880/980), variable (885/985) and CORRA (881/886/981/986) mortgage rates are based on lenders' prime rates. Floating rate NHA MBS coupons for NHA MBS 880/980/885/985 pool types are based on the one-month Canadian Dollar Offered Rate (CDOR). Floating rate NHA MBS coupons for NHA MBS CORRA (881/886/981/986) pool types are based on one month daily compounded CORRA rate. 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 2022	30-Sep 2022	30-Jun 2022	31-Mar 2022	31-Dec 2021	31-Dec 2022	31-Dec 2021
Guaranteed (Market) NHA MBS	39,622	39,958	33,873	30,130	38,118	143,583	141,679
Replacement NHA MBS*	738	1,787	1,867	1,335	1,147	5,726	14,146
Total NHA MBS Volumes (\$M)	40,360	41,745	35,739	31,465	39,265	149,309	155,825

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 2022	30-Sep 2022	30-Jun 2022	31-Mar 2022	31-Dec 2021
Guaranteed (Market) NHA MBS	216,544	201,516	198,760	203,147	201,820
NHA MBS sold to Canada Housing Trust	256,428	263,643	255,533	253,479	255,566
Replacement NHA MBS	1,854	1,343	1,482	2,134	2,674
Total NHA MBS Outstanding (\$M)	474,827	466,502	455,775	458,760	460,060

Component items may not add to totals because of rounding.

