CANADA MORTGAGE AND
HOUSING CORPORATION

2024-2028 Summary of the Corporate Plan

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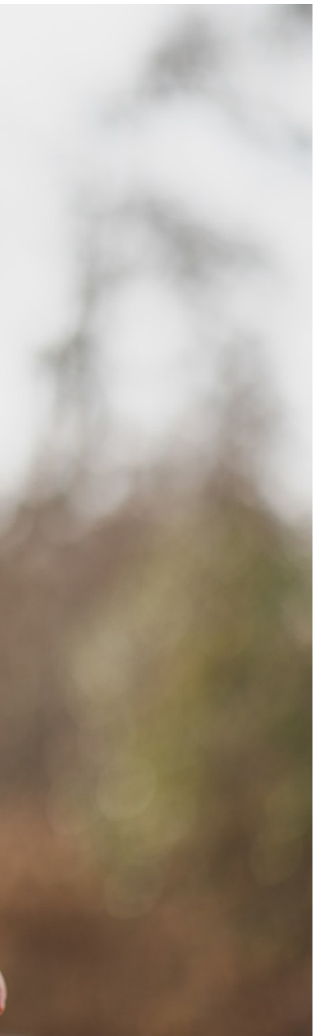
“Reconciliation is about establishing and maintaining a mutually respectful relationship between Indigenous and non-Indigenous Peoples in this country. For that to happen, there must be awareness of the past, an acknowledgement of the harm that has been inflicted, atonement for the causes, and action to change behaviour.”

– Truth and Reconciliation Commission (TRC)



Land Acknowledgement

We respectfully acknowledge that CMHC offices across **Turtle Island** (North America) are located on the traditional and treaty territories of **First Nations**, **Inuit**, and **Métis** peoples. We humbly express our gratitude and extend our utmost respect and appreciation for the many generations of land caretakers. We will continue learning and unlearning Canada's history with Indigenous peoples with open hearts and minds to continue advancing on the journey towards sincere and meaningful reconciliation.

Indigenous peoples share a sacred relation with the land and have stewarded this land since time immemorial. This land acknowledgment is one of many steps in learning about our history and taking action toward reconciliation.

The Summary of the 2024-2028 Corporate Plan has been prepared in accordance with section 125 of the Financial Administration Act (FAA) and serves to inform Canadians and Parliamentarians of the major objectives and priorities for the upcoming planning period, and reflects the current direction identified by Government and through internal management processes. Pursuant to section 153(1) of the FAA, the Summary excludes commercially sensitive information which if disclosed would be detrimental to the commercial interest of CMHC.

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Minister's Foreword

Every Canadian deserves to have a roof over their head.

That's why the federal government is investing in housing.

CMHC plays a critical role in supporting the types of housing Canadians need, and this plan lays out how it will do so.

It's a plan for CMHC to support the stability of Canada's housing finance system, to inform housing policy and decision-making in the housing sector, and to support the delivery of the federal government's housing commitments.

The 2024-2028 Corporate Plan lays out CMHC's path forward to a better housing future for Canada. Building housing in Canada is a team sport, and in order to solve the housing crisis, every level and order of government must work together to get more homes built for Canadians.

This document aims to show both our bold goals, collaborative approach, and the detailed plan that will help make it happen.

The Honourable Sean Fraser
Minister of Housing, Infrastructure and Communities

“CMHC plays a critical role in supporting the types of housing Canadians need, and this plan lays out how it will do so.”

Executive Summary/ Message from the President and CEO

"We know our strengths – and we know we can't do this alone. We have a dedicated, expert staff, and we maintain and continue to build strong partnerships within the housing sector. "

Last year, Canada Mortgage and Housing Corporation (CMHC) released a report that demonstrated the sheer scale of Canada's housing challenge: To help reach housing affordability by 2030, Canada needs 3.5 million more homes than the 2.2 million the country is currently expected to build.

Scaling up Canada's housing supply and addressing housing affordability gaps are daunting tasks. Today's higher interest rates, rising construction costs, labour capacity constraints, and other barriers make it even tougher. These are challenges that Canada must meet head on. Improving housing affordability will make a transformative difference in the lives of individuals, our communities, and our country.

To get there we need nothing less than a whole-of-government approach that also mobilizes all sectors of society to pull together toward the same goal. Our enhanced collaboration and coordination with federal departments will better link housing and infrastructure investments at the community level and will help us achieve better housing outcomes. Our aim is to deliver more effective and comprehensive solutions and more value to Canadians by thinking about housing and homelessness, and infrastructure and communities in an integrated way.

We know our strengths – and we know we can't do this alone. We have a dedicated, expert staff, and we maintain and continue to build strong partnerships within the housing sector. Our operating environment continues to be a challenging one – between external factors affecting the stability of the housing market and affordability, the federal government's Refocusing Government Spending Review and finally, planning for several housing programs that are scheduled to end over the next two to five years.

This Corporate Plan sets out our strategy, focusing on what will deliver the most impact – and get us closer to a future where housing affordability is a reality.

- We'll do our part to ensure the **stability of Canada's housing finance system** by delivering our commercial products as effectively as possible. This includes providing mortgage insurance benefiting all Canadians and providing lenders reliable access to mortgage funding.
- We'll continue to **deliver the federal government's commitments to Canadians**, such as the National Housing Strategy programs, to address challenges across the housing continuum and meet a range of housing needs, with a focus on those made vulnerable.
- At the same time, we're **positioning ourselves to meet Canada's future housing needs**. We'll stay at the forefront of research, data, and insights. And we'll help to shape the future of housing in a way that advances other issues that matter to our country, such as climate change, equity, and reconciliation with Indigenous peoples.

In October 2023, I announced my departure from CMHC, effective December 2023. As the organization transitions to new leadership in 2024, I know that I leave it in great hands, under the strong leadership of our Board of Directors and the interim management of Michel Tremblay, CFO and Senior Vice-President, Corporate Services. I have been honoured and privileged to lead CMHC, an organization that is so committed to making a real difference for people in Canada.

With this Corporate Plan as our roadmap, we are helping to build a better future – one where everyone in Canada has a home they can afford and that meets their needs.

Romy Bowers
President and CEO

"CMHC plays a key role in maintaining stability in Canada's housing system, and we help the federal government deliver on its commitment to increase supply and make housing more affordable."

Overview

Housing is about more than just four walls and a roof; it is about having a place to call home. It is the foundation on which we build our lives – essential to our health and well-being. It allows individuals and families to thrive, children to learn and grow, and provides stability and opportunities to succeed.

Our Role

Housing can make a transformative difference in the life of an individual, a community, and a country. Providing access to housing that is adequate and affordable remains a major challenge of our times. As an organization, we are outcome- and results-driven as we mobilize our resources to make the greatest impact. We focus our efforts on leveraging our unique strengths to rise to the housing challenges of today and tomorrow. Our mission is to help Canadians meet their housing needs.

Deliver Commercial Solutions

CMHC plays a key role in maintaining stability in Canada's housing system through the delivery of public mortgage insurance and mortgage funding. We support the stability of the Canadian housing finance market and contribute to the well-being of the housing sector by preserving the availability of capital, maintaining our ability to respond to disruptive events, and ensuring that we remain competitive and financially viable, with due regard for exposure to loss.

Our Mortgage Loan Insurance (MLI) products continue to be critical in supporting the creation of rental housing and access to homeownership. These products, along with our securitization activities and covered-bond framework which provide reliable access to mortgage funding, are key tools to respond to changing economic conditions and contribute to the stability of the financial system.

Deliver Government Programs and Priorities

We help the federal government deliver on its commitment to increase supply and make housing more affordable. Ensuring that our housing system meets the needs of all people in Canada well into the future means playing our part in advancing key government commitments. This includes leading the delivery of housing programs, such as those included in the National Housing Strategy (NHS), to address a range of housing needs, with a focus on people who have been made vulnerable.

Through the ongoing delivery of our programs, we also reflect our commitment to government-wide priorities such as climate compatibility, equity, and reconciliation.

Build for the Future

With a view to the future, CMHC continues to act as a thought leader, given our deep knowledge of the housing system. We remain committed to delivering much-needed research, data, and insights. We will continue to work closely with all orders of government and housing system participants, providing expert advice to fill knowledge gaps and support the creation of a stable and sustainable housing system. Meanwhile, we continuously enhance the delivery of our own programs and develop new solutions as we build for the future. We endeavour to reflect the complexity and intersectionality of housing issues in the research and data we deliver.

Our Strategy

Our strategy speaks to the areas of the housing system that need to be improved and is anchored in our **mandate** "to promote housing affordability and choice, facilitate access to, and competition and efficiency in the provision of, housing finance, protect the availability of adequate funding for housing at low cost, and generally contribute to the well-being of the housing sector in the national economy", as set out in the National Housing Act (NHA).

Our aspiration "By 2030, everyone in Canada has a home they can afford and that meets their needs" serves as a guiding star for our efforts. It inspires and motivates us to make a real difference for people in Canada, by staying focused on key outcomes and results, and on the areas where we can have the most impact.

The **three outcomes** define the changes needed across the housing system to progress towards our aspiration:

- People in core housing need (CHN) have equitable and reliable access to housing that is secure and affordable.
- Canada has the number of homes and the mix of housing options to serve diverse needs.
- Canada's housing system supports sustainability and stability.

The **seven strategic results** identify the key problems we want to help solve over time as we reach our outcomes. These results reflect the aspects of the housing system that, if achieved, would have the greatest impact. These are:

- Needs of households in CHN are met through public policy measures.
- Systemic racism, inequities and other barriers to access are removed.
- Current and future housing needs and supply gaps are understood by system participants.
- Barriers to access, building, and renovating are removed.
- Current and future financial, environmental, and social vulnerabilities to the housing system are understood and tempered.
- The housing system advances climate compatibility.
- Housing is in the spirit of reconciliation.

While reflecting on a well-functioning housing system, our strategic choices consider **our role** and **where we will focus** our efforts to have the greatest impact through delivering commercial solutions and government priorities and programs and by building for the future.

Executing on our mandate and strategy relies on our unique strengths, and our ability to effectively deliver our commercial products and housing programs. We set **performance measures and targets** to drive our actions and continually assess and report on progress toward achieving results. Our performance measures are detailed in Appendix 3 – Planned Results.

The Way We Work at CMHC

The Way We Work at CMHC is based on our values of courage, community, and impact:

- We have the **courage** to do what is right – to ask tough questions, try new things, and stand up for those who face housing challenges.
- We proactively seek out partners, including those with lived experience, both within and beyond the CMHC **community**, to achieve goals together.
- The solutions we put forward must have a lasting **impact** on the communities that we serve.

These values work hand-in-hand, underpinned by these foundational principles:

- leaders as performance and development coaches;
- trusting our teams while being flexible and delivering on agreed upon outcomes; and
- employees being autonomous and accountable.

We believe that culture is created communally and is a key driver to influence meaningful change. Our leadership is committed to making evidence-based decisions and inspiring employees through coaching, establishing meaningful targets and results, and creating a safe space where we can all flourish.

Operating Environment

External

We know that millions of new homes must be built, and more housing options are needed to improve housing conditions throughout Canada. Doing so will require overcoming numerous obstacles. For example:

- Labour shortages exist across most large provinces in Canada and the costs of building materials are rising.
- High inflation, rising mortgage rates and increasing prices are making homeownership less affordable and harder to achieve, and impacting households' ability to pay their mortgages. These same conditions make it harder to enter homeownership, putting additional pressure on rental demand.
- Record population growth is putting pressure on the demand for additional supply.
- Shortages in rental housing supply are making it more expensive to rent, and harder to find a home.
- High levels of household debt continue to pose significant risks, making our economy vulnerable to disruptive events and crises.

The most recent Canadian census showed that more than one in 10 households are in core housing need, meaning they live in an unsuitable, inadequate and/or unaffordable dwelling and cannot afford alternative housing in their community. Considering rising housing costs since 2021, this number may be higher today.

We know that many systemic social barriers persist within the housing system. Black and racialized communities, newcomers, female lone-parent households, and people living with disabilities continue to be overrepresented in core housing need. Indigenous peoples are disproportionately affected by poor housing outcomes, which are deeply rooted in systemic anti-Indigenous racism, discrimination, and historic and contemporary injustices.

Climate change and extreme weather events such as floods, wildfires, and extreme heat are resulting in irreversible changes to our infrastructure, natural habitats, and the places we call home. These catastrophic events also pose one of the most significant threats to the financial stability of the housing market, and to the affordability, accessibility, and security of housing. The growing impact on the health and well-being of people living in Canada, particularly those facing housing challenges and those already marginalized, underlines the need to adapt and build resilience in our housing system.

In addition to these conditions, there are several factors that influence the overall health of the housing market, including, but not limited to:

- home prices and rental housing costs;
- interest rates; and
- housing supply.

Home prices surged to historic highs in early 2022, then fell quickly in the remaining three quarters of the year in response to rising interest rates. In the first half of 2023, low inventory propelled a rebound in house prices. In the short run, elevated interest rates are expected to moderate supply more than demand. This will place upward pressure on prices and will likely further worsen housing affordability across Canada.

As of May 2023, CMHC forecasted GDP growth of 1.1% in 2024. The Bank of Canada is expected to control strong inflation pressures with higher policy interest rates into 2024, before gradually converging its policy interest rate back to a neutral rate of 2.5% by the end of 2025.

Home price growth and rental housing cost increases are expected to impact housing affordability throughout 2024 to 2028. Between 2024 and 2028, average resale prices in Canada are estimated to grow 18% and reach $838,000. This will likely worsen housing affordability, especially for first-time homebuyers and lower-income households. Rental market conditions are expected to further tighten, placing significant upward pressure on rents. Deteriorating homeownership affordability and high immigration will continue to drive strong rental demand, which is expected to continue to outpace rental supply across most of Canada. Vacancy rates will remain very low. The availability of rental units that are affordable for the lowest income groups and those made vulnerable will be scarcer.

Housing supply remains challenging, as we project housing starts to decline significantly from the record levels of 273,100 and 261,900 units in 2021 and 2022, respectively. Home construction is expected to be hampered in the short run by labour shortages, financing, and material costs. We project approximately 230,600 starts in 2024. The current rate of construction will result in an annual average of 225,000 housing starts up until 2028, with a deceleration of annual housing starts from 2025-2028. This construction rate will not close the existing supply gap and may put additional stress on the the existing housing supply gap and worsen housing affordability.

The outlook is subject to significant uncertainty. Significant downside risks to housing markets include stronger than expected inflation pressures leading to stronger monetary contraction, higher interest and mortgage rates and a potential economic slowdown. Record high debt levels among households leave them more exposed to negative repercussions from these conditions. On the other hand, higher than expected immigration and population growth creates the upside risk of higher prices and potentially higher starts than projected.

As mentioned, addressing the complexity of housing issues in Canada is a systemic challenge that calls for a systemic response. It continues to need the efforts of all orders of government, the private and non-profit sectors, and other participants in the housing system. One way to address these challenges is to enhance collaboration and coordination with federal departments, including with Infrastructure Canada, to better link housing and infrastructure investments at the community level. Within this collective space, CMHC can play a unique and fundamental role by helping to create the conditions for stability within the housing system, and by bringing players together to increase housing supply, support access to affordable housing, and contribute to the overall health of Canada's housing system.

Internal

There are several factors that will have a direct implication to CMHC's internal operating environment, including the planning for several NHS programs that are scheduled to end over the next two to five years. Understanding what this might mean for CMHC, should future funding no longer be available, is an important issue that we are exploring with Infrastructure Canada, as the federal department responsible for oversight on all matters pertaining to CMHC on behalf of the Government of Canada. Another factor is CMHC's contribution to the federal government's Refocusing Government Spending Review. Our operating budget integrates cost reductions announced in Budget 2023. These include reductions in discretionary spending for consulting and other professional services of 15%. Our plan also integrates a 3% cost reduction for all other costs that is phased in over a period of three years starting in 2024. These reductions are reflected in the operating budget table in Appendix 5 – Financial Statements and Budgets, and further information is available in Appendix 5 – Planned Budget 2023 Spending Reductions.

In 2024, we will complete the last of our regional office workplace transformation projects in Halifax. All other regional office transformation projects were completed in 2023. We continue to explore options for how to repurpose portions of CMHC owned buildings in the National Capital Region, including leasing options and possible divestiture.

Special Exams/Audits

There are no special examinations planned for 2024, nor are there any outstanding actions from prior special examinations. Of the 12 action items tabled in Parliament as part of the 2022 *Office of the Auditor General's Audit on Chronic Homelessness*, whose objectives included examining whether CMHC contributed to the prevention and reduction of chronic homelessness, nine are outstanding, with an expected completion date of mid-2024. *The Office of the Auditor General's Audit on Housing in First Nations Communities* is expected to be completed and tabled in Parliament in the Spring of 2024. Its objective is to examine whether CMHC and Indigenous Services Canada supported First Nations in closing the housing gap by improving housing conditions and increasing First Nations' capacity to manage housing.

"The most recent Canadian census showed that more than one in 10 households are in core housing need, meaning they live in an unsuitable, inadequate and/or unaffordable dwelling and cannot afford alternative housing in their community."

Objectives & Activities

Deliver Commercial Solutions

Mortgage Insurance

Our MLI products contribute to a healthy, stable, and competitive housing finance system, enabling access to homeownership and creating rental housing. MLI helps borrowers with low down payments purchase homes by compensating lenders for losses in the event that borrowers default on their mortgages. We work closely with mortgage industry professionals in all parts of Canada to offer products that facilitate access to and competition in the provision of housing finance and to protect the availability of adequate funding for housing at low cost.

To help homebuyers meet their housing needs, CMHC offers a range of MLI products for homeowner and small (1- to 4-unit) rental loans. As Canada's only provider of mortgage insurance for multi-unit (MU) residential properties, we offer flexible financing options, lowering borrowing costs for the construction, purchase, and refinance of MU residential properties, and facilitating renewals throughout the life of the mortgage. Products are also available to support rental housing projects with affordable, accessible, and climate-compatible units.

Mortgage Funding

Our securitization activities support financial stability by providing access to mortgage funding in all market conditions. Our programs enable approved financial institutions to pool eligible insured mortgages into marketable securities that can be sold to investors to generate funds for residential mortgage financing. CMHC's Timely Payment Guarantee on these securities represents the full faith and credit of Canada and provides investors with a highly rated and marketable investment in Canadian capital markets. As announced in September 2023, the annual limit for CMB has increased from $40 billion to up to $60 billion, with the increased amount allocated to mortgage loans on multi-unit rental projects insured by CMHC.

We are also responsible for the administration of the Covered Bond Legal Framework, intended to promote appropriate disclosures and continuity of payment for investors in this important source of funding for uninsured residential mortgages.

We operate all these programs with due regard for loss without the need for funding from the government. Revenue from premiums, fees and investments covers all expenses, including insurance-claims losses, and we are expected to generate a reasonable return for the government.

Our Focus 2024-2028

We continue to focus on efficient and effective delivery of our homeowner and MU MLI products and services to support the functioning and financial stability of the housing market. We facilitate the creation of new and maintenance of existing rental supply to address a range of housing needs. This requires that we proactively review our business strategy and products, to ensure our approach remains effective and adequate given the ever-changing risk landscape.

We also continuously improve internal processes to unlock greater efficiencies and provide a satisfying client experience through faster decisions. Our work includes implementing new technology initiatives such as CMHC Connect and MU MLI technology investments. We are enhancing and transforming our homeowner mortgage insurance business through the CMHC Connect initiative, which includes the transformation of our aging underwriting system, and the completion of improvements to our portfolio insurance and insurance servicing (claims and arrears) functionality. The emili system, which is used by lenders to process mortgage insurance applications, will be replaced by CMHC Connect, enhanced underwriting risking models and improved decisioning capabilities. We are also evolving our MU systems to enhance how we connect with our clients and to enable automation, in response to growing application volumes.

Our securitization programs focus on product development and enhancements to support the efficient functioning of the housing system and financial stability through access to mortgage funding and the adoption of market best practices.

Summary of Key Activities 2024-2028

Objectives	Activities
Evolve our MLI products and business processes to increase our agility and better serve Canadian lenders.	• **(new)** Modernizing the MU mortgage insurance business and implementing efficiency gains through process refinements to enhance client experience (MU MLI technology investments) (to 2028). • Improving the underwriting system and completing improvements of portfolio insurance and insurance servicing functionality (CMHC Connect) (to 2026). • Maximizing the use of critical data to provide deeper analysis and insights, and to support decision-making (pricing and capital) and reporting (ongoing).
Facilitate access to reliable mortgage financing to meet housing needs.	• Delivering a range of homeowner MLI products to increase access to affordable homeownership and small (1-4) rental units (ongoing). • Delivering a range of MU MLI (5 units+) products to meet a variety of rental housing needs (ongoing).[1]
Offer lenders reliable access to mortgage funding.	• Ensuring consistent and stable access to mortgage funding is available for approved issuers across mortgage products, adapting to changing market conditions and supporting government objectives (ongoing). • Delivering an additional $20 billion through the CMB program to increase access to low-cost financing intended to fund MU rental projects (ongoing). • Developing product enhancements to incentivize and focus funding on loans that support supply of affordable and sustainable lending in the Canadian housing market (2024). • Facilitating transition to the Canadian Overnight Repo Rate Average (CORRA) benchmark for NHA Mortgage-Backed Securities (MBS) and CMB products in anticipation of Canadian Dollar Offered Rate (CDOR) (cessation in 2024).

[1] More information about CMHC MLI products can be found on our website.

Deliver Government Programs and Priorities

CMHC delivers the NHS, consisting of complementary initiatives that address needs across the housing continuum and contribute to the development of inclusive and sustainable communities. These commitments will give more Canadians access to an affordable home. The NHS is grounded in a human rights-based approach to housing and aims to support the progressive realization of the right to adequate housing. In this spirit, the NHS focuses first and foremost on addressing the housing needs of populations made vulnerable, recognizing that there are systemic factors affecting a broad, growing, and intersectional population of equity-denied groups. To ensure the NHS addresses the needs of people living in Canada, we engage with housing stakeholders and people and communities with lived experience, as well as federal partners and other orders of government. For more information on the NHS and results to date, please visit Place to Call Home.

Our Focus 2024-2028

Our focus remains on delivering government investments, including ongoing work on key housing initiatives announced in Budgets 2022 and 2023, to achieve the best possible housing outcomes for those who need it most. We ensure that government-wide priorities, including equity, Indigenous reconciliation, and climate compatibility, are reflected through the design and delivery of products and programs, as well as any future initiatives the government may call on CMHC to lead or support. Our focus also includes the efficient and effective management and transition of resources related to several NHS programs that are scheduled to end over the next two to five years.

Summary of Key Activities 2024-2028

Objectives	Activities
Deliver government initiatives to help people living in Canada gain access to housing.	• **(new)** Working with provinces and territories by convening a Federal-Provincial-Territorial Working Group on Home Buying Transparency to develop a Home Buyers' Bill of Rights (HBBR) or alternative to improve fairness and transparency in real estate transactions (to 2024). • Attracting new providers of shared equity mortgages through the Shared Equity Mortgage Provider (SEMP) program, which supports an alternative homeownership model targeted at first-time homebuyers (to 2024). • Continuing delivery of the First-Time Home Buyer Incentive (FTHBI) to help more Canadians purchase their first home (extended to December 2025). • Providing subsidies to tenants in need under the Federal Community Housing Initiative (FCHI) (to 2028). • Providing, in collaboration with provinces and territories, direct housing affordability support to families and individuals in housing need through the Canada Housing Benefit (CHB) (to 2028).
Deliver funding for the construction and modernization of Canada's housing supply to provide access to affordable and market housing.	• **(new)** Co-developing, with the Co-operative Housing Federation of Canada and the co-op housing sector, a new Co-operative Housing Development Program aimed at expanding co-operative housing in Canada (2024). • Supporting the creation and modernization of affordable homes through the National Housing Co-Investment Fund (NHCF) (to 2026), Affordable Housing Innovation Fund (AHIF) (to 2028) (including the Rent-to-Own stream [2022-2027]), and the Rapid Housing Initiative (RHI) (to 2024). • Providing low-cost loans to encourage the construction of sustainable rental apartment projects across Canada through the Rental Construction Financing initiative (RCFi) (to 2028). • Supporting the transfer of surplus federal land and buildings for the creation of affordable housing through the Federal Lands Initiative (FLI) (to 2028). • Supporting the community housing sector through Community Housing Transformation Centre/Sector Transformation Fund (to 2028). • Providing financial assistance to help community housing providers complete preservation activities related to the sustainability of existing community housing projects through Preservation Funding (ongoing). • Continuing delivery of pre-NHS federal programs such as the Residential Rehabilitation Assistance Program (RRAP) and subsidies for off- and on-reserve housing (ongoing).

Objectives	Activities
Collaborate with new and existing partners on solutions that lead to greater investment and impact in the housing ecosystem.	• Developing, showcasing, and stimulating the growth of innovative housing solutions through the Demonstrations Initiative (to 2026), Solutions Labs (to 2026), Housing Supply Challenge (to 2024), and Affordable Housing Innovation Fund (to 2027). • Incentivizing local governments to implement initiatives that accelerate the pace of housing development aligned with federal priorities through the Housing Accelerator Fund (HAF) (to 2028). • Continuing to enhance engagement and collaboration with provinces and territories through the FPT Housing Forum and as part of the Housing Partnership Framework (HPF) to address diverse housing needs across jurisdictions (to 2028). • Deepening relationships with equity-denied organizations, representatives, and people with lived and living experience to ensure housing policies and programs are responsive to their needs (ongoing).
Review our role in and contribution to the Indigenous housing system to advance purposeful transformation.	• **(new)** Co-developing and supporting the implementation of an Urban, Rural and Northern Indigenous Housing Strategy to ensure more Indigenous peoples have access to affordable housing (2024).
Deliver climate objectives in our programs to align with the federal government's broader commitments on climate change mitigation and adaptation.	• **(new)** Working with Public Safety and Department of Finance to stand-up a flood insurance program aimed at protecting households at high risk of flooding and without access to adequate insurance (2024). • Delivering the Canada Greener Homes Loan Initiative (CGHL), which provides interest-free loans to help homeowners make their homes more energy efficient and climate resilient (to 2026). • Delivering the Canada Greener Affordable Housing (CGAH) program, which supports the completion of deep energy retrofits to existing affordable multi-unit housing that serves low- and moderate-income households (to 2027).

Build for the Future

The housing system in Canada is complex and spans across different systems, jurisdictions, and policy siloes, with ripple effects across the Canadian economy and society. Our aim in building for the future is to support stability and deliver better outcomes for people in Canada by:

- **understanding** current and future challenges in the housing system, barriers to housing affordability and households in core housing need, and recognizing the unique needs of Indigenous peoples, Black, and racialized Canadians;
- **creating solutions** to address current and future challenges in the housing system with focus on economic, environmental, and social vulnerabilities; and,
- **strengthening thought leadership** in the housing system by offering bold insights using our data, research, and analysis to shape and inform the public policy debate on housing and influence others to act.

Understanding the root causes of financial, social, and environmental vulnerabilities in the housing system provides a stronger foundation from which to develop housing solutions. Leveraging our data, research, insights, foresight, and engagements enables us to provide evidence-based advice to all orders of government, housing participants and people in Canada. This, in turn, helps in identifying key issues and opportunities within the housing system. Our influence and support to housing system participants and partners will be instrumental in helping improve current and future housing outcomes.

Our Focus 2024-2028

We remain focused on producing extensive data, housing research, and reports to ensure housing professionals, researchers, developers, and policy makers have reliable insights they need to make informed decisions. We have been improving our data governance and analytics capability and expanding our research to deepen the understanding of housing needs and other market dynamics impacting those facing ongoing housing challenges.

To help raise awareness of housing challenges and influence solutions, we continue to:

- Enhance our data governance and management maturity.
- Evolve our data privacy and security capabilities to address emerging risks and new standards.
- Enable and empower our workforce by fostering a data-driven culture.
- Continue to develop data capabilities that support our priorities and improve operations.

We must continue to deepen the understanding of the policies and processes that unduly affect supply creation and bring together decision-makers to find solutions. Our goal is to produce leading insights that engage and compel housing system participants to take more effective and coordinated actions to improve housing outcomes.

Summary of Key Activities 2024-2028

Objectives	Activities
Understand current and future challenges of the housing system, barriers to housing affordability and households in core housing need, recognizing the unique needs of Indigenous people and racialized Canadians.	• Publishing reports to raise awareness on size and location of current and future supply gaps (ongoing). • Implementing a framework to measure, monitor and communicate housing affordability conditions and trends at the market level (ongoing). • Advancing CMHC's resilience to climate-related risks and transition to net-zero by enhancing risk management practices (to 2025). • Conducting research to understand and identify the macro economic and social costs of not addressing core housing need (to 2024). • Examining the longitudinal impacts of NHS affordable housing investments on the lives of people in Canada and the environment in which they live (to 2028). • Working with Statistics Canada to leverage federal administrative data sources to better understand who is assisted via the National Housing Strategy (to 2028).
Create solutions to address current and future challenges in the housing system with a focus on economic, environmental, and social vulnerabilities.	• Brokering partnerships with new and existing housing sector participants to co-develop solutions to barriers or challenges to affordable supply and bring additional resources and expertise into the housing ecosystem (ongoing). • **(new)** Launching an Equity and Human Rights in Housing Framework to guide CMHC activities in support of improving equitable housing outcomes for people living in Canada, aligned with NHS Act commitments (2024). • **(new)** Continuing to progress towards compliance under the United Nations Declaration on the Rights of Indigenous Peoples Act (UNDA) (ongoing). • Launching a comprehensive Reconciliation Action Plan (2024) and monitoring our inclusion and reconciliation efforts via the Canadian Council for Aboriginal Business Progressive Aboriginal Relations (PAR) program to support CMHC's compliance and commitment to reconciliation and UNDA (ongoing). • Supporting Indigenous-led housing research that addresses the priorities of First Nations, Inuit and Métis as well as Indigenous peoples living in northern, urban, and rural communities to advance reconciliation, self-determination and transfer of care and control of programs (to 2024).
Strengthen thought leadership in the housing system by offering bold insights that influence others to act.	• Conducting a macro review and analysis of the housing system(s), including a diagnostic mapping of outcomes, and exploring future scenarios to understand and shape the future of Canada's housing system (to 2024). • Deepening our understanding of the existing and emerging challenges and opportunities within Canada's housing system, and how key social, economic, and environmental trends are shaping them (ongoing).

Risk Management

As a federal Crown corporation, we have adopted a tailored risk approach specifically designed to maintain a balance between our commercial activities and public mandate. Our philosophy is to take higher risk to deliver on our objectives and activities to solve affordability and sustainability challenges. We are willing to make choices to have the most impact.

Risks to Our Business

CMHC's overall level of risk remains "**medium**" and within CMHC's risk tolerance levels (see Appendix 7 – Risks and Risk Responses for details). CMHC remains financially resilient to economic headwinds by holding assets sufficient to cover extreme financial risks and has tools at its disposal should liquidity and/or capital issues arise.

Our top and emerging risk identification and mitigation activities focus on potential threats to housing affordability and the stability of Canada's housing finance system.

Our strategic risks are assessed as "**medium**" due to ongoing market conditions, geopolitical and economic risks, and climate events adversely affecting housing supply, affordability, and the achievement of our strategy more broadly. We continue to monitor the evolving economic, environmental, and geopolitical landscape and their potential impacts on our business.

Our financial risks (liquidity, market, credit, and insurance) remain "**low**" and well managed but could be impacted by the deteriorating economic environment (e.g., elevated inflation and interest rates). Financial risks are being managed within risk tolerances, and insurance risk for both homeowner and multi-unit commercial activities is being closely monitored as economic conditions change.

Our operational risks are assessed as "**medium**" as we manage the potential impact of short- and medium-term changes on CMHC. We have dedicated teams focused on monitoring and addressing risks related to upcoming changes, including meeting the requirements of the federal government's Refocusing Government Spending Review, and planning for NHS programs scheduled to end over the next two to five years. Information security and privacy also continue to be top risks due to the increasing risk of cyber threats and the opportunity to enhance data management at CMHC. Legal risks remain acceptable and stable.

Detailed information about key risks and responses and our stress testing program can be found in Appendix 7 – Risks and Risk Responses.

Expected Results & Performance Indicators

We continuously monitor our performance to inform our decision-making and drive progress. Targets, achievements, and results to date of programs delivered by CMHC under the NHS can be found at placetocallhome.ca. Reporting on these programs includes funding committed to projects across Canada, and tracks the number of units created, repaired, and protected. It also reports on the funding committed and units built or repaired in support of Indigenous and Northern housing, and the funding committed to meet the needs of women and their children.

Our corporate performance measures and targets allow us to assess if the contributions from our products, programs, and activities (including the NHS programs) are having the desired impacts, in line with our broader affordability, stability, and sustainability objectives. These results are consolidated and reported using a number of corporate performance measures:

2024-2028 Strategic Corporate Performance Measures

- Number of units new, repaired and assisted by CMHC programs.
- Number of units new, repaired and assisted, affordable to those in core housing need.
- Incremental affordable housing funding.
- Percentage of units supported located in markets with greatest need of new and/or improved rental supply.
- Ratio of climate compatible dwelling units/total of dwelling units (including retrofits) supported by CMHC.

Detailed results information, including planned outcomes, performance indicators and targets are provided in Appendix 3 – Planned Results.

Financial Overview

Financial Highlights

Year ended December 31 (in millions of Canadian dollars, unless otherwise indicated)	2022 Actual (restated)*	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
CMHC Consolidated*							
Net income	1,440	1,454	1,556	1,648	1,820	2,043	2,220
Cash and cash equivalents	2,649	2,030	1,888	2,096	2,394	2,937	3,464
Total assets	297,168	303,013	334,611	360,489	394,511	427,810	449,477
Total liabilities	285,207	290,744	321,085	345,725	378,433	410,186	430,130
Total equity of Canada	11,961	12,269	13,526	14,764	16,078	17,624	19,347
Total operating budget	612.5	660.2	768.2	696.4	600.6	568.4	545.0
Total capital budget	4,386	5,858	7,282	6,376	3,031	1,427	165
Operating budget expense ratio	11.6%	7.8%	9.8%	8.8%	8.8%	9.6%	10.3%
Employees (full-time equivalents [FTE])	2,155	2,379	2,555	2,406	2,137	2,021	1,901
Mortgage Insurance*							
Insurance Revenue	867	953	1,105	1,268	1,451	1,654	1,832
Insurance service expense	(106)	139	190	185	199	289	181
Net income	727	686	635	700	916	1,134	1,403
Insurance service expense ratio	(12.2)%	14.6%	17.2%	14.6%	13.7%	17.5%	9.9%
Operating expense ratio	20.4%	15.7%	12.3%	11.2%	10.9%	10.0%	9.4%
Combined ratio	8.2%	30.3%	29.4%	25.8%	24.6%	27.4%	19.3%
Return on equity	6.9%	7.0%	6.2%	6.3%	7.6%	8.6%	9.6%
Return on required equity	8.1%	7.3%	6.5%	6.8%	8.3%	9.7%	11.4%
Mortgage Funding							
Operating expense ratio	7.5%	6.6%	6.1%	5.9%	6.0%	6.2%	6.5%
Net income	556	640	704	761	803	868	834
Return on equity	39.0%	46.7%	47.3%	45.6%	42.6%	40.7%	34.8%
Economic capital available to economic capital required	112%	122%	134%	147%	158%	168%	179%
Housing Programs							
Government funding	3,408	6,672	5,131	5,063	3,964	2,753	1,932
Assistance for housing needs	3,112	3,259	2,454	2,554	2,442	2,405	1,683
Financing for housing	538	2,564	2,213	1,857	775	287	391
Housing expertise and capacity development	154	1,218	987	1,151	1,117	338	55
Total government funding for housing programs	3,804	7,041	5,654	5,562	4,334	3,030	2,129
Operating expenses for housing programs	337	371	458	392	279	230	187

* Figures have been restated to reflect the adoption of IFRS 17 effective 1 January 2022, and are unaudited.

Net income increases over the planning period, mainly due to our mortgage insurance activity, as a result of higher multi-unit insurance volumes. Premiums received increase due to higher multi-unit insurance volumes and multi-unit insurance pricing increases effective in 2023. This, combined with the suspension of the dividend from our mortgage insurance activity, result in higher investment balances, which generates higher investment income. Government funding decreases over the planning period, as NHS programs begin to sunset with NHS initially planned to sunset in 2028. Refer to Appendix 5 – Financial Statements and Budgets for additional information.

Financial Management

Based on underlying economic and business assumptions, CMHC is adequately capitalized and positioned to withstand an economic crisis. We conduct regular and comprehensive stress testing to ensure we can continue to operate during unfavourable economic conditions and are committed to continuously adapting our risk management capabilities and integrating them into our operations. Management reviews our financial results regularly and makes operational adjustments and recommendations as necessary. The Board of Directors oversees management's responsibilities for financial management, reporting and internal control systems.

Our financial planning process includes discussions and confirmation of key assumptions at various levels. We also work in close collaboration and consult with Infrastructure Canada. Internal governance of our financial planning process is managed through multiple committees. Our Planning and Funding Committee reviews and challenges budget requests for alignment with strategy, risk appetite and return on investment. Our Executive Committee approves the initiatives recommended through this process for inclusion in our operating and capital budgets. Finally, our Board of Directors approves the Corporate Plan, including the key underlying assumptions, and recommends it to the Minister responsible for CMHC.

Significant initiatives that comprise cost uncertainty include an appropriate level of contingency based on our experience and best practices. Our planned program funding and budgets also capture the impacts of reprofiles to our programs and initiatives to reflect shifts in timing and delivery of multi-year programs and projects.

Summary of Operating and Capital Budgets

Investments made through our operating and capital budgets enable us to advance the achievement of our mandate and strategy. Our operating budget reflects cost reductions announced in Budget 2023.

Our 2024 operating budget of $768.2 million includes the following:

- Delivery of housing programs, including funding for new and existing programs and reprofiles that are subject to the approval of the Minister of Finance.
- Development of our Corporate Data Program (CDP) to further strengthen governance, quality, and availability of data, as well as initiatives to fill critical data gaps.
- Enhancement to our management systems and processes, to efficiently deliver our products and programs.
- Cost reductions announced through Budget 2023, of 15% in discretionary travel, professional and technical services and a 3% phased-in reduction for all other costs (refer to Appendix 5 - Planned Budget 2023 Spending Reductions).

Our 2024 capital budget of $7.3 billion includes investments for the following:

- $7.1 billion in loans and investments for the Rental Construction Financing initiative (RCFi), the National Housing Co-Investment Fund (NHCF), the Canada Greener Homes Loan (CGHL) initiative and other programs.
- Investment in technology, including critical business systems through our CMHC Connect initiative, the modernization of our MU insurance operations, and our Corporate Data Program.

Key Financial Assumptions

Commercial Solutions

Mortgage Insurance

Our planned homeowner business volumes increase due to higher housing activity and housing prices projected over the planning period. Our MU insurance business volumes are expected to remain elevated throughout the planning period driven by increased demand for MU mortgage loan insurance, notably MLI Select. Our plan reflects changes in MU loan insurance product pricing implemented in June 2023. Insurance-in-force is projected to remain under the limit per Section 11 of the NHA. The limit was increased to $750 billion effective March 2020 to deliver measures in response to the COVID-19 pandemic but will revert to $600 billion on March 25, 2025.

Mortgage Funding

Annual volumes of guaranteed securities for NHA MBS are projected to be stable throughout the planning period at $168 billion, slightly lower than the annual limit of guaranteed securities of $170 billion[2]. Annual volumes of guaranteed securities for CMBs also remain unchanged over the planning period and equal the annual limit of guaranteed securities of $60 billion[3]. Our plan reflects a constant Tier-1 volume threshold of $9 billion per issuer throughout the planning period. Affordability linked pools, subject to preferential guarantee fees, are higher in 2023 and in 2024 and remain stable over the remainder of the planning period.

Guarantees-in-force, which are impacted by the timing of new issuances and maturities, are expected to gradually increase throughout the planning period, as new guarantees exceed maturities, principal run-off and prepayments, and remain below the limit under section 11 of the NHA until the end of 2025. The limit was increased to $750 billion effective March 2020 to enable us to deliver measures in response to the COVID-19 pandemic but will revert to $600 billion on March 25, 2025. With higher annual NHA MBS and CMB limits moving forward, we will likely exceed our statutory limit of $600 billion sometime in 2026. We are currently working with Central Agencies to increase our $600 billion statutory limit through future legislative updates to accommodate the higher expected annual guaranteed volumes.

Housing Programs

Assumptions for our Housing Programs activity over the planning period include reprofile requests that are subject to the approval by the Minister of Finance. Our plan includes updates to our capital commitments to match future projections of program delivery for initiatives under the NHS. Due to the multi-year and multi-variable nature of construction projects, we reprofile funds to ensure our projects are funded in accordance with the achievement of construction milestones.

Our plan includes:

- Budget 2022 announcement:
  - The advancement of funding of the NHCF, so that all remaining funds will be delivered by 2025-2026.
- Budget 2023 announcement:
  - Funding to stand-up a low-cost flood insurance program, working with Public Safety Canada and the Department of Finance.
  - Results of the Refocusing of Government Spending (refer to Appendix 5 – Planned Budget 2023 Spending Reductions);
  - The reallocation of funding from the NHCF repair stream to the new construction stream, as needed, to boost the construction of new affordable homes for Canadians who need them most. This initiative has no impact on our plan's financial results.

The following are not included in our plan as the required approvals are pending:

- Funding announced in Budget 2021 for the repurposing of funding for RCFi to be allocated to support the conversion of vacant commercial property into housing.
- Funding announced in Budget 2022 for:
  - The reform of the RCFi which may include conversions of repayable loans to non-repayable loans.
  - A new co-operative housing development program to expand co-operative housing in Canada, funded from RCFi and NHCF.
- Funding announced in Budget 2023, over seven years, starting in 2024-2025 to implement a co-developed Urban, Rural, and Northern Indigenous Housing Strategy.
- Operating funding to support NHS programs announced in Budget 2023.

[2] Annual guarantee limits for NHA MBS and CMBs are subject to Minister of Finance approval.

Capital Management

We manage capital to ensure that our commercial operations have adequate capital to deliver their mandate while remaining financially self-sustaining and to follow prudent business practices and guidelines existing in the private sector as appropriate. We use the Capital and Dividend Policy Framework for Financial Crown Corporations (the "Framework") issued by the Department of Finance in conjunction with our Risk Appetite Framework, Capital Management Policy and other internal capital adequacy processes to manage the capital of our commercial operations. We voluntarily follow guidelines set out by OSFI.

Our capital levels act as a signal and provide us with the opportunity to mitigate the impacts of adverse events. Should our mitigation efforts, such as the possible suspension of dividends, or temporary reallocation of capital from one commercial business line to the other, not be sufficient to limit the impact to our capital levels, we may seek borrowings or recapitalization from the government as approved by Parliament on March 24, 2020.

We perform an Own Risk and Solvency Assessment (ORSA), which is an integrated process that evaluates capital adequacy on both a regulatory and economic capital basis. The ORSA:

- Is used to establish capital targets taking into consideration our strategy and risk appetite.
- Determines our own view of capital needs by identifying our risks and evaluating whether an explicit amount of capital is necessary to absorb losses from each risk.
- For our mortgage insurance activity, we compare our ORSA to the Mortgage Insurer Capital Adequacy Test (MICAT) established by OSFI to set our capital targets as a function of MICAT.
- For our mortgage funding activity, an applicable regulatory capital framework does not exist; therefore, our capital management framework follows industry best practices and incorporates regulatory principles from OSFI, including those set out in OSFI's E19 ORSA guideline, and those of the Basel Committee on Banking Supervision.

We validate and calibrate annually, if necessary, both our internal capitalization target and the operating capital holding target for our mortgage insurance and mortgage funding activities.

Internal target minimum capital required:

- calibrated using specified confidence intervals.
- designed to provide adequate capital to meet capital needs and remain above the supervisory target, where applicable, and to cover all risks, including those specified in the regulatory capital guidelines.
  - 155% for Mortgage Insurance (MICAT)
  - 105% for Mortgage Funding

Operating level minimum capital required:

- set in excess of the internal capitalization target.
- calibrated using confidence intervals and stress testing.
- designed to provide adequate capital for continued operations and to remain above internal minimum targets throughout the business cycle.
  - 165% for Mortgage Insurance (MICAT)
  - 110% for Mortgage Funding

Our risk appetite for capital ranges from our internal target at the low end to an amount in excess of our operating level at the high end. Although we aim to manage capital in line with our operating level on a long-term basis, short-term deviations will not lead to action unless we project to be outside of our risk appetite in normal times. In times of crisis, however, we may deviate from our operating level as our focus shifts to ensuring we have sufficient liquidity.

For our Housing Programs activity, we maintain a reserve fund pursuant to section 29 of the CMHC Act to address interest rate risk exposure on pre-payable loans as well as credit risk exposure on unsecured loans. Lending programs' earnings are retained in this reserve fund except for the unrealized fair value fluctuations as well as remeasurement gains and losses on defined benefit plans. Unrealized fair value market fluctuations and remeasurement losses on the defined benefit plan are absorbed in retained earnings until the time they are realized. Aside from the reserve fund, we do not hold capital for our Housing Programs activities, as they do not present a material financial risk to us that we do not already otherwise mitigate.

Dividend Policy

Pursuant to our capital management policy, we intend to maintain capital available in line with capital required at the operating level by returning excess capital to the GoC on a quarterly basis through dividends. Dividends are based on our view of capital and liquidity needs in accordance with our specific risk profile, our capital targets noted above, and our projected capital available over the planning period. To the extent possible, in normal times, we aim to maintain capital in line with our operating levels on a long-term basis and to limit fluctuation in our dividends, unless it is to return excess capital.

Should CMHC's capitalization and retained earnings become insufficient to meet business obligations or what is needed to meet CMHC's mandate or comply with government direction during a crisis, dividend payments may be further reduced or suspended.

Our plan assumes a base dividend over the planning period which has been reduced from prior years as capital is retained to support the growth and sustainability of Canada's purpose-built rental supply. A dividend could be increased, if there is a lesser need for capital retention for the increase in MU volumes.

Possible dividend schedule

(in millions of Canadian dollars)	2022 Actual	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Possible dividend schedule[1]	2,180	1,080	580	580	580	580	580

[1] The possible dividend schedule is based on a number of assumptions. The amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria approved by the Board.

Investment Plan

Commercial Solutions

Mortgage Insurance

Our objective for the insurance investment portfolio is to maintain sufficient capacity to pay claims while prioritizing capital preservation and generating a reliable stream of income by investing primarily in high quality investment-grade fixed income assets. We do not expect any material changes over the planning period. The funds available for investment are generated primarily from net cash flows from insurance premiums and investment income. Changes in interest rates affect the fair value of these securities, as well as the costs associated with hedging foreign currency exposures.

We performed a sensitivity analysis of interest rate risk associated with the investment portfolio assuming a 1% parallel shift in the yield curve. The impact of a hypothetical parallel increase in interest rates of this magnitude would result in a $0.5 billion decline to the fair market value of the portfolio, which had a value of $15.8 billion as at June 30, 2023. Changes in market value would only be realized if investments were sold prior to maturity.

Mortgage Funding

Our objective for the mortgage funding investment portfolio is to maximize the capacity to meet liquidity needs of the timely payment guarantee while preserving capital and reducing the variability of net assets through investments in Government securities. The funds available for investment are generated primarily from net cash flows from guarantee and application fees.

Aligned with the sensitivity analysis conducted on the insurance investment portfolio, an equivalent analysis was performed on the mortgage funding portfolio. The same hypothetical increase in interest rates would result in a $0.1 billion decline in the fair market value of the portfolio, which had a value of $3.7 billion as at June 30, 2023.

Credit Quality of Investment Portfolios

Exposure by Credit Rating (fixed income)
As at June 30, 2023

Credit Rating	Mortgage Insurance	Mortgage Funding
AAA	39%	100%
AA	23%	-
A	23%	-
BBB	15%	-
Average duration (years)	3.25	3.94

Asset Allocation of Portfolios

Allocation by Asset Type
As at June 30, 2023

Asset Type	Mortgage Insurance	Mortgage Funding
Canada fixed income	74%	100%
U.S. fixed income	26%	-

Housing Programs

We invest principal repayments and undrawn proceeds within our lending programs in high quality fixed income securities (with a minimum credit rating of single A), taking into consideration our risk appetite, business activities and liquidity needs. Investments under management including cash and cash equivalents had a market value of $6.3 billion as at June 30, 2023, and are expected to decrease to $4.3 billion by the end of 2028. This reflects the management of funds that we have drawn from the Crown Borrowing Program (CBP) but that have not been fully advanced for loans under the RCFi and the NHCF portfolios, as well as decreasing investment requirements in the non-NHS lending portfolio.

Appendix 1

Direction from the Responsible Minister

On July 26, 2023, the Prime Minister of Canada appointed a new Minister of Housing, Infrastructure, and Communities. We support the Minister, as Minister responsible for CMHC, in accomplishing GoC commitments through the delivery of existing CMHC and National Housing Strategy initiatives, and other priorities. We regularly communicate with the responsible Minister through a variety of mechanisms, including regular meetings, briefings, and progress reporting against mandate-letter commitments.

We will continue to support the Minister of Housing, Infrastructure, and Communities in delivering on the GoC's housing priorities, to work toward housing affordability for all.

Appendix 2

Corporate Governance Structure

Board of Directors

The Board of Directors is responsible for managing our affairs and the conduct of our business in accordance with applicable legislation and the governing bylaws of CMHC. As stewards of the company, the Board of Directors sets strategic direction in support of government policies and priorities, ensures the integrity and adequacy of company policies, information systems and management practices, ensures that principal risks are identified and managed, and evaluates and monitors performance and results. The Board of Directors has a duty to protect the long- and short-term interests of the company, safeguard CMHC's assets, and be prudent and professional in fulfilling its duties.

The Board consists of the Chair, the President and Chief Executive Officer, the Deputy Minister to the Minister responsible for CMHC, the Deputy Minister of Finance and eight other directors appointed by the Minister with the approval of the Governor in Council. The mandates of the Board and its committees (Audit, Corporate Governance and Human Resources, Risk Management, Housing Affordability, Pension Fund Trustees) are available on our website cmhc.ca.

The Board meets a minimum of five times per year and holds an annual public meeting. To understand the diversity of housing needs of people living in Canada, it also conducts meetings with community representatives and housing proponents from across Canada.

The Board undergoes regular assessments to identify opportunities for enhanced Board performance, development, and education. It alternates between a self-assessment and an overall assessment administered by a third party that examines the functioning and performance of the Board compared to the boards of other Crown corporations and financial institutions.

Compensation and Attendance Record

January to June 2023

			Committees				
Members	Compensation	Board of Directors	Corporate Governance and Human Resources Committee	Audit Committee	Risk Management Committee	Housing Affordability Committee	Pension Fund Trustees
Janice Abbott*	5,111	3/4	1/2	-	-	0/1	-
Derek Ballantyne	16,030	4/4	-	1/2	-	-	2/2
Romy Bowers	n/a	4/4	-	-	-	-	1/2
Navjeet (Bob) Dhillon	7,100	3/4	2/2	-	-	1/1	-
Kelly Gillis	n/a	3/4	2/2	1/2	-	1/1	-
André Hébert	8,100	4/4	2/2	-	2/2	-	-
Gordon Laing	8,600	3/4	-	2/2	2/2	-	-
Linda Morris	7,600	4/4	2/2	-	2/2	-	-
Nick Leswick**	n/a	3/4	-	0/2	1/2	1/1	-
Chris Sicotte	9,100	4/4	-	2/2	-	1/1	-

* Janice Abbott resigned from the Board on May 12, 2023

** Nick Leswick replaced Michael Sabia as Interim DM Finance effective June 2, 2023

Board of Directors

Derek Ballantyne
Chair of the Board of Directors
(April 29, 2018 – April 28, 2024)

Romy Bowers
President and Chief Executive Officer
(April 6, 2021 – April 5, 2026)

Kelly Gillis (ex-officio)
Deputy Minister of Infrastructure and Communities
(Effective October 26, 2021)

Chris Forbes (ex-officio)
Deputy Minister of Finance
(Effective September 11, 2023)

Gordon Laing
Chair of the Audit Committee
(January 12, 2018 – February 2, 2026)

André Hébert
Chair of the Risk Management Committee
(February 27, 2019 – February 26, 2025)

Linda Morris
Chair of the Human Resources Committee
(December 14, 2017 – December 13, 2021)
Continues in office until an appointment is made.

Navjeet (Bob) Dhillon
(February 5, 2015 – February 4, 2019)
Continues in office until an appointment is made.

Christopher Sicotte
(June 23, 2022 – June 22, 2026)

CMHC Management Structure

Our Executive Committee consists of the President and Chief Executive Officer's direct reports and has ultimate responsibility for strategic direction and risk management and is supported by a senior leadership team. The following shows CMHC's management structure as of November 2023:

Romy Bowers
President and Chief Executive Officer

Kathleen Devenny
Chief Risk Officer

Mathieu Laberge
Senior Vice-President, Housing Economics and Insights

Nadine Leblanc
Senior Vice-President, Policy

Paul Mason
Senior Vice-President, Business Transformation

Caroline Sanfaçon
Senior Vice-President, Commercial Solutions

Marie-Claude Tremblay
Senior Vice-President, Corporate Affairs

Michel Tremblay
Chief Financial Officer and Senior Vice-President, Corporate Services

Lisa Williams
Senior Vice-President, Housing Programs

Caroline Bilodeau
Vice-President, People and Culture

Mark Chamie
Vice-President, Investments and Treasury

André Charbonneau
Deputy Chief Financial Officer

Samir Chhelavda
Vice-President, Audit and Evaluation

Holly Cooper
Vice-President, Indigenous Policy and Relations

Brett Dietrich
Vice-President, MU Operations

Anik Génier
Vice-President, Policy Operations and Outreach

Pam Hine
Vice-President, Housing Solutions (Multi-Unit)

Riaz Kara
Vice-President, Social Policy and Equity

Amélie Lecompte
Chief Information Officer

Neil Levecque
Vice-President, Housing Operations

Marie-Anna Murat
Vice-President, Communications and Marketing

Stéphane Poulin
Vice-President, Data, Research and Insight

Camille Ringrose
Deputy Chief Risk Officer

Patricia Roset-Zuppa
Vice-President, Housing Markets, Finance and Climate Policy

Carla Staresina
Vice-President, Commercial Products

Debbie Stewart
Vice-President, Innovation and Partnerships

Mark Young
General Counsel

Annual Executive Cash Compensation Range Disclosure[1]

	Chief Executive Officer[3]	Senior Vice President[4]
Cash Compensation[2]		
Base Salary Range	$442,900 - $521,000	$259,642 - $389,463
Short-Term Incentive Plan Range	0.0% up to 28%	0.0% up to 24.75%
Long-Term Incentive Plan Range	N/A	0.0% up to 24.50%
Total Compensation Range per Calendar Year	$442,900 - $666,880	$259,642 - $581,273
Allowances		
Executive Allowance	$25,000	$25,000

[1] As per approved ranges at September 2023.

[2] Cash Compensation shows the range for each of the respective positions and does not reflect the actual salary and incentives paid to executives.

[3] Cash Compensation for Chief Executive Officers of Crown Corporations is set by the Government of Canada as outlined in the Performance Management Program for Chief Executive Officers of Crown Corporations (.

[4] On August 31st, 2023, the list of Executives includes: Chief Executive Officer, Senior Vice-President Commercial Solutions, Senior Vice-President Housing Programs, Senior Vice-President Business Transformation, Chief Financial Officer & Senior Vice-President Corporate Services, Senior Vice-President Corporate Affairs, Senior Vice-President Housing Economics & Insights, Senior Vice-President Policy, Chief Risk Officer.

Appendix 3

Planned Results

CMHC seeks Treasury Board approval of the 2024-2028 Corporate Plan, including the 2024 Operating Budget, Capital Budget, and Borrowing Plan. The Corporate Plan outlines CMHC's activities in support of our mandate.

Our corporate performance measures and targets allow us to assess if the contributions from our products, programs, and activities together (including the NHS programs found at placetocallhome.ca) are having the desired impacts, in line with our broader affordability, stability, and sustainability objectives. These results are consolidated and reported using the following performance measures.

2023 Mid-Year Performance

These performance measures are from the 2023-2027 CMHC Corporate Plan.

Performance Measures	2023 Plan	Results to June 30, 2023	
		Plan	Actual
# of units new, repaired and assisted, affordable to those in core housing need	120,000	78,181	101,539
# of units new, repaired and assisted by CMHC programs	350,000	200,985	244,264
Incremental affordable housing funding	$100M	-	$0M
% of units supported located in markets with greatest need of new and/or improved supply	65%	65%	68%
Ratio of climate compatible dwelling units/total of dwelling units (including retrofits) supported by CMHC	14%	14%	33%

Data Source: Administrative data/Strategy Execution Report

Short- and Medium-Term Results

Performance Measures	Short- and Medium-Term Targets		
	2024	2025	2026
# of units new, repaired and assisted, affordable to those in core housing need*	177,000	164,000	108,000
# of units new, repaired and assisted by CMHC programs*	536,000	491,000	361,000
Incremental affordable housing funding	$100M	$100M	$100M
% of units supported located in markets with greatest need of new and/or improved rental supply	75%	75%	75%
Ratio of climate-compatible dwelling units/total dwelling units (including retrofits) supported by CMHC	25%	26%	27%

Data Source: Administrative data/Strategy Execution Report

*Associated target values are influenced in part by the acceleration of NHCF from five years to three years (from 2028 to 2026).

Long-Term Results

Indicator	Long-term Target (2024-2028)
Core housing need	To be monitored

Data Source: Canadian census, Canadian Income Survey and the Canadian Housing Survey/Annually

Chief Executive Officer commitment:

I, Romy Bowers, as President and Chief Executive Officer of Canada Mortgage and Housing Corporation, am accountable to the Board of Directors of Canada Mortgage and Housing Corporation for the implementation of the results described in this corporate plan and outlined in this Appendix. I confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.

Romy Bowers
President and Chief Executive Officer
Canada Mortgage and Housing Corporation
Original signed
Date: November 10, 2023

Appendix 4
Chief Financial Officer Attestation

In my capacity as Chief Financial Officer of CMHC, I have reviewed the 2024-2028 CMHC Corporate Plan and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

- The nature and extent of the proposal are reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
- Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
- Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.
- Funding has been identified and is sufficient to address the financial requirements for the expected duration of the Corporate Plan.
- The Corporate Plan and budgets are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the Corporate Plan).
- Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the parent Crown corporation and its wholly owned subsidiaries.

In my opinion, the financial information contained in this proposal is sufficient overall to support decision-making.

CFO signature:

Michel Tremblay
Chief Financial Officer and Senior Vice-President, Corporate Services
CMHC
Date: November 10, 2023

Appendix 5
Financial Statements and Budgets

Operating Budget

The expenses reflected in our operating budget enable the execution of our strategy and the delivery of programs, products and services to our clients and partners.

Our operating budget includes investments for new and reprofiled housing programs and for investments in our technology. The operating budget decreases over the planning period as cost reductions announced in Budget 2023 are reflected in our plan, and as multi-year programs and projects come to an end.

Technology

Our operating budget includes investments in technology to support our commercial operations, such as CMHC Connect, which is modernizing our portfolio mortgage insurance, and homeowner mortgage insurance claims and arrears functions. This transformation will focus on replacing our emili underwriting system over the next few years. In addition, investments to modernize our MU insurance operations will enhance client experience and enable automation.

Data

Our Corporate Data program is critical to the achievement of our mandate and strategy. Data and analytics enable the understanding of challenges in the housing system, raise awareness of those challenges, and influence solutions. This program includes prioritizing initiatives to further strengthen governance, quality, and availability of data, as well as initiatives to fill critical data gaps.

NHS and Other Programs

Our operating budget includes funding for existing programs, new programs announced and reprofile requests as outlined in our key assumptions section above.

2022 actual operating budget (excluding depreciation) and 2023 performance at mid-year:

- Actuals for 2022 were $195 million lower than the 2022 amended plan, mainly as a result of delayed program launches and lower than planned take-up for some programs, including the One-time top-up to the Canada Housing Benefit launched at the end of 2022.
- For 2023, we are estimating total expenses will be lower compared to the amended plan, due to delayed program and project spending, including reprofiles to 2024, and reductions to meet Budget 2023 spending reductions.

2022 Results | 2023 Estimate | 2024-2028 Plan

Operating Budget

(in millions of Canadian dollars)	2022 Amended Plan	2022 Actual	2023 Amended Plan	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Personnel Costs									
Salary, fringe benefits and related costs (excluding pension expense)	326.6	288.3	356.2	329.2	376.2	364.9	328.6	318.2	307.5
Total personnel costs	**326.6**	**288.3**	**356.2**	**329.2**	**376.2**	**364.9**	**328.6**	**318.2**	**307.5**
Non-Personnel Costs									
Recruitment costs	0.9	0.8	1.5	1.0	0.6	0.5	0.5	0.5	0.5
Training	6.0	3.8	6.2	5.0	5.3	5.3	4.8	4.8	4.8
Transportation	4.5	2.7	8.0	6.8	6.6	6.2	6.2	6.1	5.7
Marketing and promotion	4.5	3.6	4.6	5.7	2.9	2.7	2.5	2.2	1.7
Hospitality and representation	0.8	0.4	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Professional and technical services	251.4	125.7	259.1	136.3	146.7	128.7	85.6	66.0	63.2
Computer services	161.3	124.3	198.7	139.0	178.9	152.5	148.1	152.5	149.1
Business premises	13.1	10.3	10.0	8.9	6.1	5.8	5.2	5.4	5.3
Other	(5.2)	(10.4)	(5.3)	(6.8)	4.0	(2.9)	(6.4)	(11.7)	(12.1)
Total non-personnel costs	**437.3**	**261.2**	**483.6**	**296.7**	**351.8**	**299.5**	**247.2**	**226.5**	**218.9**
Total operating budget (before pension expense)	**763.9**	**549.5**	**839.8**	**625.9**	**728.0**	**664.4**	**575.8**	**544.7**	**526.4**
Pension/post-employment expense	43.6	63.0	23.5	34.3	40.2	32.0	24.8	23.7	18.6
Total operating budget (authority required)	**807.5**	**612.5**	**863.3**	**660.2**	**768.2**	**696.4**	**600.6**	**568.4**	**545.0**
Plus: Depreciation	33.7	24.5	41.9	40.1	43.9	45.4	60.1	57.2	55.3
Total operating budget (incl. depreciation)	**841.2**	**637.0**	**905.2**	**700.3**	**812.1**	**741.8**	**660.7**	**625.6**	**600.3**

Pension costs

Our defined benefit pension plan reflects equal cost sharing between employees and CMHC. The cost sharing ratio is projected to be equal over the planning period and fluctuates annually. The changes in the pension expense across the planning period reflect discount rates used to estimate the expense. In general, a higher discount rate results in a lower present value of the cost of employees' service and therefore a lower pension expense. With this higher interest rate environment, current service costs are lower than in recent years; however, these could increase in the future with lower interest rates.

Full-time equivalents (FTEs)

	2022 Amended Plan	2022 Actual	2023 Amended Plan	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Mortgage Insurance activity	969	864	955	922	954	908	938	969	988
Mortgage Funding activity	106	102	104	98	94	95	101	104	108
Housing Programs activity	1,344	1,189	1,612	1,359	1,507	1,403	1,098	948	805
Total	**2,419**	**2,155**	**2,671**	**2,379**	**2,555**	**2,406**	**2,137**	**2,021**	**1,901**

FTEs are estimated to be lower than plan in 2023 mainly due to lower FTEs from our Housing Programs activity. Housing Programs FTEs are projected to decrease over the planning period as Housing Programs sunset. Mortgage Insurance activity FTEs increase in 2024 in part due to higher business volumes. Mortgage Insurance activity FTEs increase at the end of the planning period due to a higher proportion of indirect FTEs attributed to our Mortgage Insurance activity as Housing Programs sunset. Our plan does not assume a significant decrease from enabling sectors FTEs, which results in more time dedicated to commercial operations. This is currently being evaluated and may be reflected in future corporate plans.

Capital Budget

The largest portion of our capital budget supports our lending activities and allows eligible borrowers to acquire and renovate existing housing or construct new housing under the various housing programs of the NHA. The capital budget also authorizes CMHC to refinance privately financed social housing projects under our Housing Programs activity.

Capital budget requirements for 2024 are $7.3 billion and include commitments for loans and investment programs consistent with our key assumptions. The capital budget for loans and investments decreases over the planning period as programs sunset.

Investments in technology including for CMHC Connect, the modernization of our MU insurance operations and our Corporate Data program are included in our capital budget. The increase in 2024 compared to 2023 is the result of delayed spending in 2023, that is reprofiled to 2024.

2022 Results | 2023 Estimate | 2024-2028 Plan

Capital Budget

2022 actual capital budget and 2023 performance at mid-year

- In 2022, we made capital commitments of $4.4 billion, $1.3 billion lower than the amended plan, primarily due to the lower commitments under the NHCF and CGHL. Delay of the launch of CGHL contributed to lower than planned commitments in 2022. Lower commitments from NHCF were due to project delays resulting from labour shortages, supply chain issues, and higher construction costs.
- For 2023, our capital commitments are projected to be $5.9 billion, aligned to the amended plan.

(in millions of Canadian dollars)	2022 Amended Plan	2022 Actual	2023 Amended Plan	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Direct Lending	176	122	132	132	143	144	144	144	144
Innovation Fund	30	-	37	20	20	20	20	20	-
Innovation Fund – RTO	-	-	20	25	25	25	25	-	-
RCFi	3,162	3,007	3,380	3,380	4,051	3,230	2,730	1,225	-
NHCF	1,479	965	1,181	1,181	1,705	2,015	-	-	-
FTHBI and SEMP	225	94	188	201	135	139	-	-	-
CGHL	459	154	886	846	889	633	-	-	-
CGAH	-	-	17	17	117	108	75	17	-
Other	18	17	20	17	17	17	17	17	17
Total loans and investments	**5,549**	**4,359**	**5,861**	**5,819**	**7,102**	**6,331**	**3,011**	**1,423**	**161**
Business premises	11	5	7	5	4	2	2	2	2
Capital leases	2	2	1	1	-	-	-	-	-
Computer software and intangible assets	86	20	112	33	176	43	18	2	2
Total business premises and intangible assets	**99**	**27**	**120**	**39**	**180**	**45**	**20**	**4**	**4**
Total capital budget	**5,648**	**4,386**	**5,981**	**5,858**	**7,282**	**6,376**	**3,031**	**1,427**	**165**

Financial Statements and Notes

Basis of presentation

Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards approved and to be in effect as at December 31, 2023, as issued by the International Accounting Standards Board (IASB).

For all activities, revenues are attributed to, and assets are located in Canada.

Significant accounting and other policies

In May 2017, the IASB issued IFRS 17 Insurance Contracts, which replaced IFRS 4 Insurance Contracts effective January 1, 2023. Our 2022 actual results, 2023 estimate and 2024-2028 Corporate Plan are prepared according to IFRS 17. Our plan includes an estimated impact of adopting IFRS 17 as at January 1, 2022, and restated actual results for 2022, that are unaudited at the time of drafting our Corporate Plan.

Refer to our 2022 Annual Report for complete details on our significant accounting policies including under IFRS 17.

On August 4, 2023, the Department of Finance released for public comment revised legislative proposals on the proposed Excessive Interest and Financing Expenses Limitation (EIFEL) legislation to take into account comments received since the initial release on February 4, 2022 and subsequent revisions released on November 3, 2022. The EIFEL rules are aimed at limiting the amount of interest and other financing expenses that businesses may deduct for income tax purposes based on a proportion of earnings, interest, taxes, depreciation and amortization. The proposed legislation is broadly in line with the recommendations in the Action 4 report set out by the Organisation for Economic Co-operation and Development in respect of its Base Erosion and Profit Shifting Initiative. Based on latest updates, the EIFEL rules are now proposed to apply in respect of taxation years beginning on or after October 1, 2023. Based on the latest draft legislation, no impact for CMHC or CHT is anticipated and is therefore not reflected in our 2024-2028 Corporate Plan.

Consolidated Balance Sheets

As at December 31 (in millions of Canadian dollars)	2022 Actual (restated)*	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Assets							
Cash and cash equivalents	2,649	2,030	1,888	2,096	2,394	2,937	3,464
Securities purchased under resale agreements	650	-	-	-	-	-	-
Accrued interest receivable	878	1,154	1,431	1,609	1,828	2,036	2,183
Investment securities:							
Fair value through profit or loss	133	21	19	19	19	4	4
Fair value through other comprehensive income	18,043	20,207	22,380	24,334	26,572	29,078	31,523
Amortized cost	3,578	5,289	5,534	6,744	6,605	5,942	5,706
Due from the Government of Canada	-	130	602	592	498	367	262
Loans:							
Fair value through profit or loss	469	475	515	495	411	341	300
Amortized cost	269,207	272,200	300,075	321,756	352,767	383,064	401,452
Accounts receivable and other assets	941	871	951	1,054	1,039	996	1,110
Investment property	402	431	480	535	597	666	743
Defined benefit plans asset	218	130	206	262	281	330	351
Deferred income tax assets	-	75	530	993	1,500	2,049	2,379
Total assets	**297,168**	**303,013**	**334,611**	**360,489**	**394,511**	**427,810**	**449,477**
Liabilities							
Accounts payable and other liabilities	707	1,131	1,328	1,086	1,085	1,058	877
Accrued interest payable	818	1,051	1,454	1,771	2,102	2,371	2,532
Derivatives	87	52	76	83	80	72	70
Insurance contract liabilities	6,405	7,377	9,018	10,578	12,007	13,622	15,025
Due to the Government of Canada	6	-	-	-	-	-	-
Borrowings:							
Fair value through profit or loss	374	220	147	21	-	-	-
Amortized cost	273,770	277,765	305,533	328,362	359,127	388,971	407,538
Defined benefit plans liability	166	179	172	174	176	176	177
Unearned premiums and fees	2,604	2,969	3,357	3,650	3,856	3,916	3,911
Deferred income tax liabilities	270	-	-	-	-	-	-
Total liabilities	**285,207**	**290,744**	**321,085**	**345,725**	**378,433**	**410,186**	**430,130**
Equity of Canada							
Contributed capital	25	25	25	25	25	25	25
Accumulated other comprehensive income or (loss)	(725)	(710)	(497)	(367)	(300)	(250)	(168)
Reserve fund	17	22	63	99	122	142	154
Retained earnings	12,644	12,932	13,935	15,007	16,231	17,707	19,336
Total equity of Canada	**11,961**	**12,269**	**13,526**	**14,764**	**16,078**	**17,624**	**19,347**
Total liabilities and equity of Canada	**297,168**	**303,013**	**334,611**	**360,489**	**394,511**	**427,810**	**449,477**

* Unaudited

Notes to the Consolidated Balance Sheets

Commercial Solutions

Mortgage Insurance

Total assets of $16.8 billion at December 31, 2022, increase to $31.0 billion over the planning period due to higher investment balances as a result of higher premiums received, investment income and no dividends declared, as capital is retained to support the growth and sustainability of Canada's purpose-built rental supply. Total assets also increase due to higher deferred tax assets following the implementation of IFRS 17.

Total liabilities increase from $7.0 billion at December 31, 2022, to $15.8 billion in 2028 due to increases in our insurance contract liability as a result of higher volumes, which are outpacing the recognition of the related revenue.

Total equity increases from $9.8 billion at December 31, 2022, to $15.3 billion in 2028 as our plan assumes no dividend declaration over the planning period as capital is retained to support the growth of MU volumes, as described in the Dividend policy section.

Mortgage Funding

Total assets fluctuate over the planning period and increase from $263.8 billion at December 31, 2022, to $378.0 billion in 2028, mainly due to the $20 billion annual CMB limit increase leading to higher assets in Canada Housing Trust (CHT), as well as increases in investment balances.

Total liabilities fluctuate over the planning period and increase from $262.4 billion at December 31, 2022, to $375.5 billion in 2028, due to the same reasons as noted for the assets above.

Total equity increases over the planning period from $1.3 billion at December 31, 2022 to $2.5 billion in 2028, mainly due to net income gradually increasing over the planning period.

Housing Programs

Total assets of $17.6 billion at December 31, 2022, increase over the planning period to $40.9 billion due to the significant take-up of our lending programs generated by the NHS initiatives including the RCFi and NHCF. Total liabilities of $16.8 billion at December 31, 2022 also increase over the planning period, to $39.4 billion as we borrow from the government's CBP to finance our lending programs.

Total equity increases over the planning period from $846 million at December 31, 2022 to $1.5 billion in 2028, as our annual net income and accumulated other comprehensive income increase. Refer to the Housing Programs section of the Notes to the Consolidated Statements of Equity of Canada for details.

Consolidated Statements of Income and Comprehensive Income

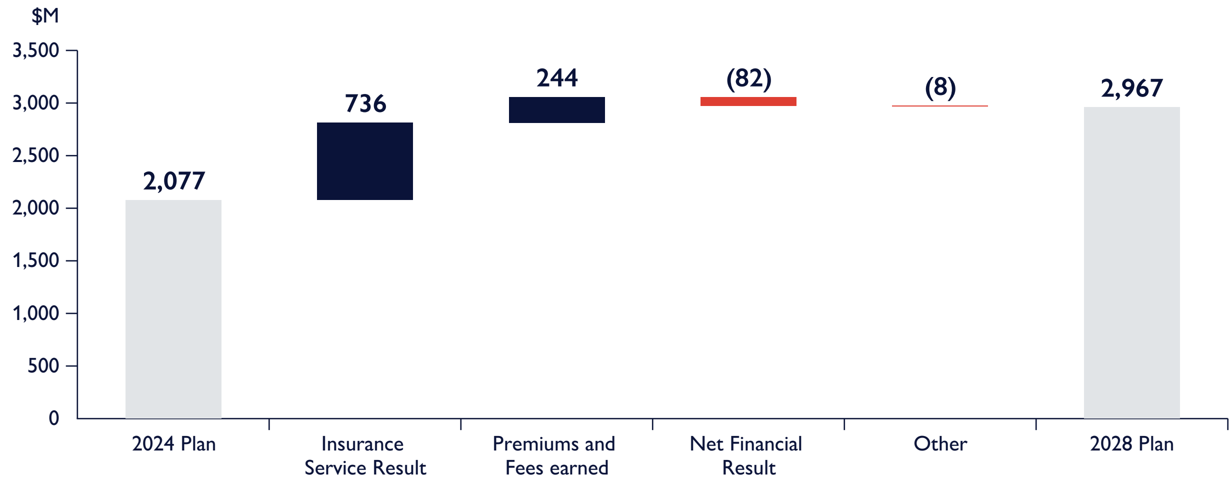
Year ended December 31 (in millions of Canadian dollars)	2022 Actual (restated)*	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Interest income	5,395	6,796	7,661	8,980	10,574	12,002	13,265
Interest expense	(5,375)	(6,804)	(7,671)	(8,964)	(10,579)	(11,993)	(13,249)
Net interest income	**20**	**(8)**	**(10)**	**16**	**(5)**	**9**	**16**
Insurance revenue	867	953	1,105	1,268	1,451	1,654	1,832
Insurance service income (expense)	106	(139)	(190)	(185)	(199)	(289)	(181)
Insurance service result	**973**	**814**	**915**	**1,083**	**1,252**	**1,365**	**1,651**
Investment income	388	455	585	695	782	927	989
Net gains (losses) on financial instruments	43	180	(14)	(178)	(179)	(123)	(161)
Insurance finance expense for insurance contracts issued	(114)	(250)	(322)	(414)	(497)	(578)	(661)
Net financial result	**317**	**385**	**249**	**103**	**106**	**226**	**167**
Government funding	3,408	6,672	5,131	5,063	3,964	2,753	1,932
Housing programs	(3,061)	(6,301)	(4,673)	(4,671)	(3,685)	(2,522)	(1,744)
Premiums and fees earned	779	865	966	1,067	1,148	1,202	1,210
Operating expenses	(606)	(602)	(680)	(623)	(530)	(494)	(463)
Other income	89	116	180	166	183	192	198
Self-insurance service income (expense)	6	4	(1)	(1)	-	-	-
Income before income taxes	**1,925**	**1,945**	**2,077**	**2,203**	**2,433**	**2,731**	**2,967**
Income taxes	(485)	(491)	(521)	(555)	(613)	(688)	(747)
Net income	**1,440**	**1,454**	**1,556**	**1,648**	**1,820**	**2,043**	**2,220**
Other comprehensive income (loss), net of tax **Items that will be subsequently reclassified to net income (loss)**							
Net unrealized gains (losses) from debt instruments held at fair value through other comprehensive income	(1,019)	62	226	149	82	67	104
Reclassification of gains on debt instruments held at fair value through other comprehensive income on disposal in the year	(12)	-	-	-	-	-	-
Insurance finance income (expense) for insurance contracts issued	176	(47)	(13)	(19)	(15)	(17)	(22)
	(855)	**15**	**213**	**130**	**67**	**50**	**82**
Items that will not be subsequently reclassified to net income							
Remeasurement gains (losses) on defined benefit plans	282	(81)	68	40	7	33	1
	282	**(81)**	**68**	**40**	**7**	**33**	**1**
Total other comprehensive income (loss), net of tax	**(573)**	**(66)**	**281**	**170**	**74**	**83**	**83**
Comprehensive income	**867**	**1,388**	**1,837**	**1,818**	**1,894**	**2,126**	**2,303**

* Unaudited

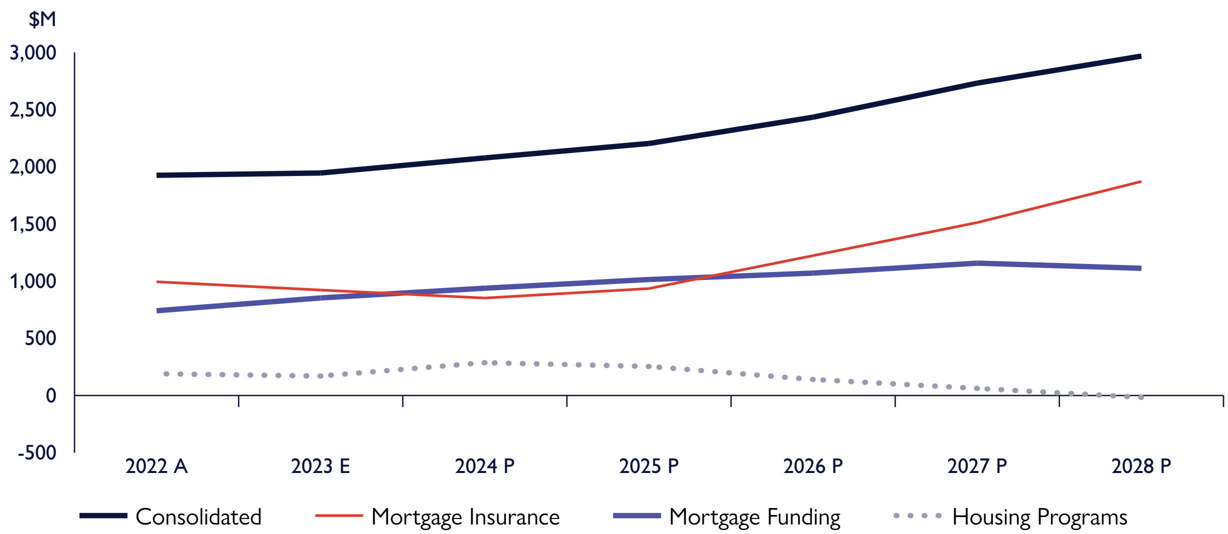
Notes to the Consolidated Statements of Income and Comprehensive Income

Our net income is primarily generated from our commercial activities. Pre-tax income is projected to increase over the planning period in part due to higher insurance revenue, net of expenses, as a result of higher MU insurance volumes. Premiums and fees earned from our Mortgage Funding activity also increase over the planning period.

Pre-tax Income Comparison 2024 to 2028 Plan



Pre-tax Income by Activity



Commercial Solutions

Mortgage Insurance

Year ended December 31 (in millions of Canadian dollars)	2022 Actual (restated)*	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Insurance service result	973	814	915	1,083	1,252	1,365	1,651
Net financial result	153	170	(7)	(101)	12	184	257
Premiums and fees earned	23	38	51	68	85	96	99
Operating expenses	(177)	(150)	(137)	(144)	(160)	(167)	(175)
Other income	(7)	38	26	29	32	34	38
Self-insurance service income (expense)	6	4	(1)	(1)	-	-	-
Income before income taxes	**971**	**914**	**847**	**934**	**1,221**	**1,512**	**1,870**
Income taxes	(244)	(228)	(212)	(234)	(305)	(378)	(467)
Net income	**727**	**686**	**635**	**700**	**916**	**1,134**	**1,403**

* Unaudited

Insurance service result increases over the planning period due to higher volumes, mainly from MU insurance, which initially leads to a higher insurance contract liability and over time will lead to higher insurance service result as the premiums are earned.

Net financial result includes Investment income and net gains (losses) on financial instruments net of Insurance finance expense for insurance contracts issued. Investment income increases over the planning period due to higher investment balances as a result of dividends being suspended. Insurance finance expense, a reduction to net financial result, also increases over the planning period, due to higher insurance contract liabilities. Also included in the net financial result, Net gains (losses) on financial instruments, fluctuates over the planning period due to changes in interest rates and foreign exchange rates. These losses are larger through 2024-2026 and then come down to lower levels starting in 2027, which results in higher net financial result in 2027-2028.

Operating expenses are higher in 2023, decrease in 2024, and then subsequently increase over the planning period, in part due to a higher proportion of indirect costs attributed to our Mortgage Insurance activity as Housing Programs sunset. We are currently evaluating our cost structure including allocation to our activities without new funding for Housing Programs.

(in millions of Canadian dollars, unless otherwise indicated)	2022 Actual	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Insurance-in-force (in $ billions)	**399**	**400**	**425**	**444**	**463**	**484**	**501**
Transactional homeowner	179	166	163	162	164	169	174
Portfolio	84	73	66	60	56	52	50
Multi-Unit residential	136	161	196	222	243	263	277
Total new insured volumes (units)	**278,659**	**315,372**	**365,211**	**329,273**	**308,987**	**322,623**	**307,545**
Transactional homeowner	64,266	56,828	62,030	64,257	66,865	69,394	69,619
Portfolio	36,221	18,786	19,247	20,059	20,466	20,755	20,389
Multi-Unit residential	178,172	239,758	283,934	244,957	221,656	232,474	217,537
Total new insured volumes ($)	**66,322**	**75,149**	**88,014**	**83,710**	**82,184**	**86,625**	**85,388**
Transactional homeowner	21,748	19,124	22,192	24,306	26,392	28,341	29,410
Portfolio	10,404	5,405	5,708	6,330	6,721	7,006	7,083
Multi-Unit residential	34,170	50,620	60,114	53,074	49,071	51,278	48,895
Total premiums and fees received ($)	**1,675**	**1,872**	**2,744**	**2,720**	**2,659**	**2,783**	**2,716**
Transactional homeowner	773	677	785	858	931	999	1,037
Portfolio	42	27	29	32	34	36	36
Multi-Unit residential	860	1,169	1,929	1,830	1,694	1,748	1,643

Mortgage Funding

(in millions of Canadian dollars)	2022 Actual	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Net interest income	9	8	8	8	8	8	8
Net financial result	36	75	72	68	65	114	67
Guarantee and application fees earned	756	827	915	999	1,063	1,106	1,111
Operating expenses	(68)	(65)	(66)	(69)	(74)	(79)	(82)
Other income	8	8	9	8	8	8	8
Income before income taxes	**741**	**853**	**938**	**1,014**	**1,070**	**1,157**	**1,112**
Income taxes	(185)	(213)	(234)	(253)	(267)	(289)	(278)
Net income	**556**	**640**	**704**	**761**	**803**	**868**	**834**

(in millions of Canadian dollars, unless otherwise indicated)	2022 Actual	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Guarantees-in-force (in $ billions)*	**471**	**509**	**531**	**567**	**602**	**638**	**659**
NHA MBS	216	255	257	271	279	286	288
CMB	255	254	274	296	323	352	371
Total annual securities guaranteed (in $ billions)	**187**	**198**	**228**	**228**	**228**	**228**	**228**
NHA MBS	147	153	168	168	168	168	168
CMB	40	45	60	60	60	60	60
Total guarantee and application fees received	**962**	**1,033**	**1,141**	**1,168**	**1,168**	**1,168**	**1,168**
NHA MBS	798	844	884	911	911	911	911
CMB	164	189	257	257	257	257	257

* Our Guarantees-in-force are projected to exceed our statutory limit of $600 billion starting in 2026. We are working with Central Agencies to increase our $600 billion statutory limit through future legislative updates to accommodate the higher expected annual guaranteed volumes.

Guarantee and application fees earned increase over the planning period mainly due to higher pricing on Tier-1 and Tier-2 NHA MBS effective on January 1, 2021. These fees are amortized over the life of the underlying bonds. As time goes by, the older pools are being replaced by new ones carrying higher fees, which increases our fees earned.

Operating expenses are lower in 2023 and increase the following year and over the planning period due to a higher proportion of indirect costs attributed to our Mortgage Funding activity in the latter part of the planning period as Housing Programs sunset.

Housing Programs

Year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Net interest income	(13)	(32)	(33)	(6)	(29)	(16)	(8)
Net financial result	129	148	194	149	43	(55)	(142)
Government funding	3,408	6,672	5,131	5,063	3,964	2,753	1,932
Housing programs	(3,061)	(6,301)	(4,673)	(4,671)	(3,685)	(2,522)	(1,744)
Operating expenses[1]	(361)	(387)	(477)	(410)	(296)	(248)	(206)
Other income	88	70	145	129	143	150	152
Income before income taxes	**190**	**170**	**287**	**254**	**140**	**62**	**(16)**
Income taxes	(50)	(48)	(74)	(68)	(41)	(21)	(2)
Net income (loss)	**140**	**122**	**213**	**186**	**99**	**41**	**(18)**

[1] Refer to the financial highlights table for operating expenses excluding our lending activity.

Housing Programs, excluding lending, operate on a break-even basis as appropriations equal expenditures each year. Although lending programs are intended to operate on a break-even basis over the long-term, accounting adjustments and some elements of our operating expenses do not perfectly offset, which results in fluctuations to net income.

Starting in 2023 we are making significant investments in the Housing Accelerator Fund (HAF). We continue to invest in the Rapid Housing Initiative (RHI) until 2024. In 2025, government funding begins to decrease over the remainder of the planning period as NHS programs start to sunset, the legacy programs continue to decrease, and the NHCF is accelerated to be fully delivered by 2025-2026. Reductions in program spending are reflected in our plan contributing to the reduction in government funding (refer to Appendix 5 – Planned Budget 2023 Spending Reductions).

Net interest income fluctuates over the planning period. This is due to the amortization of day one gains for both the RCFi and NHCF, and short-term borrowings for the CGHL, part of interest expense. Interest expense is partially offset by interest income primarily, from the RCFi and NHCF.

Other income mainly increases over the planning period due to the recovery of interest expense for CGHL and FTHBI, the increase in fair value of Corporate Owned Real Estate (CORE) properties, and the recovery of losses on NHCF loans.

Government Funding

We receive parliamentary appropriations in support of the various activities that we are mandated to deliver. Included in the parliamentary appropriations is funding for our commercial operations related to RCFi mortgage insurance premiums that are managed through our Mortgage Insurance activity, and lending activities. This is removed to present government funding for housing programs. Also included is emergency funding provided through the 2021 Federal Budget to Granville Island in response to the pandemic. Refer to the section on Granville Island for more information.

Year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Total Government funding	3,804	7,041	5,654	5,562	4,334	3,030	2,129
Allocated to commercial operations	93	138	206	194	168	139	87
Allocated to lending activities	298	224	317	305	202	138	110
Funding for Granville Island Emergency Relief Fund	5	7	-	-	-	-	-
Government funding	**3,408**	**6,672**	**5,131**	**5,063**	**3,964**	**2,753**	**1,932**

Consolidated Statement of Equity of Canada

Year ended December 31 (in millions of Canadian dollars)	2022 Actual (restated)*	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Contributed capital	25	25	25	25	25	25	25
Accumulated other comprehensive income (loss)							
Fair value reserve balance at beginning of year	131	(725)	(710)	(497)	(367)	(300)	(250)
Other comprehensive income (loss) – fair value	(855)	15	213	130	67	50	82
Fair value reserve balance at end of year	**(724)**	**(710)**	**(497)**	**(367)**	**(300)**	**(250)**	**(168)**
Opening insurance finance reserve	-	-	-	-	-	-	-
Impact of adopting IFRS 17	(1)	-	-	-	-	-	-
Restated opening insurance finance reserve	(1)	-	-	-	-	-	-
Other comprehensive income (loss) – insurance finance reserve	-	-	-	-	-	-	-
Insurance finance reserve balance at end of year	(1)	-	-	-	-	-	-
Balance at end of year	(725)	(710)	(497)	(367)	(300)	(250)	(168)
Reserve Fund							
Balance at the beginning of year	29	17	22	63	99	122	142
Net income (loss)	(12)	5	41	36	23	20	12
Balance at end of year	17	22	63	99	122	142	154
Retained earnings							
Opening retained earnings	13,025	12,644	12,932	13,935	15,007	16,231	17,707
Impact of adopting IFRS 17	65	-	-	-	-	-	-
Restated opening retained earnings	13,090	12,644	12,932	13,935	15,007	16,231	17,707
Net income	1,452	1,449	1,515	1,612	1,797	2,023	2,208
Other comprehensive income (loss)	282	(81)	68	40	7	33	1
Possible dividends declared[1]	(2,180)	(1,080)	(580)	(580)	(580)	(580)	(580)
Total retained earnings	12,644	12,932	13,935	15,007	16,231	17,707	19,336
Equity of Canada	11,961	12,269	13,526	14,764	16,078	17,624	19,347

* Unaudited

[1] The surplus capital available for possible dividend declaration is based on a number of assumptions. The amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria approved by the Board.

Notes to the Consolidated Statement of Equity of Canada

CMHC's three main operating activities contribute to the total equity of Canada. A breakdown of equity by activity is provided below.

Commercial Solutions

Mortgage Insurance

Year ended December 31 (in millions unless otherwise indicated)	2022 Actual (restated)*	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Accumulated other comprehensive income (loss)	(624)	(633)	(446)	(342)	(281)	(202)	(131)
Appropriated retained earnings	9,663	10,042	10,473	10,888	11,364	11,939	12,260
Appropriated capital	**9,039**	**9,409**	**10,027**	**10,546**	**11,083**	**11,737**	**12,129**
Unappropriated retained earnings	731	497	735	1,041	1,484	2,060	3,144
Total mortgage insurance capital	**9,770**	**9,906**	**10,762**	**11,587**	**12,567**	**13,797**	**15,273**
Less: assets with a capital requirement of 100%	(185)	(144)	(196)	(214)	(204)	(204)	(313)
Total mortgage insurance capital available	**9,585**	**9,762**	**10,566**	**11,373**	**12,363**	**13,593**	**14,960**
Mortgage insurance internal capitalization target	155%	155%	155%	155%	155%	155%	155%
Operating level holding target[1]	165%	165%	165%	165%	165%	165%	165%
Capital available to minimum capital required (% MICAT)	175%	171%	174%	178%	184%	191%	204%
Surplus equity available from mortgage insurance for possible dividend declaration[2]	(1,600)	(500)	-	-	-	-	-

* Unaudited

[1] We appropriate equity (retained earnings and accumulated other comprehensive income) at the 165% operating level.

[2] Surplus capital available for possible dividend declaration is based on a number of assumptions, and the amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria in our dividend proposal approved by our Board.

For capital management purposes and as provided for in the CMHC Act and the NHA, we consider our capital available to be equal to the total equity of Canada for the Mortgage Insurance activity, less assets with a capital requirement of 100%. The appropriated capital is based on our Board approved capital management policy that follows guidelines developed by OSFI.

The 2023 Capital Adequacy Assessment confirmed our internal and operating targets, of the minimum capital required; OSFI's minimum regulatory capital target is 150%.

The Mortgage Insurance activity equity continually increases over the planning horizon due to the annual net income being brought into equity each year, which is not being offset by dividends due to the suspension of dividends for Mortgage Insurance over the planning period. Refer to the Mortgage Insurance section of the Notes to the Consolidated Balance Sheets for details.

Mortgage Funding

Year ended December 31 (in millions unless otherwise indicated)	2022 Actual	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Accumulated other comprehensive income (loss)	(164)	(140)	(114)	(88)	(82)	(111)	(100)
Appropriated retained earnings	1,341	1,204	895	712	588	540	481
Appropriated capital	**1,177**	**1,064**	**781**	**624**	**506**	**429**	**381**
Unappropriated capital	154	349	783	1,147	1,494	1,831	2,144
Total mortgage funding capital available	**1,331**	**1,413**	**1,564**	**1,771**	**2,000**	**2,260**	**2,525**
Economic capital available to economic capital required (%)	112%	122%	134%	147%	158%	168%	179%
Economic return on required equity (%)	55.5%	56.0%	73.5%	103.8%	135.7%	171.2%	195.3%
Possible dividend considering capital floor and liquidity restraints[1]	580	580	580	580	580	580	580

[1] Surplus capital available for possible dividend declaration is based on a number of assumptions, and the amounts included in the schedule above and the remainder of the Corporate Plan are subject to the criteria in our dividend proposal approved by our Board.

We set the minimum capital required for the Mortgage Funding activity through considering both the results of our ORSA as well as the liquidity required to sustain the Timely Payment Guarantee for our largest single name exposure. The capital adequacy assessment for the Mortgage Funding activity is consistent with our 2023 ORSA.

In 2023, we updated the capital required calculation to consider liquidity requirement at the operating level, which is aligned with our management of Capital and for dividend purposes. This resulted in a decrease of 37 percentage point in our 2022 Economic capital available to capital required comparative ratio (149% to 112%). The Mortgage Funding activity equity increases over the planning period due to increasing net income, partially offset by dividend declarations. Refer to the Mortgage Funding section of the Notes to the Consolidated Balance Sheets for details.

Housing Programs

Year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Retained earnings	798	876	1,081	1,250	1,331	1,366	1,335
Reserve fund[1]	23	29	70	106	128	149	161
Available capital	**821**	**905**	**1,151**	**1,356**	**1,459**	**1,515**	**1,496**
Contributed capital	25	25	25	25	25	25	25
Total equity	**846**	**930**	**1,176**	**1,381**	**1,484**	**1,540**	**1,521**

[1] A reserve fund is maintained pursuant to section 29 of the CMHC Act to address interest rate risk exposure on prepayable loans as well as credit risk exposure on unsecured loans. The reserve fund is subject to a statutory limit of $240 million, which we have determined through our ORSA to be in a reasonable range. Should the statutory limit be exceeded, we would be required to return the excess to the government.

Total equity for the Housing Programs activity includes available capital for our lending activity and contributed capital. Capital for the lending activity is comprised of retained earnings and the reserve fund.

Retained earnings increase initially due to gains on the re-measurement of the defined benefit plans expected in 2023. Then, they will continue to increase over the planning period, mainly due to the unamortized portion of the day one gains previously discussed for both the RCFi and NHCF.

Consolidated Statements of Cash Flows

Year ended December 31 (in millions of Canadian dollars)	2022 Actual (restated)*	2023 Estimate	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Cash flows from operating activities							
Net income	1,440	1,454	1,556	1,648	1,820	2,043	2,220
Amortization of premiums and discounts on financial instruments	81	17	5	31	63	48	125
Net losses (gains) on financial instruments	(161)	(180)	14	177	179	123	161
Deferred income taxes	(30)	(345)	(455)	(463)	(507)	(549)	(330)
Depreciation, amortization and impairment of fixed and intangible assets	29	44	44	45	60	27	55
Net unrealized gains on investment property	(88)	-	-	-	-	-	-
Changes in operating assets and liabilities							
Derivatives	68	(36)	25	7	(3)	(8)	(2)
Accrued interest receivable	(158)	(276)	(277)	(178)	(219)	(208)	(147)
Due from the Government of Canada	369	(130)	(472)	10	94	131	105
Accounts receivable and other assets	(98)	70	(80)	(103)	15	43	(114)
Accounts payable and other liabilities	106	424	197	(242)	(1)	(27)	(181)
Accrued interest payable	206	233	403	317	331	269	161
Insurance contract liabilities	506	972	1,641	1,560	1,429	1,615	1,403
Defined benefit plans	35	101	(83)	(54)	(17)	(49)	(20)
Unearned premiums and fees	283	365	388	293	206	60	(5)
Other	(2)	(183)	(441)	(641)	(581)	(334)	(406)
Loans							
Repayments	46,344	48,407	38,221	41,586	33,315	32,646	42,600
Disbursements	(42,641)	(50,077)	(67,000)	(65,656)	(64,134)	(62,794)	(60,896)
Borrowings							
Repayments	(55,553)	(54,936)	(58,449)	(73,054)	(70,398)	(69,343)	(78,911)
Issuances	53,875	57,395	87,201	98,431	101,269	99,248	97,464
	4,611	**3,319**	**2,438**	**3,714**	**2,921**	**2,941**	**3,282**
Cash flows from investing activities							
Investment securities							
Sales and maturities	9,368	6,502	9,749	8,503	8,350	7,817	6,061
Purchases	(9,694)	(9,360)	(11,749)	(11,429)	(10,393)	(9,635)	(8,236)
Other	(981)						
	(1,307)	**(2,858)**	**(2,000)**	**(2,926)**	**(2,043)**	**(1,818)**	**(2,175)**
Cash flows from financing activities							
Possible dividends paid	(2,180)	(1,080)	(580)	(580)	(580)	(580)	(580)
Change in cash and cash equivalents	1,124	(619)	(142)	208	298	543	527
Cash and cash equivalents							
Beginning of year	1,525	2,649	2,030	1,888	2,096	2,394	2,937
End of year	2,649	2,030	1,888	2,096	2,394	2,937	3,464
Represented by							
Cash	227						
Cash equivalents	2,422	2,030	1,888	2,096	2,394	2,937	3,464
	2,649	**2,030**	**1,888**	**2,096**	**2,394**	**2,937**	**3,464**
Supplementary disclosure of cash flows from operating activities							
Amount of interest received during the period	6,259	7,314	8,066	9,433	10,939	12,504	13,953
Amount of interest paid during the period	5,785	7,019	7,541	8,810	10,240	11,708	13,054
Amount of dividends received during the period	5	-	-	-	-	-	-
Amount of incomes taxes paid (refunded) during the period	391	58	1,260	1,378	1,118	379	1,369

* Unaudited

Notes to the Consolidated Statements of Cash Flows

Commercial Solutions

Mortgage Insurance

Cash flows for the mortgage insurance activity are mainly generated from premiums and fees received. Premiums and fees received increase over the planning period due to increased volumes.

Mortgage Funding

Cash flows for the Mortgage Funding activity are mainly driven by guarantee fees received, investments and financing related activities. Cash not needed for operations or investments in projects is invested or returned to the government as dividends.

Housing Programs

The majority of the Housing Programs activity net cash flows are generated from the movement in our lending activity. Loan disbursements exceed repayments over the planning period due to a significant volume of loan issuances for our RCFi, NHCF, FTHBI and CGHL programs. Cash generated from our borrowing increases significantly in parallel to fund the loans.

Any excess funding held is invested until needed. The net cash inflow or outflow fluctuates year to year due to timing differences between funding, advances, and repayments of the loans.

Granville Island

Granville Island's financial plans are included below as the responsibility for the administration and management of Granville Island was transferred to CMHC in 1973 by an order in council. CMHC has been operating and managing the Island, uninterrupted ever since.

In 2020 and 2021, as an agent Crown corporation, CMHC facilitated obtaining federal funding to support Granville Island. Granville Island had originally been approved to receive up to $21.7 million to fund operational ($13.4 million) and capital ($8.3 million) spending for the 2021-2022 fiscal year of which the unused amounts ($15.0 million) have been approved via a reprofile for use during the 2022-2023 fiscal year. For the 2022-2023 fiscal year, Granville Island accessed $8.0 million in direct funding. The unused amount ($7.0 million) was approved via a reprofile for use during the 2023-2024 fiscal year. To date, appropriated Government funding to support Granville Island has been allocated as follows: $6.7 million in 2021-2022, $8.0 million in 2022-2023, and $7.0 million in 2023-2024 fiscal year. The $7.3 million Net income for the 2022-2023 fiscal year reflects the capital costs allocated from the COVID-19 pandemic funding.

Granville Island Statements of Income (audited financial statements)

Year ended March 31 (in millions of Canadian dollars)	2022/ 2023 Actual	2023/ 2024 Plan	2023/ 2024 Estimate	2024/ 2025 Plan	2025/ 2026 Plan	2026/ 2027 Plan	2027/ 2028 Plan	2028/ 2029 Plan
Total revenues and government funding	24.1	16.8	25.7	19.5	19.8	20.2	20.5	25.2
Total expenses	15.3	16.4	17.7	18.5	18.5	18.9	19.4	20.0
Amortization	1.5	3.2	2.8	3.2	3.2	3.4	3.8	3.9
Net income (loss)	**7.3**	**(2.8)**	**5.2**	**(2.2)**	**(1.9)**	**(2.1)**	**(2.7)**	**1.3**

In 2023-2024, any operating revenue shortfall is offset by the reprofiled government funding and allows Granville Island to maintain expenditures at pre-pandemic levels. The planned $2.4 million increase in expenditures compared to 2022-2023 actuals is due to wage increases and staffing previously unfilled vacancies, increase in maintenance expenses, higher insurance costs, and increased expenditures for consulting fees. Capital acquisitions for 2023-2024 are planned to be $15.2 million. The budget is based on completing nearly $12.5 million in improvements to facilitate re-tenanting of vacant spaces as part of the COVID-19 pandemic funds. In addition to that, funds have been budgeted for maintaining and improving aging infrastructure and asset enhancements, which include building envelope, seawall, vehicle, and roadway upgrades.

In 2024-2025 and future years, it is assumed no further COVID related funding will be available and that economic conditions will continue to improve and a return to positive earnings (before amortization).

Impact of a Downside Scenario

The Corporate Plan has been prepared assuming a realistic view of future events with the information available at the time of preparation. It is based on our best estimate of future events.

We also define a reasonably plausible downside scenario, which assumes a more pessimistic view from the base plan scenario. The downside scenario reflects lower labour productivity than the baseline, which leads to persistently higher inflation, and thus higher interest rates. The downside scenario includes a recession in late 2023. Under this scenario housing affordability is exacerbated, with lower real wages and higher mortgage rates combined with lower housing starts than in the baseline.

The Downside scenario is not expected to significantly impact our planned results.

Planned Budget 2023 Spending Reductions

Budget 2023 announced government-wide spending reductions of $15.4 billion over the next five years, which includes spending by Crown corporations. Savings expectations for individual Crown corporations were set out in communications to portfolio ministers from the Minister of Finance and the President of Treasury Board.

As both an Enterprise and Appropriated Crown corporation, CMHC received operating expense and appropriations reduction targets and guidance from both the Minister of Finance and President of Treasury Board.

Consolidated Operating Expense savings

Six-Year Savings* based on year ended December 31, 2024 reference year**

Year ended December 31 (in millions of Canadian dollars)	2023	2024	2025	2026	2027	2028	Total
Administrative	-	2.7	5.7	10.1	10.1	10.1	38.7
Professional services and Travel	4.2	12.7	12.7	12.7	12.7	12.7	67.7
Total	**4.2**	**15.4**	**18.4**	**22.8**	**22.8**	**22.8**	**106.4**

* Savings are on an accrual basis.
** As per the most recent Treasury Board approved 2023-2027 Corporate plan.

Savings in discretionary administrative, professional services and travel included in our operating expenses are consistent with Minister of Finance direction to reduce administrative expenses by 3% by 2026 and to reduce professional services and travel by 15%, starting in 2024. Efficiencies in spending have been found through review of our operating expenses and measures taken to reduce spending in discretionary areas. We will ensure savings are met over the planning period and that impacts to delivery of our products and programs are minimized.

Appropriated Program savings

Six-Year Fiscal Savings*

Year ended March 31 (in millions of Canadian dollars)	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	Total
Government funding	-	33.8	70.8	121.3	121.3	121.3	468.5
Total	**-**	**33.8**	**70.8**	**121.3**	**121.3**	**121.3**	**468.5**

* Net savings only (net of transition costs), cash and accruals basis.

Savings totalling $468.5 million in Government funding (appropriations) included in our plan are consistent with President of Treasury Board direction and targets provided with respect to required savings. The Minister responsible for CMHC has the discretion to re-allocate reductions across their portfolio, which could lead to CMHC having lower or higher spending reductions than those provided by the President of Treasury Board. Our Plan has been prepared under the assumption that our appropriated spending will reduce in line with the targets provided by the President of the Treasury Board as final approvals will occur subsequent to the anticipated approval date of our Plan. Any deviations from the targets above will be reflected in future corporate plans.

To achieve the spending reductions, we proposed a number of programs to either be discontinued or reduced to the Minister responsible for CMHC to consider and ultimately recommend to the President of the Treasury Board. Proposed impacted programs were selected taking into account criteria by Treasury Board of Canada Secretariat including program effectiveness, necessity of a Federal role in the program area, possibility of program re-design or administration improvement and affordability during the time of fiscal restraint and finally, dependencies or complementarities with other programs. In addition to the above criteria, we also considered programs that are not directly generating housing supply or that are not expected to have a significant impact on housing supply.

The proposed impacted programs are not expected to affect transfers to provinces and territories, Official Languages or have regional or sectoral impacts. Finally, the appropriation reductions include reductions to administrative dollars associated to the respective programs.

The overall risk of discontinuing or reducing the proposed programs is considered as low to medium given the potentially affected programs have demonstrated low program take-up and other Federal programs exist that are complementary and/or potentially more effective.

Appendix 6
Borrowing Plan

CMHC borrows from the GoC as part of the Crown Borrowing Program in the normal course of its business to finance loans and investments in housing and to meet its liquidity needs. CMHC borrows following the establishment of a commitment to fund loans under various programs discussed below.

Summary

We expect total borrowings outstanding as at December 31, 2023 to reach $23.9 billion, consisting of $20.8 billion to finance all lending programs and investments in housing, $2.8 billion under the IMPP, and $300 million in short-term borrowings to support corporate cash requirements.

Maximum borrowings outstanding for 2023 are forecasted to reach $29.2 billion to finance all lending programs and investments in housing, including $3.4 billion under the IMPP and up to $4 billion for cash and liquidity management. This is a decrease of $1.9 billion from the previous plan[3], mainly due to a slower than expected intake of some lending programs, particularly RCFi and CGHL, and a higher than expected principal repayments in IMPP.

All borrowings are for the calendar year unless otherwise stated.

Borrowing Authority

CMHC's funding activities are governed by section 21 of the CMHC Act and section 127 of the Financial Administration Act (FAA). Those activities must also comply with the Minister of Finance's Financial Risk Management Guidelines for Crown corporations.

Under subsection 21(2) of the CMHC Act, CMHC is subject to a statutory borrowing authority constraint, which limits borrowings other than from the Crown to a maximum amount of $15 billion, unless Parliament authorizes additional amounts. Under subsection 21(1), at the request of the Corporation, the Minister of Finance may lend money to the Corporation out of the Consolidated Revenue Fund on any terms and conditions that the Minister may fix.

In accordance with subsection 127(3) of the FAA, CMHC requires the approval of the Minister of Finance to enter any particular transaction to borrow money, including the time and the terms and conditions of the transaction. This appendix outlines the borrowing plan that is subject to Minister of Finance approval.

CMHC requests the following authorities:

Short-term borrowings to be undertaken in 2024

To access overdraft facilities in place with private sector financial institutions amounting to $4 billion intraday and $300 million overnight; and to borrow short-term from the CBP up to a maximum outstanding of $7.0 billion.

Additional short-term borrowings may be required to meet liquidity requirements under CMHC's mortgage funding guarantee programs.

[3] Refer to CMHC's 2023-2027 Corporate Plan

Long-term borrowings to be undertaken in 2024

CMHC forecasts long-term borrowing of $6.0 billion and requests that the $6.5 billion long-term borrowing ceiling approved in 2023 be extended to 2024.

CMHC may need to borrow sums of money beyond the requested authority should it be called upon to respond to unanticipated events that pose risks to the housing or financial markets, such as those experienced as part of the COVID-19 pandemic and the global financial crisis. Under section 127(3) of the FAA, the Corporation may seek additional borrowings from the Minister of Finance, provided its total indebtedness outstanding at any time in respect of such borrowings does not exceed any statutory limit.

Direct Lending

Direct Lending loans help ensure the lowest risk-adjusted financing costs for eligible social housing projects on a sustained long-term basis. Direct Lending mortgages do not offer prepayment options and typically carry a term of five or ten years. Asset-liability management is conducted through market transactions and/or borrowings.

2023 Borrowings: $311 million in new borrowings consisting of $225 million for long-term and $86 million for short-term borrowings.

2024 Borrowings: $301 million in new borrowings consisting of $218 million for long-term and $83 million for short-term borrowings.

Rental Construction Financing Initiative (RCFi)

The RCFi program received new funding of $12 billion through the 2020 Fall Economic Statement bringing the program to a total of $25.8 billion over 11 years. The purpose of this initiative is to encourage the construction of purpose-built rental housing in high-priced markets by making low-cost capital available to municipalities and housing developers during the earliest and most risky phases of development. Funding for these loans is through long-term borrowings. Total funding financially committed under the RCFi as at March 31, 2023, was $10 billion of which, the total principal undrawn and reinvested amounted to $4.6 billion. This reflects the management of funds that are drawn from the CBP for which loans are not fully advanced. Not included in this plan, as pending required approval, is the repurposing of $300 million in funding for RCFi to be allocated to support the conversion of vacant commercial property into housing announced in Budget 2021. Also excluded is the reallocation of $1 billion in loans from RCFi to support co-op housing projects announced in Budget 2022.

2023 Borrowings: Up to $2.7 billion in new borrowings. The borrowing estimates are $638 million lower than the plan mainly due to a slower intake than expected.

2024 Borrowings: Up to $3.9 billion in new borrowings.

National Housing Co-Investment Fund (NHCF)

The federal government committed up to $8.9 billion in loans over 10 years starting in fiscal year 2018-2019. The purpose of this program is to increase housing supply by partnering with other organizations to ensure Canadians can access housing that meets their needs and that they can afford. This initiative prioritizes housing for populations who are vulnerable and sets minimum requirements for energy efficiency and accessibility. These loans are funded through long-term borrowings. This plan reflects the advancement of $2.9 billion in funding of all remaining funds to be spent by 2025-2026 proposed in Budget 2022. Not included in this plan, as pending required approval, is the allocation of $500 million from NHCF to support co-op housing projects announced in Budget 2022.

As of March 31, 2023, total borrowings under this program amounted to $2.4 billion of which $930 million was undrawn by proponents and reinvested.

2023 Borrowings: Up to $1.3 billion in new borrowings, which is $95 million lower than the plan.

2024 Borrowings: Up to $1.7 billion in new borrowings.

First-Time Home Buyer Incentive (FTHBI)

In Budget 2019, the federal government introduced the FTHBI to help make homeownership more affordable for Canadians while maintaining prudent safeguards around Canadians' homeownership decisions. Under this program, eligible first-time homebuyers who qualify for an insured mortgage can apply for a 5% or 10% shared equity mortgage for a newly constructed home or a 5% shared equity mortgage for an existing home, which reduces their monthly homeownership cost.

Launched in September 2019 with funding of $1.3 billion available to Canadians the FTHBI was extended to March 31, 2025 through Budget 2022. Funding for the FTHBI consists of short-term borrowings rolled forward periodically on a net basis, which is total funding less any repayments. As at March 31, 2023, total FTHBI funding outstanding amounted to $313 million.

2023 Borrowings: Up to $130 million in new borrowings.

2024 Borrowings: Up to $135 million in new borrowings.

Shared Equity Mortgage Provider Fund (SEMP)

In some regions, non-profit and other third parties currently provide shared equity mortgages. To support housing affordability, the Federal Government announced in Budget 2019 new funding to help grow the shared equity mortgage segment, which helps more Canadians achieve affordable homeownership. Launched in July 2019, the Federal Government has committed up to $100 million over five years in lending to existing and future third-party shared equity mortgage providers through this program. As at March 31, 2023, total borrowings under the program were $5 million.

2023 Borrowings: Up to $71 million in new borrowings

2024 Borrowings: No new borrowing planned.

Canada Greener Homes Loan (CGHL)

The Canada Greener Homes Loan (CGHL) initiative was launched in 2022 to help eligible homeowners undertake home retrofits to reduce their environmental footprint and energy bills. Funding for this initiative is expected to consist of short-term borrowings rolled forward periodically on a net basis, which is total funding minus any repayments.

2023 Borrowings: Up to $847 million in new short-term borrowings.

2024 Borrowings: Up to $888 million in new short-term borrowings, and an outstanding balance of up to $1.8 billion by the end of 2024.

Canada Greener Affordable Housing (CGAH)

The Canada Greener Affordable Housing (CGAH) stream of the Canada Greener Homes Loan Program for affordable housing providers, announced in Budget 2022, provides additional funding of $458.5 million starting in 2022-2023 (for a total of $680.4 million). The CGAH will provide low-interest loans and grants to low-income housing providers as part of the low-income stream of the Canada Greener Homes Loan program.

2023 Borrowings: Up to $12 million in new borrowings.

2024 Borrowings: Up to $92 million in new borrowings.

Affordable Housing Innovation Fund – Rent-to-Own (RTO)

The Rent-to-Own initiative to be delivered through the Affordable Housing Innovation Fund announced in Budget 2022 provides funding of $200 million over five years starting in 2022-2023, including $100 million in loans.

2023 Borrowings: Up to $19 million in new borrowings.

2024 Borrowings: Up to $25 million in new borrowings.

Other Loans and Investments in Housing Programs

Funds to support other loans and investments in our former existing housing programs were previously borrowed through the Consolidated Revenue Fund (CRF). No new advances are being made and balances decline over time as these loans mature. A small amount of short-term borrowings from the CBP is budgeted for liquidity purposes.

Municipal Infrastructure Lending Program (MILP)

The MILP received long-term funding (up to 30 years) through the CBP. These borrowings are matched with the amortization of MILP loans and closed to prepayment. A spread was added to the CBP borrowing rate to compensate for the credit risk of the municipalities. Under the MILP, which ran over a two-year period ending March 31, 2011, CMHC provided loans of $2 billion to support housing-related municipal infrastructure. Total borrowings outstanding under the MILP were $585 million as at March 31, 2023.

Cash and Liquidity Management

Short-term CBP borrowings are used to manage daily cash and liquidity requirements, which include potential obligations related to the Timely Payment Guarantee for the mortgage funding programs. In addition, CMHC maintains two separate $2 billion intraday overdraft facilities plus access to $300 million through overnight overdraft facilities with private sector financial institutions for cash management, operational and liquidity purposes. Borrowings related to Timely Payment Guarantees are paid before year-end; therefore, these amounts, which are close to $4 billion, are not included in the Cash and liquidity management line in the table titled Outstanding Borrowings as at December 31. The cash and liquidity management methodology complies with our liquidity policy, outlined at the end of this appendix, which requires that we broadly maintain liquidity sufficient to cover needs for five business days.

2023 Borrowings:

Short-term borrowings: cash and liquidity management, lending and other loans and investments in housing up to $5.6 billion outstanding at any point during the year, including up to $425 million outstanding for the FTHBI and up to $868 million outstanding for the CGHL. The 2023 borrowing estimates are $587 million lower than planned mainly due to the slower intake of the CGHL.

Overdraft facilities up to $4 billion intraday and up to $300 million overnight.

2024 Borrowings:

Short-term borrowings: cash and liquidity management, lending and other loans and investments in housing up to $6.6 billion outstanding at any point during the year, including up to $543 million outstanding for the FTHBI and up to $1.8 billion outstanding for the CGHL.

Overdraft facilities up to $4 billion intraday and up to $300 million overnight.

Insured Mortgage Purchase Program (IMPP)

The IMPP is an emergency program launched as part of the GoC's COVID-19 Economic Response Plan. The program allowed CMHC to purchase up to $150 billion of insured mortgages pooled into NHA MBS directly from financial institutions. This provided financial institutions with funding so that they could continue to offer loans to businesses and Canadians that could require access to credit during the COVID-19 pandemic. The program was closed in December 2020, and total funding issued to financial institutions under the program amounted to $5.8 billion. As of June 30, 2023, total IMPP funding outstanding was $3.2 billion.

Canada Mortgage Bonds

The government announced in the 2023 Federal budget that it intends to undertake market consultations on the proposal to consolidate the Canada Mortgage Bonds within the government's regular borrowing program, including on an implementation plan that would ensure stable access to mortgage financing. At the time of writing this Corporate Plan, the government plans to provide an update on this in the 2023 fall economic and fiscal update. Borrowings related to this initiative are not reflected in our 2024-2028 Corporate Plan's Borrowing plan.

The following tables provide outstanding short and long-term borrowings as at December 31, and peak borrowings during the year. All figures are shown on a nominal basis.

Outstanding Borrowings as at December 31

(in millions of Canadian dollars)	2022 Actual	2023 Estimate	2024 Requested	2025 Projected	2026 Projected	2027 Projected	2028 Projected
Short-term borrowings:							
Cash and liquidity management	-	300	300	300	300	300	300
Direct Lending	70	100	100	100	100	100	100
Other loans and Investments	-	200	200	200	200	200	200
FTHBI	304	425	543	665	648	631	614
CGHL	21	868	1,756	2,450	2,450	2,450	2,450
Total short-term borrowings	**395**	**1,893**	**2,899**	**3,715**	**3,698**	**3,681**	**3,664**
Long-term borrowings:							
Direct Lending	2,416	1,953	1,578	1,233	1,023	899	869
Other loans and Investments	1,107	949	747	585	443	338	279
MILP	629	526	419	313	246	195	142
RCFi	9,591	12,293	16,176	19,611	22,466	23,983	23,982
NHCF	2,073	3,414	5,155	7,249	7,899	8,101	8,124
SEMP	5	76	76	72	72	72	72
CGAH	-	12	104	214	297	328	332
Innovation Fund-RTO	-	19	44	69	94	100	100
Total long-term borrowings excl. IMPP	**15,821**	**19,242**	**24,299**	**29,346**	**32,540**	**34,016**	**33,900**
Total borrowings excl. IMPP	**16,216**	**21,135**	**27,198**	**33,061**	**36,238**	**37,697**	**37,564**
IMPP	3,429	2,811	162	-	-	-	-
Total long-term borrowings incl. IMPP	**19,250**	**22,053**	**24,461**	**29,346**	**32,540**	**34,016**	**33,900**
Total borrowings incl. IMPP	**19,645**	**23,946**	**27,360**	**33,061**	**36,238**	**37,697**	**37,564**

Peaks at Any Point During the Year

(in millions of Canadian dollars)	2022 Actual	2023 Estimate	2024 Requested	2025 Projected	2026 Projected	2027 Projected	2028 Projected
Split by program							
Line of credit	-	-	-	-	-	-	-
Short-term borrowings	**2,874**	**5,593**	**6,599**	**7,415**	**7,398**	**7,381**	**7,364**
Cash and liquidity management[1]	2,500	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	70	100	100	100	100	100	100
Other loans and Investments	-	200	200	200	200	200	200
FTHBI	304	425	543	665	648	631	614
CGHL	-	868	1,756	2,450	2,450	2,450	2,450
Long-term borrowings	**16,699**	**20,191**	**25,199**	**30,120**	**33,151**	**34,529**	**34,443**
Direct Lending	3,078	2,641	2,170	1,736	1,426	1,172	990
Other loans and Investments	1,224	1,107	949	747	585	443	338
MILP	728	629	525	418	312	246	195
RCFi	9,591	12,293	16,176	19,611	22,466	24,067	24,289
NHCF	2,073	3,414	5,155	7,249	7,899	8,101	8,127
SEMP	5	76	76	76	72	72	72
CGAH	-	12	104	214	297	328	332
Innovation Fund - RTO	-	19	44	69	94	100	100
Maximum outstanding borrowings							
Cash and liquidity management[1]	2,500	4,000	4,000	4,000	4,000	4,000	4,000
Direct Lending	3,148	2,741	2,270	1,836	1,526	1,272	1,090
Other loans and Investments	1,224	1,307	1,149	947	785	643	538
MILP	728	629	525	418	312	246	195
RCFi	9,591	12,293	16,176	19,611	22,466	24,067	24,289
NHCF	2,073	3,414	5,155	7,249	7,899	8,101	8,127
FTHBI	304	425	543	665	648	631	614
SEMP	5	76	76	76	72	72	72
CGHL	-	868	1,756	2,450	2,450	2,450	2,450
CGAH	-	12	104	214	297	328	332
Innovation Fund – RTO	-	19	44	69	94	100	100
Total maximum outstanding excl. IMPP	**19,573**	**25,784**	**31,798**	**37,535**	**40,549**	**41,910**	**41,807**
IMPP	4,214	3,429	2,811	162	-	-	-
Total maximum outstanding incl. IMPP	**23,787**	**29,213**	**34,609**	**37,697**	**40,549**	**41,910**	**41,807**

[1] Includes $4 billion contingency borrowing room to support unlikely calls on the Timely Payment Guarantee and other unforeseen liquidity needs.

Long-Term Borrowings as at December 31

(in millions of Canadian dollars)	2022 Actual	2023 Estimate	2024 Requested	2025 Projected	2026 Projected	2027 Projected	2028 Projected
Opening balance	12,248	15,821	19,242	24,299	29,346	32,540	34,016
Maturities	**(878)**	**(949)**	**(902)**	**(775)**	**(612)**	**(513)**	**(543)**
Direct Lending	(662)	(688)	(593)	(503)	(403)	(273)	(121)
Other loans and Investments	(117)	(158)	(202)	(162)	(142)	(105)	(59)
MILP	(99)	(103)	(107)	(106)	(67)	(51)	(53)
RCFi	-	-	-	-	-	(84)	(307)
NHCF	-	-	-	-	-	-	(3)
SEMP	-	-	-	(4)	-	-	-
CGAH	-	-	-	-	-	-	-
Innovation Fund - RTO	-	-	-	-	-	-	-
New issuances	**4,451**	**4,370**	**5,959**	**5,822**	**3,806**	**1,989**	**427**
Direct Lending	356	225	218	158	193	149	91
RCFi	3,246	2,702	3,883	3,435	2,855	1,601	306
NHCF	849	1,341	1,741	2,094	650	202	26
SEMP	-	71	-	-	-	-	-
CGAH	-	12	92	110	83	31	4
Innovation Fund - RTO	-	19	25	25	25	6	-
Total excl. IMPP	**15,821**	**19,242**	**24,299**	**29,346**	**32,540**	**34,016**	**33,900**
IMPP	**3,429**	**2,811**	**162**	**-**	**-**	**-**	**-**
Opening balance	4,214	3,429	2,811	162	-	-	-
Retirements	(785)	(618)	(2,649)	(162)	-	-	-
New issuances	-	-	-	-	-	-	-
Total incl. IMPP	**19,250**	**22,053**	**24,461**	**29,346**	**32,540**	**34,016**	**33,900**
Split by type							
Fixed-rate	19,250	22,053	24,461	29,346	32,540	34,016	33,900
Floating-rate	-	-	-	-	-	-	-
Total	**19,250**	**22,053**	**24,461**	**29,346**	**32,540**	**34,016**	**33,900**

Information on Existing Leases as at December 31

CMHC does not plan to enter into any lessee arrangements greater than the regulatory threshold of 5% of total assets or $10 million, whichever is less, and therefore does not seek such approval from the Minister of Finance.

Liquidity Policy

Under our liquidity policy, liquidity must be equivalent to at least one week's forecasted cash requirements. Projected operating cash requirements are determined through cash forecast models that are updated weekly.

The mortgage funding Timely Payment Guarantee poses the most significant potential liquidity risk to CMHC. Any corporate assets, reserves and means under any of our business lines and programs (and not specifically designated for mortgage funding purposes) can be used to satisfy a call on a timely payment guarantee. We will look to the Department of Finance through the CBP for amounts beyond our internal sources of liquidity if there is a need to satisfy a call on the Timely Payment Guarantee.

We assess potential liquidity requirements on an actual and forecast basis and maintain access to sufficient liquidity to meet the largest exposure to a single counterparty on any program payment date. We do so while taking into consideration market conditions, available cash, overdraft facilities, program lines of credit, market value of securities in the investment portfolios and borrowing authorities provided by the Minister of Finance and the terms of the CBP. Borrowings beyond those contemplated in the borrowing plan for cash and liquidity management purposes required to meet the obligations of the Timely Payment Guarantee would require additional authorities from the Minister of Finance.

Appendix 7

Risks and Risk Responses

CMHC's Enterprise Risk Management Framework (ERMF) is a comprehensive company-wide approach that defines identification, assessment, and management of risks based on CMHC's risk appetite and within the context of our risk environment.

The ERMF is the foundation of our risk culture which is structured around four key dimensions:

Risk Governance

Relates to how we conduct our risk management practices through our governance structure.

Risk Appetite

Establishes a common understanding, at all levels in the organization, of the types and levels of risk we are willing to accept in pursuit of our mandate and strategy.

Risk Management Program

Ensures regular risk identification and assessment, internal control and monitoring and reporting of CMHC's risks, and establishes sound processes to appropriately respond to CMHC's risk universe and emerging risks.

Risk Behaviour

Comprises external, observable risk-related actions made by employees and management, including risk-based decision-making and day-to-day work.

Stress Testing

CMHC's corporate-wide stress testing program is forward-looking, responsive to emerging events, and enhances our level of readiness to respond to severe economic and financial stress. Stress testing is an analytical technique to show how a financial services company or bank will be affected by certain financial events or situations.

Stress testing is an important component of CMHC risk management activities and is predominantly used for:

- Assessing the viability of long-term business plans and strategies.
- Monitoring our risk profile relative to risk appetite from an earnings and capital management perspective.
- Identifying key risks and potential shifts in capital and liquidity levels, as well as in our financial position.
- Enhancing understanding of available mitigating actions in response to potential adverse events.
- Assessing the adequacy of our capital and liquidity levels.

CMHC remains financially resilient to economic headwinds by holding assets sufficient to cover extreme financial risks and has tools at its disposal should liquidity and/or capital issues arise.

Key Risks and Responses

CMHC's overall level of risk remains "**medium**" and within CMHC's risk tolerance levels based on CMHC's risk profile summarized below (as of June 30, 2023). CMHC's risk ratings take into consideration both the likelihood and the impact of each risk on CMHC.

Strategic Risks

Effect of uncertainties related to decisions including strategy development and agility to adapt to changes in the environment that could affect the achievement of our strategy.

Our strategic risks are assessed as "**medium**" due to ongoing market conditions, geopolitical and economic risks, and climate events adversely affecting housing supply, affordability, and the achievement of our strategy more broadly.

Strategic Risks and Responses

Key Risks	Responses
Economic outlook Canada's economy has been resilient but slower growth may be ahead whereby households will be increasingly strained by higher interest rates and inflation.	• Monitoring household debt and renewal rates to flag increases in vulnerabilities related to our mortgage insurance portfolio. • Monitoring evolving economic environment and conducting periodic sensitivity analysis on key macroeconomic variables that could impact our portfolio. • Conducting stress testing including severe recession scenario.
Extreme weather events are becoming more common due to climate change, impacting supply chains and increasing claims and construction costs.	• Providing flexibility and special arrangements to impacted borrowers. • Quantifying and assessing exposures and residual risks on commercial business. • Identifying impacts of climate externalities on our products and programs. • Assessing top climate risks that impact CMHC's business activities and integrating into the ERMF.
Housing demand Ambitious immigration targets over the next three years and possible recession could change demand mix.	• Estimating housing supply gap by geographic level.

Financial Risks

Effect of uncertainties related to deviation from expected financial results that can occur from conducting our activities; and/or resiliency to changes in the environment that could affect the achievement of our financial objectives.

Our financial risks remain "**low**" and well-managed but could be impacted by the deteriorating economic environment.

Financial Risks and Responses

Key Risks	Responses
Insurance risk has deteriorated but remains low in aggregate. Multi-unit insurance experiencing accelerated growth in volumes due to Select product, which puts increased pressure on capital requirements. Homeowner insurance risk is still low but has the potential to increase as arrears and number of borrowers facing debt servicing challenges with weak equity positions at renewal have slightly increased. Immediate impacts remain low and are mitigated by loan paydowns and a strong labour market.	• Monitoring evolving economic conditions, homeowner borrower income and equity positions, and multi-unit portfolio (volume, average risk scores, and loan characteristics). • Performing monthly liquidity analyses for timely payment guarantee counterparty exposure and monitoring. • Assessing and determining recommended dividend suspension.

Operational Risks

Effect of uncertainties related to our people, internal processes, capabilities, and systems and/or resiliency to changes in the environment that could affect our operations and the execution of our strategy.

Our operational risks are assessed as "**medium**" as we manage the potential impact of short- and medium-term changes at CMHC.

Operational Risks and Responses

Key Risks	Responses
Regulatory changes (e.g., OSFI to set expectations for integrity and security in existing OSFI guidelines; guidelines aiming to address risks related to negative amortization, etc.)	• Consulting continuously with OSFI as part of ongoing oversight activities and providing feedback on any new guidelines. • Completing impact analysis and assessment. • Conducting resource planning, prioritization. • CMHC is temporarily decreasing overall dividend payments given growth in multi-unit MLI.
Government-led changes The addition of the following initiatives could negatively impact CMHC's ability to deliver on existing priorities as they could have a negative impact on people risk and operational capabilities: • Refocusing Government Spending Review. • NHS Program Sunsetting.	• Defining responsibilities and resources with Infrastructure Canada and CMHC. • Implementing new financial forecasting and corporate planning tool to support budgeting and forecasting analysis. • Increasing internal communication for transparency.
Information security and privacy Increasing risk of cyber threats; the opportunity to enhance data availability, access, accuracy, and governance at CMHC.	• Updating corporate cyber strategy and reviewing risks related to end-of life systems to determine path forward. • Enhancing operations to align with OSFI Guideline B-10 Third Party Risk Management (sets out expectations for managing risk related to all third-party arrangements) and OSFI Guideline B-13 Technology and Cyber Risk Management (sets out expectations for the sound management of technology and cyber risk). • Continuing development of our Corporate Data Program (CDP) to further strengthen governance, quality, and availability of data.

Appendix 8

Compliance with Legislative and Policy Requirements

CMHC's Risk Governance Model adds independence in the oversight of compliance risk. CMHC's Chief Compliance Officer (CCO), who is also the Chief Risk Officer (CRO) reporting to the CEO, reports directly to the Audit Committee of CMHC's Board of Directors in their capacity as CCO.

CMHC maintains an enterprise-wide compliance risk management policy to manage and mitigate compliance risks. As appropriate, compliance risk management is integrated with Operational Risk Management activities as well as CMHC's Internal Control Framework. An annual compliance opinion is provided to the Board of Directors covering CMHC's compliance with, for example, governing and enabling laws, and other material laws, as further described below.

Governing and Enabling Laws

CMHC is a federal Crown corporation, accountable to Parliament through the Minister Responsible for CMHC. Our legislative framework consists of the following:

- **Canada Mortgage and Housing Corporation Act:** The CMHC Act establishes our company as a Crown corporation, provides for our constitution and sets out our objects and powers.
- **National Housing Act:** The NHA Act, in relation to financing for housing: (i) promotes housing affordability and choice; (ii) facilitates access to, and competition and efficiency in the provision of, housing finance; (iii) protects the availability of adequate funding for housing at low cost; and (iv) generally contributes to the well-being of the housing sector in the national economy. And in relation to the company's housing finance activities a) promotes the efficient functioning and competitiveness of the housing finance market; b) promotes and contributes to the stability of the financial system, including the housing market; and c) has due regard to the company's exposure to loss.
- **Financial Administration Act:** The FAA sets out how government spending is approved, and how expenditures can be made, revenues obtained, and funds borrowed, with Part X being specific to Crown corporations.
- **National Housing Strategy Act:** The NHS Act furthers the progressive realization of the right to adequate housing, as recognized under the International Covenant on Economic, Social, and Cultural Rights, including by requiring the adoption and maintenance of a National Housing Strategy, establishing a National Housing Council, and creating a Federal Housing Advocate.

Our corporate mandate, policies, corporate plan, by-laws, manuals, guidelines, authorities, agreements, strategic portfolio analysis, internal controls, and processes have been designed and implemented to meet our obligations under these pieces of legislation. Other material federal laws relevant to CMHC include (but are not limited to): Canada Labour Code, Canadian Human Rights Act, Official Languages Act, Accessible Canada Act, Access to Information Act, Privacy Act, and the United Nations Declaration on the Rights of Indigenous Peoples Act. The Corporate Plan complies with the Official Languages (Communications with and Services to the Public) Regulations, and the Treasury Board Policy on Official languages (including related directives).

Appendix 9

Government Priorities and Direction

Transparency and Open Government

CMHC participates in both the Open Government Coordinators Working Group and the Open Government Director General Committee. The goal of these groups is to promote the implementation and use of open data, sharing of open data tools and best practices, and leveraging the value of data and information held by the GoC. We will continue to support the publication of CMHC's data and information to the GoC Open Data Portal.

As a result of a longstanding collaboration, Statistics Canada and CMHC have implemented a joint data and analysis strategy to enhance the housing data ecosystem based on each organization's respective mandates and strengths. This joint data strategy is informed by CMHC's Corporate priorities, Statistics Canada's evaluation of the Canadian Housing Statistics Program and Social Statistics Program, and joint aspirations to improve the use of data in answering complex questions about housing.

CMHC's Corporate Data Program will continue to develop foundational data capabilities to support corporate priorities. These foundational capabilities include data classification, data quality, and privacy to support additional required capabilities.

Our primary transparency and accountability mechanism for Canadians for the NHS is provided on placetocallhome.ca. This website provides quarterly updates on our achievement of targets, program activities and provides a project level map of our work across the country. We are working to increase the amount of data and updates on the progress against the NHS shared outcomes.

Gender-Based Analysis Plus

In line with the GoC's commitment to using Gender-based analysis plus (GBA+), CMHC continues to improve the implementation of GBA+ in our policies and programs to be more responsive to the diverse needs and experiences of equity-denied and intersectional communities living in Canada. We are taking actions to:

- Identify and address barriers to conducting GBA+ within the Corporation.
- Strengthen our capacity to apply GBA+ in an increasingly methodical manner to inform our policies and programs.
- Champion GBA+, including a focus on anti-racism, as an essential lens for policy and program development.
- Implement lessons learned from the application of GBA+ by CMHC and other government departments and leverage disaggregated data to take a deeper dive in to how our programs, policies, services, and research impact people living in Canada.
- Align with the GoC's responsibility under the Gender Budgeting Act.

We will continue to work with federal partners, including Women and Gender Equality Canada and its center of expertise, the Privy Council Office, and the Treasury Board of Canada Secretariat, to stay informed of the latest GBA+ and related trends, information, and best practices.

Diversity and Employment Equity

CMHC's Workplace Inclusion, Diversity, Equity and Accessibility (IDEA) Framework increases transparency and accountability of how we will sustain a diverse workforce that is representative of people living in Canada and foster an equitable, inclusive, and accessible workplace. The actions set out in our Framework embrace the strength of our individual lived experiences, support challenging and courageous conversations, and hold each other and our organization accountable for removing barriers. Our goal is to embed IDEA within the very fabric of our organization by implementing key areas of focus:

- Empower the voices of employees to advance IDEA and help us identify and remove structural, systemic, attitudinal, and behavioral barriers in our employment practices and workplace environment.
- Strengthen talent management practices to support IDEA, including hiring and retention strategies and career advancement and development opportunities.
- Create opportunities for meaningful unlearning and learning to occur, and heightening individual and shared commitment to IDEA, at all levels of the organization.
- Advance IDEA through sound metrics and tracking mechanisms.

Our approach to measuring workforce representation provides a more inclusive way for employees to self-identify and a more objective and reliable picture of our workforce. We are striving to increase participation in self-identification to gain even greater insights into the diversity of our talents.

For our workforce to be representative of people living in Canada over the next five years, our minimum workforce representation goals for our entire employee population, including our people leader* population are:

Group	Min. Goal 2024	Min. Goal 2025	Min. Goal 2026	Min. Goal 2027	Min. Goal 2028
Women	50.9%	50.9%	50.9%	50.9%	50.9%
Indigenous people	5.0%	5.1%	5.1%	5.2%	5.2%
Racialized people	28.0%	28.9%	29.7%	30.5%	31.3%
People with disabilities	12.0%	12.0%	12.0%	12.0%	12.0%
2SLGBTQIA+ people	4.0%	4.0%	4.0%	4.0%	4.0%

*Our people leader population is composed of any individual with at least one reporting employee, or in an advisor position or higher, either permanently or temporarily.

Indigenous Reconciliation

CMHC remains committed to achieving reconciliation with Indigenous peoples through a renewed relationship based on recognition of rights, respect, co-operation, and partnership as the foundation for transformative change. Indigenous peoples are already self-determining; it is our role to work collaboratively with Indigenous partners to support them in exercising their self-determination, which leads to better social and economic outcomes for their communities.

As such, we are committed to:

- Engage with First Nations, Inuit, and Métis partners to build lasting relationships and trust with communities, working together to advance reconciliation efforts.
- Co-create, as an important means in supporting Indigenous communities in exercising their self-determination.
- Continue ongoing work with First Nation, Inuit, and Métis Nation partners to implement distinct housing strategies.

Sustainable Development and Greening Government Operations

Property and workplaces: We are committed to decarbonizing our operations and continuing to measure, manage, and reduce our footprint, water use, and waste through the setting and tracking of operational goals. As signatory to the Sustainable IT Pledge from the Digital Governance Council, we have pledged to set greenhouse gas emissions reduction targets related to IT operations and the supply chain. We are working to measure and disclose our IT operations' and supply chain's emissions and annual reduction progress. CMHC is committed to completing our transition to the cloud for all relevant applications and has adopted a cloud-first approach for all new IT initiatives.

Climate resilient services and operations: We continue to mature our climate risk management practices in alignment with relevant frameworks for climate-related financial disclosures. We have been providing disclosures following guidance from the Task Force on Climate-related Financial Disclosures (TCFD) since our 2019 annual report and continue to enhance our disclosures in future periods.

In March 2023, OSFI released the B-15 Climate Risk Management Guideline which outlines its climate risk management expectations through climate-related financial disclosure expectations. We are working to enhance CMHC's risk management practices to meet these expectations and ensure we are resilient to climate risks. Additionally, we continue to monitor the development of the International Sustainability Standards Board sustainability disclosures, another important international standard for sustainability disclosures.

Procurement of goods and services: We continue to apply the sustainable and greening principles to ensure proponents' values are aligned with those of CMHC. Going forward, we will consider factoring in environmental, social, and governance criteria in selecting proponents as part of our vendor risk management program.

Safe Workspaces

We prioritize and support the well-being of our employees and are committed to an inclusive, healthy, and safe work environment free from harassment (physical, psychological, and digital), workplace violence, racism, and discrimination. We have a code of conduct and a comprehensive suite of policies and tools available to employees that articulate organizational expectations and employee accountabilities, including training, reporting and an anonymous redress option to address workplace issues, harassment and/or violence. We also use the results of our employee surveys to evaluate the supports in place and determine priority areas for future attention (for example, mental health, workplace stress, and workplace harassment).

Accessibility

We are committed to providing everyone with equitable opportunities to obtain, use and benefit from our programs, products, services, and environment. We developed an Accessibility Plan in collaboration with people with disabilities to improve accessibility at CMHC. We are implementing our Plan and continuously learning more about accessibility by listening to and involving people with disabilities on our journey towards progress.

Our Accessibility Plan keeps us accountable for implementing disability awareness and accessibility training, updating our workplace accommodations directives, and improving the attraction and hiring experience of people with disabilities. We will also improve some accessibility features in our offices, events, documents, and IT systems, portals, and website. Furthermore, we will examine the way in which we consider accessibility and people with disabilities in our procurement process and in the creation of government housing initiatives.

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Alternative text and data for figures

Pre-tax Income Comparison 2024 to 2028 Plan

	2024 Plan	Insurance Service Result	Premiums and Fees earned	Net Financial Result	Other	2028 Plan
Bench marks	2,077					2,967
Rises		736	244		(8)	
Drops				(82)		

Pre-tax Income by Activity

	Consolidated	Mortgage Insurance	Mortgage Funding	Housing Programs
2022 A	1,925	994	741	190
2023 E	1,945	922	853	170
2024 P	2,077	852	938	287
2025 P	2,203	935	1,014	254
2026 P	2,433	1,223	1,070	140
2027 P	2,731	1,512	1,157	62
2028 P	2,967	1,871	1,112	(16)