

CANADA MORTGAGE AND HOUSING CORPORATION

# Covered Bonds Business Supplement

**THIRD QUARTER  
SEPTEMBER 30<sup>TH</sup>, 2024**

The Covered Bonds Business Supplement document is based on publicly available information and provides an overview of covered bond activities undertaken by Canadian financial institutions. For greater details on the requirements and policies of *Canadian registered covered bonds*, refer to the *Canadian Registered Covered Bond Programs Guide* (<https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/securitization/canadian-registered-covered-bonds/canadian-registered-covered-bond-programs-guide>).

To request an alternate format, please contact us at:  
1-800-668-2642 700 Montreal Road,  
[contactcentre@cmhc.ca](mailto:contactcentre@cmhc.ca) Ottawa, Ontario K1A 0P7

[CMHC.ca](https://www.cmhc.ca)

Canada

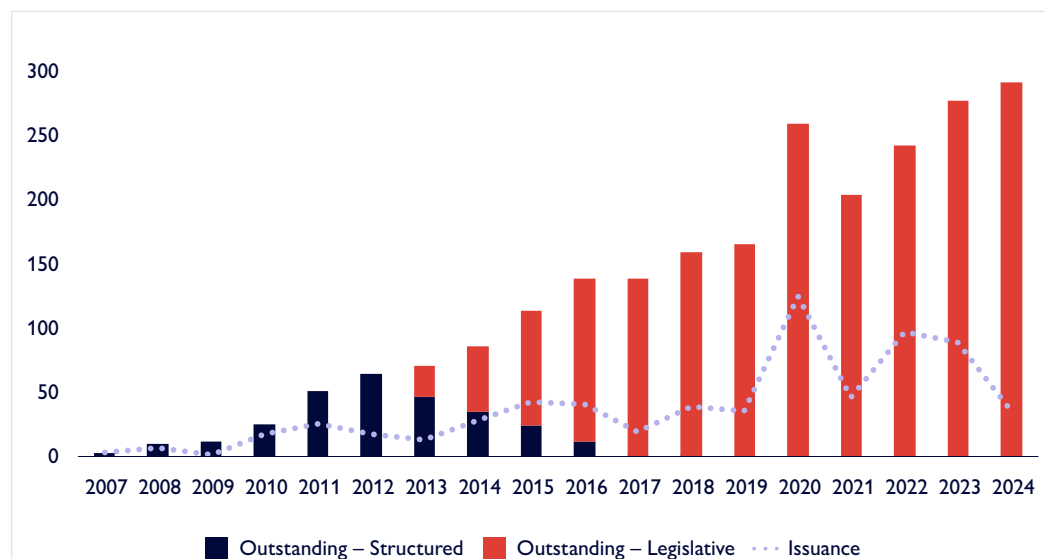


# Annual Issuance and Outstanding Volume of Covered Bonds

The 2012 amendments to the *National Housing Act* established a legal framework for the registration of covered bond programs in Canada. Under the Act, CMHC is responsible for maintaining a registry of covered bonds issuers and programs and acts as the administrator for the legislative covered bonds framework. Prior to 2012, covered bonds issued by Canadian financial institutions were issued under structured programs without statutory protection for investors. The Government and CMHC do not provide any guarantees or backing for covered bonds, and covered bond collateral must be composed of one- to four-unit uninsured residential mortgage loans.

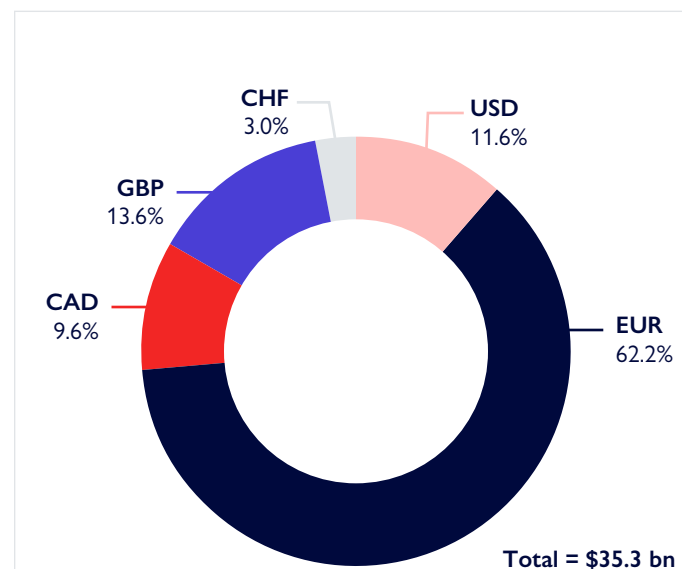
The amount of covered bonds outstanding issued by Canadian financial institutions has increased gradually since 2007. As of September 30<sup>th</sup>, 2024, the amount of covered bonds outstanding issued under the legislative framework amounted to \$291.5 billion and the 2024 issuance amounted to \$35.3 billion.

Annual Issuance and Outstanding Volume of Covered Bonds (C\$ billions)



Source: Registered Issuers' websites

Q3 2024 Covered Bond Issuance by Currency



Source: Registered Issuers' website

## Covered Bonds Issuance Capacity

Canada's eight largest banks (Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Laurentian Bank, National Bank of Canada, Royal Bank of Canada, Toronto-Dominion Bank, Equitable Bank) and Fédération des caisses Desjardins du Québec have registered covered bonds programs.

March 29, 2024: Royal Bank of Canada (RBC) and HSBC Bank Canada (HSBC) amalgamated and continue as one bank, Royal Bank of Canada (Amalgamated RBC). As a result of the Amalgamation, HSBC covered bonds under the HSBC Programme (Series CBL 5, CBL 6, and CBL 7 totalling \$3.9 billion) migrated to the RBC Programme so that they will be outstanding covered bonds under the RBC Programme (the "Migration"). Effectively upon the "Migration", the outstanding bonds under the HSBC Programme became covered bonds outstanding under the RBC Programme and the guarantee under the RBC Programme applies to the outstanding HSBC covered bonds. The HSBC Guarantor was released from its guarantee in respect of the outstanding HSBC covered bonds. On April 5, 2024, HSBC Bank Canada de-registered from the Canadian Registered Covered Bond Program.

March 2020: The regulatory bodies temporarily increased the limit on total assets that may be pledged for covered bonds from 5.5% of the deposit taking institution's assets to 10%, resulting in additional issuance capacity. The additional 4.5% issuance capacity may only be used to permit issuers to pledge covered bonds as collateral to the Bank of Canada. In March 2020, the Bank of Canada announced that own-name covered bonds would be accepted for term repo operations. The maximum amount of pool assets relating to market instruments remained limited to 5.5% of the issuer's on-balance sheet assets. In October 2020, the Bank of Canada announced that own-name covered bonds will no longer be accepted for term repo operations. In April 2021 the regulatory bodies announced the unwinding of the temporary 10% covered bond limit bringing back the limit to 5.5% of the issuer's on-balance sheet assets.

May 2019: Under federal and provincial regulatory requirements, the amount of assets pledged for covered bonds by an institution cannot exceed 5.5% of its total assets as set and calculated by the regulatory bodies (OSFI and AMF, respectively).

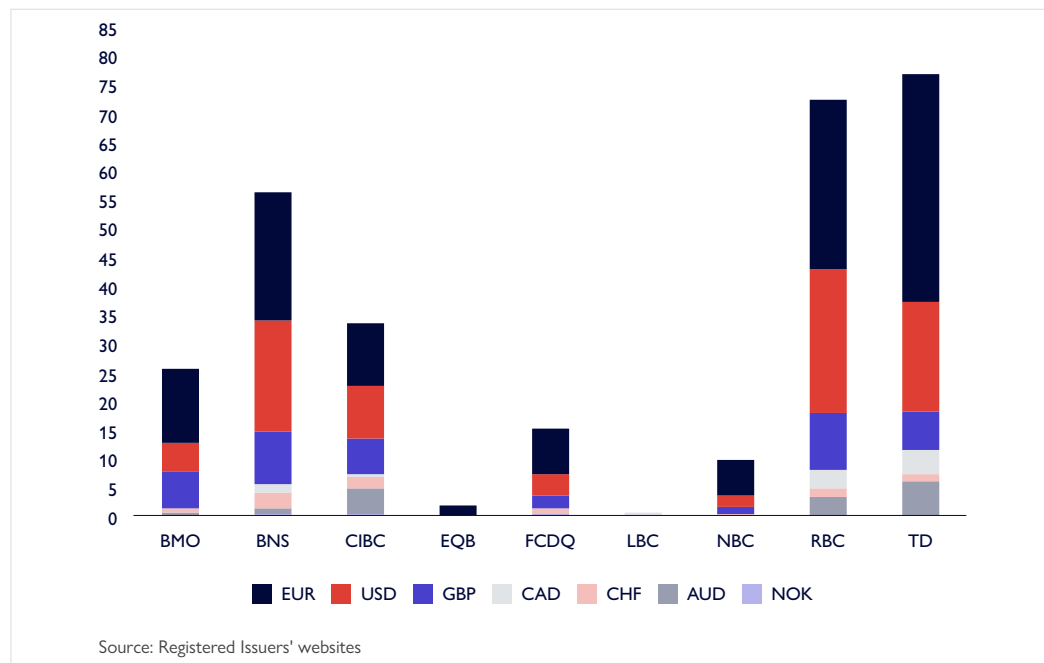
The covered bond ratios ranged from 1.4% to 4.3% and the combined regulatory covered bond limit was \$493.9 billion as at September 30<sup>th</sup>, 2024. At this point, all issuers have the capacity to issue additional covered bonds. Future covered bond redemptions will also provide additional issuance capacity.

As at September 30 <sup>th</sup> , 2024	BMO	BNS	CIBC	EQB	FCDQ	LBC	NBC	RBC	TD	Total
Total Covered Bonds Outstanding (C\$ Equivalent)	25.4	56.1	33.4	1.9	15.1	0.5	9.7	72.3	76.7	291.5
Total Regulatory Covered Bond Limit	77.0	77.1	56.1	2.9	24.4	2.5	24.9	114.1	108.1	493.9
Assets Remaining Available to be Pledged	49.7	17.3	20.2	0.8	8.6	1.8	14.3	36.2	27.3	183.1
Total Assets Pledged as a % of Regulatory Limit	35.4%	77.4%	63.9%	70.7%	64.7%	24.8%	42.7%	68.2%	74.7%	-
Covered Bond Ratio (%)	1.9%	4.3%	3.5%	3.9%	3.6%	1.4%	2.4%	3.8%	4.1%	-

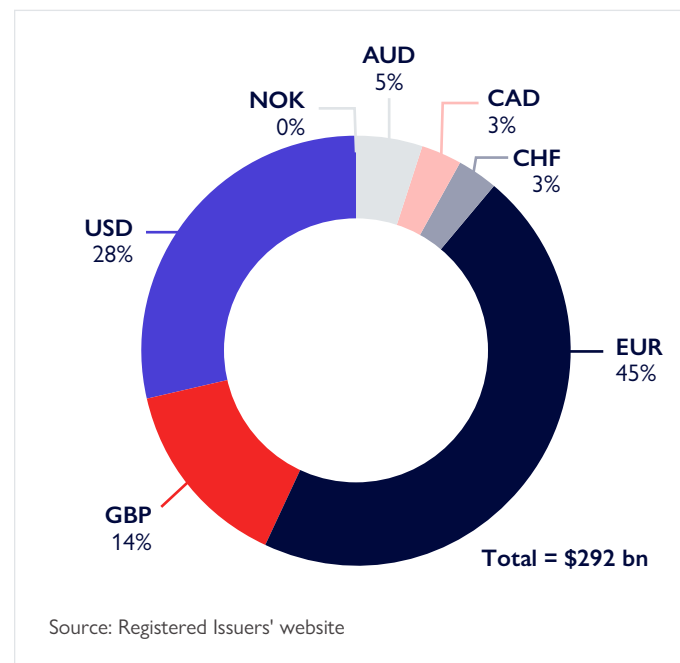
# Covered Bond Currencies, Maturities and Terms

Covered Bonds are issued in seven different currencies and the bond term ranges between one to twenty years. The EUR represents 45% of the issuances while the CAD represents 3%.

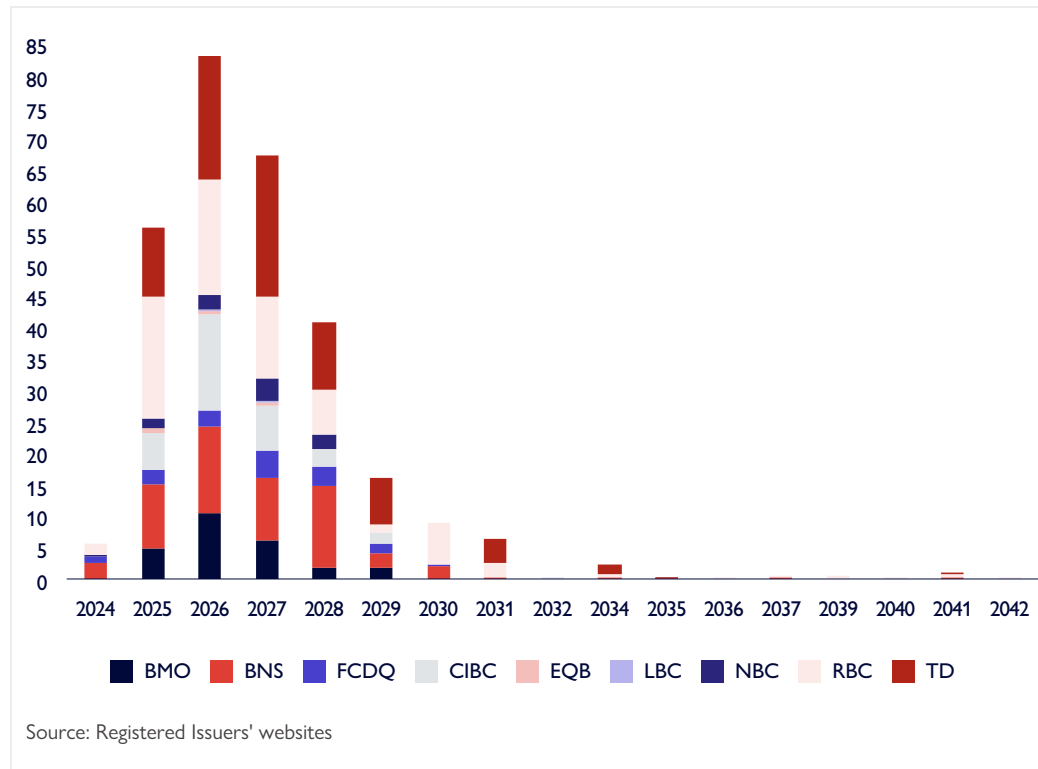
Outstanding Volumes by Issuer and Currency (C\$ billions)



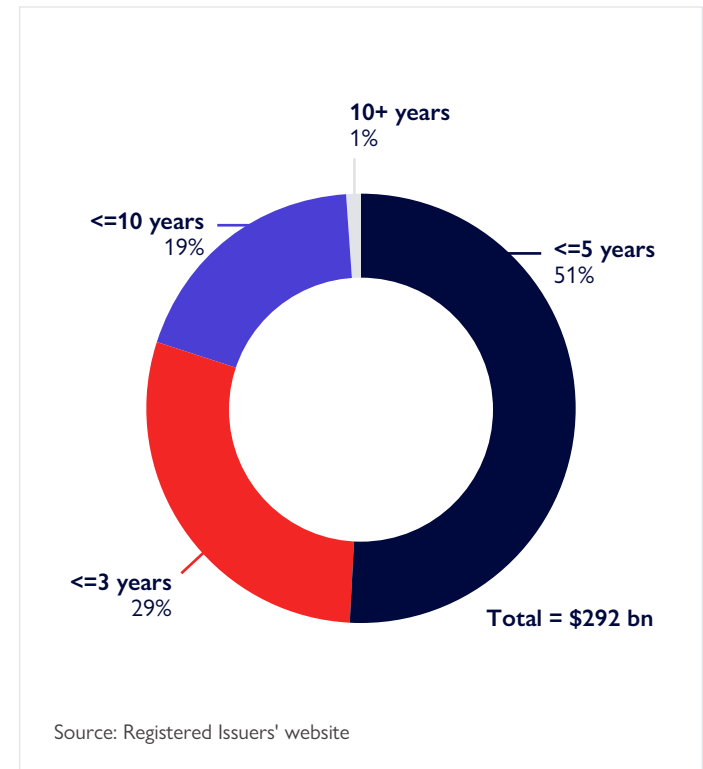
Outstanding Covered Bond Volumes by Currency



Covered Bond Maturities (C\$ billions)



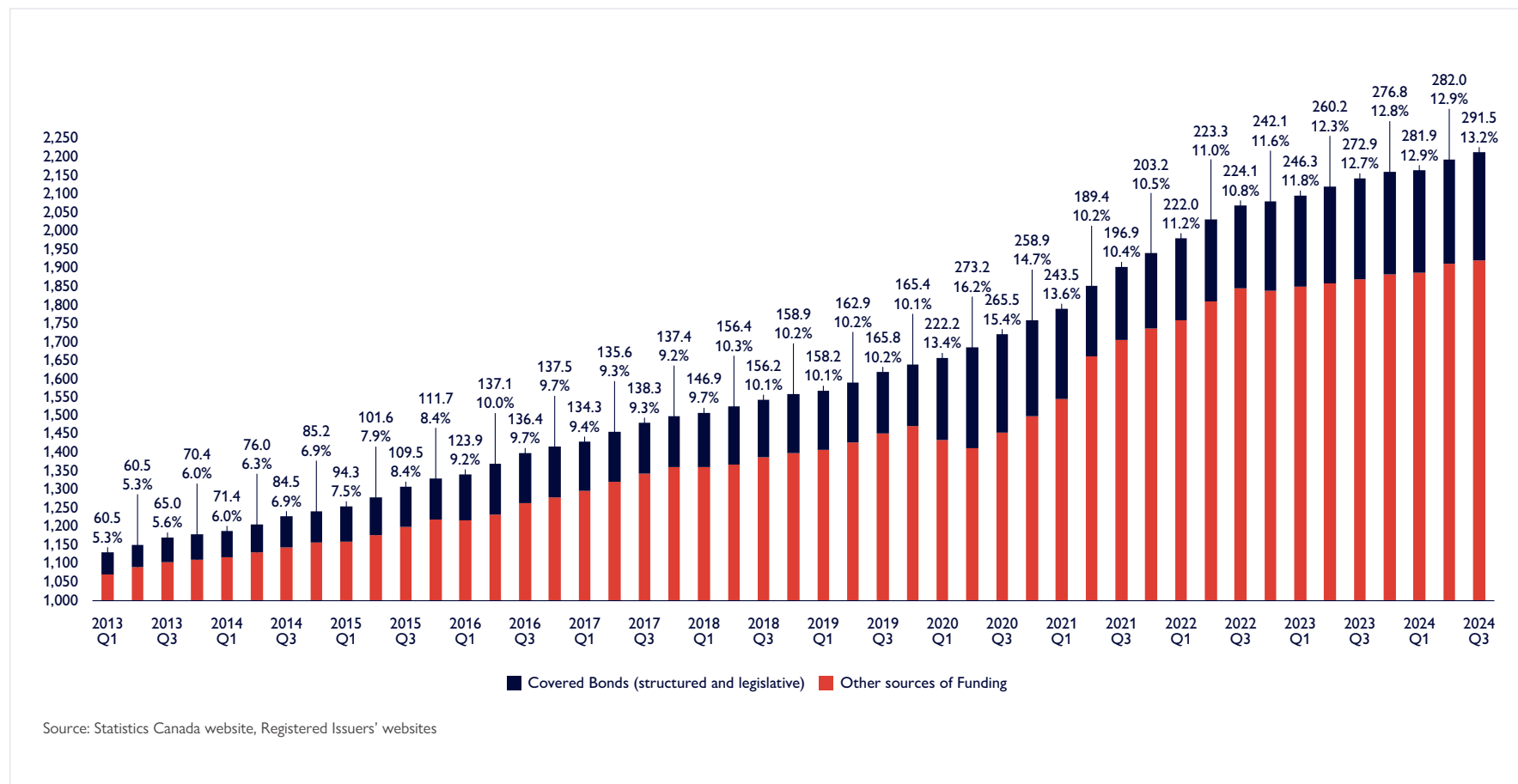
Outstanding Covered Bond Volumes by Term



# Covered Bonds as a Source of Funding

Canadian lenders have continually increased their use of covered bonds as a source of funding. Covered bond funding as a percentage of the total mortgage market increased from 5% in early 2013 to over 10% in 2016. In September 2024, covered bond funding as percentage of the mortgage market is 13.2%.

Total Residential Mortgages Outstanding (C\$ billions)



# Revenues and Expense for the Administration of the Covered Bonds Framework

The NHA requires that fees for the registration of covered bond issuers and programs be commensurate with the expenses incurred by CMHC in performing its duties with respect to the administration of the registered covered bond framework.

The fee structure at the inception of the program was \$350,000 for the application fee and \$350,000 for the annual fee. The chart below illustrates the fees since the inception of the program. In 2024, the annual fee and the application fee remained unchanged at \$175,00 and \$100,000 respectively. The CMHC will continue to monitor the fees and related expenses to ensure CMHC administers the legislative covered bond program on a cost recovery basis.

	Application Fee	Issuer Annual Fee
2024	100,000	175,000
2023	100,000	175,000
2022	100,000	175,000
2021	100,000	175,000
2020	100,000	125,000
2019	100,000	125,000
2018	350,000	175,000
2017	350,000	225,000
2016	350,000	250,000
2013-2015	350,000	350,000

	Total since inception (2012 – 2023)	YTD 2024
<b>Fees Earned</b>	<b>22,375,000</b>	<b>1,750,000</b>
<b>Expenses</b>		
Internal	15,873,312	1,137,895
External	5,543,386	29,941
<b>Total Expenses*</b>	<b>21,416,698</b>	<b>1,167,386</b>

\*Expenses are estimated

20240924-001A

## Alternative text and data for figures

### Annual Issuance and Outstanding Volume of Covered Bonds (C\$ billions), page 2

Year	Outstanding – Structured	Outstanding – Legislative	Issuance	Year	Outstanding – Structured	Outstanding – Legislative	Issuance
2007	2.84	0.00	2.84	2015	23.71	89.26	42.47
2008	9.83	0.00	6.98	2016	11.68	127.08	40.80
2009	11.27	0.00	1.45	2017	0.22	138.40	18.64
2010	25.02	0.00	17.34	2018	0.22	158.67	39.12
2011	50.37	0.00	25.67	2019	0.00	165.36	35.16
2012	64.53	0.00	17.00	2020	0.00	258.89	124.40
2013	46.56	23.79	13.21	2021	0.00	203.25	46.29
2014	34.59	50.64	27.60	2022	0.00	242.06	97.16
			(continued)	2023	0.00	276.80	88.70
				2024	0.00	291.58	35.32

Source: Registered Issuers' websites

### Outstanding Volumes by Issuer and Currency (C\$ billions), page 4

	BMO	BNS	CIBC	EQB	FCDQ	LBC	NBC	RBC	TD
CAD	-	1,300,000,000	560,000,000	-	-	510,010,000	-	3,200,000,000	4,250,000,000
USD	4,891,250,000	19,194,675,000	9,105,590,000	-	3,680,750,000	-	1,881,290,000	24,978,540,000	18,949,425,000
EUR	12,686,250,400	22,260,163,600	10,890,010,000	1,907,000,000	7,921,975,000	-	6,301,377,500	29,578,012,950	39,682,335,000
GBP	6,557,175,000	9,246,030,000	6,065,150,000	-	2,142,600,000	-	1,209,375,000	9,701,275,000	6,579,150,000
AUD	605,500,000	864,400,000	4,525,900,000	-	-	-	-	3,272,620,000	6,148,938,175
CHF	724,662,500	2,945,857,500	1,948,496,500	-	1,131,856,000	-	383,037,200	1,666,155,442	1,185,351,950
NOK	-	377,300,130	318,500,000	-	252,600,000	-	-	-	-
<b>Total</b>	<b>25,464,837,900</b>	<b>56,188,426,230</b>	<b>33,413,646,500</b>	<b>1,907,000,000</b>	<b>15,129,781,000</b>	<b>510,010,000</b>	<b>9,775,079,700</b>	<b>72,396,603,392</b>	<b>76,795,200,125</b>

Source: Registered Issuers' websites



## Covered Bond Maturities (C\$ billions), page 5

	BMO	BNS	FCDQ	CIBC	EQB	LBC	NBC	RBC	TD
2024	-	2,708,000,000	1,036,500,000	-	-	-	321,427,500	1,635,400,000	-
2025	4,902,500,000	10,336,322,500	2,139,700,000	5,926,980,000	734,830,000	-	1,558,212,500	19,349,245,000	11,154,531,230
2026	10,532,775,000	13,717,815,000	2,657,650,000	15,327,325,000	436,620,000	250,000,000	2,323,875,000	18,432,791,442	19,695,255,895
2027	6,179,675,000	9,911,050,000	4,344,373,500	7,125,826,500	735,550,000	260,010,000	3,359,329,700	13,053,090,000	22,478,177,000
2028	1,810,262,500	13,181,005,000	2,954,475,000	2,946,595,000	-	-	2,212,235,000	7,179,289,000	10,598,320,000
2029	1,838,875,000	2,382,090,000	1,482,000,000	1,768,420,000	-	-	-	1,354,600,000	7,459,518,000
2030	-	2,120,825,000	262,482,500	-	-	-	-	6,770,500,000	-
2031	-	377,300,130	-	-	-	-	-	2,325,150,150	171,588,000
2032	-	-	-	318,500,000	-	-	-	-	1,473,100,000
2033	-	-	252,600,000	-	-	-	-	-	-
2034	-	400,000,000	-	-	-	-	-	596,234,800	-
2035	200,750,400	280,721,600	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	153,700,000	-
2037	-	371,812,000	-	-	-	-	-	210,000,000	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	583,141,000	-
2040	-	-	-	-	-	-	-	174,348,000	-
2041	-	401,485,000	-	-	-	-	-	381,144,000	43,260,000
2042	-	-	-	-	-	-	-	197,970,000	-

Source: Registered Issuers' website

## Total Residential Mortgages Outstanding (C\$ billions), page 6

	Covered Bonds (structured and legislative)	Other sources of Funding	%
2013 Q1	60.5	1,071	5.3%
2013 Q2	60.5	1,091	5.3%
2013 Q3	65.0	1,105	5.6%
2013 Q4	70.4	1,110	6.0%
2014 Q1	71.4	1,117	6.0%
2014 Q2	76.0	1,131	6.3%
2014 Q3	84.5	1,144	6.9%
2014 Q4	85.2	1,157	6.9%
2015 Q1	94.3	1,161	7.5%
2015 Q2	101.6	1,178	7.9%
2015 Q3	109.5	1,200	8.4%
2015 Q4	111.7	1,219	8.4%
2016 Q1	123.9	1,218	9.2%
2016 Q2	137.1	1,234	10.0%
2016 Q3	136.4	1,263	9.7%
2016 Q4	137.5	1,280	9.7%
2017 Q1	134.3	1,296	9.4%
2017 Q2	135.6	1,322	9.3%
2017 Q3	138.3	1,343	9.3%
2017 Q4	137.4	1,361	9.2%
2018 Q1	146.9	1,362	9.7%
2018 Q2	156.4	1,369	10.3%
2018 Q3	156.2	1,387	10.1%

(continued)

	Covered Bonds (structured and legislative)	Other sources of Funding	%
2018 Q4	158.9	1,400	10.2%
2019 Q1	158.2	1,409	10.1%
2019 Q2	162.9	1,428	10.2%
2019 Q3	165.8	1,452	10.2%
2019 Q4	165.4	1,472	10.1%
2020 Q1	222.2	1,435	13.4%
2020 Q2	273.2	1,412	16.2%
2020 Q3	265.5	1,456	15.4%
2020 Q4	258.9	1,499	14.7%
2021 Q1	243.5	1,545	13.6%
2021 Q2	189.4	1,661	10.2%
2021 Q3	196.9	1,704	10.4%
2021 Q4	203.2	1,737	10.5%
2022 Q1	222.0	1,758	11.2%
2022 Q2	223.3	1,809	11.0%
2022 Q3	224.1	1,845	10.8%
2022 Q4	242.1	1,837	11.6%
2023 Q1	246.3	1,849	11.8%
2023 Q2	260.2	1,859	12.3%
2023 Q3	272.9	1,870	12.7%
2023 Q4	276.8	1,882	12.8%
2024 Q1	278.0	1,887	12.8%
2024 Q2	282.0	1,911	12.9%
2024 Q3	291.5	1,921	13.2%

Source: Statistics Canada website, Registered Issuers' websites