

CANADA MORTGAGE AND HOUSING CORPORATION

Securitization Business Supplement

Second QUARTER
June 30, 2016

To supplement CMHC's consolidated financial statements, which are prepared in accordance with IFRS, CMHC uses non-IFRS measures to analyse its performance. The following Securitization Business Supplement is prepared for the second quarter ending June 30, 2016, and is intended to help readers better understand CMHC's Securitization activity. CMHC believes that this business supplement provides meaningful information that enables greater transparency and clarity with respect to CMHC's Securitization activity.

NEW SECURITIZATION GUARANTEE ACTIVITY

As at June 30, 2016, of the \$105 billion NHA MBS and \$40 billion CMB guarantee limit for 2016, \$49.2 billion of securities were guaranteed. Of the approximate 85 active participants in CMHC's securitization programs, 79 are regulated institutions.

Securities guaranteed	Three months ended				Year-to-date		
	30-Jun 2016	31-Mar 2016	31-Dec 2015	30-Sep 2015	30-Jun 2015	30-Jun 2016	30-Jun 2015
Total Guaranteed (\$M)	27,372	21,834	36,078	31,923	24,598	49,207	47,722
NHA Mortgage-Backed Securities (NHA MBS)*	16,622	12,584	27,078	22,673	14,598	29,207	28,722
Canada Mortgage Bonds (CMB)	10,750	9,250	9,000	9,250	10,000	20,000	19,000
NHA MBS (\$M)	16,622	12,584	27,078	22,673	14,598	29,207	28,722
Federally Regulated Institutions	11,251	8,906	23,452	16,905	9,620	20,156	18,638
Provincially Regulated Institutions	610	265	359	496	466	875	1,067
IIROC Regulated Institutions**	1,949	1,631	1,427	2,176	1,790	3,580	3,442
Other Institutions	2,812	1,783	1,840	3,097	2,722	4,595	5,574
CMB (\$M)	10,750	9,250	9,000	9,250	10,000	20,000	19,000
Federally Regulated Institutions	5,642	4,890	4,873	4,938	5,120	10,532	10,252
Provincially Regulated Institutions	2,213	1,908	1,744	1,614	1,919	4,121	3,232
IIROC Regulated Institutions	1,745	1,551	1,388	1,623	1,761	3,297	3,358
Other Institutions	1,150	901	996	1,075	1,200	2,051	2,158



Component items may not add to totals due to rounding.

*NHA MBS amount of \$16,622 million consists of \$16,268 million new NHA MBS issued and guaranteed in Q2 2016 and \$355 million of replacement NHA MBS issued prior to 2016 but on which guarantee fees were paid by in Q2 2016 to facilitate usage outside of the CMB Program.

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

GUARANTEES-IN-FORCE

The amount of guarantees-in-force outstanding is a function of new guarantee activity and maturities/principal runoff from outstanding guaranteed securities. Approximately 89 per cent of the \$426.3 billion in guarantees-in-force outstanding as at June 30, 2016, is with regulated institutions. 71 per cent of guarantees-in-force outstanding as at June 30, 2016 is with federally regulated institutions.

Guarantees-in-force	30-Jun 2016	31-Mar 2016	As at: 31-Dec 2015	30-Sep 2015	30-Jun 2015
Guarantees-in-force (\$M)	426,347	428,532	430,565	426,687	419,589
NHA MBS	208,042	208,727	215,510	208,382	206,934
CMB	218,305	219,805	215,055	218,305	212,655
NHA MBS (\$M)	208,042	208,727	215,510	208,382	206,934
Federally Regulated Institutions	162,399	165,992	173,843	168,605	168,677
Provincially Regulated Institutions	2,218	1,695	1,559	1,480	1,414
IROC Regulated Institutions	17,407	16,167	15,987	15,225	15,164
Other Institutions	26,018	24,873	24,122	23,073	21,679
CMB (\$M)	218,305	219,805	215,055	218,305	212,655
Federally Regulated Institutions	140,259	139,579	141,233	143,924	141,371
Provincially Regulated Institutions	22,694	21,720	19,812	19,185	17,570
IROC Regulated Institutions	36,394	37,228	36,413	37,372	36,355
Other Institutions	18,958	21,279	17,597	17,824	17,359

Component items may not add to totals due to rounding.



The maturity profile of the outstanding guaranteed obligations is generally distributed across a five-year term, reflecting the predominance of the five-year mortgage term of the mortgages securitized under the NHA MBS Program and the core five-year CMB term.

Guarantees-in-force Maturity Profile (\$M)	As at:									
	30-Jun-16		31-Mar-16		31-Dec-15		30-Sep-15		30-Jun-15	
YEAR	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB	NHA MBS	CMB
2015							1,756	12,250	6,434	15,850
2016	5,239	15,500	13,673	27,750	25,794	32,250	36,669	32,250	43,644	32,250
2017	27,824	29,650	29,740	29,650	31,022	29,650	32,045	29,650	34,072	29,650
2018	40,722	38,650	42,418	38,650	44,069	38,650	45,249	38,650	47,162	38,650
2019	48,876	30,750	50,969	30,750	52,547	30,750	51,927	30,750	52,918	30,750
2020	63,561	40,005	62,686	40,005	58,888	40,005	37,584	35,005	19,501	27,755
2021	19,034	25,000	6,408	16,500	265	9,250	270	7,250	302	7,250
2022	528	13,000	555	13,000	577	13,000	599	13,000	629	13,000
2023	571	6,000	587	6,000	606	6,000	546	6,000	563	6,000
2024	898	6,000	914	6,000	927	6,000	947	6,000	960	6,000
2025	372	11,500	356	11,500	388	9,500	358	7,500	311	5,500
2026	33	2,250	34		34		34		35	
2027	25		25		25		25		25	
2028	327		331		336		340		345	
2033	27		27		27		28		28	
2034	5		5		5		5		5	
Total	208,042	218,305	208,727	219,805	215,510	215,055	208,382	218,305	206,934	212,655

Component items may not add to totals due to rounding.

MORTGAGE ARREARS RATE IN THE NHA MBS PROGRAM

At the time of an NHA MBS issuance, no pooled mortgage must be in arrears and mortgages must have mortgage default insurance coverage in accordance with the Government of Canada regulations for mortgage insurance. Mortgage arrears of the pooled mortgages are analysed and monitored, at the Issuer level, on a monthly basis in the context of the overall financial condition of the Issuer. This information along with established arrears triggers and the financial viability of the Issuer is considered when permitting the Issuer new guarantee approvals.

As at June 30, 2016, the 90-day arrears rate - the number of loans in arrears (4,566) as a proportion of the total number of loans (1,901,833) - in the NHA MBS Program was 0.24 per cent.

90 days arrears for mortgages in NHA MBS outstanding	30-Jun	31-Mar	As at: 31-Dec	30-Sep	30-Jun
	2016	2016	2015	2015	2015
Overall 90 days arrears rate	0.24%	0.25%	0.25%	0.26%	0.25%
Federally Regulated Institutions	0.28%	0.29%	0.28%	0.29%	0.28%
Provincially Regulated Institutions	0.12%	0.16%	0.13%	0.14%	0.12%
IIROC Regulated Institutions	0.15%	0.15%	0.16%	0.17%	0.17%
Other Institutions	0.11%	0.10%	0.10%	0.12%	0.13%

INTEREST SPREAD

CMHC establishes a minimum spread requirement between the NHA MBS coupon and the lowest mortgage rate in the pool. This interest spread, which is for the benefit of the Issuer in good standing, is an important feature which incentivizes the Issuer to fulfill its responsibilities under the NHA MBS Program. This program feature ensures that program participants have significant “skin in the game.” In the event of a failure of an Issuer to fulfill its responsibilities under the NHA MBS Program, CMHC, as guarantor and trustee on behalf of the NHA MBS investor, will have access to the interest spread to be used in ensuring the obligations under the NHA MBS are fulfilled.

30-Jun-16	MORTGAGE		NHA MBS		Interest Spread	
Pool Type	Balance Outstanding (\$M)	Spread to Index *	Mortgage Rate	Spread to Index *		MBS Coupon
Fixed rate						
867	41,474		3.02		1.72	1.30
964	765		2.63		1.51	1.12
965	17,469		3.23		2.40	0.83
966	10,218		2.71		2.02	0.69
967	0.1		9.19		7.50	1.69
970	7		4.05		1.66	2.39
975	272,348		3.00		1.60	1.40
990	4,386		3.91		3.35	0.56
	346,668		3.02		1.69	1.33
Floating rate						
880	5,845	(0.52)	2.17	0.45	1.36	0.81
885	3,683	(0.58)	2.12	0.15	1.06	1.07
980	33,768	(0.57)	2.12	0.25	1.15	0.96
985	37,908	(0.48)	2.22	0.13	1.03	1.19
987	10,800	(0.52)	2.25	(1.07)	1.18	1.07
	92,003		2.18		1.12	1.06
Total	438,671		2.84		1.57	1.27

Component items may not add to totals due to rounding.

*Adjustable (880/980) and variable rate (885/985) mortgage rates are based on lenders' prime rates. Floating rate NHA MBS coupons, with the exception of the NHA MBS 987 pool, are based on one-month Canadian Dollar Offered Rate (CDOR). The coupon rate of the NHA MBS 987 pool is based on a spread to the weighted average mortgage rate in the pool. All spreads and rates shown in the table are weighted averages.

ADDITIONAL INFORMATION

To complement the monthly reports on CMHC's website, additional details on NHA MBS issuance volumes, including by pool type and issuer, can be found at: http://www.cmhc.ca/en/hoficlincl/mobase/mobase_006.cfm

NHA MBS ISSUANCE VOLUMES

NHA MBS issued during the period	Three months ended				Year-to-date		
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	30-Jun	30-Jun
	2016	2016	2015	2015	2015	2016	2015
Guaranteed (Market) NHA MBS	16,269	12,193	26,991	22,681	14,212	28,462	28,249
NHA MBS sold to Canada Housing Trust	10,164	8,122	8,895	9,186	9,764	18,286	17,956
Replacement NHA MBS *	14,804	13,289	11,420	18,256	10,060	28,093	22,300
Total NHA MBS Volumes (\$M)	41,237	33,604	47,306	50,124	34,035	74,841	68,505

Component items may not add to totals due to rounding.

*NHA MBS designated for future sale to Canada Housing Trust (CHT) under the CMB Program to replace the monthly principal runoff from the NHA MBS assets held by CHT with respect to CMB transactions. Replacement NHA MBS are restricted securities and usage outside of the CMB Program requires a payment of a guarantee fee.

NHA MBS OUTSTANDING

All NHA MBS issued and outstanding	As at:				
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
	2016	2016	2015	2015	2015
Guaranteed (Market) NHA MBS	208,042	208,727	215,510	208,382	206,934
NHA MBS sold to Canada Housing Trust	209,695	212,994	208,773	210,155	203,000
Replacement NHA MBS	20,934	16,782	16,839	15,718	14,259
Total NHA MBS Outstanding (\$M)	438,671	438,502	441,122	434,256	424,193

Component items may not add to totals due to rounding.