

CANADA MORTGAGE AND HOUSING CORPORATION

Securitization Business Supplement

First QUARTER
March 31, 2015

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 first quarter ending 31 March 2015 and is intended to help readers better understand CMHC's Securitization activity. CMHC believes that this business supplement provide meaningful information that enables greater transparency and clarity with respect to CMHC's Securitization activity.

NEW SECURITIZATION GUARANTEE ACTIVITY

As at March 31, 2015, of the \$120 billion guarantee limit for 2015, \$23 billion securities were guaranteed. Of the approximate 96 participants in CMHC's Securitization Programs, 90 are regulated institutions.

Securities guaranteed	Three months ended			Year-to-date	
	31-Mar 2015	31-Dec 2014	31-Mar 2014	31-Mar 2015	31-Mar 2014
Total Guaranteed (\$M)	23,124	40,356	22,505	23,124	22,505
NHA Mortgage-Backed Securities (NHA MBS)*	14,124	30,356	13,505	14,124	13,505
Canada Mortgage Bonds (CMB)	9,000	10,000	9,000	9,000	9,000
NHA MBS (\$M)	14,124	30,356	13,505	14,124	13,505
Federally Regulated Institutions	9,018	25,430	10,172	9,018	10,172
Provincially Regulated Institutions	602	430	239	602	239
IIROC Regulated Institutions**	1,652	1,781	1,113	1,652	1,113
Other Institutions	2,852	2,715	1,981	2,852	1,981
CMB (\$M)	9,000	10,000	9,000	9,000	9,000
Federally Regulated Institutions	5,133	6,130	5,415	5,133	5,415
Provincially Regulated Institutions	1,313	1,089	993	1,313	993
IIROC Regulated Institutions	1,597	1,916	1,723	1,597	1,723
Other Institutions	957	865	869	957	869

* NHA MBS amount of \$14,124M consists of \$14,037M new NHA MBS issued and guaranteed in 2015 and \$87M of Replacement NHA MBS issued prior to 2015 but on which guarantee fees were paid by the Issuer in 2015 to facilitate usage outside of the CMB Program.

** IIROC: The Investment Industry Regulatory Organization of Canada is the national self-regulatory organization which oversees all investment dealers in Canada. www.iiroc.ca
Component items may not add to totals due to rounding.

GUARANTEES-IN-FORCE

The amount of guarantees-in-force outstanding is a function of new guarantee activity and maturities of and principal run-off from previously outstanding guaranteed securities. Approximately 91 percent of the \$421 billion in guarantees-in-force outstanding as at March 31, 2015 is with regulated institutions of which 75 percent is with federally regulated institutions.

Guarantees-in-force	31-Mar 2015	31-Dec 2014	As at: 30-Sep 2014	30-June 2014	31-Mar 2014
Guarantees-in-force (\$M)	420,907	422,482	403,769	401,949	399,552
NHA MBS	212,752	213,577	198,364	194,544	193,647
CMB	208,155	208,905	205,405	207,405	205,905
NHA MBS (\$M)	212,752	213,577	198,364	194,544	193,647
Federally Regulated Institutions	176,654	180,841	168,633	167,678	169,854
Provincially Regulated Institutions	1,269	1,066	848	869	884
IIROC Regulated Institutions	14,342	13,148	11,992	10,794	10,000
Other Institutions	20,487	18,522	16,891	15,203	12,909
CMB (\$M)	208,155	208,905	205,405	207,405	205,905
Federally Regulated Institutions	139,762	141,928	139,941	144,019	143,809
Provincially Regulated Institutions	15,959	14,646	14,247	13,276	12,213
IIROC Regulated Institutions	35,638	35,548	34,612	33,818	33,494
Other Institutions	16,796	16,783	16,606	16,292	16,389

*Component items may not add to totals due to rounding.

The maturity profile of the outstanding guaranteed obligations is generally distributed across a five (5) year term, reflecting the predominance of the 5-yr mortgage term of the mortgages securitized under the NHA MBS Program and the core 5-year CMB term.

Guarantees-in-force Maturity Profile (\$M)	As at:			
	31-Mar-15		31-Dec-14	
YEAR	NHA MBS	CMB	NHA MBS	CMB
2015	16,818	21,350	26,302	31,100
2016	47,299	32,250	48,189	32,250
2017	35,616	29,650	36,608	29,650
2018	48,560	38,650	49,059	38,650
2019	53,495	30,750	49,911	30,750
2020	7,934	19,755	506	12,255
2021	303	7,250	285	7,250
2022	655	13,000	677	13,000
2023	470	6,000	500	6,000
2024	949	6,000	945	6,000
2025	209	3,500	147	2,000
2026	35		36	-
2027	26		26	-
2028	349		353	-
2033	28		28	-
2034	5		5	-
Total	212,752	208,155	213,577	208,905

*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 March 31, 2015, the 90 days arrears rate - the number of loans in arrears (5,192) as a proportion of the total number of loans (1,952,730) - in the NHA MBS Program was 0.27%.

90 days arrears for mortgages in NHA MBS outstanding	31-Mar 2015	31-Dec 2014	As at: 30-Sep 2014	30-June 2014	31-Mar 2014
Overall 90 days arrears rate ¹	0.27%	0.27%	0.25%	0.23%	0.21%
Federally Regulated Institutions	0.29%	0.30%	0.27%	0.25%	0.22%
Provincially Regulated Institutions	0.13%	0.12%	0.12%	0.14%	0.16%
IIROC Regulated Institutions	0.19%	0.18%	0.20%	0.18%	0.18%
Other Institutions	0.15%	0.15%	0.17%	0.16%	0.15%

¹ In the July 2013 NHA MBS Guide update, loan delinquency was modified to include at least one monthly equivalent instalment in arrears, in whole or in part. That is, if the total expected mortgage payment was not received, irrespective of the amount of the shortfall, the loan is required to be reported in arrears under the NHA MBS Program. As Issuers continue to adopt their reporting systems to this new requirement, there will be a slight uptick in the reported mortgages in arrears. Also, with the new program requirement, 90 days arrears category will contain mortgages that are >61 days in arrears.

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 the interest spread, to be used in ensuring the obligations under the NHA MBS are fulfilled.

31-Mar-15		MORTGAGE		NHA MBS		
Pool Type	Balance Outstanding (\$M)	Spread to Index *	Mortgage Rate	Spread to Index *	MBS Coupon	Interest Spread
Fixed Rate						
867	35,540		3.30		1.96	1.34
964	252		4.04		2.59	1.45
965	16,361		3.55		2.61	0.94
966	6,316		2.99		2.30	0.69
967	0.1		9.19		7.50	1.69
970	78		4.10		2.41	1.69
975	275,876		3.28		1.80	1.48
990	4,569		4.14		3.57	0.57
	338,992		3.30		1.89	1.41
Floating Rate						
880	5,951	(0.62)	2.21	0.35	1.32	0.89
885	3,708	(0.66)	2.19	0.17	1.15	1.05
980	30,661	(0.55)	2.29	0.20	1.18	1.11
985	40,829	(0.46)	2.39	0.09	1.07	1.33
987	12,578	(0.52)	2.32	(1.06)	1.27	1.06
	93,727		2.33		1.15	1.18
Total	432,719		3.09		1.73	1.36

*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 1-month Canadian Dealer 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.

**Component items may not add to totals due to rounding. http://download.isiglobal.ca/cmhc/mbs_th/NHA_MBS_Guide_EN.pdf.

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	
	31-Mar 2015	31-Dec 2014	30-Sep 2014	31-Mar 2015	31-Mar 2014
Guaranteed (Market) NHA MBS	14,037	30,409	19,859	14,037	12,637
NHA MBS sold to Canada Housing Trust	8,192	9,762	10,456	8,192	8,018
Replacement NHA MBS *	12,240	6,015	11,282	12,240	8,597
Total NHA MBS Volumes (\$M)	34,469	46,187	41,596	34,469	29,252

*NHA MBS designated for future sale to Canada Housing Trust (CHT) under the CMB program to replace the monthly principal run-off 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. Component items may not add to totals due to rounding.

NHA MBS OUTSTANDING

All NHA MBS issued and outstanding	31-Mar 2015	31-Dec 2014	As at:		
			30-Sep 2014	30-June 2014	31-Mar 2014
Guaranteed (Market) NHA MBS	212,752	213,577	198,364	194,544	193,647
NHA MBS sold to Canada Housing Trust	201,197	202,449	198,484	197,767	198,043
Replacement NHA MBS	18,770	13,659	16,773	14,473	15,948
Total NHA MBS Outstanding (\$M)	432,719	429,685	413,621	406,784	407,639

Component items may not add to totals due to rounding.