



CMHC's Third Quarter Financial Report (2017)

Outreach Briefing— November 29, 2017

Canada



Operating environment



Growth in first half of 2017 driven by consumer spending and strong rebound in business investment.



Canada's high level of household debt remains an important vulnerability. Two interest rate hikes in Q3 – further moderate increases expected.



High degree of vulnerability observed in the Victoria, Vancouver, Calgary, Hamilton and Toronto housing markets.



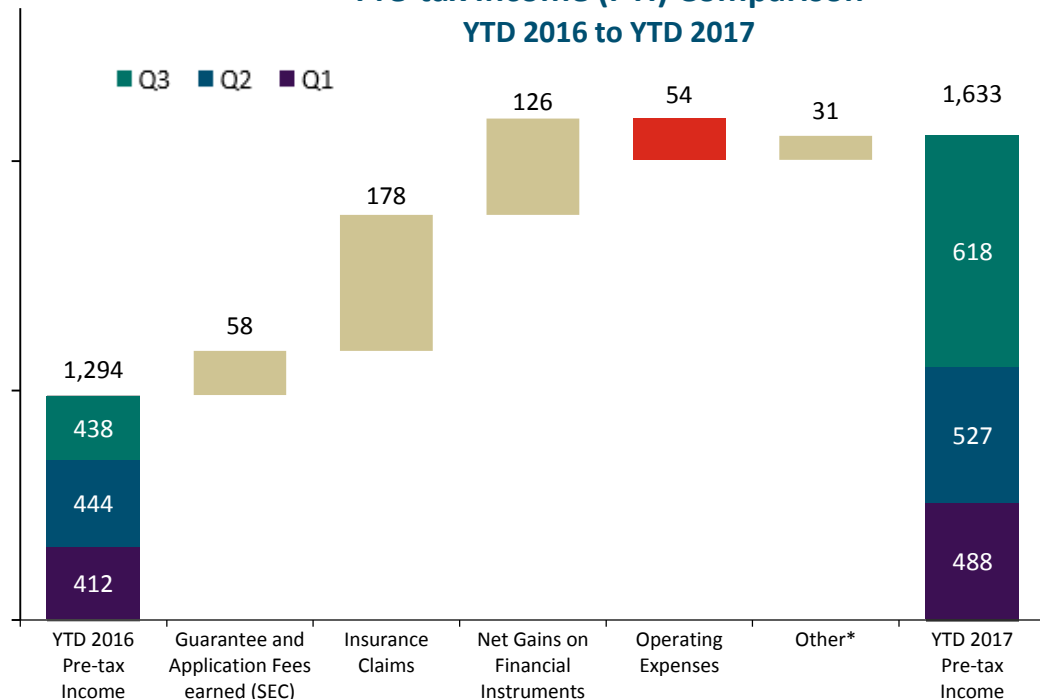
Q3 Highlights

- First loan commitment made in Q3 for the Rental construction financing initiative (RCFI)
- OSFI published the final version of Guideline B-20 – requiring stricter lending procedures for uninsured mortgages

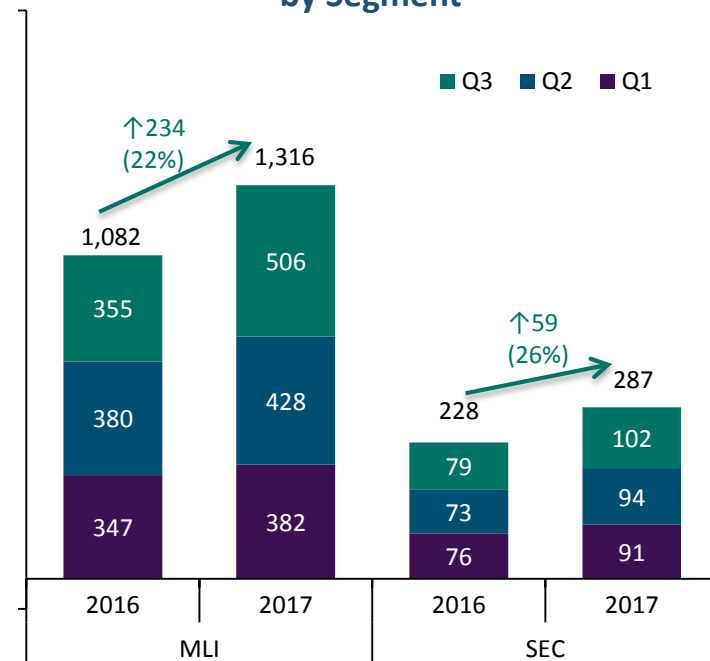
Contributing to financial stability and generating returns for Canadians

Pre-tax Income (PTI) Comparison

YTD 2016 to YTD 2017



Consolidated YTD PTI¹ broken down by Segment



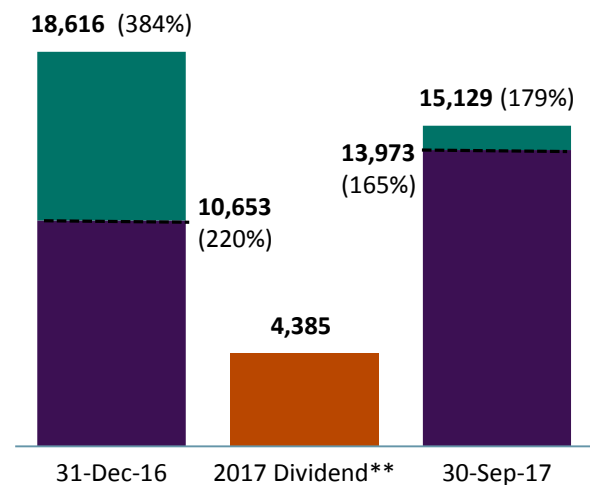
* includes MLI Premium and Fees earned, Net Interest Income, Investment Income and Other Income

¹Excludes Assisted Housing of \$6 in YTD 2017 (YTD 2016 - \$15), and elimination of \$24 in YTD 2017 (YTD 2016 - negative \$31) relating to the consolidation of CHT

Contributing to financial stability and generating returns for Canadians

CMHC MLI Capital Available (\$) to Minimum Regulatory Capital Required (%)

■ Dividend ■ Unappropriated capital ■ Appropriated capital



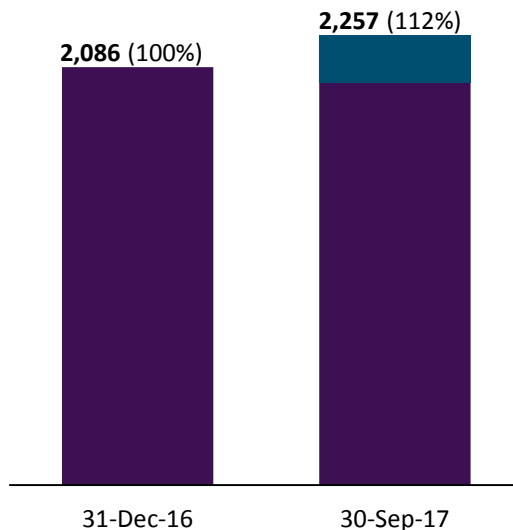
--- Operating Level 165% in 2017 (2016 - 220%)

* Market risk includes credit risk

** Dividend includes \$145M for Q1 2017, \$240M for Q2 2017, and a special dividend of \$4B

SEC Capital Available (\$) to Capital Required (%)

■ Appropriated capital ■ Unappropriated capital



Net income

\$467 million

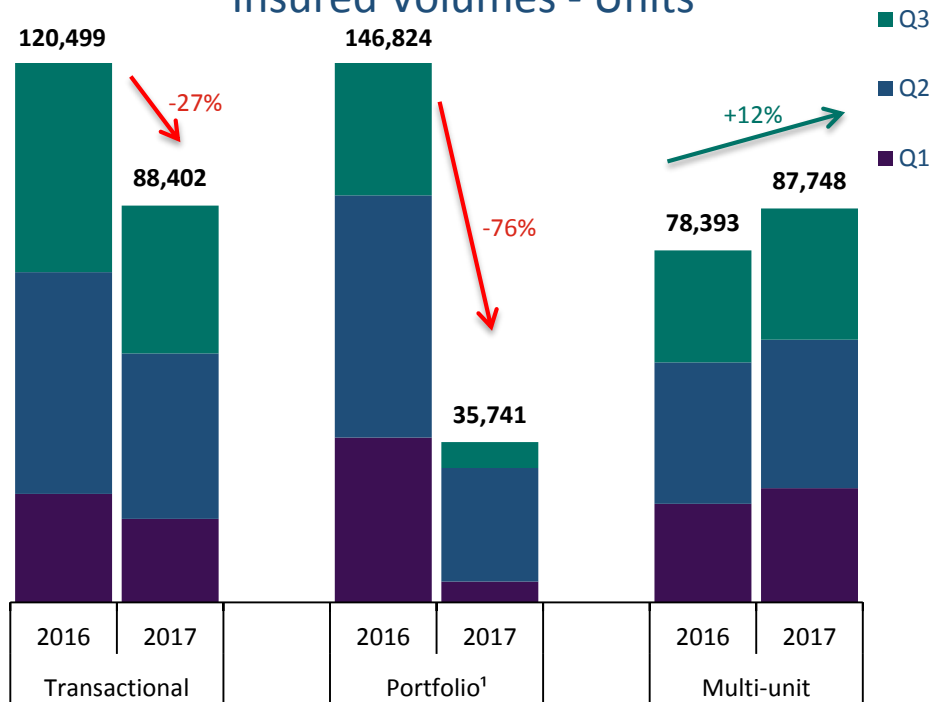
Dividend Approved

\$290 million

- The new capital requirements issued by OSFI effective 1 January 2017 resulted in an increase in minimum MLI capital required

Helping Canadians access housing through Mortgage Loan Insurance

Insured Volumes - Units



¹Includes portfolio substitution of 22,517 units in YTD 2017

Insurance-in-Force \$B (as at)

Sep 30, 2017 \$484

Dec 31, 2016 \$512

Transactional Homeowner volumes ▼

Due to regulation introduced in Q4 2016, which included new stress test on interest rates for mortgagors

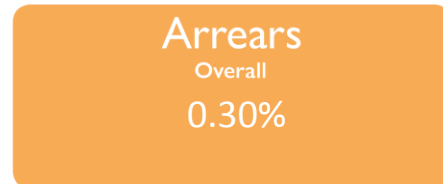
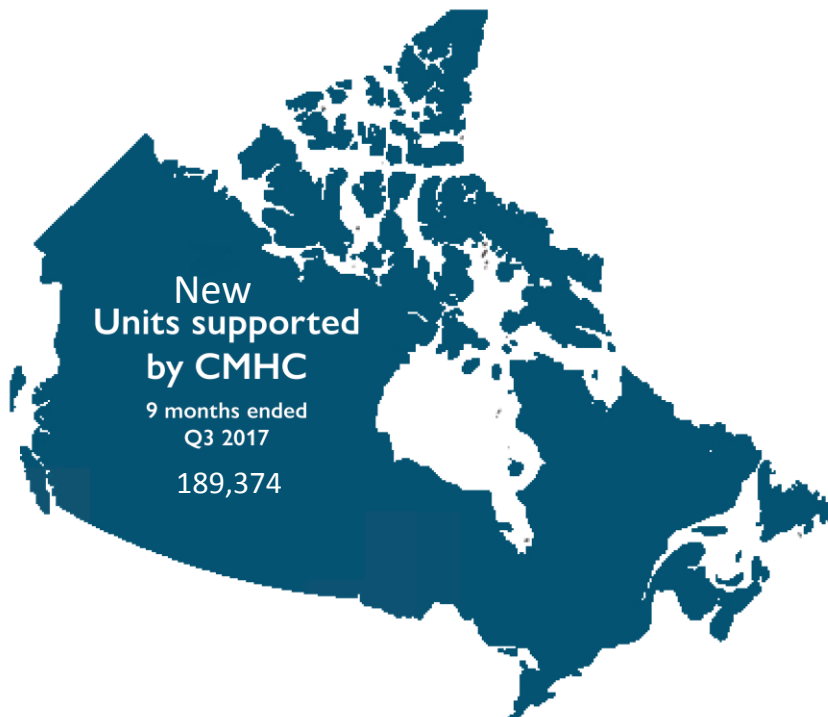
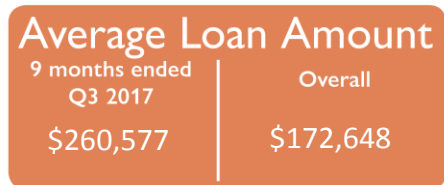
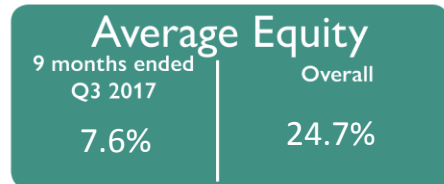
Portfolio volumes ▼

Due to price increases as a result of increased capital requirements effective January 1, 2017

Multi-unit volumes ▲

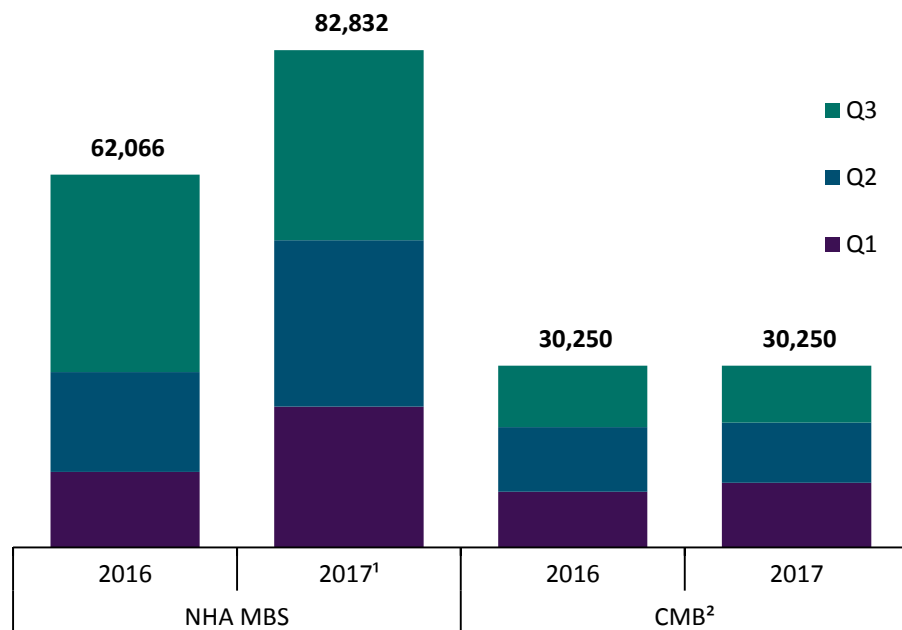
Due to increased purchased and refinanced units as a result of continued low-interest rate environment

Helping Canadians access housing through Mortgage Loan Insurance



Facilitating access to housing finance

Securities Guaranteed (\$M)



¹ Annual Limit for NHA MBS of \$130,000

² Annual Limit for CMB of \$40,000

Guarantees-in-Force \$B (as at)

Sep 30, 2017 \$459

Dec 31, 2016 \$452

NHA MBS Guarantee and Application Fees Received ▲

- Due to pricing policy changes on 1 July 2016 whereby NHA MBS sold into CMB series became subject to NHA MBS guarantee fees and now included in securities guaranteed

Helping Canadians meet their housing needs



Housing program expenditures

- \$520 million provided for housing programs in Q3 2017
- \$2.6 billion delivered year-to-date

National Housing Strategy (NHS)

- NHS to build on Budget investments
- A 10-year plan - some \$40 billion in investments
- 530,000 additional households taken out of housing need