CANADA MORTGAGE AND HOUSING CORPORATION

2013 - 2017 SUMMARY OF THE CORPORATE PLAN

PASSION

PROFESSIONALISM

PERFORMANCE

Including summaries of the 2013 Operating Budget ▪ 2013 Capital Budget for Furniture, Equipment and Business Premises ▪ 2013 Capital Budget for Loans and Investments

Canada

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HOME TO CANADIANS

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This Summary of the 2013-2017 Corporate Plan is tabled in Parliament. All Canadians are invited to learn more about the Corporation and its activities through this Summary and other information on its Website at www.cmhc.ca

FOREWORD

It is my pleasure to submit Canada Mortgage and Housing Corporation's (CMHC) 2013-2017 Summary of the Corporate Plan.

For 66 years, CMHC has played an important role as Canada's national housing agency in facilitating access to high quality, affordable housing for Canadians, and in promoting the stability and competitiveness of the housing finance system and housing markets.

Much has been achieved over the past few years, with unprecedented investments in affordable housing that made a real difference in the lives of Canadians and their families. This Summary of the Corporate Plan charts the way forward for CMHC. It sets out the priorities and the objectives that CMHC and its employees will work to deliver for Canadians over the next five years.

CMHC has continued to evolve as a corporation, including adopting changes that will further improve the governance and oversight of its operations. As outlined in this plan, moving forward, it remains committed to helping Canadians access a wide choice of high quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country.

Minister of Human Resources and Skills Development
Minister designated for the purposes of the
Canada Mortgage and Housing Corporation Act
and the *National Housing Act*

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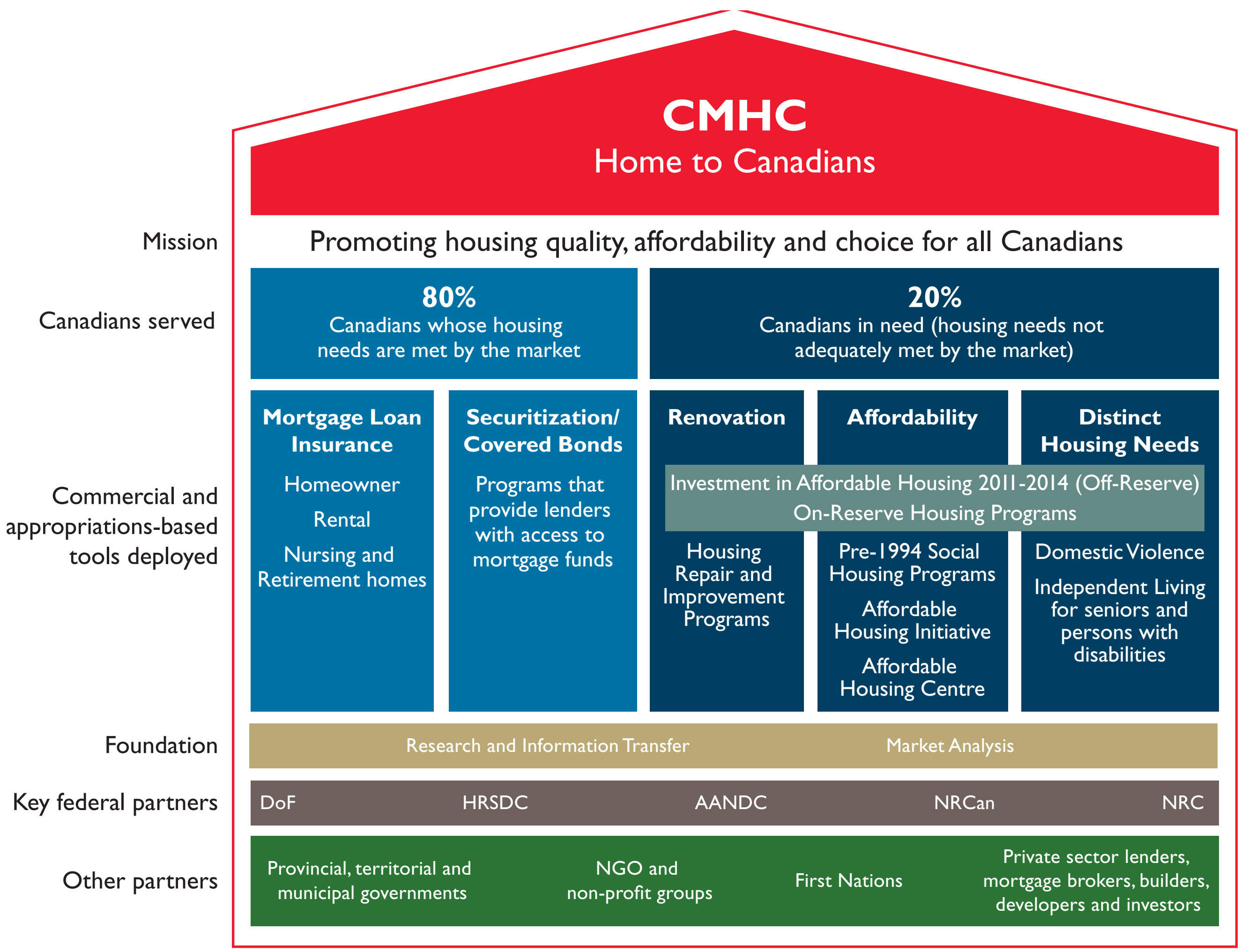
For a list of acronyms used throughout this document, see Glossary.

OUR MISSION

Promoting housing quality, affordability and choice for all Canadians

OUR TOOLS

Our programs, products and services help Canadians with a range of housing needs as illustrated in the following diagram.



CHAPTER 1 | Introduction

CMHC's five-year Corporate Plan is an integral element of the Corporation's accountability regime and is approved by the Government of Canada on an annual basis. The 2013-2017 Corporate Plan was approved on December 13, 2012. This Summary of the 2013-2017 Corporate Plan was prepared in accordance with section 125 of the *Financial Administration Act* (FAA). It informs Parliamentarians and Canadians of the Corporation's objectives and strategic priorities for the upcoming planning period and provides an overview of its financial plan, operating and capital budgets as well as borrowing and investment activities. Commercially detrimental information is excluded from this Summary pursuant to section 153(1) of the FAA.

LEGISLATIVE FRAMEWORK GOVERNING CMHC

CMHC is governed by a Board of Directors and is accountable to Parliament through the Minister for CMHC, currently the Minister of Human Resources and Skills Development.

In overseeing the activities of the Corporation, the Board of Directors adheres to the requirements of the *Canada Mortgage and Housing Corporation Act* (CMHC Act), the *National Housing Act* (NHA), and the *Financial Administration Act* (FAA).

The preparation of the 2013-2017 Corporate Plan took into account, among other things, amendments to the CMHC Act and to the NHA pursuant to the *Supporting Vulnerable Seniors and Strengthening Canada's Economy Act* (Budget 2011) and the *Jobs, Growth and Long-term Prosperity Act* (Budget 2012), the latter receiving Royal Assent on June 29, 2012. These amendments enhanced the governance and oversight framework for CMHC's mortgage loan insurance and securitization guarantee activities and the role that these activities play in promoting and contributing to Canada's financial and housing market stability. The NHA was also amended to include a legal framework for Canadian covered bonds. This framework will provide for a more robust market for these types of investments. CMHC was charged with administering the framework.

CMHC'S MANDATE AND ITS EVOLVING ROLE IN MEETING CHANGING NEEDS

Throughout its 66-year history, CMHC's role has evolved to meet the changing needs of Canadians and the country with the ultimate objective of helping Canadians access affordable, high quality housing. The events of the past few years starting with the global liquidity crisis in 2008 and the ensuing economic downturn have, once again, demonstrated the value of CMHC's housing and finance expertise and its coast-to-coast-to-coast presence.

Starting in late fall 2008 and as part of Canada's Economic Action Plan (CEAP) in 2009-10 and 2010-11, the Government called upon CMHC to deliver additional programs that support housing for Canadians in need as well as the stability of the financial system. The Insured Mortgage Purchase Program (IMPP) helped maintain the availability of long-term credit in Canada, providing $69 billion in liquidity to Canadian financial institutions at a time when global capital markets were frozen. CMHC also provided some $2 billion in federal stimulus funding to help increase access to affordable, high quality housing for vulnerable Canadians and $2 billion in housing-related municipal infrastructure loans under CEAP. These investments created jobs and economic growth during the downturn and will continue to serve Canadians for years to come.

On an ongoing basis, as Canada's national housing agency, CMHC plays a significant role in delivering federal investments for Canadians in housing need both on and off reserve. These investments include about $1.7 billion per year to support almost 605,000 households living in existing social housing projects across the country. Additional federal funding off reserve is provided under the Investment in Affordable Housing 2011-2014 (IAH) Framework which, when combined with provincial and territorial cost matching, will total $1.4 billion to help reduce the number of Canadians in housing need. CMHC also continues to provide federal investments for new housing units and renovations on reserve.

Through the provision of mortgage loan insurance and securitization guarantee programs, CMHC facilitates access to a range of housing options for Canadians coast-to-coast-to-coast and helps ensure an adequate supply of funds for mortgage lending. Under the *Bank Act*, federally regulated lenders are required to insure residential mortgage loans when borrowers have less than a 20% down payment. This requirement protects lenders in the event of borrower default and allows qualified borrowers to obtain mortgage financing at rates comparable to those with higher down payments.

Securitization guarantee programs help lenders, including smaller lenders, access funds for mortgage lending. This promotes efficiency and competitiveness in the market place, and the stability of the financial system. The new legal framework for covered bonds will also contribute to a stronger financial system for Canadians.

CMHC's mortgage loan insurance and securitization guarantee activities are operated on a commercial basis and are expected to generate reasonable returns for the Government of Canada. Through sound underwriting and risk management practices, the Corporation's earnings have contributed to improving the Government's fiscal position.

CMHC is the only source of comprehensive market analysis information serving both industry and consumers in Canada. Its research and information transfer activities on key housing issues have been instrumental in helping Canadians make more informed housing choices. These activities support industry in the planning, designing, construction, operation and maintenance of housing. Better information contributes to the stability and efficiency of housing markets.

Canadians can rely on CMHC's commitment to responsible governance and prudent management of both public funds and its commercial operations in today's environment of heightened accountability and risk management.

CHAPTER II | Objectives and Strategic Priorities

THE CORPORATE PLAN FRAMEWORK (CPF)

The Corporate Plan Framework guides CMHC in planning its activities, allocating its resources, and measuring and reporting its performance. CMHC's CPF was revised to reflect amendments to the NHA and the termination of export promotion activities as part of deficit reduction measures, and is comprised of the following three corporate objectives and seven strategic priorities:

Objective 1: Support access to affordable housing for Canadians in need
1.1: Help Canadians in need access affordable, sound and suitable housing
1.2: Help Aboriginal Canadians to improve their living conditions
Objective 2: Facilitate access to a range of housing options for Canadians, and promote and contribute to the stability of the financial system and the efficient functioning and competitiveness of the housing finance market, with due regard to the Corporation's exposure to loss
2.1: Provide mortgage loan insurance products and tools to Canadians and contribute to the stability of the housing market
2.2: Ensure an adequate supply of funds for mortgage lending through mortgage securitization while considering the competitiveness, efficient functioning and stability of the housing finance system
2.3: Support financial stability through a robust market for Canadian covered bonds, thereby facilitating funding for the Canadian housing market
Objective 3: Promote and contribute to a stable, competitive and innovative housing system
3.1: Undertake policy development, research and information transfer activities to enable Canadian consumers and the housing sector to make informed decisions
3.2: Provide comprehensive, timely and relevant market analysis information

Assisted housing, research, information transfer and market analysis activities under strategic priorities 1.1,1.2, 3.1 and 3.2 are funded by the Government of Canada through Parliamentary appropriations. Mortgage loan insurance and securitization guarantee activities under strategic priorities 2.1 and 2.2 are operated on a commercial basis and costs associated with CMHC's role with respect to covered bonds under strategic priority 2.3 are to be recovered from bond issuers.

OBJECTIVE I: SUPPORT ACCESS TO AFFORDABLE HOUSING FOR CANADIANS IN NEED

Strategic Priority 1.1

Help Canadians in need access affordable, sound and suitable housing

CMHC's activities in this area are intended to reduce the number of households in need by improving access to affordable, sound and suitable housing. Housing provides a more stable foundation to pursue educational and employment opportunities and improves health and overall quality of life.

Core Activities

- Provide federal funding in support of long-term commitments under various agreements with housing providers, including provinces and territories.
- Provide federal funding to provinces and territories which have signed bilateral Investment in Affordable Housing 2011-2014 (IAH) agreements with CMHC or which have chosen to extend existing agreements under the Affordable Housing Initiative (AHI).
- Deliver federal renovation programs where provinces and territories have decided to extend existing delivery arrangements.
- Provide loans, through Direct Lending, to federally-assisted social housing sponsors seeking to finance new projects or to renew existing financing in order to keep borrowing costs as low as possible thereby reducing government subsidy costs.
- Support the creation of affordable housing through the Affordable Housing Centre by offering Seed and Proposal Development Funding (see Glossary) and by providing other information and advice to help non-profit and private sector groups develop affordable housing.
- Offer CMHC mortgage loan insurance underwriting flexibilities which enable lenders to provide enhanced financing opportunities to groups who develop affordable rental housing and to borrowers who purchase units developed by affordable housing sponsors.

Challenges and Opportunities

THE VIABILITY OF FEDERALLY FUNDED SOCIAL HOUSING PROJECTS ONCE OPERATING AGREEMENTS EXPIRE

In 2011, the federal government, through CMHC, invested about $1.7 billion in order to help almost 605,000 lower-income households access affordable, adequate and suitable housing. Some 80% of the existing social housing portfolio is administered by provinces and territories through long-term agreements with CMHC. CMHC has signed Social Housing Agreements (SHAs) with the majority of provinces and territories (Prince Edward Island, Quebec and Alberta have not signed). Under the SHAs, the federal government transferred both the funding and the responsibility for the administration and financial risk of most of the existing federally funded social housing from the Government of Canada to provinces and territories. The remainder of the portfolio, including social housing on reserve, is administered by CMHC.

The majority of these agreements will expire between 2015 and 2025. As project operating agreements expire, usually at the same time as the mortgage is paid out, obligations of the project owners and government funding agencies will have been fulfilled. When these agreements expire and federal-provincial-territorial subsidies end, most projects will be viable as mortgages on the properties will be paid off thus reducing the operating costs of the project. However, other projects will not generate sufficient rental revenues to cover operating expenses.

A federal-provincial-territorial working group is examining the sustainability of the existing social housing stock.

INVESTMENT IN AFFORDABLE HOUSING 2011-2014 (IAH)

Over the next two fiscal years (2012-13 and 2013-14), CMHC will continue to provide funding related to the federal government's three-year commitment under the Investment in Affordable Housing Framework which began in 2011-12. This includes the provision of funding to provinces and territories under the new IAH bilateral agreements. In addition, CMHC will continue delivery of the federal renovation programs where the province or territory has decided to extend delivery arrangements which were previously in place.

Under the IAH, provinces and territories have the flexibility to implement a range of housing initiatives, from existing programs to new approaches, in order to effectively address their specific housing needs and priorities. Most provinces and territories have chosen to include programs and initiatives across the full range of spending categories permitted under the IAH to support low-income families and individuals, persons with disabilities, seniors and victims of family violence. These include programs to support the construction of new affordable housing, renovation of existing housing, assistance towards homeownership, provision of shelter allowances and rent supplements, modifications to maintain independent living, and the creation or renovation of shelters for victims of family violence.

Key Initiatives for 2013

1.1.1 Continue to collaborate with provinces and territories in examining the sustainability of existing social housing.

1.1.2 Implement Government of Canada directions with respect to affordable housing programs.

Performance Measures and Expected Outcomes

MEASURES	2011 Actual	2012			2013 Plan
		Plan	Mid-year		
			Plan	Actual	
Housing programs expenses[1] excluding operating expenses ($M)	2,044	2,023	951	1,105	1,988
Affordable housing (Investment in Affordable Housing, Affordable Housing Initiative, renovation programs) expenditures ($M)	127.1	411.5	277.8	254.7	257.8
Estimated number of households assisted through long-term social housing commitments	604,200	597,800	N/A	N/A	585,800
Affordable housing units facilitated by CMHC's Affordable Housing Centre	2,838	2,715	N/A	2,002	2,940
Direct Lending ($M)	1,390.0	830.0	446.6	541.2	1,117.5

[1] Also includes expenses related to strategic priorities 1.2, 3.1 and 3.2.

EXPECTED OUTCOMES	
Immediate The number of Canadians in need is reduced through greater access to affordable housing that is sound, suitable and sustainable. For seniors and persons with disabilities, assistance extends independent living and reduces demand for services and institutional living. The resources available to address the housing needs of households in need are increased by encouraging contributions by others, including the private and not-for-profit sectors.	**Long-term** Individuals and families have a more stable foundation for accessing opportunities and improving their quality of life. Communities benefit from greater stability and prosperity. A more holistic approach to addressing poverty by supporting a broad range of programs is fostered.

Accelerated spending in 2011 under both the IAH and the AHI reduced spending available in 2012, resulting in under achievement of the mid-year target for affordable housing expenditures. The full year target is expected to be achieved.

Operating Expenses and Staff-Years

2013		2014		2015		2016		2017	
Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years
63.4	350	60.1	331	55.3	304	56.0	299	55.3	289

Strategic Priority 1.2
Help Aboriginal Canadians to improve their living conditions

In collaboration with Aboriginal Affairs and Northern Development Canada (AANDC), CMHC has a long-standing history of providing federal housing assistance to First Nations on reserve. This assistance, in addition to capacity development efforts, helps First Nation communities to improve their living conditions.

Core Activities

- Administer federal funding for First Nations to build and maintain subsidized units under the On-Reserve Non-Profit Rental Housing Program.
- Administer federal funding for First Nation households under CMHC's renovation programs.
- Provide operational support to the First Nations Market Housing Fund (FNMHF) under a five-year agreement (2008 to 2013).
- Provide insurance for loans with a Ministerial Loan Guarantee and other forms of acceptable security.
- Assist in enhancing the capacity of First Nation communities to more effectively plan, build, inspect, manage and maintain housing.

Challenges and Opportunities

MAXIMIZING CMHC'S HOUSING INVESTMENTS ON RESERVE

CMHC will continue to work collaboratively with AANDC to ensure that on-reserve housing policies and program activities are well coordinated and result in improved housing conditions. The sharing of best practices that have led to housing successes with First Nation communities can also help improve housing conditions.

FIRST NATIONS MARKET HOUSING FUND (FNMHF)

Under the *Indian Act*, it is difficult to use reserve lands as collateral to secure loans. Given this, the development of a private housing market often requires alternative forms of security in order for members to borrow to finance their homes. The First Nations Market Housing Fund was created in 2007 with a $300 million investment by the federal government. The Fund is a self-sustaining, independent not-for-profit trust which backstops private financing of housing on reserve. CMHC has been engaged for a period of five years by the Fund to provide operational support under the supervision of the Fund's Trustees.

An evaluation of the FNMHF has been carried out by CMHC. In addition, AANDC has conducted an evaluation of the overall policy environment and the impact of the Fund on market-based housing.

PARTICIPATION IN THE NATIONAL STRATEGY TO ADDRESS MOULD IN FIRST NATIONS COMMUNITIES

Some First Nations communities have experienced problems with mould in houses. CMHC continues to collaborate with AANDC, Health Canada and the Assembly of First Nations on the National Strategy to Address Mould in First Nations Communities. CMHC has developed and published new guides to develop awareness and capacity among First Nations on how to identify, assess, remediate and prevent moisture and mould problems indoors and has published case studies on First Nations that have successfully addressed mould problems in their communities. CMHC's renovation programs can provide funding for needed repairs or rehabilitation that may assist in addressing mould issues.

A snapshot of Aboriginal housing conditions

Aboriginal Canadians, in particular those living on reserve, experience poorer housing conditions than the general Canadian population. Based on the 2006 Census, 53% of on-reserve Aboriginal households live below adequacy and suitability standards compared to 13% of Canadian households generally. Of the 53% of on-reserve households who live below standards, 33% would not have had the income to access acceptable housing while 19% would have the income to cover the expenses of an unsubsidized newly constructed home on their reserve. The ratios, however, vary considerably as shown in the following table:

	Aboriginal Households On Reserves		
	% Households Below Adequacy and/or Suitability Standards	% Households Below Standards, but Above Income Threshold	% Households Below Standards AND At or Below Income Threshold
Canada	53%	19%	33%
Atlantic	41%	10%	31%
Quebec	40%	24%	16%
Ontario	47%	12%	35%
Manitoba	65%	21%	43%
Saskatchewan	66%	20%	46%
Alberta	62%	26%	37%
British Columbia	45%	21%	24%
Territories	45%	29%	16%

Source: 2006 Census

The higher proportion of the population in the younger adult age group means continued pressure for additional housing. The issue is further compounded by the fact that the Aboriginal population is increasing at a rate 2.5 times faster than the national average.

Key Initiatives for 2013

1.2.1 Continue to implement measures to enhance the operational effectiveness of CMHC's on-reserve programs including targeting capacity development resources.

1.2.2 Implement any changes, as approved by the Government of Canada, stemming from the evaluations of the FNMHF and the overall policy environment conducted by CMHC and AANDC, respectively.

1.2.3 Continue to coordinate efforts with AANDC and Health Canada to help First Nations address mould problems, including implementing initiatives to increase awareness and capacity among First Nations to prevent and remediate mould in their housing.

Performance Measures and Expected Outcomes

MEASURES	2011 Actual	2012			2013 Plan
		Plan	Mid-year		
			Plan	Actual	
New units committed under the On-Reserve Non-Profit Rental Housing Program	604	548	223	474	465
Renovation program expenditures (value of loans that are forgiven over time) ($M)	12.6	15.5	6.9	6.6	14.5
Per cent of housing programs and services delivered through First Nations or Aboriginal organizations	90	85	85	85	85

EXPECTED OUTCOMES		
Immediate First Nation members living on reserve have greater access to affordable, sound and suitable housing that meets health and safety standards. For seniors and persons with disabilities, assistance extends independent living.	**Intermediate** First Nations have the capacity to develop, maintain and manage the full range of housing opportunities on reserve.	**Long-term** Individuals living on reserve have a key element of a stable foundation for accessing opportunities and improving their quality of life. First Nation members gain greater security and health through improved housing conditions on reserve. On-reserve communities benefit from greater stability and prosperity.

Operating Expenses and Staff-Years

2013		2014		2015		2016		2017	
Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years
21.3	133	20.5	129	19.7	124	20.2	123	19.9	120

OBJECTIVE 2: FACILITATE ACCESS TO A RANGE OF HOUSING OPTIONS FOR CANADIANS, AND PROMOTE AND CONTRIBUTE TO THE STABILITY OF THE FINANCIAL SYSTEM AND THE EFFICIENT FUNCTIONING AND COMPETITIVENESS OF THE HOUSING FINANCE MARKET, WITH DUE REGARD TO THE CORPORATION'S EXPOSURE TO LOSS

Strategic Priority 2.1

Provide mortgage loan insurance products and tools to Canadians and contribute to the stability of the housing market

A sound and stable housing finance system is essential to an efficient housing market that provides Canadians with a range of housing choices while also creating jobs and economic growth for the country. CMHC mortgage loan insurance has helped shape the housing finance system by enabling lenders throughout the country to provide financing to qualified borrowers at competitive interest rates for both homeowner and rental housing. As part of its public policy mandate, the goal is to ensure that mortgage financing is available for a range of housing choices – including homeownership and rental in both urban and rural areas. CMHC also has a mandate to help ensure the stability of the housing finance system and housing markets. Prudent underwriting practices and working with lenders to ensure the quality of their business contribute to fulfilling this mandate.

Core Activities

- Offer homeowner and rental mortgage loan insurance products to lenders in all parts of the country, including insurance in areas or markets not served or not well-served by private mortgage loan insurers.
- Maintain and strengthen relationships with lenders through effective key account management and related initiatives.
- Introduce new and enhanced products, policies and operations including loan servicing and default management practices to better serve Canadian borrowers and lenders.
- Monitor the performance of individual lenders and help ensure that any deficiencies are addressed in a systematic, comprehensive and timely manner through CMHC's quality assurance framework.
- Regularly report on the insurance business performance and financial results in publicly available corporate reports.

Challenges and Opportunities

GOVERNMENT GUARANTEE PARAMETERS

Under Bill C-3 (Budget 2011), the *Protection of Residential Mortgages or Hypothecary Insurance Act* (PRMHIA) was enacted. The purpose of the Act is to support the efficient functioning of the housing finance market and stability of the financial system. The Act formalizes mortgage loan insurance arrangements with private sector insurers, including the rules for government-backed mortgages, and raises the aggregate limit for private insurers to $300 billion from $250 billion. In addition, amendments were made to the *National Housing Act* which formalized arrangements already in place between CMHC and the Government of Canada. Regulations have been developed under the PRMHIA and the NHA amendments which, among other things, make adherence to the government guarantee parameters a legislative requirement.

On several occasions over the past few years, the Government of Canada has introduced changes to the parameters under which it backstops both privately-insured as well as CMHC-insured mortgages.

Collectively, the guarantee parameters specify the types of mortgages that can be insured and hence backstopped by the Government. Under the PRMHIA and amendments to the NHA, the guarantee parameters are now subject to ministerial regulation.

The following changes to government guarantee parameters came into effect on July 9, 2012 and apply to CMHC-insured mortgages:

- a reduction in the maximum amortization period to 25 years from 30 years
- lowering the maximum amount Canadians can borrow when refinancing to 80% from 85% of the value of their homes
- fixing the maximum gross debt service ratio at 39% and the maximum total debt service ratio at 44%
- limiting the availability of government-backed insured mortgages to homes with a purchase price of less than $1 million.

Over the planning horizon, the Corporation will continue to provide the Government with information and analysis in support of policies affecting the mortgage market.

MEASURES REINFORCING FINANCIAL STABILITY

The *Jobs, Growth and Long-term Prosperity Act*, which received Royal Assent on June 29, 2012, includes measures to reinforce the stability of Canada's financial sector, including enhancements to the governance and oversight framework for CMHC. It provides authorities for OSFI to conduct an examination or inquiry at least once a year to ensure CMHC is conducting its commercial activities in a safe and sound manner with due regard to potential losses. CMHC's objectives related to its housing finance activities have been enhanced to make explicit its role in promoting and contributing to the stability of the financial system, including housing markets.

OSFI GUIDELINE ON RESIDENTIAL MORTGAGE UNDERWRITING PRACTICES AND PROCEDURES

Managing and assessing risk has been at the forefront of government priorities around the world since the global economic crisis, resulting in the development of international standards and regulations affecting the financial sector.

In April 2012, the Financial Stability Board (FSB) finalized its Principles for Sound Residential Mortgage Underwriting Practices. Building on FSB principles and OSFI's review of mortgage lending in Canada, OSFI issued a Guideline for Residential Mortgage Underwriting Practices and Procedures in June 2012. The OSFI Guideline applies to all federally regulated financial institutions (FRFIs) that are engaged in residential mortgage lending and/or the acquisition of residential mortgage loan assets in Canada.

Key Initiatives for 2013

2.1.1 Support the Government of Canada with information, analysis and policy advice in relation to regulatory changes and other government priorities related to the stability of the housing finance system and housing markets.

2.1.2 Work with the Office of the Superintendent of Financial Institutions in implementing the ongoing oversight process.

Performance Measures and Expected Outcomes

MEASURES	2011 Actual	2012			2013 Plan
		Plan	Mid-year		
			Plan	Actual	
Total insured volumes (units)	630,957	550,335	266,269	226,197	355,597
Total insured volumes ($M)	105,953	94,501	44,493	38,496	61,183
Per cent of the total of rental and high ratio homeowner units approved to address less-served markets and/or to support specific government priorities	46.5	33.0	33.0	43.5	33.0
Operating expense ratio (per cent)	10.8	11.2	11.7	11.9	13.8

EXPECTED OUTCOMES

Immediate	Intermediate	Long-term
Lenders are protected from losses due to borrower default and are able to provide mortgage financing and provide it at competitive rates because of CMHC mortgage loan insurance. Canadians across the country not served or under-served by private mortgage loan insurers can better access housing of choice.	A healthy housing market which includes new construction as well as renovation activity contributes to job creation and economic growth. The provision of mortgage loan insurance for rental housing and condominium construction promotes affordable housing and supports tenure options.	Canadians who choose homeownership can increase their financial security. Rental housing is supported, increasing the percentage of Canadians able to provide for their own housing needs without any government assistance.

As at the end of June 2012, insured volumes are below target and below the same period last year. This is attributable to lower insured volumes of low-ratio portfolio activity and multi-unit (over 4 units) activity.

Operating Expenses and Staff-Years

2013		2014		2015		2016		2017	
Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years
229.9	949	228.0	945	227.8	947	234.0	944	236.9	945

Insurance-in-Force IN FOCUS

The profile of CMHC's insurance-in-force demonstrates the nature and level of risk associated with CMHC's mortgage loan insurance business. CMHC manages its insurance business in a financially prudent manner, following OSFI guidelines in setting (and exceeding) capital targets to ensure that its insurance-in-force poses minimal risk to Canadian taxpayers. Prudent underwriting practices and excellent client service have enabled the Corporation to maintain its position of strength in the marketplace in good economic times and bad. Its premiums and fees and investment income must cover all claims and expenses and provide a reasonable rate of return for the Government of Canada. Between 2002 and 2011, CMHC Net Income and Income Taxes paid related to its mortgage loan insurance activities have contributed $14 billion towards improving the Government's fiscal position.

CMHC undertakes rigorous risk management practices including stress testing in order to assess the impact of a wide range of economic scenarios on its insured portfolio. Stress testing of the Mortgage Loan Insurance Activity during the 2013-2017 corporate planning horizon indicated that CMHC continues to be well-positioned to weather severe economic scenarios. (See Chapter V: Risk Management and Investment Plans for additional details.)

Managing our insurance-in-force

INSURANCE-IN-FORCE	As at		Variance
	June 30, 2012	December 31, 2011	
Total ($B)	576.0	566.5	9.5
High ratio homeowner	292.0	285.5	6.5
Low ratio portfolio	244.8	242.8	2.0
Multi-unit residential	39.2	38.2	1.0

CMHC's total insurance-in-force increased to $576 billion at the end of the second quarter of 2012. Based on the volumes projected in the Corporate Plan and repayments of between $60 billion and $65 billion per year, insurance-in-force is forecast to decrease to about $573 billion by the end of 2013. The total of outstanding insured amounts of all CMHC-insured loans under Section 15 of the *National Housing Act* may not exceed $600 billion. CMHC manages its mortgage loan insurance business within this limit, taking into account forecasted housing market activity in order to ensure qualified borrowers have access to insured financing.

Approximately 43% of CMHC's current insurance-in-force results from low ratio portfolio activity consisting of loans with an original loan-to-value of 80% or less. Portfolio insurance provides lenders with the ability to purchase insurance on pools of previously uninsured low ratio mortgages. Once insured, these mortgages can be securitized, providing lenders with liquidity. CMHC has reduced access to its portfolio insurance product, which is expected to reduce volumes going forward to levels consistent with those experienced prior to the liquidity crisis.

As CMHC continues to provide mortgage loan insurance to qualified homebuyers, multi-unit borrowers and through allocated amounts of portfolio insurance, increases in the Corporation's insurance-in-force will continue to be offset by insured mortgages being paid down. CMHC expects mortgage repayments to continue in the range as previously noted.

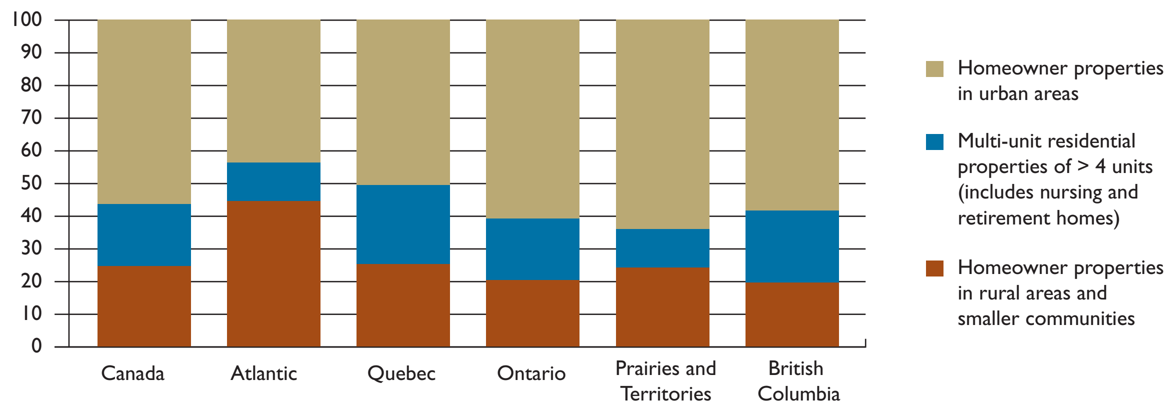
Serving gaps in the marketplace

CMHC contributes to the stability of the financial system, including housing markets, by providing qualified Canadians in all parts of the country with access to a range of housing options. This sets CMHC apart from private sector competitors who have the ability to select the markets in which they operate. The 10% difference in the government guarantee between CMHC and private insurers compensates CMHC for this difference.

CMHC continues to be the only mortgage loan insurer for large multi-unit residential properties including nursing and retirement homes. The Corporation's support for these forms of housing is important to the supply and maintenance of a range of housing options in Canada.

CMHC is also the primary insurer for housing in rural areas and smaller Canadian markets. Close to 44% of CMHC's total rental and high ratio homeowner business in the first six months of 2012 was in markets or for housing options that are less well served or not served at all by the private sector.

Distribution of approved units for high ratio homeowner and multi-unit residential properties (%)
Six months ended June 2012



Managing risk prudently

CMHC carries out rigorous due diligence in assessing applications for mortgage loan insurance. All applications for mortgage loan insurance are initially reviewed and assessed by lenders prior to submission to CMHC. Upon receipt of an application for mortgage loan insurance, CMHC independently assesses the application which includes a risk assessment of the borrower, the property, the market in which the property is located and the application characteristics as a whole. CMHC also reviews the source of down payment and the borrower's credit history to assess their ability to manage their financial obligations.

As shown in the following table, based on updated property values the majority of CMHC-insured mortgages currently have loan-to-value ratios of 80% or less. The average equity in CMHC's insured portfolio was 45% at June 30, 2012 – one point higher than the average equity of 44% at December 31, 2011.

Distribution of homeowner insurance-in-force by loan-to-value (LTV) ratio based on updated property value[1] (%)	As at June 30, 2012			As at December 31, 2011
	High ratio homeowner	Low ratio portfolio	Overall	Overall
≤ 50%	9	37	23	22
> 50.01% ≤ 60%	5	18	12	12
> 60.01% ≤ 70%	12	22	17	16
> 70.01% ≤ 80%	28	22	24	25
> 80.01% ≤ 90%	31	1	16	17
> 90.01% ≤ 95%	13	0	7	7
> 95.01%	2	0	1	1
Average updated loan-to-value	67	44	55	56
Average updated equity	33	56	45	44

[1] LTV based on the updated value of the property when using changes in local resale prices.

CMHC analysis shows that some 33% of CMHC-insured high ratio borrowers are consistently ahead of their scheduled amortization by at least one mortgage payment per year. The figure rises to 64% for those who are ahead of their payment schedule by any amount. Accelerated payments shorten the overall amortization period, reduce interest costs, increase equity in the home at a faster rate and lower risk over time.

While borrowers could choose an amortization period of up to 30 years prior to July 9, 2012, the average amortization period at the time of mortgage approval for all CMHC-insured homeowner and multi-unit residential loans was 25 years as at the end of June 30, 2012.

Distribution of insurance-in-force by amortization period at origination (years)	As at June 30, 2012			As at December 31, 2011
	High and low ratio homeowner	Multi-unit residential	Overall	Overall
Average amortization period at origination	25	25	25	25

As at June 30, 2012, the average outstanding loan amount for homeowners who took out high ratio loans above 80% loan-to-value at origination was $175,061. This is approximately 14% higher than the average outstanding loan amount remaining on portfolio insured low ratio loans. The figures include the regular amortization of loan balances as well as accelerated payments by borrowers.

Distribution of insurance-in-force by loan amount (%)	As at June 30, 2012				As at December 31, 2011
	High ratio homeowner	Low ratio portfolio	Multi-unit residential (per unit)	Overall	Overall
Over $550,000	4	7	0	5	5
Over $400,000 to $550,000	9	8	0	8	8
Over $250,000 to $400,000	31	25	1	27	26
Over $100,000 to $250,000	47	46	19	44	45
Over $60,000 to $100,000	6	9	34	9	9
Under $60,000	3	5	46	7	7
Average outstanding loan amount ($)	175,061	153,073	51,265	143,101	141,290

Managing portfolio risk through diversification

Consistent with its mandate, CMHC provides mortgage loan insurance in all Canadian markets, spreading its insurance-in-force risk nationwide across all provinces and territories, each with a distinct economic outlook.

Distribution of insurance-in-force by province/territory (%)	As at June 30, 2012				As at December 31, 2011
	High ratio homeowner	Low ratio portfolio	Multi-unit residential	Overall	Overall
Ontario	37.4	46.5	38.5	41.5	41.9
British Columbia	12.5	20.3	13.2	16.0	16.0
Alberta	16.8	14.6	11.6	15.5	15.6
Quebec	20.4	11.4	27.0	17.0	16.5
Nova Scotia	2.7	1.7	3.1	2.3	2.3
Saskatchewan	2.7	1.8	1.5	2.2	2.2
Manitoba	3.0	1.7	3.0	2.4	2.4
New Brunswick	2.2	0.8	1.0	1.5	1.5
Newfoundland	1.5	0.9	0.3	1.1	1.1
Prince Edward Island	0.3	0.2	0.2	0.2	0.2
Territories	0.5	0.1	0.6	0.3	0.3

Managing portfolio quality through prudent underwriting

Canadian credit scores generally range between 300 and 900. The higher the score, the lower the risk of borrower default. In order to qualify for a CMHC-insured high ratio loan, the borrower/co-borrower must have a credit score of 600, consistent with the first round of government guarantee parameters introduced in October 2008.

Distribution of insurance-in-force by credit score at origination (%)	As at June 30, 2012		As at December 31, 2011	
	High ratio homeowner	Low ratio portfolio	High ratio homeowner	Low ratio portfolio
No score	1	1	1	1
= 0 < 600	1	1	1	1
≥ 600 < 660	9	4	9	5
≥ 660 < 700	15	10	16	10
≥ 700	74	84	73	83
Average credit score at origination	725	754	724	752

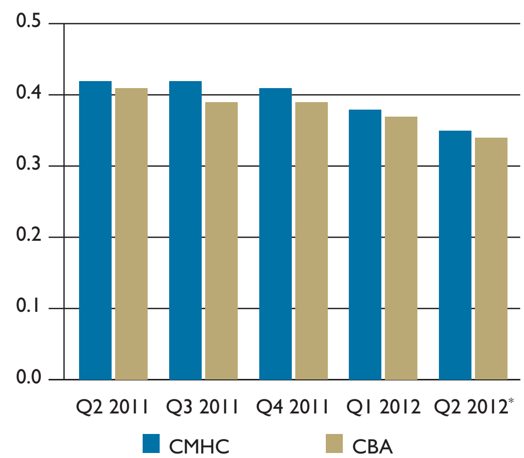
CMHC has been able to maintain its strong market position and manage its risks while applying prudent underwriting practices. This is demonstrated by an average credit score of 725 for CMHC's high ratio homeowner insurance-in-force at June 30, 2012. The high average credit score also demonstrates a strong ability among homebuyers with CMHC-insured mortgages to manage their debts. Average credit scores at the time of origination also demonstrate sound underwriting practices.

Distribution of approved loans by credit score at origination (%)	Six months ended June 30, 2012		Six months ended June 30, 2011	
	High ratio homeowner	Low ratio portfolio	High ratio homeowner	Low ratio portfolio
No score	0	0	0	0
= 0 < 600	0	1	0	1
≥ 600 < 660	7	3	8	4
≥ 660 < 700	15	7	16	10
≥ 700	78	89	76	85
Average credit score at origination	736	760	735	753

The overall CMHC arrears rate as at June 2012 was 0.35%, improving on both the 0.38% level reported in Q1 2012 and the 0.40% rate as at the beginning of the year. Improving YTD trends apply to both the CMHC homeowner and portfolio arrears rates.

CMHC calculates the arrears rate as the ratio of all loans that are more than 90 days past due (i.e., no payments for 90 days on homeowner loans) to the number of outstanding insured loans. The ratio includes all arrears whether or not legal action has been initiated by the lender and whether or not work-outs have been approved by CMHC. The base represents outstanding insured loans. The CMHC ratio is the same as that used by the Canadian Bankers Association (CBA) for reporting arrears rates at an industry level.

Arrears Rates (%)



* Latest available CBA arrears rate is for May 2012.

Strategic Priority 2.2

Ensure an adequate supply of funds for mortgage lending through mortgage securitization while considering the competitiveness, efficient functioning and stability of the housing finance system

CMHC's securitization guarantee programs contribute to a strong and stable housing finance system by ensuring that lenders and, in turn, borrowers have access to an adequate supply of funds for residential mortgages during both good and adverse market conditions.

Smaller lenders, in particular, benefit from the stable access to funds that these programs offer resulting in their ability to compete on the basis of costs, terms and products with established larger lenders. Securities guaranteed by CMHC provide investors with the opportunity to hold high quality, secure investments backed by residential mortgages.

CMHC monitors the housing market and ensures that the securitization programs are responsive to the wider range of mortgage choices sought by Canadians, while preserving the robust risk management requirements that protect CMHC and the Government from undue exposure to loss.

Core Activities

- Provide guarantees for NHA MBS pools of insured-mortgages issued by Approved Issuers.
- Provide guarantees for Canada Mortgage Bonds (CMB) issued by the Canada Housing Trust (CHT) and as Financial Services Advisor, monitor and manage the balance between funding needs and investor demand.
- Continue to develop securitization programs in response to changing industry needs and ensure an adequate supply of funds for mortgage lending amongst lenders' diversified funding platforms.

Challenges and Opportunities

AMENDMENTS TO THE *NATIONAL HOUSING ACT*

As a result of the *Jobs, Growth and Long-term Prosperity Act*, the *National Housing Act* was amended to provide for OSFI to conduct examinations or inquiries at least annually into whether CMHC's insurance and securitization activities are conducted in a safe and sound manner with due regard to potential losses. In addition, the Minister of Finance's approval of the terms and conditions under which the Corporation guarantees securities is required as of January 1, 2013.

CHANGES IN THE REGULATORY ENVIRONMENT IMPACTING LENDERS

Among the changes that have or will occur in the regulatory environment impacting mortgage lenders are those that stem from the adoption of International Financial Reporting Standards (IFRS) in 2011, the phasing in of Basel III standards with respect to capital and liquidity beginning in 2013, and the reform of regulations with respect to derivatives. The latter will be subject to consultation papers.

IMPROVING CMHC'S SECURITIZATION PROGRAMS

CMHC will focus on enhancing the functioning of the securitization market by making NHA MBS more investor friendly through increased transparency, disclosure, and standardization of valuation tools.

Key Initiatives for 2013

2.2.1 Work with OSFI in implementing the ongoing oversight process.

2.2.2 Review CMHC securitization programs and make necessary changes as a result of regulatory reforms.

2.2.3 Enhance the functioning of the securitization market by making NHA MBS more investor friendly through increased transparency, disclosure and standardization.

Performance Measures and Expected Outcomes

MEASURES	2011 Actual	2012			2013 Plan
		Plan	Mid-year		
			Plan	Actual	
Annual securities guaranteed ($M)	116,725	64,000	32,000	66,428	90,000
■ Market NHA MBS	75,475	24,000	12,000	46,428	55,000
■ CMB	41,250	40,000	20,000	20,000	35,000
Operating expense ratio (per cent)	4.4	< 9	< 9	< 4.7	< 9
Per cent of outstanding residential mortgages securitized	27	21	21	28.9	21

EXPECTED OUTCOMES

Immediate	Intermediate to long-term
Increased integration of mortgage market lending with capital market lending leads to greater efficiency and lower costs for lenders. Enhanced competitive position of smaller lenders in the mortgage market. Canadians continue to be able to access financing for their homes.	Financial institutions, in particular smaller lenders, have access to robust wholesale housing finance choices. A stable and resilient Canadian housing finance system.

For the six months ended June 30, 2012, a total of $66.4 billion of mortgage funds were provided to mortgage lenders through securities guaranteed by CMHC. This is 4% higher than the 2012 plan of $64 billion. Under the NHA MBS program, financial institutions issued and CMHC guaranteed $46.4 billion in market NHA MBS as at June 30, 2012. Under the CMB program, CMHC guaranteed $20 billion in Canada Mortgage Bonds as at June 30, 2012. Total guarantees-in-force as at June 30, 2012 were $377.4 billion, well within the statutory limit of $600 billion.

Operating Expenses and Staff-Years[1]

2013		2014		2015		2016		2017	
Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years
15.1	82	14.9	83	14.9	84	15.3	84	15.5	84

[1] Includes operating expenses and staff-years for all Securitization Activity under strategic priorities 2.2 and 2.3.

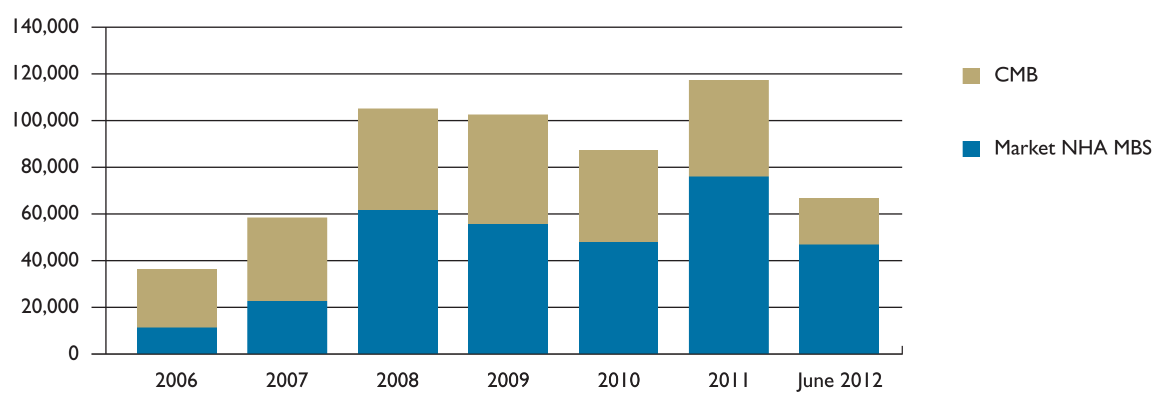
Securitization IN FOCUS

The importance of CMHC's securitization programs

Since the introduction of CMHC's NHA MBS program in 1987, approximately $982 billion in insured residential mortgages have been funded through this and the CMB program.

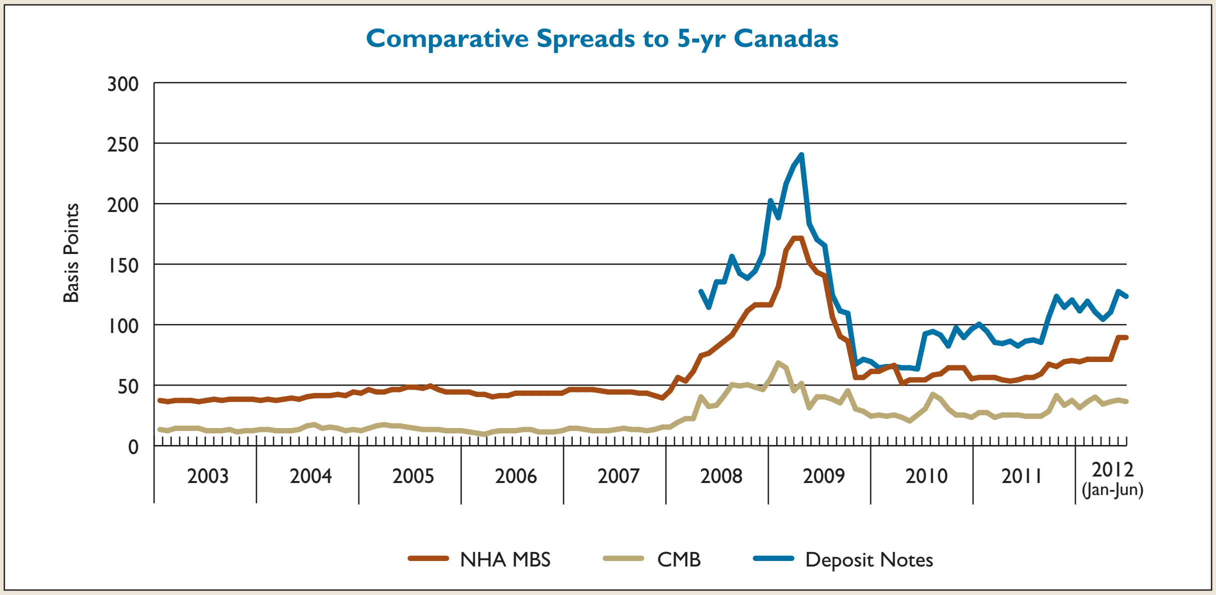
Of this total, approximately 44% ($437 billion) was in the form of market NHA MBS issued by Approved Issuers for sale to investors. This demonstrates the importance of the NHA MBS program in providing liquidity through a robust framework that allows Approved Issuers to transform insured residential mortgage loan assets into high quality and secure liquid investments. Similarly, the CMB program plays a crucial role in further enhancing the supply of mortgage funding for program participants, particularly smaller institutions.

Securities Guaranteed ($M)



As of June 30, 2012, 29% of outstanding residential mortgage loans in Canada were securitized through CMHC's securitization guarantee programs.

The reliability and cost-effectiveness of CMHC's securitization programs were clearly demonstrated during the global financial crisis. This was reflected in the volume of insured residential mortgages securitized and the relative spread differential between these programs and the major wholesale funding source of large financial institutions compared to the Government of Canada five-year yield.



Support for smaller lenders and competition in the mortgage market

Smaller lenders are important in maintaining a competitive Canadian mortgage market as they compete with the established larger lenders on the basis of costs, products and terms. During the global financial crisis, both large and smaller lenders found it more difficult to access liquidity and funding as their traditional sources were frozen, with implications for the flow of mortgage credit in Canada.

CMHC's securitization programs in general, and the CMB program in particular, played an important role in providing access to reliable and cost-effective funding to both large and smaller lenders during those challenging times.

The CMB funding allocation methodology was revised in 2008 to help foster competition in the mortgage market by ensuring that smaller lenders have an adequate supply of CMB funding available. Under the current CMB allocation methodology, all CMB sellers are entitled to receive an equal share of available CMB funding. Currently, there are 71 Approved NHA MBS issuers and 58 Approved CMB Sellers in CMHC securitization programs.

Prior to the global financial crisis, smaller lenders accounted for approximately 14% of insured residential mortgages securitized through CMHC's securitization programs. With the increase in the number of smaller lenders who sought access to CMHC's programs, the participation rate increased from 14% to approximately 21% as at June 2012. Under the CMB program, the increase in the participation of smaller lenders is even more pronounced, moving from 19% in 2006 to 47% as at June 2012.

The reliability and the volume of funding that CMHC's securitization programs provide to smaller lenders ensure that they continue to play an important role in maintaining the competitiveness of the Canadian residential mortgage market.

Meeting the mortgage needs of Canadians

The Government of Canada through CMHC has responded to the wider range of mortgage choices sought by Canadians through the introduction of NHA MBS pool types that allowed lenders to offer and securitize new mortgage products, i.e., the fixed rate, amortizing portion of home equity lines of credit (HELOC). Expanding CMB terms and offerings to include shorter terms (e.g., three year re-openings), 10-year fixed rate and Floating Rate Notes also facilitated cost-effective funding to support a wider range of term structures that enable mortgage lenders to address the current and emerging mortgage choices of Canadians.

Prudent risk management

CMHC's securitization programs enhance the supply of reliable funding for mortgage lending in Canada and the competitiveness of the mortgage industry.

Risk exposures under the timely payment guarantee are managed through robust risk mitigating practices including stringent approval criteria for program participants. To date, CMHC's securitization programs have not experienced any losses. Moreover, the commercial nature of CMHC's securitization programs contribute to CMHC's Net Income and, as such, helps to improve the Government's fiscal position.

Strategic Priority 2.3

Support financial stability through a robust market for Canadian covered bonds, thereby facilitating funding for the Canadian housing market

The new legal framework for covered bonds supports financial stability by helping lenders find new sources of funding through a more robust market for Canadian covered bonds. CMHC began to administer the framework in 2012.

Core Activities

- Establish and maintain a registry containing:
  a) the names and business addresses of registered issuers;
  b) a list of registered programs and information relating to those programs, including the name of each essential services provider to the guarantor entity;
  c) a list of registered issuers whose right to issue covered bonds may have been suspended under sub-section 21.62(1) of the NHA and the reasons for the suspension;
  d) any other information that, in the Corporation's opinion, is necessary; and
  e) any prescribed information.
- Make the registry public through the Internet and by any other means CMHC deems appropriate.
- Establish conditions or restrictions applicable to registered issuers and registered programs.
- Establish fees for registration applications that will be charged to compensate for costs incurred in the administration of the legal framework.

Challenges and Opportunities

CMHC will administer the new covered bonds legal framework which will govern the issuance of covered bonds by federally and provincially regulated financial institutions and it will recover its costs from bond issuers.

It will also ensure that covered bonds meet the legislative requirements under the amended NHA and that issuers comply with the disclosure regime. In 2012, CMHC put in place the necessary systems, technologies and infrastructure to implement the legal framework in order to meet the demands of the marketplace.

Key Initiative for 2013

2.3.1 Continue with the administration of the Canadian covered bond legal framework.

Performance Measures and Expected Outcomes

<table>
<tr><th rowspan="3">MEASURES</th><th rowspan="3">2011 Actual</th><th colspan="2">2012</th><th rowspan="3">2013 Plan</th></tr>
<tr><th colspan="2">Mid-year</th></tr>
<tr><th>Plan</th><th>Actual</th></tr>
<tr><td>Average approval times to register issuers and programs</td><td>N/A</td><td>See note below</td><td>See note below</td><td>60 days</td></tr>
<tr><th>The following measure will be monitored only</th><th colspan="2">2012 Actual</th><th colspan="2">2013 Actual</th></tr>
<tr><td>Per cent of residential mortgages funded through covered bonds</td><td colspan="2">See note below</td><td colspan="2"></td></tr>
<tr><th colspan="5">EXPECTED OUTCOMES</th></tr>
<tr><td colspan="5">Canada's financial stability is supported through a more robust market for Canadian covered bonds.</td></tr>
</table>

Note: Details on the covered bond legal framework were announced on December 17, 2012.

OBJECTIVE 3: PROMOTE AND CONTRIBUTE TO A STABLE, COMPETITIVE AND INNOVATIVE HOUSING SYSTEM

Strategic Priority 3.1

Undertake policy development, research and information transfer activities to enable Canadian consumers and the housing sector to make informed decisions

CMHC undertakes research and information transfer activities that contribute to ensuring the efficiency and stability of housing markets and to increasing the availability of affordable, high quality housing for Canadians. More informed housing decisions on the part of individual Canadians and industry members and wider adoption of best practices lead to increased market efficiency and foster innovation in areas such as sustainable housing. CMHC research also supports the development of housing-related public policy.

Core Activities

- Undertake research on the socio-economic aspects of housing including examining the housing needs of lower-income and other vulnerable Canadians, the impact of demographic trends and other factors on the housing market.
- Undertake research to build industry capacity and promote consumer knowledge, awareness and acceptance of best practices and technologies to advance the sustainability of new and existing housing throughout Canada, including in the North, and support the efficient functioning of housing markets.
- Undertake information transfer activities including demonstration projects, web-based information, print publications, seminars, workshops, presentations and other outreach activities.
- Represent the Government of Canada, when requested, on matters related to housing on the international front.

Challenges and Opportunities

CMHC develops its research plan based on government priorities and a review of both domestic and global factors and trends. Over the planning period, key areas of research will include:

LOWER-INCOME AND VULNERABLE CANADIANS

The majority of Canadians are able to meet their own housing needs without direct government assistance. However, it is estimated that, in 2006, approximately 12.7% of all Canadian households could not access adequate and suitable housing without spending more than 30% of their income.[1] Although the aggregate number of households and the number of individuals in households in core housing need may change only moderately from year to year, the population falling into core housing need is relatively dynamic. This is not unlike the situation that occurs in the labour market where the aggregate unemployment rate may not change much from month to month, but the specific workers who are unemployed at any given point in time is constantly shifting. An analysis of panel data from the Survey of Labour and Income Dynamics

[1] Based on estimates of households in core housing need derived from the 2006 Census; estimates based on the 2011 National Household Survey are expected to be published in 2014.

(SLID) for urban individuals for the three-year periods 2002 to 2004 and 2005 to 2007 revealed that between two-thirds and three-quarters of the individuals in households in core housing need were in need in only one or two years of the three-year period. A smaller proportion, between one-quarter and one-third, were persistently in need in each year of the three-year period.

AGING POPULATION

Seniors will make up about a quarter of the Canadian population by 2036. Increasingly, housing policy and design will need to focus on the delivery of housing and support services that are affordable and meet the needs of the aging population. Appropriate housing for seniors depends on a range of issues, including health, degree of independence and changes to household composition. Seniors wishing to remain in their homes may require additional supportive services. CMHC is updating its publication "Housing for Older Canadians: The Definitive Guide to the Over-55 Market". The guide is intended for those developing seniors' housing, including both for-profit developers and organizations interested in sponsoring housing projects for seniors. It responds to the increased interest in housing that is built specifically for seniors.

MODERATE-INCOME HOUSEHOLDS

A significant number of moderate-income households rely on rental housing. As the supply of new rental housing, in particular primary rental housing (housing that has been purposely built for rental tenancy), has been limited, these households have had to turn to a range of alternative sources of supply to meet their needs.

While low-income households (households in the lowest-income quintile) are generally eligible for assistance under subsidized housing and income support programs, some moderate-income households (those in the second-to-lowest quintile) typically cannot access these programs.

In recent years, low interest rates have made it possible for some moderate-income households who are renting to become homeowners. Accessing homeownership may become more difficult for moderate-income households should interest rates rise. This would create additional demand for rental housing and more competition for existing supply.

CANADA'S NORTH

Among the housing challenges in Canada's North are the harsh climatic conditions, high material and transportation costs and sensitive natural environments.

The private housing sector is weak in many smaller northern communities. Even in the larger communities with more economic activity, many households rely on subsidized housing from their employer or the government. The absence of well-functioning housing markets in many smaller northern communities means that private investment in rental and owner-occupied housing is limited.

Housing providers in the North are increasingly interested in examining the costs and benefits of housing retrofits, not only to extend the life of existing units but also to possibly apply operating cost savings in the delivery of new housing.

SUSTAINABLE HOUSING

While increased participation in "green" home building programs and CMHC's EQuilibrium™ Sustainable Housing Demonstration Initiative have resulted in increased industry capacity and the adoption of sustainable practices and technologies, the industry at large continues to face challenges in making conventional home building and renovations more sustainable. Affordability remains a primary concern for consumers. There is a need for more information on practical and cost-effective measures that can be used by the industry. CMHC is refocusing its research to advance sustainable technologies that are more broadly applicable – to housing that meets and exceeds current building codes.

Key Initiatives for 2013

3.1.1 Update analysis of urban housing conditions and core housing need based on the most recent Survey of Labour and Income Dynamics data and publish results.

3.1.2 Initiate update of CMHC's publications on seniors housing and undertake related information transfer activities.

3.1.3 Improve the understanding of the evolving nature of rental housing demand and supply.

3.1.4 Research and demonstrate culturally-appropriate highly energy efficient models for new and retrofitting existing housing in the North.

3.1.5 Provide increased practical information to builders, developers and consumers in order to advance sustainable housing and increase building performance, and use partnerships to transfer this information to wider audiences.

Performance Measures and Expected Outcomes

MEASURES	2011 Actual	2012			2013 Plan
		Plan	Mid-year[1]		
			Plan	Actual	
Per cent of attendees at information transfer seminars who found them useful	92	90	N/A	N/A	92
Per cent of recipients of newly published *Research Highlights* who found them useful	70	70	N/A	N/A	70
Per cent of recipients of newly published *About Your House* fact sheets who found them useful	86	80	N/A	N/A	80

[1] Assessed at year-end

EXPECTED OUTCOMES

Immediate	Intermediate	Long-term
Consumers, the housing industry, stakeholders and policy makers have access to timely and relevant information on housing.	Consumers and the housing industry are aware of and adopt best practices. Governments and other organizations have information to better assess policy options related to housing for Canadians in need.	Greenhouse gas emissions attributable to the residential sector are reduced through improved performance of new and existing homes.

Operating Expenses and Staff-Years

2013		2014		2015		2016		2017	
Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years
16.9	99	15.5	92	15.3	92	15.7	92	16.0	93

Strategic Priority 3.2

Provide comprehensive, timely and relevant market analysis information

CMHC undertakes market analysis activities to promote more efficient and stable housing markets by supporting better informed decision making on the part of individual Canadians and the housing industry. These activities also contribute to the Corporation's objectives with respect to its commercial mortgage loan insurance and securitization guarantee activities.

Core Activities

- Conduct a wide range of housing market surveys on new construction, primary and secondary rental markets, northern and seniors' housing.
- Provide quarterly analysis of housing markets and forecasts at the local, provincial and national levels as well as customized research for internal and external clients.
- Disseminate results of surveys, analyses, and forecasts through conferences, media releases, CMHC's website and publications, and respond to inquiries.

Challenges and Opportunities

MARKET STABILITY AND ENHANCED INFORMATION REGARDING HOUSING MARKET CONDITIONS AND INVESTOR ACTIVITY

CMHC will continue to monitor house prices and other factors such as investment activity that may play a role in market stability. Further enhancements to the analytical framework for house prices will be made. These enhancements will allow for a better assessment of conditions in key housing markets.

CMHC will also continue to collect data on investor activity in order to better understand its impact on condominium markets in Canada.

HOUSEHOLD DEBT LEVELS

Household debt levels remain a concern and CMHC will continue to closely monitor the financial health of Canadian households, with a focus on the more financially vulnerable segments of the population, by tracking a wide variety of indicators.

Key Initiatives for 2013

3.2.1 Further enhance the analytical framework on house prices and housing market conditions.

3.2.2 Continue to collect and analyze data on investor activity in the larger condominium markets in Canada.

3.2.3 Continue to develop a housing data portal to ensure information is easily accessible and available at detailed geographic levels.

3.2.4 Continue to monitor indicators of Canadian household financial health, and financially vulnerable households.

Performance Measures and Expected Outcomes

<table>
<tr><th rowspan="3">MEASURES</th><th rowspan="3">2011 Actual</th><th colspan="3">2012</th><th rowspan="3">2013 Plan</th></tr>
<tr><th rowspan="2">Plan</th><th colspan="2">Mid-year</th></tr>
<tr><th>Plan</th><th>Actual</th></tr>
<tr><td>Per cent of subscribers to market analysis publications who found them useful</td><td>93</td><td>93</td><td>N/A</td><td>N/A[1]</td><td>93</td></tr>
<tr><td>Per cent of attendees at Housing Outlook Conferences who found them useful</td><td>99.1</td><td>95</td><td>95</td><td>99.5</td><td>95</td></tr>
<tr><td>Forecast accuracy of housing starts (per cent)</td><td>-9.9</td><td>Within 10% of actual</td><td>N/A</td><td>N/A[1]</td><td>Within 10% of actual</td></tr>
<tr><td>Ranking of housing starts forecast accuracy among forecasters</td><td>10th among 15</td><td>Rank within top quartile</td><td>N/A</td><td>N/A[1]</td><td>Rank within top quartile</td></tr>
<tr><td colspan="6">[1] Assessed at year-end</td></tr>
<tr><th colspan="6">EXPECTED OUTCOMES</th></tr>
<tr><td colspan="3">Immediate to intermediate
Consumers, the housing industry, stakeholders and policy makers have access to timely and relevant information on housing markets.</td><td colspan="3">Intermediate to long-term
The housing market is more efficient and stable as a result of more effective matching of supply and demand.
Consumers and the housing industry are aware of and adopt best practices.</td></tr>
</table>

Performance measures for this strategic priority are assessed at year-end; however, two Housing Outlook Conferences conducted in the first quarter received high usefulness ratings.

Operating Expenses and Staff-Years

2013		2014		2015		2016		2017	
Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years	Op. Exp. ($M)	Staff-Years
35.1	265	35.0	267	35.1	271	36.2	271	36.7	272

CHAPTER III | Building a Strong Organization

To remain a strong organization that is able to fulfil its mandate, CMHC draws on sound corporate governance, and financial and risk management practices. It also relies on an engaged workforce supported by progressive human resources policies, and efficient support services and systems to achieve its business objectives.

CORPORATE GOVERNANCE

CMHC's Board of Directors

Pursuant to the CMHC Act, the stewardship of the Corporation is the responsibility of the Board of Directors which is comprised of the Chairperson, the President and Chief Executive Officer (CEO), the Deputy Minister of the Minister for CMHC[1], the Deputy Minister of Finance, and eight other directors.

With the exception of the President and Chief Executive Officer, all CMHC Directors are independent of Management. Except for the Chairperson, the President and CEO, and the two Deputy Ministers, who are all appointed to their respective office directly by the Governor in Council, members of the Board are appointed by the Minister for CMHC subject to the approval of the Governor in Council. The Board of Directors meets a minimum of five times per year with at least two of these meetings being held outside the National Capital Region.

The Audit Committee, Governance and Nominating Committee, the Human Resources Committee and the Risk Management Committee support the Board in carrying out its stewardship of the Corporation. The committees examine matters in their respective areas that are being considered by the Board. Their terms of reference are posted on CMHC's website at www.cmhc.ca and are reviewed on a regular basis by the Board.

The CMHC Pension Fund, established by the Board of Directors pursuant to the CMHC Act, is managed and administered by Trustees through a Trust Agreement. Within the framework of the Enterprise Risk Management Policies specific to the Pension Fund approved by the Board, the Trustees are responsible for setting investment objectives and policies, periodically reviewing strategic asset allocations and monitoring investment results. The outcomes of Trustees meetings and the performance of the Fund are regularly reported to the Board. The Board also receives an annual report on the Fund's investment activities.

[1] Amendments to the CMHC Act in 2012, as part of the *Jobs, Growth and Long-term Prosperity Act*, added the Deputy Minister of the Minister for CMHC and the Deputy Minister of Finance as ex officio members of the Board.

Corporate Planning and Reporting

Taking into account Government directions, the Board of Directors' planning session sets strategic directions for the five-year Corporate Plan.	The Corporate Plan is approved by the Government of Canada and a Summary of the Corporate Plan is tabled in Parliament.	Quarterly monitoring of performance and financial risks, public Quarterly Financial Reports, periodic Special Examinations, annual examination by OSFI of commercial housing finance activities, and semi-annual Enterprise Risk Management assessments are conducted.	The Annual Report, which includes a report on Corporate Responsibility, is submitted to the Minister for CMHC and tabled in Parliament. It reports on progress in meeting the Corporate Plan objectives.

Development of the five-year Corporate Plan begins with the Board planning session. At its planning session in March 2012, the Board reviewed global and national trends and assessed the potential impact of these and other factors on CMHC's operations. The Corporate Plan is based on directions arising from this planning session as well as on Government directions, in particular those contained in Budget 2012. In addition, the Minister for CMHC may provide guidance on government objectives and expectations.

On a quarterly basis, the Board reviews performance against plans and makes adjustments as required. The Board also reviews quarterly financial and risk management reports and semi-annual enterprise risk management reports. Since 2011, CMHC has been publishing a Quarterly Financial Report for the first three quarters of each year, pursuant to new provisions in the *Financial Administration Act*.

CMHC's annual report is submitted to the Minister of CMHC within three months from the end of its financial year (December 31) and is tabled in Parliament within 15 sitting days of the Minister's receipt. The annual report also outlines CMHC's corporate responsibility achievements and how they contribute to social, environmental and economic well-being. See text box for an excerpt from the 2011 Annual Report.

Excerpt from the 2011 Annual Report Corporate Responsibility Statement:

Housing is our Business.

Making a difference in the lives of Canadians is what we do every day in every part of the country and housing has been our focus for more than 65 years.

*Our employees are the **foundation** of our organization. We create a respectful, inclusive and supportive work environment where our employees are valued and encouraged to reach their full potential.*

*Our activities, including assisted housing programs, mortgage loan insurance, securitization, and research and information transfer, are our **building blocks**. We strive to perform these activities in a manner that maximizes our economic and social contributions and minimizes our environmental impacts.*

*Our governance structure provides the **roof** and ensures that we perform in a responsible, ethical and efficient manner.*

The *Financial Administration Act* states that a special examination shall be carried out at least once every 10 years and at any additional times that the Governor in Council, the appropriate Minister, the Board of Directors of the Corporation or the Auditor General of Canada may require. In the last special examination report dated August 25, 2008, CMHC received an unqualified opinion, meaning that the examiners found no significant deficiencies in the systems and practices of the Corporation. Following the most recent amendments to the NHA, the Office of the Superintendent of Financial Institutions is required, at least once in each calendar year, to "make or cause to be made any examination or inquiry that the Superintendent considers to be necessary or expedient to determine whether the Corporation is carrying on any or all of its commercial activities in a safe and sound manner with due regard to its exposure to loss".

Assessing Board performance

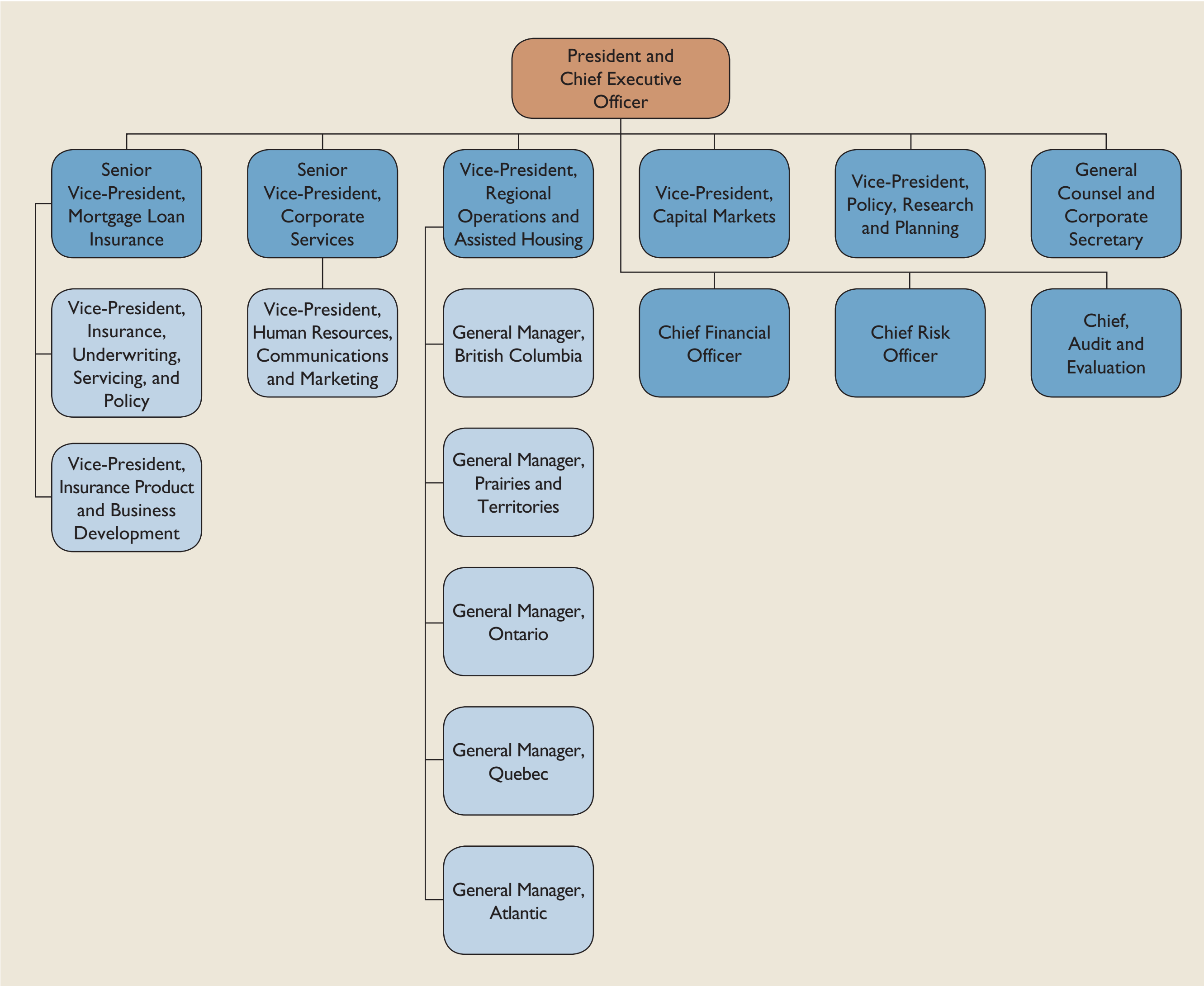
The CMHC Board skills profile was updated in 2012 and includes the roles and responsibilities of the Board of Directors; the core attributes, competencies and knowledge expected of Directors; and the specified skills, knowledge, and experience required of Board members, individually and collectively.

Conducting regular assessments of the Board's performance and effectiveness is integral to best governance practices. Two types of assessments are undertaken on alternate years – a peer assessment, which involves Board members assessing and providing feedback on each other's contributions, and an overall Board assessment, which examines the effectiveness of the Board in comparison to the boards of other Crown corporations.

The results of the Board assessment carried out in 2011 indicated effective leadership on the part of the Chairperson, the presence of a strong, positive working relationship between Board members and the President and Chief Executive Officer, and good Board oversight of the Corporation's main risks, its performance and its financial results.

CMHC Management

CMHC Management is comprised of the President and Chief Executive Officer, heads of business areas and support functions, and regional business centre General Managers. The Corporation has a workforce of approximately 2,000 employees. Its national office is located in Ottawa and regional business centres are in Halifax, Montréal, Toronto, Calgary and Vancouver. Several smaller communities are served by CMHC employees who live in these communities.


President and Chief Executive Officer
Senior Vice-President, Mortgage Loan Insurance
Vice-President, Insurance, Underwriting, Servicing, and Policy
Vice-President, Insurance Product and Business Development
Senior Vice-President, Corporate Services
Vice-President, Human Resources, Communications and Marketing
Vice-President, Regional Operations and Assisted Housing
General Manager, British Columbia
General Manager, Prairies and Territories
General Manager, Ontario
General Manager, Quebec
General Manager, Atlantic
Vice-President, Capital Markets
Vice-President, Policy, Research and Planning
General Counsel and Corporate Secretary
Chief Financial Officer
Chief Risk Officer
Chief, Audit and Evaluation

ENTERPRISE RISK MANAGEMENT (ERM)

CMHC is exposed to a variety of risks in its operating environment that could have an impact on the achievement of its objectives. The ability to respond appropriately and effectively to expected and unanticipated change is critical to the organization's success.

The Board of Directors is responsible for overseeing the Corporation's enterprise risk management framework and approves the annual risk appetite statements designed to ensure a consistent understanding of acceptable risk exposures.

The Board is supported by the Risk Management Committee. It is kept informed of significant risks and mitigating strategies through a variety of reporting mechanisms. Quarterly risk reporting provides details on significant financial risks and compliance with operational and financial risk policies. A semi-annual ERM report includes details on risk mitigating strategies. Other reports to the Board pertain to actuarial valuations and stress testing results. (See Chapter V for further details on risk management activities related to CMHC's Lending, Mortgage Loan Insurance and Securitization Activities.)

All members of CMHC Management play an integral role in ERM activities through their responsibilities for identifying, monitoring and reporting potential risks that may put the organization outside the tolerances as expressed in its risk appetite statement. The President and CEO provides the Board with assurance that these activities are being completed in an annual ERM Letter of Representation.

HUMAN RESOURCES

CMHC is able to fulfill its mandate largely due to the skills, knowledge, and competencies of its employees. CMHC's talent management framework and corporate culture have helped foster and maintain an engaged, bilingual and inclusive workforce committed to the mandate and objectives of the Corporation. Like many employers, CMHC will see many of its baby boomers retire in the next few years. Proper planning will help ensure that the Corporation is able to manage the renewal of its workforce.

The Corporation remains committed to offering its employees a compensation and pension plan package that is fair, competitive and sustainable in the long term. The results of a comprehensive review of CMHC's benefits plan will be implemented in 2013 to maximize the value and competitiveness of the plan for employees, while ensuring that the long-term sustainability of the plan is protected and that the cost to provide the plan is reasonable. As well, in Budget 2012, the Government announced its intention to work with Crown corporations to ensure that their pension plans are financially sustainable and broadly aligned with those available to federal employees.

Key Initiatives for 2013

1. Maintain the focus on succession planning for critical and vulnerable and senior management positions.
2. Enhance leadership development and the tools to assist employees explore opportunities and manage their career at CMHC.
3. Implement a new, more flexible group insurance plan.
4. Guided by the Government review of Crown corporation pension plans, CMHC will ensure that its pension plan is broadly aligned with that of the federal public service and sustainable for the long term at a reasonable cost.

Performance Measures

MEASURES	2011 Actual	2012 Plan	2012 Mid-year Plan	2012 Mid-year Actual	2013 Plan
Retention of regular employees recruited 3 to 5 years ago (per cent)	94	93	93	98.8	93
Level of employee engagement (per cent)[1]	95	90	N/A	N/A	TBD
Critical and vulnerable positions with succession plans underway (per cent)	100	100	75	96	100
Employees with development plans in place in CMHC's online performance management system (per cent)	97	95	95	96	95
Employees in bilingual positions meeting language requirements (per cent)	92	90	90	91	90
Representation rates for Aboriginal people, visible minorities and persons with disabilities reflect or exceed the labour representation rates in the latest Census (per cent)[2]	Aboriginal people				
	3.0	3.1	3.1	2.9	3.1
	Visible minorities				
	15.8	15.9	15.9	15.6	15.9
	Persons with disabilities				
	4.3	4.7	4.7	4.2	4.7

[1] In 2013, CMHC will be exploring the best approach and methodology to measure employee engagement. The target will be adjusted as appropriate.
[2] The 2013 Representation Rates targets will be adjusted, as appropriate, upon release of labour force participation rates based on the 2011 Census.

INTERNAL SERVICES AND GRANVILLE ISLAND

CMHC considers information technology to be an essential component of its strategy to continuously improve the efficiency and quality of services provided to Canadians.

Multi-year strategies, which are updated annually, ensure that CMHC technology remains viable and effective in supporting business activities. These strategies respond to challenges and exploit opportunities resulting from the rapid growth of technology. As part of these strategies, CMHC will be modernizing its financial systems, undertaking a risk assessment of its networks and Internet access services and implementing a new document management system.

CMHC is continuing to reduce its environmental footprint and reports on its accomplishments in this area as part of its overall corporate responsibility efforts.

Responsibility for administration and property management for Granville Island was transferred to CMHC in 1973 through an Order in Council. CMHC administers the ongoing operations and development of Granville Island on a self-sustaining basis at no cost to Canadian taxpayers. CMHC has maintained the Island in a reasonable state of repair, reinvesting surplus operating funds in infrastructure repair and maintenance. CMHC will continue to pursue opportunities to ensure the ongoing vitality and sustainability of Granville Island.

Key Initiatives for 2013

1. As part of the multi-year IT strategic road map, continue to implement the renewal and upgrade to technology and systems.
2. As part of the multi-year project to renew and integrate CMHC's financial systems, review and update the financial framework and processes to ensure they are effective, efficient and give due regard to risk.
3. Develop a document and records management initiative to enhance the organization and protection of information, and search capabilities.
4. Continue the renewal of Granville Island.

Performance Measures

MEASURE	2011 Actual	2012			2013 Plan
		Plan	Mid-year		
			Plan	Actual	
Technology index for key systems (per cent)	99.8	99.8	99.8	99.8	99.8

COMMUNICATIONS AND CORPORATE MARKETING

CMHC's communications and corporate marketing strategies serve to enhance awareness of the federal investment in housing as well as the Corporation's mandate, activities, and product and service offerings.

As part of its marketing strategies, CMHC will continue to raise awareness of its information products so that Canadians can make better informed decisions on housing. New digital Web-based technologies and increased use of social media are being implemented in order to more efficiently engage Canadians and identify potential business opportunities or emerging issues.

Key Initiative for 2013

1. Make greater strategic use of new and emerging technologies such as online tools, social media, and mobile technologies as part of CMHC's communications and marketing outreach.

OVERVIEW

The Financial Plan presents the financial results for 2011, forecasts for 2012, and projections for the 2013-2017 planning horizon. Consolidated financial results and forecasts include those for the following principal business activities as well as those of the Nordea International Equity Fund[1]. This Fund and the Canada Housing Trust (CHT) are separate legal entities.

- **Housing Programs:** Expenditures and operating expenses are funded by Parliamentary appropriations.
- **Lending:** Revenues are earned from interest income on the loan portfolio which is funded through borrowings.

  Housing Programs and the Lending Activity are operated on a breakeven basis.

- **Mortgage Loan Insurance:** Revenues are earned from premiums, fees and investment income. Expenses consist of operating expenses and net claim expenses. The Corporation's Net Income is primarily derived from this Activity.
- **Securitization:** Revenues are earned from guarantee fees and interest income. Expenses consist primarily of interest expenses. Operating expenses and issuer fees under the new legal framework for covered bonds to be administered by CMHC are accounted for under this Activity.

  Mortgage Loan Insurance and Securitization Activities are operated on a commercial basis and are expected to generate reasonable returns. CMHC is expected to recover the costs of administering the legal framework for covered bonds from participating issuers.

- **Canada Housing Trust (CHT):** Revenues are earned primarily from investment income and are used to cover operating expenditures and Canada Mortgage Bond (CMB) interest expense.

The Corporation adopted International Financial Reporting Standards (IFRS) effective January 1, 2010. The financial statements for the year-ended December 31, 2011 found in CMHC's 2011 Annual Report and reflected in this Summary are the first to be prepared under IFRS. The Financial Plan incorporates the results of the deficit reduction exercise announced in Budget 2012 and is based on publicly available economic forecasts and the consensus among major Canadian forecasters.

[1] The Nordea International Equity Fund is consolidated with CMHC's Consolidated Financial Statements as required by IAS 27: *Consolidated and separate financial statements* on the basis that CMHC controls the Fund and that Fund investments are included in CMHC's mortgage loan insurance and securitization investment portfolios.

CONSOLIDATED FINANCIAL RESULTS AND PLAN

Highlights – Consolidated Financial Results and Plan								
($M)	Actual 2011	Plan 2012	Estimate 2012	Plan				
				2013	2014	2015	2016	2017
Revenues	13,914	14,286	13,572	12,317	10,667	10,792	11,467	12,314
Expenses	11,832	12,349	11,549	10,307	8,841	8,981	9,768	10,659
Net Income before Income Taxes	2,082	1,937	2,023	2,010	1,826	1,811	1,699	1,655
Net Income after Income Taxes	1,529	1,497	1,535	1,524	1,384	1,373	1,291	1,258
Other Comprehensive Income	120	0	32	(66)	(165)	(47)	(38)	(25)
Comprehensive Income	1,649	1,497	1,567	1,458	1,219	1,326	1,253	1,233
Total Assets	291,890	290,027	292,163	267,847	239,624	242,638	249,412	257,128
Total Liabilities	279,799	276,337	278,505	252,731	223,289	224,977	230,498	236,981
Equity of Canada								
■ Capital	25	25	25	25	25	25	25	25
■ AOCI[1]	902	499	918	731	627	556	523	506
■ Retained Earnings	11,164	13,166	12,715	14,360	15,683	17,080	18,366	19,616
Total Equity	12,091	13,690	13,658	15,116	16,335	17,661	18,914	20,147
Operating Expenses	420	427	440	463	452	451	463	467
Staff-Years	1,975	1,947	1,935	1,878	1,847	1,822	1,813	1,803

[1] Accumulated Other Comprehensive Income

Revenues

In 2011, Revenues of $13,914 million were $565 million or 4% below plan largely due to lower than planned Parliamentary appropriations for Housing Programs. Accelerated delivery of housing programs under Canada's Economic Action Plan and the Affordable Housing Initiative in 2010 caused this to occur. Lower than planned interest income from NHA MBS due to lower than expected interest rates also impacted Revenues, but this was partially offset by higher than planned gains on the sale of investments.

Expenses

The lower appropriations and interest income, as noted, led to a corresponding decrease in Expenses and, therefore, had no impact on Net Income. Net claims were also lower due to better than expected economic conditions which also contributed to lower expenses.

Net Income

As a result of the variances noted above, Net Income of $1,529 million in 2011 exceeded plan by $186 million or 14%.

For 2012, Net Income is projected to be $1.5 billion, in line with the 2012-2016 Corporate Plan. It is projected to remain at this level in 2013 but is forecast to decline in subsequent years to $1.3 billion by 2017. This decrease over the planning period is due to lower premium receipts in the Mortgage Loan Insurance Activity anticipated in 2012 and 2013 that will in turn lead to lower earned premiums in future years. (Premiums and fees are received at the inception of the mortgage insurance policy and are recognized as revenue over the period covered by the insurance contract.) The projected decrease in premium receipts in 2012 and 2013 results from an overall reduction in the size of the high ratio mortgage loan insurance market, as well as lower portfolio insurance volumes.

Other Comprehensive Income (OCI)

Other Comprehensive Income, which is comprised of unrealized gains/losses caused by changes in the fair valuation of investments related to Mortgage Loan Insurance and Securitization Activities and net actuarial gains/losses from CMHC's post-employment benefits, totalled $120 million in 2011. This was $79 million higher than expected, mainly due to $367 million in higher than planned unrealized fair value fluctuations caused by market appreciation on investment securities and $88 million in higher than planned re-classification of realized investment gains to Net Income. These variances were partially offset by higher than planned net actuarial losses from post-employment benefits of $200 million due to unexpected fluctuations in the discount rate assumptions and a lower than anticipated return on pension fund assets.

Assets and Liabilities

As at December 31, 2011, Assets totalled $292 billion and Liabilities totalled $280 billion. These amounts exceeded plan by $11 billion and $10 billion, respectively, and were due mainly to higher investor demand for Canada Mortgage Bonds. Total Assets and Liabilities are projected at $292.2 billion and $278.5 billion, respectively, in 2012. They are expected to decline over the planning horizon, reflecting reductions in outstanding balances of investments and borrowings related to NHA MBS held by the Securitization Activity under the Insured Mortgage Purchase Program (IMPP), which ended in March 2010.

Total Equity

Total Equity, comprised largely of Retained Earnings, is estimated to be $13.7 billion in 2012 and is projected to be $15.1 billion in 2013 and $20.1 billion by 2017.

RETAINED EARNINGS

At the end of 2011, Retained Earnings totalled $11,164 million, up from $9,815 million in 2010. The majority of Retained Earnings in 2011, $10,299 million, stem from the Mortgage Loan Insurance Activity. Growth in Retained Earnings from the Mortgage Loan Insurance Activity in recent years reflects successive years of high business volumes and, more recently, success in managing the impact of defaults during and after the economic downturn.

Retained Earnings in 2011 also included $951 million related to the Securitization Activity up from $745 million in 2010, largely due to earned fees and realized gains on sale of available-for-sale financial investments.

Due to the commercial nature of its Mortgage Loan Insurance and Securitization Activities, CMHC is expected to cover operating and future claims expenses without any funding from the Government of Canada. In addition to the current claim provisions and unearned premium reserves set aside for future claims, Retained Earnings are also set aside for capitalization to ensure that sufficient funds are available to meet claims and any unforeseen costs.

Capital requirements related to the Mortgage Loan Insurance Activity are determined in accordance with guidelines established by the Office of the Superintendent of Financial Institutions (OSFI). Retained Earnings of $9,028 million were set aside for capitalization in 2011 for the Mortgage Loan Insurance Activity. Additional information is presented in Chapter V: Risk Management and Investment Plans. Retained Earnings related to the Securitization Activity are also appropriated based on regulatory and economic capital principles. In 2011, under the Securitization Activity, $699 million of Retained Earnings was set aside for capitalization.

CMHC's Retained Earnings also include provisions for a Reserve Fund under the Lending Activity. This Reserve Fund is subject to a statutory limit with any excess amounts payable to the Government of Canada. A portion of the Reserve Fund is held by the Corporation to address interest rate risk exposure on pre-payable loans as well as credit risk associated with the Municipal Infrastructure Lending Program. Unrealized Gains and Losses are also accounted for in the Reserve Fund.

CMHC's Retained Earnings, including earnings set aside for capitalization and the Reserve Fund, are consolidated with the Government of Canada's Public Accounts and represent a reduction of the Government's accumulated deficit. CMHC's Net Income contributes to improving the Government's fiscal position.

The following presents the financial plan highlights by activity for 2013:

Highlights – 2013 Financial Plan by Key Business Area or Activity

($M)	Housing Programs	Lending	Mortgage Loan Insurance	Securitization	CHT	Inter-segment Elimination	Consolidated
Revenues	2,101	601	2,556	1,765	5,537	(243)	12,317
Expenses (including income taxes)	2,101	591	1,234	1,558	5,537	(228)	10,793
Net Income (Loss)	0	10	1,322	207	0	(15)	1,524
Other Comprehensive Income	0	44	(126)	1	0	15	(66)
Comprehensive Income	0	54	1,196	208	0	0	1,458
Assets	0	13,812	21,280	31,618	203,848	(2,711)	267,847
Liabilities	0	13,695	7,585	30,168	203,848	(2,565)	252,731
Equity of Canada							
▪ Capital	0	25	0	0	0	0	25
▪ AOCI	0	0	717	16	0	(2)	731
▪ Retained Earnings	0	92	12,978	1,434	0	(144)	14,360
Total Equity	0	117	13,695	1,450	0	(146)	15,116

ACCOUNTING CHANGES

The International Accounting Standards Board ("the IASB") continues to develop and publish accounting standards in order to achieve high quality financial reporting. CMHC monitors new standards and amendments to existing standards that have been issued by the IASB.

The following have been identified as having a potential impact on the Corporation's results and Consolidated Financial Statements in the future.

NEW STANDARDS		Impact to CMHC's Consolidated Financial Statements on adoption	Effective for annual periods beginning on or after
IFRS 10	*Consolidated Financial Statements*	No material impact	1 January 2013
IFRS 11	*Joint Arrangements*	No material impact	1 January 2013
IFRS 12	*Disclosure of Interests in Other Entities*	Enhanced disclosure	1 January 2013
IFRS 13	*Fair Value Measurement*	Potential increase in the fair value of real estate properties as well as an increase to Net Income	1 January 2013
IFRS 9	*Financial Instruments*	Not yet determined	1 January 2015
Amended Standards			
IFRS 7	*Financial Instruments: Disclosures*	Not yet determined	1 January 2013
IAS 1	*Presentation of Financial Statements*	No material impact	1 January 2013
IAS 19	*Employee Benefits*	Overall change in pension expenses reflected in Net Income with a corresponding offset in actuarial gains and losses recognized in Other Comprehensive Income	1 January 2013
IAS 32	*Financial Instruments: Presentation*	Not yet determined	1 January 2014

FINANCIAL PLAN BY OBJECTIVE

Objective 1: Support access to affordable housing for Canadians in need

Financial information is presented for Housing Programs and for Lending Activity under this objective.

HOUSING PROGRAMS

Under Objective 1, the Government of Canada reimburses CMHC for payments it makes under Housing Programs in support of Canadians and for related operating expenses. Information in this section on CMHC's Housing Programs is largely presented on a fiscal year basis – April 1st through March 31st – consistent with the basis on which funding for these programs is approved by Parliament. On a calendar year basis, this funding would be as follows:

Housing Programs - Financial Forecast Results

($M)	Actual 2011	Plan 2012	Estimate 2012	Plan				
				2013	2014	2015	2016	2017
Housing Programs Expenses	2,044	2,023	2,172	1,988	1,746	1,670	1,694	1,679
Operating Expenses	119	115	114	113	104	100	101	102
Total Appropriations	2,163	2,138	2,286	2,101	1,850	1,770	1,795	1,781

For fiscal year 2011-12, $2,048.3 million was spent under Housing Programs for grants, contributions and subsidies of which $1,982.4 million, or 97%, was spent on the achievement of this objective. Eighty-five per cent or $1,685 million of this amount represented funding under long-term commitments for existing social housing which are ongoing and non-discretionary.

Funding for new commitments of affordable housing for Canadians in need, including Aboriginal Canadians, was $294 million.

Also in 2011-12, $3.7 million was spent under Canada's Economic Action Plan for certain renovation projects ($1.4 million) where completion had been hindered by weather conditions such as flooding and severe winter storms, and for subsidies ($2.3 million) relating to new construction on reserve.

In 2012-13 and 2013-14, approximately $2,083.7 million and $2,042.1 million, respectively, will be spent on helping meet the housing needs of lower income Canadians. These amounts account for 97% and 98% of total planned Housing Program expenditures for the 2012-13 and 2013-14 periods.

The 2011-12 results and the 2012-13 plan have been restated to reflect the change in CMHC's Program Alignment Architecture (PAA). The PAA is part of the Government's expenditure management system. CMHC's PAA was changed to better reflect the current environment, including the new responsibilities outlined in the *National Housing Act* amendments

Planned Housing Program expenditures under Objective 1 reflect the items noted below:

- **Investment in Affordable Housing 2011-2014**

  On July 4, 2011, the federal, provincial and territorial ministers responsible for housing announced a $1.4 billion combined investment toward reducing the number of Canadians in housing need under a new Investment in Affordable Housing 2011-2014 Framework. The new Framework combines the previous level of federal funding for the Affordable Housing Initiative and renovation programs under a single funding envelope.

  CMHC has signed bilateral agreements with eleven of the thirteen jurisdictions (excluding Yukon and Prince Edward Island) that relate to delivery arrangements for the combined affordable and renovation housing funding envelope. Yukon and Prince Edward Island chose to extend the existing delivery arrangements for the AHI and renovation programs.

  Federal funding for the Investment in Affordable Housing (IAH) expires March 31, 2014.

- **Affordable Housing Initiative**

  Planned spending in 2012-13 and 2013-14 includes funding for Yukon and Prince Edward Island who chose to extend existing delivery arrangements for the Affordable Housing Initiative, and final payments under Phase II of the Affordable Housing Initiative to be made to the Province of Ontario for rent supplement commitments.

- **Renovation Programs**

  Included in the 2012-13 and 2013-14 funding is spending associated with jurisdictions where CMHC will continue to deliver the renovation programs under the IAH 2011-2014 Framework and the Family Violence Initiative, specifically in the Yukon and Prince Edward Island, as well as on reserve. Also included is funding for expenditures associated with commitments made in prior years where CMHC had been delivering the renovation programs.

- **Assisted Housing Long-term Agreements**

  Funding provided to housing projects under long-term agreements fall within two categories: Social Housing Agreements (SHAs) and CMHC/ Provincially Administered Agreements.

  - **Social Housing Agreements:** All provinces and territories, except Prince Edward Island, Quebec and Alberta, have signed SHAs transferring the administration of the existing social housing stock to them. The Financial Plan takes into account the terms of the SHAs and reflects the assumption that agreements will not be signed with the three remaining jurisdictions during the planning period.

    Where SHAs have been signed (in seven provinces and three territories), federal funding to support the ongoing obligations continues to flow to provinces and territories based on the accountability frameworks incorporated within each agreement. In addition, provinces and territories received their share of the default, interest and inflation reserves when they took over the administration of the housing portfolio. In exchange for the flexibility and federal funding, provinces and territories accepted administrative responsibility and all financial risks related to the portfolio, including inflation and interest rate risk, risks associated with loan defaults, and the costs of modernization/ improvement.

    Funding provided under these Social Housing Agreements represents close to $1 billion of the $1.7 billion currently provided in ongoing subsidies for the existing social housing portfolio under long-term arrangements.

- **CMHC/Provincially Administered Agreements:** In those jurisdictions where SHAs have not been signed (Prince Edward Island, Quebec and Alberta), long-term agreements are administered either by the Province or by CMHC. In addition, in Ontario and British Columbia, the federally delivered co-operative housing portfolio was not transferred to these provinces under the SHA and continues to be administered by CMHC.

- **Seed Funding and Proposal Development Funding (PDF)**

  Seed Funding and Proposal Development Funding (see Glossary) provide financial assistance to organizations that are in the early stages of developing an affordable housing proposal that will not require federal government subsidy. While funding in any given year cannot be directly correlated with the units facilitated in that same year, the funding available in 2013-14 and subsequent years is between $4.2 million and $5.0 million per year.

  Organizations receiving Seed Funding and PDF receive advice and information through CMHC's Affordable Housing Centre (see Glossary). In total, the Centre facilitated some 2,838 units in 2011 either through such funding or through other tools.

- **Enhanced Assistance**

  Through Enhanced Assistance, CMHC provides funding as a last resort to pre-1986 Section 95 housing projects in financial difficulty. Projects experience difficulties for a number of reasons including local market decline, project mismanagement and deferred project maintenance. Enhanced Assistance is currently limited to $5.0 million annually.

- **Housing Programs On Reserve**

  CMHC's reference level is increased by $4 million per year on a continuing basis to fund new commitments for the On-Reserve Non-Profit Rental Housing Program and Residential Rehabilitation Assistance Program. CMHC will provide $1.75 million in contributions in 2013-14 for First Nations capacity development and liaison activities.

- **Strategic Review (2009) and Deficit Reduction Exercise (2011)**

  In the 2009 Budget, the Government announced a plan to conduct a comprehensive analysis of all programs to ensure their relevance, effectiveness and efficiency. In Budget 2010, the federal government announced the results of the Strategic Review.

  In 2011, efforts to reduce the federal deficit were undertaken by all federal departments and agencies, including CMHC. The focus was on decreased spending and required a review of CMHC's operations and government appropriation-based programs. The global results of the deficit reduction exercise were announced in Budget 2012.

  CMHC identified, through administration and program efficiencies in both exercises, savings of $99.9 million in 2011-12, $106.6 million in 2012-13, $126.4 million in 2013-14, and $204.6 million in 2014-15 and beyond. These savings will have no impact on low-income Canadians receiving housing assistance through the federal or provincial/territorial governments.

LENDING ACTIVITY

Lending Activity comprises primarily of Direct Lending. Under Direct Lending, CMHC provides mortgage financing to groups who receive federal social housing grants, contributions and subsidies both on and off reserve. The Corporation obtains these funds through the Crown Borrowing Program which enables financing to be provided at a lower interest rate, thus lowering ongoing project operating costs. CMHC's Direct Lending rates are based on its cost of funds from the Government plus a small margin to cover administrative expenses. The Lending Activity is operated on a breakeven basis.

Social housing projects benefit by receiving lower mortgage interest rates than they would otherwise be able to access. Lending Activity is largely related to the renewal of existing CMHC loans. New loans arise from on-reserve housing programs and from existing social housing projects seeking to renew mortgages which were previously held by other financial institutions.

The Lending Activity also includes loans related to the Municipal Infrastructure Lending Program (MILP) component of CEAP and other loans under various provisions of the *National Housing Act*. Low-cost loans under MILP totalled $2 billion and were made to municipalities to finance housing-related infrastructure projects.

In 2011, Net Income from the Lending Activity was $13 million, $7 million higher than plan due mainly to a $20 million interest loss recovery. CMHC is reimbursed for interest losses incurred by the Corporation as a result of some eligible prepayment and re-pricing activity. This reimbursement is included in Interest Earned on Loans and Investments in Housing Programs and recovered from the Government of Canada through Housing Program appropriations. The interest loss recovery in 2011 was partially offset by a $10 million higher than planned Net Unrealized Loss from Financial Instruments resulting from significantly lower than expected interest rates.

Loans and investments are projected to decline from $12.7 billion in 2011 to $11.8 billion in 2012 as repayments on existing loans will exceed new lending commitments. In subsequent years, they will continue to decline, reaching $7.5 billion by 2017.

Lending – Financial Forecast Results

($M)	Actual 2011	Plan 2012	Estimate 2012	Plan				
				2013	2014	2015	2016	2017
Net Interest Income (Loss)	45	32	27	23	21	21	19	16
Unrealized Gains (Losses) from Financial Instruments	(23)	(11)	0	(16)	(10)	13	(12)	9
Other Income	21	14	26	26	22	24	24	25
Operating Expenses	19	26	22	26	25	25	26	25
Income Taxes	11	0	3	(3)	(2)	4	(3)	2
Net Income (Loss)	13	9	28	10	10	29	8	23
Other Comprehensive Income	(77)	5	6	44	(22)	8	(2)	(3)
Comprehensive Income	(64)	14	34	54	(12)	37	6	20
Loans and Investments in Housing	12,666	11,503	11,802	10,968	10,057	9,169	8,313	7,489
Other Assets	2,784	2,705	2,931	2,844	3,276	3,258	3,094	2,760
Total Assets	15,450	14,208	14,733	13,812	13,333	12,427	11,407	10,249
Total Liabilities	15,421	14,019	14,670	13,695	13,228	12,285	11,259	10,081
Equity of Canada								
■ Contributed Capital	25	25	25	25	25	25	25	25
■ Retained Earnings	4	164	38	92	80	117	123	143
Total Equity	29	189	63	117	105	142	148	168

Net Income projected over the planning period for the Lending Activity mainly represents the recovery of the costs of post-employment benefits relating to the Housing Program Activity that is presented under Other Income. These costs are recorded in the Lending Activity's Reserve Fund in the year incurred and recovered through Housing Program appropriations on an amortization basis.

Objective 2: Facilitate access to a range of housing options for Canadians, and promote and contribute to the stability of the financial system and the efficient functioning and competitiveness of the housing finance market, with due regard to the Corporation's exposure to loss

Financial information is presented for the Mortgage Loan Insurance Activity, the Securitization Activity and the Canada Housing Trust under this objective. As noted earlier, Revenues and Expenses related to administering the covered bond legal framework are included in the Securitization Activity.

MORTGAGE LOAN INSURANCE ACTIVITY

CMHC's insured loan volumes are influenced by the economy, housing starts, competitive pressures and the regulatory environment.

The volume of activity in the mortgage market is expected to moderate in the second part of 2012.

Insurance Net Income of $1,336 million was recorded in 2011 which was $177 million higher than projected in the 2011-2015 Corporate Plan. The variance to plan was largely caused by significantly higher than planned Realized Gains from Financial Instruments and lower than planned Net Claims. These variances were partially offset by lower than planned Premiums and Fees as well as higher than planned Unrealized Losses from Financial Instruments.

As at December 31, 2011, the Mortgage Loan Insurance Activity equity was $11,183 million, compared to the 2011-2015 Corporate Plan estimate of $10,298 million. The difference is primarily due to the higher than expected Net Income and an increase in Accumulated Other Comprehensive Income (AOCI) as a result of financial market conditions which increased Unrealized Gains on Investment Securities.

Mortgage Loan Insurance Activity - Financial Forecast Results

($M)	Actual 2011	Plan 2012	Estimate 2012	Plan 2013	Plan 2014	Plan 2015	Plan 2016	Plan 2017
Total Revenues	2,570	2,544	2,517	2,556	2,427	2,356	2,293	2,267
Total Expenses	758	826	834	809	841	795	820	848
Comprehensive Income	1,534	1,318	1,316	1,196	1,033	1,095	1,047	1,016
Unappropriated Retained Earnings	1,271	2,767	1,416	2,312	3,523	4,761	5,829	6,777
Retained Earnings Set Aside for Capitalization	9,028	9,154	10,167	10,666	10,619	10,578	10,624	10,748

The annual actuarial valuation of the Mortgage Loan Insurance Activity as at September 30, 2011, prepared by CMHC's external independent Appointed Actuary, confirmed the adequacy of its reserves for policy liabilities.

Net Income of $1,275 million is forecast for 2012, compared to $1,331 million projected in the 2012-2016 Corporate Plan. The difference is primarily due to lower income from investments. Projected Net Income is expected to decline from $1,322 million in 2013 to $1,077 million by 2017.

Based on the volumes projected in the Corporate Plan and annual repayments of between $60 billion and $65 billion, insurance-in-force is forecast to decrease from about $576 billion at the end of 2012 to about $573 billion by the end of 2013 and to about $569 billion by the end of 2017. The total of outstanding insured amounts of all CMHC-insured loans under Section 15 of the *National Housing Act* may not exceed $600 billion.

SECURITIZATION ACTIVITY AND THE CANADA HOUSING TRUST (CHT)

CMHC's securitization programs guarantee the timely payment of interest and principal of *National Housing Act* Mortgage-Backed Securities issued by financial institutions and of Canada Mortgage Bonds issued by the Canada Housing Trust. These activities are commercial in nature and do not receive Parliamentary appropriations.

In addition to data presented below, information on CMHC's securitization programs may be found in the Securitization Guarantee Plan later in this Summary.

In 2011, $116.7 billion of funding was provided to mortgage lenders through securities guaranteed by CMHC. This exceeded the 2011 plan of $52 billion by $64.7 billion.

With the $116.7 billion of securities guaranteed in 2011, CMHC's guarantees-in-force totalled $362.3 billion – $200.8 billion CMB and $161.5 billion of market NHA MBS – as at December 31, 2011. Under Section 15 of the *National Housing Act*, the aggregate outstanding amount of principal guarantees may not exceed $600 billion.

Projected securities guaranteed for 2012 through 2017 are presented in the table below.

With the projected securities, and taking into consideration net maturities, guarantees-in-force are expected to remain relatively stable over the planning period.

Securitization Activity: Annual Securities Guaranteed

($M)	Actual 2011	Plan 2012	Estimate 2012	Plan				
				2013	2014	2015	2016	2017
Market NHA MBS	75,475	24,000	75,000	55,000	55,000	55,000	55,000	55,000
CMB	41,250	40,000	40,500	35,000	35,000	36,000	39,000	39,000
Total	116,725	64,000	95,500	90,000	90,000	91,000	94,000	94,000

Total Guarantees-in-Force								
($M)	Actual 2011	Plan 2012	Estimate 2012	Plan				
				2013	2014	2015	2016	2017
Total market MBS Outstanding at year-end	161.6	136.2	211.7	210.0	211.1	205.6	202.6	194.3
Total CMB Outstanding at year-end	200.8	203.1	203.6	203.1	201.9	206.8	213.5	221.3
Total Guarantees-in-force at year-end	362.3	339.3	415.3	413.1	413.0	412.4	416.1	415.6

Estimates for 2012 based on mid-year results indicate that Net Income for Securitization will be $112 million higher than planned, mainly due to higher than planned fees as a result of higher than planned volumes and realized gains on financial instruments. Retained Earnings are expected to increase to $1,223 million in 2012 compared to $1,097 million in the 2012-2016 Corporate Plan. This difference is primarily due to higher than planned Net Income and a difference in the opening Retained Earnings balance.

Total Revenue is forecast to decline from $2,054 million in 2012 to $257 million in 2017 largely due to the decline in interest income from NHA MBS held under the Insured Mortgage Purchase Program (IMPP). Total Revenue includes interest revenue from NHA MBS loans receivable which is offset by interest expense. Decreases in expenses and assets and liabilities are also mainly due to the maturing investment assets within IMPP. All of these assets will have matured by the end of 2015. Net income resulting from Fees, Other revenues and gains from financial instruments is expected to decline from $271 to $181 million.

Highlights of the projected financial results for Securitization and the CHT are presented in the following table.

Canada Housing Trust and Securitization—Financial Forecast Results								
($M)	Actual 2011	Plan 2012	Estimate 2012	Plan				
				2013	2014	2015	2016	2017
CANADA HOUSING TRUST								
Revenues	6,702	7,221	6,323	5,537	5,539	6,053	6,859	7,780
Expenses	6,702	7,221	6,323	5,537	5,539	6,053	6,859	7,780
Comprehensive Income	0	0	0	0	0	0	0	0
Retained Earnings	0	0	0	0	0	0	0	0
SECURITIZATION								
Revenues	2,044	1,909	2,054	1,765	513	273	265	257
Expenses	1,757	1,697	1,693	1,489	256	28	15	15
Comprehensive Income	223	165	234	208	202	199	206	203
Unappropriated Retained Earnings	252	367	420	619	854	1,048	1,210	1,363
Retained Earnings Set Aside for Capitalization	699	730	803	815	771	761	787	815

Objective 3: Promote and contribute to a stable, competitive and innovative housing system

Financial information is presented for Housing Programs related to housing research and the development of housing-related public policy, and the management of Granville Island under this objective.

HOUSING PROGRAMS

CMHC undertakes research and information transfer activities that contribute to the availability of affordable, sustainable and high quality housing for Canadians. In conjunction with this research, activities under this objective also include the development of housing-related public policy. CMHC's market research activities support better informed decision making on the part of individual Canadians and the housing industry and contribute to more efficient and stable housing markets.

Of the $2,048.3 million spent in 2011-12 under Housing Programs, $65.9 million, or approximately 3.2%, was spent on the achievement of this objective.

In 2012-13 and 2013-14, approximately $54.9 million and $46.9 million, respectively, will be spent on achieving this objective. This represents 2.6% and 2.2% of total planned Housing Program expenditures for the 2012-13 and 2013-14 periods. The forecast requirements reflect the outcomes from the 2009 Strategic Review and the 2011 deficit reduction exercise which will be phased in over the planning horizon.

Planned results for 2011-12 and 2012-13 have been restated to include housing surveys, data and extensive analysis and forecasting of economic, housing and mortgage market trends and conditions previously reported as part of Objective 2.

GRANVILLE ISLAND

Granville Island is a cultural, recreational and commercial development owned by the Government of Canada and managed by CMHC. CMHC assumed the property management and development function in 1973 on behalf of the Government of Canada. Granville Island was created from the conversion of the former industrial site with a capital infusion of $25 million from the federal government. The Island has been self-sufficient, with operating and capital maintenance financed through funds generated from operations.

Working on a self-sustaining basis, Granville Island achieved an operating surplus of $755 thousand for the 2011-2012 fiscal year while undertaking upgrades to the Public Market and other Island buildings and infrastructure. A fully accessible children's playground was completed. Granville Island continued its support for various events and activities, reinforcing its ongoing commitment to arts and culture.

Granville Island is expecting an operating surplus of approximately $627 thousand in 2012-2013 and between $662 thousand and $726 thousand yearly in the five-year planning horizon on revenues of between $11.8 million and $12.7 million annually.

CHAPTER V | Risk Management and Investment Plans

CMHC has comprehensive risk management policies and practices. The Corporation's Enterprise Risk Management Framework guides the Board of Directors and CMHC Management in identifying, managing and reporting potential risks. This chapter provides additional details on risks associated with CMHC's Lending, Mortgage Loan Insurance and Securitization Activities and the actions that CMHC takes to mitigate those risks. The management and investment objectives of the lending repayments, mortgage loan insurance and securitization investment portfolios are also provided in this chapter.

LENDING ACTIVITY RISKS

Since 1991, CMHC has assumed the interest rate risk exposure on borrowings through the Crown Borrowing Program. Prepayment eligibility varies from program to program with some borrowers having the right to prepay without penalty. The Corporation, however, does not have the ability to prepay, without penalty, its corresponding debt with the Government. This has resulted in asset/liability mismatches. Based on historical activity, CMHC could face an estimated impact on annual earnings of $1.31 million per year over a 13-year period.

The estimated fair value of loans arising from CMHC's Lending Activity (excluding loans under the Municipal Infrastructure Lending Program (MILP)) totalled $12.0 billion on an outstanding book value of $10.0 billion as at June 30, 2012.

As CMHC lends to a large number of non-profit entities, it is often not possible to attribute specific credit ratings established by independent credit agencies. This risk is offset by the fact that losses relating to defaults on these loans are largely recoverable from various levels of government.

As at December 31, 2011, possible losses relating to defaults for approximately 23% of CMHC's loan portfolio (excluding MILP) is recoverable from the federal government to the extent that such recoveries are within CMHC's Parliamentary appropriations. Possible losses on defaults for approximately 24% of the portfolio are recoverable from CMHC's Mortgage Loan Insurance Activity. Reserves have been provided for claims that may result from these loans. Approximately 40% relates to loans under various social housing agreements negotiated with the provinces/territories. Under these agreements, the provinces/territories have taken on the default risk associated with these loans. Finally, possible default losses on approximately 13% of the portfolio are recoverable from Aboriginal Affairs and Northern Development through Ministerial Loan Guarantees.

It is noted that Municipal Infrastructure Lending Program (MILP) loans represent $1.9 billion or 16% of loans provided by CMHC. MILP loans are assessed on a regular basis to determine if a provision for loss is necessary. As at December 31, 2011, no impaired loans had been identified and no provision for loss had been recorded.

MORTGAGE LOAN INSURANCE ACTIVITY, CAPITAL MANAGEMENT FRAMEWORK AND STRESS TESTING

CMHC follows prudential regulations as set out by OSFI. These regulations stipulate the use of the Minimum Capital Test (MCT) to measure the capital adequacy of an insurer. The MCT is the ratio of capital available to capital required. With respect to CMHC, capital available is equal to mortgage loan insurance retained earnings plus accumulated other comprehensive income. Capital required is calculated by applying risk factors to assets, policy liabilities and other exposures.

Capital Management Framework

In March 2012, the Board of Directors approved changes to the Capital Management Framework as a result of changes in MCT factors implemented by OSFI for 2012.

Key capital targets:

- Minimum Regulatory Capital: 100% MCT. Below this level, an insurance company would no longer be allowed to write new business. A level below 0% MCT indicates insolvency.
- Internal Capital Target: 175% MCT. The internal capital target provides adequate time for management to resolve financial problems that may arise, while minimizing the need for regulatory intervention.
- Capital Holding Target: 200% MCT. In line with general practice among insurance companies, CMHC holds additional capital to reduce the likelihood of falling below its internal capital target.

Stress Testing

Using 10,000 consistent economic scenarios supplied by Towers Watson STAR Economic Scenario Generator, CMHC's stress testing model simulates the impact of each of these economic scenarios on the 2013-2017 Corporate Plan as well as other plausible adverse business scenarios. Each scenario includes 10 years of new business which then runs off over the next 20 years. The economic scenarios include 30 years of outcomes for real GDP growth, the unemployment rate, the five-year mortgage rate, and investment returns for up to 40 asset classes.

The economic variables are used to generate outcomes for the volume of mortgage loan insurance written, short-term changes in claim frequencies, changes in house prices and the value of invested assets. Investment income and asset modelling is integrated with the modelling of mortgage loan insurance business activity.

The results of the stress testing indicate that CMHC continues to be within the acceptable levels of risks set out in its Capital Management Framework and risk appetite statement. For all economic and adverse business scenarios tested, the probability that MCT drops below 100% is less than 1%. Tests have also validated CMHC's internal target and capital holding target.

In summary, the Mortgage Loan Insurance Activity is well positioned to weather severe economic and plausible adverse business scenarios. Results of economic and business stress tests remain within the Board risk and capital tolerance levels. Testing has also validated that CMHC's internal target level of 175% MCT and the capital holding level of 200% MCT meet the Capital Management Framework requirements.

CMHC continues to focus on monitoring and proactively managing the performance of its insurance business.

SECURITIZATION ACTIVITY RISKS

CMHC guarantees the timely payment of interest and principal of *National Housing Act* Mortgage-Backed Securities (NHA MBS) issued by Approved Issuers and of Canada Mortgage Bonds (CMB) issued by the Canada Housing Trust (CHT). Timely payment guarantee, counterparty and liquidity risks are mitigated by requiring participants to meet minimum standards and robust legal and operation frameworks.

In exchange for CMHC's guarantee, the Approved Issuer transfers all rights and security interest on the underlying pool of mortgage loans to CMHC, in trust for investors. A contractual legal agreement framework is in place to protect CMHC's rights to and interests in the mortgages. An OSFI-regulated document/title custodian holds and maintains all documents related to the NHA MBS securities and underlying mortgage loans.

The major risk of financial loss to the Corporation arising from CMHC's guarantee is making timely payments when an Approved Issuer is unable to honour its commitments and the assets backing the securities are insufficient.

For NHA MBS, the risk associated with the default of an Approved Issuer is mitigated by both quality assessment and monitoring of the Approved Issuers, and by a minimum spread requirement between the security coupon and the lowest mortgage rate in the pool. In the event of an Approved Issuer default, the spread is made available to CMHC for the continued servicing of both underlying mortgages and the NHA MBS payments. All securitized mortgages have mortgage insurance coverage to protect against borrower default.

Under the CMB program, the Trustee maintains the trust property and ensures the Trust fulfills its obligations while the Trust Administrator is responsible for the day-to-day management of CHT operations. CMHC is the financial services advisor to the Trust and guarantor of securities issued by the Trust. NHA MBS are sold to CHT by Approved Sellers.

The Trust is exposed to the credit risk of its counterparties through swap and repurchase (repo) agreements. The swap counterparties effectively absorb all prepayment and reinvestment risk associated with the assets held by the CHT. Using only highly rated counterparties and collateralization help mitigate the risk of default. A drop in credit rating triggers monthly interest retention by the CHT. Repo counterparty credit risk is mitigated through rating requirements, transaction limits, and collateral.

The risk of default on investments held by the Trust is managed by limiting the eligible investments to relatively risk-free NHA MBS, obligations issued by the Government of Canada and limited amounts of AAA asset-backed commercial paper supported by liquidity arrangements consistent with Global Liquidity Style standards. Swap counterparties are permitted to invest in reverse repurchase agreements with eligible counterparties using NHA MBS or Government of Canada securities as collateral. None of the investments are permitted to have a maturity date longer than that of the related CMB issue.

Since the introduction of the Crown Borrowing Program, additional short-term borrowings from the federal government may be requested to fulfill CMHC's timely payment guarantee with regard to the Corporation's guarantee activities. CMHC pays the Government of Canada a risk premium to compensate the Government for its exposure to the risks associated with the timely payment guarantee.

INVESTMENT PLAN FOR THE REINVESTMENT OF LENDING ACTIVITY PRINCIPAL REPAYMENTS

Principal repayments are invested in high credit quality short-term fixed-income instruments taking into consideration the Corporation's risk appetite statements and business activities. Investments under management had a market value of $1.4 billion as at June 30, 2012. It is expected that over the planning period, the principal repayments under the Lending portfolio will be within the $1 billion to $1.5 billion range.

Eligible investments under the Lending Activity are limited to high quality short-term fixed-income and money market instruments. The objective of the portfolio's investment activities is to generate a target return of Canadian Dealer Offered Rate (CDOR) plus five basis points.

As at June 30, 2012, year-to-date returns for the reinvestment of principal repayments under CMHC's Lending Activity were 26 basis points over CDOR, which exceeded the target of CDOR plus 5 basis points. The return on the portfolio is expected to achieve and often exceed its target over the planning horizon.

INVESTMENT PLANS FOR THE MORTGAGE LOAN INSURANCE AND SECURITIZATION PORTFOLIOS

All investment-related activities are subject to CMHC's Enterprise Risk Management policies, which are reviewed and approved annually by the Board of Directors. These include policies for investment objectives, asset allocation, credit risk, market risk, liquidity risk, derivatives activity, and performance measurement. In keeping with good governance practices, the investment positions, performance, and risk exposures are monitored daily by an independent risk management group and they are also reviewed quarterly by both the Asset/Liability Management Committee (ALCO), and the Board of Directors. An Investment Committee with three external advisors provides technical support to ALCO with respect to the mortgage loan insurance and securitization investment portfolios.

The investment portfolios for mortgage loan insurance and securitization consist of cash flow from premiums or guarantee fees, application fees, and interest received. Claims and expenses are netted from cash flows.

Total investments under management had a market value of $21,232 million, ($19,499 million for mortgage loan insurance and $1,733 million for securitization) as at June 30, 2012, compared to $19,198 as at June 30, 2011.

The objective of the mortgage loan insurance investment portfolio is to maximize the total return on a pre-tax basis after related operating expenses. This is achieved through a strategic asset allocation policy that takes into account the time horizon and liquidity needs of the liabilities, as well as the regulatory environment, capital objectives, and risk appetite of the Corporation. Investment activity for the mortgage loan insurance portfolio in 2013 will include activities related to the ongoing management of investments in fixed-income, equities, and alternative investments. The strategic asset allocation policy is reviewed every five years or more frequently, as necessary.

The Board of Directors approved a revised investment objective and strategic asset allocation policy in the fall of 2012 for the securitization investment portfolio. The objective of the securitization investment portfolio is to maximize the capacity to meet liquidity needs of the timely payment guarantee and to preserve capital through investments in Government of Canada securities. Equity investments will be divested in 2012 and activity in 2013 will consist of ongoing management of fixed-income investments.

As at June 30, 2012, the year-to-date return for the consolidated mortgage loan insurance portfolios was 2.20%, compared to a consolidated index return of 2.04%. For the securitization portfolio, the year-to-date return was 2.34%, compared to a consolidated index return of 2.88%. Based on their respective strategic asset allocation policies, the five-year expected average nominal returns are 2.79% for the mortgage loan insurance portfolio and 1.56% for the securitization portfolio.

It should be noted that, in October of 2008, CMHC began investing in NHA MBS under IMPP. These investments, while recognized as part of the Securitization Activity, are excluded from the strategic asset allocation of the securitization investment portfolio as they were made with the explicit goal of assisting Canadian financial institutions to raise longer-term funds and, therefore, do not contribute to the overall return of the investment portfolio.

OPERATING BUDGET

The operating budget covers expenses related to CMHC's Housing Programs, Lending, Mortgage Loan Insurance and Securitization Activities. (Included in the Securitization Activity are expenses related to administering the legal framework for covered bonds.) Human resource requirements are planned and accounted for in terms of staff-years and reflect planned business volumes and performance standards.

In 2011, actual spending of $332.0 million was $40.8 million or 11% below the amended annual plan of $372.8 million. Savings in personnel costs were realized as a result of lower than planned staff-year consumption, in part because of lower insurance initiation volumes and new delivery arrangements with provinces and territories. As well, the pension expense was lower than planned by $2.9 million. In non-personnel costs, CMHC undertook further measures to reduce its discretionary spending in response to the environment of fiscal restraint, particularly in areas of marketing and promotion, transportation and professional services.

The operating expenses for 2012 are expected to be $351.9 million which is $1.2 million or 0.3% over the approved plan of $350.7 million. A higher than planned pension expense as result of changes in discount rate assumptions and a lower return on assets is driving the increased costs.

The 2013 operating resource requirements are summarized below.

Operating Budget

	Actual 2011	Approved 2012	Estimate 2012	Approved 2013
Staff-Years	1,974.5	1,946.7	1,935.3	1,878.2
($M)				
Personnel excluding Pension Expense	211.5	214.8	211.7	217.9
Non-Personnel	99.3	118.6	108.3	114.1
Total excluding Pension Expense	310.8	333.4	320.0	332.0
Pension Expense	21.2	17.3	31.9	49.7
Total including Pension Expense	332.0	350.7	351.9	381.7

Pension expense continues to have a significant impact on CMHC's operating expenses into 2013. The 2013 expense of $49.7 million is forecast to be $28.5 million higher than the 2011 actual expense and $32.4 million over the 2012 approved plan. The increase reflects the sensitivity of the pension expense to the current environment of low interest rates both in terms of discount rate assumptions and return on assets. In addition, the 2013 forecast reflects the IFRS requirement that the expected long-term return assumption on the pension plan assets equate with the discount rate used in projecting the expense.

As part of Budget 2012, the Government indicated it is committed to respecting its pension obligations but that it will take steps to ensure public sector pension plans are sustainable, financially responsible and broadly consistent and fair relative to those offered in the private sector. CMHC has already taken steps to adjust the employee pension plan contribution rates, and a review of the pension plan design is underway to ensure that the plan remains sustainable in the long term.

The 2013 operating budget also reflects reductions related to CMHC's contribution to the Government's deficit reduction exercise as announced in Budget 2012.

The plan reflects lower mortgage loan insurance initiation volumes in 2013 compared to 2012 as a result of a moderation in the overall level of housing activity.

The budget provides for some additional resource requirements to support OSFI's oversight work and costs associated with administering the legal framework for covered bonds (although these latter costs will be recovered from industry participants).

Planned staff-years for Housing Programs decline from 2012 to 2013, reflecting the impact of the Government's deficit reduction exercise. They decline further in 2014 and 2015 due to the expiration, in March 2014, of funding under the Investment in Affordable Housing 2011-2014 Framework and the existing arrangements for the Affordable Housing Initiative and the renovation programs. Planned staff-years for the Mortgage Loan Insurance Activity decline from 2012 to 2013 and then remain stable, reflecting the estimated impact of lower insurance initiation volumes due to a moderation in the overall level of housing activity. For the Securitization Activity, planned staff-years, which increase from 2012 to 2013 and then stabilize, include requirements related to administering the legal framework for covered bonds. For the Lending Activity, minor fluctuations over the planning period reflect the timing of Direct Lending renewals.

CAPITAL BUDGET FOR FURNITURE, EQUIPMENT AND BUSINESS PREMISES

CMHC's Capital Budget for Furniture, Equipment and Business Premises provides for the fit-up of CMHC's office space, the ongoing repair and replacement of worn out assets, the acquisition of new assets, and the principal portion of the long-term lease payments for the National Office "C" Building.

Commitments against the capital budget for 2011 were $5.5 million as planned.

The projected requirements of $6.1 million for 2012 are in line with the approved budget.

In 2011, CMHC embarked upon a significant investment of $1.0 million annually for 5 years in energy efficiency initiatives in its National Office complex. These investments have an average payback of seven years.

The capital requirement projection for 2013 is $6.6 million.

Capital Budget for Furniture, Equipment and Business Premises

($Thousands)	Commitments 2011	Approved 2012	Estimate 2012	Approved 2013
Furniture & Equipment	792.0	874.0	924.0	1,148.0
Business Premises	2,476.4	2,742.0	2,692.0	2,627.0
Obligations under Capital Lease	2,225.6	2,495.2	2,495.2	2,797.5
Total	5,494.0	6,111.2	6,111.2	6,572.5

CAPITAL BUDGET FOR LOANS AND INVESTMENTS

The Corporation's Capital Budget for Loans and Investments provides for borrowings for loans to acquire, construct or renovate housing under the various programs of the *National Housing Act*, and to help Canadians in need to access affordable, sound and suitable housing.

Capital commitments made in 2011 totalled $651.6 million which represents a decrease of 11% from an amended plan of $729.0 million. This is a result of reduced capital budget requirements related to delayed delivery of renovation programs as well as the signing of new Investment in Affordable Housing Agreements by the majority of provinces and territories. Capital requirements on reserve were also decreased due to delayed delivery of the On-Reserve Non-Profit Rental Housing Program. The decrease in capital requirements were partially offset by higher than anticipated commitment activity under the Municipal Infrastructure Lending Program (MILP) which ended on March 31, 2011.

The 2012 Capital Budget of $279.8 million and the 2013 Capital Budget of $234.3 million reflect the continued delivery of renovation programs off reserve under the Investment in Affordable Housing.

Capital Budget for Furniture, Equipment and Business Premises				
($M)	Actual 2011	Approved 2012	Estimate 2012	Approved 2013
Total	**651.6**	**279.8**	**281.3**	**234.3**

BORROWING PLAN

Prior to 1993, CMHC obtained funding for lending by borrowing directly from the Government of Canada. From 1993 until early 2008, CMHC obtained funds from capital markets. Since April 2008, funds have been obtained by borrowing from the Consolidated Revenue Fund under the federal government's Crown Borrowing Program.

CMHC borrows to fund the following categories of activities:

1. *National Housing Act* (NHA) Part I purposes including for NHA Mortgage-Backed Securities (NHA MBS) and mortgages, including the Insured Mortgage Purchase Program (IMPP);
2. The Direct Social Housing Lending initiative;
3. Other loans and investments in housing programs that include loans made under the Municipal Infrastructure Lending Program; and
4. Cash management and liquidity.

CMHC's 2013 Borrowing Plan includes new borrowing requirements of $1.2 billion, largely for Direct Lending loans, and repayments in the year of $25.2 billion, of which $23.5 billion relates to maturities under IMPP. CMHC has approval for total outstanding borrowings not to exceed $68.5 billion in 2013.

SECURITIZATION GUARANTEE PLAN

The *National Housing Act* Mortgage-Backed Securities (NHA MBS) and Canada Mortgage Bonds (CMB) programs are important pillars of Canadian financial institutions' diversified mortgage funding platforms. The programs' reliable funding framework is especially beneficial to smaller mortgage lenders who lack the scale of their larger counterparts but who, through CMHC's securitization programs, can access residential mortgage funding. The end result of these programs is that Canadians seeking mortgage financing benefit from enhanced competition in the mortgage market.

NHA MBS

The NHA MBS Program provides a framework for transforming insured residential mortgages into marketable securities which provides a more efficient secondary mortgage market. The residential mortgages are insured against borrower default. Under the NHA MBS Program, Approved Issuers, who have to satisfy eligibility requirements, participate in the NHA MBS Program by issuing NHA Mortgage-Backed Securities (MBS) backed by pools of insured residential mortgages for sale to investors. NHA MBS are "modified pass-through" amortizing securities. Investors receive a monthly payment which consists of the MBS coupon on the security and all principal payments received on the underlying mortgage loans. The Issuer is required to ensure funds are made available for payment to Investors irrespective of whether the underlying mortgagor has fulfilled its payment obligations.

Under the NHA MBS program, CMHC as Guarantor provides a timely payment guarantee of principal and interest to Investors. CMHC's guarantee is a direct irrevocable, unconditional obligation of CMHC and, therefore, of the Government of Canada. Going forward, CMHC, in its role as guarantor, will continue to make enhancements to its products, policies and operations to improve the program's efficiency and effectiveness.

In 2013, a plan of $55 billion in market NHA MBS issuance has been approved.

CANADA MORTGAGE BONDS (CMB)

The objectives of the CMB Program are to promote competition in the residential mortgage market and to ensure an adequate supply of mortgage funding to financial institutions.

Canada Housing Trust (CHT) is a special purpose trust, consolidated with CMHC's operations and created for the specific purpose to issue CMB. The Trust sells non-amortizing CMB to investors and uses the proceeds to purchase mortgages packaged into NHA MBS from Approved Sellers. To appeal to a larger investor base, the program provides investors with a bond-like investment. Monthly cash flows from the amortizing NHA MBS pools are transferred into non-amortizing bond cash flows with fixed interest payments and principal at maturity. The CMB Program eliminates the prepayment and cash flow risks inherent in typical mortgage investments as they offer regular coupon payments and a single repayment of principal at maturity. CMB carry the guarantee of full and timely payment of interest and principal of the Government of Canada as provided through CMHC.

In 2013, a plan of $35 billion of new CMB issuance has been approved.

2009 TO 2012 FINANCIAL HIGHLIGHTS

Corporate Results[1]	2009 Actual	2010 Actual	2011 Actual	2012 Plan	2012 Estimate
Total Assets ($M)	272,821	287,940	291,890	290,027	292,163
Total Liabilities ($M)	263,558	277,499	279,799	276,337	278,505
Reserve Fund ($M)	151	68	(9)	164	29
Total Equity of Canada ($M)	9,263	10,441	12,091	13,690	13,658
Total Revenues ($M)	13,164	14,454	13,914	14,286	13,572
Total Operating Expenses ($M)[2]	416	406	420	427	440
Total Expenses ($M)	11,939	12,474	11,832	12,349	11,549
Net Income ($M)	931	1,440	1,529	1,497	1,535
Other Comprehensive Income ($M)	483	311	120	-	32
Comprehensive Income ($M)	1,414	1,751	1,649	1,497	1,567
Staff-Years	1,999	2,069	1,975	1,947	1,935
Insurance					
Total Insured Volumes (Units)	1,048,736	643,991	630,957	550,335	396,417
Insurance-in-force ($B)	473	514	567	557	576
High ratio homeowner	246	271	286	291	300
Low ratio portfolio	196	209	243	230	238
Multi-unit residential	31	34	38	36	38
Premiums and Fees Received ($M)	2,464	1,941	1,653	1,671	1,450
Investments (including cash) ($M)[3]	15,901	17,597	19,112	19,826	20,131
Unappropriated Retained Earnings ($M)	2,009	860	1,271	2,767	1,416
Appropriated Retained Earnings ($M)	5,937	8,201	9,028	9,154	10,167
Net Insurance Claims Expense ($M)	1,112	497	562	625	616
Net Income ($M)	742	1,275	1,336	1,331	1,275
Other Comprehensive Income ($M)	411	323	198	(13)	41
Comprehensive Income ($M)	1,153	1,598	1,534	1,318	1,316
Securitization					
Annual Securities Guaranteed ($M)	135,447	95,069	116,725	64,000	95,500
Securitization Guarantees-in-force ($M)	300,320	325,802	362,308	339,300	415,300
Borrowings from the Government of Canada ($M)	61,260	59,200	55,401	52,947	53,071
Fees Received ($M)	291	222	257	151	280
Investments (including cash) ($M)[3]	62,260	60,440	57,012	54,518	54,923
Unappropriated Retained Earnings ($M)	409	38	252	367	420
Appropriated Retained Earnings ($M)	538	707	699	730	803
Net Income ($M)	69	175	211	159	271
Other Comprehensive Income ($M)	27	25	12	6	(37)
Comprehensive Income ($M)	96	200	223	165	234
Housing Programs					
Housing Program Expenses ($M) (excluding operating expenses)	2,505	3,040	2,044	2,023	2,172
Affordable Housing Expenditures ($M)	250.8	297	127.1	411.5	411.5
Estimated Households Assisted through long-term Commitments	620,000	613,500	604,200	597,800	596,300
New Commitments (units) under Renovations Programs	18,000	18,158	6,730	2,794	3,748
On-reserve	1,193	1,283	1,015	1,109	1,102
Off-reserve	16,807	16,875	5,715	1,685	2,646
New commitments On-reserve Non-Profit Units[4]	822	766	604	548	571
Lending					
Loans and Investments in Housing Programs ($M)	11,727	12,381	12,666	11,503	11,802
Borrowings from Capital Markets ($M)	4,448	3,054	2,218	1,775	1,831
Borrowings from the Government of Canada ($M)	8,593	10,756	12,146	11,390	11,862
Net Income ($M)	(16)	13	13	9	28
Canada Housing Trust					
Assets ($M)	182,206	196,638	201,795	204,221	204,470
Liabilities ($M)	182,240	196,638	201,795	204,221	204,470

[1] 2009 Actual is accounted for under CGAAP; 2010 onward is accounted for under IFRS
[2] Total Operating Expenses are included in Total Expenses
[3] Includes investments in NHA MBS: Loans and Receivables
[4] Excludes CEAP units

2013 TO 2017 FINANCIAL HIGHLIGHTS

Corporate Results[1]	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Total Assets ($M)	267,847	239,624	242,638	249,412	257,128
Total Liabilities ($M)	252,731	223,289	224,977	230,498	236,981
Reserve Fund ($M)	87	76	113	119	139
Total Equity of Canada ($M)	15,116	16,335	17,661	18,914	20,147
Total Revenues ($M)	12,317	10,667	10,792	11,467	12,314
Total Operating Expenses ($M)[2]	463	452	451	463	467
Total Expenses ($M)	10,307	8,841	8,981	9,768	10,659
Net Income ($M)	1,524	1,384	1,373	1,291	1,258
Other Comprehensive Income ($M)	(66)	(165)	(47)	(38)	(25)
Comprehensive Income ($M)	1,458	1,219	1,326	1,253	1,233
Staff-Years	1,878	1,847	1,822	1,813	1,803
Insurance					
Total Insured Volumes (Units)	355,597	357,210	356,115	356,776	358,144
Insurance-in-force ($B)	573	572	571	569	569
High ratio homeowner	302	306	310	313	316
Low ratio portfolio	234	229	225	221	218
Multi-unit residential	37	37	36	35	35
Premiums and Fees Received ($M)	1,294	1,333	1,361	1,393	1,426
Investments (including cash) ($M)[3]	20,769	21,449	22,205	23,028	23,924
Unappropriated Retained Earnings ($M)	2,312	3,523	4,761	5,829	6,777
Appropriated Retained Earnings ($M)	10,666	10,619	10,578	10,624	10,748
Net Insurance Claims Expense ($M)	561	592	544	563	587
Net Income ($M)	1,322	1,201	1,182	1,117	1,077
Other Comprehensive Income ($M)	(126)	(168)	(87)	(70)	(61)
Comprehensive Income ($M)	1,196	1,033	1,095	1,047	1,016
Securitization					
Annual Securities Guaranteed ($M)	90,000	90,000	91,000	94,000	94,000
Securitization Guarantees-in-force ($M)	413,100	413,000	412,400	416,100	415,600
Borrowings from the Government of Canada ($M)	29,582	2,117	0	0	0
Fees Received ($M)	224	224	226	233	233
Investments (including cash) ($M)[3]	31,587	4,310	2,388	2,597	2,810
Unappropriated Retained Earnings ($M)	619	854	1,048	1,210	1,363
Appropriated Retained Earnings ($M)	815	771	761	787	815
Net Income ($M)	207	193	183	188	181
Other Comprehensive Income ($M)	1	9	16	18	22
Comprehensive Income ($M)	208	202	199	206	203
Housing Programs					
Housing Program Expenses ($M) (excluding operating expenses)	1,988	1,746	1,670	1,694	1,679
Affordable Housing Expenditures ($M)	257.8	58	2	2	2
Estimated Households Assisted through long-term Commitments	585,800	571,900	547,200	523,900	492,500
New Commitments (units) under Renovations Programs	1,279	810	523	523	523
On-reserve	1,103	788	523	523	523
Off-reserve	176	22	0	0	0
New commitments On-reserve Non-Profit Units[4]	465	417	407	397	389
Lending					
Loans and Investments in Housing Programs ($M)	10,968	10,057	9,169	8,313	7,489
Borrowings from Capital Markets ($M)	1,436	1,404	734	270	0
Borrowings from the Government of Canada ($M)	11,383	10,989	10,753	10,218	9,329
Net Income ($M)	10	10	29	8	23
Canada Housing Trust					
Assets ($M)	203,848	202,685	207,632	214,471	222,328
Liabilities ($M)	203,848	202,685	207,632	214,471	222,328

[1] 2009 Actual is accounted for under CGAAP; 2010 onward is accounted for under IFRS
[2] Total Operating Expenses are included in Total Expenses
[3] Includes investments in NHA MBS: Loans and Receivables
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TABLE 1

Consolidated Financial Statements

Balance Sheet (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Assets									
Cash and Cash Equivalents	4,518	1,401	1,497	1,702	1,698	1,751	1,683	1,587	1,556
Investment Securities:									
Designated at Fair Value through Profit or Loss	1,127	903	1,401	1,163	1,238	1,719	1,942	1,822	1,466
Held for Trading	0	397	0	433	499	521	545	571	598
Available for Sale	16,540	17,549	17,521	17,830	18,496	19,225	20,026	21,022	22,058
Investments in NHA Mortgage-Backed Securities:									
Loans and Receivables	244,253	256,655	255,516	256,718	232,690	204,034	206,820	213,570	221,305
Loans:									
Designated at Fair Value through Profit or Loss	7,831	7,132	6,388	6,689	6,191	5,618	5,071	4,556	4,074
Other	4,646	4,726	4,369	4,367	4,086	3,799	3,505	3,204	2,896
Investments in Housing Programs	805	808	746	746	691	640	593	553	519
Accrued Interest Receivable	878	983	1,463	1,241	1,111	1,109	1,135	1,207	1,318
Deferred Income Tax Assets	0	78	0	27	0	0	0	0	0
Derivatives	0	169	19	114	76	45	23	13	5
Due from the Government of Canada	220	403	265	370	370	365	365	365	365
Accounts Receivable and Other Assets	617	686	842	763	701	798	930	942	968
Total Assets	281,435	291,890	290,027	292,163	267,847	239,624	242,638	249,412	257,128
Liabilities									
Securities Sold Under Repurchase Agreements	0	272	250	400	400	400	400	400	400
Borrowings:									
Canada Mortgage Bonds	186,382	199,373	199,692	201,120	200,615	199,452	204,495	211,158	218,797
Capital Market Borrowings	2,071	2,203	1,775	1,817	1,422	1,390	720	267	0
Borrowings from the Government of Canada:									
Designated at Fair Value through Profit or Loss	6,861	6,584	6,244	6,715	6,540	6,455	6,537	6,269	5,710
Other	64,166	60,963	58,093	58,218	34,425	6,651	4,216	3,949	3,619
Accrued Interest Payable	636	860	1,233	1,029	901	893	921	996	1,106
Derivatives	16	72	17	73	52	33	17	10	4
Accounts Payable and Other Liabilities	824	1,172	789	1,178	955	961	931	910	909
Provision for Claims	1,246	1,041	968	1,011	931	930	871	866	880
Unearned Premiums and Fees	7,924	7,259	7,170	6,944	6,475	6,110	5,836	5,643	5,527
Deferred Income Tax Liabilities	13	0	106	0	15	14	33	30	29
Total Liabilities	270,139	279,799	276,337	278,505	252,731	223,289	224,977	230,498	236,981
Equity of Canada									
Contributed Capital	25	25	25	25	25	25	25	25	25
Accumulated Other Comprehensive Income (Loss)	224	902	499	918	731	627	556	523	506
Retained Earnings	11,047	11,164	13,166	12,715	14,360	15,683	17,080	18,366	19,616
Total Equity of Canada	11,296	12,091	13,690	13,658	15,116	16,335	17,661	18,914	20,147
Total Liabilities and Equity of Canada	281,435	291,890	290,027	292,163	267,847	239,624	242,638	249,412	257,128

TABLE 2

Consolidated Financial Statements

Statement of Income and Comprehensive Income (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Revenues									
Interest Income from NHA Mortgage-Backed Securites - Loans Receivables	8,674	8,274	8,738	7,830	6,859	5,628	5,911	6,694	7,615
Premiums and Fees	2,079	2,002	1,965	2,045	1,986	1,922	1,861	1,820	1,774
Interest Earned on Loans and Investments in Housing Programs	686	658	630	598	558	514	473	434	406
Income from Investment Securities	608	622	606	583	594	689	760	787	810
Net Realized Gains (Losses) from Financial Instruments	62	197	132	79	114	(37)	(101)	(162)	(193)
Net Unrealized Gains (Losses) from Financial Instruments	(9)	(118)	(13)	43	11	21	42	19	38
Other Income	89	116	90	108	94	80	76	80	83
	12,189	11,751	12,148	11,286	10,216	8,817	9,022	9,672	10,533
Parliamentary Appropriations for:									
Housing Programs	2,165	2,044	2,023	2,172	1,988	1,746	1,670	1,694	1,679
Operating Expenses	125	119	115	114	113	104	100	101	102
	2,290	2,163	2,138	2,286	2,101	1,850	1,770	1,795	1,781
Total Revenues	14,479	13,914	14,286	13,572	12,317	10,667	10,792	11,467	12,314
Expenses									
Interest Expense	9,275	8,806	9,274	8,321	7,295	6,051	6,316	7,048	7,926
Housing Programs	2,165	2,044	2,023	2,172	1,988	1,746	1,670	1,694	1,679
Net Claims	790	562	625	616	561	592	544	563	587
Operating Expenses	440	420	427	440	463	452	451	463	467
Total Expenses	12,670	11,832	12,349	11,549	10,307	8,841	8,981	9,768	10,659
Income before Income Taxes	1,809	2,082	1,937	2,023	2,010	1,826	1,811	1,699	1,655
Income Taxes	466	553	440	488	486	442	438	408	397
Net Income	1,343	1,529	1,497	1,535	1,524	1,384	1,373	1,291	1,258
Other Comprehensive Income (Loss)									
Items that will be subsequently reclassified to Net Income:									
Net Unrealized Gains (Losses) from Available for Sale Financial Instruments (net of tax)	60	427	75	148	(26)	(53)	(68)	(74)	(147)
Reclassification of Prior Years' Unrealized Net (Gains) Losses Realized in the Period in Net Income (net of tax)	(38)	(126)	(86)	(132)	(161)	(51)	(3)	41	130
Total Items that may be reclassified to profit or loss subsequently	22	301	(11)	16	(187)	(104)	(71)	(33)	(17)
Items that will not be subsequently reclassified to Net Income:									
Net Actuarial Gains (Losses) on Post-employment Benefits (net of tax)	19	(181)	11	16	121	(61)	24	(5)	(8)
Other Comprehensive Income	41	120	0	32	(66)	(165)	(47)	(38)	(25)
Comprehensive Income	1,384	1,649	1,497	1,567	1,458	1,219	1,326	1,253	1,233

TABLE 3

Consolidated Financial Statements

Statement of Equity of Canada (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Unappropriated									
Opening Balance	503	839	2,350	1,446	1,716	2,792	4,217	5,628	6,836
Effect of Accounting Policy Change	(305)	0	0	0	0	0	0	0	0
Income Tax Benefit on Earnings Set Aside for Capitalization	1	1	0	0	0	0	0	0	0
Acturial Gains/Losses included in OCI	12	(104)	6	10	77	(39)	16	(3)	(5)
Net Income	1,337	1,529	1,488	1,503	1,510	1,373	1,344	1,283	1,235
Set aside for Capitalization	(658)	(819)	(726)	(1,243)	(511)	91	51	(72)	(152)
Balance 31 December	890	1,446	3,118	1,716	2,792	4,217	5,628	6,836	7,914
Earnings Set Aside for Capitalization (Insurance)									
Opening Balance	8,763	8,201	8,428	9,028	10,167	10,666	10,619	10,578	10,624
Set aside for Capitalization	651	827	726	1,139	499	(47)	(41)	46	124
Balance 31 December	9,414	9,028	9,154	10,167	10,666	10,619	10,578	10,624	10,748
Earnings Set Aside for Capitalization (Securitization)									
Opening Balance	696	707	730	699	803	815	771	761	787
Set aside for Capitalization	7	(8)	0	104	12	(44)	(10)	26	28
Balance 31 December	703	699	730	803	815	771	761	787	815
Total Earnings Set Aside for Capitalization	10,117	9,727	9,884	10,970	11,481	11,390	11,339	11,411	11,563
Reserve Fund for Lending									
Opening Balance	86	68	150	(9)	29	87	76	113	119
Effect of Accounting Policy Change	(59)	0	0	0	0	0	0	0	0
Actuarial Gains/Losses included in OCI	7	(77)	5	6	44	(22)	8	(2)	(3)
Net Income	6	0	9	32	14	11	29	8	23
Balance 31 December	40	(9)	164	29	87	76	113	119	139
Total Retained Earnings	11,047	11,164	13,166	12,715	14,360	15,683	17,080	18,366	19,616
Accumulated Other Comprehensive Income (Loss)									
Opening Balance	202	601	510	902	918	731	627	556	523
Other Comprehensive Income	22	301	(11)	16	(187)	(104)	(71)	(33)	(17)
Balance 31 December	224	902	499	918	731	627	556	523	506
Contributed Capital	25	25	25	25	25	25	25	25	25
Total Equity of Canada	11,296	12,091	13,690	13,658	15,116	16,335	17,661	18,914	20,147

TABLE 4

Consolidated Financial Statements

Statement of Cash Flows (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Cash Flows Provided by (Used in) Operating Activities									
Net Income	1,343	1,529	1,497	1,535	1,524	1,384	1,373	1,291	1,258
Items not Affecting Cash or Cash Equivalents:									
Amortization of Premiums and Discounts on Financial Instruments	(213)	60	(2)	(87)	(50)	(59)	(62)	(63)	(44)
Deferred Income Taxes	(123)	(91)	31	44	35	(5)	14	(8)	(7)
Change in Fair Value of Financial Instruments Carried at Fair Value	(53)	19	14	(43)	(11)	(21)	(42)	(19)	(38)
(Gain) Loss on Sale of Securities	0	(197)	0	(79)	(114)	37	101	162	193
Net Change in Non-cash Operating Assets and Liabilities[1]	490		(139)						
Accounts Receivable and Other Assets		(164)		(61)	85	(45)	(134)	(13)	(25)
Accrued Interest Receivable		(4)		(258)	131	2	(26)	(72)	(111)
Due from the Government of Canada		128		33	0	5	0	0	0
Unearned Premiums and Fees		(98)		(315)	(469)	(365)	(274)	(193)	(116)
Provision for Claims		(54)		(30)	(80)	(1)	(59)	(5)	14
Accounts Payable and Other Liabilities		94		5	(235)	(42)	(31)	(21)	2
Accrued Interest Payable		104		170	(128)	(9)	28	75	110
Derivatives		18		0	0	0	0	0	0
Other		(256)		104	170	4	91	58	42
Net Change from Loans and Investments in Housing Programs	(697)	(180)	683	711	746	855	862	850	819
Net Change in NHA MBS Loans and Receivables	6,388	(1,691)	367	(470)	23,989	28,666	(2,783)	(6,750)	(7,750)
Repayments of Capital Market Borrowings	(933)	(933)	(300)	(299)	(350)	0	(650)	(454)	(272)
Borrowings from the Government of Canada Designated at Fair Value through Profit or Loss and Other:									
Issuances	1,728	3,928	913	1,093	1,126	738	1,041	890	437
Repayments	(3,066)	(6,494)	(3,863)	(3,573)	(25,040)	(28,590)	(3,370)	(1,428)	(1,323)
Canada Mortgage Bonds:									
Issuances	32,098	41,515	39,726	39,854	35,034	35,028	36,140	38,913	38,904
Repayments	(36,025)	(36,025)	(37,700)	(37,700)	(35,500)	(36,200)	(31,100)	(32,250)	(31,250)
	937	1,208	1,227	634	863	1,382	1,119	963	843
Cash Flows Provided by (Used in) Investing Activities									
Change in Investment Securities	(1,796)	(1,004)	(1,130)	(461)	(867)	(1,329)	(1,187)	(1,059)	(874)
	(1,796)	(1,004)	(1,130)	(461)	(867)	(1,329)	(1,187)	(1,059)	(874)
Cash Flows Provided by (Used in) Financing Activities									
Change in Securities Sold under Repurchase Agreements	0	212	0	128	0	0	0	0	0
	0	212	0	128	0	0	0	0	0
Increase(Decrease) in Cash and Cash Equivalents	(859)	416	97	301	(4)	53	(68)	(96)	(31)
Cash and Cash Equivalents									
Beginning of Year	5,377	985	1,400	1,401	1,702	1,698	1,751	1,683	1,587
End of Year	4,518	1,401	1,497	1,702	1,698	1,751	1,683	1,587	1,556
Supplementary Disclosure of Cash Flow from Operating Activities									
Amount of Interest Received During the Year[1]		9,331		8,652	8,042	6,728	7,009	7,734	8,608
Amount of Interest Paid During the Year	9,631	9,228	9,208	8,150	7,425	6,059	6,288	6,972	7,816
Amount of Dividends Received During the Year[1]		84		96	92	92	91	92	94
Amount of Income Taxes Paid During the Year	456	696	320	596	384	426	388	418	395

[1] Change in presentation occurred after 2011 and 2012 Plans were finalized, therefore data for those years is not available

TABLE 5

Housing Programs

Statement of Expenditures and Recoveries (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Cash Flow Requirements - Contributions									
Support access to affordable housing for Canadians in need									
Funding Under Long-Term Commitments for Existing Social Housing	1,699	1,654	1,705	1,760	1,704	1,661	1,646	1,672	1,658
Funding for New Commitments of Affordable Housing	453	382	305	404	276	77	16	15	14
Housing Support	5	4	6	5	5	5	5	5	5
Promote and contribute to a stable, competitive and innovative housing system									
Housing Policy, Research and Information Transfer	8	4	7	3	3	3	3	2	2
Sub-total - Contributions	2,165	2,044	2,023	2,172	1,988	1,746	1,670	1,694	1,679
Operating Expenses	125	119	115	114	113	104	100	101	102
Total Cash Flow Requirements	2,290	2,163	2,138	2,286	2,101	1,850	1,770	1,795	1,781

*The PAA was changed effective 2013-14. All figures reflect this change.

TABLE 6

Lending Activity

Balance Sheet (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Assets									
Cash and Cash Equivalents	298	347	665	442	481	611	628	628	582
Investment Securities:									
Designated at Fair Value through Profit or Loss	1,071	1,325	1,340	1,519	1,483	1,858	1,854	1,730	1,465
Loans:									
Designated at Fair Value through Profit or Loss	7,831	7,132	6,388	6,689	6,191	5,618	5,071	4,556	4,074
Other	4,646	4,726	4,369	4,367	4,086	3,799	3,505	3,204	2,896
Investments in Housing Programs	805	808	746	746	691	640	593	553	519
Accrued Interest Receivable	235	261	228	248	228	213	188	161	140
Deferred Income Tax Assets	0	67	0	24	0	0	0	0	0
Derivatives	0	169	19	114	76	45	23	13	5
Due from the Government of Canada	220	403	265	370	370	365	365	365	365
Accounts Receivable and Other Assets	374	212	188	214	206	184	200	197	203
Total Assets	15,480	15,450	14,208	14,733	13,812	13,333	12,427	11,407	10,249
Liabilities									
Borrowings:									
Capital Market Borrowings	2,071	2,218	1,775	1,831	1,436	1,404	734	270	0
Borrowings from the Government of Canada:									
Designated at Fair Value through Profit or Loss	6,861	6,584	6,244	6,715	6,540	6,455	6,537	6,269	5,710
Other	5,639	5,562	5,146	5,147	4,843	4,534	4,216	3,949	3,619
Accrued Interest Payable	120	245	126	144	135	129	116	102	90
Derivatives	16	72	17	73	52	33	17	10	4
Accounts Payable and Other Liabilities	729	740	668	760	686	659	637	629	624
Deferred Income Tax Liabilities	(21)	0	43	0	3	14	28	30	34
Total Liabilities	15,415	15,421	14,019	14,670	13,695	13,228	12,285	11,259	10,081
Equity of Canada									
Contributed Capital	25	25	25	25	25	25	25	25	25
Reserve for Unrealized Gains/Losses	(64)	(101)	52	(72)	(25)	(31)	6	16	43
Reserve for All Other Lending-Related Items	104	105	112	110	117	111	111	107	100
Total Equity of Canada	65	29	189	63	117	105	142	148	168
Total Liabilities and Equity of Canada	15,480	15,450	14,208	14,733	13,812	13,333	12,427	11,407	10,249

TABLE 7

Lending Activity

Statement of Income, Comprehensive Income and Reserve Fund (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Revenues									
Interest Earned on Loans and Investments in Housing Programs	686	658	630	598	558	514	473	434	406
Income from Investment Securities	44	37	37	23	33	64	90	84	71
Net Realized Gains (Losses) from Financial Instruments	0	0	0	0	0	0	0	0	0
Net Unrealized Gains (Losses) from Financial Instruments	(13)	(23)	(11)	0	(16)	(10)	13	(12)	9
Other Income	13	21	14	26	26	22	24	24	25
Total Revenues	730	693	670	647	601	590	600	530	511
Expenses									
Interest Expense	697	650	635	594	568	557	542	499	461
Operating Expenses	27	19	26	22	26	25	25	26	25
Total Expenses	724	669	661	616	594	582	567	525	486
Income Before Income Taxes	6	24	9	31	7	8	33	5	25
Income Taxes	0	11	0	3	(3)	(2)	4	(3)	2
Net Income (Loss)	6	13	9	28	10	10	29	8	23
Other Comprehensive Income (Loss)									
Items that will not be subsequently reclassified to Net Income									
Net Actuarial Gains (Losses) on Post-employment Benefits (net of tax)	7	(77)	5	6	44	(22)	8	(2)	(3)
Other Comprehensive Income	7	(77)	5	6	44	(22)	8	(2)	(3)
Comprehensive Income	13	(64)	14	34	54	(12)	37	6	20
Reserve Fund									
Balance, Beginning of Year	86	68	150	4	38	92	80	117	123
Effect of Accounting Policy Change	(59)	0	0	0	0	0	0	0	0
Actuarial Gains/Losses included in OCI	7	(77)	5	6	44	(22)	8	(2)	(3)
Net Income (Loss)	6	13	9	28	10	10	29	8	23
Balance, End of Year	40	4	164	38	92	80	117	123	143
Reserve for Unrealized Gains/Losses	(64)	(101)	52	(72)	(25)	(31)	6	16	43
Reserve for All Other Lending-Related Items	104	105	112	110	117	111	111	107	100
Total Reserve Fund	40	4	164	38	92	80	117	123	143

TABLE 8

Lending Activity

Statement of Cash Flows (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Cash Flows Provided by (Used in) Operating Activities									
Net Income	6	13	9	28	10	10	29	8	23
Items not Affecting Cash or Cash Equivalents:									
Amortization of Premiums and Discounts on Financial Instruments	0	7	0	0	0	0	0	0	4
Deferred Income Taxes	(1)	(43)	18	43	27	11	14	2	4
Change in Fair Value of Financial Instruments Carried at Fair Value	13	23	11	0	16	10	(13)	12	(9)
(Gain) Loss on Sale of Securities	0	0	0	0	0	0	0	0	0
Net Change in Non-cash Operating Assets and Liabilities[1]	91		(72)						
Accounts Receivable and Other Assets		136		(2)	8	22	(16)	3	(6)
Accrued Interest Receivable		(8)		13	20	15	25	27	21
Due from Government of Canada		128		33	0	5	0	0	0
Accounts Payable and Other Liabilities		(317)		20	(70)	(17)	(17)	(1)	4
Accrued Interest Payable		108		(101)	(9)	(6)	(13)	(14)	(12)
Derivatives		18		0	0	0	0	0	0
Other		(80)		6	44	(20)	8	(4)	(2)
Net Change from Loans and Investments in Housing Programs	(697)	(180)	683	711	746	855	862	850	819
Repayments of Capital Market Borrowings	(933)	(933)	(300)	(300)	(350)	0	(650)	(465)	(275)
Borrowings from the Government of Canada Designated at Fair Value through Profit or Loss and Other:									
Issuances	1,728	3,928	913	1,093	1,126	738	1,041	890	437
Repayments	(464)	(2,695)	(1,226)	(1,243)	(1,551)	(1,124)	(1,253)	(1,428)	(1,323)
	(257)	105	36	301	17	499	17	(120)	(315)
Cash Flows Provided by (Used in) Investment Activities									
Change in Investment Securities	238	(269)	15	(206)	22	(369)	0	120	269
	238	(269)	15	(206)	22	(369)	0	120	269
Increase (Decrease) in Cash and Cash Equivalents	(19)	(164)	51	95	39	130	17	0	(46)
Cash and Cash Equivalents									
Beginning of Year	317	511	614	347	442	481	611	628	628
End of Year	298	347	665	442	481	611	628	628	582
Supplementary Disclosure of Cash Flow from Operating Activities									
Amount of Interest Received During the Year[1]		27		634	610	593	587	545	498
Amount of Interest Paid During the Year	702	632	644	695	578	563	555	512	473
Amount of Income Taxes Paid During the Year	47	30	34	46	40	27	14	9	6

[1] Change in presentation occurred after 2011 and 2012 Plans were finalized, therefore data for those years is not available

TABLE 9

Mortgage Loan Insurance Activity

Balance Sheet (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Assets									
Cash and Cash Equivalents	720	967	724	1,103	1,110	1,029	943	845	857
Investment Securities:									
Designated at Fair Value through Profit or Loss	55	66	60	74	78	82	87	91	0
Held for Trading	0	375	0	409	420	434	450	467	485
Available for Sale	18,103	17,629	18,961	18,467	19,058	19,690	20,393	21,275	22,212
Held to Maturity	0	0	0	0	0	0	0	0	0
Accrued Interest Receivable	118	101	120	100	108	123	132	141	150
Deferred Income Tax Assets	0	(34)	0	(48)	0	0	0	0	0
Accounts Receivable and Other Assets	144	523	566	583	506	574	692	708	727
Total Assets	19,140	19,627	20,431	20,688	21,280	21,932	22,697	23,527	24,431
Liabilities									
Securities Sold Under Repurchase Agreements	0	272	250	400	400	400	400	400	400
Accounts Payable and Other Liabilities	15	400	25	386	249	230	220	200	199
Provision for Claims	1,246	1,041	968	1,011	931	930	871	866	880
Unearned Premiums and Fees	7,546	6,731	6,712	6,392	5,944	5,593	5,326	5,137	5,014
Deferred Income Tax Liabilities	35	0	64	0	61	51	57	54	52
Total Liabilities	8,842	8,444	8,019	8,189	7,585	7,204	6,874	6,657	6,545
Equity of Canada									
Accumulated Other Comprehensive Income	219	884	491	916	717	586	484	417	361
Unappropriated Retained Earnings	665	1,271	2,767	1,416	2,312	3,523	4,761	5,829	6,777
Appropriated Retained Earnings	9,414	9,028	9,154	10,167	10,666	10,619	10,578	10,624	10,748
Total Equity of Canada	10,298	11,183	12,412	12,499	13,695	14,728	15,823	16,870	17,886
Total Liabilities and Equity of Canada	19,140	19,627	20,431	20,688	21,280	21,932	22,697	23,527	24,431

Provision for Claims is in accordance with subsection 21 (1) of the National Housing Act.
CMHC sets aside Retained Earnings for Capitalization as per subsection 21 (2) (a) of the NHA.
CMHC Unappropriated Retained Earnings are available for use as per subsection 21 (2) of the NHA.

TABLE 10

Mortgage Loan Insurance Activity

Statement of Income, Comprehensive Income, and Equity of Canada (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Revenues									
Premiums and Fees	1,891	1,791	1,796	1,789	1,742	1,684	1,628	1,582	1,549
Income from Investment Securities	611	602	615	571	587	660	707	747	787
Net Realized Gains (Losses) from Financial Instruments	62	251	133	123	207	61	(2)	(61)	(91)
Net Unrealized Gains (Losses) from Financial Instruments	0	(81)	0	34	20	22	23	25	22
Other Income	0	7	0	0	0	0	0	0	0
Total Revenues	2,564	2,570	2,544	2,517	2,556	2,427	2,356	2,293	2,267
Expenses									
Interest Expense	0	3	0	4	7	9	9	9	9
Net Claims	790	562	625	616	561	592	544	563	587
Operating Expenses	212	193	201	214	241	240	242	248	252
Total Expenses	1,002	758	826	834	809	841	795	820	848
Income Before Income Taxes	1,562	1,812	1,718	1,683	1,747	1,586	1,561	1,473	1,419
Income Taxes	403	476	387	408	425	385	379	356	342
Net Income (Loss)	1,159	1,336	1,331	1,275	1,322	1,201	1,182	1,117	1,077
Other Comprehensive Income (Loss)									
Items that will be subsequently reclassified to Net Income									
Net Unrealized Gains (Losses) from Available for Sale Financial Instruments (net of tax)	62	408	81	126	(42)	(83)	(103)	(113)	(193)
Reclassification of Prior Years' Net Unrealized (Gains) Losses Realized in the Period in Net Income (net of tax)	(45)	(111)	(100)	(94)	(157)	(48)	1	46	137
Total Items that may be reclassified to profit or loss subsequently	17	297	(19)	32	(199)	(131)	(102)	(67)	(56)
Items that will not be subsequently reclassified to Net Income									
Net Actuarial Gains (Losses) on Post-employment Benefits (net of tax)	11	(99)	6	9	73	(37)	15	(3)	(5)
Other Comprehensive Income	28	198	(13)	41	(126)	(168)	(87)	(70)	(61)
Comprehensive Income	1,187	1,534	1,318	1,316	1,196	1,033	1,095	1,047	1,016
Unappropriated Retained Earnings									
Balance, Beginning of Year	298	860	2,156	1,271	1,416	2,312	3,523	4,761	5,829
Effect of Accounting Policy Change	(153)	0	0	0	0	0	0	0	0
Income Tax Benefit on Earnings Set Aside for Capitalization	1	1	0	0	0	0	0	0	0
Net Income (Loss)	1,159	1,336	1,331	1,275	1,322	1,201	1,182	1,117	1,077
Set Aside for Capitalization	(651)	(827)	(726)	(1,139)	(499)	47	41	(46)	(124)
Actuarial Gains/Losses included in OCI	11	(99)	6	9	73	(37)	15	(3)	(5)
Balance, End of Year	665	1,271	2,767	1,416	2,312	3,523	4,761	5,829	6,777
Retained Earnings Set Aside for Capitalization									
Balance, Beginning of Year	8,763	8,201	8,428	9,028	10,167	10,666	10,619	10,578	10,624
Transferred from Unappropriated Retained Earnings	651	827	726	1,139	499	(47)	(41)	46	124
Balance, End of Year	9,414	9,028	9,154	10,167	10,666	10,619	10,578	10,624	10,748
Accumulated Other Comprehensive Income									
Balance, Beginning of Year	202	587	510	884	916	717	586	484	417
Other Comprehensive Income	17	297	(19)	32	(199)	(131)	(102)	(67)	(56)
Balance, End of Year	219	884	491	916	717	586	484	417	361
Total Equity of Canada, End of Year	10,298	11,183	12,412	12,499	13,695	14,728	15,823	16,870	17,886

Provision for Claims is in accordance with subsection 21 (1) of the National Housing Act.
CMHC sets aside Retained Earnings for Capitalization as per subsection 21 (2) (a) of the NHA.
CMHC Unappropriated Retained Earnings are available for use as per subsection 21(2) of the NHA.

TABLE 11

Mortgage Loan Insurance Activity

Statement of Cash Flows (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Cash Flows Provided by (Used in) Operating Activities									
Net Income	1,159	1,336	1,331	1,275	1,322	1,201	1,182	1,117	1,077
Items not Affecting Cash or Cash Equivalents									
Amortization of Premiums and Discounts on Financial Instruments	23	75	0	0	0	0	0	0	0
Deferred Income Taxes	(55)	(23)	13	14	13	(10)	6	(3)	(2)
Change in Fair Value of Financial Instruments Carried at Fair Value	(62)	(4)	0	(34)	(20)	(22)	(23)	(25)	(22)
(Gain) Loss on Sale of Securities	0	(251)	0	(123)	(207)	(61)	2	61	91
Net Change in Non-cash Operating Assets and Liabilities[1]	319		(47)						
Accounts Receivable and Other Assets		(410)		(60)	77	(68)	(118)	(16)	(19)
Accrued Interest Receivable		0		1	(8)	(15)	(9)	(9)	(9)
Unearned Premiums and Fees		(144)		(339)	(448)	(351)	(267)	(189)	(123)
Provision for Claims		(54)		(30)	(80)	(1)	(59)	(5)	14
Accounts Payable and Other Liabilities		380		(14)	(137)	(19)	(10)	(20)	(1)
Other		(132)		9	73	(37)	15	(3)	(5)
	1,384	773	1,297	699	585	617	719	908	1,001
Cash Flows Provided by (Used in) Investment Activities									
Change in Investment Securities	(1,326)	(453)	(1,271)	(691)	(578)	(698)	(805)	(1,006)	(989)
	(1,326)	(453)	(1,271)	(691)	(578)	(698)	(805)	(1,006)	(989)
Cash Flows Provided by (Used in) Financing Activities									
Change in Securities Sold under Repurchase Agreements	0	212	0	128	0	0	0	0	0
	0	212	0	128	0	0	0	0	0
Increase (Decrease) in Cash and Cash Equivalents	58	532	26	136	7	(81)	(86)	(98)	12
Cash and Cash Equivalents									
Beginning of Year	662	435	698	967	1,103	1,110	1,029	943	845
End of Year	720	967	724	1,103	1,110	1,029	943	845	857
Supplementary Disclosure of Cash Flow from Operating Activities									
Amount of Interest Received During the Year[1]		514		476	486	546	595	634	672
Amount of Interest Paid During the Year	0	3	0	4	7	9	9	9	9
Amount of Dividends Received During the Year[1]		79		96	92	92	91	92	94
Amount of Income Taxes Paid During the Year	358	672	228	460	254	330	310	347	327

[1] Change in presentation occurred after 2011 and 2012 Plans were finalized, therefore data for those years is not available

TABLE 12

Securitization Activity

Balance Sheet (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Assets									
Cash and Cash Equivalents	51	86	107	156	106	110	111	113	116
Investment Securities:									
Designated at Fair Value through Profit or Loss	1	1	1	1	1	1	1	1	1
Held for Trading	0	22	0	24	79	87	95	104	113
Available for Sale	1,237	1,502	1,463	1,671	1,819	1,995	2,181	2,379	2,580
Investment in NHA Mortgage-Backed Securities -Loans Receivables	58,527	55,401	52,947	53,071	29,582	2,117	0	0	0
Accrued Interest Receivable	100	86	77	77	42	12	10	11	12
Deferred Income Tax Assets	0	(1)	0	(1)	0	0	0	0	0
Accounts Receivable and Other Assets	91	(49)	85	(34)	(11)	40	38	37	38
Total Assets	60,007	57,048	54,680	54,965	31,618	4,362	2,436	2,645	2,860
Liabilities									
Borrowings from the Government of Canada:									
Designated at Fair Value through Profit or Loss	0	0	0	0	0	0	0	0	0
Other	58,527	55,401	52,947	53,071	29,582	2,117	0	0	0
Accrued Interest Payable	92	80	69	69	33	3	0	0	0
Accounts Payable and Other Liabilities	79	31	95	31	19	71	73	80	85
Unearned Premiums and Fees	378	528	458	552	531	517	510	506	513
Deferred Income Tax Liabilities	(1)	0	(1)	0	3	2	2	2	2
Total Liabilities	59,075	56,040	53,568	53,723	30,168	2,710	585	588	600
Equity of Canada									
Accumulated Other Comprehensive Income	27	57	15	19	16	27	42	60	82
Unappropriated Retained Earnings	202	252	367	420	619	854	1,048	1,210	1,363
Appropriated Retained Earnings	703	699	730	803	815	771	761	787	815
Total Equity of Canada	932	1,008	1,112	1,242	1,450	1,652	1,851	2,057	2,260
Total Liabilities and Equity of Canada	60,007	57,048	54,680	54,965	31,618	4,362	2,436	2,645	2,860

CMHC sets aside Retained Earnings for Capitalization as per subsection 21 (2) (a) of the NHA.
CMHC Unappropriated Retained Earnings are available for use as per subsection 21(2) of the NHA.

TABLE 13

Securitization Activity

Statement of Income, Comprehensive Income, and Equity of Canada (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Revenues									
Interest Income from NHA Mortgage-Backed Securities - Loans Receivables	1,956	1,747	1,685	1,678	1,474	241	13	0	0
Fees	188	211	169	256	244	238	233	238	225
Income from Investment Securities	44	41	46	51	33	26	24	22	21
Net Realized Gains (Losses) from Financial Instruments	0	31	(1)	51	4	4	6	8	11
Net Unrealized Gains (Losses) from Financial Instruments	0	(4)	0	3	2	6	6	6	7
Other Income	14	18	10	15	8	(2)	(9)	(9)	(7)
Total Revenues	2,202	2,044	1,909	2,054	1,765	513	273	265	257
Expenses									
Interest Expense	1,956	1,747	1,685	1,678	1,474	241	13	0	0
Operating Expenses	9	10	12	15	15	15	15	15	15
Total Expenses	1,965	1,757	1,697	1,693	1,489	256	28	15	15
Income Before Income Taxes	237	287	212	361	276	257	245	250	242
Income Taxes	63	76	53	90	69	64	62	62	61
Net Income	174	211	159	271	207	193	183	188	181
Other Comprehensive Income (Loss)									
Items that will be subsequently reclassified to Net Income									
Net Unrealized Gains (Losses) from Available for Sale Financial Instruments (net of tax)	8	32	6	0	1	14	19	23	29
Reclassification of Prior Years' Net Unrealized (Gains) Losses Realized in the Period in Net Income (net of tax)	0	(15)	0	(38)	(4)	(3)	(4)	(5)	(7)
Total Items that may be reclassified to profit or loss subsequently	8	17	6	(38)	(3)	11	15	18	22
Items that will not be subsequently reclassified to Net Income									
Net Actuarial Gains (Losses) on Post-employment Benefits (net of tax)	1	(5)	0	1	4	(2)	1	0	0
Other Comprehensive Income	9	12	6	(37)	1	9	16	18	22
Comprehensive Income	183	223	165	234	208	202	199	206	203
Unappropriated Retained Earnings									
Balance, Beginning of Year	194	37	208	252	420	619	854	1,048	1,210
Effect of Accounting Policy Change	(160)	0	0	0	0	0	0	0	0
Actuarial Gains/Losses included in OCI	1	(4)	0	1	4	(2)	1	0	0
Net Income (Loss)	174	211	159	271	207	193	183	188	181
Set Aside for Capitalization	(7)	8	0	(104)	(12)	44	10	(26)	(28)
Balance, End of Year	202	252	367	420	619	854	1,048	1,210	1,363
Retained Earnings Set Aside for Capitalization									
Balance, Beginning of Year	696	707	730	699	803	815	771	761	787
Transferred from Unappropriated Retained Earnings	7	(8)	0	104	12	(44)	(10)	26	28
Balance, End of Year	703	699	730	803	815	771	761	787	815
Accumulated Other Comprehensive Income									
Balance, Beginning of Year	19	40	9	57	19	16	27	42	60
Other Comprehensive Income	8	17	6	(38)	(3)	11	15	18	22
Balance, End of Year	27	57	15	19	16	27	42	60	82
Total Equity of Canada, End of Year	932	1,008	1,112	1,242	1,450	1,652	1,851	2,057	2,260

CMHC sets aside Retained Earnings for Capitalization as per subsection 21 (2) (a) of the NHA.
CMHC Unappropriated Retained Earnings are available for use as per subsection 21(2) of the NHA.

TABLE 14

Securitization Activity

Statement of Cash Flows (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Cash Flows Provided by (Used in) Operating Activities									
Net Income	174	211	159	271	207	193	183	188	181
Items not Affecting Cash or Cash Equivalents:									
Amortization of Premiums and Discounts on Financial Instruments	(2)	6	(2)	5	3	3	3	2	2
Deferred Income Taxes	(67)	(11)	0	0	0	0	0	0	0
Change in Fair Value of Financial Instruments Carried at Fair Value	0	0	1	(3)	(2)	(6)	(6)	(6)	(7)
(Gain) Loss on Sale of Securities	0	(31)	0	(51)	(4)	(4)	(6)	(8)	(11)
Net Change in Non-cash Operating Assets and Liabilities[1]	80		(18)						
Accounts Receivable and Other Assets		100		1	0	1	0	0	0
Accrued Interest Receivable		4		9	36	30	2	(1)	(1)
Unearned Fees		46		24	(21)	(14)	(7)	(4)	7
Accounts Payable and Other Liabilities		31		(1)	(28)	(6)	(4)	0	(1)
Accrued Interest Payable		(4)		(10)	(36)	(31)	(3)	0	0
Other		(22)		(3)	0	(1)	3	0	(1)
Net Change in NHA MBS Loans and Receivables	3,982	3,799	2,637	2,330	23,489	27,466	2,117	0	0
Borrowings from the Government of Canada Designated at Fair Value through Profit or Loss and Other:									
Issuances	0	0	0	0	0	0	0	0	0
Repayments	(2,602)	(3,799)	(2,637)	(2,330)	(23,489)	(27,466)	(2,117)	0	0
	194	200	185	218	140	138	134	135	138
Cash Flows Provided by (Used in) Investment Activities									
Change in Investment Securities	(1,560)	(282)	(120)	(172)	(205)	(161)	(164)	(169)	(166)
	(1,560)	(282)	(120)	(172)	(205)	(161)	(164)	(169)	(166)
Increase (Decrease) in Cash and Cash Equivalents	5	48	20	70	(50)	4	1	2	3
Cash and Cash Equivalents									
Beginning of Year	46	38	87	86	156	106	110	111	113
End of Year	51	86	107	156	106	110	111	113	116
Supplementary Disclosure of Cash Flow from Operating Activities									
Amount of Interest Received During the Year[1]		1,792		1,742	1,544	299	42	24	22
Amount of Interest Paid During the Year	1,960	1,751	1,687	1,688	1,510	271	16	0	0
Amount of Dividends Received During the Year[1]		5		0	0	0	0	0	0
Amount of Income Taxes Paid During the Year	51	24	58	90	90	69	64	62	62

[1] Change in presentation occurred after 2011 and 2012 Plans were finalized, therefore data for those years is not available

TABLE 15

Canada Housing Trust

Balance Sheet (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Assets									
Cash and Cash Equivalents	3,449	1	1	1	1	1	1	1	1
Investment in NHA Mortgage-Backed Securities - Loans Receivables	186,676	201,254	203,164	203,647	203,108	201,917	206,820	213,570	221,305
Accrued Interest Receivable	443	540	1,056	822	739	767	811	900	1,022
Total Assets	190,568	201,795	204,221	204,470	203,848	202,685	207,632	214,471	222,328
Liabilities									
Borrowings:									
Canada Mortgage Bonds	190,125	201,254	203,164	203,647	203,108	201,917	206,820	213,570	221,305
Accrued Interest Payable	442	540	1,056	822	739	767	811	900	1,022
Accounts Payable and Other Liabilities	1	1	1	1	1	1	1	1	1
Total Liabilities	190,568	201,795	204,221	204,470	203,848	202,685	207,632	214,471	222,328
Equity of Canada									
Retained Earnings	0	0	0	0	0	0	0	0	0
Total Equity of Canada	0	0	0	0	0	0	0	0	0
Total Liabilities and Equity of Canada	190,568	201,795	204,221	204,470	203,848	202,685	207,632	214,471	222,328

TABLE 16

Canada Housing Trust

Statement of Income and Comprehensive Income (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Revenues									
Interest Income from NHA Mortgage-Backed Securities - Loans Receivables	6,718	6,527	7,053	6,152	5,385	5,387	5,898	6,694	7,615
Other Income	137	175	168	171	152	152	155	165	165
Total Revenues	6,855	6,702	7,221	6,323	5,537	5,539	6,053	6,859	7,780
Expenses									
Interest Expense	6,713	6,518	7,046	6,144	5,377	5,379	5,890	6,686	7,607
Operating Expenses	142	184	175	179	160	160	163	173	173
Total Expenses	6,855	6,702	7,221	6,323	5,537	5,539	6,053	6,859	7,780
Income Before Income Taxes	0	0	0	0	0	0	0	0	0
Income Taxes	0	0	0	0	0	0	0	0	0
Net Income	0	0	0	0	0	0	0	0	0
Other Comprehensive Income (Loss)	0	0	0	0	0	0	0	0	0
Comprehensive Income	0	0	0	0	0	0	0	0	0
Retained Earnings									
Balance, Beginning of Year	(8)	0	0	0	0	0	0	0	0
Effect of Accounting Policy Change	8	0	0	0	0	0	0	0	0
Net Income (Loss)	0	0	0	0	0	0	0	0	0
Balance, End of Year	0	0	0	0	0	0	0	0	0

TABLE 17

Canada Housing Trust

Statement of Cash Flows (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Cash Flows Provided by (Used in) Operating Activities									
Net Income	0	0	0	0	0	0	0	0	0
Items not Affecting Cash or Cash Equivalents:									
Amortization of Premiums and Discounts on Financial Instruments	(234)	(28)	0	(92)	(53)	(62)	(65)	(65)	(50)
Net Change in Non-cash Operating Assets and Liabilities[1]	0		0						
Accrued Interest Receivable		0		(282)	83	(28)	(44)	(89)	(122)
Accrued Interest Payable		0		282	(83)	28	44	89	122
Other		28		92	53	62	65	65	50
Net Change in NHA MBS Loans and Receivables	3,356	(5,490)	(2,300)	(2,800)	500	1,200	(4,900)	(6,750)	(7,750)
Canada Mortgage Bonds:									
Issuances	32,000	41,515	40,000	40,500	35,000	35,000	36,000	39,000	39,000
Repayments	(36,025)	(36,025)	(37,700)	(37,700)	(35,500)	(36,200)	(31,100)	(32,250)	(31,250)
	(903)	0	0	0	0	0	0	0	0
Increase (Decrease) in Cash and Cash Equivalents	(903)	0	0	0	0	0	0	0	0
Cash and Cash Equivalents									
Beginning of Year	4,352	1	1	1	1	1	1	1	1
End of Year	3,449	1	1	1	1	1	1	1	1
Supplementary Disclosure of Cash Flow from Operating Activities									
Amount of Interest Received During the Year[1]		6,998		5,862	5,461	5,351	5,846	6,597	7,485
Amount of Interest Paid During the Year	7,059	6,998	6,969	5,862	5,461	5,351	5,846	6,597	7,485
Amount of Income Taxes Paid During the Year	0	0	0	0	0	0	0	0	0

[1] Change in presentation occurred after 2011 and 2012 Plans were finalized, therefore data for those years is not available

TABLE 18

Statement of Transactions with the Consolidated Revenue Fund (CRF)

Years Ended 31 December (in millions of dollars)

Description	2011 Plan	2011 Actual	2012 Plan	2012 Estimate	2013 Plan	2014 Plan	2015 Plan	2016 Plan	2017 Plan
Cash Drawn from CRF									
Borrowings, Lending Activity	1,732	3,928	922	1,100	1,135	744	1,046	895	442
Grants, Contributions and Subsidies	2,290	2,159	2,138	2,286	2,102	1,850	1,770	1,796	1,781
Total Cash Drawn from CRF	4,022	6,087	3,060	3,386	3,237	2,594	2,816	2,691	2,223
Cash Paid to CRF									
Repayment of Borrowings,									
Lending Activity-debt incurred prior to 2008	147	147	313	313	199	200	205	151	208
Lending Activity-debt incurred 2008 and beyond	390	2,548	913	930	1,352	924	1,048	1,277	512
Repayment of Borrowings,									
Securitization Activity	2,602	3,799	2,637	2,329	23,489	27,466	2,116	0	0
Interest Paid on Borrowings	2,516	2,200	2,240	2,212	2,017	780	526	498	478
Federal Tax	456	696	320	596	384	426	388	418	395
Government of Canada Fee	10	12	17	15	15	15	15	15	15
Total Cash Paid to CRF	6,121	9,402	6,440	6,395	27,456	29,811	4,298	2,359	1,608
Net Cash Drawn from CRF	(2,099)	(3,315)	(3,380)	(3,009)	(24,219)	(27,217)	(1,482)	332	615

TABLE 19

Statement of Transactions with the Consolidated Revenue Fund

Fiscal Years Ending 31 March (in millions of dollars)

Description	2011-12 Plan	2011-12 Actual	2012-13 Plan	2012-13 Estimate	2013-14 Plan	2014-15 Plan	2015-16 Plan	2016-17 Plan	2017-18 Plan
Cash Drawn from CRF									
Borrowings, Lending Activity	1,360	2,551	838	1,034	887	915	1,070	767	348
Grants, Contributions and Subsidies	1,907	2,048	2,140	2,139	2,089	1,770	1,770	1,804	1,773
Total Cash Drawn from CRF	3,267	4,599	2,978	3,173	2,976	2,685	2,840	2,571	2,121
Cash Paid to CRF									
Repayment of Borrowings,									
Lending Activity-debt incurred prior to 2008	216	216	197	196	244	201	204	210	160
Lending Activity-debt incurred 2008 and beyond	630	1,889	985	974	1,190	1,130	997	1,189	419
Repayment of Borrowings,									
Securitization Activity	2,465	3,419	2,426	2,893	41,320	10,593	0	0	0
Interest Paid on Borrowings	2,516	2,200	2,240	2,212	2,017	780	526	498	478
Federal Tax	456	696	320	596	384	426	388	418	395
Government of Canada Fee	10	12	17	15	15	15	15	15	15
Total Cash Paid to CRF	6,293	8,432	6,185	6,886	45,170	13,145	2,130	2,330	1,467
Net Cash Drawn from CRF	(3,026)	(3,833)	(3,207)	(3,713)	(42,194)	(10,460)	710	241	654

ANNEX A | Glossary

Key Acronyms:

- **AANDC** . . . . Aboriginal Affairs and Northern Development Canada
- **AHI** . . . . Affordable Housing Initiative
- **CBA**. . . . . Canadian Bankers Association
- **CEAP**. . . . . . . Canada's Economic Action Plan
- **CGAAP** . . . . . Canadian Generally Accepted Accounting Principles
- **CHT** . . . . Canada Housing Trust
- **CMB** . . . . Canada Mortgage Bond
- **CPF** . . . . Corporate Plan Framework
- **DFAIT** . . . . . . Department of Foreign Affairs and International Trade
- **DoF** . . . . Department of Finance
- **ERP** . . . . Emergency Repair Program
- **FAA** . . . . *Financial Administration Act*
- **FNMHF** . . . . . First Nations Market Housing Fund
- **FSB**. . . . . Financial Stability Board
- **HASI** . . . . Home Adaptations for Seniors' Independence
- **HRSDC** . . . . . Human Resources and Skills Development Canada
- **IAH** . . . . Investment in Affordable Housing
- **IC**. . . . . Industry Canada
- **IFRS** . . . . International Financial Reporting Standards
- **IMPP** . . . . Insured Mortgage Purchase Program
- **LTV** . . . . Loan-to-value
- **MAV** . . . . Master Asset Vehicle
- **MCT** . . . . Minimum Capital Test
- **MILP** . . . . Municipal Infrastructure Lending Program
- **MLI** . . . . Mortgage Loan Insurance
- **NGO**. . . . . . . Non-governmental organization
- **NHA MBS** . . . *National Housing Act* Mortgage-Backed Securities
- **NRC** . . . . National Research Council
- **NRCan** . . . . . Natural Resources Canada
- **OSFI** . . . . Office of the Superintendent of Financial Institutions
- **PAA**. . . . . Program Alignment Architecture
- **PDF** . . . . Proposal Development Funding
- **RRAP**. . . . . . . Residential Rehabilitation Assistance Program
- **SEP**. . . . . Shelter Enhancement Program

Actuarial Gains/Losses on Post-Employment Benefits	These are the gains or losses/arising from the effects of changes in actuarial assumptions as well as the difference between estimates and actual experience in a company's pension plan.
Affordable Housing Initiative (AHI)	Under the Affordable Housing Initiative, the federal government, through CMHC, provides funding to increase the supply of affordable housing, in partnership with provinces and territories. Provinces and territories design and deliver the housing programs. The existing AHI agreements have been extended in two jurisdictions (Yukon and Prince Edward Island).
Canada Housing Trust (CHT)	The CHT is a legal entity separate from CMHC. CHT acquires interests in eligible insured housing loans, such as *National Housing Act* Mortgage-Backed Securities and issues Canada Mortgage Bonds (CMBs). The CHT also purchases highly-rated investments and undertakes certain related financial hedging activities for the purpose of managing business risks. CMBs are guaranteed by CMHC. CMHC also acts as the financial services advisor to the CHT, determining market demand for bond issuance, and engaging an underwriting syndicate to underwrite bond issues. CMHC receives a fee from CHT for its services as guarantor and financial services advisor. The day-to-day activities of the CHT are administered through a separate corporate entity serving as the trust administrator. As required under IFRS, CHT's financial results are consolidated with CMHC's financial statements because CMHC is exposed to CHT's risks and rewards.
Canada Mortgage Bonds (CMB)	Bullet maturity bonds that are fixed-rate with a semi-annual coupon and floating rate notes with a quarterly coupon that are issued by the Canada Housing Trust (CHT) and guaranteed by CMHC.
CMHC Affordable Housing Centre	CMHC's centre of excellence for information, guidance and other tools to facilitate the production of affordable housing by non-profit organizations, private sector proponents and others.
Core Housing Need	A household is in core housing need if its housing does not meet one or more of the adequacy, suitability or affordability housing standards and it would have to spend 30% or more of its before-tax income to pay the median rent (including utility costs) of alternative local market housing that meets all three of these standards. ■ **Adequate** housing does not require any major repairs, according to residents. ■ **Suitable** housing has enough bedrooms for the size and make-up of resident households, according to National Occupancy Standard (NOS) requirements. Enough bedrooms based on NOS requirements means one bedroom for each cohabiting adult couple; unattached household member 18 years of age and over; same-sex pair of children under age 18; and additional boy or girl in the family, unless there are two opposite sex children under 5 years of age, in which case they are expected to share a bedroom. A household of one individual can occupy a bachelor unit (i.e., a unit with no bedroom). ■ **Affordable** housing costs less than 30% of before-tax household income. For renters, shelter costs include rent and any payments for electricity, fuel, water and other municipal services. For owners, shelter costs include mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.
Covered bonds	A debt obligation in relation to which the principle and interest owing are guaranteed to be paid from the loans or other assets held by the guarantor entity. Under the Canadian covered bond legal framework, assets may not include insured mortgages. CMHC will administer the covered bond legal framework.
Direct Lending	CMHC provides low-cost loans directly to federally-assisted social housing sponsors seeking to continue financing their housing projects and to First Nations to finance new housing production.

emili	A proprietary online automated mortgage insurance risk assessment and approval system developed by CMHC. It provides a comprehensive risk assessment of high ratio homeowner mortgage loan insurance applications.
EQuilibrium™ Sustainable Housing Demonstration Initiative	Goals of CMHC's EQuilibrium™ Sustainable Housing Demonstration Initiative: ■ to promote environmentally-friendly, healthy housing across Canada; ■ to enhance the capacity of Canada's home builders, developers, architects and engineers to design and build sustainable homes and communities across the country; ■ to educate consumers on the benefits of owning sustainable housing and achieve market acceptance of sustainable housing and communities; and, ■ to enhance Canada's domestic and international leadership and business opportunities in sustainable housing design, construction services and technologies.
First Nations Market Housing Fund (FNMHF)	The FNMHF, an independent trust, is overseen by nine trustees appointed by the Minister for CMHC and the Minister of Aboriginal Affairs and Northern Development. CMHC, on behalf of the Government of Canada, contributed $300 million to the Fund under a Funding Agreement with the Trustees of the FNMHF. In 2008, the FNMHF engaged CMHC to administer its operations for its initial five years. The FNMHF operates a credit enhancement facility for housing loans on First Nation reserves as well as supports First Nation capacity development. The financial results of the FNMHF are not consolidated with CMHC's financial statements but are consolidated with the Government of Canada's.
Granville Island	Granville Island is a cultural, recreational and commercial development in the heart of Vancouver owned by the Government of Canada. CMHC receives a fee to cover its costs to manage and administer Granville Island. Granville Island's finances are not consolidated with CMHC's.
Insured Mortgage Purchase Program (IMPP)	In October 2008, as a measure to maintain the availability of longer-term credit in Canada, the Government of Canada authorized CMHC to purchase $25 billion in *National Housing Act* Mortgage-Backed Securities (NHA MBS) from Canadian financial institutions through a competitive auction process. Since the initial announcement, the potential size of the program was increased to $125 billion. IMPP remained available until the end of March 2010.
Investment in Affordable Housing 2011-2014 (IAH)	A new framework for the Investment in Affordable Housing was announced on July 4, 2011 which provides for $1.4 billion in combined F/P/T funding towards reducing the number of Canadians in housing need. This became the basis for bilateral IAH agreements between CMHC, on behalf of the federal government, and provinces and territories. Where provinces and territories choose not to enter into an IAH arrangement, federal funding for housing will be provided through extensions of existing arrangements with respect to AHI and/or renovation programs.
Municipal Infrastructure Lending Program (MILP)	Under Canada's Economic Action Plan, CMHC delivered MILP which provided $2 billion in direct low-cost loans to municipalities over a two-year period ending March 31, 2011, to fund housing-related municipal infrastructure.
***National Housing Act* Mortgage-Backed Securities (NHA MBS)**	A security which represents an undivided interest in a pool of residential mortgages insured under the NHA or by a licensed private sector insurer and which has the full timely-payment guarantee of the Government of Canada through CMHC. The scheduled principal repayments by the borrower and agreed rate of interest on the mortgages in an NHA MBS pool are paid to investors monthly. In addition, depending on the particular issue of NHA MBS, these payments can vary from month to month if, for example, borrowers make unscheduled payments such as advance payments of principal on a mortgage. Securities under the NHA MBS program are issued by Approved Issuers (primarily lending institutions).

Proposal Development Funding (PDF)	An interest-free loan of up to $100,000 to support activities carried out during the early stages of developing an affordable housing project. PDF is available for projects that are expected to be developed without long-term federal government subsidies. Eligible costs include soil load-bearing tests, environmental site assessments, project drawings and specifications, development permits and certain professional and consulting fees. The loan is repayable upon the first advance of mortgage funding and a portion of the loan may be forgiven if it meets criteria for affordable housing as defined by CMHC.
Realized Gains/Losses on Financial Instruments	The gain/loss actually incurred when an investment is sold.
Renovation programs	Renovation programs help low-income households, landlords, persons with disabilities, senior households, and Aboriginal people undertake much-needed repairs and/or accessibility modifications to their housing units. Renovation programs delivered by CMHC include: ■ **Residential Rehabilitation Assistance Program (RRAP)** A program which provides financial assistance to low-income households who live on and off reserve to enable them to repair their homes or to adapt them to accommodate the needs of residents with disabilities, as well as to assist landlords to repair or adapt rental dwellings, or to convert non-residential properties into affordable residential units. ■ **Shelter Enhancement Program (SEP)** A program which provides financial assistance to repair, rehabilitate and improve existing shelters for victims of family violence. The program also assists in the acquisition or construction of new shelters and second stage housing. ■ **Emergency Repair Program (ERP)** A program which provides financial assistance to low-income homeowners or occupants in rural areas to undertake emergency repairs required for the continued safe occupancy of their house. ■ **Home Adaptations for Seniors' Independence (HASI)** A program which provides financial assistance to low-income seniors to carry out minor adaptations to assist them to live independently in their own homes. Beginning April 1, 2011, in most jurisdictions, the federal investment in affordable housing, including funding for renovation programs, is being cost-matched and delivered by provinces and territories through agreements for the Investment in Affordable Housing 2011-2014. CMHC continues to deliver renovation programs where a province or territory has decided to renew existing arrangements (Yukon and Prince Edward Island). In Ontario, the Province asked CMHC to continue to make new commitments under the renovation programs until March 31, 2012. CMHC also delivers the renovation programs on reserve.
Seed Funding	Consists of a contribution and a loan up to a maximum of $20,000 when combined to support activities carried out in the early stages of developing affordable housing project proposals. Eligible expenses include costs for housing market studies, need and demand analyses, the preparation of business plans, preliminary financial viability analyses, preliminary project designs, as well as the costs to incorporate an entity. The loan portion of Seed Funding is repayable upon the first advance of mortgage funding.
Unrealized Gains/Losses on Financial Instruments	The gain/loss recorded on an investment when the fair value of the investment increases/decreases.

	Expected Outcomes for 1.1	Indicators
Immediate	Canadians in housing need have greater access to affordable housing that is sound, suitable and sustainable.	In 2011, 604,200 households were assisted in existing social housing (both on and off reserve), 1,737 new units were created under affordable housing programs, and 5,715 units were repaired under renovation programs off reserve.
	For seniors and persons with disabilities, assistance extends independent living and reduces demand for services and institutional living.	In 2011, 497 units were renovated to make them accessible for persons with disabilities. A further 830 units (including those on reserve) were renovated to assist seniors with independent living. CMHC's evaluation of its renovation assistance programs showed that recipients of these benefits were also able to stay in their homes longer, experience less difficulty with daily activities and improved their quality of life.
	The resources available to address households in housing need are increased by encouraging contributions by others, including the private and non-profit sectors.	Under the IAH announced in July 2011, $1.4 billion in combined federal and provincial/territorial funding will be available for affordable housing programs, including renovation programs designed by provinces and territories and delivered between April 2011 and March 2014. In both cases, funding from private and non-profit sectors can be considered part of the province's or territory's contribution. Most social housing initiatives under Phase I of Canada's Economic Action Plan also required provinces and territories to match federal funding.
Long-term	Individuals and families have a more stable foundation for accessing opportunities and improving their quality of life.	Research studies have shown an associational link between good housing and employment stability, decreased levels of stress and improved family problem-solving and communication. In 2009, program evaluations of CMHC's renovation and affordable housing programs showed that these programs helped to improve the quality of life for their beneficiaries. CMHC, provincial counterparts, and private and non-profit sector groups are currently undertaking two major longitudinal research projects aimed at studying the effects of improved housing and living conditions on health outcomes.
	Communities benefit from greater stability and prosperity.	CMHC research and research by third parties have quantified the economic impact of housing activity. Housing-related spending in Canada accounted for approximately $346 billion in 2011 or 20.1% of the GDP. Construction (both residential and commercial) plays an important role in Canada's labour market. In 2011, 37,500 new positions in construction were created, accounting for 19% of the job growth. *Source: data from Statistics Canada*
	The number of Canadians in need is reduced. A more holistic approach to addressing poverty through a broad range of programs is fostered.	Under the new three-year Investment in Affordable Housing, provinces and territories will report annually on outcomes. These outcomes and related indicators can include: number of households no longer in housing need, additional dollars generated through local partnerships towards addressing housing need, number of seniors or persons with disabilities able to remain living independently. Provinces and territories also have the flexibility to coordinate their investments with other poverty reduction initiatives in their jurisdictions.

	Expected Outcomes for 1.2	Indicators
Immediate to Intermediate	First Nation members living on reserve have greater access to affordable, sound and suitable housing that meets health and safety standards. For seniors and persons with disabilities, assistance extends independent living.	In 2011, funding was provided to create 604 new non-profit rental units on reserve. There were 29,600 units under subsidy at the end of the year. In 2011, 1,015 units were renovated and funding of $12.6 million was spent under the renovation programs on reserve. Under Canada's Economic Action Plan, CMHC and Aboriginal Affairs and Northern Development Canada together invested $400 million to help Aboriginal Canadians access more affordable, sound and suitable housing and to bring economic spin-offs during the recession. CMHC's evaluation of on-reserve assisted housing and renovation programs showed that they were effective in improving housing conditions and quality of life for First Nation families.
	First Nations have the capacity to develop, maintain and manage the full range of housing opportunities on reserve.	Indirectly measured by CMHC through the percentage of on-reserve housing programs delivered by Aboriginal organizations. In 2011, 90% were delivered by Aboriginal organizations, exceeding CMHC's target of 85%. In 2011, 240 capacity development training sessions were delivered to First Nations including training on housing management, housing quality and mold remediation. The participant satisfaction rate was 98%. Under the National Strategy to Address Mold in First Nation Communities, CMHC has and will continue to coordinate and provide training and share innovative approaches to preventing or remediating the presence of mold.

	Expected Outcomes for 1.2	Indicators
Long-term	Individuals living on reserve have a key element of a stable foundation for accessing opportunities and improving their quality of life.	Housing research shows an associational link between good housing and employment stability, decreased levels of stress and improved family problem-solving and communication.
	First Nation members gain greater security and health through improved housing conditions on reserve.	Housing research shows associational and causal links between homeownership and increased wealth of households (primarily through equity build-up). It also supports the link between good housing and improved health outcomes.
	On-reserve communities benefit from greater stability and prosperity.	CMHC research, as well as those by third parties, quantified the economic impact of housing activities. Housing-related spending in Canada accounted for approximately $346 billion in 2011 or 20.1% of the GDP. Construction (both residential and commercial) plays an important role in Canada's labour market. In 2011, 37,500 new positions in construction were created, accounting for 19% of the job growth. *Source: data from Statistics Canada* CMHC, the First Nations Market Housing Fund (which backstops private financing on reserve) and AANDC supported capacity development efforts on reserve which is seen as key to addressing housing conditions in the long term. In 2011, 156 market-based on-reserve units were facilitated through CMHC's insured financing or Aboriginal capacity support.

	Expected Outcomes for 2.1	Indicators
Immediate	Lenders are protected from losses due to borrower default and are able to provide mortgage financing and provide it at competitive rates because of CMHC mortgage loan insurance.	Qualified borrowers can purchase a home with a down payment of less that 20% (minimum of 5%) and obtain rates comparable to those with a down payment of 20% or more.
	Canadians across the country not served or underserved by private mortgage insurers can better access housing of their choice.	Measured directly by the number of approved insured loans in the large (greater than four units) rental housing market, including nursing and retirement homes, and in small and rural communities. In 2011, these markets represented 46.5% of CMHC's high ratio business.
Intermediate	A healthy housing market which includes new construction as well as renovation activity contributes to job creation and economic growth.	CMHC research, as well as research by third parties, quantified the economic impact of housing activities. Housing-related spending in Canada accounted for approximately $346 billion in 2011 or 20.1% of the GDP. Construction (both residential and commercial) plays an important role in Canada's labour market. In 2011, 37,500 new positions in construction were created, accounting for 19% of the job growth. *Source: data from Statistics Canada*
	The provision of mortgage loan insurance for rental housing and condominium construction promotes affordable housing and supports tenure options.	Indirectly measured through the number of affordable housing units or new rental stock created using mortgage loan insurance. Over the past 10 years (up to the end of December 2011), CMHC has approved insurance for the following: ▪ 748,000 rental apartment units (excludes nursing and retirement home units) ▪ 28,183 social housing units ▪ 31,557 large rental units under Affordable Housing Underwriting Flexibilities (starting in 2003)
Long-term	Canadians who choose homeownership can increase their financial security.	Indirectly measured by the average equity that borrowers have in their homes. As at 31 December 2011, homeowners with CMHC-insured mortgages had, on average, equity of 44% of the value of their homes. Housing research shows associational and causal links between homeownership and increased wealth of households (primarily through equity build-up).
	Rental housing is supported, increasing the percentage of Canadians able to provide for their own housing needs without any government assistance.	See intermediate outcome indicator "The provision of mortgage loan insurance for rental housing and condominium construction promotes affordable housing and supports tenure options".

	Expected Outcomes for 2.2	Indicators
Immediate	Increased integration of mortgage market lending with capital market lending leads to greater efficiency and lower costs for lenders.	An evaluation of the Canada Mortgage Bonds program released in June 2008 showed that the cost of funds obtained by the "Big Five" banks through this program was, on average, about 18 basis points less than the cost of the next cheapest alternative source of long-term wholesale funding.
Immediate	Enhanced competitive position of small lenders in the mortgage market.	Directly measured by the share of total guarantees-in-force initiated by smaller lenders. Prior to the global financial crisis, smaller lenders accounted for approximately 14% of the insured residential mortgages securitized through CMHC's securitization programs. With the increase in the number of smaller lenders who sought access to CMHC's programs, the participation rate increased from 14% to approximately 22% as at December 2011.
Immediate	Canadians continue to be able to access low-cost financing for their homes.	An evaluation of the Canada Mortgage Bonds program (see above) estimated that borrowers saved up to $174 million per year (or $400 million over the course of the study period) due to the program.
Intermediate to long-term	Financial institutions, in particular, smaller lenders, have access to robust wholesale housing finance choices.	Prior to the global financial crisis, small lenders accounted for approximately 14% of insured residential mortgages securitized through CMHC's programs. With the increase in the number of small lenders who sought access to CMHC's programs, the participation rate increased from 14% to approximately 22% as at December 2011. Under the CMB program, the increase in the participation of small lenders is even more pronounced, moving from 19% in 2006 to 40% as at December 2011.
Intermediate to long-term	A stable and resilient Canadian housing finance system.	Canada's housing finance system withstood one of the worst economic downturns in history. Access to mortgage funding continued throughout the downturn as did competition in the mortgage lending market. At 0.41%, CMHC's arrears rate is in line with the industry trend as reported by the Canadian Bankers Association. CMHC maintains prudent underwriting standards and follows OSFI guidelines in setting capital levels.

	Expected Outcomes for 2.3	Indicators
Immediate	Consumers, the housing industry, stakeholders and policy makers have access to timely and relevant information on housing markets.	Indirectly measured through the take-up of and satisfaction with CMHC's market analysis products in 2011: ▪ 1 million housing market analysis publications distributed (in addition to the 990,000 housing research publications) ▪ 93% of attendees who found market analysis publications useful ▪ 99.1% of attendees of Housing Outlook Conferences who found them useful ▪ over 9.7 million visits to CMHC's website, with each visitor averaging over 11 minutes per visit
Intermediate to long-term	The housing market is more efficient and stable as a result of more effective matching of supply and demand.	Indirectly measured through a number of indicators that CMHC monitors, including the sales-to-new listings ratio, the gap between house price levels and their long-term fundamentals at a national level and the vacancy rate of rental housing.
Intermediate to long-term	Consumers and the housing industry are aware of and adopt best practices.	Indirectly measured through the number of publications ordered or downloaded and usefulness ratings of research products, Housing Outlook Conferences and other information transfer activities.

	Expected Outcomes for 3.1	Indicators
Immediate	Consumers, the housing industry, stakeholders and policy makers have access to timely and relevant information on housing.	Indirectly measured by take-up of and satisfaction with CMHC's information products in 2011: ■ 990,000 housing research publications distributed (in addition to the 1 million housing market analysis publications) ■ 92% of attendees at information seminars who found them useful ■ 70% of recipients of newly published *Research Highlights* who found them useful ■ over 9.7 million visits to CMHC's website, with each visitor averaging over 11 minutes per visit To help newcomers to Canada make informed housing decisions, CMHC translated key renting, home buying and home maintenance information products into six additional languages. In total, CMHC's "Housing for Newcomers" micro site had over 200,000 visits in 2011 and over 377,000 pages of content were viewed.
Intermediate	Consumers and the housing industry are aware of and adopt best practices.	Data from the 2011 Canadian Home Builders' Association (CHBA) *Pulse Survey* of new home builders and renovators indicate that unaided awareness of EQuilibrium™ stood at 39% of survey respondents. Almost 80% of respondents reported having made changes to their firms' construction techniques based on what they know about housing that is highly energy efficient with a low environmental impact. CMHC has conducted a focused survey of building industry leaders who have participated in the EQuilibrium™ initiative. An initial 2007 survey of industry stakeholders that had participated in the EQuilibrium™ competitive processes found that approximately 50% claimed to have made changes to their construction practices as a result of EQuilibrium™. When the companies were interviewed again in 2008 and 2010, 64% and 78%, respectively, indicated that they had made changes to their building practices as a result of the EQuilibrium™ initiative. A survey of eight of the ten builders that have completed the construction of EQuilibrium™ homes indicated there was clear evidence of change in most builders' business activities as a result of participation in EQuilibrium™, although the extent of the initiative's influence was difficult to quantify. Many survey participants mentioned adopting selected practices and technologies as a result of their participation.
	Governments and other organizations, including First Nations and Aboriginal organizations, have information to better assess policy options related to housing for Canadians in need.	Indirectly measured through the number of publications ordered or downloaded and usefulness ratings of research products, housing outlook conferences and other information transfer activities. In 2011, about 2 million copies of CMHC housing information products were distributed. Of this total, 1 million were market analysis publications and 990,000 were housing information products. There were over 9.7 million visits to CMHC's website, each visitor averaging over 11 minutes per visit. CMHC published the 2011 *Canadian Housing Observer* which included a special feature on housing finance. This publication provides an in-depth review of housing conditions and trends in Canada and describes the key factors that influence these developments. CMHC's website offers a broad range of statistical information on housing which can be downloaded and customized.
Long-term	Greenhouse gas emissions attributable to the residential sector are reduced through improved performance of new and existing homes.	The performance of EQuilibrium™ houses after occupancy is being monitored. This can provide baseline data for further research.

2013-2017
SUMMARY OF THE CORPORATE PLAN

Canada Mortgage and Housing Corporation (CMHC) is Canada's national housing agency. Created in 1946 through the *CMHC Act*, the Corporation has evolved over its 66-year history and today is a major source of federal housing assistance and a leading provider of mortgage loan insurance, securitization guarantees, housing research and market analysis.

Canada Mortgage and Housing Corporation offers a wide range of housing-related information. For more information, visit the Corporation's website at www.cmhc.ca or call 1-800-668-2642.

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