

**Letter to Halifax Chronicle Herald & Winnipeg Free Press
June 21, 2010**

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To the Editor:

Ralph Surette not only tells quite a tale in his column, "Not a bailout" (June 19, 2010), but he also gets many of the facts wrong.

Unlike other countries, not one bank in Canada went bankrupt or required a cent in taxpayer-funded bailouts. Mr. Surette is wrong to say that the government of Canada bought \$125 billion in questionable mortgages from financial institutions. In reality, the government purchased around \$70 billion of safe, insured mortgages when the global credit markets seized up to ensure that credit continued to flow to consumers and Canadian businesses. The government will make a sizeable profit on these transactions and it should be noted that these mortgages were already insured by the CMHC and therefore create no additional risk for the tax payer.

As with other types of insurance, CMHC mortgage insurance is completely funded by the premiums paid by those taking out the insurance. Again, with no risk to the tax payer.

Mr. Surette is also wrong to talk about the banks "excessive lending practices". The banks' prudential regulator, the Office of the Superintendent of Financial Institutions (OSFI), closely monitors the banks' lending portfolios to ensure that they are lending prudently and managing risk properly, and mortgages in arrears remain extremely low at 0.44 per cent of outstanding mortgages as of March. This shows that banks are not taking on excessive risks in their mortgage lending.

In 2009, Canada's banking sector employed some 260,000 Canadians, paid \$7.5 billion in taxes and paid out more than \$11.1 billion dollars of profits in dividends. As most Canadians are shareholders in Canada's banks either directly or through the CPP, pensions and mutual funds, these payments are to the benefit of the vast majority of all Canadians and their retirement savings.

Canada's stable banks are at the heart of our country's economic well being. It's too bad Mr. Surette cannot appreciate this fact.

Sincerely,

Nancy Hughes Anthony
President and CEO
Canadian Bankers Association

199 Bay Street, 30th Floor
Toronto, ON
M5L 1G2
Tel: 416-362-6092