MCAN Financial

2025 Q1 REPORT

Redefining opportunity to drive growth for Canadians

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At MCAN, we are redefining what's possible for Canadians—inspiring them to dream bigger and build a bolder future.

For our team members, it means unlocking career growth through mentorship and the power of collaboration to drive professional advancement.

For our clients, it's making homeownership attainable while securing their financial future and expanding their investment potential.

We provide investors with exclusive opportunities to invest in Canadian real estate with confidence, backed by our proven track record and visionary leadership.

We are built for resilience—a trusted partner you can rely on for the long term, combining experience with forward-thinking innovation.

Our partners are empowered with programs that fuel their growth and build stronger relationships with the clients who trust them to deliver.

Beyond business, we strengthen communities through impactful partnerships, like planting trees with One Tree Planted and building homes with Habitat for Humanity.

We inspire Canadians to reimagine what is possible. When our communities thrive, so does the future we are shaping together.

We are reimagining opportunity to drive growth for Canadian communities.

Therefore, we promise that as Canada's leading alternative financial services company, we redefine possibility through agile solutions that adapt to the diverse needs of our clients. We envision a future where our communities prosper —fostering resilience, growth, and unity.

Everything we do balances risk and ingenuity through strong partnerships and principled stewardship, delivering value through residential real estate that inspires confidence, drives returns, and builds trust within our communities.

For our communities, we show up with Diversity, Resilience, Imagination, Vision and Enthusiasm.

MCAN DRIVE

We DRIVE growth with relentless dedication to curiosity, innovation, and performance. Every day we show up with

Diversity
Celebrating our differences, amplifying individual stories that strengthen our unified purpose and build community.

Resilience
Balancing risk with the pursuit of progress and purposeful experimentation, grounded in sound judgment and sustainable growth. We embrace the opportunity and responsibility of ownership, always acting with integrity and purpose.

Imagination
Sparking creative solutions through curiosity, collaboration, and deep expertise. We approach challenges with a smile and solutions with purpose.

Vision
Enabling our clients, colleagues, and community members with what they need to achieve their personal and professional goals. Our impact is measured by their growth and inspired outcomes.

Enthusiasm
Empowering each other to deliver an exceptional experience, ensuring that every interaction cultivates trust, transformation and meaningful connection.

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MESSAGE TO SHAREHOLDERS

We remain committed to our strategy of providing attractive returns for our shareholders generated through long-term sustainable growth. While further geopolitical and economic uncertainty in the financial services market will persist through 2025, we are focused on our returns to shareholders, managing our portfolio, and improving all aspects of our operations. We have built a resilient portfolio despite market conditions and other economic factors that could impact our business. We will continue to work with our brokers and partners to serve our clients while managing our returns within our risk profile.

Our first quarter results from operations met our expectations despite the current environment. We were mainly impacted by higher provisions for credit losses due to worsening economic forecasts impacted by US trade policy and the unpredictability of tariffs. On a positive note, we did see our non-securitized spread improve compared to last quarter due to our mortgage pricing initiatives and continuing to manage our interest rate risk through the duration of our term deposit funding and related hedging strategies.

We are focused on maintaining the pipeline of our residential construction lending portfolio in selected markets, with our preferred borrowers and risk profile, as these loans provide comparatively higher yields than our residential mortgages. In the current declining interest rate environment, we have seen some normalization of spreads as term deposit and related hedges have caught up. We proactively manage investments in our construction portfolio in terms of product composition, geographic mix, and exposure. We also have strong strategic partnerships with originators. The borrowers that we like to target are experienced developers with a successful track record of project completion and loan repayment, and often repeat customers to us. We continue to increase our lending in and around the urban markets of the Greater Vancouver area, the Greater Toronto area and, to a lesser degree, Calgary and Edmonton. There continues to be strong demand for builders to build more affordable housing and entry level homes in these markets due to household formation driven by population dynamics, and a lack of affordable housing.

We have achieved growth in our residential mortgage portfolio, without sacrificing our credit profile. We continued our strategy of diversifying our residential mortgages with increased lending in the Alberta and British Columbia urban markets. Our results highlight our abilities and team strength, supported by outstanding service to our brokers, originators and customers. We are seeing stabilization in our arrears and impaired mortgages and we believe that we have a quality loan portfolio with conservative loan to value ratios supporting these loans.

Our investment in and partnership with MCAP continues to remain a key driver of returns for our shareholders. MCAP is privately owned and is Canada's largest independent mortgage finance company. With its market-leading position, we expect that MCAP will continue to provide solid returns for MCAN.

We continue to invest in products and infrastructure with a multi-year strategic focus on our internal operations to deliver sustainable and profitable growth. In the year ahead, we also expect our digital GIC platform and our hedging strategies to allow us to continue on our path of profitable growth.

With a strong liquidity and capital position, high level of credit quality, and our strategy of continued diversification of our lending portfolio and funding base, we believe we are well positioned for an uncertain economic and geopolitical environment. I want to thank all our shareholders, partners, team members and the Board for their ongoing support. While we are seeing geopolitical and economic uncertainty, there are positive signs that Canada will start to engage in activities to bolster our internal economy so that we are not so reliant on external forces. We remain focused on MCAN's strategic positioning in the Canadian residential mortgage market and preserving long-term value for our shareholders.

Derek Sutherland
Chief Executive Officer

OUR BUSINESS AND STRATEGY

MCAN is the largest Mortgage Investment Corporation ("MIC") in Canada and the only federally regulated MIC. MCAN (TSX: MKP) provides sustainable growth and returns for our shareholders by leveraging our real estate expertise and providing our shareholders with unique access to investments in the Canadian real estate market and the returns that they generate. Our business mainly includes real estate lending and investing, including residential mortgage lending, residential construction lending, non-residential construction lending and commercial lending, and investing in strategic private investments including MCAP Commercial LP ("MCAP") (privately-owned and Canada's largest independent mortgage financing company) in which we own an almost 14% interest. We provide a breadth of expertise in all facets of the real estate cycle that our shareholders benefit from. Our unique tax structure as a flow-through MIC allows us to not be taxed at the corporate level by distributing all of our taxable earnings annually to shareholders. It also means that 67% of our non-consolidated tax assets are to be held in residential mortgages and cash.

MCAN's lines of business include three divisions - MCAN Home, MCAN Capital and MCAN Wealth.

MCAN Home

MCAN Home is our residential mortgage lender that partners exclusively with accredited mortgage professionals to offer both insured and uninsured mortgage solutions across Canada. MCAN Home operates through MCAN's wholly owned subsidiary, MCAN Home Mortgage Corporation.

MCAN Capital

MCAN Capital focuses on unique financing and investment opportunities in construction and commercial loans, REITs, and private investment funds focused on lending to and developing Canadian communities. We also have an almost 14% equity interest in MCAP, Canada's largest privately-owned mortgage financing company.

MCAN Wealth

MCAN Wealth offers investors CDIC insured investment solutions at competitive rates, differing term options, and with no fees.

Business Model

MIC Structure	+	Low-Cost Funding	+	Effective Operations	=	Sustainable Growth	➡	Shareholder Value
Income from diversified, quality, real estate mortgages and investments that is not taxed at the corporate level	+	As the only OSFI-regulated MIC, we offer conservative leverage with low cost deposits eligible for CDIC insurance, as well as other funding sources	+	• Balance sheet and business process optimization • Investment portfolio a source of nascent value with unique participation in top tier private real estate investment vehicles • Positive team culture	=	• Earnings • Book value • Capital	➡	• Strong ROE • Growth in dividends • Total shareholder returns

MCAN's business model provides focused investing in products and markets where we have extensive expertise and that are not generally accessible to our shareholders, to generate attractive financial returns. We use our expertise to source our term deposits through a network of independent financial agents, as well as through a direct-to-consumer channel.

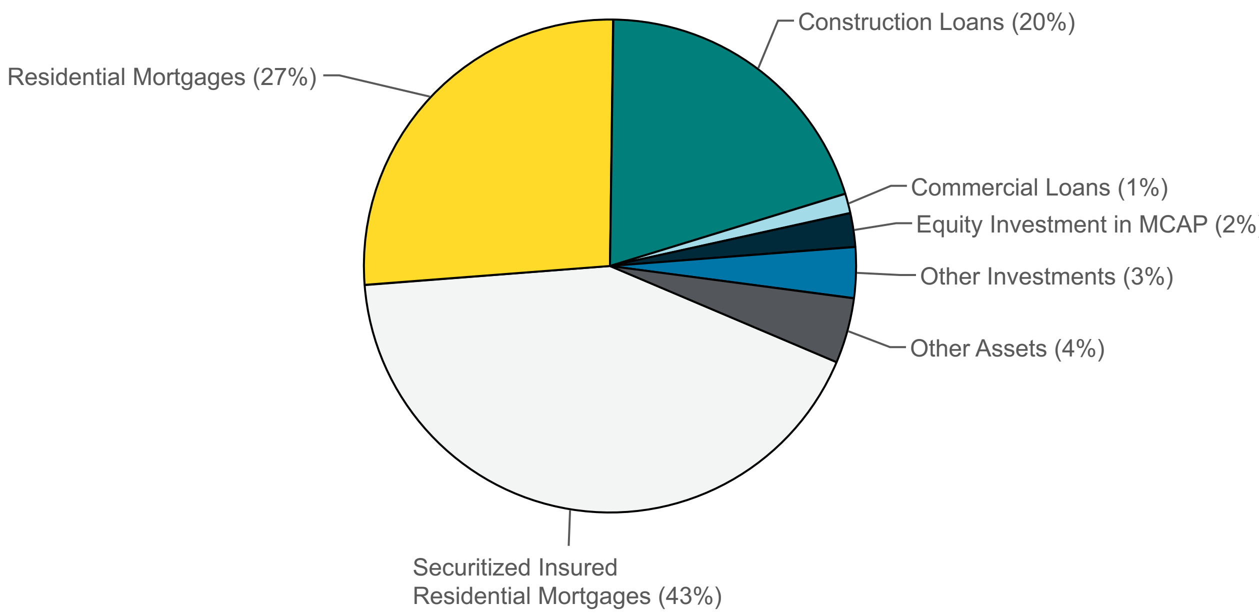
Our business model helps us to achieve our long-term objectives:

- Sustained 13% to 15% average return on average shareholders' equity ("ROE");
- Sustained 10% average annual growth of assets; and
- Sustained and prudent dividend growth.

Our Investment Portfolio

With extensive in-house expertise, MCAN is a strategic investor in the Canadian real estate market. Our portfolio is focused on residential mortgages and residential construction loans. We are also a strategic investor in MCAP, REITs, and other non-marketable real estate based funds that are generally not accessible to shareholders.

Total Assets at March 31, 2025 of $5.4 billion



Residential Mortgage Lending (March 31, 2025 - $3.8 billion; December 31, 2024 - $3.8 billion)

We originate insured and uninsured residential mortgages across Canada primarily focused on first time and move up homebuyers. Although we lend across Canada, our geographical focus is in the major urban regions in Ontario and to a lesser extent in Alberta and Vancouver. We have in-house origination, underwriting and boots on the ground in our core markets. These residential mortgages are originated through our strategic relationships with mortgage brokers. We focus our uninsured residential mortgage lending to those customers with credit challenges and to those who are self-employed. Our products include purchases, refinances and renewals. We also have strategies to either originate and securitize our on-balance sheet insured residential mortgages, which are included in securitized insured residential mortgages above, or sell our insured and uninsured residential mortgage commitments, depending on market conditions.

Construction Lending (March 31, 2025 - $1.1 billion; December 31, 2024 - $1.1 billion)

Residential construction loans are made to developers to finance residential construction projects. We focus our lending on the construction of more affordable housing in urban/suburban growth markets with a preference for proximity to transit. This approach aims to mitigate the impact of price volatility and tightened sales activity in the event of market corrections. As well, these markets are where we, or our originating partners, have experience and local expertise. We have long established strategic relationships with originators, partners and borrowers. In house, we apply our own seasoned experience, underwriting and monitoring. The borrowers that we target are experienced developers with a successful track record of project completion and loan repayment, and often repeat customers. These loans generally have a floating interest rate, with a floor rate set at origination and loan terms typically ranging between 24 and 36 months. We also strategically lend at the land development stage to enhance longer term relationships with borrowers. Non-residential construction loans provide similar construction financing, but for industrial developments, retail shopping developments and office buildings.

Commercial Lending (March 31, 2025 - $17 million; December 31, 2024 - $17 million)

Commercial loans include multi-family residential loans (e.g. loans secured by apartment buildings), and other commercial loans, which consist of term mortgages (e.g. loans secured by retail or industrial buildings) and higher yielding mortgage loans (e.g. loans that do not meet conventional residential construction loan parameters).

Investment in MCAP (March 31, 2025 - $123 million; December 31, 2024 - $122 million)

We have an almost 14% equity interest in MCAP. MCAP is Canada's largest independent mortgage finance company with assets under management of $154 billion, serving many institutional investors and over 400,000 homeowners. This investment allows us to participate in the growth of MCAP that typically provides quarterly distributions on our investment.

Our Loan Portfolio Quality

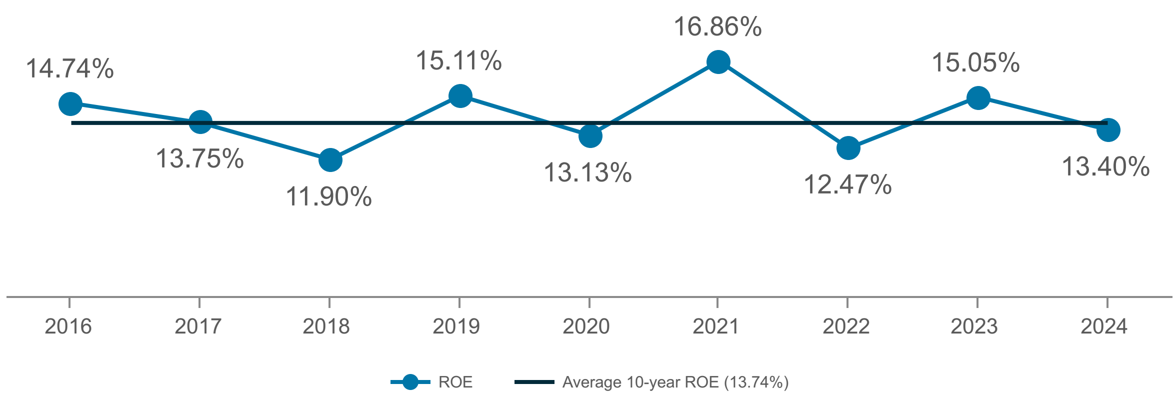
The majority of residential mortgage arrears activity occurs in the 1-30 day category, in which the bulk of arrears are resolved and do not migrate to arrears categories over 30 days. We closely monitor and actively manage these arrears. We believe that we have a quality uninsured residential mortgage loan portfolio with an average loan to value of 64.3% at March 31, 2025 based on an industry index of current real estate values.

We have historically had low arrears related to our construction and commercial loan portfolios due to our prudent and selective lending methodology and our account management processes in these product types. We believe that we have a quality construction and commercial loan portfolio with an average loan to value of 62.0% at March 31, 2025 based on an industry index of current real estate values. We have a strong track record with our asset recovery programs as the need arises. Our realized loan losses on our construction portfolio have been negligible.

Our Shareholder Returns

ROE is a key performance metric for MCAN. With our diversified investment base, we believe that we are able to generate strong returns for shareholders through various cycles of the real estate market.

Historical ROE[1]



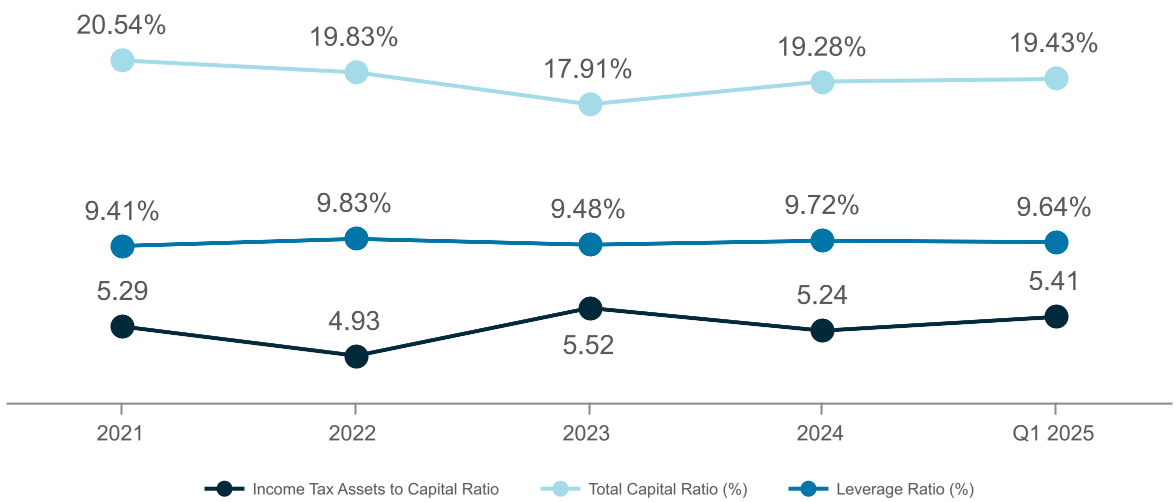
Our long-term objective is sustained 13% to 15% average ROE. The nature of our investing activities may result in fluctuations in our ROE year to year. ROE for this quarter was mainly impacted by higher provisions for credit losses due to (i) worsening economic forecasts due to the current economic and geopolitical environment mainly impacting our performing loans; and (ii) interest provisioning on our impaired residential construction loans. In the last 10 years, we have delivered an average ROE[1] of 13.74%.

[1] *Considered to be a non-GAAP and other financial measure. For further details, refer to the "Non-GAAP and Other Financial Measures" of our 2025 MD&A available below or on SEDAR+ at www.sedarplus.ca. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.*

Our Capital Strength

We manage our capital and asset balances based on the regulations and limits of the *Trust and Loan Companies Act* (the "Trust Act"), *Income Tax Act* (Canada) (the "Tax Act") and the Office of the Superintendent of Financial Institutions Canada ("OSFI"). Our strong capital base over the years has allowed us to pursue our growth strategy while achieving our long-term objectives. We have made a conscious effort over the last few years to try to optimize our balance sheet in order to position ourselves well for future growth and returns.

Historical Capital Ratios

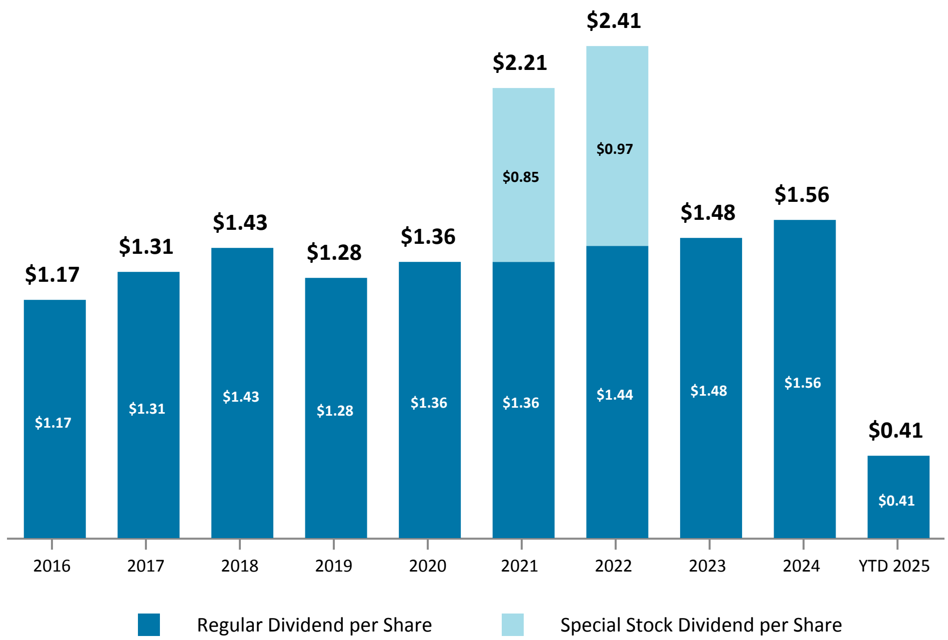


Our capital ratios have adjusted over the years as we have optimized our balance sheet, growing our assets utilizing excess capital room. We had capital growth of $1.1 million due to our at-the-market equity program this quarter. Capital maintenance has come from our dividend reinvestment program. Further growth in our capital will be dependent on equity market conditions and shareholder appetite. All of our capital and leverage ratios are within our regulatory and internal risk appetite guidelines.

Our Dividends

Uniquely structured as a MIC, our dividend policy is to pay out substantially all of our taxable income to our shareholders. These dividends are taxable to our shareholders as interest income. Should taxable income per share exceed our regular cash dividends per share, we would distribute special cash or stock dividends per our dividend policy. We have been paying regular dividends since our founding in 1992.

Dividend History



The Board of Directors ("Board") declared a second quarter regular cash dividend of $0.41 per share to be paid June 30, 2025 to shareholders of record on June 13, 2025.

Our Environment, Social and Governance ("ESG") Program

People First. Purpose Driven. Performance Focused.

E	• Supporting sustainable residential communities by providing residential mortgages using **responsible underwriting and risk management** practices that are **environmentally compliant** • Providing capital and loans to real estate developers and investment funds who are **committed to community** and **environmentally responsible development**, primarily for **residential density development in urban communities close to mass transit** • Operational efficiency to **reduce our carbon footprint**
S	• **Lending to, and investing in**, the development of more **affordable housing** • **Investing in the communities** where our shareholders, customers, business partners and team members call home • Creating a **positive experience by tailoring products and offerings** for our stakeholders and customers to achieve their objectives
G	• Ensuring **strong governance and risk management practices** aligned with our role as a publicly traded regulated financial institution focused on all our stakeholders and their communities

At the core of our ESG program is our management team and the Board, who navigate the risks and opportunities in our business within our established sustainability framework. Our management team, along with our Board, have built a strong risk and governance framework by which we do business. We believe these practices are essential for the Company's success. Information about our risk governance structure is included in the "Risk Factors" section of our MD&A for the year ended December 31, 2024, available on the System for Electronic Document Analysis and Retrieval at www.sedarplus.ca. We are establishing processes to meet requirements on climate risk, environmental risk and related disclosures and quantifying our business' environmental impact.

We remain committed to supporting sustainable residential development projects, investing in our team culture and professional growth, and supporting local charities. The capital we provide for construction lending opportunities primarily focuses on affordable residential development projects in urban markets that are committed to net zero emissions frameworks by 2050, including Toronto, Vancouver and Calgary. We also work with partners who are committed to responsible corporate citizenship. Many of these partners consider ESG at every phase of the real estate lifecycle and recognize that this creates the greatest value for stakeholders. We continue to invest in learning and development opportunities for our team members and support various local charitable organizations. We also support our team members by providing a work environment that allows for a flexible working structure, and enhancing our wellness, benefit and compensation plans.

Our MCAN DRIVE values support *lending* a hand…

- To Canadians dreaming of home ownership and wealth creation through investment in Canadian real estate;
- To communities through support and investment in projects that connect, empower and revitalize;
- To developers committed to social responsibility and building a low carbon world by reducing waste, emissions, and energy consumption;
- To shareholders by providing transparency on ESG risks and opportunities, and actively managing and improving on reporting on ESG performance to ensure alignment with their vision; and
- To team members through the cultivation of a diverse, inclusive, and collaborative culture.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

MCAN Mortgage Corporation is doing business as ("d/b/a") MCAN Financial Group ("MCAN", the "Company" or "we"). This Management's Discussion and Analysis of Operations ("MD&A") should be read in conjunction with the interim unaudited consolidated financial statements and accompanying notes for the quarter ended March 31, 2025 and the audited consolidated financial statements, accompanying notes and MD&A for the year ended December 31, 2024. These items and additional information regarding MCAN, including continuous disclosure materials such as the Annual Information Form are available on the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca and our website at www.mcanfinancial.com. Except as indicated below, all other factors discussed and referred to in the MD&A for fiscal 2024 remain substantially unchanged. Information has been presented as of May 7, 2025.

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A CAUTION ABOUT FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. All information contained in this MD&A, other than statements of current and historical fact, is forward-looking information. All of the forward-looking information in this MD&A is qualified by this cautionary note. Often, but not always, forward-looking information can be identified by the use of words such as “may,” “believe,” “will,” “anticipate,” “expect,” “planned,” “estimate,” “project,” “future,” and variations of these or similar words or other expressions that are predictions of, or indicate, future events and trends and that do not relate to historical matters. Forward-looking information in this MD&A includes, among others, statements and assumptions with respect to:

- the current business environment, economic environment and outlook;
- possible or assumed future results;
- our ability to create shareholder value;
- our business goals and strategy;
- the potential impact of new regulations and changes to existing regulations as well as any changes in tax legislation;
- the stability of home prices;
- the effect of challenging conditions on us;
- the performance of our investments;
- factors affecting our competitive position within the housing lending market;
- international trade, including changes in tariffs, international economic uncertainties, failures of international financial institutions and geopolitical uncertainties and their impact on the Canadian economy;
- sufficiency of our access to liquidity and capital resources;
- the timing and effect of interest rate changes on our cash flows; and
- the declaration and payment of dividends.

Forward-looking information is not, and cannot be, a guarantee of future results or events. Forward-looking information reflects management’s current beliefs and is based on information currently available to management. Forward-looking information is based on, among other things, opinions, assumptions, estimates and analyses that, while considered reasonable by us at the date the forward-looking information is provided, inherently are subject to significant risks, uncertainties, contingencies and other factors that may cause actual results and events to be materially different from those expressed or implied by the forward-looking information.

The material factors or assumptions that we identified and were applied by us in drawing conclusions or making forecasts or projections set out in the forward-looking information, include, but are not limited to:

- our ability to successfully implement and realize on our business goals and strategy;
- government regulation of our business and the cost to us of such regulation;
- factors and assumptions regarding interest rates, including the effect of Bank of Canada actions already taken;
- the effect of supply chain issues;
- the effect of inflation;
- housing sales and residential mortgage borrowing activities;
- the effect of household debt service levels;
- the effect of competition;
- systems failure or cyber and security breaches;
- the availability of funding and capital to meet our requirements;
- investor appetite for securitization products;
- the value of mortgage originations;
- the expected spread between interest earned on mortgage portfolios and interest paid on deposits;
- the relative uncertainty and volatility of real estate markets;
- acceptance of our products in the marketplace;
- the stage of the real estate cycle and the maturity phase of the mortgage market;
- impact on housing demand from changing population demographics and immigration patterns;
- our ability to forecast future changes to borrower credit and credit scores, loan to value ratios and other forward-looking factors used in assessing expected credit losses and rates of default;
- availability of key personnel;
- our operating cost structure;
- the current tax regime; and
- operations within, and market conditions relating to, our equity and other investments.

External geopolitical conflicts and government and Bank of Canada economic policy have resulted in uncertainty relating to the Company’s internal expectations, estimates, projections, assumptions and beliefs, including with respect to the Canadian economy, employment conditions, interest rates, supply chain issues, international trade, inflation, levels of housing activity and household debt service levels. There can be no assurance that such expectations, estimates, projections, assumptions and beliefs will continue to be valid. The impacts that any further or escalating geopolitical conflicts will have on our business is uncertain and difficult to predict.

Reliance should not be placed on forward-looking information because it involves known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from anticipated future results expressed or implied by such forward-looking information. Factors that could cause actual results to differ materially from those set forth in the forward-looking information include, but are not limited to, the risk that any of the above opinions, estimates or assumptions are inaccurate and the other risks and uncertainties referred to in our Annual Information Form for the year ended December 31, 2024, this MD&A and our other public filings with the applicable Canadian regulatory authorities.

Subject to applicable securities law requirements, we undertake no obligation to publicly update or revise any forward-looking information after the date of this MD&A whether as a result of new information, future events or otherwise or to explain any material difference between subsequent actual events and any forward-looking information. However, any further disclosures made on related subjects in subsequent reports should be consulted.

SELECTED FINANCIAL INFORMATION

Table 1: Financial Statement Highlights - Q1 2025

(in thousands except for per share amounts and %) **For the Periods Ended**	**Q1 2025**	**Q4 2024**	**Change (%)**	**Q1 2024**	**Change (%)**
Income Statement Highlights					
Net interest income - non-securitized assets	$ 20,664	$ 21,091	(2%)	$ 21,346	(3%)
Net interest income - securitized assets	$ 3,089	$ 3,570	(13%)	$ 2,643	17%
Mortgage interest - non-securitized assets [A]	$ 45,148	$ 47,209	(4%)	$ 48,008	(6%)
Term deposit interest and expenses [B]	$ 24,882	$ 26,642	(7%)	$ 26,070	(5%)
Net non-securitized mortgage spread income[1] [A-B]	$ 20,266	$ 20,567	(1%)	$ 21,938	(8%)
Pre-provision pre-tax income[1]	$ 19,375	$ 7,564	156%	$ 22,280	(13%)
Equity income from MCAP Commercial LP	$ 5,571	$ 7,227	(23%)	$ 7,183	(22%)
Net gain (loss) on securities	$ 1,099	$ (11,326)	110%	$ 27	3,970%
Net income	$ 16,590	$ 7,725	115%	$ 23,220	(29%)
Basic and diluted earnings per share	$ 0.43	$ 0.20	115%	$ 0.65	(34%)
Dividends per share - cash	$ 0.41	$ 0.39	5%	$ 0.39	5%
Next quarter's dividend per share - cash	$ 0.41				
Return on average shareholders' equity [1]	10.99 %	5.14 %	5.85%	17.09 %	(6.10%)
Taxable income per share [2]	$ 0.45	$ 0.51	(12%)	$ 0.67	(33%)
Spreads					
Spread of non-securitized mortgages over term deposit interest and expenses [1]	2.89 %	2.83 %	0.06%	3.14 %	(0.25%)
Spread of securitized mortgages over liabilities [1]	0.50 %	0.54 %	(0.04%)	0.46 %	0.04%
Average term to maturity (in months)					
Mortgages - non-securitized	9.1	9.5	(4%)	11.5	(21%)
Term deposits	17.7	18.5	(4%)	18.2	(3%)
At	**March 31 2025**	**December 31 2024**	**Change (%)**	**March 31 2024**	**Change (%)**
Balance Sheet Highlights					
Total assets	$ 5,443,350	$ 5,347,565	2%	$ 4,894,436	11%
Mortgages - non-securitized	$ 2,544,500	$ 2,464,091	3%	$ 2,385,267	7%
Mortgages - securitized	$ 2,353,531	$ 2,419,871	(3%)	$ 2,094,637	12%
Total liabilities	$ 4,835,985	$ 4,748,376	2%	$ 4,318,019	12%
Shareholders' equity	$ 607,365	$ 599,189	1%	$ 576,417	5%
Capital Ratios					
Income tax assets to capital ratio [2]	5.41	5.24	3%	5.14	5%
CET 1 & Tier 1 capital ratio [4]	19.12 %	19.02 %	1%	19.00 %	0.12%
Total capital ratio [4]	19.43 %	19.28 %	0.15%	19.23 %	0.20%
Leverage ratio [3]	9.64 %	9.72 %	(0.08%)	10.11 %	(0.47%)
Credit Quality					
Impaired mortgage ratio (non-securitized) [1]	2.31 %	2.46 %	(0.15%)	3.42 %	(1.11%)
Impaired mortgage ratio (total) [1]	1.20 %	1.25 %	(0.05%)	1.83 %	(0.63%)
Mortgage Arrears					
Non-securitized	$ 105,044	$ 96,368	9%	$ 136,175	(23%)
Securitized	4,757	4,103	16%	6,085	(22%)
Total	$ 109,801	$ 100,471	9%	$ 142,260	(23%)
Common Share Information (end of period)					
Number of common shares outstanding	39,128	38,717	1%	37,831	3%
Book value per common share [1]	$ 15.52	$ 15.48	—%	$ 15.24	2%
Common share price - close	$ 18.36	$ 18.25	1%	$ 15.73	17%
Market capitalization	$ 718,390	$ 706,585	2%	$ 595,082	21%

[1] Considered to be a non-GAAP and other financial measure. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this MD&A. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.
[2] For further information refer to the "Taxable Income" and "Income Tax Capital" sections of this MD&A. Tax balances are calculated in accordance with the Tax Act.
[3] This measure has been calculated in accordance with OSFI's Leverage Requirements guidelines. Mortgages securitized through the market MBS program and CMB program for which derecognition has not been achieved are included in regulatory assets in the leverage ratio. For further information, refer to the "Capital Management" section of this MD&A.
[4] These measures have been calculated in accordance with OSFI's Capital Adequacy Requirements guidelines.

Table 2: Financial Statement Highlights - Quarterly

(in thousands except per share amounts, % and where indicated)	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Income Statement Highlights								
Net interest income - non-securitized assets	$20,664	$21,091	$20,813	$21,228	$21,346	$22,314	$21,891	$20,290
Net interest income - securitized assets	$ 3,089	$ 3,570	$ 3,122	$ 2,590	$ 2,643	$ 2,670	$ 1,922	$ 2,251
Mortgage interest - non-securitized assets [A]	$45,148	$47,209	$48,067	$48,422	$48,008	$47,406	$44,144	$38,691
Term deposit interest and expenses [B]	$24,882	$26,642	$28,021	$27,526	$26,070	$24,361	$21,083	$18,034
Net non-securitized mortgage spread income[1] [A-B]	$20,266	$20,567	$20,046	$20,896	$21,938	$23,045	$23,061	$20,657
Pre-provision pre-tax income[1]	$19,375	$ 7,564	$28,194	$21,774	$22,280	$23,506	$18,283	$16,318
Equity income from MCAP Commercial LP	$ 5,571	$ 7,227	$ 6,667	$ 7,726	$ 7,183	$ 4,429	$ 4,310	$ 5,268
Net gain (loss) on securities	$ 1,099	$(11,326)	$ 5,671	$ (715)	$ 27	$ 1,977	$(1,581)	$(5,017)
Net income	$16,590	$ 7,725	$26,892	$19,749	$23,220	$19,855	$18,479	$15,887
Basic and diluted earnings per share	$ 0.43	$ 0.20	$ 0.70	$ 0.52	$ 0.65	$ 0.56	$ 0.53	$ 0.46
Dividends per share - cash	$ 0.41	$ 0.39	$ 0.39	$ 0.39	$ 0.39	$ 0.38	$ 0.38	$ 0.36
Return on average shareholders' equity [1]	10.99 %	5.14 %	18.16 %	13.63 %	17.09 %	15.01 %	14.20 %	12.47 %
Taxable income (loss) per share [2]	$ 0.45	$ 0.51	$ 0.25	$ 0.44	$ 0.67	$ (0.13)	$ 0.45	$ 0.66
Spreads								
Spread of non-securitized mortgages over term deposit interest and expenses [1]	2.89 %	2.83 %	2.78 %	2.93 %	3.14 %	3.34 %	3.49 %	3.63 %
Spread of securitized mortgages over liabilities [1]	0.50 %	0.54 %	0.49 %	0.46 %	0.46 %	0.39 %	0.42 %	0.39 %
Average term to maturity (in months)								
Mortgages - non-securitized	9.1	9.5	12.9	12.1	11.5	12.7	13.1	12.7
Term deposits	17.7	18.5	19.1	19.2	18.2	18.5	19.2	16.1
Balance Sheet Highlights ($ million)								
Total assets	$ 5,443	$ 5,348	$ 5,213	$ 5,097	$ 4,894	$ 4,739	$ 4,540	$ 4,427
Mortgages - non-securitized	$ 2,545	$ 2,464	$ 2,472	$ 2,500	$ 2,385	$ 2,415	$ 2,338	$ 2,224
Mortgages - securitized	$ 2,354	$ 2,420	$ 2,290	$ 2,170	$ 2,095	$ 1,930	$ 1,835	$ 1,755
Total liabilities	$ 4,836	$ 4,748	$ 4,611	$ 4,512	$ 4,318	$ 4,207	$ 4,013	$ 3,910
Shareholders' equity	$ 607	$ 599	$ 602	$ 585	$ 576	$ 532	$ 528	$ 517
Capital Ratios								
Income tax assets to capital ratio [2]	5.41	5.24	5.38	5.34	5.14	5.52	5.14	5.22
CET 1 & Tier 1 capital ratios [4]	19.12 %	19.02 %	19.94 %	19.10 %	19.00 %	17.61 %	17.72 %	17.90 %
Total capital ratio [4]	19.43 %	19.28 %	20.19 %	19.35 %	19.23 %	17.91 %	17.98 %	18.14 %
Leverage ratio [3]	9.64 %	9.72 %	9.99 %	9.85 %	10.11 %	9.49 %	9.76 %	9.71 %
Credit Quality								
Impaired mortgage ratio (non-securitized) [1]	2.31 %	2.46 %	2.26 %	3.50 %	3.42 %	3.26 %	1.76 %	1.70 %
Impaired mortgage ratio (total) [1]	1.20 %	1.25 %	1.19 %	1.90 %	1.83 %	1.82 %	0.99 %	0.96 %
Mortgage Arrears								
Non-securitized	$105,044	$96,368	$139,427	$136,499	$136,175	$112,789	$85,513	$63,651
Securitized	4,757	4,103	6,333	5,278	6,085	4,661	4,438	5,130
Total	$109,801	$100,471	$145,760	$141,777	$142,260	$117,450	$89,951	$68,781
Common Share Information (end of period)								
Number of common shares outstanding	39,128	38,717	38,463	38,153	37,831	35,432	35,432	35,068
Book value of common share [1]	$ 15.52	$ 15.48	$ 15.65	$ 15.34	$ 15.24	$ 15.01	$ 14.89	$ 14.73
Common share price - close	$ 18.36	$ 18.25	$ 17.98	$ 16.10	$ 15.73	$ 15.89	$ 15.13	$ 15.36
Market capitalization ($ million)	$ 718	$ 707	$ 692	$ 614	$ 595	$ 563	$ 536	$ 539

[1] *Considered to be a non-GAAP and other financial measure. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this MD&A. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.*
[2] *For further information refer to the "Taxable Income" and "Income Tax Capital" sections of this MD&A. Tax balances are calculated in accordance with the Tax Act.*
[3] *This measure has been calculated in accordance with OSFI's Leverage Requirements guidelines. Mortgages securitized through the market MBS program and CMB program for which derecognition has not been achieved are included in regulatory assets in the leverage ratio. For further information, refer to the "Capital Management" section of this MD&A.*
[4] *These measures have been calculated in accordance with OSFI's Capital Adequacy Requirements guidelines.*

Quarterly Trends

- In 2023, we saw some stabilization in interest rates compared to prior periods, but still saw a total of 75 basis points increase in interest rates during the year, as well as uncertainty on future increases by the Bank of Canada and on the Canadian economy's risk of recession. There continued to be volatility in REIT stock prices and therefore mostly unrealized losses were recorded. In 2024, we saw the beginning of interest rate cuts which helped initially with a recovery on REIT stock prices; however, Q4 2024 saw unrealized losses on our REITS and our non-marketable securities mainly related to the current economic environment and their impact on valuations. In Q1 2025, we recorded an increase to our provision for credit losses mainly on performing loans due to the current geopolitical environment.

- In 2023, the rising interest rate environment had increased rates in our floating rate residential construction portfolio above their floor rates and our focus on changing the laddering of the duration of our term deposits had kept average term deposit rates from rising faster than our mortgage rates, which increased our spread of non-securitized mortgages over term deposit interest and expenses. Beginning in Q2 2024, we saw a larger decline in our spread of non-securitized mortgages over term deposit interest and expenses as rates on our non-securitized mortgages fell faster than our term deposits in the declining interest rate environment. In Q4 2024 and Q1 2025, we saw slight increases in our spread of non-securitized mortgages over term deposit interest and expenses due to our hedging strategy and pricing initiatives which lower our term deposit costs more than our non-securitized mortgage rates.

- We saw spreads decline on securitizations in 2023 as a result of a decline in the spread of Government of Canada bond yields versus our mortgage rates. Government of Canada bond yields remained elevated in 2023. As a result, we had reduced our securitization volumes in 2023. 2023 volumes were also impacted by lower insured residential mortgage originations due to the higher interest rate environment. Since Q4 2023, we have seen better economics on securitizations as the spread of Government of Canada bond yields versus our mortgage rates widened. We participate in this market opportunistically.

- In order to take advantage of the tax benefits provided by our Mortgage Investment Corporation ("MIC") status, we pay out all of MCAN's non-consolidated taxable income to shareholders through dividends. In 2023, we had higher taxable income from our core business as well as from our investment in MCAP. In Q4 2023, we had lower taxable income as a result of tax timing differences on various investing strategies that we engaged in. In Q3 2023, we increased our quarterly cash dividend per share by 6% to $0.38 due to taxable income growth. In 2024 and Q1 2025, we had higher taxable income mainly as a result of higher taxable income from MCAP. In Q1 2024, we increased our quarterly cash dividend by 3% to $0.39. In Q1 2025, we increased our quarterly cash dividend by 5% to $0.41 due to taxable income growth.

- Common Equity Tier 1 ("CET 1"), Tier 1 Capital and Total Capital to risk-weighted assets ratio reductions are generally due to our growing risk-weighted assets compared to our capital base. In 2023, 2024 and so far in 2025, we raised $2 million, $7 million and $1.1 million, respectively, of capital through our at-the-market equity program ("ATM Program"). Improvement to our ratios in Q1 and Q2 2024 was due to a successful $28.8 million capital raise by way of an overnight marketed offering in Q1 2024. Our Dividend Reinvestment Program ("DRIP") provided us with a reliable source of capital maintenance each quarter. All of our capital and leverage ratios are within our regulatory and internal risk appetite guidelines.

- Mortgage arrears have varied on a quarterly basis given the nature of the 1-30 day arrears. The majority of residential mortgage arrears activity occurs in the 1-30 day category, in which the bulk of arrears are resolved and do not migrate to arrears categories over 30 days. Our greater than 30 days arrears increased compared to Q4 2024 in our uninsured residential mortgages; however, we believe overall that we have a quality uninsured residential mortgage loan portfolio with an average loan to value ("LTV") of 64.3% at March 31, 2025 based on an industry index of current real estate values. For the construction and commercial mortgage arrears, these loans have either been brought current or we expect them to be brought current, or we have initiated asset recovery programs. We have a strong track record with our default management processes and asset recovery programs as the need arises. Our realized loan losses on our construction portfolio have been negligible.

BUSINESS OVERVIEW AND OUTLOOK

We focus over the long term on sustainably growing our business and shareholder returns. We believe that our long-term strategy will continue to serve us well, although we always consider the current market conditions in the execution of that strategy. Over the mid-term, our focus is to grow our business and our shareholder returns within our capital requirements and risk appetite, working with our strategic partners, and investing in infrastructure and process improvements to drive efficiencies in all our operations. In the short-term, we are focused on managing our shareholder returns in light of current geopolitical and economic uncertainty. We believe that we are a prudent and disciplined lender to the Canadian real estate markets with a strong credit profile with conservative LTV ratios. We have strong relationships with our brokers and strategic partners that are foundational to our strategy. This strategy and long-term outlook are based on assumptions learned from our over three decades of experience, our market knowledge, and sources we consider reliable.

Economic Outlook

The Canadian economy is in a period of heightened geopolitical and economic uncertainty as tariff threats overshadow what could have been an improving economy. Canada saw some recovery initially from declining interest rates with better gross domestic product ("GDP") growth and lower unemployment. However, this momentum was derailed by US trade policy and the unpredictability of tariffs. The Bank of Canada maintained its overnight rate in April for this reason due to increased risks of inflation. The magnitude and duration of changes in tariffs on international trade presents a risk of recession to the Canadian economy with the potential for weaker GDP, higher unemployment, and further inflationary pressures. Most economists believe that to support economic growth the direction of interest rate cuts is downwards through 2025 but by less than previously forecasted. Higher leveraged households and an uncertain job market have shifted consumer spending toward debt servicing and more conservative spending habits, with a pullback in discretionary spending. Slower immigration growth will also create a drag on GDP growth. We expect geopolitical uncertainty and its impact on the economy to be the dominant concern for 2025.

Housing Market Outlook

Housing affordability continues to be a concern across Canada. Recent forecasts of further interest rate cuts will provide some relief to homebuyers in the short-term and we are seeing more uptake for variable-rate mortgage products; however, we do not expect a sustained recovery in affordability until interest rates come down more meaningfully and geopolitical tensions de-escalate. In the long term, we believe that further interest rate cuts and the continued supply-demand imbalance for housing will provide upward pressure on sale and home price growth, particularly in and around our core markets of (i) the Greater Toronto area; (ii) the Capital region; and (iii) the Greater Vancouver area. However, housing affordability and reduced immigration will likely keep this growth from being even stronger. Housing affordability (including housing supply) continues to be a critical issue for all levels of government and in all provinces where we do business. The lack of supply of affordable housing is not easily resolved in the short term, as there are multiple factors to building new supply (i.e. local/municipal government processes, skilled labour shortages, increased construction costs including higher construction financing rates, lack of new construction technologies, etc.) that limit how many homes can be built in the short term.

Business Outlook

We believe that our business is well structured with its focus on multiple facets of the Canadian residential real estate market, giving us some flexibility in terms of income generation and allowing us to balance volatility that we may experience at certain points and in certain areas of our business. We believe that there is an opportunity to focus on and expand our core businesses without taking on significantly more risk. We will also continue to place an emphasis on investing in our infrastructure and process improvements to drive operating leverage. We will remain nimble, however, in dealing with any market changes or opportunities that may arise in any of our businesses in the short term. With a strong liquidity and capital position, high level of credit quality, and our strategy of continued diversification of our lending portfolio and funding base, we believe we are well positioned for an uncertain economic and geopolitical environment.

MCAN Capital Division

Our MCAN Capital division manages our construction and commercial lending business. We expect continued high demand for more affordable housing, which is our main strategy. We have seen growth in our average residential construction and commercial portfolio balance, which is over $1.1 billion, but we do expect runoff from completed projects and, therefore, we are building our pipeline to manage this and maintain controlled growth in our portfolio. Specifically with respect to construction zoning site delays as well as the aforementioned housing market headwinds on our construction lending portfolio, the vast majority of our loans are progressing towards completion and the few that have stalled are being actively managed to either be brought current or asset recovery programs have been initiated. We continue to monitor that entire portfolio and the market very closely, and we will continue to exercise our strong credit management practices in the context of the market. As well, the cost of construction has increased due to inflationary pressures in the cost of building materials and labour, and there continues to be a shortage of skilled labour within the construction industry. Tariffs on international trade may further increase construction costs. All these factors have, and may continue to have, an impact on the timing of repayments as loans remain outstanding longer; however, they have not changed the overall expected success of these construction projects or the performance of the loans within this portfolio. Our philosophy within our MCAN Capital division is to apply a prudent approach to our underwriting criteria in line with our risk appetite, with a focus on well-located and more affordable residential products, near transit corridors, with experienced borrowers and developers where we have existing relationships. We will continue to remain vigilant in our underwriting and loan management practices and look to onboard new borrowers and developers that fit within our lending philosophy.

MCAN Home Division

Our MCAN Home division manages our residential lending business. Given the geopolitical and economic environment, our risk management, credit monitoring and assessment activities continue to have a heightened focus in operating our business. We continue to focus on proactively protecting our net interest margins on our residential mortgages with strong credit underwriting to ensure that we adequately compensated for the level of risk we may take. We expect a moderate increase in home purchase activity, and more competition in our market in order to attract what demand is coming in for both originations and renewals, when more meaningful interest rate cuts occur; however, the economic impact of the current geopolitical environment remains uncertain. Despite the noted uncertainty, we remain open for business while taking a prudent approach to the mortgage originations we undertake. We remain dedicated to continuously improving our service for our borrowers and the broker community, and as such, we will continue to invest in our current and new systems and business infrastructure to further enhance our service experience. We will also look to expand to other urban markets within Canada. We will continue to keep abreast of the many changes in the market, the regulatory environment and in our portfolios that could impact our business or that could create opportunities in line with our risk appetite.

MCAN Wealth Division

Our MCAN Wealth division manages our term deposit business. We issue both retail and wholesale term deposits that are eligible for CDIC deposit insurance that are sourced through a network of independent brokers and financial agents, as well as through our digital direct-to-consumer platform. We expect solid originations of term deposits to maintain the level of non-securitized mortgage growth we have achieved. We expect there will continue to be volatility in the Government of Canada bond yield curve and, therefore, volatility in pricing in the term deposit market due to changes in deposit customer demand from further interest rate cuts and related higher demand by financial institutions for term deposits. Given forecasted interest rates, we continue to look for opportunities to adjust the maturity terms of our term deposits relative to our non-securitized mortgage portfolio. We will continue to utilize our hedging strategies to minimize interest rate risk in a declining rate environment, particularly as our floating rate construction lending portfolio floats down to floor rates. We will continue to expand our broker networks, grow our direct-to-consumer platform and look for other channels to source term deposits. We have invested in, and expect to continue to invest in, our current and new systems and business infrastructure and processes to drive efficiencies.

We are expanding and maturing our capital markets, investor relations and funding diversification strategies over the long term to continue our growth. That growth will be dependent on capital availability and, therefore, the strength of capital markets and existing shareholder demand for our shares. We will continue to leverage our ATM and DRIP programs and other share offerings when it makes sense. MCAN's management and Board are committed to proactively and effectively managing and evolving all our strategies, business activities and team to achieve our targeted average annual growth in assets over the long term of 10%.

This Outlook contains forward-looking statements. For further information, refer to the "A Caution About Forward-Looking Information and Statements" section of this MD&A.

HIGHLIGHTS

Q1 2025

- Net income totalled $16.6 million in Q1 2025, a decrease of $6.6 million (29%) from net income of $23.2 million in Q1 2024. Results for the first quarter of 2025 were mainly impacted by higher provisions for credit losses due to the current economic and geopolitical environment.

- Earnings per share totalled $0.43 in Q1 2025, a decrease of $0.22 (34%) from earnings per share of $0.65 in Q1 2024.

- Return on average shareholders' equity[1] was 10.99% in Q1 2025, a decrease from 17.09% in Q1 2024.

- Net non-securitized mortgage spread income[1] decreased by $1.7 million in Q1 2025 from Q1 2024. The net non-securitized mortgage spread income decreased due to a higher average non-securitized mortgage portfolio balance from mortgage portfolio growth, offset by a reduction in the spread of non-securitized mortgages over term deposit interest and expenses. The decrease in the spread of non-securitized mortgages over term deposit interest and expenses is mainly due to higher effective interest rates on our term deposits and related hedges, and lower mortgage rates, mainly in our floating rate residential construction portfolio, in a declining interest rate environment. Term deposit costs are also higher as we utilized them for funding instead of our short-term loan facilities. We had $1.2 million lower financing costs on our short-term facilities in Q1 2025 compared to Q1 2024. In Q1 2025, we saw the spread of non-securitized mortgages over term deposit interest and expenses improve compared to Q4 2024 due to a faster reduction in term deposit and related hedges compared to our mortgage rates.

- Net securitized mortgage spread income[1] increased by $0.6 million in Q1 2025 from Q1 2024. The net securitized mortgage spread income increased due to a higher spread of securitized mortgages over liabilities and a higher average securitized mortgage portfolio balance from higher securitization volumes of insured residential mortgages exceeding maturities. We have seen better economics on securitizations as the spread of Government of Canada bond yields versus our mortgage rates widened in a declining interest rate environment.

- Provision for credit losses on our non-securitized mortgage portfolio of $3.1 million in Q1 2025 mainly due to (i) worsening economic forecasts due to the current economic and geopolitical environment mainly impacting our performing loans; and (ii) interest provisioning on our impaired residential construction loans. We believe that we have a quality uninsured residential mortgage loan portfolio with an average LTV of 64.3% at March 31, 2025 based on an industry index of current real estate values. In Q1 2024, we had a recovery of credit losses of $0.6 million mainly due to one commercial loan where an asset recovery program was initiated. We recovered all past due principal and interest.

- Equity income from MCAP Commercial LP ("MCAP") totalled $5.6 million in Q1 2025, a decrease of $1.6 million (22%) from $7.2 million in Q1 2024, which was primarily due to (i) higher financial instrument losses from hedge movements related to declining bond yields; and (ii) lower mortgage origination fees from lower commitment and whole-loan sale volumes. These were partially offset by (i) higher securitization interest income from higher volumes and spreads; and (ii) lower interest expenses in a declining rate environment.

- Net realized and change in unrealized fair value gain on our marketable securities of $1.1 million in Q1 2025 compared to a $0.3 million net change in unrealized fair value loss in Q1 2024. In Q1 2025, we had a realized gain of $1.5 million from the sale of REITs and a net change in unrealized loss of $0.4 million due to continued economic uncertainty. We continue to realize the benefits of solid cash flows and distributions from these investments. In Q1 2025, we received distributions of $1.0 million (distribution yield[1] of 6.40%) from our REITs compared to $0.8 million (distribution yield[1] of 5.94%) in Q1 2024.

- Net change in unrealized fair value gain on our non-marketable securities of $10 thousand in Q1 2025 mainly relating to net gains from updated property valuations as well as actual execution on leasing activities. In Q1 2024, we had a $0.3 million net change in unrealized fair value gain on our non-marketable securities investments due to the same factors as Q1 2025.

Business Activity and Balance Sheet

- Our balance sheet management reflects our focus in the short to mid term on achieving the optimal asset mix and maintaining a stable net interest margin within our capital requirements and risk appetite.

- Non-securitized assets totalled $3.01 billion at March 31, 2025, a net increase of $147 million (5%) from December 31, 2024.

- Non-securitized mortgage portfolio totalled $2.54 billion at March 31, 2025, a net increase of $80 million (3%) from December 31, 2024.

- Construction portfolio totalled $1.11 billion at March 31, 2025, a net increase of $26 million (2%) from December 31, 2024. In Q1 2025, the movement in the construction portfolios is attributed to new loan advances of $144 million in new construction mortgages, offset by repayments on completing projects, an increase of $22 million (18%) from Q1 2024. To date, projects continue to progress toward completion.

- Uninsured residential mortgage portfolio totalled $1.14 billion at March 31, 2025, a net increase of $25 million (2%) from December 31, 2024. Uninsured residential mortgage originations were $97 million in Q1 2025, an increase of $12 million (15%) from Q1 2024. We also continue to see strong uninsured residential mortgage renewals with $104 million in Q1 2025 compared to $127 million in Q1 2024 supported by outstanding service to our brokers, originators and customers. We actively manage origination and renewal volumes in order to protect our net interest margins and net income.

- Securitized insured residential mortgages totalled $2.35 billion at March 31, 2025, a net decrease of $66 million (3%) from December 31, 2024. Insured residential mortgage securitization volumes were $53 million in Q1 2025, a decrease of $161 million (75%) from Q1 2024. Insured residential mortgage originations were $89 million in Q1 2025, a decrease of $82 million (48%) from Q1 2024. This includes $37 million insured residential mortgage commitments originated and sold in Q1 2025 compared to $nil in Q1 2024. Overall, total insured residential mortgage origination volumes are lower due to the current economic and geopolitical environment. Further interest rate decreases would help first time home buyers, who would be a significant portion of the borrowers of our insured residential mortgages. We use various channels in funding the insured residential mortgage portfolio, in the context of market conditions and net contributions over the life of the mortgages, in order to support our overall business.

Dividend

- The Board declared a second quarter regular cash dividend of $0.41 per share to be paid June 30, 2025 to shareholders of record as of June 13, 2025. As a MIC, we are entitled to deduct the dividends that we pay to shareholders from our taxable income.

Credit Quality

- Arrears total mortgage ratio[1] was 2.24% at March 31, 2025 compared to 2.06% at December 31, 2024. The majority of our residential mortgage arrears activity occurs in the 1-30 day category, in which the bulk of arrears are resolved and do not migrate to arrears categories over 30 days. While greater than 30 days arrears has increased in our uninsured residential mortgages, we believe overall that we have a quality uninsured residential mortgage loan portfolio with an average LTV of 64.3% at March 31, 2025 compared to 63.7% at December 31, 2024 based on an industry index of current real estate values. With respect to our construction and commercial loan portfolio, we have a strong track record with our default management processes and asset recovery programs as the need arises.

- Impaired non-securitized mortgage ratio[1] was 2.31% at March 31, 2025 compared to 2.46% at December 31, 2024. At March 31, 2025, impaired mortgages mainly represent five impaired construction mortgages where asset recovery programs have been initiated.

- Impaired total mortgage ratio[1] was 1.20% at March 31, 2025 compared to 1.25% at December 31, 2024.

- Net write-offs were $182 thousand (3.0 basis points of the average non-securitized mortgage portfolio) in Q1 2025 compared to $19 thousand (0.3 basis points) in Q1 2024. Write-offs related to our uninsured residential mortgage portfolio.

- Average LTV of our uninsured residential mortgage portfolio based on an industry index of current real estate values was 64.3% at March 31, 2025 compared to 63.7% at December 31, 2024.

Capital

- We manage our capital and asset balances based on the regulations and limits of both the *Income Tax Act* (Canada) (the "Tax Act") and OSFI. All of our capital ratios are within our regulatory and internal risk appetite guidelines.

- We have a Base Shelf prospectus allowing us to make certain public offerings of debt or equity securities during the period that it is effective, through Prospectus Supplements.
  - We have an ATM Program, established pursuant to a Prospectus Supplement to our Base Shelf prospectus, allowing us to issue up to $30 million common shares to the public from time to time at the market prices prevailing at the time of sale. In Q1 2025, we sold 61,200 common shares at a weighted average price of $18.32 for gross proceeds of $1.1 million and net proceeds of $1.1 million including $22 thousand of agent commission paid and $1 thousand of other share issuance costs under the ATM Program. At March 31, 2025, we have $19.9 million remaining available to be issued through our ATM Program. The volume and timing of distributions under the ATM Program are determined at MCAN's sole discretion.

- We issued $4.5 million in new common shares through the DRIP in Q1 2025 compared to $8.2 million in new common shares in Q1 2024. The DRIP participation rate was 15% for the Q1 2025 dividend (Q1 2024 - 29%).

- Income tax assets to capital ratio[3] was 5.41 at March 31, 2025 compared to 5.24 at December 31, 2024.

- CET 1 and Tier 1 Capital to risk-weighted assets ratios[2] were 19.12% at March 31, 2025 compared to 19.02% at December 31, 2024. Total Capital to risk-weighted assets ratio[2] was 19.43% at March 31, 2025 compared to 19.28% at December 31, 2024. Leverage ratio[2] was 9.64% at March 31, 2025 compared to 9.72% at December 31, 2024. All of our capital and leverage ratios are within our regulatory and internal risk appetite guidelines.

[1] *Considered to be a non-GAAP and other financial measure. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this MD&A. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.*
[2] *These measures have been calculated in accordance with OSFI's Leverage Requirements and Capital Adequacy Requirements guidelines.*
[3] *For further information refer to the "Income Tax Capital" section of this MD&A. Tax balances are calculated in accordance with the Tax Act.*

RESULTS OF OPERATIONS

Table 3: Net Income

(in thousands except for per share amounts and %) For the Quarters Ended	Q1 2025	Q4 2024	Change (%)	Q1 2024	Change (%)
Net Interest Income - Non-Securitized Assets					
Mortgage interest	$ 45,148	$ 47,209	(4)%	$ 48,008	(6)%
Interest on cash and other income	792	842	(6)%	992	(20)%
	45,940	**48,051**	**(4)%**	**49,000**	**(6)%**
Term deposit interest and expenses	24,882	26,642	(7)%	26,070	(5)%
Interest on loans payable	394	318	24 %	1,584	(75)%
	25,276	**26,960**	**(6)%**	**27,654**	**(9)%**
	20,664	**21,091**	**(2)%**	**21,346**	**(3)%**
Net Interest Income - Securitized Assets					
Mortgage interest	18,742	18,535	1 %	13,340	40 %
Interest on cash and other income	383	546	(30)%	490	(22)%
	19,125	**19,081**	**— %**	**13,830**	**38 %**
Interest on financial liabilities from securitization	16,036	15,511	3 %	11,187	43 %
	16,036	**15,511**	**3 %**	**11,187**	**43 %**
	3,089	**3,570**	**(13)%**	**2,643**	**17 %**
Total Net Interest Income	**23,753**	**24,661**	**(4)%**	**23,989**	**(1)%**
Non-interest Income					
Equity income from MCAP Commercial LP	5,571	7,227	(23)%	7,183	(22)%
Distribution income from securities	2,741	2,702	1 %	2,582	6 %
Fees	1,080	873	24 %	873	24 %
Net gain (loss) on securities	1,099	(11,326)	(110)%	27	3970 %
Other	12	—	n/a	—	n/a
	10,503	**(524)**	**(2,104)%**	**10,665**	**(2)%**
Total Income	**34,256**	**24,137**	**42 %**	**34,654**	**(1)%**
Provision for (recovery of) credit losses	3,089	1,160	166 %	(640)	(583)%
Non-interest Expenses					
Salaries and benefits	7,119	8,791	(19)%	5,999	19 %
General and administrative	7,762	7,782	— %	6,375	22 %
	14,881	**16,573**	**(10)%**	**12,374**	**20 %**
Net Income Before Income Taxes	**16,286**	**6,404**	**154 %**	**22,920**	**(29)%**
Provision for (recovery of) income taxes					
Current	—	(369)	(100)%	61	(100)%
Provision for (recovery of) income taxes	(304)	(952)	(68)%	(361)	(16)%
	(304)	**(1,321)**	**(77)%**	**(300)**	**1 %**
Net Income	**$ 16,590**	**$ 7,725**	**115 %**	**$ 23,220**	**(29)%**
Basic and diluted earnings per share	$ 0.43	$ 0.20	115 %	$ 0.65	(34)%
Cash dividends per share	$ 0.41	$ 0.39	5 %	$ 0.39	5 %

Net Interest Income - Non-Securitized Assets

Mortgage Interest Income

Table 4: Net Mortgage Interest Income and Average Rate by Mortgage Portfolio - Quarterly

For the Quarters Ended	March 31, 2025			December 31, 2024			March 31, 2024		
(in thousands except %)	Average Balance [1]	Interest Income	Average Rate [1]	Average Balance [1]	Interest Income	Average Rate [1]	Average Balance [1]	Interest Income	Average Rate [1]
Residential mortgages									
Insured	$ 129,357	$ 1,159	3.60 %	$ 213,129	$ 1,998	3.86 %	$ 280,792	$ 2,989	4.26 %
Uninsured	1,123,190	18,680	6.68 %	1,109,751	18,969	6.82 %	987,369	16,494	6.69 %
Uninsured - completed inventory	112,024	2,301	8.32 %	98,697	2,221	8.95 %	49,556	1,202	9.75 %
Construction loans									
Residential	1,079,045	22,608	8.49 %	1,030,488	23,064	8.90 %	1,055,167	25,802	9.83 %
Non residential	6,166	113	7.42 %	6,054	123	8.09 %	1,710	40	9.38 %
Commercial loans									
Multi-family residential	17,150	287	6.78 %	33,139	834	7.60 %	55,952	1,453	10.44 %
Other	—	—	—	—	—	— %	1,193	28	9.31 %
Mortgages - non-securitized portfolio	$2,466,932	$ 45,148	7.39 %	$2,491,258	$ 47,209	7.53 %	$2,431,739	$ 48,008	7.92 %
Term deposit interest and expenses	2,198,005	24,882	4.50 %	2,213,808	26,642	4.70 %	2,145,322	26,070	4.78 %
Net non-securitized mortgage spread income[1]		$ 20,266			$ 20,567			$ 21,938	
Spread of non-securitized mortgages over term deposit interest and expenses [1]			2.89 %			2.83 %			3.14 %
Average term to maturity (months)									
Mortgages - non-securitized	9.1			9.5			11.5		
Term deposits	17.7			18.5			18.2		

[1] Considered to be a Non-GAAP and other financial measure. The net non-securitized mortgage spread income and the spread of non-securitized mortgages over term deposit interest and expenses are indicators of the profitability of income earning assets less the cost of funding. Net non-securitized mortgage spread income is calculated as the difference between non-securitized mortgage interest and term deposit interest and expenses, both of which are IFRS measures. Average rate is equal to income/expense divided by the average balance over the period on an annualized basis. Income/expense incorporates items such as penalty income, commitment fee income, origination expense, commission expense and term deposit hedging gains or losses. The average rate as presented may not necessarily be equal to "Income/Expense" divided by "Average Balance", as non-recurring items such as prior period adjustments are excluded from the calculation of the average rate as applicable. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this MD&A. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

Table 5: Mortgage Originations

(in thousands except %) For the Quarters Ended	Q1 2025	Q4 2024	Change (%)	Q1 2024	Change (%)
Originations					
Residential mortgages - insured fixed [2]	$ 49,117	$ 103,129	(52%)	$ 131,476	(63%)
Residential mortgages - insured adjustable rate [2]	39,688	7,257	447%	39,714	—%
Residential mortgages - uninsured [2]	96,823	118,779	(18%)	84,454	15%
Residential mortgages - uninsured completed inventory [1]	21,408	46,966	(54%)	1,080	1,882%
Residential construction [1]	143,395	233,207	(39%)	121,699	18%
Non-residential construction [1]	109	119	(8%)	47	132%
	$ 350,540	**$ 509,457**	**(31%)**	**$ 378,470**	**(7%)**

[1] Construction, commercial and completed inventory originations represent all advances on loans.
[2] Includes residential mortgage commitments sold that the Company originated.

Residential Mortgage Lending

Residential mortgages provide comparatively lower yields given their risk profile, with uninsured residential mortgages providing higher yields than insured residential mortgages. We opportunistically invest in our residential uninsured completed inventory portfolio which often migrate from our own construction book.

Excluding residential mortgages - uninsured completed inventory, which is invested in opportunistically as deals arise, total origination volumes in Q1 2025 on our residential mortgages were lower compared to Q1 2024 due to the geopolitical environment, as well as the uncertain interest rate environment and its impact on the housing market and borrowers. We continued to increase our uninsured residential mortgage lending in the Alberta and British Columbia urban markets. We also saw solid uninsured residential mortgage renewals with $104 million in Q1 2025 compared to $127 million in Q1 2024, as borrowers continue to find it more convenient to stay with their existing lender in the current market environment.

Our insured adjustable rate residential mortgage product also saw an increase in the current year, as many borrowers believe that interest rates have peaked and that there could be further interest rate cuts this year. Of note, unlike traditional insured variable rate mortgages, payments on our insured adjustable rate residential mortgages adjust as interest rates change with no changes to loan amortization. We also underwrite our insured adjustable rate mortgages for credit quality accordingly and our borrowers expect their payments under this product to change as interest rates change.

We continue to enhance our internal sales and marketing capabilities, and strengthen relationships and customer service with the broker community. We will continue to invest in new technology and add new products that fit within our risk appetite to further enhance our service experience and broaden our offering to our customers.

We have agreements whereby we can sell our (i) insured and uninsured residential mortgage commitments; and (ii) uninsured residential mortgage whole loans. We originated and sold $40 million in residential mortgage commitments in Q1 2025 compared to $nil in Q1 2024 under these agreements.

We securitize our insured residential mortgages opportunistically through the CMHC National Housing Act ("NHA") Mortgage-Backed Securities ("MBS") program. Our Q1 2025 residential mortgage securitization volumes were $53 million compared to $214 million in Q1 2024. Overall, total insured residential mortgage origination volumes are lower due to the current economic and geopolitical environment. Further interest rate decreases would help first time home buyers, who would be a significant portion of the borrowers of our insured residential mortgages. Renewals of securitized mortgages fluctuate each period depending on the maturities in the securitization portfolio.

Mortgage renewal rights

Through our origination platform, we retain the renewal rights to internally originated residential mortgages that are held as non-securitized or securitized mortgages or have been sold to third parties and derecognized from the interim consolidated balance sheet. At maturity, we have the right to renew these mortgages, which we believe will contribute to future income including renewal income. At March 31, 2025, we had the renewal rights to $3.6 billion of residential mortgages (December 31, 2024 - $3.6 billion).

Construction and Commercial

We continue to focus on growing our balances in our residential construction portfolio in selected markets, with our preferred borrowers and risk profile as they tend to provide comparatively higher yields given their risk profile. For Q1 2025 compared to Q4 2024 and Q1 2024, the decrease in average rates is mainly due to Bank of Canada interest rate cuts reducing our mostly floating rate construction and commercial loans. Higher average balances offset by lower average residential construction rates from the declining interest rate environment contributed to a slightly lower non-securitized mortgage interest compared to prior quarters. Since this portfolio is entirely at prime-based floating rates, we are utilizing our hedging strategies on term deposits to manage spreads on our construction and commercial loans in a decreasing interest rate environment. For information on our term deposit fair value hedging, see "Derivatives and Hedging" sub-section below.

Some projects have experienced construction delays due to labour shortages and cost overruns from higher interest costs and the inflationary impact on building supplies, which has led to some loan extension and amendment requests. To date, projects continue to progress toward completion. Current impaired construction mortgages include five mortgages where asset recovery programs have already been initiated. We have a strong track record with our default management processes and asset recovery programs as the need arises. Our realized loan losses on our construction portfolio have been negligible. Our prudent underwriting approach requires satisfactory borrower liquidity, guarantor net worth and presale requirements as applicable to the respective markets.

Term Deposit Interest and Expenses

The reduction in term deposit interest and expenses for the quarter compared to Q4 2024 and Q1 2024 was mostly due to a lower average term deposits balance, and lower average term deposit rates and related hedges from a declining interest rate environment. We have been actively managing our interest rate risk during this period of declining interest rates by changing the laddering of the duration of our term deposits relative to our non-securitized mortgage portfolio and utilizing hedging strategies. Term deposit expenses include costs related to insurance, operating infrastructure and administration. For information on our term deposit fair value hedging, see "Derivatives and Hedging" sub-section below.

Derivatives and Hedging

Cash Flow Hedging

We may enter into Government of Canada bond forward contracts to hedge interest rate risk arising from the impact of (i) movements in interest rates between the time insured residential mortgages are funded and the time that these mortgages are securitized; and (ii) movements in interest rates between the time term deposit funding is forecasted to be required and the time that the actual funding occurs. Hedges are structured such that the fair value movements of the hedge instruments offset, within a reasonable range, the changes in fair value of either the pool of fixed-rate mortgages or term deposits due to interest rate fluctuations. The term of our cash flow hedges is generally less than 60 days. The derivative instruments are settled at either the time of securitization or funding of the term deposits, as applicable. We apply cash flow hedge accounting to these derivative transactions with the intention to recognize the effective matching of the gain or loss on the derivative transactions with the recognition of the related interest expense for either the securitization or term deposit funding.

At March 31, 2025, we had $nil of derivatives outstanding relating to cash flow hedges (December 31, 2024 - $nil) on our consolidated balance sheets. In Q1 2025, we had net realized fair value gains of $nil (Q1 2024 - $31 thousand net realized fair value gains) on our derivative transactions recognized in other comprehensive income in the statements of comprehensive income.

Fair Value Hedging

We may enter into interest rate swaps to hedge interest rate risk arising from fair value changes in our fixed-rate term deposits due to movements in interest rates. Hedges are structured such that the fair value movements of the hedge instruments offset, within a reasonable range, the changes in fair value of the pool of term deposits due to interest rate fluctuations. The terms of our fair value hedges are generally less than 2 years but may go up to 5 years. The derivative instruments are settled at the time of maturity of the pool of term deposits. We apply fair value hedge accounting to these derivative transactions with the intention to recognize the effective matching of the fair value gain or loss on the derivative transactions with the fair value gain or loss on the pool of term deposits, within a reasonable range. Any unmatched fair value is recorded in term deposit interest and expenses as hedge ineffectiveness.

We have interest rate swaps with total notional principal amount of $739 million at March 31, 2025 (December 31, 2024 - $787 million). At March 31, 2025, the Company had $6.0 million of derivative assets outstanding related to fair value hedges (December 31, 2024 - $2.5 million derivative assets) on our consolidated balance sheets. In Q1 2025, we had unrealized fair value hedge gains of $1.0 million (Q1 2024 - $0.8 million fair value hedge costs) recorded in term deposit interest and expenses in the consolidated statements of income.

Achieving hedge accounting for both our cash flow and fair values hedges allows us to reduce our net income volatility related to changes in interest rates. All of our derivative transactions are with highly rated Canadian financial institutions.

For further information, refer to Note 11 to the interim consolidated financial statements.

Net Interest Income - Securitization Assets

Net investment income from securitization assets relates to our participation in the market MBS program and the Canada Housing Trust ("CHT") Canada Mortgage Bonds ("CMB") program. Our total new securitization volumes were $53 million in Q1 2025 (Q1 2024 - $214 million). The decrease compared to the prior year was due to lower securitization volumes of insured residential mortgages due to the current economic and geopolitical environment. As securitization spreads continue to be favourable, we expect to continue to be aggressive in originating insured residential mortgages for securitization.

For further information on the market MBS and CMB programs, refer to the "Financial Position" section of this MD&A.

Table 6: Net Mortgage Interest Income and Average Rate for Securitized Mortgage Portfolio - Quarterly

For the Quarters Ended	March 31, 2025			December 31, 2024			March 31, 2024		
(in thousands except %)	Average Balance[1]	Interest Income	Average Rate[1]	Average Balance[1]	Interest Income	Average Rate[1]	Average Balance[1]	Interest Income	Average Rate[1]
Mortgages - securitized portfolio	$2,368,150	$ 18,742	3.18 %	$2,332,862	$ 18,535	3.18 %	$1,969,913	$ 13,340	2.72 %
Financial liabilities from securitization	2,394,557	16,036	2.68 %	2,352,941	15,511	2.64 %	1,979,850	11,187	2.26 %
Net securitized mortgage spread income[1]		$ 2,706			$ 3,024			$ 2,153	
Spread of securitized mortgages over liabilities[1]			0.50 %			0.54 %			0.46 %

[1] Considered to be a non-GAAP and other financial measure. The net securitized mortgage spread income and spread of securitized mortgages over liabilities are indicators of the profitability of securitized assets less securitized liabilities. Net securitized mortgage spread income is calculated as the difference between securitized mortgage interest and interest on financial liabilities from securitization, both of which are IFRS measures. Average rate is equal to income/expense divided by the average balance over the period on an annualized basis. Income/expense incorporates items such as penalty income, indemnity expense and cash flow hedging gains (losses). The average rate as presented may not necessarily be equal to "Income/Expense" divided by "Average Balance", as non-recurring items such as prior period adjustments are excluded from the calculation of the average interest rate, as applicable. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this MD&A. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

In Q1 2025, we have seen spreads decrease slightly on securitizations compared to Q4 2024 due to volatility in the current economic environment. Compared to Q1 2024, we saw an increase in spread in the current quarter due to an increase in the spread of Government of Canada bond yields versus our mortgage rates in a declining rate environment.

Non-interest Income

Equity Income from MCAP

In Q1 2025, MCAP's origination volumes were $4.2 billion, a decrease from $4.4 billion in Q1 2024. At February 28, 2025 (we account for MCAP on a one-month lag basis), MCAP had $153.5 billion of assets under management compared to $154.6 billion at November 30, 2024 and $154.9 billion at February 29, 2024. Equity income from MCAP totalled $5.6 million in Q1 2025, a decrease of $1.6 million from $7.2 million in Q1 2024. For Q1 2025, the decrease in equity income from MCAP was primarily due to (i) higher financial instrument losses from hedge movements related to declining bond yields; and (ii) lower mortgage origination fees from lower commitment and whole-loan sale volumes. These were partially offset by (i) higher securitization interest income from higher volumes and spreads; and (ii) lower interest expenses in a declining rate environment.

We recognize equity income from MCAP on a one-month lag such that our Q1 2025 equity income from MCAP is based on MCAP's net income for the quarter ended February 28, 2025. For further information on our equity investment in MCAP, refer to the "Equity Investment in MCAP" sub-section of the "Financial Position" section of this MD&A.

Distribution Income from Securities

Non-Marketable

We received distribution income from KingSett High Yield Fund ("KSHYF") of $1.4 million in Q1 2025 (Q1 2024 - $1.5 million) and KingSett Senior Mortgage Fund LP ("KSSMF") of $0.4 million in Q1 2025 (Q1 2024 - $0.3 million).

Marketable

Marketable securities income consists primarily of distributions from our REIT portfolio. In Q1 2025, we received distributions of $1.0 million (distribution yield[1] of 6.40%) from our REITs compared to $0.8 million (distribution yield[1] of 5.94%) in Q1 2024. For the quarter, the higher distribution yield is mainly due to higher distribution income from the underlying REITs. The distribution yield has been calculated based on the average portfolio carrying value.

For further information, refer to the "Other Non-securitized Assets" section of this MD&A.

Fees

Fee income can vary between quarters given the fact that certain fees such as loan amendment and extension fees do not occur on a routine basis.

Net Gain (Loss) on Securities

In Q1 2025, we recorded a realized and net change in unrealized fair value gain on our marketable securities of $1.1 million compared to a $0.3 million net change in unrealized fair value loss in Q1 2024. In Q1 2025, we had a realized gain of $1.5 million from the sale of REITs and a net change in unrealized loss of $0.4 million due to continued economic uncertainty. We continue to realize the benefits of solid cash flows and distributions from these investments.

In Q1 2025, we recorded a net change in unrealized fair value gain on our non-marketable securities of $10 thousand compared to a $0.3 million net change in unrealized fair value gain in Q1 2024 both consisting of gains and losses from certain underlying property investments as a result of (i) updated appraisals/property valuations, net of related property debt and debt service costs; and (ii) actual executions on construction and leasing stabilization and value-add activities. Our non-marketable securities are either held for long-term capital appreciation or distribution income. Our real estate development fund investments tend to have less predictable cash flows that are predicated on the completion of the development projects within these funds.

Provision for (Recovery of) Credit Losses

Table 7: Provision for (Recovery of) Credit Losses and Write-offs

(in thousands except basis points and %) For the Quarters Ended	Q1 2025	Q4 2024	Change (%)	Q1 2024	Change (%)
Provision for (recovery of) impaired non-securitized mortgages					
Residential mortgages					
Uninsured	$ 536	$ (76)	805%	$ 456	18%
Construction loans	807	930	(13%)	655	23%
	1,343	854	57%	1,111	21%
Provision for (recovery of) performing non-securitized mortgages					
Residential mortgages					
Uninsured	1,376	(90)	1,629%	(73)	1,985%
Uninsured - completed inventory	131	231	(43%)	(162)	181%
Construction loans	236	312	(24%)	(1,361)	117%
Commercial loans					
Multi-family residential	3	(123)	102%	(153)	102%
	1,746	330	429%	(1,749)	200%
Other provisions (recoveries)	—	(24)	100%	(2)	100%
Total non-securitized mortgages provision for (recovery of) credit losses	3,089	1,160	166%	(640)	583%
Provision for (recovery of) performing securitized mortgages	—	—	n/a	—	n/a
Total provision for (recovery of) credit losses	$ 3,089	$ 1,160	166%	$ (640)	583%
Non-securitized mortgage portfolio data:					
Provision for (recovery of) credit losses, net	$ 3,089	$ 1,184	161%	$ (638)	584%
Net write offs	$ 182	$ 232	(22%)	$ 19	858%
Net write offs (basis points)	3.0	3.7	(19%)	0.3	900%

Provisions are based on a statistical modelling methodology incorporating both internal portfolio characteristics and forward-looking macroeconomic information. Loans are segmented into homogenous risk bands based on internal risk characteristics including (but not limited to) credit scores, delinquency history, loan type and location. Historical regression methodology is used to relate expected credit loss (“ECL”) to key macroeconomic indicators including house price indices, unemployment rates, interest rates and gross domestic product. Economic forecasts of these variables are then used to produce forward-looking estimates of ECL under multiple scenarios. Scenarios are probability weighted by management to obtain an aggregated forward looking view. Additionally, we may incorporate management judgment, where appropriate, in the calculation of provisions. Accordingly, provisions are expected to vary between periods.

We had a provision for credit losses on our non-securitized mortgage portfolio of $3.1 million in Q1 2025 compared to a recovery of credit losses of $0.6 million in Q1 2024. The provision for credit losses in Q1 2025 was mainly due to (i) worsening economic forecasts due to the current economic and geopolitical environment mainly impacting our performing loans; and (ii) interest provisioning on our impaired residential construction loans. We believe that we have a quality uninsured residential mortgage loan portfolio with an average LTV of 64.3% at March 31, 2025 based on an industry index of current real estate values. In Q1 2024, we had a recovery of credit losses of $0.6 million mainly due to one commercial loan where an asset recovery program was initiated. The current geopolitical environment has increased the level of uncertainty with respect to management’s judgments and estimates including the probability weights assigned to each scenario, the impacts of monetary policy on macroeconomic indicators and the mortgage portfolio. These judgments and uncertainties have been made or assessed with reference to the facts, projections and other circumstances at March 31, 2025. IFRS 9, *Financial Instruments*

("IFRS 9") does not permit the use of hindsight in measuring provisions for credit losses. Since March 31, 2025, forecasts around these uncertainties have continued to evolve. Any new forward-looking information subsequent to March 31, 2025, will be reflected in the measurement of provisions for credit losses in future periods, as appropriate. This may add significant variability to provisions for credit losses in future periods.

We continue to monitor our portfolio in arrears on a regular basis to detect specific significant stress or deterioration.

Non-interest Expenses

Table 8: Non-interest Expenses

(in thousands except %) For the Quarters Ended	Q1 2025	Q4 2024	Change (%)	Q1 2024	Change (%)
Salaries and benefits	$ 7,119	$ 8,791	(19%)	$ 5,999	19%
General and administrative	7,762	7,782	—%	6,375	22%
	$ 14,881	**$ 16,573**	**(10%)**	**$ 12,374**	**20%**

The increase in salaries and benefits in Q1 2025 and Q4 2024 compared to Q1 2024 is mainly due to additional resources, regular pay increases, and higher share-based payment accruals. In Q4 2024, there were also additional termination benefits.

The increase in general and administrative expenses in Q1 2025 and Q4 2024 compared to Q1 2024 is primarily due to higher occupancy costs from our new office lease and higher mortgage servicing costs from growth in our mortgage portfolios.

Taxable Income

The table below provides a reconciliation between consolidated net income (loss) for accounting purposes and non-consolidated taxable income (loss). Taxable income is calculated in accordance with the Tax Act. In order to take advantage of the tax benefits of our MIC status, we pay out all of MCAN's non-consolidated taxable income to shareholders through dividends. As a MIC, we are entitled to deduct dividends paid up to 90 days after year end from taxable income. Dividends that are deducted in the calculation of taxable income are not included in the table below.

Table 9: Taxable Income Reconciliation

(in thousands) For the Quarters Ended March 31	2025	2024
Consolidated net income for accounting purposes	$ 16,590	$ 23,220
Adjustments to calculate taxable income (loss):		
Reverse: Equity income from MCAP - accounting purposes	(5,571)	(7,183)
Add: MCAP taxable income (loss)	3,350	6,199
Reverse: Provision for (recovery of) credit losses [2]	2,016	(1,656)
Add: Amortization of upfront securitization program costs [3]	3,569	3,542
Deduct: Securitization program mortgage origination costs [3]	(1,349)	(154)
Add: Securitization program premium (discount)	(56)	640
Reverse: Net unrealized loss (gain) on securities [4]	(1,099)	303
Add: Capital gains (losses)	889	—
Reverse: Loss (income) earned in subsidiaries [5]	453	(790)
Other items	(1,165)	(1)
Taxable Income (Loss)[1]	**$ 17,627**	**$ 24,120**

[1] Taxable income is presented above on a non-consolidated basis for the MIC entity. The current year amounts presented above represent estimates as they are not finalized until the completion of our corporate tax filings.
[2] Provisions on performing mortgages are excluded from the calculation of taxable income; provisions on impaired mortgages are 90% deductible for tax purposes.
[3] Securitization program mortgage origination costs are deductible in full for tax purposes as mortgages are securitized but are capitalized and amortized for accounting purposes. Therefore, amortization is added back in the calculation of taxable income.
[4] Excluded from the calculation of taxable income; only includes net realized gains and losses recognized in the MIC entity.
[5] Represents the component of consolidated income that is earned outside of the MIC entity, therefore excluded in the calculation of taxable income.

The change in taxable income for Q1 2025 compared to Q1 2024 was primarily due to a lower taxable income from MCAP and a higher amount of origination costs related to insured multi-family mortgage securitization volumes. As a MIC, we pay out all of our taxable income to shareholders through dividends.

FINANCIAL POSITION

Assets

Table 10: Assets

(in thousands except %)	March 31 2025	December 31 2024	Change (%)	March 31 2024	Change (%)
Non-securitized Assets					
Cash and cash equivalents	$ 113,555	$ 61,703	84%	$ 78,275	45%
Marketable securities	62,140	66,345	(6%)	50,227	24%
Mortgages	2,544,500	2,464,091	3%	2,385,267	7%
Non-marketable securities	122,465	117,428	4%	112,574	9%
Equity investment in MCAP Commercial LP	122,805	122,265	—%	115,189	7%
Deferred tax asset	1,733	1,430	21%	697	149%
Derivative financial instruments	5,995	2,508	139%	—	n/a
Other assets	33,935	24,547	38%	9,021	276%
	3,007,128	**2,860,317**	**5%**	**2,751,250**	**9%**
Securitization Assets					
Cash held in trust	62,788	47,249	33%	29,886	110%
Mortgages	2,353,531	2,419,871	(3%)	2,094,637	12%
Other assets	19,903	20,128	(1%)	18,663	7%
	2,436,222	**2,487,248**	**(2%)**	**2,143,186**	**14%**
	$ 5,443,350	**$ 5,347,565**	**2%**	**$ 4,894,436**	**11%**

Our total non-securitized and securitized assets increased compared to March 31, 2024 primarily due to origination volumes, including strong renewal activity in our residential mortgage portfolio, outpacing maturities.

In selecting residential construction projects to finance, we focus more on the affordable segments of the housing market, such as first time and move up homebuyers. These segments are characterized by affordable price points, lower price volatility and steady sales volumes based on continued family formation and migration primarily in major urban markets and their surrounding areas in proximity to transit. We focus on a diverse portfolio of predominantly first mortgage positions with 65-75% LTVs in our normal segment of lending. At March 31, 2025, the average outstanding construction loan balance was $11 million (December 31, 2024 - $11 million) with a maximum individual loan commitment of $38 million (December 31, 2024 - $38 million).

Securitized Mortgages

We are an NHA MBS issuer, which involves the securitization of insured mortgages to create MBS. Securitization assets consist of insured residential mortgages that have been securitized through our internal market MBS program and the CHT CMB program. For further information, refer to Note 9 to the interim consolidated financial statements.

Any mortgages securitized through the market MBS program or CMB program for which derecognition is not achieved remain on the consolidated balance sheet as securitized assets and are also included in total exposures in the calculation of our leverage ratio. However, for income tax purposes, all mortgages securitized by MCAN are excluded from income tax assets. For further details on total exposures, regulatory capital and income tax assets and capital, refer to the "Capital Management" section of this MD&A.

During Q1 2025, we securitized $53 million (Q1 2024 - $214 million) of MBS through the market MBS program and CMB program. Overall, total insured residential mortgage origination volumes are lower due to the current economic and geopolitical environment. Further interest rate decreases would help first time home buyers, who would be a significant portion of the borrowers of our insured residential mortgages.

During Q1 2025, we securitized $29 million (Q1 2024 - $nil) of insured multi-family mortgages through the CMB program. At the time of the insured multi-family securitization, the Company derecognized the mortgages from its balance sheet and recorded a gain on the sale of the mortgages of $58 thousand (Q1 2024 - $nil).

We may issue market MBS through the NHA MBS program and retain the underlying MBS security for liquidity purposes rather than selling the MBS to a third party. At March 31, 2025, we held $45 million of retained MBS on our balance sheet (December 31, 2024 - $46 million), which is included in the insured residential mortgage portfolio in non-securitized mortgages.

Table 11: Mortgage Summary

(in thousands except %)	March 31 2025	December 31 2024	Change (%)	March 31 2024	Change (%)
Non-securitized portfolio					
Residential mortgages					
Insured	$ 152,208	$ 126,528	20%	$ 239,680	(36%)
Uninsured	1,138,768	1,113,372	2%	1,007,946	13%
Uninsured - completed inventory	122,586	119,428	3%	46,707	162%
Construction loans	1,113,738	1,087,561	2%	1,034,004	8%
Commercial loans					
Multi-family residential	17,200	17,202	—%	55,734	(69%)
Other commercial	—	—	n/a	1,196	(100%)
	2,544,500	**2,464,091**	**3%**	**2,385,267**	**7%**
Securitized portfolio	**2,353,531**	**2,419,871**	**(3%)**	**2,094,637**	**12%**
	$ 4,898,031	**$ 4,883,962**	**—%**	**$ 4,479,904**	**9%**

Table 12: Non-securitized Mortgage Portfolio Continuity for Q1 2025

(in thousands)	Residential Mortgages					
	Insured	Uninsured	Uninsured - completed inventory	Construction loans	Commercial loans	Total
Balance, beginning of the period	**$ 126,528**	**$ 1,113,372**	**$ 119,428**	**$ 1,087,561**	**$ 17,202**	**$ 2,464,091**
Originations[1]	190,694	207,650	21,408	143,503	29,112	592,367
Payments and prepayments	(1,961)	(4,940)	(18,195)	(117,643)	—	(142,739)
Maturities	(73,868)	(172,017)	—	—	—	(245,885)
Securitizations	(52,723)	—	—	—	(29,112)	(81,835)
Sale of commitments	(36,703)	(3,664)	—	—	—	(40,367)
Capitalization and amortization of fees	241	(1,633)	(55)	317	(2)	(1,132)
Balance, end of the period	**$ 152,208**	**$ 1,138,768**	**$ 122,586**	**$ 1,113,738**	**$ 17,200**	**$ 2,544,500**

[1] includes originations, including (i) insured and uninsured residential mortgage commitments originated and sold; (ii) acquisitions; (iii) renewals; and (iv) transfers in from our securitization portfolio.

Table 13: Non-securitized Mortgage Portfolio Continuity for Q1 2024

(in thousands)	Residential Mortgages					
	Insured	Uninsured	Uninsured - completed inventory	Construction loans	Commercial loans	Total
Balance, beginning of the period	**$ 276,685**	**$ 966,726**	**$ 54,367**	**$ 1,045,768**	**$ 71,309**	**$ 2,414,855**
Originations[1]	197,615	182,615	1,080	134,434	—	515,744
Payments and prepayments	(3,091)	(3,179)	(8,971)	(149,638)	(14,485)	(179,364)
Maturities	(19,192)	(138,249)	—	—	—	(157,441)
Securitizations	(211,851)	—	—	—	—	(211,851)
Sale of commitments	—	—	—	—	—	—
Capitalization and amortization of fees	(486)	33	231	3,440	106	3,324
Balance, end of the period	**$ 239,680**	**$ 1,007,946**	**$ 46,707**	**$ 1,034,004**	**$ 56,930**	**$ 2,385,267**

[1] includes originations, including (i) insured and uninsured residential mortgage commitments originated and sold; (ii) acquisitions; (iii) renewals; and (iv) transfers in from our securitization portfolio.

We continue to be selective and will reposition our loan portfolio in terms of product composition, geographic mix and exposure as required to meet changing market conditions and align to our risk appetite. We have strong strategic partnerships and relationships and we maintain a high quality of underwriting. We have also enhanced our internal sales and marketing capabilities, strengthened relationships and customer service with the broker community and increased underwriting capacity. We continue to focus on our construction and commercial portfolio growing it in selected markets, with our preferred borrowers and risk profile given they tend to provide higher yields compared to our residential mortgages.

Figure 1: Total Mortgage Portfolios (in thousands)

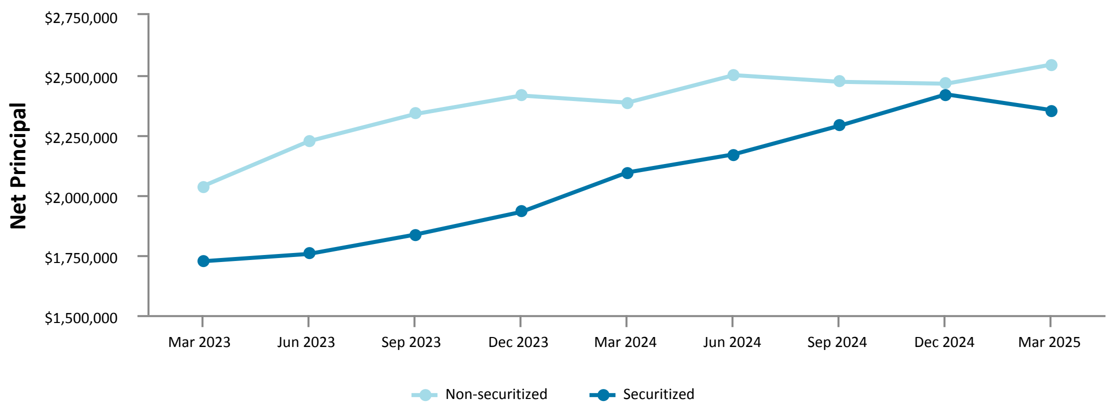
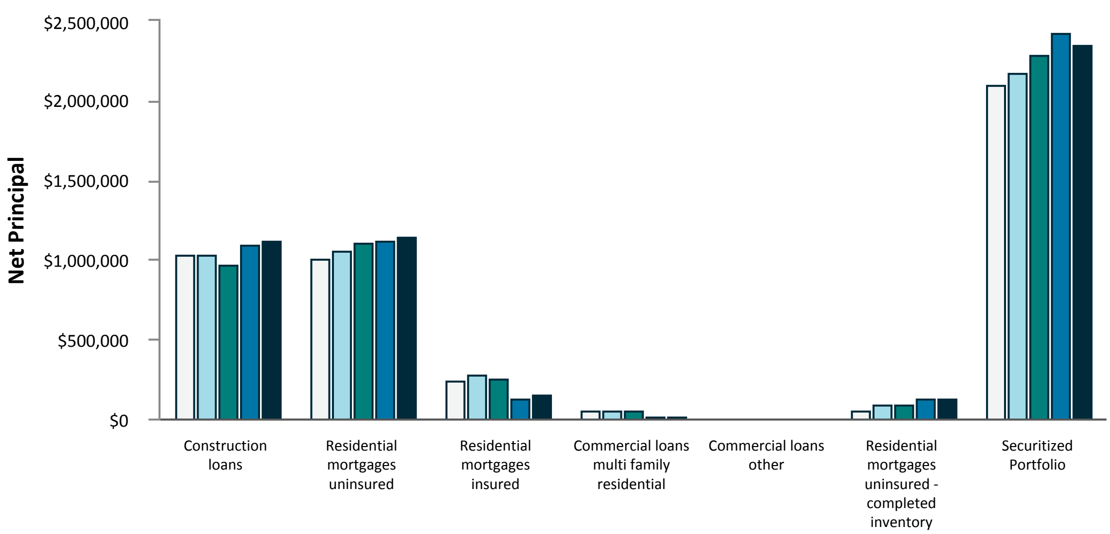


Figure 2: Mortgage Portfolio Composition by Product Type (in thousands)



	Construction loans	Residential mortgages uninsured	Residential mortgages insured	Commercial loans multi-family residential	Commercial loans other	Residential mortgages uninsured - completed inventory	Securitized Portfolio
Mar 31, 2024	$1,034,004 (24%)	$1,007,946 (22%)	$239,680 (5%)	$55,734 (1%)	$1,196 (0%)	$46,707 (1%)	$2,094,637 (47%)
Jun 30, 2024	$1,027,226 (22%)	$1,053,032 (23%)	$280,452 (6%)	$55,696 (1%)	$0 (0%)	$83,481 (2%)	$2,169,799 (46%)
Sep 30, 2024	$968,433 (21%)	$1,106,088 (23%)	$250,660 (5%)	$55,635 (1%)	$0 (0%)	$91,203 (2%)	$2,289,587 (48%)
Dec 31, 2024	$1,087,561 (22%)	$1,113,372 (23%)	$126,528 (3%)	$17,202 (0%)	$0 (0%)	$119,428 (2%)	$2,419,871 (50%)
Mar 31, 2025	$1,113,738 (23%)	$1,138,768 (23%)	$152,208 (3%)	$17,200 (0%)	$0 (0%)	$122,586 (3%)	$2,353,531 (48%)

Note: Amounts in parentheses represent the percentage of the mortgage portfolio represented by the individual product type.

Table 14: Mortgage Portfolio Geographic Distribution

	March 31, 2025		December 31, 2024	
	Non-securitized	Securitized	Non-securitized	Securitized
Ontario	62.2 %	82.3 %	62.5 %	82.5 %
British Columbia	30.5 %	2.9 %	28.2 %	3.0 %
Alberta	6.0 %	11.0 %	8.1 %	10.8 %
Atlantic Provinces	0.4 %	2.2 %	0.4 %	2.1 %
Quebec	0.2 %	0.2 %	0.2 %	0.2 %
Other	0.7 %	1.4 %	0.6 %	1.4 %
	100.0 %	**100.0 %**	**100.0 %**	**100.0 %**

Credit Quality

Table 15: Arrears and Impaired Mortgages

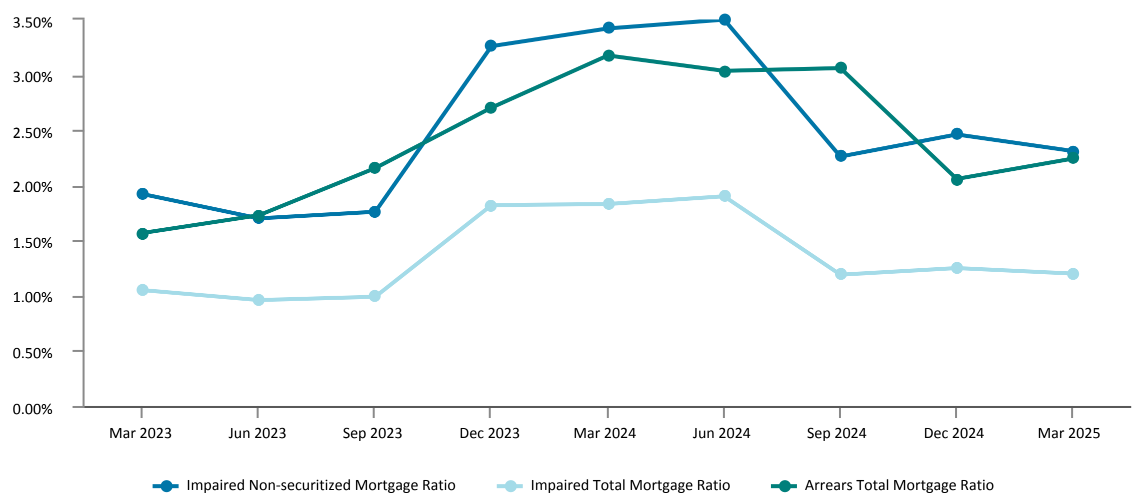
(in thousands except %)	March 31 2025	December 31 2024	Change (%)	March 31 2024	Change (%)
Mortgage arrears					
Non-securitized					
Residential mortgages - insured	$ 3,925	$ 2,161	82%	$ 735	434%
Residential mortgages - uninsured	49,007	48,888	—%	47,215	4%
Residential mortgages - uninsured - completed inventory	—	—	n/a	2,224	(100%)
Construction loans	52,112	45,319	15%	86,001	(39%)
Total non-securitized mortgage arrears	105,044	96,368	9%	136,175	(23%)
Total securitized mortgage arrears	4,757	4,103	16%	6,085	(22%)
Total mortgage arrears	$ 109,801	$ 100,471	9%	$ 142,260	(23%)
Staging analysis					
Stage 2					
Non-securitized					
Residential mortgages - insured	$ 7,663	$ 7,511	2%	$ 8,497	(10%)
Residential mortgages - uninsured	221,994	207,105	7%	185,882	19%
Residential mortgages - uninsured - completed inventory	—	—	n/a	2,224	(100%)
Construction loans	7,575	—	n/a	22,287	(66%)
Commercial loans - multi-family residential	12,192	12,194	—%	39,819	(69%)
Total non-securitized mortgage arrears	249,424	226,810	10%	258,709	(4%)
Total securitized mortgage arrears	142,476	142,862	—%	112,241	27%
Total Stage 2	$ 391,900	$ 369,672	6%	$ 370,950	6%
Stage 3 - impaired mortgages					
Residential mortgages - insured	1,284	806	59%	152	745%
Residential mortgages - uninsured	12,854	14,420	(11%)	9,832	31%
Construction loans	44,537	45,319	(2%)	71,552	(38%)
Total non-securitized impaired mortgages	58,675	60,545	(3%)	81,536	(28%)
Total securitized impaired mortgages	242	264	(8%)	343	(29%)
Total Stage 3	$ 58,917	$ 60,809	(3%)	$ 81,879	(28%)
Total stage 2 and 3 mortgages	$ 450,817	$ 430,481	5%	$ 452,829	—%
Impaired non-securitized mortgage ratio [1]	2.31 %	2.46 %	(0.15%)	3.42 %	(1.11%)
Impaired total mortgage ratio [1]	1.20 %	1.25 %	(0.05%)	1.83 %	(0.63%)
Allowance for credit losses					
Non-securitized					
Allowance on performing mortgages	$ 8,996	$ 7,250	24%	$ 6,204	45%
Allowance on impaired mortgages	7,113	5,952	20%	3,102	129%
Total non-securitized allowance for credit losses	16,109	13,202	22%	9,306	73%
Total securitized allowance for credit losses	—	—	n/a	—	n/a
Total allowance for credit losses	$ 16,109	$ 13,202	22%	$ 9,306	73%

[1] Considered to be a non-GAAP and other financial measure. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this MD&A. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

Arrears and Impaired Mortgage Summary

The classification of mortgages into stage 2 and stage 3 involves consideration of criteria such as credit score and internal risk rating. Accordingly, stage 2 and stage 3 balances are expected to vary between periods.

Figure 3: Arrears and Impaired Mortgage Ratios[1]



The majority of our residential mortgage arrears activity occurs in the 1-30 day category, in which the bulk of arrears are resolved and do not migrate to arrears categories over 30 days. While greater than 30 days arrears has increased in our uninsured residential mortgages, we believe overall that we have a quality uninsured residential mortgage loan portfolio with an average LTV of 64.3% at March 31, 2025 based on an industry index of current real estate values. With respect to our construction and commercial loan portfolio, we have a strong track record with our default management processes and asset recovery programs as the need arises. The impaired ratios, as presented above, reflect impaired (stage 3) mortgages under IFRS 9 as a percentage of the non-securitized or total mortgage portfolios, as applicable. At March 31, 2025, impaired mortgages are mainly five construction mortgages where we have initiated asset recovery programs. Our realized loan losses on our construction portfolio have been negligible.

In the event of a protracted economic downturn due to the current interest rate environment or geopolitical conflicts, or for any other reason, we would expect to observe an increase in overall mortgage default and arrears rates as realization periods on collateral become longer and borrowers adjust to the new economic conditions and potentially changing real estate values in such an event. An economic downturn could also result in an increase in our allowance for credit losses. MCAN utilizes a number of risk assessment and mitigation strategies to lessen the potential impact for loss on residential mortgages; however, traditional actions may not be available or effective.

For further information regarding non-securitized mortgages by risk rating, refer to Note 6 to the interim consolidated financial statements.

[1] *Considered to be a non-GAAP and other financial measure. For further details, refer to the "Non-GAAP and Other Financial Measures" section of this MD&A. Non-GAAP and other financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.*

Additional Information on Residential Mortgages and Home Equity Lines of Credit ("HELOCs")

In accordance with OSFI Guideline B-20 - *Residential Mortgage Underwriting Practices and Procedures*, additional information is provided on the composition of MCAN's residential mortgage portfolio by insurance status and province, as well as amortization periods and LTV by province. LTV is calculated as the ratio of the outstanding loan balance on an amortized cost basis to the value of the underlying collateral at the time of origination.

Insured mortgages include individual mortgages that are insured by CMHC or other approved mortgage insurers at origination and mortgages that are portfolio-insured after origination. Uninsured mortgages include both residential uninsured and residential uninsured - completed inventory loans.

The HELOC balances displayed below relate to insured residential mortgages that were acquired by MCAN previously. We do not originate HELOCs at this time.

Table 16: Residential Mortgages by Province at March 31, 2025

(in thousands except %)	Non-securitized						Securitized			
	Insured	%	Uninsured	%	HELOCs	%	Insured	%	Total	%
Ontario	$ 105,768	69.6 %	$1,069,824	84.8 %	$ 76	86.4 %	$1,936,299	82.3 %	$ 3,111,967	82.7 %
Alberta	30,535	20.1 %	61,976	4.9 %	12	13.6 %	258,013	11.0 %	350,536	9.3 %
British Columbia	5,397	3.5 %	113,964	9.0 %	—	— %	67,581	2.9 %	186,942	5.0 %
Quebec	3,095	2.0 %	1,159	0.1 %	—	— %	5,105	0.2 %	9,359	0.2 %
Atlantic Provinces	4,280	2.8 %	4,715	0.4 %	—	— %	52,935	2.2 %	61,930	1.6 %
Other	3,045	2.0 %	9,716	0.8 %	—	— %	33,598	1.4 %	46,359	1.2 %
Total	**$ 152,120**	**100.0 %**	**$1,261,354**	**100.0 %**	**$ 88**	**100.0 %**	**$2,353,531**	**100.0 %**	**$ 3,767,093**	**100.0 %**

Table 17: Residential Mortgages by Province at December 31, 2024

(in thousands except %)	Non-securitized						Securitized			
	Insured	%	Uninsured	%	HELOCs	%	Insured	%	Total	%
Ontario	$ 84,903	67.0 %	$1,049,153	85.1 %	$ 78	86.7 %	$1,995,326	82.5 %	$ 3,129,460	82.7 %
Alberta	27,631	21.9 %	65,353	5.3 %	12	13.3 %	260,743	10.8 %	353,739	9.4 %
British Columbia	4,135	3.3 %	103,255	8.4 %	—	— %	73,408	3.0 %	180,798	4.8 %
Quebec	2,736	2.2 %	1,170	0.1 %	—	— %	5,631	0.2 %	9,537	0.3 %
Atlantic Provinces	5,027	4.0 %	4,873	0.4 %	—	— %	51,295	2.1 %	61,195	1.6 %
Other	2,006	1.6 %	8,996	0.7 %	—	— %	33,468	1.4 %	44,470	1.2 %
Total	**$ 126,438**	**100.0 %**	**$1,232,800**	**100.0 %**	**$ 90**	**100.0 %**	**$2,419,871**	**100.0 %**	**$ 3,779,199**	**100.0 %**

Table 18: Residential Mortgages by Amortization Period at March 31, 2025

(in thousands except %)	Up to 20 Years	>20 to 25 Years	>25 to 30 Years	>30 to 35 Years	Total
Non-securitized	$ 242,598	$ 164,604	$ 508,713	$ 497,647	$ 1,413,562
	17.2 %	11.6 %	36.0 %	35.2 %	100.0 %
Securitized	$ 822,786	$ 1,516,599	$ 14,146	$ —	$ 2,353,531
	35.0 %	64.4 %	0.6 %	— %	100.0 %
Total	**$ 1,065,384**	**$ 1,681,203**	**$ 522,859**	**$ 497,647**	**$ 3,767,093**
	28.3 %	**44.6 %**	**13.9 %**	**13.2 %**	**100.0 %**

Table 19: Residential Mortgages by Amortization Period at December 31, 2024

(in thousands except %)	Up to 20 Years	>20 to 25 Years	>25 to 30 Years	>30 to 35 Years	Total
Non-securitized	$ 224,627	$ 158,920	$ 491,353	$ 484,428	$ 1,359,328
	16.6 %	11.7 %	36.1 %	35.6 %	100.0 %
Securitized	$ 807,727	$ 1,605,346	$ 6,798	$ —	$ 2,419,871
	33.4 %	66.3 %	0.3 %	— %	100.0 %
Total	**$ 1,032,354**	**$ 1,764,266**	**$ 498,151**	**$ 484,428**	**$ 3,779,199**
	27.3 %	**46.7 %**	**13.2 %**	**12.8 %**	**100.0 %**

Table 20: Average LTV Ratio for Uninsured Residential Mortgage Originations

(in thousands except %) **For the Quarters Ended**	**Q1 2025**	**Average LTV**	**Q1 2024**	**Average LTV**
Ontario	$ 84,152	70.2%	$ 77,651	69.6%
Alberta	3,527	72.8%	1,780	78.2%
British Columbia	25,120	51.2%	5,623	66.3%
Other	1,768	76.8%	480	62.3%
	$114,567	**66.2%**	**$ 85,534**	**69.5%**

Table 21: Average LTV Ratios at Origination by Mortgage Portfolio

	March 31 2025	**December 31 2024**
Non-securitized mortgage portfolio		
Residential mortgages		
Insured	69.4 %	67.8 %
Uninsured[1]	67.8 %	67.7 %
Uninsured - completed inventory	61.9 %	65.1 %
Construction loans		
Residential	61.7 %	61.9 %
Non-residential	60.2 %	60.2 %
Commercial loans		
Multi-family residential	82.4 %	82.4 %
Other commercial	— %	— %
	65.0 %	65.1 %
Securitized mortgage portfolio	79.9 %	79.9 %
	72.1 %	**72.4 %**

[1] *MCAN's* non-securitized *uninsured residential mortgage portfolio (including uninsured - completed inventory) is secured with a weighted average LTV at origination of 67.2% at March 31, 2025 (December 31, 2024 - 68.7%). Based on an industry index that incorporates current real estate values, the ratio would be 64.3% at March 31, 2025 (December 31, 2024 - 63.7%).*

Other Non-securitized Assets

Cash and Cash Equivalents

At March 31, 2025, our cash balance was $114 million (December 31, 2024 - $62 million). As part of liquidity management, we align our liquidity position to our liquidity and funding requirements. Cash and cash equivalents, which include cash balances with banks and overnight term deposits, provide liquidity to meet maturing term deposits and new mortgage funding commitments. We actively manage our cash and cash equivalents in the context of our prudent liquidity and cash management practices. See "Liquidity and Funding Risk" sub-section of this MD&A.

Marketable Securities

Marketable securities, consisting of REITs and Government of Canada bonds, provide additional liquidity at yields in excess of cash and cash equivalents. We actively manage our portfolio, as appropriate. At March 31, 2025, the portfolio balance was $62 million (December 31, 2024 - $66 million). In Q1 2025, we sold $5.5 million of REITs for a realized gain of $1.5 million. We continue to realize the benefits of solid cash flows and distributions from these investments.

Non-Marketable Securities

At March 31, 2025, our non-marketable securities balance was $122 million (December 31, 2024 - $117 million). The movement to our security balance is due to funding of capital advances and a $10 thousand net unrealized fair value gain mainly relating to gains and losses on updated property valuations as well as actual execution on leasing activities. Our non-marketable securities are either held for long-term capital appreciation or distribution income. Our real estate development fund investments tend to have less predictable cash flows that are predicated on the completion of the development projects within these funds. We have $56 million in remaining commitments for non-marketable securities expected to fund mainly over the next five years. Some of the real estate funds that we are invested in have been slower to deploy committed capital than initially expected as finding the right opportunities in the current market environment takes more time. For further information, refer to Note 7 to the interim consolidated financial statements.

Equity Investment in MCAP

We have a strategic investment in MCAP, which is Canada's largest independent mortgage finance company serving many institutional investors and over 400,000 homeowners. We hold a 13.89% equity interest in MCAP (December 31, 2024 - 13.88%), which represents 4.0 million units held by MCAN at March 31, 2025 (December 31, 2024 - 4.0 million) of the 28.8 million total outstanding MCAP partnership units (December 31, 2024 - 28.8 million). The investment had a net book value of $123 million at March 31, 2025 (December 31, 2024 - $122 million). The net book value is not indicative of the fair market value of our equity interest in MCAP.

During Q1 2025, we received $5.0 million of unitholder distributions from MCAP (Q1 2024 - $3.4 million). As we account for this investment using the equity method, the receipt of distributions reduces the carrying value of the investment in MCAP.

Pursuant to the MCAP partnership agreement, the majority partner in MCAP has the right to acquire MCAN's entire partnership interest in MCAP at "fair market value", which would be determined by an independent valuator agreed upon by both parties. Any sale by MCAN of its units in MCAP pursuant to this majority partner right, could result in a taxable gain, which could be material.

Other Securitization Assets

Other securitization assets include cash held in trust, which represents securitized mortgage principal and interest collections from borrowers that are payable to MBS holders.

Liabilities and Shareholders' Equity

Table 22: Liabilities and Shareholders' Equity

(in thousands except %)	March 31 2025	December 31 2024	Change (%)	March 31 2024	Change (%)
Non-Securitized Liabilities					
Term deposits	$ 2,339,201	$ 2,288,226	2%	$ 2,197,805	6%
Loans payable	113,934	107	106,380%	25,786	342%
Derivative financial instruments	—	—	n/a	836	(100%)
Other liabilities	14,881	36,807	(60%)	8,432	76%
	2,468,016	**2,325,140**	**6%**	**2,232,859**	**11%**
Securitization Liabilities					
Financial liabilities from securitization	2,367,969	2,423,236	(2%)	2,085,160	14%
	2,367,969	**2,423,236**	**(2%)**	**2,085,160**	**14%**
	4,835,985	**4,748,376**	**2%**	**4,318,019**	**12%**
Shareholders' Equity					
Share capital	464,106	456,683	2%	441,840	5%
Contributed surplus	510	510	—%	510	—%
Retained earnings	144,259	143,620	—%	134,006	8%
Accumulated other comprehensive income	(1,510)	(1,624)	(7%)	61	(2,575%)
	607,365	**599,189**	**1%**	**576,417**	**5%**
	$ 5,443,350	**$ 5,347,565**	**2%**	**$ 4,894,436**	**11%**

Term Deposits

Our primary source of funding for our non-securitized operations is the issuance of term deposits that are eligible for CDIC deposit insurance. We source term deposits through a broker distribution network across Canada consisting of third party deposit agents and financial advisors, as well as a direct-to-consumer channel through our MCAN Wealth GIC platform. Deposits cannot be cashed prior to maturity or paid on demand except in the event of the death of a depositor or financial hardship. We believe that our term deposits provide a reliable low-cost funding source that can be strategically matched against the non-securitized mortgage portfolio. The role of term deposits in managing liquidity and funding risk is discussed in the "Liquidity and Funding Risk" sub-section of the "Risk Factors" section of this MD&A.

Loans Payable

We have a secured demand revolver facility from a Canadian Schedule I Chartered bank with a facility limit of $220 million. The facility is due and payable upon demand. Under the facility, there is a sublimit for issued letters of credit which are used for the purpose of supporting developer obligations to municipalities in conjunction with residential construction loans. We also have a $100 million senior secured mortgage warehouse facility with a Canadian Schedule I Chartered bank. The facility is used to fund insured residential mortgages prior to securitization activities. Our loans payable balances fluctuate to meet our short-term obligations as required.

Financial Liabilities from Securitization

Financial liabilities from securitization relate to our participation in the market MBS and CMB programs, where we have sold MBS to third parties but have not derecognized the related mortgages from our balance sheet. For further information on the market MBS and CMB programs, refer to the "Financial Position" section of this MD&A.

Share Capital

Share capital activity may reflect new common shares issued through the DRIP, Executive Share Purchase Plan, special stock dividend and other share offerings and their related costs, as applicable. For further information, refer to the "Description of Capital Structure" section of this MD&A and Note 13 to the interim consolidated financial statements.

Retained Earnings

Retained earnings activity for Q1 2025 consists of net income of $16.6 million (Q1 2024 - $23.2 million) less dividends of $16.0 million (Q1 2024 - $13.9 million).

Accumulated Other Comprehensive Income

We may enter into Government of Canada bond forward contracts to hedge interest rate risk arising from the impact of (i) movements in interest rates between the time insured residential mortgages are funded and the time that these mortgages are securitized; and (ii) movements in interest rates between the time term deposit funding is forecasted to be required and the time that the actual funding occurs. Achieving hedge accounting allows us to reduce our net income volatility related to changes in interest rates. In Q1 2025, we had net realized fair value gains of $nil (Q4 2024 - $nil; Q1 2024 - 31 thousand fair value gains) and net unrealized fair value gains of $nil (Q4 2024 - $nil; Q1 2024 - $nil) on our derivative transactions recognized in accumulated other comprehensive income. For further information, refer to the "Derivatives and Hedging" sub-section of this MD&A and Note 11 to the interim consolidated financial statements.

CAPITAL MANAGEMENT

Our primary capital management objectives are to maintain sufficient capital for regulatory purposes and to earn acceptable and sustainable risk-weighted returns for our shareholders. Through our risk management and corporate governance framework, we assess current and projected asset growth, economic conditions, housing market activity, the interest rate environment and changes to credit quality to determine appropriate levels of capital. We expect to pay out all of MCAN's non-consolidated taxable income over time through dividends subject to final review and declaration by the Board. Capital growth is achieved through retained earnings, the DRIP, Executive Share Purchase Plan, rights offerings, public share offerings and stock dividends. Our capital management is primarily driven by the guidelines set out by the Tax Act and OSFI.

Income Tax Capital

As a MIC under the Tax Act, we are limited to an income tax liabilities to capital ratio of 5:1 (or an income tax assets to capital ratio of 6:1), based on our non-consolidated balance sheet in the MIC entity measured at its tax value. Securitization assets and liabilities (less accrued interest) are both excluded from the calculation of the income tax assets to capital ratio. We calculate our income tax capital in accordance with the Tax Act.

Table 23: Income Tax Capital

(in thousands except ratios)

	March 31 2025	December 31 2024
Income tax assets		
Consolidated assets	$ 5,443,350	$ 5,347,565
Adjustment for assets in subsidiaries	13,802	35,924
Non-consolidated assets in MIC entity	5,457,152	5,383,489
Add: mortgage allowances	9,707	7,844
Less: securitization assets [1]	(2,396,979)	(2,454,257)
Adjustments to equity investments in MCAP and subsidiaries	(70,009)	(69,378)
Other adjustments	(4,557)	313
	$ 2,995,314	$ 2,868,011
Income tax liabilities		
Consolidated liabilities	$ 4,835,985	$ 4,748,376
Adjustment for liabilities in subsidiaries	(31,726)	(10,040)
Non-consolidated liabilities in MIC entity	4,804,259	4,738,336
Less: securitization liabilities [1]	(2,362,910)	(2,418,059)
	$ 2,441,349	$ 2,320,277
Income tax capital	$ 553,965	$ 547,734
Income tax capital ratios		
Income tax assets to capital ratio	5.41	5.24
Income tax liabilities to capital ratio	4.41	4.24

[1] The majority of securitization assets and liabilities on the balance sheet are excluded from income tax assets, liabilities and capital as they are derecognized for income tax purposes in accordance with the Tax Act.

Regulatory Capital

As a Loan Company under the Trust Act, OSFI oversees the adequacy of our capital. For this purpose, OSFI has imposed minimum capital-to-regulatory (or risk-weighted) assets ratios and a minimum leverage ratio which is calculated on a different basis from the income tax assets to capital ratio discussed in the "Income Tax Capital" sub-section above.

Both OSFI and the Basel Committee on Banking Supervision promote a resilient banking sector and strong global capital standards. Key components of Basel III impact MCAN through the Capital Adequacy Requirements and Leverage Requirements Guidelines.

Our CET 1 capital consists of share capital, contributed surplus and retained earnings. We do not hold any additional Tier 1 capital instruments; therefore, our CET 1 capital is equal to our Tier 1 capital. Our Tier 2 capital consists of Stage 1 and Stage 2 mortgage allowances calculated under IFRS. Total Capital equals CET 1 or Tier 1 capital plus Tier 2 capital. OSFI expects all federally regulated financial institutions to meet the minimum capital to risk-weighted asset ratios of 7% CET 1 Capital, 8.5% Tier 1 Capital and 10.5% Total Capital.

At March 31, 2025, we were in compliance with our internal target minimum CET 1, Tier 1 and Total Capital to risk weighted asset and leverage ratios. Our total capital and leverage ratios have decreased due to OSFI's new revised rules that incorporate Basel III reforms. We maintain prudent capital planning practices to ensure that we are adequately capitalized and continue to satisfy minimum standards and internal targets.

Table 24: Regulatory Capital [3]

(in thousands except %)

	March 31 2025	December 31 2024
OSFI Regulatory Ratios		
Share capital	$ 464,106	$ 456,683
Contributed surplus	510	510
Retained earnings	144,259	143,620
Accumulated other comprehensive income	(1,510)	(1,624)
Deduction from equity investment in MCAP [1]	(62,069)	(62,346)
Common Equity Tier 1 and Tier 1 Capital (A)	545,296	536,843
Tier 2 Capital	8,996	7,250
Total Capital (D)	$ 554,292	$ 544,093
Total Exposure/Regulatory Assets		
Consolidated assets	$ 5,443,350	$ 5,347,565
Less: deduction for equity investment in MCAP [1]	(62,069)	(62,346)
Other adjustments [2]	2,490	8,472
Total On-Balance Sheet Exposures	5,383,771	5,293,691
Mortgages and non-marketable securities funding commitments	234,322	208,440
Letters of credit	24,963	22,147
Total Off-Balance Sheet Items	259,285	230,587
Total Exposure/Regulatory Assets (B)	$ 5,643,056	$ 5,524,278
Leverage ratio (A / B)	9.64 %	9.72 %
Risk-weighted assets (C)	$ 2,852,577	$ 2,822,418
Regulatory Capital Ratios		
Common Equity Tier 1 capital to risk-weighted assets ratio **(A / C)**	19.12 %	19.02 %
Tier 1 capital to risk-weighted assets ratio **(A / C)**	19.12 %	19.02 %
Total capital to risk-weighted assets ratio **(D / C)**	19.43 %	19.28 %

[1] *The deduction for the equity investment in MCAP is equal to the equity investment balance less 10% of shareholders' equity and eligible stage 1 and stage 2 mortgage allowances.*
[2] *Certain items, such as negative cash balances and derivatives, are adjusted from total exposures but included in consolidated assets.*
[3] *These measures have been calculated in accordance with OSFI's Capital Adequacy Requirements and Leverage Requirements guidelines.*

Table 25: Regulatory Risk-Weighted Assets [1]

(in thousands except %)	March 31, 2025			December 31, 2024		
	Amounts	Average Rate	Risk-Weighted Assets	Amounts	Average Rate	Risk-Weighted Assets
On-Balance Sheet Assets						
Cash and cash equivalents	$ 113,555	20 %	$ 23,209	$ 61,703	21 %	$ 12,654
Cash held in trust	62,788	20 %	12,558	47,249	20 %	9,450
Marketable securities	62,140	76 %	46,966	66,345	100 %	66,345
Mortgages - non-securitized	2,544,500	69 %	1,747,252	2,464,091	69 %	1,700,214
Mortgages - securitized	2,353,531	6 %	132,723	2,419,871	6 %	136,693
Non-marketable securities	122,465	151 %	185,120	117,428	162 %	190,120
Equity investment in MCAP Commercial LP	122,805	124 %	151,841	122,265	123 %	149,797
Deferred tax asset	1,733	100 %	1,733	1,430	100 %	1,430
Other assets	53,838	100 %	53,838	44,675	100 %	44,675
Derivative Financial Instruments	5,995	— %	—	2,508	— %	—
	5,443,350		2,355,240	5,347,565		2,311,378
Off-Balance Sheet Items						
Letters of credit	49,927	50 %	24,964	44,295	50 %	22,148
Commitments	585,805	34 %	199,377	521,100	45 %	234,666
Derivative Financial Instruments	750,572	5 %	36,671	793,439	3 %	24,288
			261,012			281,102
Charge for operational risk [2]			236,325			229,938
Risk-Weighted Assets			**$ 2,852,577**			**$ 2,822,418**

[1] This measure has been calculated in accordance with OSFI's Capital Adequacy Requirements guidelines.
[2] We use the basic indicator approach for operational risk, which is equal to 15% of the previous three-year average of net investment income from non-securitized *and securitized assets excluding provisions for credit losses multiplied by a factor of 12.5.*

Other Capital Management Activity

In conjunction with the annual strategic planning and budgeting process, we complete an Internal Capital Adequacy Assessment Process ("ICAAP") in order to ensure that we have sufficient capital to support our business plan and risk appetite. The ICAAP assesses the capital necessary to support the various inherent risks that we face, including liquidity and funding, credit, interest rate, market, operational, regulatory compliance, strategic and reputational risks. Our business plan is also stress-tested under various adverse scenarios to determine the impact on our results from operations and financial condition. The ICAAP is reviewed by both management and the Board and is submitted to OSFI annually. In addition, the Company performs stress testing on our internal forecasts for capital adequacy on a quarterly basis, and the results of such testing are reported to the Board.

RISK FACTORS

For a detailed description of all risk factors associated with the Company, refer to the "Risk Governance and Management" section of our 2025 Annual Information Form, which is available on the Company's profile on SEDAR+ at www.sedarplus.ca. Incidents related to any of the Company's risks could adversely affect our ability to achieve our business objectives or execute our business strategies, and may result in a loss of earnings, capital and/or damage to our reputation. Our Enterprise Risk Management Framework addresses these risks by establishing effective policies, limits, and internal controls to monitor and mitigate these risks.

The shaded areas of this MD&A below represent a discussion of risk factors and risk management policies and procedures relating to liquidity, credit, interest rate and market risks as required under IFRS 7, *Financial Instruments: Disclosures*. The relevant MD&A sections are identified by shading within boxes and the content forms an integral part of the interim consolidated financial statements.

Liquidity and Funding Risk

Liquidity risk is the risk that cash and liquid assets are insufficient to honour all cash outflow commitments (both on- and off-balance sheet) as they come due. Funding risk is the risk that available sources of liquidity and long term funding are insufficient to sustain business growth or mitigate funding gaps.

On a daily basis, we monitor our liquidity position to ensure that the level of liquid assets held, together with our ability to raise new deposits and other funding sources, are sufficient to meet our commitments, deposit maturity obligations, and other financial obligations.

On a monthly basis, we plan out our funding using a 12-month rolling forecast of expected business growth and balance sheet obligations. This provides us with a forward-looking perspective on the adequacy of our funding and liquidity channels.

Stress testing is performed using multiple scenarios incorporating simultaneous impacts to the Company's funding sources and uses. MCAN's stress testing is designed to assess the viability of liquidity and funding channels, as well as contingency funding to remain within Board-approved liquidity risk limits. At March 31, 2025, the Company held sufficient funding and liquidity to meet all requirements under the stress test scenarios.

The Board is accountable for the approval of the Liquidity Risk Management Framework ("LRMF"). The LRMF establishes a framework to maintain sufficient funding and liquidity, including holding a portfolio of high-quality liquid assets to meet commitments as they come due. The LRMF provides guidance for the daily, monthly and quarterly analyses that are performed by management, and includes a framework for daily funding requirements, gap analysis between assets and liabilities, deposit concentration levels, liquidity risk limits, and stress testing requirements, in alignment with both the standards set under the Trust Act and regulations and guidelines issued by OSFI. Further to the LRMF, the Company maintains a Contingency Funding Plan that details the strategies and action plans to respond to stress events that could materially impair its access to funding and liquidity.

Asset-Liability Committee ("ALCO"), which is comprised of management, is accountable for liquidity management oversight. On a monthly basis, or more frequently as required, ALCO reviews the Company's funding and liquidity risk profile, including funding strategies, performance against established liquidity risk limits, stress testing and contingency funding plan status. Results of the monitoring of liquidity risk are reported to the Board and any exceptions or breach of key limits are immediately reported by ALCO to the Enterprise Risk Management and Compliance Committee ("ERM&CC"). At March 31, 2025, the Company was in full compliance with the LRMF, key liquidity risk limits and regulatory requirements.

We have access to liquidity through our ability to issue term deposits eligible for CDIC deposit insurance. These term deposits also provide us with the ability to fund asset growth as needed.

The Company maintained a secured demand revolver facility to meet its short-term obligations as required. Under the facility, there is a sublimit for issued letters of credit, which may be used to support the obligations of borrowers to municipalities in conjunction with construction loans. The facility limit is $220 million.

We also have an agreement with a Canadian Schedule I Chartered bank that enables the Company to execute repurchase agreements for liquidity purposes. This facility provides liquidity and allows the Company to encumber certain eligible securities for financing purposes. As part of the agreement, the Company may sell assets to the counterparty at a specified price with an agreement to repurchase at a specified future date. The interest rate on the borrowings is driven by market spot rates at the time of borrowing. The Company will execute these repurchase agreements to provide alternative sources of liquidity when it is efficient and effective to do so.

We have a credit agreement with a Canadian Schedule I Chartered bank for a $100 million senior secured mortgage warehouse facility. The facility is used to fund insured residential mortgages prior to securitization activities. This facility provides improved funding in response to our continued growth.

We have an agreement with MSLP, a wholly owned subsidiary of MCAP, whereby the Company can sell to MSLP insured residential mortgage commitments. This agreement provides liquidity and the opportunity to fund other core business activities in line with our strategy.

Our sources and uses of liquidity are outlined in the table below. For information on our off-balance sheet commitments refer to the "Off-Balance Sheet Arrangements" section of this MD&A.

Table 26: Liquidity Analysis

At March 31, 2025 **(in thousands)**	**Within 3 months**	**> 3 Months to 1 Year**	**> 1 to 3 Years**	**> 3 to 5 Years**	**> 5 Years**	**Total**
Sources of liquidity						
Cash and cash equivalents	$ 113,555	$ —	$ —	$ —	$ —	$ 113,555
Marketable securities	62,140	—	—	—	—	62,140
Mortgages - non-securitized	711,570	1,074,537	695,374	36,768	26,251	2,544,500
Non-marketable securities	—	—	—	—	122,465	122,465
Other loans	7,226	—	—	—	—	7,226
	894,491	1,074,537	695,374	36,768	148,716	2,849,886
Uses of liquidity						
Term deposits	419,798	708,864	780,567	429,972	—	2,339,201
Loans payable	113,934	—	—	—	—	113,934
Other liabilities	8,953	(2,236)	731	1,019	6,414	14,881
	542,685	706,628	781,298	430,991	6,414	2,468,016
Net liquidity surplus (deficit)	**$ 351,806**	**$ 367,909**	**$ (85,924)**	**$ (394,223)**	**$ 142,302**	**$ 381,870**

Note: The above table excludes securitized assets and liabilities and pledged assets as their use is restricted to securitization program operations.

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of a counterparty, for any reason, to fully honour its financial or contractual obligations to the Company, primarily arising from our investments and lending activities. Fluctuations in interest rates may impact real estate values and may also reduce the net realizable value of the collateral property to the Company. These risks may result in defaults and credit losses, which may result in a loss of earnings.

Credit risk is managed through risk management policies and procedures that emphasize the quality and diversification of our investments and lending activities. Credit policies include credit risk limits in alignment with the Risk Appetite Framework ("RAF"). These credit risk limits include, but are not limited to, concentration by asset class, geographic region, dollar amount and borrower. These policies are amended on an ongoing basis and approved by the Board to reflect changes in market conditions and risk appetite.

Capital Commitments Committee, which is comprised of management, is accountable for decision-making on credit risk issues and provides oversight of proposed investments for the construction, commercial and marketable and non-marketable securities portfolios.

Credit and commitment exposure are closely monitored by the First and Second Lines of Defence. The Risk and Compliance Committee, which is comprised of management, monitors and challenges credit risk exposures, monitors portfolio and underwriting quality and performance against credit risk limits on a quarterly basis. The ERM&CC reviews all material risks affecting the Company on a quarterly basis, which includes the identification, assessment, and monitoring of material credit risks.

We identify potential risks in our mortgage portfolio by way of regular review of market and portfolio metrics, which are a key component of quarterly market reports provided to the Board by management. Existing risks in our mortgage portfolio are identified by arrears reporting, portfolio diversification analysis, post funding monitoring and risk rating trends of the entire mortgage portfolio. The aforementioned reporting and analysis provide adequate monitoring of and control over our exposure to credit risk.

We assign a credit score and risk rating for all mortgages at the time of underwriting based on the assessed credit quality of the borrower and the value of the underlying real estate. Risk ratings are reviewed annually at a minimum, and more frequently whenever there is an amendment, or a material change such as a default or impairment.

As part of our credit risk management process, we monitor our loan portfolio for early indicators of potential concern. The "monitored/arrears" category includes construction and commercial loans that may experience events such as slow sales, cost overruns or are located in geographic markets in which concerns have arisen. Loans in this category are included in stage 2. Considering factors such as borrower equity, portfolio LTV ratios and project liquidity, at March 31, 2025, there have been no indications at the portfolio level of potential loss of principal in excess of the allowances for credit losses recorded for mortgages in stage 1 and 2. These collective allowances are based on forward-looking economic assumptions and other factors discussed in Note 5 to the interim consolidated financial statements.

The maximum credit exposure on our individual financial assets is equal to the carrying value of the respective assets, except for our non-securitized mortgage portfolio, where maximum credit exposure also includes outstanding commitments for future mortgage fundings and our investments in non-marketable securities, where maximum credit exposure includes our total remaining commitments.

Interest Rate Risk

Interest rate risk is the potential impact of changes in interest rates on our earnings and capital. Interest rate risk arises when our assets and liabilities, both on- and off-balance sheet, have mismatched repricing and maturity dates. Changes in interest rates where we have mismatched repricing and maturity dates may have an adverse effect on our financial condition and results of operations.

The Interest Rate Risk Management Framework, which is reviewed and approved by the Board, provides guidance on MCAN's interest rate risk measurement tools, including stress testing, roles and accountabilities, and monitoring and reporting requirements. Additionally, it establishes interest rate risk limits and articulates appetite for interest rate exposures.

An immediate and sustained parallel 1% increase to market interest rates on interest-bearing financial instruments at March 31, 2025 would have an estimated adverse effect of $0.2 million (December 31, 2024 - positive effect of $1.2 million) to net income over the following twelve month period. An immediate and sustained parallel 1% decrease to market interest rates at March 31, 2025 would have an estimated positive effect of $1.2 million (December 31, 2024 - adverse effect of $0.3 million) to net income over the following twelve month period.

The following tables present the assets and liabilities of the Company by interest rate sensitivity at March 31, 2025 and December 31, 2024 and do not incorporate mortgage and loan prepayments. This analysis is subject to significant change in subsequent periods based on changes in customer preferences and in the application of asset/liability management policies. Floating rate assets and liabilities are immediately sensitive to changing interest rates while other assets are sensitive to changing interest rates periodically, either as they mature or as contractual repricing events occur. Non-interest sensitive items include marketable securities, equity investment in MCAP and other assets and liabilities. Yield spread represents the difference between the weighted average interest rate of the assets and liabilities in a certain category.

Table 27: Interest Rate Sensitivity at March 31, 2025

At March 31, 2025 (in thousands except %)	Floating Rate	Within 3 Months	> 3 Months to 1 Year	> 1 to 3 Years	> 3 to 5 Years	> 5 Years	Non Interest Sensitive	Total
Assets								
Non-securitized	$1,379,026	$209,616	$578,886	$465,428	$ 31,468	$ 17,800	$ 324,904	$ 3,007,128
Securitization	195,833	67,997	487,170	943,870	658,661	—	82,691	2,436,222
	1,574,859	277,613	1,066,056	1,409,298	690,129	17,800	407,595	5,443,350
Liabilities								
Non-securitized	113,934	419,798	708,864	780,567	429,970	—	14,883	2,468,016
Securitization	194,250	58,263	466,641	1,083,888	564,927	—	—	2,367,969
	308,184	478,061	1,175,505	1,864,455	994,897	—	14,883	4,835,985
Shareholders' Equity	—	—	—	—	—	—	607,365	607,365
GAP	**$1,266,675**	**$(200,448)**	**$(109,449)**	**$(455,157)**	**$(304,768)**	**$ 17,800**	**$ (214,653)**	**$ —**
YIELD SPREAD	**3.44 %**	**1.36 %**	**1.37 %**	**0.75 %**	**0.43 %**	**4.03 %**		

Table 28: Interest Rate Sensitivity at December 31, 2024

At December 31, 2024 (in thousands except %)	Floating Rate	Within 3 Months	> 3 Months to 1 Year	> 1 to 3 Years	> 3 to 5 Years	> 5 Years	Non Interest Sensitive	Total
Assets								
Non-securitized	$1,285,164	$158,375	$584,118	$486,236	$ 28,055	$ 4,368	$ 314,001	$ 2,860,317
Securitization	196,777	61,325	404,678	1,076,875	680,216	—	67,377	2,487,248
	1,481,941	219,700	988,796	1,563,111	708,271	4,368	381,378	5,347,565
Liabilities								
Non-securitized	107	301,555	813,428	755,448	417,793	—	36,809	2,325,140
Securitization	196,084	33,028	378,459	1,250,067	565,598	—	—	2,423,236
	196,191	334,583	1,191,887	2,005,515	983,391	—	36,809	4,748,376
Shareholders' Equity	—	—	—	—	—	—	599,189	599,189
GAP	**$1,285,750**	**$(114,883)**	**$(203,091)**	**$(442,404)**	**$(275,120)**	**$ 4,368**	**$ (254,620)**	**$ —**
YIELD SPREAD	**4.76 %**	**1.43 %**	**1.21 %**	**0.72 %**	**0.44 %**	**4.35 %**		

Market Risk

Market risk is the exposure to adverse changes in the value of financial assets. Market risk includes price risk on marketable securities, execution risk and real estate values, among others.

DESCRIPTION OF CAPITAL STRUCTURE

Our authorized share capital consists of an unlimited number of common shares with no par value. At March 31, 2025, there were 39,127,657 common shares outstanding (December 31, 2024 - 38,717,004). At May 7, 2025, there were 39,171,654 common shares outstanding.

We have a Base Shelf prospectus allowing us to make certain public offerings of debt or equity securities during the period that it is effective, through Prospectus Supplements.

- We have an ATM Program, established pursuant to a Prospectus Supplement to our Base Shelf prospectus, allowing us to issue up to $30 million common shares to the public from time to time at the market prices prevailing at the time of sale. In Q1 2025, we sold 61,200 common shares at a weighted average price of $18.32 for gross proceeds of $1.1 million and net proceeds of $1.1 million including $22 thousand of agent commission paid and $1 thousand of other share issuance costs under the ATM Program. At March 31, 2025, we have $19.9 million remaining available to be issued through our ATM Program. The volume and timing of distributions under the ATM Program are determined at MCAN's sole discretion.

We issued $4.5 million in new common shares in Q1 2025 (Q1 2024 - $8.2 million) under the DRIP, which has historically provided MCAN with a reliable source of new capital and existing shareholders an opportunity to acquire additional shares at a discount to market value. Under the DRIP, dividends paid to shareholders are automatically reinvested in common shares issued out of treasury at the weighted average trading price for the five days preceding such issue less a discount of 2% until further notice from MCAN.

For additional information related to share capital, refer to Note 13 to the interim consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

We have contractual obligations relating to outstanding commitments for future fundings of non-securitized mortgages and our investments in non-marketable securities. Only a portion of the mortgage commitments that we issue are expected to fund. Accordingly, these amounts do not necessarily represent the future cash requirements of the Company.

Table 29: Contractual Commitments

At March 31, 2025						
(in thousands)	Within 3 months	> 3 Months to 1 Year	> 1 to 3 Years	> 3 to 5 Years	> 5 Years	Total
Mortgage funding commitments	$ 348,582	$ 131,076	$ 21,424	$ —	$ —	$ 501,082
Commitment - TAS Co	—	1,599	—	—	—	1,599
Commitment - TAS 4	—	6,380	4,269	—	—	10,649
Commitment - Harbour	1,500	1,500	1,000	500	—	4,500
Commitment - KSSMF	—	—	6,500	—	—	6,500
Commitment - Pearl	—	583	—	—	—	583
Commitment - Crown	1,515	7,276	—	—	—	8,791
Commitment - Fiera	459	1,558	706	706	1,500	4,929
Commitment - Broccolini	2,000	3,028	10,300	2,000	1,000	18,328
Commitment - KSHYF	—	—	—	—	28,844	28,844
	$ 354,056	**$ 153,000**	**$ 44,199**	**$ 3,206**	**$ 31,344**	**$ 585,805**

We retain mortgage servicing obligations relating to securitized insured multi-family mortgages where balance sheet derecognition has been achieved. At March 31, 2025, these derecognized securitized insured multi-family mortgages totalled $336 million. For further information on our securitization activities, refer to Note 9 to the interim consolidated financial statements.

We provide letters of credit, which are not reflected on the interim consolidated balance sheet, for the purpose of supporting developer obligations to municipalities in conjunction with residential construction loans. If the developer defaults in its obligation to the municipalities, the municipalities may draw on the letters of credit, in which case we are obligated to fund the letters of credit. For further information, refer to Note 17 to the interim consolidated financial statements.

DIVIDENDS

On May 7, 2025, the Board declared a regular quarterly cash dividend of $0.41 per share to be paid on June 30, 2025 to shareholders of record as at June 13, 2025.

In order to take advantage of the tax benefits provided by the MIC status, we pay out all of MCAN's non-consolidated taxable income to shareholders through dividends. As a MIC, we are entitled to deduct the dividends that we pay to shareholders from our taxable income. Regular dividends are taxed as interest income to shareholders. We are able to pay capital gains dividends, which would be taxed as capital gains to shareholders. Dividends paid to foreign investors may be subject to withholding taxes. The Company has historically paid out regular dividends in cash but has the option to pay out its dividends in the form of cash or shares. In the event of a significant increase in taxable income relative to accounting income, the Company may look to pay out a combination of regular dividends in the form of cash and special dividends in the form of shares. This is consistent with our dividend policy and our obligations as a MIC, while at the same time providing a cost effective source of capital for the Company to support future growth and business operations.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions for the quarters ended March 31, 2025 and March 31, 2024 and related party balances at March 31, 2025 and December 31, 2024 are discussed in Notes 8 and 16 to the interim consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The majority of our interim consolidated balance sheet consists of financial instruments, and the majority of net income (loss) is derived from the related income, expenses, gains and losses. Financial instruments include cash and cash equivalents, cash held in trust, marketable securities, mortgages, non-marketable securities, other loans, financial liabilities from securitization, term deposits and loans payable, which are discussed throughout this MD&A.

The use of financial instruments exposes us to liquidity and funding, credit, interest rate and market risk. A discussion of these risks and how they are managed is found in the "Risk Factors" section of this MD&A.

Information on the financial statement classification and amounts of income, expenses, gains and losses associated with financial instruments are located in the "Results of Operations" and "Financial Position" sections of this MD&A. Information on the determination of the fair value of financial instruments is located in the "Critical Accounting Estimates and Judgments" section of this MD&A.

PEOPLE

At March 31, 2025, we had 162 team members (December 31, 2024 - 142). Team members include full-time, part-time, contract and students, as applicable.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's interim consolidated financial statements requires management to make judgments, estimations and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Estimates are considered carefully and reviewed at an appropriate level within MCAN. We believe that our estimates of the value of our assets and liabilities are appropriate. However, changes in these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the affected assets or liabilities in future periods.

For a detailed discussion of critical accounting estimates and judgments, refer to the "Critical Accounting Estimates and Judgments" section of the 2024 Annual MD&A.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

At March 31, 2025, the Chief Executive Officer and Chief Financial Officer of MCAN, with the assistance of the Company's Disclosure Committee comprised of members of management, have designed disclosure controls and procedures to provide reasonable assurance that (i) material information relating to MCAN is made known to the Chief Executive Officer and Chief Financial Officer and (ii) information required to be disclosed by us in reports we file or submit is recorded, processed, summarized and reported within the time periods specified in securities legislation, and have designed Internal Controls over Financial Reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

There were no changes in our ICFR during the interim period ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, our control framework.

All internal control systems, no matter how well designed, have inherent limitations. As a result, even systems determined to be effective may not prevent or detect misstatements on a timely basis as systems can provide only reasonable assurance that the objectives of the control system are met. In addition, projections of any evaluation of the effectiveness of ICFR to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change.

NON-GAAP AND OTHER FINANCIAL MEASURES

We prepare our interim consolidated financial statements in accordance with IFRS, which is current GAAP. We use a number of financial measures and ratios to assess our performance. Some of these measures are not calculated in accordance with IFRS, are not defined by IFRS and do not have standardized meanings that would ensure consistency and comparability between other issuers using these measures. The non-GAAP and other financial measures used in this MD&A are defined as follows:

Non-GAAP Financial Measures and Ratios

Net Non-securitized Mortgage Spread Income
Non-GAAP financial measure that is an indicator of net interest profitability of income-earning non-securitized mortgage assets less cost of funding for our non-securitized mortgage portfolio. It is calculated as the difference between non-securitized mortgage interest and term deposit interest and expenses as reported on the interim consolidated statements of income. Calculations can also be found in Tables 1, 2, and 4 of this MD&A.

Table 30: Net Non-securitized Mortgage Spread Income

(in thousands) **For the Periods Ended March 31**	**2025**	**2024**	**Change ($)**
Mortgage interest - non-securitized assets	$ 45,148	$ 48,008	
Term deposit interest and expenses	24,882	26,070	
Net Non-securitized Mortgage Spread Income	**$ 20,266**	**$ 21,938**	**$ (1,672)**

Securitized Mortgage Spread Income
Non-GAAP financial measure that is an indicator of net interest profitability of income-earning securitized assets less cost of securitized liabilities for our securitized mortgage portfolio. It is calculated as the difference between securitized mortgage interest and interest on financial liabilities from securitization as reported on the interim consolidated statements of income. Calculations can also be found in Table 6 of this MD&A.

Table 31: Net Securitized Mortgage Spread Income

(in thousands) **For the Periods Ended March 31**	**2025**	**2024**	**Change ($)**
Mortgage interest - securitized assets	$ 18,742	$ 13,340	
Interest on financial liabilities from securitization	16,036	11,187	
Net Securitized Mortgage Spread Income	**$ 2,706**	**$ 2,153**	**$ 553**

Pre-Provision Pre-Tax Income and Pre-Provision Pre-Tax Basic and Diluted Earnings per Share
This is net income or basic and diluted earnings per share excluding (i) provisions for (recoveries of) credit losses; and (ii) provisions for (recoveries of) income taxes.

Average Rates
Supplementary financial measures that are an indicator of interest profitability of income-earning assets or the cost of liabilities. It is calculated as income or expense as a percentage of average interest-earning assets or liabilities balance. This financial measure includes average interest rates for (i) mortgages - non-securitized portfolios; (ii) term deposit interest and expenses; (iii) mortgages - securitized portfolio; and (iv) financial liabilities from securitization. The average income-earning asset or liability balance that is incorporated into the average interest rate calculations is calculated on either a daily or monthly basis depending on the nature of the asset or liability.

Spread of Non-securitized Mortgages over Term Deposit Interest and Expenses
Supplementary financial measure that is an indicator of net interest profitability of income-earning non-securitized mortgage assets less cost of funding. The spread of non-securitized mortgages over term deposit interest and expenses is calculated by taking the total non-securitized mortgage interest as a percentage of the average non-securitized mortgage average portfolio balance less the average term deposit interest and expenses rate.

Spread of Securitized Mortgages over Liabilities
Supplementary financial measure that is an indicator of net interest profitability of income-earning securitized assets less cost of securitized liabilities. The spread of securitized mortgages over liabilities is calculated by taking the securitized mortgage portfolio average interest rate less the financial liabilities average interest rate.

Return on Average Shareholders' Equity
Supplementary financial measure that measures profitability by presenting the annualized net income available (loss attributable) to shareholders as a percentage of the average capital deployed to earn the income (loss). It is calculated as net

income (loss) divided by average shareholders' equity. Average shareholders' equity is calculated as a monthly average using all components of shareholders' equity.

Arrears and Impaired Mortgage Ratios
Supplementary financial measures that represent the ratio of arrears and impaired mortgages to the related total mortgage principal for uninsured residential mortgage, residential mortgage (non-securitized and securitized), non-securitized mortgage (residential, construction and commercial) and total mortgage (all non-securitized and securitized) portfolios.

Distribution Yield
Supplementary financial measure that is an indicator of profitability on marketable and non-marketable securities. It is calculated by dividing the distribution income as a percentage of the average balance.

Book Value per Common Share
Supplementary financial measure that is calculated as total shareholders' equity divided by the number of common shares outstanding as of that date.

Total Shareholder Return
Supplementary financial measure that is defined as the total return of one share to a shareholder including stock appreciation and dividends.

Assets under Management
Supplementary financial measure that is defined as total balance sheet assets and assets derecognized but still managed by MCAN.

Compound Annual Growth Rate
Supplementary financial measure that is defined as the average annual growth rate over a set period, taking into account the effects of compounding.

GLOSSARY

CET 1, Tier 1, Tier 2 and Total Capital, Total Exposures, Regulatory Assets, Leverage Ratio and Risk-Weighted Asset Ratios
These measures are calculated in accordance with OSFI's Capital Adequacy Requirements and Leverage Requirements guidelines.

Income Tax Capital Measures
Income tax assets, income tax liabilities and income tax capital represent assets, liabilities and capital as calculated on a non-consolidated basis using the provisions of the Tax Act applicable to a MIC. The calculation of the income tax assets to capital ratio and income tax liabilities to capital ratio are based on these amounts.

Market Capitalization
Market capitalization is calculated as the number of common shares outstanding multiplied by the closing common share price as of that date.

CONSOLIDATED BALANCE SHEETS

(Unaudited) (in thousands of Canadian dollars)

	Note	March 31 2025	December 31 2024
Assets			
Non-securitized Assets			
Cash and cash equivalents		$ 113,555	$ 61,703
Marketable securities		62,140	66,345
Mortgages	6	2,544,500	2,464,091
Non-marketable securities	7	122,465	117,428
Equity investment in MCAP Commercial LP	8	122,805	122,265
Derivative financial instruments	11	5,995	2,508
Deferred tax assets		1,733	1,430
Other assets		33,935	24,547
		3,007,128	**2,860,317**
Securitization Assets			
Cash held in trust	10	62,788	47,249
Mortgages	10	2,353,531	2,419,871
Other assets	10	19,903	20,128
		2,436,222	**2,487,248**
		$ 5,443,350	**$ 5,347,565**
Liabilities and Shareholders' Equity			
Liabilities			
Non-securitized Liabilities			
Term deposits		$ 2,339,201	$ 2,288,226
Demand loans payable	17	113,934	107
Other liabilities		14,881	36,807
		2,468,016	**2,325,140**
Securitization Liabilities			
Financial liabilities from securitization	12	2,367,969	2,423,236
		2,367,969	**2,423,236**
		4,835,985	**4,748,376**
Shareholders' Equity			
Share capital	13	464,106	456,683
Contributed surplus		510	510
Retained earnings		144,259	143,620
Accumulated other comprehensive income (loss)		(1,510)	(1,624)
		607,365	**599,189**
		$ 5,443,350	**$ 5,347,565**

The accompanying notes and shaded areas of the "Risk Factors" section of Management's Discussion and Analysis of Operations are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited) (in thousands of Canadian dollars except for per share amounts)

For the Quarters Ended March 31	Note	2025	2024
Net interest income - non-securitized assets			
Mortgage interest		$ 45,148	$ 48,008
Interest on cash and other		792	992
		45,940	**49,000**
Term deposit interest and expenses	11	24,882	26,070
Interest on loans payable		394	1,584
		25,276	**27,654**
		20,664	**21,346**
Net interest income - securitized assets			
Mortgage interest		18,742	13,340
Interest on cash and other		383	490
		19,125	**13,830**
Interest on financial liabilities from securitization	11	16,036	11,187
		16,036	**11,187**
		3,089	**2,643**
Total Net Interest Income		**23,753**	**23,989**
Non-interest Income			
Equity income from MCAP Commercial LP	8	5,571	7,183
Distribution income from securities		2,741	2,582
Fees		1,080	873
Net gain on securities	15	1,099	27
Other		12	—
		10,503	**10,665**
Total Income		**34,256**	**34,654**
Provision for (recovery of) credit losses		3,089	(640)
Non-interest Expenses			
Salaries and benefits		7,119	5,999
General and administrative		7,762	6,375
		14,881	**12,374**
Net Income Before Income Taxes		**16,286**	**22,920**
Provision for (recovery of) income taxes			
Current		—	61
Provision for (recovery of) income taxes		(304)	(361)
		(304)	**(300)**
Net Income		**$ 16,590**	**$ 23,220**
Basic and diluted earnings per share		$ 0.43	$ 0.65
Cash dividends per share		$ 0.41	$ 0.39
Weighted average number of basic and diluted shares (000's)		38,940	35,786

The accompanying notes and shaded areas of the "Risk Factors" section of Management's Discussion and Analysis of Operations are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited) (in thousands of Canadian dollars)

For the Quarters Ended March 31	Note	2025	2024
Net Income		$ 16,590	$ 23,220
Other comprehensive income items that may be subsequently reclassified to income (loss):			
Cash Flow Hedges	11		
Net gains (losses) from changes in fair value of cash flow hedges		—	31
Reclassification of net losses (gains) to net income		114	(68)
Total Other Comprehensive Income		**114**	**(37)**
Comprehensive Income		**$ 16,704**	**$ 23,183**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited) (in thousands of Canadian dollars)

For the Quarters Ended March 31	Note	2025	2024
Share Capital			
Balance, beginning of quarter		$ 456,683	$ 406,528
Share capital issued, net of share issuance costs	13	7,423	35,312
Balance, end of quarter		**464,106**	**441,840**
Contributed Surplus		**510**	**510**
Retained Earnings			
Balance, beginning of quarter		143,620	124,708
Net income		16,590	23,220
Dividends declared	13	(15,951)	(13,922)
Balance, end of quarter		**144,259**	**134,006**
Accumulated Other Comprehensive Income	11		
Balance, beginning of quarter		(1,624)	98
Other comprehensive income		114	(37)
Balance, end of quarter		**(1,510)**	**61**
Total Shareholders' Equity		**$ 607,365**	**$ 576,417**

The accompanying notes and shaded areas of the "Risk Factors" section of Management's Discussion and Analysis of Operations are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (in thousands of Canadian dollars)

For the Quarters Ended March 31	Note	2025	2024
Cash flows from (for):			
Operating Activities			
Net income		$ 16,590	$ 23,220
Adjustments to determine cash flows relating to operating activities:			
Provision for (recovery of) income taxes		(304)	(361)
Equity income from MCAP Commercial LP	8	(5,571)	(7,183)
Provision for (recovery of) credit losses		3,089	(640)
Net unrealized (gain) loss on securities		361	(27)
Amortization of cash flow hedges net losses (gains)		114	(69)
Amortization of securitized mortgage and liability transaction costs		2,554	2,473
Amortization of other assets		633	179
Changes in operating assets and liabilities:			
Marketable securities		3,834	(209)
Non-securitized and securitized mortgages		(18,954)	(135,904)
Non-marketable securities		(5,027)	(2,301)
Derivative Financial Instruments		(3,485)	1,065
Other assets		(4,902)	3,220
Cash held in trust		(15,539)	1,023
Term deposits		50,975	(2,297)
Financial liabilities from securitization		(55,997)	167,246
Other liabilities		(6,798)	(3,434)
Cash flows from (for) operating activities		**(38,427)**	**46,001**
Investing Activities			
Distributions from MCAP Commercial LP	8	5,031	3,361
Acquisition of capital and intangible assets		(3,082)	(217)
Cash flows from investing activities		**1,949**	**3,144**
Financing Activities			
Proceeds from issuance of common shares, net of share issuance costs		1,098	27,153
Net change in demand loans		113,827	(39,048)
Repayment of premises lease liability		(82)	(94)
Dividends paid		(26,513)	(19,226)
Cash flows from (for) financing activities		**88,330**	**(31,215)**
Increase in cash and cash equivalents		51,852	17,930
Cash and cash equivalents, beginning of quarter		61,703	60,345
Cash and cash equivalents, end of quarter		**$ 113,555**	**$ 78,275**
Supplementary Information			
Interest received		$ 65,637	$ 64,941
Interest paid		44,251	42,157
Distributions received from securities		2,620	2,582

The accompanying notes and shaded areas of the "Risk Factors" section of Management's Discussion and Analysis of Operations are an integral part of these interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note

1. Corporate Information

MCAN Mortgage Corporation doing business as ("d/b/a") MCAN Financial Group (the "Company" or "MCAN") is a Loan Company under the *Trust and Loan Companies Act* (Canada) (the "Trust Act") and a Mortgage Investment Corporation ("MIC") under the *Income Tax Act* (Canada) (the "Tax Act"). As a Loan Company under the Trust Act, the Company is subject to the guidelines and regulations set by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). MCAN is incorporated in Canada with its head office located at 200 King Street West, Suite 700, Toronto, Ontario, Canada. MCAN is a public company listed on the Toronto Stock Exchange under the symbol MKP.

MCAN's objective is to generate a reliable stream of income by investing in a diversified portfolio of Canadian mortgages, including residential, residential construction, non-residential construction and commercial loans, as well as other types of securities, loans and real estate investments, including our investment in MCAP Commercial LP ("MCAP"). MCAN issues term deposits that are eligible for Canada Deposit Insurance Corporation deposit insurance and are sourced through a network of independent financial agents. The Company manages its capital and asset balances based on the regulations and limits of both the Tax Act and OSFI.

MCAN's wholly owned subsidiary, MCAN Home Mortgage Corporation, is an originator of residential mortgage products across Canada.

The interim consolidated financial statements were approved in accordance with a resolution of the Board of Directors (the "Board") on May 7, 2025.

2. Basis of Preparation

The interim consolidated financial statements of the Company have been prepared on a condensed basis in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These interim consolidated financial statements should be read in conjunction with the 2024 Annual Report.

The interim consolidated financial statements have been prepared on a historical cost basis, except for certain items carried at fair value as discussed in Note 4 to the Company's annual consolidated financial statements for the year ended December 31, 2024. The interim consolidated financial statements are presented in Canadian dollars.

The disclosures that accompany the interim consolidated financial statements include the material accounting policy information applied (Note 4) and the significant accounting judgments and estimates (Note 5) applicable to the preparation of the interim consolidated financial statements. Certain disclosures are included in the shaded sections of the "Risk Factors" section of Management's Discussion and Analysis of Operations (the "MD&A"), as permitted by IFRS, and form an integral part of the interim consolidated financial statements.

The Company separates its assets into its non-securitized and securitization portfolios for reporting purposes. Non-securitized assets are funded by term deposits and share capital. Securitization assets consist primarily of mortgages that have been securitized through the *National Housing Act* ("NHA") Mortgage-Backed Securities ("MBS") program and subsequently sold to third parties in transactions that do not achieve derecognition of the mortgages. These assets are funded by the cash received from the sale of the associated securities, from which the Company records a financial liability from securitization.

3. Basis of Consolidation

The interim consolidated financial statements include the balances of MCAN and its wholly owned subsidiaries, after the elimination of intercompany transactions and balances. The Company consolidates those entities that it controls. The Company has control when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

4. Material Accounting Policy Information

The material accounting policies applied by the Company in the preparation of its interim consolidated financial statements are the same as those disclosed in Note 4 to the Company's annual consolidated financial statements for the year ended December 31, 2024.

5. Summary of Significant Accounting Judgments and Estimates

The preparation of the Company's interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the affected assets or liabilities in future periods.

Significant influence

Significant influence represents the power to participate in the financial and operating policy decisions of an investee but does not represent control or joint control over the entity. In determining whether it has significant influence over an entity, the Company makes certain judgments to form the basis for the Company's policies in accounting for its equity investments. Although MCAN's voting interest in MCAP was less than 20% at March 31, 2025, MCAN uses the equity basis of accounting for the investment as it has significant influence in MCAP per IAS 28, *Investments in Associates and Joint Ventures*, as a result of its entitlement to a position on MCAP's Board of Directors.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the interim consolidated financial statements cannot be derived from active markets, they are determined using a variety of valuation techniques that may include the use of mathematical models, independent appraisals and recent transactions. Valuation inputs are derived from observable market data where possible, but where observable market data is not available, estimates are required to establish fair values. These estimates include considerations of liquidity and model inputs such as discount rates, capitalization rates, prepayment rates and default rate assumptions for certain investments.

Impairment of financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company groups its financial assets into stage 1, stage 2 and stage 3, depending on whether the assets are performing, in arrears or impaired. The Company's allowance for expected credit loss ("ECL") calculations are model outputs with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk which results in allowances being measured on a lifetime versus 12-month ECL basis;
- The segmentation of financial assets for the purposes of assessing ECL on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels and collateral values, and the effect on Probability of Default, Loss Given Default, and Exposure at Default; and
- Forward-looking information used as economic inputs.

The Company may also make qualitative adjustments or overlays using expert credit judgment in the calculations of ECLs, which represent accounting judgments and estimates which have been heightened due to the current economic and geopolitical environment. Key judgments and estimates, including around probability weights to assign to each scenario and the impacts of government policy and stimulus measures, will be heavily influenced by the extent and severity of these events. These judgments and estimates have been made with reference to the facts, projections and other circumstances at the interim consolidated balance sheet dates. IFRS 9 does not permit the use of hindsight in measuring provisions for credit losses. Any new forward-looking information subsequent to the interim consolidated balance sheet dates are reflected in the measurement of provisions for credit losses in future periods, as appropriate.

(Dollar amounts in thousands except for per share amounts)

Mortgage prepayment rates

In calculating the rate at which borrowers prepay their mortgages, the Company makes estimates based on its historical experience. These assumptions impact the timing of revenue recognition and the amortization of mortgage premiums using the effective interest rate method ("EIM").

6. Mortgages - Non-securitized

(a) Summary

At March 31, 2025	Gross Principal	Allowance Stage 1	Allowance Stage 2	Allowance Stage 3	Allowance Total	Net Principal
Non-securitized Portfolio:						
Residential mortgages						
Insured	$ 152,208	$ —	$ —	$ —	$ —	$ 152,208
Uninsured	1,144,221	1,665	2,174	1,614	5,453	1,138,768
Uninsured - completed inventory	123,699	1,113	—	—	1,113	122,586
Construction loans	1,123,243	4,006	—	5,499	9,505	1,113,738
Commercial loans						
Multi-family residential	17,238	11	27	—	38	17,200
	$ 2,560,609	**$ 6,795**	**$ 2,201**	**$ 7,113**	**$ 16,109**	**$ 2,544,500**

At December 31, 2024	Gross Principal	Allowance Stage 1	Allowance Stage 2	Allowance Stage 3	Allowance Total	Net Principal
Non-securitized Portfolio:						
Residential mortgages						
Insured	$ 126,528	$ —	$ —	$ —	$ —	$ 126,528
Uninsured	1,117,095	1,149	1,314	1,260	3,723	1,113,372
Uninsured - completed inventory	120,410	982	—	—	982	119,428
Construction loans	1,096,023	3,770	—	4,692	8,462	1,087,561
Commercial loans						
Multi-family residential	17,237	10	25	—	35	17,202
	$ 2,477,293	**$ 5,911**	**$ 1,339**	**$ 5,952**	**$ 13,202**	**$ 2,464,091**

Gross principal as presented in the tables above includes unamortized capitalized transaction costs and accrued interest.

Uninsured - completed inventory loans are extended to developers to provide interim mortgage financing on residential units (condominium or freehold) that are completed or close to completion. Qualification criteria for the completed inventory classification include no substantial remaining construction risk, commencement of occupancy permits, potential sale and closing with a purchaser within three to four months or units near completion.

(b) Mortgages by risk rating

The Company's internal risk rating system involves judgment and combines multiple factors to arrive at a borrower-specific score to assess the borrower's probability of default and ultimately classify the mortgage into one of the categories listed below. For residential mortgages, these factors include, but are not limited to, the loan to value ratio, the borrower's ability to service debt, property location and credit score. For construction, commercial and uninsured completed inventory loans, these factors include, but are not limited to, borrower net worth, project presales, experience with the borrower, project location, debt serviceability and loan to value ratio.

The internal risk ratings presented below are defined as follows:

- **Insured Performing:** Mortgages that are insured by a federally regulated mortgage insurer that are not in arrears or default.
- **Very Low/Low**: Mortgages that have below average probability of default with credit risk that is lower than the Company's risk appetite and risk tolerance levels.
- **Normal/Moderate:** Mortgages that have a standard probability of default with credit risk that is within the Company's risk appetite and risk tolerance levels.
- **High/Higher:** Mortgages that may have a higher probability of default but are within the Company's risk appetite or have subsequently experienced an increase in credit risk. The proportion of mortgages originated in this category is managed to the Company's overall risk appetite and tolerance levels.
- **Monitored/Arrears:** For residential mortgages, mortgages that are past due but less than 90 days in arrears or mortgages for which an escalated concern has arisen. For construction, commercial and uninsured completed inventory loans, mortgages where the performance trend is negative or where debt serviceability may be in jeopardy.
- **Impaired/Default**: Mortgages that are over 90 days past due or mortgages for which there is objective evidence of impairment.

The table below shows the credit quality of the Company's non-securitized mortgage portfolio based on the Company's internal risk rating system and stage classification. The Company's policy that outlines whether ECL allowances are calculated on an impaired or performing basis is discussed in Note 4 to the Company's annual consolidated financial statements for the year ended December 31, 2024.

(Dollar amounts in thousands except for per share amounts)

At	March 31, 2025				December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Residential mortgages								
Insured								
Insured performing	$ 143,261	$ 5,022	$ —	$ 148,283	$ 118,211	$ 6,156	$ —	$ 124,367
Monitored/Arrears	—	2,641	—	2,641	—	1,355	—	1,355
Impaired/Default	—	—	1,284	1,284	—	—	806	806
	143,261	7,663	1,284	152,208	118,211	7,511	806	126,528
Uninsured								
Very low/Low	268,536	53,390	—	321,926	270,185	53,204	—	323,389
Normal/Moderate	529,375	114,692	—	644,067	516,730	108,522	—	625,252
High/Higher	97,493	26,275	—	123,768	94,739	21,104	—	115,843
Monitored/Arrears	8,516	27,637	—	36,153	10,193	24,275	—	34,468
Impaired/Default	—	—	12,854	12,854	—	—	14,420	14,420
	903,920	221,994	12,854	1,138,768	891,847	207,105	14,420	1,113,372
Uninsured - completed inventory								
Normal/Moderate	4,018	—	—	4,018	4,012	—	—	4,012
High/Higher	118,568	—	—	118,568	115,416	—	—	115,416
Monitored/Arrears	—	—	—	—	—	—	—	—
	122,586	—	—	122,586	119,428	—	—	119,428
Construction loans								
Normal/Moderate	6,151	—	—	6,151	12,889	—	—	12,889
High/Higher	1,055,475	—	—	1,055,475	1,029,353	—	—	1,029,353
Monitored/Arrears	—	7,575	—	7,575	—	—	—	—
Impaired/Default	—	—	44,537	44,537	—	—	45,319	45,319
	1,061,626	7,575	44,537	1,113,738	1,042,242	—	45,319	1,087,561
Commercial loans								
Multi-family residential								
High/Higher	5,008	12,192	—	17,200	5,008	12,194	—	17,202
	5,008	12,192	—	17,200	5,008	12,194	—	17,202
	$2,236,401	**$ 249,424**	**$ 58,675**	**$2,544,500**	**$2,176,736**	**$ 226,810**	**$ 60,545**	**$2,464,091**

(Dollar amounts in thousands except for per share amounts)

(c) Mortgage allowances

Quarters Ended March 31	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Residential mortgages								
Insured								
Allowance, beginning of quarter	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total provision	—	—	—	—	—	—	—	—
Allowance, end of quarter	—	—	—	—	—	—	—	—
Uninsured								
Allowance, beginning of quarter	1,149	1,314	1,260	3,723	885	1,267	378	2,530
Transfer to stage 1 [3]	(732)	732	—	—	(384)	384	—	—
Transfer to stage 2 [3]	244	(464)	220	—	141	(186)	45	—
Transfer to stage 3 [3]	—	70	(70)	—	—	—	—	—
Net remeasurement of allowance [1]	736	574	814	2,124	49	(272)	445	222
Originations [4]	306	—	—	306	235	—	—	235
Mortgages derecognized or repaid [2]	(38)	(52)	(428)	(518)	(11)	(29)	(34)	(74)
Total provision	516	860	536	1,912	30	(103)	456	383
Write-off (recovery)	—	—	(182)	(182)	—	—	19	19
Allowance, end of quarter	1,665	2,174	1,614	5,453	915	1,164	853	2,932
Uninsured - completed inventory								
Allowance, beginning of quarter	982	—	—	982	336	11	—	347
Transfer to stage 1 [3]	—	—	—	—	(7)	7	—	—
Transfer to stage 2 [3]	—	—	—	—	4	(4)	—	—
Net remeasurement of allowance [1]	(22)	—	—	(22)	(161)	(1)	—	(162)
Originations [4]	163	—	—	163	—	—	—	—
Mortgages derecognized or repaid [2]	(10)	—	—	(10)	—	—	—	—
Total provision (recovery)	131	—	—	131	(164)	2	—	(162)
Allowance, end of quarter	1,113	—	—	1,113	172	13	—	185
Construction loans								
Allowance, beginning of quarter	3,770	—	4,692	8,462	5,210	—	1,594	6,804
Transfer to stage 1 [3]	(92)	92	—	—	(524)	524	—	—
Transfer to stage 2 [3]	104	(104)	—	—	63	(63)	—	—
Net remeasurement of allowance [1]	366	12	807	1,185	(756)	(13)	655	(114)
Originations [4]	419	—	—	419	220	—	—	220
Mortgages derecognized or repaid [2]	(561)	—	—	(561)	(369)	(443)	—	(812)
Total provision (recovery)	236	—	807	1,043	(1,366)	5	655	(706)
Allowance, end of quarter	$ 4,006	$ —	$ 5,499	$ 9,505	$ 3,844	$ 5	$ 2,249	$ 6,098

(Dollar amounts in thousands except for per share amounts)

Quarters Ended March 31	2025				2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Commercial loans								
Multi-family residential								
Allowance, beginning of quarter	$ 10	$ 25	$ —	$ 35	$ 201	$ 41	$ —	$ 242
Net remeasurement of allowance [1]	1	2	—	3	(32)	8	—	(24)
Mortgages derecognized or repaid [2]	—	—	—	—	(129)	—	—	(129)
Total provision (recovery)	1	2	—	3	(161)	8	—	(153)
Allowance, end of quarter	11	27	—	38	40	49	—	89
Other								
Allowance, beginning of quarter	—	—	—	—	2	—	—	2
Total provision (recovery)	—	—	—	—	—	—	—	—
Allowance, end of quarter	—	—	—	—	2	—	—	2
Total								
Allowance, beginning of quarter	5,911	1,339	5,952	13,202	6,634	1,319	1,972	9,925
Transfer to stage 1 [3]	(824)	824	—	—	(915)	915	—	—
Transfer to stage 2 [3]	348	(568)	220	—	208	(253)	45	—
Transfer to stage 3 [3]	—	70	(70)	—	—	—	—	—
Net remeasurement of allowance [1]	1,081	588	1,621	3,290	(900)	(278)	1,100	(78)
Originations [4]	888	—	—	888	455	—	—	455
Mortgages derecognized or repaid [2]	(609)	(52)	(428)	(1,089)	(509)	(472)	(34)	(1,015)
Total provision (recovery)	884	862	1,343	3,089	(1,661)	(88)	1,111	(638)
Write-off (recovery)	—	—	(182)	(182)	—	—	19	19
Allowance, end of quarter	**$ 6,795**	**$ 2,201**	**$ 7,113**	**$ 16,109**	**$ 4,973**	**$ 1,231**	**$ 3,102**	**$ 9,306**

[1] Represents the change in the allowance related to changes in model parameters, inputs, and assumptions. This includes remeasurement between 12-month and lifetime ECLs following stage transfers, changes to forward-looking macroeconomic conditions, changes in the level of risk, and changes to other parameters used in the ECL model.
[2] Reflects the decrease in the allowance related to mortgages that were repaid or derecognized during the period.
[3] Represents movements between ECL stages and excludes the impact to the allowance of remeasurement between 12-month and lifetime ECLs, and changes in risk.
[4] Reflects the increase in allowance related to mortgages newly recognized during the period. This includes mortgages that were newly originated, purchased, or re-recognized following a modification of terms.

ECLs are calculated through three probability-weighted forward-looking scenarios: base, favourable and unfavourable. ECLs are sensitive to the macroeconomic variables used in the three forward-looking scenarios and the probability weights assigned to those forecasts. The macroeconomic variables used in these scenarios are projected over the specified forecast period and could have a material impact in determining ECLs.

All mortgages are secured by real estate property located in Canada. Insured residential mortgages also qualify for insurance that mitigates the risk of credit loss. For past due but not impaired, and impaired mortgages, there may be no ECL if there is sufficient collateral value and quality to cover the maximum credit exposure. Appraised values for collateral held against mortgages are obtained initially at the time of origination and updated when a mortgage is individually assessed as credit impaired.

At March 31, 2025, the maximum credit exposure was $2,560,609 (December 31, 2024 - $2,477,293) for all mortgages.

(Dollar amounts in thousands except for per share amounts)

The following table represents the average values of the macroeconomic variables used in these forecasts:

At March 31, 2025	**Base**		**Favourable**		**Unfavourable**	
Macroeconomic Variables	**Next 12 Months [1]**	**2 to 5 Years [1]**	**Next 12 Months [1]**	**2 to 5 Years [1]**	**Next 12 Months [1]**	**2 to 5 Years [1]**
Housing Price Index (annual change)						
Canada	1.89%	3.80%	10.25%	4.83%	(0.12)%	3.54%
Greater Toronto Area	0.41%	3.78%	8.67%	4.81%	(0.14)%	3.69%
Greater Vancouver Area	1.41%	3.82%	9.74%	4.86%	(0.13)%	3.62%
Gross domestic product (annual change)	0.62%	1.75%	1.62%	1.87%	(0.39)%	1.62 %
Unemployment rate	6.92%	6.54%	6.42%	6.48%	7.42%	6.61%
Interest rates						
Prime rate	4.58%	4.62%	5.08%	4.68%	4.33%	4.59%

At December 31, 2024	**Base**		**Favourable**		**Unfavourable**	
Macroeconomic Variables	**Next 12 Months [1]**	**2 to 5 Years [1]**	**Next 12 Months [1]**	**2 to 5 Years [1]**	**Next 12 Months [1]**	**2 to 5 Years [1]**
Housing Price Index (annual change)						
Canada	5.29%	3.12%	13.85%	4.14%	3.23 %	2.86%
Greater Toronto Area	4.10%	3.15%	12.59%	4.18%	3.36 %	2.98%
Greater Vancouver Area	2.86%	3.07%	11.28%	4.10%	2.81 %	2.92%
Gross domestic product (annual change)	1.80%	1.62%	2.80%	1.74%	0.80 %	1.49%
Unemployment rate	6.73%	6.37%	6.23%	6.31%	7.23%	6.43%
Interest rates						
Prime rate	4.78%	4.78%	5.28%	4.85%	4.53%	4.75%

At March 31, 2024	**Base**		**Favourable**		**Unfavourable**	
Macroeconomic variables	**Next 12 months [1]**	**2 to 5 years [1]**	**Next 12 months [1]**	**2 to 5 years [1]**	**Next 12 months [1]**	**2 to 5 years [1]**
Housing Price Index (annual change)						
Canada	0.70%	4.50%	8.99%	5.54%	(1.29)%	4.24%
Greater Toronto Area	(1.06%)	4.57%	7.12%	5.61%	(1.72)%	4.41%
Greater Vancouver Area	(0.31%)	4.37%	7.91%	5.41%	(1.33)%	4.33%
Gross domestic product (annual change)	1.27%	2.10%	2.27%	2.22%	0.27 %	1.97%
Unemployment rate	6.38%	6.33%	5.88%	6.27%	6.88%	6.40%
Interest rates						
Prime rate	6.50%	5.22%	7.00%	5.72%	6.25%	4.97%

[1] *The numbers represent the average values over the quoted period.*

Historical regression methodology is used to relate ECL to key macroeconomic indicators including housing price indices, gross domestic product, unemployment rate and interest rates. Economic forecasts are determined based on a combination of external information and internal management judgments and estimates at the reporting date. The current geopolitical environment has increased the level of uncertainty with respect to management's judgments and estimates including the probability weights assigned to each scenario, the impacts of monetary policy on macroeconomic indicators and the mortgage portfolio. Since March 31, 2025, forecasts around these uncertainties have continued to evolve. Any new forward-looking information subsequent to March 31, 2025, will be reflected in the measurement of provisions for credit losses in future periods, as appropriate. This may add significant variability to provisions for credit losses in future periods.

The base scenario represents management's best estimate using all available economic forecasts in light of the current geopolitical environment. It assumes the unemployment rate will increase before decreasing in the mid to long term. Gross domestic product and housing prices will increase marginally in the short term with a larger increase in the mid to long term. The favourable scenario assumes a larger increase in housing prices, lower unemployment in the short term, and a larger increase to gross domestic product compared to the base scenario. The unfavourable scenario assumes a more pronounced increase to the unemployment rate, a decrease in housing prices and negative gross domestic product growth in the short term followed by a recovery in the mid to long term.

Assuming a 100% base case economic forecast with the incorporation of the impact of the migration of mortgages between stages, with all other assumptions held constant, the ECL for non-securitized mortgages at March 31, 2025 would be approximately $16,113 (December 31, 2024 - $13,219) compared to the reported ECL for non-securitized mortgages of $16,109 (December 31, 2024 - $13,202).

(Dollar amounts in thousands except for per share amounts)

Assuming a 100% unfavourable economic forecast with the incorporation of the impact of the migration of mortgages between stages, with all other assumptions held constant, the ECL for non-securitized mortgages at March 31, 2025 would be approximately $17,401 (December 31, 2024 - $14,250) compared to the reported ECL for non-securitized mortgages of $16,109 (December 31, 2024 - $13,202).

(d) Mortgage arrears

Mortgages past due but not impaired are as follows:

At March 31, 2025	1 to 30 Days	31 to 60 Days	61 to 90 Days	Total
Residential mortgages				
Insured	$ 1,945	$ 424	$ 272	$ 2,641
Uninsured	18,413	12,921	4,819	36,153
Construction loans	7,575	—	—	7,575
	$ 27,933	**$ 13,345**	**$ 5,091**	**$ 46,369**

At December 31, 2024	1 to 30 Days	31 to 60 Days	61 to 90 Days	Total
Residential mortgages				
Insured	$ 992	$ 92	$ 271	$ 1,355
Uninsured	18,477	8,915	7,076	34,468
	$ 19,469	**$ 9,007**	**$ 7,347**	**$ 35,823**

Impaired mortgages (net of individual allowances) are as follows:

At March 31, 2025	Residential Mortgages		Construction Loans	Total
	Insured	Uninsured		
Ontario	$ 477	$ 12,782	$ 12,388	$ 25,647
Alberta	452	72	—	524
British Columbia	—	—	32,149	32,149
Atlantic Provinces	59	—	—	59
Other	296	—	—	296
	$ 1,284	**$ 12,854**	**$ 44,537**	**$ 58,675**

At December 31, 2024	Residential Mortgages		Construction Loans	Total
	Insured	Uninsured		
Ontario	$ —	$ 12,481	$ 12,441	$ 24,922
Alberta	452	—	—	452
British Columbia	—	1,604	32,878	34,482
Atlantic Provinces	59	—	—	59
Other	295	335	—	630
	$ 806	**$ 14,420**	**$ 45,319**	**$ 60,545**

At March 31, 2025, the carrying value was $65,787 (December 31, 2024 – $66,496) and the most recent appraised value of collateral was $108,783 (December 31, 2024 – $110,456) for all impaired mortgages. There were no significant changes in the quality of collateral since the beginning of the year.

(Dollar amounts in thousands except for per share amounts)

(e) Geographic analysis

At March 31, 2025	Residential Mortgages	Construction Loans	Commercial Loans	Total	
Ontario	$ 1,175,669	$ 396,594	$ 12,192	$ 1,584,455	62.2 %
Alberta	92,522	60,120	—	152,642	6.0 %
British Columbia	119,361	657,024	—	776,385	30.5 %
Quebec	4,253	—	—	4,253	0.2 %
Atlantic Provinces	8,996	—	—	8,996	0.4 %
Other	12,761	—	5,008	17,769	0.7 %
	$ 1,413,562	**$ 1,113,738**	**$ 17,200**	**$ 2,544,500**	**100.0 %**

At December 31, 2024	Residential Mortgages	Construction Loans	Commercial Loans	Total	
Ontario	$ 1,134,134	$ 395,454	$ 12,194	$ 1,541,782	62.5 %
Alberta	92,996	105,426	—	198,422	8.1 %
British Columbia	107,390	586,681	—	694,071	28.2 %
Quebec	3,906	—	—	3,906	0.2 %
Atlantic Provinces	9,900	—	—	9,900	0.4 %
Other	11,002	—	5,008	16,010	0.6 %
	$ 1,359,328	**$ 1,087,561**	**$ 17,202**	**$ 2,464,091**	**100.0 %**

(f) Other information

Outstanding commitments for future fundings of mortgages are as follows:

At	March 31, 2025	December 31, 2024
Residential mortgages		
Insured	$ 122,573	$ 63,674
Uninsured	51,039	31,201
Uninsured - completed inventory	10,271	6,994
Construction loans	317,199	327,996
	$ 501,082	**$ 429,865**

Of the total outstanding commitments for future fundings, only a portion issued are expected to fund. Accordingly, these amounts do not necessarily represent future cash requirements of the Company.

The fair value of the non-securitized mortgage portfolio at March 31, 2025 is $2,558,511 (December 31, 2024 - $2,483,036). Fair values are calculated on a discounted cash flow basis using the prevailing market rates for similar mortgages.

At March 31, 2025, insured residential mortgages include $44,765 (December 31, 2024 - $46,299) of mortgages that had been securitized through the market MBS program; however, the underlying MBS security has been retained by the Company for liquidity purposes.

(Dollar amounts in thousands except for per share amounts)

7. Non-Marketable Securities

At	March 31, 2025	December 31, 2024
KingSett High Yield Fund	$ 58,586	$ 56,970
KingSett Senior Mortgage Fund LP	18,735	17,326
Crown Realty V Limited Partnership	9,358	9,316
TAS LP 3	4,273	4,273
Fiera Real Estate Development Fund IV, LP	10,481	10,435
Broccolini Limited Partnership No. 8	1,824	1,824
TAS LP 3 Co-Invest LP	3,289	3,289
Harbour Equity JV Development Fund VI	5,500	5,500
Pearl Group Growth Fund LP	2,718	2,823
TAS Impact Development LP 4	7,701	5,672
	$ 122,465	**$ 117,428**

KingSett High Yield Fund ("KSHYF"): The Company holds an investment in the KSHYF representing a 5.9% equity interest (December 31, 2024 - 5.9%). The KSHYF invests in mortgages secured by real estate including mezzanine, subordinate and bridge mortgages. As mortgage advances are made by the KSHYF, the Company advances its proportionate share. The KSHYF pays a base distribution of 9% per annum, and distributes any additional income earned on a quarterly basis. At March 31, 2025, the Company's total remaining commitment to the KSHYF is $28,844 (December 31, 2024 - $30,127), consisting of $nil available for capital advances for the KSHYF (December 31, 2024 - $1,283) and $28,844 that supports credit facilities throughout the life of the KSHYF (December 31, 2024 - $28,844).

KingSett Senior Mortgage Fund LP ("KSSMF"): The Company holds an investment in KSSMF representing a 2.2% partnership interest (December 31, 2024 - 2.2%). At March 31, 2025, the Company's total remaining commitment is $6,500. The Company advances its proportionate share as KSSMF invests in a diversified portfolio of mortgage loans secured by Canadian residential and commercial real estate.

Crown Realty V Limited Partnership ("Crown"): The Company holds an investment in Crown representing a 7.7% partnership interest (December 31, 2024 - 7.7%). At March 31, 2025, the Company's total remaining commitment is $8,791. The Company advances its proportionate share as Crown integrates environmental and social focused initiatives to acquire, lease, manage and reposition commercial real estate properties across Ontario.

TAS LP 3 ("TAS 3"): The Company holds an investment in TAS 3 representing a 9.7% partnership interest (December 31, 2024 - 9.7%). At March 31, 2025, the Company has a $3,000 revolving promissory note commitment that matures on June 30, 2025 with $nil remaining available to be drawn. TAS 3 invests in, and develops, residential and mixed use properties with a focus on assets that drive environmental and social impacts.

Fiera Real Estate Development Fund IV, LP ("Fiera"): The Company holds an investment in Fiera representing an 6.5% partnership interest (December 31, 2024 - 6.5%). At March 31, 2025, the Company's total remaining commitment is $4,929. The Company advances its proportionate share as Fiera develops and re-develops multi-residential, industrial, office and retail properties, located in growing major Canadian urban markets.

Broccolini Limited Partnership No. 8 ("Broccolini"): The Company holds an investment in Broccolini representing a 5.7% partnership interest (December 31, 2024 - 5.7%). At March 31, 2025, the Company's total remaining commitment is $18,328. The Company advances its proportionate share as Broccolini invests in ground up development of industrial, residential and mixed-use properties across Canada, with a focus on Ontario and Quebec.

TAS LP 3 Co-Invest LP ("TAS Co"): The Company holds an investment in TAS Co, in which it has a 34.8% partnership interest (December 31, 2024 - 34.8%). At March 31, 2025, the Company's total remaining commitment is $1,599. The Company advances its proportionate share as TAS Co invests and it invests in some of the same properties as TAS 3 noted above.

Harbour Equity JV Development Fund VI ("Harbour"): The Company holds an investment in Harbour representing a 12.1% partnership interest (December 31, 2024 - 12.1%). At March 31, 2025, the Company's total remaining commitment is $4,500. The Company advances its proportionate share as Harbour provides equity capital to real estate developers in joint ventures or co-ownership structures for ground up development of residential and mixed-use properties across Canada.

Pearl Group Growth Fund LP ("Pearl"): The Company holds an investment in Pearl, in which it has a 6.9% partnership interest (December 31, 2024 - 6.9%). At March 31, 2025, the Company's total remaining commitment is $583. The Company advances its proportionate share as Pearl executes a value-add strategy by acquiring, redeveloping, entitling, leasing and project managing commercial and multi-unit residential properties in the Greater Toronto area.

(Dollar amounts in thousands except for per share amounts)

TAS Impact Development LP 4 ("TAS 4"): The Company holds an investment in TAS 4 representing a 16.2% partnership interest (December 31, 2024 - 16.2%). At March 31, 2025, the Company's total remaining commitment is $10,649. The Company advances its proportionate share as TAS 4 acquires urban residential, mixed-use development and repositioning properties with a focus on developing and repositioning assets that drive environmental and social impacts.

For details of net gains and losses on non-marketable securities, refer to Note 15.

8. Equity Investment in MCAP Commercial LP

At March 31, 2025, the Company held a 13.89% equity interest in MCAP (December 31, 2024 - 13.88%), representing 4,000,000 units held by MCAN (December 31, 2024 - 4,000,000) of the 28,804,648 total outstanding MCAP partnership units (December 31, 2024 - 28,813,772).

The Company recognizes equity income from MCAP on a one-month lag such that equity income from MCAP is based on MCAP's net income for the periods ended February 28 adjusted for the impacts of significant transactions or events up to the date of our financial statements.

Amongst the interparty rights in the MCAP partnership agreement, the majority partner in MCAP has the right to acquire MCAN's entire partnership interest in MCAP at "fair market value", which would be determined by an independent valuator agreed upon by both parties.

For the Quarters Ended March 31	**2025**	**2024**
Balance, beginning of quarter	$ 122,265	$ 111,367
Equity income	5,571	7,183
Distributions received	(5,031)	(3,361)
Balance, end of quarter	**$ 122,805**	**$ 115,189**

Selected MCAP financial information is as follows:

At	**February 28 2025**	**November 30 2024**
MCAP's balance sheet:		
Assets	$ 67,783,910	$ 66,971,617
Liabilities	66,922,085	66,113,046
Equity	861,825	858,571

For the Quarters Ended	**February 28 2025**	**February 29 2024**
MCAP's revenue and net income:		
Revenue	$ 242,742	$ 271,968
Net income	$ 40,124	$ 52,308

9. Securitization Activities

The Company is an NHA MBS issuer, which involves the securitization of insured mortgages to create and sell MBS through Canada Mortgage and Housing Corporation ("CMHC") market MBS and Canada Mortgage Bonds ("CMB") programs.

The Company may sell MBS to third parties and may also sell the net economics and cash flows from the underlying mortgages ("interest-only strips") to third parties. The MBS portion of the mortgage represents the core securitized mortgage principal and the right to receive coupon interest at a specified rate. The interest-only strips represent the right to receive excess cash flows after satisfying the MBS coupon interest payment and any other expenses such as mortgage servicing.

Pursuant to the NHA MBS program, MBS investors receive monthly cash flows consisting of interest and scheduled and unscheduled principal payments. CMHC makes principal and interest payments in the event of any MBS default by the issuer, thus fulfilling the Timely Payment guarantee to investors. All MBS issuers (including the Company) are required to remit scheduled mortgage principal and interest payments to Computershare, the designated Central Payor and Transfer Agent ("CPTA") for the program, even if these mortgage payments have not been collected from mortgagors. Similarly, at the maturity of the MBS pools that have been issued by the Company, any outstanding principal must be paid to the CPTA. If the Company fails to make a scheduled principal and interest payment to CPTA, CMHC may enforce the assignment of the mortgages included in all MBS pools in addition to other assets backing the MBS issued. In the case of mortgage defaults, MCAN is required to make scheduled principal and interest payments to the CPTA until legal enforcement proceedings are terminated at which time MCAN is required to transfer the full amount of any outstanding principal to the CPTA as part of the Timely Payment obligation and then place the mortgage/property through the insurance claims process to recover any losses. These defaults may result in cash flow timing mismatches that may marginally increase funding and liquidity risks.

(Dollar amounts in thousands except for per share amounts)

During Q1 2025, MCAN securitized $52,764 of insured residential mortgages through the market MBS and CMB programs (Q1 2024 - $213,643).

During Q1 2025, MCAN securitized $29,112 insured multi-family mortgages (Q1 2024 - $nil). With respect to the insured multi-family securitization, at the time of securitization the Company derecognized the mortgages from its consolidated balance sheet and recorded an upfront gain of $58 (Q1 2024 - $nil).

Transferred financial assets that are not derecognized in their entirety

Since MCAN neither transfers nor retains substantially all of the risks and rewards of ownership on sale and retains significant continuing involvement through the provision of the Timely Payment obligation with respect to the majority of the market MBS program and residential mortgage CMB program sale transactions, MCAN continues to recognize the securitized mortgages (Note 10) and financial liabilities from securitization (Note 12) on its interim consolidated balance sheet.

Transferred financial assets that are derecognized in their entirety but where the Company has a continuing involvement

MCAN securitizes insured multi-family mortgages through the market MBS program and CMB program, and in some cases, sells MBS and the associated interest-only strips to third parties. In these instances, where MCAN transfers control of the asset or substantially all risks and rewards on sale, MCAN derecognizes the mortgages from its interim consolidated balance sheets. MCAN's continuing involvement is the ongoing obligation in its role as MBS issuer to service the mortgages and MBS until maturity.

In these circumstances, the derecognized MBS balance related to the market MBS program and CMB program are not reflected as an asset or liability on MCAN's interim consolidated balance sheets. The derecognized MBS mature as follows:

	2025	2026	2028	2029	2030	2034	Total
At March 31, 2025	$ 13,626	$ 7,817	$ 80,599	$ 106,706	$ 60,307	$ 66,833	**$ 335,888**

10. Mortgages - Securitized

(a) Summary

	Gross Principal	Allowance Total	Net Principal
At March 31, 2025	**$ 2,353,531**	**$ —**	**$ 2,353,531**
At December 31, 2024	**$ 2,419,871**	**$ —**	**$ 2,419,871**

(b) Mortgages by Risk Rating

The Company's internal risk rating system involves judgment and combines multiple factors to arrive at a borrower-specific score to assess the borrower's probability of default and ultimately classify the mortgage into one of the categories listed in the table below. For residential mortgages, these factors include, but are not limited to, the loan to value ratio, the borrower's ability to service debt, property location and credit score. For a definition of internal risk ratings, refer to Note 6.

The table below shows the credit quality of the Company's securitized mortgage portfolio based on the Company's internal risk rating system and stage classification. The Company's policy that outlines whether ECLs are calculated on an impaired or performing basis is discussed in Note 4 to the Company's annual consolidated financial statements for the year ended December 31, 2024.

(Dollar amounts in thousands except for per share amounts)

At	March 31, 2025				December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Insured performing	$2,210,813	$ 137,961	$ —	$2,348,774	$2,276,745	$ 139,023	$ —	$2,415,768
Monitored/Arrears	—	4,515	—	4,515	—	3,839	—	3,839
Impaired/Default	—	—	242	242	—	—	264	264
	$2,210,813	**$ 142,476**	**$ 242**	**$2,353,531**	**$2,276,745**	**$ 142,862**	**$ 264**	**$2,419,871**

(c) Mortgage allowances

The allowance for credit losses on the securitized portfolio at March 31, 2025 was $nil (December 31, 2024 - $nil). The provision for credit losses recorded during Q1 2025 was $nil (Q1 2024 - provision for credit losses of $nil).

(d) Mortgage arrears

Securitized mortgages past due but not impaired are as follows:

	1 to 30 days	31 to 60 days	61 to 90 days	Total
At March 31, 2025	$ 3,330	$ 668	$ 517	**$ 4,515**
At December 31, 2024	$ 2,819	$ 1,020	$ —	**$ 3,839**

Impaired securitized mortgages are as follows:

At	March 31, 2025	December 31, 2024
Ontario	$ 242	$ 264
	$ 242	**$ 264**

(e) Geographic analysis

At	March 31, 2025		December 31, 2024	
Ontario	$ 1,936,299	82.3 %	$ 1,995,326	82.5 %
Alberta	258,013	11.0 %	260,743	10.8 %
British Columbia	67,581	2.9 %	73,408	3.0 %
Quebec	5,105	0.2 %	5,631	0.2 %
Atlantic Provinces	52,935	2.2 %	51,295	2.1 %
Other	33,598	1.4 %	33,468	1.4 %
	$ 2,353,531	**100.0 %**	**$ 2,419,871**	**100.0 %**

(f) Other information

Capitalized transaction costs are included in mortgages and are amortized using the EIM. At March 31, 2025, the unamortized capitalized transaction cost balance is $15,209 (December 31, 2024 - $16,529).

The fair value of the securitized mortgage portfolio at March 31, 2025 is $2,398,796 (December 31, 2024 - $2,447,952).

At March 31, 2025, securitized assets - cash held in trust of $62,788 (December 31, 2024 - $47,249) represents restricted cash held in trust in connection with the Company's securitization activities. These deposits include cash held at a Canadian Schedule I Chartered bank that hold principal and interest payments collected from securitized loans awaiting payment to their respective investors.

Other securitized assets of $19,903 at March 31, 2025 (December 31, 2024 - $20,128) includes interest-only strips of $10,072 (December 31, 2024 - $9,550) from the Company's CMB-insured multi-family securitizations.

(Dollar amounts in thousands except for per share amounts)

11. Derivative Financial Instruments

Cash Flow Hedging Relationships

The Company may enter into Government of Canada bond forward contracts to hedge interest rate risk arising from the impact of (i) movements in interest rates between the time insured residential mortgages are funded and the time that these mortgages are securitized; and (ii) movements in interest rates between the time term deposit funding is forecasted to be required and the time that the actual funding occurs. Realized gains or losses on these derivatives are reclassified from other comprehensive income ("OCI") to interest on financial liabilities from securitization and term deposit interest and expenses on the consolidated statements of income over the expected life of the underlying hedged item.

At March 31, 2025, the Company had $nil of derivative financial instruments outstanding relating to cash flow hedges (December 31, 2024 - $nil).

The following table provides a reconciliation of OCI related to cash flow hedges:

For the Quarters Ended March 31	2025	2024
Liabilities - Interest Rate Risk		
Accumulated OCI at the beginning of the year	$ (1,624)	$ 98
OCI	114	(37)
Accumulated OCI at the End of the Period	$ (1,510)	$ 61
OCI on designated hedges	$ 114	$ (37)

The following table presents the total effects of cash flow hedges on the consolidated statements of income and the consolidated statements of comprehensive income:

For the Quarters Ended March 31	2025	2024
Liabilities - Interest Rate Risk		
Change in value of hedged item for ineffectiveness measurement	$ —	$ (31)
Change in value of hedging item for ineffectiveness measurement	—	31
Hedge Ineffectiveness	—	—
Hedging gains recognized in other comprehensive income	—	31
Amount reclassified from accumulated other comprehensive income to net income	114	(68)
Effect on OCI	$ 114	$ (37)

Fair Value Hedging Relationships

The Company may enter into interest rate swaps to hedge interest rate risk arising from fair value changes in our fixed-rate term deposits due to movements in interest rates. Hedges are structured such that the fair value movements of the hedge instruments offset, within a reasonable range, the changes in fair value of the pool of term deposits due to interest rate fluctuations. The terms of our fair value hedges are generally less than 2 years but may go up to 5 years. The derivative instruments are settled at the time of maturity of the pool of term deposits. The Company applies fair value hedge accounting to these derivative transactions with the intention to recognize the effective matching of the fair value gain or loss on the derivative transactions with the fair value gain or loss on the pool of term deposits, within a reasonable range. Any unmatched fair value is recorded in term deposit interest and expenses as hedge ineffectiveness.

At March 31, 2025, the Company had $5,995 of unrealized gains on derivative financial assets outstanding relating to fair value hedges (December 31, 2024 - $2,508 unrealized gains). In Q1 2025, we had unrealized fair value hedge gains of $1,038 (Q1 2024 - $787) recorded in term deposit interest and expenses in the consolidated statements of income.

(Dollar amounts in thousands except for per share amounts)

The following table presents the effects of fair value hedges on the consolidated balance sheets and the consolidated statements of income:

For the Quarters Ended March 31	2025	2024
Liabilities - Interest Rate Risk		
Change in value of hedged item for ineffectiveness measurement	$ 3,676	$ 787
Change in value of hedging item for ineffectiveness measurement	(3,487)	(1,034)
Hedge Ineffectiveness	189	(247)
Carrying amounts for hedged items	$ 732,368	$ 475,067
Accumulated amounts of fair value hedge adjustments on hedged items	$ 3,676	$ 787

The following table presents outstanding derivative financial instruments designated in qualifying fair value hedging relationships:

At March 31, 2025	Notional Amount	Average Rate on Interest Rate Swaps[1]	Derivative Asset	Derivative Liability	Net Fair Market Value
Interest Rate Risk - Fair Value Hedges					
Within 1 year	$ 461,671	3.84 %	$ 2,040	$ —	$ 2,040
1 to 5 years	277,000	2.79 %	3,955	$ —	3,955
Total Derivatives in Qualifying Hedging Relationships	$ 738,671	3.45 %	$ 5,995	$ —	$ 5,995

[1]Average rate on interest rate swaps represents the weighted average received fixed rate

The notional amount is not recorded as an asset or liability as it represents the face amount of the contract to which the rate or price is applied in order to calculate the amount of cash exchanged. Notional amounts do not represent the potential gain or loss associated with market risk and are not indicative of the credit risk associated with the derivatives.

At March 31, 2025, the Company had restricted cash on interest rate swaps of $930 (December 31, 2024 - $930) which represents deposits held as collateral by third parties for its interest rate swap transactions. The terms and conditions of these arrangements with counterparties are governed by the International Swaps and Derivatives Association, Inc. agreements.

Derivative-Related Risks

The potential for derivatives to increase or decrease in value as a result of changes in relevant factors, such as interest rate changes is referred to as market risk. Credit risk on derivatives, also known as counterparty credit risk, is the risk of a financial loss occurring as a result of the failure of a counterparty to meet its obligation to the Company. The risks are actively monitored and managed by the Company.

12. Financial Liabilities from Securitization

Total financial liabilities from securitization mature as follows:

At	March 31, 2025	December 31, 2024
2025	$ 346,496	$ 411,487
2026	694,542	709,301
2027	530,227	540,766
2028	275,396	262,822
2029	490,754	498,860
2030	30,554	—
	$ 2,367,969	**$ 2,423,236**

(Dollar amounts in thousands except for per share amounts)

13. Share Capital

For the Periods Ended March 31	2025			2024		
	Number of Shares		Share Capital	Number of Shares		Share Capital
Balance, January 1	38,717,004	$	456,683	35,431,938	$	406,528
Issued						
Dividend reinvestment plan	251,912		4,514	530,227		8,159
At-the-market program	61,200		1,098	—		—
Overnight marketed offering	—		—	1,868,750		27,153
Executive share purchase plan	97,541		1,811	—		—
Balance, March 31	**39,127,657**	**$**	**464,106**	**37,830,915**	**$**	**441,840**

The authorized share capital of the Company consists of unlimited common shares with no par value.

The Company issues shares under the dividend reinvestment plan ("DRIP") out of treasury at the weighted average trading price for the five days preceding such issue less a discount of 2%.

In 2023, the Company renewed its (i) Base Shelf prospectus; and (ii) at-the-market equity program ("ATM Program") established pursuant to a Prospectus Supplement to its Base Shelf prospectus allowing the Company to issue up to $30,000 common shares to the public from time to time over a 2 year period at the market prices prevailing at the time of sale. The volume and timing of distributions under the ATM Program are determined at MCAN's sole discretion. During Q1 2025, the Company sold 61,200 common shares at a weighted average price of $18.32 for gross proceeds of $1,121 and net proceeds of $1,098 including $22 of agent commission paid and $1 of other share issuance costs under the ATM Program.

The Company had no potentially dilutive instruments at March 31, 2025 or December 31, 2024.

14. Dividends

On May 7, 2025, the Board declared a quarterly regular cash dividend of $0.41 per share to be paid on June 30, 2025 to shareholders of record as of June 13, 2025.

15. Net gain on securities

For the Quarters Ended March 31		2025		2024
Net realized gain (loss) on marketable securities	$	1,460	$	—
Net change in unrealized gain (loss) on marketable securities		(371)		(303)
Net realized gain (loss) on non-marketable securities		—		—
Net change in unrealized gain (loss) on non-marketable securities		10		330
	$	**1,099**	**$**	**27**

16. Related Party Disclosures

Transactions with MCAP

In Q1 2025, the Company entered into related party transactions with MCAP as follows:

- Purchase of mortgage origination and administration services of $2,149 (Q1 2024 - $2,018)
- The Company has an agreement with MCAP Securities Limited Partnership, a wholly owned subsidiary of MCAP, whereby the Company can sell to MCAP Securities Limited Partnership insured residential mortgage commitments. The Company sold commitments of $4,647 (Q1 2024 - $nil) under this agreement and received revenue of $523 (Q1 2024 - $nil) recorded in interest on cash and other income on the consolidated statements of income.

All related party transactions noted above were in the normal course of business.

(Dollar amounts in thousands except for per share amounts)

Share Unit Plans

The tables below outline activity relating to the Restricted Share Units Plan ("RSU") and the Performance Share Units Plan ("PSU").

For the Periods Ended March 31	2025		2024	
	RSU	PSU	RSU	PSU
Units outstanding, beginning of period	113,714	175,313	119,371	140,876
New units granted	49,036	74,443	5,107	5,107
Units issued as dividends	5,520	8,695	5,251	6,367
Units vested	(31,970)	(39,297)	(31,971)	(32,458)
Units forfeited	—	—	(4,600)	(3,067)
Units outstanding, end of period	**136,300**	**219,154**	**93,158**	**116,825**
Compensation expense for the period	$ 238	$ 493	$ 139	$ 227
Outstanding liability, end of period	$ 753	$ 2,176	$ 597	$ 1,059

Of the total outstanding PSU share units at Q1 2025 and Q1 2024, the Company has recorded a liability on all of these units.

Executive Share Purchase Plan

At March 31, 2025, $3,651 of loans were outstanding under the Executive Share Purchase Plan (the "Share Purchase Plan") (December 31, 2024 - $1,947). The shares are pledged as security for the loans and had a fair value of $4,254 at March 31, 2025 (December 31, 2024 - $2,448). In Q1 2025, MCAN recognized $31 of interest income (Q1 2024 - $36) on the Share Purchase Plan loans.

Employee Share Ownership Plan

The Company has an Employee Share Ownership Plan whereby team members can elect to purchase common shares of the Company up to 6% of their annual earnings. The Company matches 50% of each team member's contribution amount. During each pay period, all contributions are used by the plan's trustee to purchase the common shares in the open market.

17. Credit Facilities

The Company has a secured demand revolver facility from a Canadian Schedule I Chartered bank bearing interest at prime plus 0.25% (December 31, 2024 - prime plus 0.25%), with a facility limit of $220,000 (December 31, 2024 - $220,000). The facility is due and payable upon demand. At March 31, 2025, the outstanding loan principal payable was $75,000 (December 31, 2024 - $nil).

Under the facility, there is a sublimit for issued letters of credit. Letters of credit have a term of up to one year from the date of issuance, plus a renewal clause providing for an automatic one-year extension at the maturity date subject to the bank's option to cancel by written notice at least 30 days prior to the letters of credit expiry date. The letters of credit are for the purpose of supporting developer obligations to municipalities in conjunction with residential construction loans. If the developer defaults in its obligation to the municipalities, the municipalities may draw on the letters of credit, in which case the Company is obligated to fund the letters of credit. At March 31, 2025, there were letters of credit in the amount of $49,927 issued (December 31, 2024 - $44,295) and additional letters of credit in the amount of $24,146 committed but not issued (December 31, 2024 - $24,429).

The Company has an agreement with a Canadian Schedule I Chartered bank that enables the Company to execute repurchase agreements for liquidity purposes. This facility allows the Company to encumber certain eligible securities for financing purposes. As part of the agreement, the Company may sell assets to the counterparty at a specified price with an agreement to repurchase at a specified future date. The interest rate on the borrowings is driven by market spot rates at the time of borrowing. At March 31, 2025, the outstanding facility balance was $nil (December 31, 2024 - $nil).

The Company has a demand loan credit agreement with a Canadian Schedule I Chartered bank for a $100,000 senior secured mortgage warehouse facility (December 31, 2024 - $100,000) at either prime plus 0.05% or bankers' acceptance rate plus 1.05%. The facility is used to fund insured residential mortgages prior to securitization activities. At March 31, 2025, the outstanding loan principal payable was $25,470 (December 31, 2024 - $nil).

18. Capital Management

The Company's primary capital management objectives are to maintain sufficient capital for regulatory purposes and to earn acceptable and sustainable risk-weighted returns. Through the Company's risk management and corporate governance framework, assessments of current and projected asset growth, economic conditions, housing market activity, the interest rate environment and changes to credit quality are made to determine appropriate levels of capital. The Company expects to pay out all of MCAN's non-consolidated taxable income over time through dividends subject to final review and declaration by the Board. Capital growth is achieved through retained earnings, the DRIP, Executive Share Purchase Plan, rights offerings, public share offerings and stock dividends. Our capital management is primarily driven by the guidelines set out by the Tax Act and OSFI.

For further information, refer to the "Capital Management" section of the MD&A.

Regulatory capital

As a Loan Company under the Trust Act, OSFI oversees the adequacy of the Company's capital. For this purpose, OSFI has imposed minimum capital to risk-weighted asset ratios and a minimum leverage ratio. OSFI expects all federally regulated financial institutions to meet the minimum capital to risk-weighted asset ratios of 7% common equity tier 1 capital, 8.5% tier 1 capital and 10.5% total capital.

For further information on the Company's regulatory capital management, refer to the "Regulatory Capital" sub-section of the "Capital Management" section of the MD&A.

Income tax capital

As a MIC under the Tax Act, the Company is limited to an income tax liabilities to capital ratio of 5:1 (or an income tax assets to capital ratio of 6:1), based on the non-consolidated balance sheet in the MIC entity measured at its tax value. For further information on the Company's income tax capital management, refer to the "Income Tax Capital" sub-section of the "Capital Management" section of the MD&A.

Other Capital Management Activity

In conjunction with the annual strategic planning and budgeting process, the Company completes an Internal Capital Adequacy Assessment Process ("ICAAP") in order to ensure that it has sufficient capital to support its business plan and risk appetite. The ICAAP assesses the capital necessary to support the various inherent risks that the Company faces, including liquidity and funding, credit, interest rate, market, operational, regulatory compliance, strategic and reputational risks. The Company's business plan is also stress-tested under various adverse scenarios to determine the impact on results from operations and financial condition. The ICAAP is reviewed by both management and the Board and is submitted to OSFI annually. In addition, the Company performs stress testing on its internal forecasts for capital adequacy on a quarterly basis, and the results of such testing are reported to the Board.

(Dollar amounts in thousands except for per share amounts)

19. Financial Instruments

The majority of the Company's consolidated balance sheet consists of financial instruments, and the majority of net income is derived from the related income, expenses, gains and losses. Financial instruments include cash and cash equivalents, cash held in trust, marketable securities, mortgages, non-marketable securities, other loans, financial liabilities from securitization, term deposits and demand loans payable.

To measure financial instruments that are carried at fair value on the consolidated balance sheets, or for which fair value is disclosed, the following fair value hierarchy is used based on the inputs to the valuation:

Level 1: Quoted market prices observed in active markets for identical assets and liabilities.
Level 2: Directly or indirectly observable inputs for the assets or liabilities not included in level 1.
Level 3: Unobservable market inputs.

Financial instruments are classified at the lowest level of the hierarchy for which a significant input has been used. The fair value hierarchy requires the use of observable market inputs whenever obtainable.

The following tables summarize the fair values of financial assets measured at fair value through profit or loss ("FVPL") and financial assets and liabilities measured at amortized cost for which fair values are disclosed.

At March 31, 2025	Level 1	Level 2	Level 3	Total	Carrying Value
Assets measured at FVPL					
Marketable securities	$ 62,140	$ —	$ —	$ 62,140	$ 62,140
Derivative financial instruments [10]	—	5,995	—	5,995	5,995
Non-marketable securities - KSHYF [1]	—	—	58,586	58,586	58,586
Non-marketable securities - TAS 3 [9]	—	—	4,273	4,273	4,273
Non-marketable securities - KSSMF [1]	—	—	18,735	18,735	18,735
Non-marketable securities - TAS Co [9]	—	—	3,289	3,289	3,289
Non-marketable securities - Crown [9]	—	—	9,358	9,358	9,358
Non-marketable securities - Pearl [9]	—	—	2,718	2,718	2,718
Non-marketable securities - TAS 4 [8]	—	—	7,701	7,701	7,701
Non-marketable securities - Broccolini [9]	—	—	1,824	1,824	1,824
Non-marketable securities - Fiera [8]	—	—	10,481	10,481	10,481
Non-marketable securities - Harbour [8]	—	—	5,500	5,500	5,500
	$ 62,140	**$ 5,995**	**$ 122,465**	**$ 190,600**	**$ 190,600**
Assets measured at amortized cost for which fair values are disclosed					
Cash and cash equivalents	$ 113,555	$ —	$ —	$ 113,555	$ 113,555
Mortgages - non-securitized [3]	—	—	2,558,511	2,558,511	2,544,500
Other assets - other loans [4]	—	—	7,226	7,226	7,226
Securitization program cash held in trust	62,788	—	—	62,788	62,788
Mortgages - securitized [3]	—	—	2,398,796	2,398,796	2,353,531
	$ 176,343	**$ —**	**$ 4,964,533**	**$ 5,140,876**	**$ 5,081,600**
Liabilities measured at amortized cost for which fair values are disclosed					
Term deposits [6]	$ —	$ —	$ 2,415,002	$ 2,415,002	$ 2,339,201
Demand loans payable [5]	—	—	113,934	113,934	113,934
Other liabilities - non-securitized [5]	—	—	14,881	14,881	14,881
Financial liabilities from securitization [7]	—	—	2,376,408	2,376,408	2,367,969
	$ —	**$ —**	**$ 4,920,225**	**$ 4,920,225**	**$ 4,835,985**

(Dollar amounts in thousands except for per share amounts)

At December 31, 2024	Level 1	Level 2	Level 3	Total	Carrying Value
Assets measured at FVPL					
Marketable securities	$ 66,345	$ —	$ —	$ 66,345	$ 66,345
Derivative financial instruments [2]	—	2,508	—	$ 2,508	2,508
Non-marketable securities - KSHYF [1]	—	—	56,970	56,970	56,970
Non-marketable securities - TAS 3 [9]	—	—	4,273	4,273	4,273
Non-marketable securities - KSSMF [1]	—	—	17,326	17,326	17,326
Non-marketable securities - TAS Co [9]	—	—	3,289	3,289	3,289
Non-marketable securities - Crown [9]	—	—	9,316	9,316	9,316
Non-marketable securities - Pearl [9]	—	—	2,823	2,823	2,823
Non-marketable securities - TAS 4 [8]	—	—	5,672	5,672	5,672
Non-marketable securities - Broccolini [9]	—	—	1,824	1,824	1,824
Non-marketable securities - Fiera [8]	—	—	10,435	10,435	10,435
Non-marketable securities - Harbour [8]	—	—	5,500	5,500	5,500
	$ 66,345	**$ 2,508**	**$ 117,428**	**$ 186,281**	**$ 186,281**
Assets measured at amortized cost for which fair values are disclosed					
Cash and cash equivalents	$ 61,703	$ —	$ —	$ 61,703	$ 61,703
Mortgages - non-securitized [3]	—	—	2,483,036	2,483,036	2,464,091
Other assets - other loans [4]	—	—	5,742	5,742	5,742
Securitization program cash held in trust	47,249	—	—	47,249	47,249
Mortgages - securitized [3]	—	—	2,447,952	2,447,952	2,419,871
	$ 108,952	**$ —**	**$ 4,936,730**	**$ 5,045,682**	**$ 4,998,656**
Liabilities measured at amortized cost for which fair values are disclosed					
Term deposits [6]	$ —	$ —	$ 2,356,668	$ 2,356,668	$ 2,288,226
Demand loan payable [6]	—	—	107	107	107
Other liabilities - non-securitized [5]	—	—	36,807	36,807	36,807
Financial liabilities from securitization [7]	—	—	2,411,721	2,411,721	2,423,236
	$ —	**$ —**	**$ 4,805,303**	**$ 4,805,303**	**$ 4,748,376**

[1] *Fair value is based on the redemption value.*
[2] *Fair value based on swaps curves adjusted for credit risks.*
[3] *Fair value of* non-securitized *and securitized fixed rate mortgages are calculated based on discounting the expected future cash flows of the mortgages, adjusting for credit risk and prepayment assumptions at current market rates for offered mortgages based on term, contractual maturities and product type. For insured adjustable rate residential mortgages, fair value is assumed to equal their carrying amount since there are no fixed spreads. The Company classifies its mortgages as Level 3 given the fact that although many of the inputs to the valuation models used are observable, non-observable inputs include the discount rate and the assumed level of prepayments.*
[4] *Fair value is assumed to be the carrying value as underlying loans are variable rate.*
[5] *The carrying value of the asset/liability approximates fair value.*
[6] *As term deposits are non-transferable by the deposit holders, there is no observable market. As such, the fair value of the term deposits is determined by discounting expected future cash flows of the deposits at current offered rates for deposits with similar terms.*
[7] *Fair value of financial liabilities from securitization is determined using current market rates for CMB and MBS.*
[8] *Fair value based on recent transaction price.*
[9] *Fair value based on the net asset value of the underlying partnerships.*

The following table shows the continuity of Level 3 financial assets measured at FVPL:

For the Periods Ended March 31	2025	2024
Balance, beginning of quarter	$ 117,428	$ 109,943
Advances / Purchases	5,027	2,301
Changes in unrealized fair value, recognized in net income	10	330
Balance, end of quarter	**$ 122,465**	**$ 112,574**

Risk management

The types of risks to which the Company is exposed include but are not limited to liquidity and funding risk, credit risk, interest rate risk and market risk. The Company's enterprise risk management framework includes policies, guidelines and procedures, with oversight by senior management and the Board. These policies are developed and implemented by management and reviewed and approved periodically by the Board. For the nature of these risks and how they are managed, please refer to the shaded sections of the "Risk Factors" section of the MD&A. The shaded sections of the MD&A relating to liquidity and funding, credit, interest rate and market risks inherent in financial instruments form an integral part of these interim consolidated financial statements.

20. Commitments and Contingencies

For the nature of the Company's commitments and contingencies, please refer to the shaded sections of the "Off-Balance Sheet Arrangements" section of the MD&A. The shaded section of the MD&A relating to off-balance sheet arrangements forms an integral part of these interim consolidated financial statements.

21. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted in the current year. There was no impact to the financial position or net income as a result of these reclassifications.

DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

Bonnie Agostinho
Corporate Director, MCAN
Member of Audit Committee
Member of Enterprise Risk Management and Compliance Committee
Chair of Information Technology Governance Committee
Director since May 2022

Brian Chu
Corporate Director, MCAN
Chair of Conduct Review, Corporate Governance and Human Resources Committee
Member of Enterprise Risk Management and Compliance Committee
Director since May 2021

John Coke
Corporate Director, MCAN
Chair of Audit Committee
Member of Conduct Review, Corporate Governance and Human Resources Committee
Director since May 2021

Glenn Doré
President, Teff Administration Inc.
Member of Audit Committee
Member of Conduct Review, Corporate Governance and Human Resources Committee
Director since May 2020

Philip Gillin
Corporate Director, MCAN
Member of Audit Committee
Chair of Enterprise Risk Management and Compliance Committee
Director since May 2020

Karen Martin
Corporate Director, MCAN
Member of Audit Committee
Member of Enterprise Risk Management and Compliance Committee
Member of Information Technology Governance Committee
Director since May 2024

Gaelen Morphet
Chair of the Board, MCAN
President, Morphet Family Wealth Advisors Inc.
Member of Conduct Review, Corporate Governance and Human Resources Committee
Member of Enterprise Risk Management and Compliance Committee
Director since January 2018

Derek Sutherland
President and Chief Executive Officer, MCAN
Member of Information Technology Governance Committee
President, Canadazil Capital Inc.
Director since May 2017

EXECUTIVE OFFICERS

Derek Sutherland
President and Chief Executive Officer

Santokh Birk
Senior Vice President and Chief Financial Officer

Avish Buck
Senior Vice President and Chief Operating Officer

Carl Brown
Senior Vice President, Investments & Corporate Development

Aaron Corr
Vice President and Chief Risk Officer

Michelle Liotta
Vice President, Human Resources

Mike Jensen
Vice President and Chief Compliance Officer
(Chief Anti Money Laundering & Privacy Officer)

Sylvia Pinto
Vice President, Corporate Secretary & Governance Officer

Paul Gill
Vice President, Information Technology

Susan Han
Vice President and Chief Audit Executive

Alysha Rahim
Vice President, Finance

Justin Silva
Vice President, Treasurer

Peter Ryan
Vice President, Controller

CORPORATE INFORMATION

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Symbol: MKP

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Website
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General Information
For general enquiries about MCAN Mortgage Corporation d/b/a MCAN Financial Group please write to Ms. Sylvia Pinto, Corporate Secretary & Governance Officer (head office details above) or e-mail mcanexecutive@mcanfinancial.com.

Dividend Reinvestment Plan ("DRIP")
For further information regarding MCAN's Dividend Reinvestment Plan, please visit:
www.mcanfinancial.com

An Enrolment Form may be obtained at any time upon written request addressed to the Plan Agent, Computershare. Registered Participants may also obtain Enrolment Forms online at www-us.computershare.com/investor.

Shareholders
For dividend information, change in share registration or address, lost certificates, estate transfers, or to advise of duplicate mailings, please call MCAN Mortgage Corporation's d/b/a MCAN Financial Group Registrar and Transfer Agent, Computershare (see left for contact).

Report Copies
This MCAN Mortgage Corporation d/b/a MCAN Financial Group 2025 First Quarter Report is available for viewing/printing on our website at www.mcanfinancial.com, and also on SEDAR+ at www.sedarplus.ca.

To request a printed copy, please contact Ms. Sylvia Pinto, Corporate Secretary & Governance Officer, or e-mail mcanexecutive@mcanfinancial.com.

Annual and Special Meeting of Shareholders
Thursday, May 8, 2025
4:30pm (Toronto time)
All shareholders and prospective investors are invited to attend.

REDEFINING OPPORTUNITY TO DRIVE GROWTH FOR CANADIAN COMMUNITIES

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