2025 Q2 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.

TABLE OF CONTENTS

MESSAGE TO SHAREHOLDERS

While it seems further geopolitical and economic uncertainty in the financial services market will persist through 2025, we remain focused on our returns to shareholders, managing our portfolio, and improving all aspects of our operations. We are committed to our strategy of providing attractive returns for our shareholders generated through long-term sustainable growth. 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 returns within our risk profile.

Results from our lending business have been resilient despite the current geopolitical environment. We continue to leverage our brand and exceptional customer service to grow our business. We achieved high origination volumes without sacrificing spreads and credit quality. The worsening economic forecasts from the unpredictability of tariffs led to higher provisioning on our loans; however, actual losses remain insignificant. We believe that we have a quality loan portfolio with conservative loan to value ratios supporting these loans. We continue to manage our spreads with mortgage pricing initiatives and 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, including completed-inventory loans, with our preferred borrowers and risk profile, as these loans provide comparatively higher yields than our residential mortgages. In the current interest rate environment, we have seen some normalization of spreads as term deposit and related hedges have caught up to prior reductions to the prime bank rate. 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 that provide boots on the ground knowledge and assist with default management. 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 Ontario, British Columbia and Alberta. 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. We had record volumes of originations in insured residential mortgages in the quarter. We plan to grow our uninsured residential mortgage originations as we scale our participation into a new-formed uninsured residential mortgage third-party securitization program. In July 2025, we sold $80.2 million into this program. This program is an integral part of our funding diversification and capital optimization strategy.

Our investment in and partnership with MCAP continues to remain a key driver of returns for our shareholders. Income from MCAP increased 3% from last year as they achieved record results in the quarter. 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 great 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 will 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 success in 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, and 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.

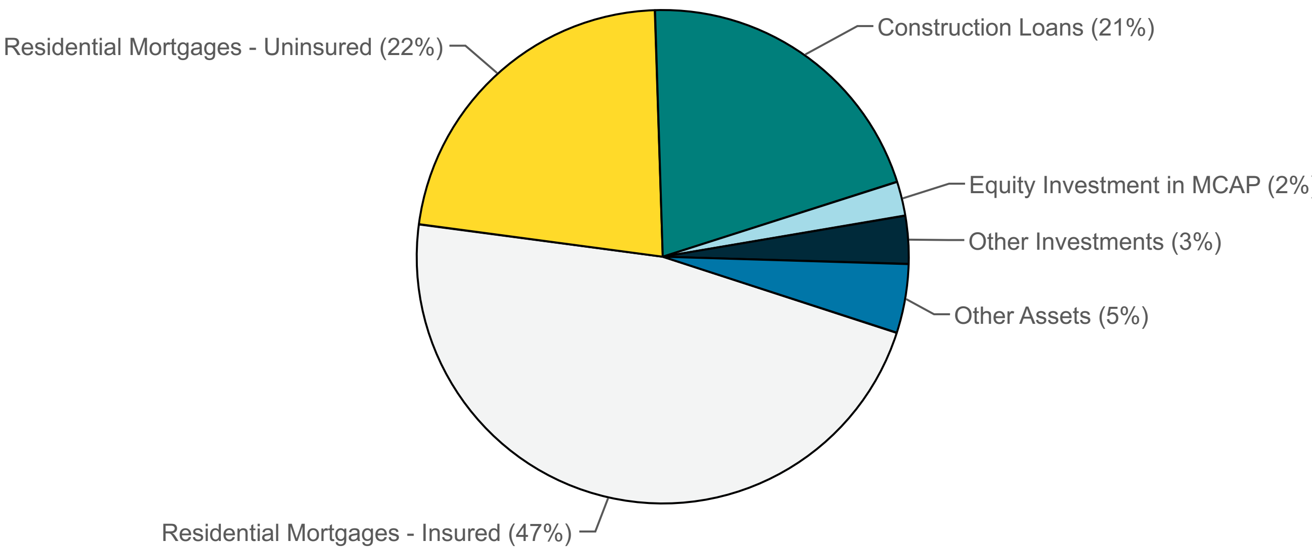
Our business model helps us to achieve our long-term objectives:

- 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 also have a strategic investment in and a strong partnership with MCAP.

Total Assets at June 30, 2025 of $5.7 billion



Residential Mortgage Lending (June 30, 2025 - $4.0 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 British Columbia. 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 residential mortgages, which are included in residential mortgages above, or sell our residential mortgage commitments, depending on market conditions.

Construction Lending (June 30, 2025 - $1.2 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.

Investment in MCAP (June 30, 2025 - $129 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 $155 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

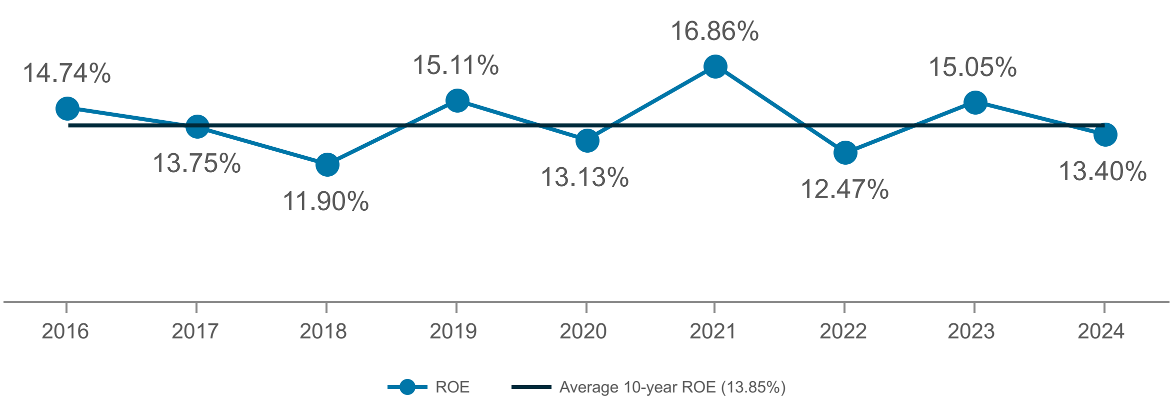
The majority of residential mortgage arrears activity occurs in the 1-30 day category, in which the bulk of arrears are resolved and do not migrate to arrears categories over 30 days. We closely monitor and actively manage these arrears. We believe that we have a quality uninsured residential mortgage loan portfolio with an average loan to value of 64.0% at June 30, 2025 based on an industry index of current real estate values.

We have historically had low arrears related to our construction loan portfolio due to our prudent and selective lending methodology and our account management processes in this product type. We believe that we have a quality construction loan portfolio with an average loan to value of 61.0% at June 30, 2025 based on appraisal 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 asset base, we believe that we are able to generate strong returns for shareholders through various cycles of the real estate market.

Historical ROE[1]



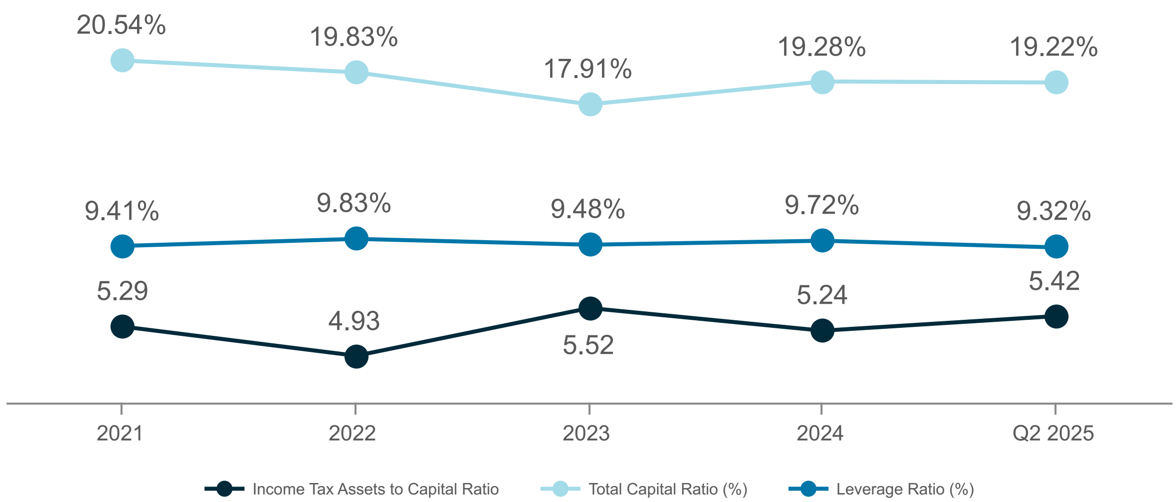
Our long-term objective is sustained 13% to 15% average ROE. The nature of our investing activities may result in fluctuations in our ROE year to year. In the last 10 years, we have delivered an average ROE[1] of 13.85%.

[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

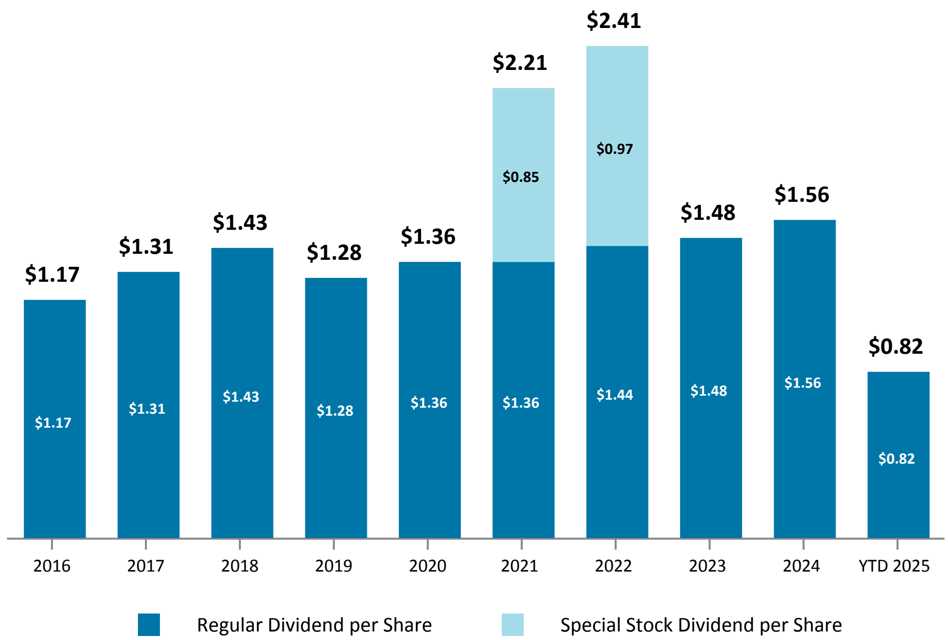


Our capital ratios have adjusted over the years as we have optimized our balance sheet, growing our assets utilizing excess capital room. We had capital growth of $6.7 million due to our at-the-market equity program and $7.0 million from our dividend reinvestment program so far this year. Further growth in our capital will be dependent on equity market conditions and shareholder appetite as well as business growth opportunities. All of our capital and leverage ratios are within our internal risk appetite and regulatory 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 third quarter regular cash dividend of $0.41 per share to be paid September 29, 2025 to shareholders of record on September 15, 2025.

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 and the six months ended June 30, 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 August 6, 2025.

TABLE OF CONTENTS - MD&A

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 - Q2 2025

(in thousands except for per share amounts and %) **For the Periods Ended**	**Q2 2025**	**Q1 2025**	**Change (%)**	**Q2 2024**	**Change (%)**	**YTD 2025**	**YTD 2024**	**Change (%)**
Income Statement Highlights								
Net interest income - non-securitized assets	$ 20,536	$ 20,664	(1%)	$ 21,228	(3%)	$ 41,200	$ 42,574	(3%)
Net interest income - securitized assets	$ 3,126	$ 3,089	1%	$ 2,590	21%	$ 6,215	$ 5,233	19%
Mortgage interest - non-securitized assets [A]	$ 46,882	$ 45,148	4%	$ 48,422	(3%)	$ 92,030	$ 96,430	(5%)
Term deposit interest and expenses [B]	$ 25,502	$ 24,882	2%	$ 27,526	(7%)	$ 50,384	$ 53,596	(6%)
Net non-securitized mortgage spread income[1] [A-B]	$ 21,380	$ 20,266	5%	$ 20,896	2%	$ 41,646	$ 42,834	(3%)
PPPT[1] income	$ 22,977	$ 19,375	19%	$ 21,774	6%	$ 42,352	$ 44,054	(4%)
Equity income from MCAP Commercial LP	$ 9,732	$ 5,571	75%	$ 7,726	26%	$ 15,303	$ 14,909	3%
Net gain (loss) on securities	$ 406	$ 1,099	(63%)	$ (715)	(157%)	$ 1,505	$ (688)	(319%)
Net income	$ 20,187	$ 16,590	22%	$ 19,749	2%	$ 36,777	$ 42,969	(14%)
Basic and diluted earnings per share	$ 0.51	$ 0.43	19%	$ 0.52	(2%)	$ 0.94	$ 1.17	(20%)
Dividends per share - cash	$ 0.41	$ 0.41	—%	$ 0.39	5%	$ 0.82	$ 0.78	5%
Next quarter's dividend per share - cash	$ 0.41							
Return on average shareholders' equity [1]	13.19 %	10.99 %	2.20%	13.63 %	(0.44%)	12.10 %	15.31 %	(3.21%)
Taxable income per share [2]	$ 0.22	$ 0.45	(51%)	$ 0.44	(50%)	$ 0.67	$ 1.11	(40%)
Spreads								
Spread of non-securitized mortgages over term deposit interest and expenses [1]	2.74 %	2.89 %	(0.15%)	2.93 %	(0.19%)	2.81 %	3.04 %	(0.23%)
Spread of securitized mortgages over liabilities [1]	0.50 %	0.50 %	—%	0.46 %	0.04%	0.50 %	0.46 %	0.04%
Average term to maturity (in months)								
Mortgages - non-securitized	11.3	9.1	24%	12.1	(7%)			
Term deposits	17.7	17.7	—%	19.2	(8%)			

At	**June 30 2025**	**March 31 2025**	**Change (%)**	**December 31 2024**	**Change (%)**
Balance Sheet Highlights					
Total assets	$ 5,738,939	$ 5,443,350	5%	$ 5,347,565	7%
Mortgages - non-securitized	$ 2,741,371	$ 2,544,500	8%	$ 2,464,091	11%
Mortgages - securitized	$ 2,428,828	$ 2,353,531	3%	$ 2,419,871	—%
Total liabilities	$ 5,118,052	$ 4,835,985	6%	$ 4,748,376	8%
Shareholders' equity	$ 620,887	$ 607,365	2%	$ 599,189	4%
Assets under management[1]	$ 6,655,375	$ 6,137,843	8%	$ 5,989,419	11%
Capital Ratios					
Income tax assets to capital ratio [2]	5.42	5.41	—%	5.24	3%
CET 1 & Tier 1 capital ratio [4]	18.90 %	19.12 %	(1%)	19.02 %	(0.12%)
Total capital ratio [4]	19.22 %	19.43 %	(0.21%)	19.28 %	(0.06%)
Leverage ratio [3]	9.32 %	9.64 %	(0.32%)	9.72 %	(0.40%)
Credit Quality					
Impaired mortgage ratio (non-securitized) [1]	2.34 %	2.31 %	0.03%	2.46 %	(0.12%)
Impaired mortgage ratio (total) [1]	1.25 %	1.20 %	0.05%	1.25 %	—%
Mortgage Arrears					
Non-securitized	$ 121,647	$ 105,044	16%	$ 96,368	26%
Securitized	7,070	4,757	49%	4,103	72%
Total	$ 128,717	$ 109,801	17%	$ 100,471	28%
Common Share Information (end of period)					
Number of common shares outstanding	39,604	39,128	1%	38,717	2%
Book value per common share [1]	$ 15.68	$ 15.52	1%	$ 15.48	1%
Common share price - close	$ 19.45	$ 18.36	6%	$ 18.25	7%
Market capitalization	$ 770,298	$ 718,390	7%	$ 706,585	9%

[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)	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Income Statement Highlights								
Net interest income - non-securitized assets	$20,536	$20,664	$21,091	$20,813	$21,228	$21,346	$22,314	$21,891
Net interest income - securitized assets	$ 3,126	$ 3,089	$ 3,570	$ 3,122	$ 2,590	$ 2,643	$ 2,670	$ 1,922
Mortgage interest - non-securitized assets [A]	$46,882	$45,148	$47,209	$48,067	$48,422	$48,008	$47,406	$44,144
Term deposit interest and expenses [B]	$25,502	$24,882	$26,642	$28,021	$27,526	$26,070	$24,361	$21,083
Net non-securitized mortgage spread income[1] [A-B]	$21,380	$20,266	$20,567	$20,046	$20,896	$21,938	$23,045	$23,061
PPPT[1] income	$22,977	$19,375	$ 7,564	$28,194	$21,774	$22,280	$23,506	$18,283
Equity income from MCAP Commercial LP	$ 9,732	$ 5,571	$ 7,227	$ 6,667	$ 7,726	$ 7,183	$ 4,429	$ 4,310
Net gain (loss) on securities	$ 406	$ 1,099	$(11,326)	$ 5,671	$ (715)	$ 27	$ 1,977	$(1,581)
Net income	$20,187	$16,590	$ 7,725	$26,892	$19,749	$23,220	$19,855	$18,479
Basic and diluted earnings per share	$ 0.51	$ 0.43	$ 0.20	$ 0.70	$ 0.52	$ 0.65	$ 0.56	$ 0.53
Dividends per share - cash	$ 0.41	$ 0.41	$ 0.39	$ 0.39	$ 0.39	$ 0.39	$ 0.38	$ 0.38
Return on average shareholders' equity [1]	13.19 %	10.99 %	5.14 %	18.16 %	13.63 %	17.09 %	15.01 %	14.20 %
Taxable income (loss) per share [2]	$ 0.22	$ 0.45	$ 0.51	$ 0.25	$ 0.44	$ 0.67	$ (0.13)	$ 0.45
Spreads								
Spread of non-securitized mortgages over term deposit interest and expenses [1]	2.74 %	2.89 %	2.83 %	2.78 %	2.93 %	3.14 %	3.34 %	3.49 %
Spread of securitized mortgages over liabilities [1]	0.50 %	0.50 %	0.54 %	0.49 %	0.46 %	0.46 %	0.39 %	0.42 %
Average term to maturity (in months)								
Mortgages - non-securitized	11.3	9.1	9.5	12.9	12.1	11.5	12.7	13.1
Term deposits	17.7	17.7	18.5	19.1	19.2	18.2	18.5	19.2
Balance Sheet Highlights ($ million)								
Total assets	$ 5,739	$ 5,443	$ 5,348	$ 5,213	$ 5,097	$ 4,894	$ 4,739	$ 4,540
Mortgages - non-securitized	$ 2,741	$ 2,545	$ 2,464	$ 2,472	$ 2,500	$ 2,385	$ 2,415	$ 2,338
Mortgages - securitized	$ 2,429	$ 2,354	$ 2,420	$ 2,290	$ 2,170	$ 2,095	$ 1,930	$ 1,835
Total liabilities	$ 5,118	$ 4,836	$ 4,748	$ 4,611	$ 4,512	$ 4,318	$ 4,207	$ 4,013
Shareholders' equity	$ 621	$ 607	$ 599	$ 602	$ 585	$ 576	$ 532	$ 528
Capital Ratios								
Income tax assets to capital ratio [2]	5.42	5.41	5.24	5.38	5.34	5.14	5.52	5.14
CET 1 & Tier 1 capital ratios [4]	18.90 %	19.12 %	19.02 %	19.94 %	19.10 %	19.00 %	17.61 %	17.72 %
Total capital ratio [4]	19.22 %	19.43 %	19.28 %	20.19 %	19.35 %	19.23 %	17.91 %	17.98 %
Leverage ratio [3]	9.32 %	9.64 %	9.72 %	9.99 %	9.85 %	10.11 %	9.49 %	9.76 %
Credit Quality								
Impaired mortgage ratio (non-securitized) [1]	2.34 %	2.31 %	2.46 %	2.26 %	3.50 %	3.42 %	3.26 %	1.76 %
Impaired mortgage ratio (total) [1]	1.25 %	1.20 %	1.25 %	1.19 %	1.90 %	1.83 %	1.82 %	0.99 %
Mortgage Arrears								
Non-securitized	$121,647	$105,044	$96,368	$139,427	$136,499	$136,175	$112,789	$85,513
Securitized	7,070	4,757	4,103	6,333	5,278	6,085	4,661	4,438
Total	$128,717	$109,801	$100,471	$145,760	$141,777	$142,260	$117,450	$89,951
Common Share Information (end of period)								
Number of common shares outstanding	39,604	39,128	38,717	38,463	38,153	37,831	35,432	35,432
Book value of common share [1]	$ 15.68	$ 15.52	$ 15.48	$ 15.65	$ 15.34	$ 15.24	$ 15.01	$ 14.89
Common share price - close	$ 19.45	$ 18.36	$ 18.25	$ 17.98	$ 16.10	$ 15.73	$ 15.89	$ 15.13
Market capitalization ($ million)	$ 770	$ 718	$ 707	$ 692	$ 614	$ 595	$ 563	$ 536

[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 leading to unrealized losses. In 2024, we saw the beginning of interest rate cuts which helped initially with a recovery on REIT stock prices; however, Q4 2024 saw larger unrealized losses on our REITS and our non-marketable securities mainly related to the economic environment and its impact on valuations. So far in 2025, income from MCAP has been higher and we increased our provision for credit losses mainly due to the forward looking macroeconomic impacts from the current economic and geopolitical environment.

- In 2023, the rising interest rate environment had increased rates in our floating rate residential construction portfolio above their floor rates. We also focused on changing the laddering of the duration of our term deposits which kept average term deposit rates from rising faster than our mortgage rates. This 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 increases in our spread of non-securitized mortgages over term deposit interest and expenses due to our hedging strategies and pricing initiatives which lowered our term deposit costs more than our non-securitized mortgage rates. In Q2 2025, the decline is mainly due to prime rate cuts impacting our floating rate residential construction loans as well as the timing of new hedging positions.

- 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 Q3 2023, we had higher taxable income from our core business as well as from our investment in MCAP. In Q3 2023, we increased our quarterly cash dividend per share by 6% to $0.38 due to taxable income growth. In Q4 2023, we had lower taxable income as a result of tax timing differences on multi-family securitization transactions. In 2024 and Q1 2025, we have 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. In Q2 2025, we had slightly lower taxable income due to lower taxable income from MCAP and higher multi-family securitization transactions.

- 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 $7 million, respectively, of capital through our at-the-market equity program ("ATM Program"). Improvement to our ratios in Q1 2024 was due to a successful $29 million capital raise by way of an overnight marketed offering. Our Dividend Reinvestment Program ("DRIP") provides us with a reliable source of capital maintenance each quarter. All of our capital and leverage ratios are within our internal risk appetite and regulatory 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 in Q2 2025 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 64.0% at June 30, 2025 based on an industry index of current real estate values. For our residential construction loan arrears, 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. In the short term, we are focused on managing our shareholder returns in light of current geopolitical and economic uncertainty. 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. We believe that our over three decade history demonstrates 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 key 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 ongoing geopolitical and economic uncertainty as tariff threats have yielded a softer outlook and an increase in unemployment. Canada saw some recovery initially from declining interest rates with better gross domestic product ("GDP") growth. However, this momentum was softened by the unpredictability of tariffs and the Bank of Canada maintaining its overnight rate in June as a result of firmness in recent inflation data. The magnitude and duration of changes in tariffs on international trade present 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 interest rates will move lower than current levels through 2025 but they will be more moderate 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 the rest of the year.

Housing Market Outlook

Housing affordability continues to be a concern across Canada. Recent forecasts of more modest interest rate cuts and excess inventory putting pressure on housing prices will provide some relief to homebuyers in the short-term; 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. Housing affordability and reduced immigration will likely limit some of this growth. 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 and diversified funding. This gives us some flexibility in terms of income generation and allows us to balance the volatility that we may experience at certain points and in certain areas of our business. We believe that there is an opportunity to expand our core businesses within our capital requirements 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

We expect continued high demand for more affordable housing, which is our main strategy. Our MCAN Capital division manages our construction, commercial and uninsured completed-inventory lending portfolios. We have seen growth in the MCAN capital portfolio, which is over $1.3 billion, and we are building our pipeline to manage runoff from completed projects and maintain controlled growth. 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 the entire portfolio and the market very closely, and we will continue to use our credit management practices in the context of the prevailing market. Some projects may experience construction delays for a variety of factors including extended permitting, presale or contracting activities given the current state of the housing market. 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 our credit underwriting to ensure that we are 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 are also looking to further grow our uninsured residential mortgage originations as we scale our new uninsured residential mortgage third-party securitization program with a Canadian Schedule I Chartered bank. In July 2025, we securitized $80.2 million under this program for the first time. This is an integral part of our diversification and capital optimization strategy. 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 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 changing demand from interest rate changes and financial institution appetite for term deposits. We continue to look for opportunities to adjust the maturity terms of our term deposits relative to our non-securitized mortgage portfolio in line with interest rate forecasts. We will continue to utilize our hedging strategies to minimize interest rate risk in this rate environment, particularly if 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 equity market conditions and shareholder appetite as well as business growth opportunities. 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

Q2 2025

- Net income totalled $20.2 million in Q2 2025, an increase of $0.5 million (2%) from $19.7 million in Q2 2024.

- Pre-provision pre-tax income ("PPPT")[1] totalled $23.0 million in Q2 2025, an increase of $1.2 million (6%) from $21.8 million in Q2 2024.

- Earnings per share totalled $0.51 in Q2 2025, a decrease of $0.01 (2%) from $0.52 in Q2 2024.

- Return on average shareholders' equity[1] was 13.19% in Q2 2025, a decrease from 13.63% in Q2 2024.

- Net non-securitized mortgage spread income[1] increased by $0.5 million in Q2 2025 from Q2 2024. The net non-securitized mortgage spread income increased 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 a larger decrease in our mortgage rates compared to our term deposits, mainly in our floating rate residential construction portfolio, as prime rates have declined since Q2 2024. This was partially offset by residential mortgage pricing initiatives and continuing to manage our interest rate risk through the duration of our term deposit funding and related hedging strategies.

- Net securitized mortgage spread income[1] increased by $0.5 million in Q2 2025 from Q2 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 as interest rates declined.

- Provision for credit losses on our non-securitized mortgage portfolio of $2.2 million in Q2 2025 mainly due to (i) worsening economic forecasts due to the current economic and geopolitical environment; (ii) interest provisioning on our impaired residential construction loans; and (iii) a slight increase in uninsured residential mortgage arrears. We believe that we have a quality uninsured residential mortgage loan portfolio with an average LTV of 64.0% at June 30, 2025 based on an industry index of current real estate values. In Q2 2024, we had a provision for credit losses of $1.4 million mainly due to growth in our portfolio, less favourable underlying economic forecasts relating to unemployment rates, and one additional impaired residential construction loan.

- Equity income from MCAP Commercial LP ("MCAP") totalled $9.7 million in Q2 2025, an increase of $2.0 million (26%) from $7.7 million in Q2 2024, which was primarily due to (i) higher financial instrument gains, including hedge gains; and (ii) lower interest expense as interest rates have declined. These were partially offset by (i) higher non-interest expenses, including salaries and benefits as well as investments in technology; and (ii) higher securitization expense due to higher securitization volumes.

Year to Date ("YTD") 2025

- Net income totalled $36.8 million for YTD 2025, a decrease of $6.2 million (14%) from $43.0 million for YTD 2024. Our YTD 2025 results so far were mainly impacted by higher provisions for credit losses due to the same factors as described for Q2 2025 above.

- PPPT[1] totalled $42.4 million for YTD 2025, a decrease of $1.7 million (4%) from $44.1 million in YTD 2024.

- Earnings per share totalled $0.94 for YTD 2025, a decrease of $0.23 (20%) from $1.17 in YTD 2024.

- Return on average shareholders' equity[1] was 12.10% for YTD 2025 compared to 15.31% in YTD 2024.

- Net non-securitized mortgage spread income[1] decreased by $1.2 million from YTD 2024. The net non-securitized mortgage spread income decreased due to a reduction in the spread of non-securitized mortgages over term deposit interest and expenses partially offset by a higher average non-securitized mortgage portfolio balance from continued originations and renewals. For YTD 2025, the decrease in the spread of non-securitized mortgages over term deposit interest and expenses is mainly due to the same factors as for Q2 2025 mentioned above.

- Net securitized mortgage spread income[1] increased by $1.0 million from YTD 2024. The net securitized mortgage spread income increased due to an increase in the spread of securitized mortgages over liabilities and a higher average securitized mortgage portfolio balance from higher securitization volumes of insured residential mortgages exceeding maturities. The increase in the net securitized mortgage spread income is due to the same factors as for Q2 2025 mentioned above.

- Provision for credit losses on our non-securitized mortgage portfolio of $5.3 million for YTD 2025 mainly due to the same factors as Q2 2025. For YTD 2024, there was a provision for credit losses of $0.8 million mainly due to the same factors as described for Q2 2024 mentioned above.

- Equity income from MCAP totalled $15.3 million for YTD 2025, an increase of $0.4 million (3%) from $14.9 million for YTD 2024. For YTD 2025, the increase is mainly due to (i) lower interest expense as interest rates have declined; (ii) lower financial instrument losses, including hedge losses; and (iii) higher net interest income from securitized mortgages. These were partially offset by (i) lower investment revenue from lower mortgage rates; (ii) lower mortgage origination fees from lower sales volumes; and (iii) higher securitization expense due to higher securitization volumes.

Business Activity and Balance Sheet

- Non-securitized assets totalled $3.2 billion at June 30, 2025, a net increase of $215 million (7%) from March 31, 2025 and a net increase of $362 million (13%) from December 31, 2024.

    - Non-securitized mortgage portfolio totalled $2.7 billion at June 30, 2025, a net increase of $197 million (8%) from March 31, 2025 and a net increase of $277 million (11%) from December 31, 2024.

    - Construction loan portfolios totalled $1.2 billion at June 30, 2025, a net increase including repayments of $51 million (5%) from March 31, 2025 and a net increase including repayments of $77 million (7%) from December 31, 2024. The movement in the portfolio is attributed to new loan advances and repayments on completing projects. Originations have been steady this year and some extensions of projects due to normal construction delays or normal delays relating to the permitting and zoning process meant that we have not experienced as much run-off in the portfolio as expected. To date, projects continue to progress toward completion.

    - Uninsured residential mortgage portfolio totalled $1.2 billion at June 30, 2025, a net increase of $27 million (2%) from March 31, 2025 and a net increase of $53 million (5%) from December 31, 2024. We continue to see higher uninsured originations and steady uninsured residential mortgage renewals supported by our outstanding service to our brokers, originators and customers. We actively manage origination and renewal volumes in order to optimize our net interest margins and net income.

- Securitized assets totalled $2.5 billion at June 30, 2025, a net increase of $81 million (3%) from March 31, 2025 and a net increase of $29 million (1%) from December 31, 2024.

    - Securitized insured residential mortgages totalled $2.4 billion at June 30, 2025, a net increase of $75 million (3%) from March 31, 2025 and a net increase of $9 million (0.4%) from December 31, 2024. As we have seen favourable securitization spreads, we opted to securitize our insured residential mortgages as opposed to selling them at the commitment stage. Overall, total insured residential mortgage origination volumes are higher supported by outstanding service to our brokers, originators and customers. 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 third quarter regular cash dividend of $0.41 per share to be paid September 29, 2025 to shareholders of record as of September 15, 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 2.49% at June 30, 2025 compared to 2.24% at March 31, 2025 and 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 64.0% at June 30, 2025 compared to 64.3% at March 31, 2025 and 63.7% at December 31, 2024 based on an industry index of current real estate values. With respect to our construction loan portfolio, loans in arrears represent six construction loans. 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 2.34% at June 30, 2025 compared to 2.31% at March 31, 2025 and 2.46% at December 31, 2024. At June 30, 2025, impaired mortgages mainly represent five impaired construction loans as well as uninsured residential mortgages where asset recovery programs have been initiated or we expect the loans to be brought current. We monitor the delinquency and impairment status of our loans and takes appropriate steps with our borrowers to ensure an optimal resolution.

- Impaired total mortgage ratio[1] was 1.25% at June 30, 2025 compared to 1.20% at March 31, 2025 and 1.25% 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.

- 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. Our Base Shelf prospectus and our Prospectus Supplement for our ATM Program expire in September 2025 and we intend to renew both.
    - In Q2 2025, we sold 305,700 common shares at a weighted average price of $19.37 for gross proceeds of $5.9 million and net proceeds of $5.6 million including $0.1 million of agent commission paid and $0.2 million of other share issuance costs under the ATM Program. So far in

2025, we sold 366,900 common shares at a weighted average price of $19.19 for gross proceeds of $7.0 million and net proceeds of $6.7 million including $0.1 million of agent commission paid and $0.2 million of other share issuance costs under the ATM Program. At June 30, 2025, we have $13.9 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 $2.5 million in new common shares through the Dividend Reinvestment Plan ("DRIP") in Q2 2025 compared to $4.5 million in Q1 2025 (includes both Q4 2024 and Q1 2025 dividends) and $4.4 million in Q2 2024. The DRIP participation rate was 15% for the Q2 2025 dividend (Q1 2025 dividend - 15%; Q2 2024 dividend - 30%).

- Income tax assets to capital ratio[3] was 5.42 at June 30, 2025 compared to 5.41 at March 31, 2025 and 5.24 at December 31, 2024.

- Common Equity Tier 1 ("CET 1") and Tier 1 Capital to risk-weighted assets ratios[2] were 18.90% at June 30, 2025 compared to 19.12% at March 31, 2025 and 19.02% at December 31, 2024. Total Capital to risk-weighted assets ratio[2] was 19.22% at June 30, 2025 compared to 19.43% at March 31, 2025 and 19.28% at December 31, 2024. Leverage ratio[2] was 9.32% at June 30, 2025 compared to 9.64% at March 31, 2025 and 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 Periods Ended	Q2 2025	Q1 2025	Change (%)	Q2 2024	Change (%)	YTD 2025	YTD 2024	Change (%)
Net Interest Income - Non-Securitized Assets								
Mortgage interest	$ 46,882	$ 45,148	4 %	$ 48,422	(3)%	$ 92,030	$ 96,430	(5)%
Interest on cash and other	1,249	792	58 %	1,173	6 %	2,041	2,165	(6)%
	48,131	**45,940**	**5 %**	**49,595**	**(3)%**	**94,071**	**98,595**	**(5)%**
Term deposit interest and expenses	25,502	24,882	2 %	27,526	(7)%	50,384	53,596	(6)%
Interest on loans payable	2,093	394	431 %	841	149 %	2,487	2,425	3 %
	27,595	**25,276**	**9 %**	**28,367**	**(3)%**	**52,871**	**56,021**	**(6)%**
	20,536	**20,664**	**(1)%**	**21,228**	**(3)%**	**41,200**	**42,574**	**(3)%**
Net Interest Income - Securitized Assets								
Mortgage interest	18,960	18,742	1 %	14,695	29 %	37,702	28,035	34 %
Interest on cash and other	442	383	15 %	388	14 %	825	878	(6)%
	19,402	**19,125**	**1 %**	**15,083**	**29 %**	**38,527**	**28,913**	**33 %**
Interest on financial liabilities from securitization	16,276	16,036	1 %	12,493	30 %	32,312	23,680	36 %
	16,276	**16,036**	**1 %**	**12,493**	**30 %**	**32,312**	**23,680**	**36 %**
	3,126	**3,089**	**1 %**	**2,590**	**21 %**	**6,215**	**5,233**	**19 %**
Total Net Interest Income	**23,662**	**23,753**	**— %**	**23,818**	**(1)%**	**47,415**	**47,807**	**(1)%**
Non-interest Income								
Equity income from MCAP Commercial LP	9,732	5,571	75 %	7,726	26 %	15,303	14,909	3 %
Distribution income from securities	2,251	2,741	(18)%	2,765	(19)%	4,992	5,347	(7)%
Fees	761	1,080	(30)%	756	1 %	1,841	1,629	13 %
Net gain (loss) on securities	406	1,099	(63)%	(715)	(157)%	1,505	(688)	(319)%
Other	745	12	6,108 %	—	n/a	757	—	n/a
Gain on dilution of investment in MCAP Commercial LP	—	—	n/a	680	(100)%	—	680	(100)%
	13,895	**10,503**	**32 %**	**11,212**	**24 %**	**24,398**	**21,877**	**12 %**
Total Income	**37,557**	**34,256**	**10 %**	**35,030**	**7 %**	**71,813**	**69,684**	**3 %**
Provision for credit losses	2,227	3,089	(28)%	1,436	55 %	5,316	796	568 %
Non-interest Expenses								
Salaries and benefits	6,873	7,119	(3)%	6,345	8 %	13,992	12,344	13 %
General and administrative	7,707	7,762	(1)%	6,911	12 %	15,469	13,286	16 %
	14,580	**14,881**	**(2)%**	**13,256**	**10 %**	**29,461**	**25,630**	**15 %**
Net Income Before Income Taxes	**20,750**	**16,286**	**27 %**	**20,338**	**2 %**	**37,036**	**43,258**	**(14)%**
Provision for (recovery of) income taxes								
Current	2	—	n/a	7	(71)%	2	68	(97)%
Provision for (recovery of) income taxes	561	(304)	(285)%	582	(4)%	257	221	16 %
	563	**(304)**	**(285)%**	**589**	**(4)%**	**259**	**289**	**(10)%**
Net Income	**$ 20,187**	**$ 16,590**	**22 %**	**$ 19,749**	**2 %**	**$ 36,777**	**$ 42,969**	**(14)%**
Basic and diluted earnings per share	$ 0.51	$ 0.43	19 %	$ 0.52	(2)%	$ 0.94	$ 1.17	(20)%
Cash dividends per share	$ 0.41	$ 0.41	— %	$ 0.39	5 %	$ 0.82	$ 0.78	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	June 30, 2025			March 31, 2025			June 30, 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	$ 208,239	$ 1,830	3.52 %	$ 129,357	$ 1,159	3.60 %	$ 319,496	$ 3,478	4.36 %
Uninsured	1,161,119	19,067	6.57 %	1,123,190	18,680	6.68 %	1,024,037	17,651	6.90 %
Uninsured - completed inventory	118,973	2,378	8.01 %	112,024	2,301	8.32 %	53,382	1,314	9.89 %
Construction loans									
Residential	1,111,021	22,970	8.29 %	1,079,045	22,608	8.49 %	1,018,565	24,665	9.73 %
Non residential	22,979	402	7.01 %	6,166	113	7.42 %	2,909	70	9.63 %
Commercial loans									
Multi-family residential	7,477	235	12.58 %	17,150	287	6.78 %	55,475	1,220	8.84 %
Other	—	—	—	—	—	— %	1,040	24	9.17 %
Mortgages - non-securitized portfolio	$2,629,808	$ 46,882	7.14 %	$2,466,932	$ 45,148	7.39 %	$2,474,904	$ 48,422	7.85 %
Term deposit interest and expenses	2,273,383	25,502	4.40 %	2,198,005	24,882	4.50 %	2,206,377	27,526	4.92 %
Net non-securitized mortgage spread income[1]		$ 21,380			$ 20,266			$ 20,896	
Spread of non-securitized mortgages over term deposit interest and expenses [1]			2.74 %			2.89 %			2.93 %
Average term to maturity (months)									
Mortgages - non-securitized	11.3			9.1			12.1		
Term deposits	17.7			17.7			19.2		

Table 5: Net Mortgage Interest Income and Average Rate by Mortgage Portfolio - Year to Date

For the Six Months Ended June 30	2025			2024		
(in thousands except %)	Average Balance [1]	Interest Income	Average Rate [1]	Average Balance [1]	Interest Income	Average Rate [1]
Residential mortgages						
Insured	$ 169,016	$ 2,989	3.54 %	$ 300,144	$ 6,467	4.31 %
Uninsured	1,142,259	37,747	6.62 %	1,005,703	34,145	6.80 %
Uninsured - completed inventory	115,518	4,679	8.16 %	51,469	2,516	9.83 %
Construction loans						
Residential	1,095,121	45,579	8.39 %	1,036,866	50,468	9.78 %
Non residential	14,619	515	7.10 %	2,309	110	9.54 %
Commercial loans						
Multi-family residential	9,801	521	10.72 %	55,714	2,673	9.64 %
Other commercial	—	—	— %	1,117	51	9.25 %
Mortgages - non-securitized portfolio	$ 2,546,334	$ 92,030	7.26 %	$ 2,453,322	$ 96,430	7.89 %
Term deposit interest and expenses	2,235,902	50,384	4.45 %	2,175,850	53,596	4.85 %
Net non-securitized mortgage spread income[1]		$ 41,646			$ 42,834	
Spread of non-securitized mortgages over term deposit interest and expenses [1]			2.81 %			3.04 %

[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 6: Mortgage Originations

(in thousands except %) For the Periods Ended	Q2 2025	Q1 2025	Change (%)	Q2 2024	Change (%)	YTD 2025	YTD 2024	Change (%)
Originations								
Residential mortgages - insured fixed [2]	$ 270,226	$ 49,117	450%	$ 177,684	52%	$ 319,343	$ 309,160	3%
Residential mortgages - insured adjustable rate [2]	41,156	39,688	4%	7,583	443%	80,844	47,297	71%
Residential mortgages - uninsured [2]	133,846	96,823	38%	112,171	19%	230,669	196,625	17%
Residential mortgages - uninsured completed inventory [1]	12,172	21,408	(43%)	61,607	(80%)	33,580	62,687	(46%)
Residential construction [1]	159,593	143,395	11%	157,133	2%	302,988	278,832	9%
Non-residential construction [1]	20,110	109	18,350%	4,551	342%	20,219	4,598	340%
	$ 637,103	**$ 350,540**	**82%**	**$ 520,729**	**22%**	**$ 987,643**	**$ 899,199**	**10%**

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

Overview

For Q2 2025 and YTD 2025, the decrease in the spread of non-securitized mortgages over term deposit interest and expenses compared to Q1 2025, Q2 2024 and YTD 2024 is mainly due to the decrease in our mortgage rates, mainly in our floating rate residential construction portfolio as prime rates have declined 200 bps since the end of Q2 2024, generally exceeding the pace of decrease in our average term deposit rates and related hedges due to the timing of new hedging positions. We actively manage our interest rate risk by continually reviewing, and if necessary, changing the laddering of the duration of our term deposits relative to our non-securitized mortgage portfolio as well as utilizing our hedging strategies to lock-in spreads. For information on our term deposit fair value hedging, see "Derivatives and Hedging" sub-section below.

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 Q2 2025 and YTD 2025 on our residential mortgages were higher compared to Q1 2025, Q2 2024 and YTD 2024 as rates have begun to decline in the current environment, as well as our outstanding service to our brokers, originators and customers. We also saw steady uninsured residential mortgage renewals with $141 million in Q2 2025 compared to $131 million in Q2 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 $12 million in commitments in Q2 2025 (Q1 2025 - $40 million; Q2 2024 - $nil) and $52 million for YTD 2025 (YTD 2024 - $nil) under these agreements. In Q1 2025, we also sold $45 million of uninsured residential mortgage whole loans.

We securitize our insured residential mortgages opportunistically through the CMHC National Housing Act ("NHA") Mortgage-Backed Securities ("MBS") program. Our Q2 2025 insured residential mortgage securitization volumes were $211 million (Q1 2025 - $53 million; Q2 2024 - $157 million) and $264 million for YTD 2025 (YTD 2024 - $371 million). As we have seen favourable securitization spreads, we opted to securitize our insured residential mortgages as opposed to selling them at the commitment stage. Overall, total insured residential mortgage origination volumes are higher supported by outstanding service to our brokers, originators and customers. 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 June 30, 2025, we had the renewal rights to $3.8 billion of residential mortgages (March 31, 2025 - $3.6 billion; 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 Q2 2025 and YTD 2025 compared to Q1 2025, Q2 2024 and YTD 2024, the decrease in average rates is mainly due to Bank of Canada interest rate cuts reducing our mostly floating rate construction loans and competitive pricing for quality deals. 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 periods. 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 may experience construction delays for a variety of factors including extended permitting, presale or contracting activities given the current state of the housing market. To date, projects continue to progress toward completion within our expected margins. 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 Q2 2025, Q1 2025, and YTD 2025 compared to prior year periods was mostly due to lower average term deposit rates and related hedges from a declining interest rate environment. For Q2 2025 compared to Q1 2025, the increase is mainly due to a larger outstanding balances partially offset by lower term deposit rates and related hedges. We have been actively managing our interest rate risk during this period of changing 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 June 30, 2025, we had $nil of derivatives outstanding relating to cash flow hedges (March 31, 2025 - $nil; December 31, 2024 - $nil) on our interim consolidated balance sheets. In Q2 2025, we had net realized fair value gains of $0.6 million (Q1 2025 - $nil fair value gains; Q2 2024 - $1.3 million realized fair value losses), and for YTD 2025, we had net realized fair value gains of $0.6 million (YTD 2024 - $1.2 million realized fair value losses) on our derivative transactions recognized in accumulated other 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.

At June 30, 2025, the Company had $2.8 million of derivative financial assets outstanding relating to fair value hedges (March 31, 2025 - $6.0 million assets; December 31, 2024 - $2.5 million assets).

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. We securitize our insured residential mortgages opportunistically through these programs.

Beginning in Q3 2025, we have an agreement with a Canadian Schedule I Chartered bank to participate in an uninsured residential mortgage third-party securitization program sponsored by the bank. Under this agreement, we can sell qualifying uninsured residential mortgages that meet certain requirements into the program and they remain in the program until maturity. In July 2025, we sold $80.2 million into this program. This is an integral part of our diversification and capital optimization strategy.

As securitization spreads continue to be favourable, we expect to continue to be aggressive in originating insured and uninsured residential mortgages for securitization.

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

[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.

Table 7: Net Mortgage Interest Income and Average Rate for Securitized Mortgage Portfolio - Quarterly

For the Quarters Ended	June 30, 2025			March 31, 2025			June 30, 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	$2,345,772	$ 18,960	3.24 %	$2,368,150	$ 18,742	3.18 %	$2,049,672	$ 14,695	2.88 %
Financial liabilities from securitization	2,375,435	16,276	2.74 %	2,394,557	16,036	2.68 %	2,067,830	12,493	2.42 %
Net securitized mortgage spread income[1]		$ 2,684			$ 2,706			$ 2,202	
Spread of securitized mortgages over liabilities[1]			0.50 %			0.50 %			0.46 %

Table 8: Net Mortgage Interest Income and Average Rate for Securitized Mortgage Portfolio - Year to Date

For the Six Months Ended June 30	2025			2024		
(in thousands except %)	Average Balance[1]	Interest Income	Average Rate[1]	Average Balance[1]	Interest Income	Average Rate[1]
Mortgages - securitized portfolio	$ 2,356,899	$ 37,702	3.21 %	$ 2,008,773	$ 28,035	2.80 %
Financial liabilities from securitization	2,384,943	32,312	2.71 %	2,022,404	23,680	2.34 %
Net securitized mortgage spread income[1]		$ 5,390			$ 4,355	
Spread of securitized mortgages over liabilities[1]			0.50 %			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 gain/loss. 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 2025, we have seen average spreads improve on securitizations compared to prior year periods as a result of an increase in the spread of Government of Canada bond yields versus our mortgage rates. Government of Canada bond yields had been declining on the expectation of a further declining interest rate environment.

Non-interest Income

Equity Income from MCAP

In Q2 2025, MCAP's origination volumes were $6.9 billion, an increase from $5.7 billion in Q2 2024. At May 31, 2025 (we account for MCAP on a one-month lag basis), MCAP had $155.4 billion of assets under management compared to $153.5 billion at February 28, 2025 and $155.5 billion at May 31, 2024. Equity income from MCAP totalled $9.7 million in Q2 2025, an increase of $2.0 million from $7.7 million in Q2 2024. For Q2 2025, the increase in equity income from MCAP was primarily due to (i) higher financial instrument gains, including hedge gains; and (ii) lower interest expense as interest rates have declined. These were partially offset by (i) higher non-interest expenses, including salaries and benefits as well as investments in technology; and (ii) higher securitization expense due to higher securitization volumes. For YTD 2025, equity income from MCAP totalled $15.3 million, an increase of $0.4 million from $14.9 million YTD 2024. For the YTD, the increase in equity income from MCAP was mainly due to (i) lower interest expense as interest rates have declined; (ii) lower financial instrument losses, including hedge losses; and (iii) higher net interest income from securitized mortgages. These were partially offset by (i) lower investment revenue from lower mortgage rates; (ii) lower mortgage origination fees from lower sales volumes; and (iii) higher securitization expense due to higher securitization volumes.

We recognize equity income from MCAP on a one-month lag such that our 2025 equity income from MCAP is based on MCAP's net income for the period ended May 31, 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 $1.2 million in Q2 2025 (Q2 2024 - $1.6 million) and $2.6 million for YTD 2025 (YTD 2024 - $3.1 million). We received distribution income from KingSett Senior Mortgage Fund LP ("KSSMF") of $0.3 million in Q2 2025 (Q2 2024 - $0.4 million) and $0.7 million for YTD 2025 (YTD 2024 - $0.7 million).

Marketable

Marketable securities income consists mainly of distributions from our REIT portfolio. In Q2 2025, we received distributions of $0.8 million (distribution yield[1] of 5.22%) from our REITs compared to $0.8 million (distribution yield[1] of 6.07%) in Q2 2024. For YTD 2025, we received distributions of $1.7 million (distribution yield[1] of 5.81%) from our REITs compared to $1.5 million (distribution yield[1] of 6.01%) for YTD 2024. For YTD, the lower distribution yield is mainly due to lower distribution income from the underlying REITs and unrealized fair value gains. 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 Q2 2025, we recorded a $0.4 million a net realized and unrealized gain on securities compared to a $0.7 million net unrealized loss on securities in Q2 2024. Our net realized and unrealized gain on securities was $1.5 million for YTD 2025 compared to a net unrealized loss on securities of $0.7 million for YTD 2024.

Our marketable securities, mainly REITs, had some recovery in the current economic environment. Our non-marketable securities had net unrealized 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.

We continue to realize the benefits of regular cash flows and distributions from these investments.

For further information, refer to Note 15 to the interim consolidated financial statements.

Gain on Dilution of Investment in MCAP

In Q2 2025, MCAP issued no additional class B units to team members of MCAP. In Q2 2024, MCAP issued additional class B units to team members of MCAP which decreased our equity interest. As a result of the issuance of new units at prices in excess of the per-unit carrying value of the investment, we recorded a dilution gain of $0.7 million.

Provision for (Recovery of) Credit Losses

Table 9: Provision for (Recovery of) Credit Losses and Write-offs

(in thousands except basis points and %) For the Periods Ended	Q2 2025	Q1 2025	Change (%)	Q2 2024	Change (%)	YTD 2025	YTD 2024	Change (%)
Provision for (recovery of) impaired non-securitized mortgages								
Residential mortgages								
Uninsured	$ 1,253	536	134%	146	758%	$ 1,789	$ 602	197%
Construction loans	651	807	(19%)	652	—%	1,458	1,307	12%
	1,904	1,343	42%	798	139%	3,247	1,909	70%
Provision for (recovery of) performing non-securitized mortgages								
Residential mortgages								
Uninsured	169	1,376	(88%)	103	64%	1,545	30	5,050%
Uninsured - completed inventory	(92)	131	(170%)	201	(146%)	39	39	—%
Construction loans	285	236	21%	305	(7%)	521	(1,056)	149%
Commercial loans								
Multi-family residential	(38)	3	(1,367%)	25	(252%)	(35)	(128)	73%
Other commercial	—	—	n/a	(2)	100%	—	(2)	100%
	324	1,746	(81%)	632	(49%)	2,070	(1,117)	285%
Other provisions (recoveries)	(1)	—	n/a	6	(117%)	(1)	4	(125%)
Total non-securitized provision for (recovery of) credit losses	2,227	3,089	(28%)	1,436	55%	5,316	796	568%
Provision for (recovery of) performing securitized mortgages	—	—	n/a	—	n/a	—	—	n/a
Total provision for (recovery of) credit losses	$ 2,227	$ 3,089	(28%)	$ 1,436	55%	$ 5,316	$ 796	568%
Non-securitized mortgage portfolio data:								
Provision for (recovery of) credit losses, net	$ 2,228	$ 3,089	(28%)	$ 1,430	56%	$ 5,317	$ 792	571%
Net write offs	$ 353	$ 182	94%	$ —	n/a	$ 535	$ 19	2,716%
Net write offs (basis points)	5.4	3.0	80%	—	n/a	2.1	0.1	2,000%

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 $2.2 million in Q2 2025, which was mainly due to (i) worsening economic forecasts due to the current economic and geopolitical environment; (ii) interest provisioning on our impaired residential construction loans; and (iii) a slight increase in uninsured residential mortgage arrears. In Q2 2024, we had a provision for credit losses of $1.4 million mainly due to growth in our portfolio, less favourable underlying economic forecasts relating to unemployment rates, and one additional impaired residential construction loan. We had a provision for credit losses on our non-securitized mortgage portfolio of $5.3 million for YTD 2025 and $0.8 million for YTD 2024 mainly due to the same factors as described for Q2 2025 and Q2 2024, respectively. 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 June 30, 2025. IFRS 9, Financial Instruments ("IFRS 9") does not permit the use of hindsight in measuring provisions for credit losses. Since June 30, 2025, forecasts around these uncertainties have continued to evolve. Any new forward-looking information subsequent to June 30, 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 10: Non-interest Expenses

(in thousands except %) For the Periods Ended	Q2 2025	Q1 2025	Change (%)	Q2 2024	Change (%)	YTD 2025	YTD 2024	Change (%)
Salaries and benefits	$ 6,873	$ 7,119	(3%)	$ 6,345	8%	$ 13,992	$ 12,344	13%
General and administrative	7,707	7,762	(1%)	6,911	12%	15,469	13,286	16%
	$ 14,580	**$ 14,881**	**(2%)**	**$ 13,256**	**10%**	**$ 29,461**	**$ 25,630**	**15%**

The increase in salaries and benefits in 2025 is mainly due to additional resources, regular pay increases, and higher share-based payment accruals.

The increase in general and administrative expenses in 2025 is primarily due to higher (i) marketing and business development costs to grow our business; (ii) professional fees and technology costs relating to new system enhancements for our business operations and customer experience; and (iii) higher mortgage servicing expenses from growth in our loan 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 11: Taxable Income Reconciliation

(in thousands) For the Periods Ended	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Consolidated net income for accounting purposes	$ 20,187	$ 19,749	$ 36,777	$ 42,969
Adjustments to calculate taxable income (loss):				
Reverse: Equity income from MCAP - accounting purposes	(9,732)	(7,726)	(15,303)	(14,909)
Add: MCAP taxable income (loss)	(14,252)	1,129	(10,902)	7,328
Add: Taxable capital gain on re-organization of investment in MCAP	12,500	—	12,500	—
Reverse: Provision for (recovery of) credit losses [2]	324	716	2,340	(940)
Add: Amortization of upfront securitization program costs [3]	2,468	3,556	6,037	7,098
Deduct: Securitization program mortgage origination costs [3]	(9,008)	(2,811)	(10,357)	(2,965)
Add: Securitization program premium (discount)	(62)	963	(118)	1,603
Reverse: Net realized and unrealized gain (loss) on securities [4]	(2,043)	715	(3,142)	688
Add: Capital gains (losses)	468	—	1,357	—
Reverse: Loss (income) earned in subsidiaries [5]	3,400	502	3,853	(288)
Deduct: Gain on dilution of MCAP [6]	—	(680)	—	(680)
Other items	4,493	646	3,328	975
Taxable Income (Loss)[1]	**$ 8,743**	**$ 16,759**	**$ 26,370**	**$ 40,879**

[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.
[6] Not recognizable in the calculation of taxable income.

During the quarter, we executed an internal reorganization through a transfer of our equity investment in MCAP to a wholly-owned limited partnership. Taxable income for YTD 2025 compared to YTD 2024 was lower due to lower taxable income from our investment in MCAP partially offset by the taxable capital gain recognized on the aforementioned internal reorganization of our equity investment in MCAP. As a MIC, we pay out all of our taxable income to shareholders through dividends.

FINANCIAL POSITION

Assets

Table 12: Assets

(in thousands except %)	June 30 2025	March 31 2025	Change (%)	December 31 2024	Change (%)
Non-securitized Assets					
Cash and cash equivalents	$ 134,517	$ 113,555	18%	$ 61,703	118%
Marketable securities	58,092	62,140	(7%)	66,345	(12%)
Mortgages	2,741,371	2,544,500	8%	2,464,091	11%
Non-marketable securities	121,569	122,465	(1%)	117,428	4%
Equity investment in MCAP Commercial LP	128,915	122,805	5%	122,265	5%
Deferred tax asset	1,172	1,733	(32%)	1,430	(18%)
Derivative financial instruments	2,837	5,995	(53%)	2,508	13%
Other assets	33,724	33,935	(1%)	24,547	37%
	3,222,197	**3,007,128**	**7%**	**2,860,317**	**13%**
Securitization Assets					
Cash held in trust	62,156	62,788	(1%)	47,249	32%
Mortgages	2,428,828	2,353,531	3%	2,419,871	—%
Other assets	25,758	19,903	29%	20,128	28%
	2,516,742	**2,436,222**	**3%**	**2,487,248**	**1%**
	$ 5,738,939	**$ 5,443,350**	**5%**	**$ 5,347,565**	**7%**

Our total non-securitized and securitized assets increased compared to March 31, 2025 and December 31, 2024 primarily due to origination volumes, including 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 June 30, 2025, the average outstanding construction loan balance was $11 million (March 31, 2025 - $11 million; December 31, 2024 - $11 million) with a maximum individual loan commitment of $38 million (March 31, 2025 - $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.

We securitized $211 million in Q2 2025 (Q1 2025 - $53 million; Q2 2024 - $157 million) and $264 million for YTD 2025 (YTD 2024 - $371 million) of insured residential mortgages through the market MBS program and CMB program. Overall, total insured residential mortgage origination volumes are higher supported by outstanding service to our brokers, originators and customers. 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 securitized $230 million in Q2 2025 (Q1 2025 - $29 million; Q2 2024 - $nil) and $259 million for YTD 2025 (YTD 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 $0.7 million in Q2 2025 (Q2 2024 - $nil) and $0.8 million for YTD 2025 (YTD 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 June 30, 2025, we held $43 million of retained MBS on our balance sheet (March 31, 2025 - $45 million; December 31, 2024 - $46 million), which is included in the insured residential mortgage portfolio in non-securitized mortgages.

Beginning in Q3 2025, we have an agreement with a Canadian Schedule I Chartered bank to participate in an uninsured residential mortgage third-party securitization program sponsored by the bank. Under this agreement, we can sell qualifying uninsured residential mortgages that meet certain requirements into the program and they remain in the program until maturity. In July 2025, we sold $80.2 million into this program. This is an integral part of our diversification and capital optimization strategy.

Any mortgages securitized through the market MBS program, CMB program or bank sponsored uninsured securitization 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.

Table 13: Mortgage Summary

(in thousands except %)	June 30 2025	March 31 2025	Change (%)	December 31 2024	Change (%)
Non-securitized portfolio					
Residential mortgages					
Insured	$ 274,507	$ 152,208	80%	$ 126,528	117%
Uninsured	1,166,146	1,138,768	2%	1,113,372	5%
Uninsured - completed inventory	118,833	122,586	(3%)	119,428	—%
Construction loans	1,181,885	1,113,738	6%	1,087,561	9%
Commercial loans					
Multi-family residential	—	17,200	(100%)	17,202	(100%)
	2,741,371	**2,544,500**	**8%**	**2,464,091**	**11%**
Securitized portfolio	**2,428,828**	**2,353,531**	**3%**	**2,419,871**	**—%**
	$ 5,170,199	**$ 4,898,031**	**6%**	**$ 4,883,962**	**6%**

Table 14: Non-securitized Mortgage Portfolio Continuity for Q2 2025

(in thousands)	Residential Mortgages					
	Insured	Uninsured	Uninsured - completed inventory	Construction loans	Commercial loans	Total
Balance, beginning of the period	**$ 152,208**	**$ 1,138,768**	**$ 122,586**	**$ 1,113,738**	**$ 17,200**	**$ 2,544,500**
Originations[1]	433,651	281,429	14,094	197,573	230,115	1,156,862
Payments and prepayments	(2,299)	(5,082)	(18,014)	(130,028)	(17,150)	(172,573)
Maturities	(90,246)	(245,763)	—	—	—	(336,009)
Securitizations	(211,189)	—	—	—	(230,115)	(441,304)
Sale of commitments	(9,292)	(2,539)	—	—	—	(11,831)
Capitalization and amortization of fees	1,674	(667)	167	602	(50)	1,726
Balance, end of the period	**$ 274,507**	**$ 1,166,146**	**$ 118,833**	**$ 1,181,885**	**$ —**	**$ 2,741,371**

[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 15: Non-securitized Mortgage Portfolio Continuity for Q2 2024

(in thousands)	Residential Mortgages					
	Insured	Uninsured	Uninsured - completed inventory	Construction loans	Commercial loans	Total
Balance, beginning of the period	**$ 239,680**	**$ 1,007,946**	**$ 46,707**	**$ 1,034,004**	**$ 56,930**	**$ 2,385,267**
Originations[1]	230,845	209,012	61,607	161,683	—	663,147
Payments and prepayments	(3,520)	(3,460)	(24,511)	(167,456)	(2,931)	(201,878)
Maturities	(29,968)	(160,836)	—	—	—	(190,804)
Securitizations	(157,008)	—	—	—	—	(157,008)
Sale of commitments	—	—	—	—	—	—
Capitalization and amortization of fees	423	370	(322)	(1,005)	1,697	1,163
Balance, end of the period	**$ 280,452**	**$ 1,053,032**	**$ 83,481**	**$ 1,027,226**	**$ 55,696**	**$ 2,499,887**

[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 16: Non-securitized Mortgage Portfolio Continuity for Year to Date 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]	624,372	489,582	35,502	341,076	259,227	1,749,759
Payments and prepayments	(4,264)	(10,025)	(36,208)	(247,671)	(17,150)	(315,318)
Maturities	(164,140)	(418,283)	—	—	—	(582,423)
Securitizations	(263,912)	—	—	—	(259,227)	(523,139)
Sale of commitments and whole loans	(45,996)	(6,203)	—	—	—	(52,199)
Capitalization and amortization of fees	1,919	(2,297)	111	919	(52)	600
Balance, end of the period	**$ 274,507**	**$ 1,166,146**	**$ 118,833**	**$ 1,181,885**	**$ —**	**$ 2,741,371**

[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 17: Non-securitized Mortgage Portfolio Continuity for Year to Date 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]	428,462	391,627	62,686	296,118	—	1,178,893
Payments and prepayments	(6,612)	(6,626)	(33,482)	(318,835)	(15,673)	(381,228)
Maturities	(49,161)	(299,086)	—	—	—	(348,247)
Securitizations	(368,859)	—	—	—	—	(368,859)
Sale of commitments	—	—	—	—	—	—
Capitalization and amortization of fees	(63)	391	(90)	4,175	60	4,473
Balance, end of the period	**$ 280,452**	**$ 1,053,032**	**$ 83,481**	**$ 1,027,226**	**$ 55,696**	**$ 2,499,887**

[1] *includes originations, including insured residential mortgage commitments originated and sold, renewals and 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)

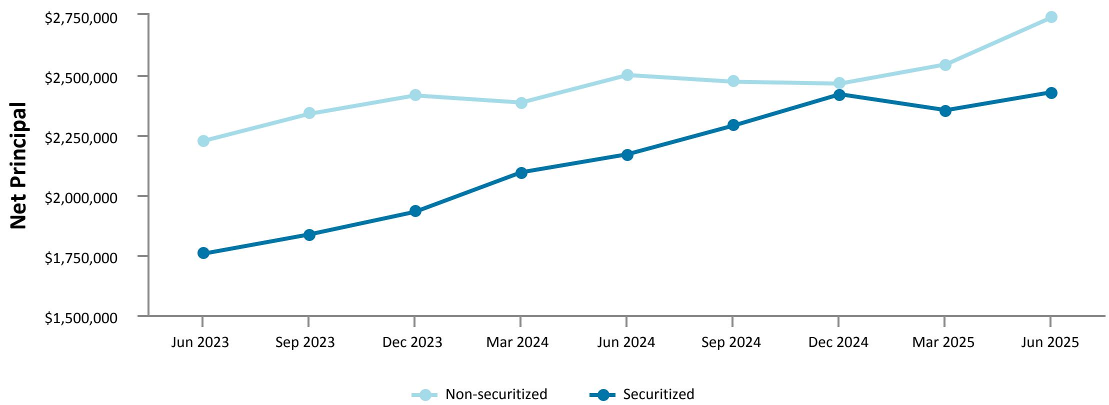
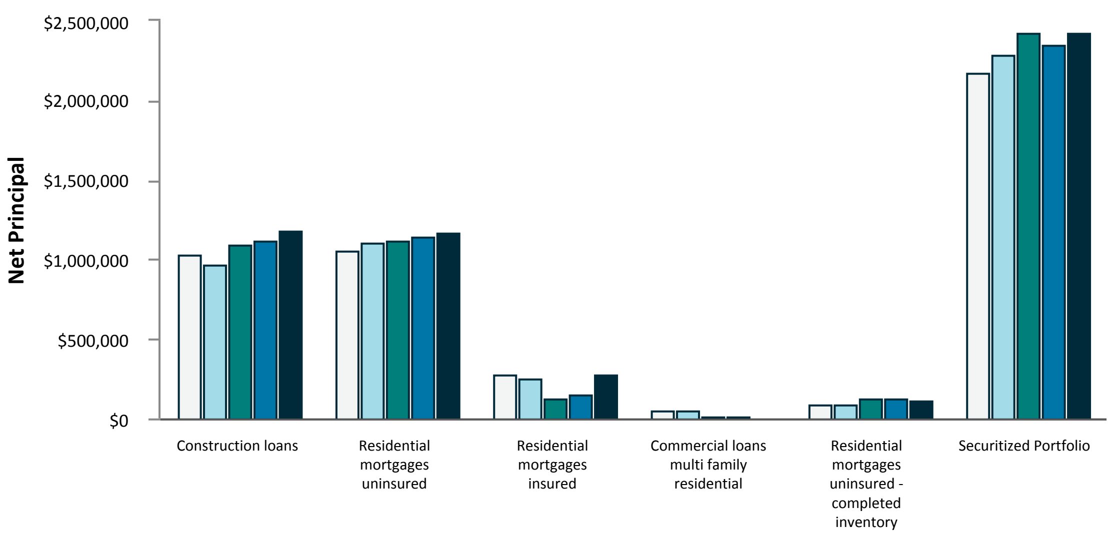


Figure 2: Mortgage Portfolio Composition by Product Type (in thousands)



	Construction loans	Residential mortgages uninsured	Residential mortgages insured	Commercial loans multi-family residential	Residential mortgages uninsured - completed inventory	Securitized Portfolio
Jun 30, 2024	$1,027,226 (22%)	$1,053,032 (23%)	$280,452 (6%)	$55,696 (1%)	$83,481 (2%)	$2,169,799 (46%)
Sep 30, 2024	$968,433 (21%)	$1,106,088 (23%)	$250,660 (5%)	$55,635 (1%)	$91,203 (2%)	$2,289,587 (48%)
Dec 31, 2024	$1,087,561 (22%)	$1,113,372 (23%)	$126,528 (3%)	$17,202 (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%)	$122,586 (3%)	$2,353,531 (48%)
Jun 30, 2025	$1,181,885 (23%)	$1,166,146 (23%)	$274,507 (5%)	$0 (0%)	$118,833 (2%)	$2,428,828 (47%)

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

Table 18: Mortgage Portfolio Geographic Distribution

	June 30, 2025		March 31, 2025		December 31, 2024	
	Non-securitized	Securitized	Non-securitized	Securitized	Non-securitized	Securitized
Ontario	64.0 %	81.8 %	62.2 %	82.3 %	62.5 %	82.5 %
British Columbia	28.2 %	2.7 %	30.5 %	2.9 %	28.2 %	3.0 %
Alberta	6.6 %	11.4 %	6.0 %	11.0 %	8.1 %	10.8 %
Atlantic Provinces	0.4 %	2.3 %	0.4 %	2.2 %	0.4 %	2.1 %
Quebec	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
Other	0.6 %	1.6 %	0.7 %	1.4 %	0.6 %	1.4 %
	100.0 %	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**	**100.0 %**

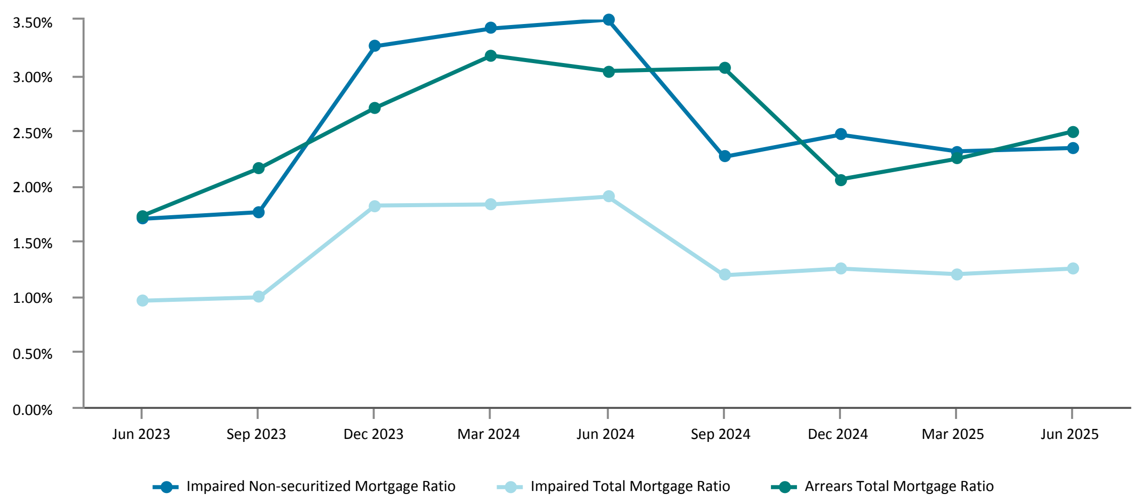
Credit Quality

Table 19: Arrears and Impaired Mortgages

(in thousands except %)	June 30 2025	March 31 2025	Change (%)	December 31 2024	Change (%)
Mortgage arrears					
Non-securitized					
Residential mortgages - insured	$ 2,465	$ 3,925	(37%)	$ 2,161	14%
Residential mortgages - uninsured	52,712	49,007	8%	48,888	8%
Construction loans	66,470	52,112	28%	45,319	47%
Total non-securitized mortgage arrears	121,647	105,044	16%	96,368	26%
Total securitized mortgage arrears	7,070	4,757	49%	4,103	72%
Total mortgage arrears	$ 128,717	$ 109,801	17%	$ 100,471	28%
Staging analysis					
Stage 2					
Non-securitized					
Residential mortgages - insured	$ 8,646	$ 7,663	13%	$ 7,511	15%
Residential mortgages - uninsured	215,143	221,994	(3%)	207,105	4%
Construction loans	37,544	7,575	396%	—	n/a
Commercial loans - multi-family residential	—	12,192	(100%)	12,194	(100%)
Total non-securitized mortgage arrears	261,333	249,424	5%	226,810	15%
Total securitized mortgage arrears	150,418	142,476	6%	142,862	5%
Total Stage 2	$ 411,751	$ 391,900	5%	$ 369,672	11%
Stage 3 - impaired mortgages					
Residential mortgages - insured	$ 490	$ 1,284	(62%)	$ 806	(39%)
Residential mortgages - uninsured	16,102	12,854	25%	14,420	12%
Construction loans	47,550	44,537	7%	45,319	5%
Total non-securitized impaired mortgages	64,142	58,675	9%	60,545	6%
Total securitized impaired mortgages	492	242	103%	264	86%
Total Stage 3	64,634	58,917	10%	60,809	6%
Total stage 2 and 3 mortgages	$ 476,385	$ 450,817	6%	$ 430,481	11%
Impaired non-securitized mortgage ratio [1]	2.34 %	2.31 %	0.03%	2.46 %	(0.12%)
Impaired total mortgage ratio [1]	1.25 %	1.20 %	0.05%	1.25 %	—%
Allowance for credit losses					
Non-securitized					
Allowance on performing mortgages	$ 9,320	$ 8,996	4%	$ 7,250	29%
Allowance on impaired mortgages	8,646	7,113	22%	5,952	45%
Total non-securitized allowance for credit losses	17,966	16,109	12%	13,202	36%
Total securitized allowance for credit losses	—	—	n/a	—	n/a
Total allowance for credit losses	$ 17,966	$ 16,109	12%	$ 13,202	36%

[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.

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 64.0% at June 30, 2025 based on an industry index of current real estate values. With respect to our construction 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 June 30, 2025, impaired mortgages are mainly five construction mortgages as well as uninsured residential mortgages where asset recovery programs have been initiated or we expect the loans to be brought current. We monitor the delinquency and impairment status of our loans and takes appropriate steps with our borrowers to ensure an optimal resolution. Our realized loan losses on our construction portfolio have been negligible.

In the event of a protracted economic downturn due to the current 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 20: Residential Mortgages by Province at June 30, 2025

(in thousands except %)	Non-securitized						Securitized			
	Insured	%	Uninsured	%	HELOCs	%	Insured	%	Total	%
Ontario	$ 215,024	78.3 %	$1,099,366	85.5 %	$ 75	87.2 %	$1,986,287	81.8 %	$ 3,300,752	82.8 %
Alberta	36,934	13.5 %	62,948	4.9 %	11	12.8 %	276,623	11.4 %	376,516	9.4 %
British Columbia	7,270	2.6 %	106,034	8.3 %	—	— %	66,719	2.7 %	180,023	4.5 %
Quebec	3,450	1.3 %	1,142	0.1 %	—	— %	4,203	0.2 %	8,795	0.2 %
Atlantic Provinces	4,920	1.8 %	6,174	0.5 %	—	— %	56,335	2.3 %	67,429	1.7 %
Other	6,823	2.5 %	9,315	0.7 %	—	— %	38,661	1.6 %	54,799	1.4 %
Total	**$ 274,421**	**100.0 %**	**$1,284,979**	**100.0 %**	**$ 86**	**100.0 %**	**$2,428,828**	**100.0 %**	**$ 3,988,314**	**100.0 %**

Table 21: 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 22: Residential Mortgages by Amortization Period at June 30, 2025

(in thousands except %)	Up to 20 Years	>20 to 25 Years	>25 to 30 Years	>30 to 35 Years	Total
Non-securitized	$ 267,901	$ 226,680	$ 561,746	$ 503,159	$ 1,559,486
	17.2 %	14.5 %	36.0 %	32.3 %	100.0 %
Securitized	$ 839,285	$ 1,509,005	$ 80,538	$ —	$ 2,428,828
	34.6 %	62.1 %	3.3 %	— %	100.0 %
Total	**$ 1,107,186**	**$ 1,735,685**	**$ 642,284**	**$ 503,159**	**$ 3,988,314**
	27.8 %	**43.5 %**	**16.1 %**	**12.6 %**	**100.0 %**

Table 23: 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 24: Average LTV Ratio for Uninsured Residential Mortgage Originations

(in thousands except %) **For the Periods Ended**	**Q2 2025**	**Average LTV**	**Q2 2024**	**Average LTV**	**YTD 2025**	**Average LTV**	**YTD 2024**	**Average LTV**
Ontario	$120,387	68.2%	$ 97,330	69.3%	$204,539	69.0%	$174,981	69.4%
Alberta	11,871	75.0%	22,522	65.2%	15,398	74.5%	24,302	66.2%
British Columbia	8,404	65.5%	50,724	65.4%	33,524	54.8%	56,347	65.5%
Other	2,817	71.9%	3,202	73.2%	4,585	73.8%	3,682	71.7%
	$143,479	**68.7%**	**$173,778**	**67.7%**	**$258,046**	**67.6%**	**$259,312**	**68.3%**

Table 25: Average LTV Ratios at Origination by Mortgage Portfolio

	June 30 2025	**December 31 2024**
Non-securitized mortgage portfolio		
Residential mortgages		
Insured	71.5 %	67.8 %
Uninsured[1]	68.0 %	67.7 %
Uninsured - completed inventory[1]	61.1 %	65.1 %
Construction loans		
Residential	61.0 %	61.9 %
Non-residential	58.9 %	60.2 %
Commercial loans		
Multi-family residential	— %	82.4 %
	65.0 %	65.1 %
Securitized mortgage portfolio	79.8 %	79.9 %
	71.9 %	**72.4 %**

[1] *MCAN's non-securitized uninsured residential mortgage portfolio (including completed inventory loans) is secured with a weighted average LTV at origination of 67.4% at June 30, 2025 (December 31, 2024 - 68.7%). Based on an industry index that incorporates current real estate values, the ratios would be 64.0% at June 30, 2025 (December 31, 2024 - 63.7%).*

Other Non-securitized Assets

Cash and Cash Equivalents

At June 30, 2025, our cash balance was $135 million (March 31, 2025 - $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 June 30, 2025, the portfolio balance was $58 million (March 31, 2025 - $62 million; December 31, 2024 - $66 million). In Q2 2025, we sold $6.0 million of REITs for a realized gain of $0.9 million. We continue to realize the benefits of regular cash flows and distributions from these investments.

Non-Marketable Securities

At June 30, 2025, our non-marketable securities balance was $122 million (March 31, 2025 - $122 million; December 31, 2024 - $117 million). The movement to our security balance from the beginning of the year mainly relates to funding of capital advances and a $2 million net unrealized loss 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 funds tend to have less predictable cash flows that are predicated on the completion of the development projects within these funds. We have $55 million in remaining capital advances 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 (March 31, 2025 - 13.89%; December 31, 2024 - 13.88%), which represents 4.0 million units held by MCAN at June 30, 2025 (March 31, 2025 - 4.0 million; December 31, 2024 - 4.0 million) of the 28.8 million total outstanding MCAP partnership units (March 31, 2025 - 28.8 million; December 31, 2024 - 28.8 million). The investment had a net book value of $129 million at June 30, 2025 (March 31, 2025 - $123 million; December 31, 2024 - $122 million). The net book value is not indicative of the fair market value of our equity interest in MCAP.

During Q2 2025, we received $3.6 million of unitholder distributions from MCAP (Q1 2025 - $5.0 million; Q2 2024 - $5.1 million). For YTD 2025, we have received $8.7 million of unitholder distributions from MCAP (YTD 2024 - $8.5 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 26: Liabilities and Shareholders' Equity

(in thousands except %)	June 30 2025	March 31 2025	Change (%)	December 31 2024	Change (%)
Non-securitized Liabilities					
Term deposits	$ 2,388,861	$ 2,339,201	2%	$ 2,288,226	4%
Loans payable	258,365	113,934	127%	107	241,363%
Other liabilities	20,450	14,881	37%	36,807	(44%)
	2,667,676	**2,468,016**	**8%**	**2,325,140**	**15%**
Securitization Liabilities					
Financial liabilities from securitization	2,450,376	2,367,969	3%	2,423,236	1%
	2,450,376	**2,367,969**	**3%**	**2,423,236**	**1%**
	5,118,052	**4,835,985**	**6%**	**4,748,376**	**8%**
Shareholders' Equity					
Share capital	472,927	464,106	2%	456,683	4%
Contributed surplus	510	510	—%	510	—%
Retained earnings	148,296	144,259	3%	143,620	3%
Accumulated other comprehensive income	(846)	(1,510)	(44%)	(1,624)	(48%)
	620,887	**607,365**	**2%**	**599,189**	**4%**
	$ 5,738,939	**$ 5,443,350**	**5%**	**$ 5,347,565**	**7%**

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 $320 million until August 31, 2025, and then $220 million thereafter. 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 have a senior secured mortgage warehouse facility from a Canadian Schedule I Chartered bank with a facility limit of $120 million until August 31, 2025, and then $100 million thereafter. The facility is used to fund insured residential mortgages prior to securitization activities.

We have an agreement with MCAP Securities Limited Partnership, a wholly owned subsidiary of MCAP, to finance insured residential mortgages prior to securitization.

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 Q2 2025 consists of net income of $20.2 million (Q1 2025 - $16.6 million; Q2 2024 - $19.7 million) less dividends of $16.2 million (Q1 2025 - $16.0 million; Q2 2024 - $14.8 million). Retained earnings activity for YTD 2025 consists of a net income of $36.8 million (YTD 2024 - $43.0 million) less dividends of $32.1 million (YTD 2024 - $28.7 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. 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, if appropriate, 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 27: Income Tax Capital

(in thousands except ratios)

	June 30 2025	December 31 2024
Income tax assets		
Consolidated assets	$ 5,738,939	$ 5,347,565
Adjustment for assets in subsidiaries	(99,812)	35,924
Non-consolidated assets in MIC entity	5,639,127	5,383,489
Add: mortgage allowances	10,184	7,844
Less: securitization assets [1]	(2,485,583)	(2,454,257)
Adjustments to equity investments in MCAP and subsidiaries	(66,915)	(69,378)
Other adjustments	(1,526)	313
	$ 3,095,287	$ 2,868,011
Income tax liabilities		
Consolidated liabilities	$ 5,118,052	$ 4,748,376
Adjustment for liabilities in subsidiaries	(148,554)	(10,040)
Non-consolidated liabilities in MIC entity	4,969,498	4,738,336
Less: securitization liabilities [1]	(2,445,038)	(2,418,059)
	$ 2,524,460	$ 2,320,277
Income tax capital	$ 570,827	$ 547,734
Income tax capital ratios		
Income tax assets to capital ratio	5.42	5.24
Income tax liabilities to capital ratio	4.42	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 June 30, 2025, we were in compliance with our internal target minimum CET 1, Tier 1 and Total Capital to risk weighted asset and leverage ratios. We maintain prudent capital planning practices to ensure that we are adequately capitalized and continue to satisfy minimum standards and internal targets.

Table 28: Regulatory Capital [3]

(in thousands except %)

	June 30 2025	December 31 2024
OSFI Regulatory Ratios		
Share capital	$ 472,927	$ 456,683
Contributed surplus	510	510
Retained earnings	148,296	143,620
Accumulated other comprehensive income	(846)	(1,624)
Deduction from equity investment in MCAP [1]	(66,826)	(62,346)
Common Equity Tier 1 and Tier 1 Capital (A)	554,061	536,843
Tier 2 Capital	9,320	7,250
Total Capital (D)	$ 563,381	$ 544,093
Total Exposure/Regulatory Assets		
Consolidated assets	$ 5,738,939	$ 5,347,565
Less: deduction for equity investment in MCAP [1]	(66,826)	(62,346)
Other adjustments [2]	5,247	8,472
Total On-Balance Sheet Exposures	5,677,360	5,293,691
Mortgages and non-marketable securities funding commitments	234,347	208,440
Letters of credit	22,523	22,147
Total Off-Balance Sheet Items	256,870	230,587
Total Exposure/Regulatory Assets (B)	$ 5,934,230	$ 5,524,278
Leverage ratio (A / B)	9.32 %	9.72 %
Risk-weighted assets (C)	$ 2,931,317	$ 2,822,418
Regulatory Capital Ratios		
Common Equity Tier 1 capital to risk-weighted assets ratio **(A / C)**	18.90 %	19.02 %
Tier 1 capital to risk-weighted assets ratio **(A / C)**	18.90 %	19.02 %
Total capital to risk-weighted assets ratio **(D / C)**	19.22 %	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 29: Regulatory Risk-Weighted Assets [1]

(in thousands except %)	June 30, 2025			December 31, 2024		
	Amounts	Average Rate	Risk-Weighted Assets	Amounts	Average Rate	Risk-Weighted Assets
On-Balance Sheet Assets						
Cash and cash equivalents	$ 134,517	21 %	$ 27,953	$ 61,703	21 %	$ 12,654
Cash held in trust	62,156	20 %	12,431	47,249	20 %	9,450
Marketable securities	58,092	74 %	43,030	66,345	100 %	66,345
Mortgages - non-securitized	2,741,371	67 %	1,823,389	2,464,091	69 %	1,700,214
Mortgages - securitized	2,428,828	6 %	138,542	2,419,871	6 %	136,693
Non-marketable securities	121,569	157 %	191,225	117,428	162 %	190,120
Equity investment in MCAP Commercial LP	128,915	120 %	155,222	122,265	123 %	149,797
Deferred tax asset	1,172	100 %	1,172	1,430	100 %	1,430
Other assets	59,482	100 %	59,482	44,675	100 %	44,675
Derivative Financial Instruments	2,837	— %	—	2,508	— %	—
	5,738,939		2,452,446	5,347,565		2,311,378
Off-Balance Sheet Items						
Letters of credit	45,047	50 %	22,524	44,295	50 %	22,148
Commitments	585,868	31 %	183,019	521,100	45 %	234,666
Derivative Financial Instruments	648,111	6 %	35,653	793,439	3 %	24,288
			241,196			281,102
Charge for operational risk [2]			237,675			229,938
Risk-Weighted Assets			**$ 2,931,317**			**$ 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 June 30, 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 June 30, 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 $320 million until August 31, 2025, and then $220 million thereafter.

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 $120 million, until August 31, 2025, and then $100 million thereafter, 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. We have an agreement with MSLP to finance insured residential mortgages prior to securitization.

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 30: Liquidity Analysis

At June 30, 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	$ 134,517	$ —	$ —	$ —	$ —	$ 134,517
Marketable securities	58,092	—	—	—	—	58,092
Mortgages - non-securitized	768,404	1,110,616	683,259	102,551	76,541	2,741,371
Non-marketable securities	—	—	—	—	121,569	121,569
Other loans	11,561	—	—	—	—	11,561
	972,574	1,110,616	683,259	102,551	198,110	3,067,110
Uses of liquidity						
Term deposits	328,870	915,514	753,326	391,151	—	2,388,861
Loans payable	258,365	—	—	—	—	258,365
Other liabilities	12,251	52	823	1,051	6,273	20,450
	599,486	915,566	754,149	392,202	6,273	2,667,676
Net liquidity surplus (deficit)	**$ 373,088**	**$ 195,050**	**$ (70,890)**	**$ (289,651)**	**$ 191,837**	**$ 399,434**

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 June 30, 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 June 30, 2025 would have an estimated adverse effect of $2.4 million (March 31, 2025 - 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 June 30, 2025 would have an estimated positive effect of $4.0 million (March 31, 2025 - 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 June 30, 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 31: Interest Rate Sensitivity at June 30, 2025

At June 30, 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	$1,455,502	$196,520	$635,754	$446,934	$ 96,974	$ 65,103	$ 325,410	$ 3,222,197
Securitization	226,072	132,829	483,774	867,305	718,848	—	87,914	2,516,742
	1,681,574	329,349	1,119,528	1,314,239	815,822	65,103	413,324	5,738,939
Liabilities								
Non-securitized	258,365	328,870	915,514	753,326	391,151	—	20,450	2,667,676
Securitization	225,410	96,617	483,085	991,502	653,762	—	—	2,450,376
	483,775	425,487	1,398,599	1,744,828	1,044,913	—	20,450	5,118,052
Shareholders' Equity	—	—	—	—	—	—	620,887	620,887
GAP	**$1,197,799**	**$(96,138)**	**$(279,071)**	**$(430,589)**	**$(229,091)**	**$ 65,103**	**$ (228,013)**	**$ —**
YIELD SPREAD	**2.37 %**	**1.69 %**	**1.29 %**	**1.08 %**	**0.79 %**	**3.91 %**		

Table 32: 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. These common shares are the only voting securities of MCAN. At June 30, 2025, there were 39,604,190 common shares outstanding (March 31, 2025 - 39,127,657; December 31, 2024 - 38,717,004). At August 6, 2025, there were 39,650,589 common shares outstanding.

We issued $2.5 million in new common shares in Q2 2025 (Q2 2024 - $4.4 million) and $7.0 million YTD 2025 (YTD 2024 - $12.5 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. The DRIP participation rate for the 2025 second quarter dividend was 15% (2025 first quarter - 15%; 2024 second quarter - 30%).

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. Our Base Shelf prospectus and our Prospectus Supplement for our ATM Program expire in September 2025 and we intend to renew both.

- 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 Q2 2025, we sold 305,700 common shares at a weighted average price of $19.37 for gross proceeds of $5.9 million and net proceeds of $5.6 million including $0.1 million of agent commission paid and $0.2 million of other share issuance costs under the ATM Program. So far in 2025, we sold 366,900 common shares at a weighted average price of $19.19 for gross proceeds of $7.0 million and net proceeds of $6.7 million including $0.1 million of agent commission paid and $0.2 million of other share issuance costs under the ATM Program. At June 30, 2025, we have $13.9 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.

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 33: Contractual Commitments

At June 30, 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	$ 367,184	$ 114,047	$ 20,910	$ —	$ —	$ 502,141
Commitment - TAS Co	—	1,599	—	—	—	1,599
Commitment - TAS 4	—	1,226	5,497	3,926	—	10,649
Commitment - Harbour	2,000	1,500	1,000	—	—	4,500
Commitment - KSSMF	1,200	5,300	—	—	—	6,500
Commitment - Pearl	—	583	—	—	—	583
Commitment - Crown	—	7,276	—	—	—	7,276
Commitment - Fiera	—	1,298	1,325	1,325	1,500	5,448
Commitment - Broccolini	—	5,028	10,300	2,000	1,000	18,328
Commitment - KSHYF	—	—	—	—	28,844	28,844
	$ 370,384	**$ 137,857**	**$ 39,032**	**$ 7,251**	**$ 31,344**	**$ 585,868**

We retain mortgage servicing obligations relating to securitized insured multi-family mortgages where balance sheet derecognition has been achieved. At June 30, 2025, these derecognized securitized insured multi-family mortgages totalled $565 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 August 6, 2025, the Board declared a regular quarterly cash dividend of $0.41 per share to be paid on September 29, 2025 to shareholders of record as at September 15, 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 June 30, 2025 and June 30, 2024 and related party balances at June 30, 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.

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 June 30, 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 June 30, 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

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 34: Net Non-securitized Mortgage Spread Income

(in thousands) **For the Periods Ended June 30**	**Q2 2025**	**Q2 2024**	**Change ($)**	**YTD 2025**	**YTD 2024**	**Change ($)**
Mortgage interest - non-securitized assets	$ 46,882	$ 48,422		$ 92,030	$ 96,430	
Term deposit interest and expenses	25,502	27,526		50,384	53,596	
Net Non-securitized Mortgage Spread Income	**$ 21,380**	**$ 20,896**	**$ 484**	**$ 41,646**	**$ 42,834**	**$ (1,188)**

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 7 of this MD&A.

Table 35: Net Securitized Mortgage Spread Income

(in thousands) **For the Periods Ended June 30**	**Q2 2025**	**Q2 2024**	**Change ($)**	**YTD 2025**	**YTD 2024**	**Change ($)**
Mortgage interest - securitized assets	$ 18,960	$ 14,695		$ 37,702	$ 28,035	
Interest on financial liabilities from securitization	16,276	12,493		32,312	23,680	
Net Securitized Mortgage Spread Income	**$ 2,684**	**$ 2,202**	**$ 482**	**$ 5,390**	**$ 4,355**	**$ 1,035**

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 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 mortgage principal for both the non-securitized and total (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 on-balance sheet assets and assets derecognized but still managed by MCAN, including multi-family securitizations and residential mortgage commitments sold.

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	June 30 2025	December 31 2024
Assets			
Non-securitized Assets			
Cash and cash equivalents		$ 134,517	$ 61,703
Marketable securities		58,092	66,345
Mortgages	6	2,741,371	2,464,091
Non-marketable securities	7	121,569	117,428
Equity investment in MCAP Commercial LP	8	128,915	122,265
Derivative financial instruments	11	2,837	2,508
Deferred tax assets		1,172	1,430
Other assets		33,724	24,547
		3,222,197	**2,860,317**
Securitization Assets			
Cash held in trust	10	62,156	47,249
Mortgages	10	2,428,828	2,419,871
Other assets	10	25,758	20,128
		2,516,742	**2,487,248**
		$ 5,738,939	**$ 5,347,565**
Liabilities and Shareholders' Equity			
Liabilities			
Non-securitized Liabilities			
Term deposits		$ 2,388,861	$ 2,288,226
Demand loans payable	17	258,365	107
Other liabilities		20,450	36,807
		2,667,676	**2,325,140**
Securitization Liabilities			
Financial liabilities from securitization	12	2,450,376	2,423,236
		2,450,376	**2,423,236**
		5,118,052	**4,748,376**
Shareholders' Equity			
Share capital	13	472,927	456,683
Contributed surplus		510	510
Retained earnings		148,296	143,620
Accumulated other comprehensive income (loss)		(846)	(1,624)
		620,887	**599,189**
		$ 5,738,939	**$ 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 Periods Ended June 30	Note	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Net interest income - non-securitized assets					
Mortgage interest		$ 46,882	$ 48,422	$ 92,030	$ 96,430
Interest on cash and other		1,249	1,173	2,041	2,165
		48,131	**49,595**	**94,071**	**98,595**
Term deposit interest and expenses	11	25,502	27,526	50,384	53,596
Interest on loans payable		2,093	841	2,487	2,425
		27,595	**28,367**	**52,871**	**56,021**
		20,536	**21,228**	**41,200**	**42,574**
Net interest income - securitized assets					
Mortgage interest		18,960	14,695	37,702	28,035
Interest on cash and other		442	388	825	878
		19,402	**15,083**	**38,527**	**28,913**
Interest on financial liabilities from securitization	11	16,276	12,493	32,312	23,680
		16,276	**12,493**	**32,312**	**23,680**
		3,126	**2,590**	**6,215**	**5,233**
Total Net Interest Income		**23,662**	**23,818**	**47,415**	**47,807**
Non-interest Income					
Equity income from MCAP Commercial LP	8	9,732	7,726	15,303	14,909
Distribution income from securities		2,251	2,765	4,992	5,347
Fees		761	756	1,841	1,629
Net gain (loss) on securities	15	406	(715)	1,505	(688)
Other		745	—	757	—
Gain on dilution of investment in MCAP Commercial LP	8	—	680	—	680
		13,895	**11,212**	**24,398**	**21,877**
Total Income		**37,557**	**35,030**	**71,813**	**69,684**
Provision for credit losses		2,227	1,436	5,316	796
Non-interest Expenses					
Salaries and benefits		6,873	6,345	13,992	12,344
General and administrative		7,707	6,911	15,469	13,286
		14,580	**13,256**	**29,461**	**25,630**
Net Income Before Income Taxes		**20,750**	**20,338**	**37,036**	**43,258**
Provision for (recovery of) income taxes					
Current		2	7	2	68
Provision for (recovery of) income taxes		561	582	257	221
		563	**589**	**259**	**289**
Net Income		**$ 20,187**	**$ 19,749**	**$ 36,777**	**$ 42,969**
Basic and diluted earnings per share		$ 0.51	$ 0.52	$ 0.94	$ 1.17
Cash dividends per share		$ 0.41	$ 0.39	$ 0.82	$ 0.78
Weighted average number of basic and diluted shares (000's)		39,264	37,964	39,103	36,875

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 Periods Ended June 30	Note	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Net Income		$ 20,187	$ 19,749	$ 36,777	$ 42,969
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		557	(1,264)	557	(1,233)
Reclassification of net losses (gains) to net income		107	77	221	9
Total Other Comprehensive Income		**664**	**(1,187)**	**778**	**(1,224)**
Comprehensive Income		**$ 20,851**	**$ 18,562**	**$ 37,555**	**$ 41,745**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited) (in thousands of Canadian dollars)

For the Periods Ended June 30	Note	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Share Capital					
Balance, beginning of period		$ 464,106	$ 441,840	$ 456,683	$ 406,528
Share capital issued, net of share issuance costs	13	8,821	5,001	16,244	40,313
Balance, end of period		**472,927**	**446,841**	**472,927**	**446,841**
Contributed Surplus		**510**	**510**	**510**	**510**
Retained Earnings					
Balance, beginning of period		144,259	134,006	143,620	124,708
Net income		20,187	19,749	36,777	42,969
Dividends declared	13	(16,150)	(14,769)	(32,101)	(28,691)
Balance, end of period		**148,296**	**138,986**	**148,296**	**138,986**
Accumulated Other Comprehensive Income	11				
Balance, beginning of period		(1,510)	61	(1,624)	98
Other comprehensive income		664	(1,187)	778	(1,224)
Balance, end of period		**(846)**	**(1,126)**	**(846)**	**(1,126)**
Total Shareholders' Equity		**$ 620,887**	**$ 585,211**	**$ 620,887**	**$ 585,211**

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 Periods Ended June 30	Note	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Cash flows from (for):					
Operating Activities					
Net income		$ 20,187	$ 19,749	$ 36,777	$ 42,969
Adjustments to determine cash flows relating to operating activities:					
Provision for (recovery of) income taxes		561	582	257	221
Equity income from MCAP Commercial LP	8	(9,732)	(7,726)	(15,303)	(14,909)
Gain on dilution of investment in MCAP Commercial LP	8	—	(680)	—	(680)
Provision for credit losses		2,227	1,436	5,316	796
Net loss on securities		526	715	887	688
Amortization of cash flow hedges net losses (gains)		107	77	221	8
Amortization of securitized mortgage and liability transaction costs		2,627	2,541	5,181	5,014
Amortization of other assets		478	197	1,111	376
Changes in operating assets and liabilities:					
Marketable securities		5,169	—	9,003	(209)
Non-securitized and securitized mortgages		(276,307)	(192,812)	(295,261)	(328,716)
Non-marketable securities		(751)	(3,911)	(5,778)	(6,212)
Derivative Financial Instruments		3,714	(1,991)	229	(926)
Other assets		(4,710)	(7,982)	(9,612)	(4,762)
Cash held in trust		632	(14,211)	(14,907)	(13,188)
Term deposits		49,660	117,141	100,635	114,844
Financial liabilities from securitization		81,664	84,527	25,667	251,773
Current taxes payable		—	7	—	7
Other liabilities		3,213	1,911	(3,585)	(1,523)
Cash flows from (for) operating activities		**(120,735)**	**(430)**	**(159,162)**	**45,571**
Investing Activities					
Distributions from MCAP Commercial LP	8	3,622	5,118	8,653	8,479
Acquisition of capital and intangible assets		(700)	(2,168)	(3,782)	(2,385)
Cash flows from investing activities		**2,922**	**2,950**	**4,871**	**6,094**
Financing Activities					
Proceeds from issuance of common shares, net of share issuance costs		5,616	—	6,714	27,153
Net change in demand loans		144,431	(10,150)	258,258	(49,198)
Increase (decrease) in premises lease liability		2,387	(96)	2,305	(190)
Dividends paid		(13,659)	(10,385)	(40,172)	(29,611)
Cash flows from (for) financing activities		**138,775**	**(20,631)**	**227,105**	**(51,846)**
Increase (decrease) in cash and cash equivalents		20,962	(18,111)	72,814	(181)
Cash and cash equivalents, beginning of period		113,555	78,275	61,703	60,345
Cash and cash equivalents, end of period		**$ 134,517**	**$ 60,164**	**$ 134,517**	**$ 60,164**
Supplementary Information					
Interest received		$ 68,236	$ 66,935	$ 133,873	$ 131,876
Interest paid		28,419	35,012	72,670	77,169
Distributions received from securities		2,152	2,783	4,772	5,365

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 August 6, 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 June 30, 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 June 30, 2025	Gross Principal	Allowance Stage 1	Allowance Stage 2	Allowance Stage 3	Allowance Total	Net Principal
Non-securitized Portfolio:						
Residential mortgages						
Insured	$ 274,507	$ —	$ —	$ —	$ —	$ 274,507
Uninsured	1,172,650	1,910	2,098	2,496	6,504	1,166,146
Uninsured - completed inventory	119,854	1,021	—	—	1,021	118,833
Construction loans	1,192,326	3,908	383	6,150	10,441	1,181,885
	$ 2,759,337	**$ 6,839**	**$ 2,481**	**$ 8,646**	**$ 17,966**	**$ 2,741,371**

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	June 30, 2025				December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Residential mortgages								
Insured								
Performing	$ 263,157	$ 6,175	$ —	$ 269,332	$ 118,211	$ 6,156	$ —	$ 124,367
High/Higher	2,214	496	—	2,710	—	—	—	—
Monitored/Arrears	—	1,975	—	1,975	—	1,355	—	1,355
Impaired/Default	—	—	490	490	—	—	806	806
	265,371	8,646	490	274,507	118,211	7,511	806	126,528
Uninsured								
Very low/Low	347,551	31,798	—	379,349	270,185	53,204	—	323,389
Normal/Moderate	469,319	107,187	—	576,506	516,730	108,522	—	625,252
High/Higher	103,855	53,724	—	157,579	94,739	21,104	—	115,843
Monitored/Arrears	14,176	22,434	—	36,610	10,193	24,275	—	34,468
Impaired/Default	—	—	16,102	16,102	—	—	14,420	14,420
	934,901	215,143	16,102	1,166,146	891,847	207,105	14,420	1,113,372
Uninsured - completed inventory								
Normal/Moderate	4,013	—	—	4,013	4,012	—	—	4,012
High/Higher	114,820	—	—	114,820	115,416	—	—	115,416
	118,833	—	—	118,833	119,428	—	—	119,428
Construction loans								
Normal/Moderate	5,510	—	—	5,510	12,889	—	—	12,889
High/Higher	1,091,281	—	—	1,091,281	1,029,353	—	—	1,029,353
Monitored/Arrears	—	37,544	—	37,544	—	—	—	—
Impaired/Default	—	—	47,550	47,550	—	—	45,319	45,319
	1,096,791	37,544	47,550	1,181,885	1,042,242	—	45,319	1,087,561
Commercial loans								
Multi-family residential								
High/Higher	—	—	—	—	5,008	12,194	—	17,202
	—	—	—	—	5,008	12,194	—	17,202
	$2,415,896	**$ 261,333**	**$ 64,142**	**$2,741,371**	**$2,176,736**	**$ 226,810**	**$ 60,545**	**$2,464,091**

(Dollar amounts in thousands except for per share amounts)

(c) Mortgage allowances

Quarters Ended June 30	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	1,665	2,174	1,614	5,453	915	1,164	853	2,932
Transfer to stage 1 [3]	(789)	789	—	—	(440)	440	—	—
Transfer to stage 2 [3]	309	(519)	210	—	188	(366)	178	—
Transfer to stage 3 [3]	2	150	(152)	—	(1)	35	(34)	—
Net remeasurement of allowance [1]	145	(388)	1,367	1,124	61	(43)	158	176
Originations [4]	646	—	—	646	295	—	—	295
Mortgages derecognized or repaid [2]	(68)	(108)	(172)	(348)	(28)	(38)	(156)	(222)
Total provision (recovery)	245	(76)	1,253	1,422	75	28	146	249
Write-off (recovery)	—	—	(371)	(371)	—	—	—	—
Allowance, end of quarter	1,910	2,098	2,496	6,504	990	1,192	999	3,181
Uninsured - completed inventory								
Allowance, beginning of quarter	1,113	—	—	1,113	172	13	—	185
Transfer to stage 1 [3]	—	—	—	—	(4)	4	—	—
Transfer to stage 2 [3]	—	—	—	—	6	(6)	—	—
Net remeasurement of allowance [1]	(182)	—	—	(182)	(92)	3	—	(89)
Originations [4]	90	—	—	90	290	—	—	290
Mortgages derecognized or repaid [2]	—	—	—	—	—	—	—	—
Total provision (recovery)	(92)	—	—	(92)	200	1	—	201
Allowance, end of quarter	1,021	—	—	1,021	372	14	—	386
Construction loans								
Allowance, beginning of quarter	4,006	—	5,499	9,505	3,844	5	2,249	6,098
Transfer to stage 1 [3]	(283)	283	—	—	(147)	147	—	—
Transfer to stage 2 [3]	76	(82)	6	—	112	(112)	—	—
Net remeasurement of allowance [1]	(73)	182	645	754	250	—	652	902
Originations [4]	1,351	—	—	1,351	380	—	—	380
Mortgages derecognized or repaid [2]	(1,169)	—	—	(1,169)	(325)	—	—	(325)
Total provision (recovery)	(98)	383	651	936	270	35	652	957
Allowance, end of quarter	$ 3,908	$ 383	$ 6,150	$ 10,441	$ 4,114	$ 40	$ 2,901	$ 7,055

(Dollar amounts in thousands except for per share amounts)

Quarters Ended June 30	**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	$ 11	$ 27	$ —	$ 38	$ 40	$ 49	$ —	$ 89
Net remeasurement of allowance [1]	—	—	—	—	11	14	—	25
Mortgages derecognized or repaid [2]	(11)	(27)	—	(38)	—	—	—	—
Total provision (recovery)	(11)	(27)	—	(38)	11	14	—	25
Allowance, end of quarter	—	—	—	—	51	63	—	114
Other								
Allowance, beginning of quarter	—	—	—	—	2	—	—	2
Total provision (recovery)	—	—	—	—	(2)	—	—	(2)
Allowance, end of quarter	—	—	—	—	—	—	—	—
Total								
Allowance, beginning of quarter	6,795	2,201	7,113	16,109	4,973	1,231	3,102	9,306
Transfer to stage 1 [3]	(1,072)	1,072	—	—	(591)	591	—	—
Transfer to stage 2 [3]	385	(601)	216	—	306	(484)	178	—
Transfer to stage 3 [3]	2	150	(152)	—	(1)	35	(34)	—
Net remeasurement of allowance [1]	(110)	(206)	2,012	1,696	230	(26)	810	1,014
Originations [4]	2,087	—	—	2,087	965	—	—	965
Mortgages derecognized or repaid [2]	(1,248)	(135)	(172)	(1,555)	(355)	(38)	(156)	(549)
Total provision (recovery)	44	280	1,904	2,228	554	78	798	1,430
Write-off (recovery)	—	—	(371)	(371)	—	—	—	—
Allowance, end of quarter	**$ 6,839**	**$ 2,481**	**$ 8,646**	**$ 17,966**	**$ 5,527**	**$ 1,309**	**$ 3,900**	**$ 10,736**

[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 June 30, 2025, the maximum credit exposure was $2,759,337 (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 June 30, 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	1.21%	3.37%	9.53%	4.40%	(0.79)%	3.11%
Greater Toronto Area	0.32%	3.34%	8.58%	4.37%	(0.83)%	3.24%
Greater Vancouver Area	0.89%	3.36%	9.19%	4.39%	(0.81)%	3.17%
Gross domestic product (annual change)	1.07%	1.77%	2.07%	1.90%	0.07 %	1.65 %
Unemployment rate	7.20%	6.71%	6.70%	6.65%	7.70%	6.77%
Interest rates						
Prime rate	4.61%	4.54%	5.11%	4.60%	4.36%	4.51%

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 June 30, 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	2.81%	6.50%	11.22%	7.55%	0.78 %	6.24%
Greater Toronto Area	1.10%	6.65%	9.41%	7.71%	0.70 %	6.49%
Greater Vancouver Area	2.99%	6.40%	11.41%	7.45%	0.79 %	6.36%
Gross domestic product (annual change)	1.57%	2.05%	2.57%	2.17%	0.57 %	1.92%
Unemployment rate	6.53%	6.21%	6.03%	6.14%	7.03%	6.27%
Interest rates						
Prime rate	6.12%	5.26%	6.62%	5.32%	5.87%	5.23%

[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 June 30, 2025, forecasts around these uncertainties have continued to evolve. Any new forward-looking information subsequent to June 30, 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 marginal gross domestic product growth in the short term followed by a recovery in the mid to long term.

(Dollar amounts in thousands except for per share amounts)

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 June 30, 2025 would be approximately $17,885 (December 31, 2024 - $13,219) compared to the reported ECL for non-securitized mortgages of $17,966 (December 31, 2024 - $13,202).

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 June 30, 2025 would be approximately $19,473 (December 31, 2024 - $14,250) compared to the reported ECL for non-securitized mortgages of $17,966 (December 31, 2024 - $13,202).

(d) Mortgage arrears

Mortgages past due but not impaired are as follows:

At June 30, 2025	**1 to 30 Days**	**31 to 60 Days**	**61 to 90 Days**	**Total**
Residential mortgages				
Insured	$ 1,384	$ 591	$ —	$ 1,975
Uninsured	22,544	9,909	4,157	36,610
Construction loans	—	18,920	—	18,920
	$ 23,928	**$ 29,420**	**$ 4,157**	**$ 57,505**

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 June 30, 2025	**Residential Mortgages**			
	Insured	**Uninsured**	**Construction Loans**	**Total**
Ontario	$ 308	$ 16,029	$ 12,083	$ 28,420
Alberta	113	73	—	186
British Columbia	—	—	35,467	35,467
Other	69	—	—	69
	$ 490	**$ 16,102**	**$ 47,550**	**$ 64,142**

At December 31, 2024	**Residential Mortgages**			
	Insured	**Uninsured**	**Construction Loans**	**Total**
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 June 30, 2025, the carrying value was $72,787 (December 31, 2024 – $66,496) and the most recent appraised value of collateral was $114,903 (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 June 30, 2025	Residential Mortgages	Construction Loans	Commercial Loans	Total	
Ontario	$ 1,314,466	$ 440,294	$ —	$ 1,754,760	64.0 %
Alberta	99,893	81,713	—	181,606	6.6 %
British Columbia	113,304	659,878	—	773,182	28.2 %
Quebec	4,591	—	—	4,591	0.2 %
Atlantic Provinces	11,094	—	—	11,094	0.4 %
Other	16,138	—	—	16,138	0.6 %
	$ 1,559,486	**$ 1,181,885**	**$ —**	**$ 2,741,371**	**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	June 30, 2025	December 31, 2024
Residential mortgages		
Insured	$ 180,490	$ 63,674
Uninsured	47,480	31,201
Uninsured - completed inventory	7,099	6,994
Construction loans	267,072	327,996
	$ 502,141	**$ 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 June 30, 2025 is $2,763,857 (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 June 30, 2025, insured residential mortgages include $42,518 (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	June 30, 2025	December 31, 2024
KingSett High Yield Fund	$ 58,387	$ 56,970
KingSett Senior Mortgage Fund LP	18,687	17,326
Crown Realty V Limited Partnership	11,172	9,316
TAS LP 3	2,497	4,273
Fiera Real Estate Development Fund IV, LP	10,923	10,435
Broccolini Limited Partnership No. 8	1,367	1,824
TAS LP 3 Co-Invest LP	2,698	3,289
Harbour Equity JV Development Fund VI	5,500	5,500
Pearl Group Growth Fund LP	2,637	2,823
TAS Impact Development LP 4	7,701	5,672
	$ 121,569	**$ 117,428**

KingSett High Yield Fund ("KSHYF"): The Company holds an investment in the KSHYF representing a 6.0% 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 June 30, 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 2.4% partnership interest (December 31, 2024 - 2.2%). At June 30, 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 June 30, 2025, the Company's total remaining commitment is $7,276. 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 June 30, 2025, the Company has a $3,000 revolving promissory note commitment that matures on June 30, 2026 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 June 30, 2025, the Company's total remaining commitment is $5,448. 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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 28,796,809 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 May 31 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 Periods Ended June 30	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Balance, beginning of period	$ 122,805	$ 115,189	$ 122,265	$ 111,367
Equity income	9,732	7,726	15,303	14,909
Dilution gain	—	680	—	680
Distributions received	(3,622)	(5,118)	(8,653)	(8,479)
Balance, end of period	**$ 128,915**	**$ 118,477**	**$ 128,915**	**$ 118,477**

Selected MCAP financial information is as follows:

At	May 31 2025	November 30 2024
MCAP's balance sheet:		
Assets	$ 71,601,081	$ 66,971,617
Liabilities	70,695,816	66,113,046
Equity	905,265	858,571

For the Periods Ended May 31	Q2 2025	Q2 2024	YTD 2025	YTD 2024
MCAP's revenue and net income:				
Revenue	$ 300,377	$ 282,241	$ 543,119	$ 554,209
Net income	$ 70,066	$ 56,386	$ 110,190	$ 108,694

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 Q2 2025, MCAN securitized $211,394 of insured residential mortgages through the market MBS and CMB programs (Q2 2024 - $157,311).

During Q2 2025, MCAN securitized $230,115 insured multi-family mortgages (Q2 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 $695 (Q2 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 June 30, 2025	$ 13,432	$ 7,747	$ 80,232	$ 106,413	$ 290,140	$ 66,632	**$ 564,596**

10. Mortgages - Securitized

(a) Summary

	Gross Principal	Allowance Total	Net Principal
At June 30, 2025	**$ 2,428,828**	**$ —**	**$ 2,428,828**
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	June 30, 2025				December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	$2,236,634	$ 125,063	$ —	$2,361,697	$2,276,745	$ 139,023	$ —	$2,415,768
High/Higher	41,284	18,777	—	60,061	—	—	—	—
Monitored/Arrears	—	6,578	—	6,578	—	3,839	—	3,839
Impaired/Default	—	—	492	492	—	—	264	264
	$2,277,918	**$ 150,418**	**$ 492**	**$2,428,828**	**$2,276,745**	**$ 142,862**	**$ 264**	**$2,419,871**

(c) Mortgage allowances

The allowance for credit losses on the securitized portfolio at June 30, 2025 was $nil (December 31, 2024 - $nil). The provision for credit losses recorded during Q2 2025 was $nil (Q2 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 June 30, 2025	$ 5,469	$ 1,109	$ —	**$ 6,578**
At December 31, 2024	$ 2,819	$ 1,020	$ —	**$ 3,839**

Impaired securitized mortgages are as follows:

At	June 30, 2025	December 31, 2024
Ontario	$ 243	$ 264
Alberta	249	—
	$ 492	**$ 264**

(e) Geographic analysis

At	June 30, 2025		December 31, 2024	
Ontario	$ 1,986,287	81.8 %	$ 1,995,326	82.5 %
Alberta	276,623	11.4 %	260,743	10.8 %
British Columbia	66,719	2.7 %	73,408	3.0 %
Quebec	4,203	0.2 %	5,631	0.2 %
Atlantic Provinces	56,335	2.3 %	51,295	2.1 %
Other	38,661	1.6 %	33,468	1.4 %
	$ 2,428,828	**100.0 %**	**$ 2,419,871**	**100.0 %**

(f) Other information

Capitalized transaction costs are included in mortgages and are amortized using the EIM. At June 30, 2025, the unamortized capitalized transaction cost balance is $15,845 (December 31, 2024 - $16,529).

The fair value of the securitized mortgage portfolio at June 30, 2025 is $2,473,271 (December 31, 2024 - $2,447,952).

At June 30, 2025, securitized assets - cash held in trust of $62,156 (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 $25,758 at June 30, 2025 (December 31, 2024 - $20,128) includes interest-only strips of $15,709 (December 31, 2024 - $9,550) from the Company's CMB-insured multi-family securitizations.

The Company has an agreement with a Canadian Schedule I Chartered bank to participate in an uninsured residential mortgage third-party securitization program sponsored by the bank. Under this agreement, the Company can sell qualifying uninsured residential mortgages that meet certain requirements into the program and they remain in the program until maturity. In July 2025, MCAN sold $80,230 into this program.

(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 June 30, 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 entered into during the year:

For the Periods Ended June 30	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Liabilities - Interest Rate Risk				
Accumulated OCI at the beginning of the period	$ (1,510)	$ 61	$ (1,624)	$ 98
OCI	664	(1,187)	778	(1,224)
Accumulated OCI at the End of the Period	$ (846)	$ (1,126)	$ (846)	$ (1,126)
OCI on designated hedges	$ 664	$ (1,187)	$ 778	$ (1,224)

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 June 30, 2025, the Company had $2,837 of unrealized gains on derivative financial instruments outstanding relating to fair value hedges (December 31, 2024 - $2,508 unrealized gains). The Company had fair value hedge gains of $535 in Q2 2025 and $1,573 year to date 2025 recorded in term deposit interest and expenses in the consolidated statements of income.

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

For the Periods Ended June 30	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Liabilities - Interest Rate Risk				
Change in value of hedged item for ineffectiveness measurement	$ 3,060	$ 782	$ 616	$ 782
Change in value of hedging item for ineffectiveness measurement	3,158	727	329	727
Hedge Ineffectiveness	(98)	55	287	55
Carrying amounts for hedged items			$ 628,615	$ 781,479
Accumulated amounts of fair value hedge adjustments on hedged items			$ 616	$ (149)

(Dollar amounts in thousands except for per share amounts)

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

At June 30, 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	$ 21,200	2.90 %	$ 73	$ —	$ 73
1 to 5 years	616,100	2.71 %	2,764	$ —	2,764
Total Derivatives in Qualifying Hedging Relationships	$ 637,300	2.72 %	$ 2,837	$ —	$ 2,837

[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 June 30, 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	June 30, 2025	December 31, 2024
2025	$ 267,089	$ 411,487
2026	673,735	709,301
2027	515,581	540,766
2028	298,964	262,822
2029	482,441	498,860
2030	212,566	—
	$ 2,450,376	**$ 2,423,236**

(Dollar amounts in thousands except for per share amounts)

13. Share Capital

For the Periods Ended June 30	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
Issued				
Dividend reinvestment plan	132,339	2,493	281,057	4,385
At-the-market program	305,700	5,616	—	—
Executive share purchase plan	38,494	712	40,801	616
Balance, June 30	**39,604,190**	**472,927**	**38,152,773**	**$ 446,841**

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 Q2 2025, the Company sold 305,700 common shares at a weighted average price of $19.37 for gross proceeds of $5,920 and net proceeds of $5,616 including $118 of agent commission paid and $186 of other share issuance costs under the ATM Program. So far in 2025, the Company sold 366,900 common shares at a weighted average price of $19.19 for gross proceeds of $7,041 and net proceeds of $6,714 including $140 of agent commission paid and $187 of other share issuance costs under the ATM Program.

The Company had no potentially dilutive instruments at June 30, 2025 or December 31, 2024.

14. Dividends

On August 6, 2025, the Board declared a quarterly regular cash dividend of $0.41 per share to be paid on September 29, 2025 to shareholders of record as of September 15, 2025.

15. Net gain (loss) on securities

For the Periods Ended June 30	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Net realized gain (loss) on marketable securities	$ 932	$ —	$ 2,392	$ —
Net change in unrealized gain (loss) on marketable securities	1,121	(715)	750	(1,018)
Net change in unrealized gain (loss) on non-marketable securities	(1,647)	—	(1,637)	330
	$ 406	**$ (715)**	**$ 1,505**	**$ (688)**

16. Related Party Disclosures

Transactions with MCAP

In Q2 2025, the Company entered into related party transactions with MCAP as follows:

- Purchase of mortgage origination and administration services of $2,228 (Q2 2024 - $2,025)
- Purchase of uninsured residential mortgages of $nil (Q2 2024 - $2,409)
- Purchase of construction loans of $19,792 (Q2 2024 - $nil) and sale of construction loans at par of $nil (Q2 2024 - $nil) with no gain or loss on sale.
- The Company has an agreement with MCAP Securities Limited Partnership, a wholly owned subsidiary of MCAP, whereby the Company can sell insured residential mortgage commitments. The Company sold commitments of

(Dollar amounts in thousands except for per share amounts)

$2,902 (Q2 2024 - $nil) under this agreement and received revenue of $27 (Q2 2024 - $nil) recorded in interest on cash and other income on the consolidated statements of income.
- The Company has an agreement with MCAP Securities Limited Partnership, a wholly owned subsidiary of MCAP, to finance insured residential mortgages prior to securitization for CORRA plus 1.40%. At June 30, 2025, the Company had $28,060 (December 31, 2024 - $nil) warehoused under this agreement and paid interest of $32 (Q2 2024 - $nil) recorded in interest on loans payable on the consolidated statements of income.

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

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 June 30		Q2 2025		Q2 2024		YTD 2025		YTD 2024
	RSU	PSU	RSU	PSU	RSU	PSU	RSU	PSU
Share units outstanding, beginning of period	136,300	219,154	93,158	116,825	113,714	175,313	119,371	140,876
New share units granted	7,947	31,787	39,322	84,138	56,983	106,230	44,429	89,245
Share units issued as dividends	3,124	5,443	3,077	4,661	8,644	14,138	8,328	11,028
Share units vested	—	—	—	—	(31,970)	(39,297)	(31,971)	(32,458)
Share units forfeited	(493)	(493)	(9,392)	(14,088)	(493)	(493)	(13,992)	(17,155)
Share units outstanding, end of period	**146,878**	**255,891**	**126,165**	**191,536**	**146,878**	**255,891**	**126,165**	**191,536**
Compensation expense for the period	$ 282	$ 641	$ 81	$ 141	$ 520	$ 1,134	$ 220	$ 368
Outstanding liability, end of period					$ 1,035	$ 2,817	$ 678	$ 1,200

Of the total outstanding PSU share units, the Company has recorded a liability on all of these units.

Executive Share Purchase Plan

At June 30, 2025, $4,276 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 $5,255 at June 30, 2025 (December 31, 2024 - $2,448). In Q2 2025, MCAN recognized $65 of interest income (Q2 2024 - $39) 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 $320,000 until August 31, 2025, and then $220,000 thereafter (December 31, 2024 - $220,000). The facility is due and payable upon demand. At June 30, 2025, the outstanding loan principal payable was $117,000 (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 June 30, 2025, there were letters of credit in the amount of $45,047 issued (December 31, 2024 - $44,295) and additional letters of credit in the amount of $27,104 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 June 30, 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 senior secured mortgage warehouse facility with a limit of $120,000 until August 31, 2025, and then $100,000 thereafter (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 June 30, 2025, the outstanding loan principal payable was $112,640 (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 June 30, 2025	Level 1	Level 2	Level 3	Total	Carrying Value
Assets measured at FVPL					
Marketable securities	$ 58,092	$ —	$ —	$ 58,092	$ 58,092
Derivative financial instruments [10]	—	2,837	—	2,837	2,837
Non-marketable securities - KSHYF [1]	—	—	58,387	58,387	58,387
Non-marketable securities - TAS 3 [9]	—	—	2,497	2,497	2,497
Non-marketable securities - KSSMF [1]	—	—	18,687	18,687	18,687
Non-marketable securities - TAS Co [9]	—	—	2,698	2,698	2,698
Non-marketable securities - Crown [9]	—	—	11,172	11,172	11,172
Non-marketable securities - Pearl [9]	—	—	2,637	2,637	2,637
Non-marketable securities - TAS 4 [8]	—	—	7,701	7,701	7,701
Non-marketable securities - Broccolini [9]	—	—	1,367	1,367	1,367
Non-marketable securities - Fiera [8]	—	—	10,923	10,923	10,923
Non-marketable securities - Harbour [8]	—	—	5,500	5,500	5,500
	$ 58,092	**$ 2,837**	**$ 121,569**	**$ 182,498**	**$ 182,498**
Assets measured at amortized cost for which fair values are disclosed					
Cash and cash equivalents	$ 134,517	$ —	$ —	$ 134,517	$ 134,517
Mortgages - non-securitized [3]	—	—	2,763,857	2,763,857	2,741,371
Other assets - other loans [4]	—	—	11,561	11,561	11,561
Securitization program cash held in trust	62,156	—	—	62,156	62,156
Mortgages - securitized [3]	—	—	2,473,271	2,473,271	2,428,828
	$ 196,673	**$ —**	**$ 5,248,689**	**$ 5,445,362**	**$ 5,378,433**
Liabilities measured at amortized cost for which fair values are disclosed					
Term deposits [6]	$ —	$ —	$ 2,409,073	$ 2,409,073	$ 2,388,861
Demand loans payable [5]	—	—	258,365	258,365	258,365
Other liabilities - non-securitized [5]	—	—	20,450	20,450	20,450
Financial liabilities from securitization [7]	—	—	2,457,111	2,457,111	2,450,376
	$ —	**$ —**	**$ 5,144,999**	**$ 5,144,999**	**$ 5,118,052**

(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 June 30	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Balance, beginning of period	$ 122,465	$ 112,574	$ 117,428	$ 109,943
Advances / Purchases	1,270	3,911	6,297	6,212
Repayments / Dispositions	(519)	—	(519)	—
Changes in unrealized fair value, recognized in net income	(1,647)	—	(1,637)	330
Balance, end of period	**$ 121,569**	**$ 116,485**	**$ 121,569**	**$ 116,485**

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
Chair of Information Technology Governance Committee
Member of Conduct Review, Corporate Governance and Human Resources Committee
Member of Enterprise Risk Management and Compliance 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
Chair of Enterprise Risk Management and Compliance Committee
Member of Audit 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.
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

Registrar and Transfer Agent
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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 Second 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.

REDEFINING OPPORTUNITY TO DRIVE GROWTH FOR CANADIAN COMMUNITIES

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