

THIRD QUARTER
30 SEPTEMBER 2025
(UNAUDITED)

Quarterly Financial Report

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Management's Discussion and Analysis

Overview

The following Management's Discussion and Analysis (MD&A) of the financial position and results of operations, as approved by the Audit Committee on 13 November 2025, is prepared for the third quarter ended 30 September 2025 and is intended to provide users with an overview of our performance including comparatives against the same three- and nine-month periods in 2024. This MD&A should be read in conjunction with the unaudited quarterly consolidated financial statements as well as the 2024 Annual Report. The unaudited quarterly consolidated financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and do not include all of the information required for full annual consolidated financial statements. All amounts are expressed in millions of Canadian dollars, unless otherwise stated.

Information related to our significant accounting policies, judgments and estimates can be found in our 2024 Annual Report as well as in Note 4 of these unaudited quarterly consolidated financial statements. There have been no material changes to our material accounting policies, judgments or estimates to the end of the third quarter of 2025.

Forward-looking statements

Our Quarterly Financial Report (QFR) contains forward-looking statements including, but not limited to, statements made in "The Operating Environment and Outlook for 2025" section of the report. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties which may cause actual results to differ materially from expectations expressed in these forward-looking statements.

Non-IFRS measures

We use a number of financial measures 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 with other institutions. These non-IFRS measures are presented to supplement the information disclosed in the unaudited quarterly consolidated financial statements, which are prepared in accordance with IFRS, and may be useful in analyzing performance and understanding the measures used by management in its financial and operational decision making. Definitions of the non-IFRS measures used throughout the QFR can be found in the Glossary for Non-IFRS Financial Measures section of the 2024 Annual Report.

The Operating Environment and Outlook for 2025

The following events can be expected to have an impact on our business going forward:

Economic conditions and housing indicators

Canada's economy remained sluggish in the third quarter of 2025 as trade disruptions, economic uncertainty, and slower population growth continued to weigh on activity. Early estimates suggest that real GDP growth was likely weak in Q3 following a contraction in the previous quarter.

Early estimates also suggest consumers and businesses were cautious throughout Q3 amid ongoing economic uncertainty. U.S. tariffs on select Canadian exports, in place since early 2025, continued to dampen manufacturing and resource sector activity. Goods exports showed limited recovery after a large fall in the previous quarter. Imports edged lower, reflecting weak domestic demand.

Labour market conditions further softened in Q3. Employment growth slowed, particularly in trade-exposed and construction-related sectors. The national unemployment rate rose to 7.0%, up from 6.9% in the previous quarter, as hiring momentum cooled and population growth moderated.

Headline inflation eased modestly through Q3 as energy prices stabilized, while core inflation targets stayed slightly above the Bank of Canada's target range. With weak economic growth and inflation pressures contained, the Bank of Canada reduced its policy rate by 25 basis points in September to 2.5%. Borrowing costs declined modestly following this move.

The housing market showed mixed signals in Q3. On the resale market, MLS® home prices averaged \$675,000 in the first nine months of 2025, down 1% year-over-year. In the same period, MLS® sales averaged 464,000 SAAR (seasonally adjusted annual rate) units, essentially unchanged year-over-year. In contrast, new home construction remained stronger, especially for rentals units. Housing starts averaged 259,000 SAAR units in the first nine months of 2025, up 6% from the same period last year. Much of this strength came from strong starts in Q2 and Q3 2025.

These economic conditions, including uncertainty over foreign trade and enacted trade tariffs, have not had a significant impact on our financial results. Although short-term interest rates have declined resulting in unrealized gains on our investments, higher average interest rates as a result of interest rate increases over the last few years has led to higher investment income in the first three quarters of 2025. Additionally, our arrears remain low when compared to historical norms, resulting in low levels of claims paid. These impacts are discussed further in the "Financial Results" section below.

Risk Management

Overall, our financial risks have remained stable and manageable in 2025. Arrears, claims, and defaults continue to remain below expected levels.

However, capital adequacy risk is high due to continued high multi-unit volumes and upcoming regulatory changes from the Mortgage Insurer Capital Adequacy Test (MICAT), which will significantly impact capital requirements for our multi-unit insurance business starting 2026. We continue to monitor uncertain and evolving economic conditions and are exploring strategies for recapitalization once the revised MICAT takes effect. To that end, we plan to transfer excess capital from our Securitization Activity to our Mortgage Insurance Activity in Q4 2025 and in subsequent years and are exploring other actions as needed to maintain our Mortgage Insurance capital available above our operating level. Credit, market, and liquidity risks remain low and within tolerance levels.

For more details, please refer to our 2024 Annual Report.

Federal Budgets (2024 and 2025)

Update since Q2 2025

A top-up of \$1.5 billion in loans for the Affordable Housing Fund's New Construction Stream was announced on September 19, 2025, to support the creation of over 5,000 new units. Subsequent to the balance sheet date, requisite authorities were obtained for this top-up in funding.

To protect existing affordable rental housing, the \$1.5 billion Canada Rental Protection Fund previously announced under Budget 2024 will be launched under Build Canada Homes as announced by the Prime Minister in September 2025.

Budget 2025 announcements

On 4 November 2025, the Prime Minister of Canada and Minister of Finance released Budget 2025: Canada Strong, specific announcements that impact CMHC are noted below.

Impacts to the Securitization Activity

The annual limit for Canada Mortgage Bonds (CMB) is being increased from \$60 billion to up to \$80 billion. This change is expected to unlock more low-cost financing for multi-unit rental construction, by ensuring builders have the low-cost financing required to build more rental projects with the increased amount designated for funding mortgage loans on multi-unit projects insured by CMHC. The Government of Canada will maintain the current level of CMB purchases up to \$30 billion annually to allow the private market full access to the additional issuance.

The Government of Canada also proposes to amend the National Housing Act to increase the guarantees in force limit for the Securitization Activity to \$1 trillion and to decouple this limit from the corporation's insurance in force limit. Budget 2025 also proposes amendments to the Protection of Residential Mortgage or Hypothecary Insurance Act to increase the protected limit for mortgage or hypothecary loans insured under that Act to \$500 billion.

Impacts to the Housing Program Activity

To meet up to 15 percent in savings targets over three years as required by the Comprehensive Expenditure Review (CER) announced in August 2025, CMHC will wind down certain programs that do not directly increase housing supply or target Canadians in housing need. The Canada Secondary Suite Loan program, which is not yet operational, will not be implemented as it has a large potential to overlap with the government's homeowner insured mortgage rule changes announced in January 2025. For other programs to be wound down, the objectives will be achieved by Build Canada Homes. The impacts from the CER will be a reduction in Government funding for housing programs and the related operating expenditures to support these programs in the following years 2026-2027 \$284.1 million, 2027-2028 \$451.9 million, 2028-2029 \$808.6M, 2029-2030: \$856.4 million and ongoing \$859.9 million.

CMHC will maintain its funding for initiatives that address the housing crisis, including the Apartment Construction Loan Program and supports to increase access to housing for Indigenous people residing in urban, rural and northern regions.

Refer to the previous quarterly financial report and the most recent Annual Report for details on all other Budget 2024 announcements. The effects of these Budget 2024 and 2025 measures will be reflected in future financial results, as remaining requisite authorities are obtained and programs launched.

Progress on the achievement of National Housing Strategy (NHS) targets are reported quarterly at the [Housing, Infrastructure and Communities Canada \(HICC\) website](#)¹.

¹ <https://housing-infrastructure.canada.ca/housing-logement/ptch-csd/index-eng.html>

Other updates

Update since Q2 2025

Climate Related Financial Disclosures

The Climate Risk Management and Disclosures Project continues to strengthen practices to assess, manage and disclose climate risks and opportunities.

In the third quarter of 2025, we made progress by integrating climate risk into enterprise governance, advancing Scope 1 and 2 emissions reporting, supporting policy updates and risk identification through a climate workshop, completing climate scenario analysis, and initiating development of entity-specific metrics.

Multi-Unit Mortgage Loan Insurance Premiums

In July 2025, we announced updates to both the premium structure and premium rates for multi-unit mortgage loan insurance, effective 14 July 2025. These were a result of our annual review of premiums and will impact our financial results in future quarters. The updates include a standardized approach to premiums for all multi-unit products, with premiums adjusted to reflect the specific risk characteristics of the loan being insured, and a new premium discount schedule for MLI Select applications.

These changes were made to allow us to continue to offer borrowers valuable product features and options based on their project financing needs, and to align with the revised multi-unit MICAT framework taking effect in January 2026, which will require us to hold more capital based on the risk and volume of mortgage loans we insure.

Implementation of a new Strategic Asset Allocation (SAA) for the Mortgage Insurance (MI) Activity investment portfolios

The implementation of the new SAA for the Mortgage Insurance Activity investment portfolios was initiated in July 2025 and is expected to be completed by the end of 2025. The key goals of the new SAA are to improve risk-adjusted investment returns for the MI activity while minimizing impacts to regulatory capital targets. To achieve these outcomes, we have reduced our exposure to Government of Canada fixed income securities and added exposure to:

- high-quality corporate fixed income securities denominated in Canadian and US dollars;
- to provincial securities denominated in Canadian dollars; and
- to high-quality securitized fixed income products denominated in US dollars.

Refer to Note 10 for changes to our asset mix as a result of the new SAA and to Note 15 for the increase in our exposure to fixed income securities denominated in US dollars. We expect this change to increase the investment income earned in the MI activity over the coming periods.

Updates from the Office of the Superintendent of Financial Institutions (OSFI)

Update since Q2 2025 OFSI Consultations and Guidelines

The following announcements by the Office of the Superintendent of Financial Institutions (OSFI) took place in Q3 2025, which affect CMHC:

Credit Risk Management Guideline

OSFI is developing a new Credit Risk Management (CRM) guideline to consolidate and clarify expectations for credit risk management, covering residential mortgage lending (Guideline B-20), commercial real estate (CRE), and corporate lending. OSFI plans to release the draft CRM guideline for stakeholder consultation in January 2026, with finalization expected by early 2027.

Guideline E-23 – Model Risk Management

CMHC's Model validation function follows OSFI's revised guideline E-23 which defines the expectations for effective enterprise-wide model risk management (MRM) using a risk-based approach. OSFI has announced revisions to add context and clarity for Artificial Intelligence and Machine Learning (AI/ML) model risk management. Implementation of the guideline will be effective May 1, 2027.

Appointed Actuary: Legal Requirements, Qualifications and Peer Review – Guideline (2023)

OSFI is streamlining the requirements, and eliminating the requirement for a peer review of an appointed actuary's work, effective January 1, 2027.

Future Changes to Accounting Standards

Information relating to all standards issued by the International Accounting Standards Board (IASB) that may affect us can be found in Note 3 of these unaudited quarterly consolidated financial statements. The notable changes are stated below.

IFRS 18 Presentation and Disclosure in the Financial Statements – effective date of 1 January 2027

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in the Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements*, effective 1 January 2027. IFRS 18 will not affect how our financial performance is measured but will affect the presentation of our financial statements and our disclosure requirements for some of our Notes to Consolidated Financial Statements. Under IFRS 18, there will be a revised Statement of Income and Comprehensive Income presentation and additional disclosure requirements including management performance measures.

We have assembled a project team dedicated to analyzing and implementing the new accounting standard, and development of a detailed project plan is underway. We are currently assessing the potential impact of this new standard on our consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 – effective date of 1 January 2026

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures. The objective of the amendments is to address diversity in accounting practice by making the requirements more understandable and consistent.

The amendments include changes to classification and measurement requirements under IFRS 9 for the de-recognition of financial liabilities and additional guidance to assess the contractual cash flow characteristics of financial assets with environmental, social and governance (ESG)-linked, non-recourse and contractually linked features. The proposed amendments to IFRS 7 include additional disclosure requirements for investments in equity instruments held at FVOCI and financial instruments with contingent events.

We are assessing the impact on our consolidated financial statements.

Financial Results

Key Financial Highlights

Condensed consolidated balance sheets

As at 30 September 2025 and 31 December 2024

(in millions)	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Total assets	28,956	23,913	22,773	20,666	305,791	283,360	2	(584)	357,522	327,355
Total liabilities	28,063	23,096	10,478	9,389	303,229	281,424	(2)	(588)	341,768	313,321
Total equity of Canada	893	817	12,295	11,277	2,562	1,936	4	4	15,754	14,034

The increase in equity of Canada was primarily due to comprehensive income of \$1,720 million in the nine-month period ended 30 September 2025 and is described in further details in the condensed consolidated statements of income and comprehensive income below.

Total assets increased by \$30,167 million (9%) primarily due to:

- An increase in loans at amortized cost of \$24,279 million (8%) as new issuances of CMB program loans exceeded maturities, resulting in a \$20,979 million (8%) increase, as well as \$3,304 million (20%) increase of loans at amortized cost driven by the Apartment Construction Loan Program (ACLP), Affordable Housing Fund (AHF) and Canada Greener Homes Loan (CGHL) lending programs.
- An increase in cash and cash equivalents of \$2,401 million (245%) mainly attributable to net new borrowings in Housing Programs and investment of net cash inflows from insurance operations driven by the strong growth in new business written in 2025. We continue to retain capital across our commercial activities to support this growth in our mortgage insurance products.
- An increase in investment securities at fair value through other comprehensive income (FVOCI) of \$1,211 million (5%) was driven by the investment of net cash inflows from securitization operations as we continue to retain capital across our commercial activities to support growth in our mortgage insurance products. In addition, short term interest rates declined, causing the fair value of our investment securities held at FVOCI to increase.
- An increase in accrued interest receivable of \$856 million (77%) related to CMB program loans and higher average investment balances as noted above, primarily driven by higher interest rates and timing, as larger coupon payments are received in the second and fourth quarters of the year.
- An increase in Due from Government of Canada of \$602 million (340%) driven mainly by a higher volume of accrued expenses related to major housing programs. The timing of these program expenditures, which were concentrated near the government's fiscal year-end remained outstanding at the balance sheet date.

Total liabilities increased by \$28,447 million (9%) mainly driven by \$26,172 million (9%) of higher borrowings at amortized cost related to the CMB program and increased borrowings from the Government of Canada to fund the Housing Program loans, as noted above. In addition, insurance contract liabilities increased by \$1,253 million (15%) mainly attributed to new mortgage insurance business written in 2025. In addition, accrued interest payable increased by \$854 million (82%) related to CMB program borrowings and higher borrowings from the Government of Canada noted above, primarily driven by higher interest rates and timing, as larger coupon payments are due in the second and fourth quarters of the year.

Condensed consolidated statements of income and comprehensive income

Three months ended 30 September

<i>(in millions)</i>	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Government funding	575	980	-	-	-	-	-	-	575	980
Housing programs expenses	(498)	(884)	-	-	-	-	-	-	(498)	(884)
Premiums and fees earned	-	-	11	10	244	226	-	-	255	236
Insurance service result	-	-	326	211	-	-	-	-	326	211
Operating expenses	(89)	(94)	(49)	(49)	(16)	(14)	-	-	(154)	(157)
All other income ¹	12	-	111	70	37	34	6	-	166	104
Income before income taxes	-	2	399	242	265	246	6	-	670	490
Income taxes	(6)	(3)	(102)	(60)	(67)	(61)	(2)	-	(177)	(124)
Net income (loss)	(6)	(1)	297	182	198	185	4	-	493	366
Other comprehensive income (loss)	52	(2)	117	278	25	76	(1)	(11)	193	341
Comprehensive income (loss)	46	(3)	414	460	223	261	3	(11)	686	707

¹ Includes net interest income (loss), investment income, net gains/(losses) on financial instruments, insurance finance expense for contracts issued, other income (loss).

Quarter to date (QTD) 2025 vs QTD 2024

Government funding and housing program expenses decreased compared to the same period last year driven by a \$169 million decrease in the Canada Community Housing Initiative (CCHI), a \$126 million decrease in the Canada Housing Benefit (CHB), a \$53 million decrease in other FPT programs and a \$30 million decrease in expenses related to the Housing Supply Challenge (HSC).

Total income before income taxes increased by \$180 million (37%) from the same quarter last year mainly due to:

- An increase in insurance service result (ISR) of \$115 million (55%) as a result of higher insurance revenue of \$129 million (50%). This is mainly due to continued strong growth in our multi-unit insurance products as new business is added faster than existing business is maturing. In addition, favourable updates to the repeat-sales price index and other related economic assumptions, compared to the same quarter last year, which increased the speed of profit recognition patterns, increasing the release of the contractual service margin (CSM) in the period. Assumptions for expected incurred claims and risk adjustment were updated, accelerating the timing of expected cash flows leading to higher insurance revenue from expected claims and the release of the risk adjustment. This was offset by an increase in insurance service expense of \$14 million (31%) as a result of unfavourable changes to economic assumptions that increased the liability for incurred claims and the insurance service expense from the same quarter of last year.
- An increase in all other income of \$62 million (60%) mainly due to an increase in investment income of \$31 million (16%), driven by higher average investment balances, as capital continues to be retained to support growth in our mortgage insurance programs.
- An increase of \$18 million (8%) in guarantee fees earned in the Securitization Activity due to increases in guarantee fee rates in recent years and higher National Housing Act Mortgage Back Securities (NHA MBS) volumes in 2025, when compared to the same period last year.

Other comprehensive income (OCI), net of tax, decreased by \$148 million (57%) from the same quarter last year. A less significant decrease in short-term interest rates this year led to a decrease in unrealized gains on investments of \$314 million (27%) from the same period last year. This decrease was offset by a \$56 million (33%) decrease in net insurance finance expenses because of lower short-term interest rates as noted above. It was also offset by an increase in remeasurement gains on the net defined benefit plans of \$110 million (2100%), the discount rate used to measure our net defined benefit plans increased more in 2025 than in the same period last year and strong actual returns were realized on plan assets that were higher in 2025 when compared to the same period last year. The discount rate used to measure the net defined benefit plans is determined by referencing longer term interest rates, that have increased to date in 2025 while short term interest have decreased.

Nine months ended 30 September

<i>(in millions)</i>	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Government funding	3,913	3,688	-	-	-	-	-	-	3,913	3,688
Housing programs expenses	(3,678)	(3,422)	-	-	-	-	-	-	(3,678)	(3,422)
Premiums and fees earned	-	-	31	29	726	666	-	-	757	695
Insurance service result	-	-	894	712	-	-	-	-	894	712
Operating expenses	(260)	(300)	(151)	(147)	(51)	(49)	-	-	(462)	(496)
All other income ¹	28	16	227	195	115	82	7	3	377	296
Income (loss) before income taxes	3	(18)	1,001	789	790	699	7	3	1,801	1,473
Income taxes	(5)	1	(250)	(195)	(198)	(174)	(2)	(1)	(455)	(369)
Net income (loss)	(2)	(17)	751	594	592	525	5	2	1,346	1,104
Other comprehensive income (loss)	78	63	267	357	34	73	(5)	(12)	374	481
Comprehensive income (loss)	76	46	1,018	951	626	598	-	(10)	1,720	1,585

¹ Includes net interest income (loss), investment income, net gains/(losses) on financial instruments, insurance finance expense for contracts issued, other income (loss).

Year to Date (YTD) 2025 vs YTD 2024

Government funding and housing programs expenses increased compared to the same nine-month period last year, mainly driven by an increase of \$449 million for the Housing Accelerator Fund (HAF) and \$82 million for the Canada Greener Affordable Housing (CGAH). These increases are partially offset by decreases of \$108 million for AHF and \$55 million for the Affordable Housing Innovation Fund (AHIF). Due to the nature of many housing programs, funding patterns may vary significantly year over year.

Total income before income taxes increased by \$328 million (22%) from the nine-month period last year mainly due to:

- An increase in insurance service result of \$182 million (26%) driven by higher insurance revenue, as described in the quarter to date section above.
- An increase in all other income of \$81 million (27%) mainly due to an increase in investment income of \$76 million (14%), as described in the quarter to date section above.
- An increase of \$62 million (9%) in guarantee fees earned in the Securitization Activity, as described in the quarter to date section above.

OCI, net of tax, decreased by \$107 million (15%) from the same nine-month period last year, as described in the quarter to date section above, caused a decrease in unrealized gains on investments of \$149 million (63%), this was offset by a \$12 million (77%) decrease in net insurance finance expenses and by an increase in remeasurement gains on the net defined benefit plans of \$30 million (23%).

Financial Metrics and Ratios

Mortgage Insurance

<i>(in millions, unless otherwise indicated)</i>	Insurance-in-force (\$B)		Contractual Service Margin (CSM)	
	As at 30 September 2025	As at 31 December 2024	As at 30 September 2025	As at 31 December 2024
Transactional homeowner	159	162	2,212	2,059
Portfolio	58	65	56	65
Multi-unit residential	245	213	3,784	3,395
Total	462	440	6,052	5,519

CMHC's total insurance-in-force is \$462 billion which is compliant with the legislated limit of \$800 billion set by the Government of Canada. This year insurance-in-force increased by \$22 billion due to new volumes insured exceeding the run-off of existing policies-in-force. New loans insured were \$66 billion, while estimated loan amortization and pay-downs were \$44 billion.

CSM increased by \$533 million (10%) as our new business underwritten continues to outpace the recognition of earned profit, primarily due to continued high demand for our multi-unit products.

Three months ended 30 September

<i>(in millions, unless otherwise indicated)</i>	Insured volumes (units)		Insured volumes (\$)		Premiums and fees received ¹		Claims paid ²	
	2025	2024	2025	2024	2025	2024	2025	2024
Transactional homeowner	19,642	13,749	7,760	4,833	283	171	6	13
Portfolio	3,194	1,000	954	253	5	1	2	1
Multi-unit residential	60,122	64,979	13,540	16,449	504	410	-	1
Total	82,958	79,728	22,254	21,535	792	582	8	15

¹ Premiums and fees received may not equal premiums received on insurance contracts written in the period and premiums and fees deferred on self-insured contracts written during the period due to timing of receipts.

² Claims paid refers to the net cash amounts paid out on settlement of the claims excluding claims administration expenses.

Nine months ended 30 September

<i>(in millions, unless otherwise indicated)</i>	Insured volumes (units)		Insured volumes (\$)		Premiums and fees received ¹		Claims paid ²	
	2025	2024	2025	2024	2025	2024	2025	2024
Transactional homeowner	47,774	35,787	18,565	12,387	673	436	17	23
Portfolio	8,277	5,676	2,342	1,506	9	7	3	3
Multi-unit residential	197,573	206,157	44,916	47,624	1,460	1,156	-	4
Total	253,624	247,620	65,823	61,517	2,142	1,599	20	30

¹ Premiums and fees received may not equal premiums received on insurance contracts written in the period and premiums and fees deferred on self-insured contracts written during the period due to timing of receipts.

² Claims paid refers to the net cash amounts paid out on settlement of the claims excluding claims administration expenses.

Q3 2025 vs Q3 2024 and YTD 2025 vs YTD 2024

Transactional homeowner unit volumes increased by 43 and 33 percent for the three and nine-month periods, respectively. The reduction in interest rates, combined with the introduction of 30-year terms on insured mortgages, has positively influenced housing market activity, leading to increased unit volumes. Portfolio unit volumes increased as a result of enhanced business solicitation efforts with lenders, as well as a trend towards larger pools during the year. Multi-unit residential volumes declined by 7 and 3 percent for the three and nine-month periods, respectively. The decline is mainly due to a trend towards smaller new construction project sizes being insured this year.

Total insured dollars increased, driven primarily by the increase in homeowner unit volumes, as previously explained, and an increase in the loan amount per property, which is caused by higher-value properties insured compared to last year. The portfolio insured dollars also increased, while our multi-unit insured dollars declined, both reflecting the change in unit volumes explained above.

Premiums and fees are higher compared to prior year, mainly due to higher average premium rates for properties insured under the MLI Select product reflecting the price increase in 2023. Premiums and fees for transactional homeowner also increased, due to higher volumes as explained above.

Claims paid remain low and have decreased compared to prior year. The low level of claims is the result of home price appreciation in recent years where additional equity has built up in homes throughout Canada. Due to the high house prices, properties are being sold for amounts exceeding the outstanding loan, leading to fewer insurance claims.

<i>(in percentages)</i>	Three months ended 30 September		Nine months ended 30 September	
	2025	2024	2025	2024
Insurance service expense ratio ¹	15.3	17.6	11.8	11.2
Operating expense ratio	12.7	18.8	14.9	18.3
Combined ratio	28.0	36.4	26.7	29.5
Initial contractual service margin ratio	49.7	61.8	52.9	62.5
Severity ratio ²	22.7	25.2	26.1	27.8
Return on equity	9.8	6.6	8.5	7.4
Return on required equity	11.2	7.4	9.6	8.3

¹ Insurance service expense ratio on transactional homeowner and portfolio products excluding multi-unit residential was 14.8% and 14.1% for the three and nine months ended 30 September 2025, respectively (10.0% and 5.9% for the three and nine months ended 30 September 2024, respectively).

² In Q3 2025, the calculation methodology for the severity ratio was revised to improve accuracy. We have restated the prior year figures to align to the new methodology.

Q3 2025 vs Q3 2024 and YTD 2025 vs YTD 2024

The insurance service expense ratio decreased from the same quarter in the prior year primarily due to increased insurance revenues as noted in the Key Financial Highlights section above. Compared to the same nine-month period in the prior year, the insurance service expense ratio increased as a result of unfavourable economic assumption updates offset by increased insurance revenues as noted in the Key Financial Highlights section above.

The operating expense and combined ratios decreased primarily due to increased insurance revenues as explained above.

The initial contractual service margin ratio decreased due to introduction of the Transactional Homeowner 30-year amortization product, decrease in discount rates, and due to updates to our Multi-unit new business claims payment patterns. Claims cashflows are expected to occur earlier in the life of the loan resulting in less discounting of cash outflows causing lower initial expected profitability.

The severity ratio decreased compared to the same three and nine-month periods last year due to stronger sales proceeds compared to last year.

The return on equity ratio and return on required equity ratio increased due to higher net income. This was partially offset by higher average equity and higher required capital respectively as we continue to retain capital, to support the multi-unit insurance business growth.

	As at 30 September 2025		As at 31 December 2024	
	No of delinquent loans	Arrears rate	No of delinquent loans	Arrears rate
Transactional homeowner	2,890	0.40%	2,920	0.38%
Portfolio	798	0.18%	797	0.16%
Multi-unit residential	147	0.35%	129	0.35%
Total	3,835	0.32%	3,846	0.30%

The arrears rate includes all loans more than 90 days past due for homeowner and portfolio insurance products and 30 days past due for multi-unit insurance products as a percentage of outstanding insured loans. Reported delinquencies remain low in all regions.

Securitization

	Total guarantees-in-force (\$B)	
	As at 30 September 2025	As at 31 December 2024
NHA MBS	279	277
CMB	298	276
Total	577	553

Total guarantees-in-force represents the maximum principal obligation related to our timely payment guarantee. Guarantees-in-force were \$577 billion as at 30 September 2025, an increase of \$24 billion (4%) as new guarantees exceeded maturities, principal run-off and prepayments. This is mainly due to higher annual issuance limits on both NHA MBS and CMB since Q4 2023. The total guarantees-in-force is compliant with the \$800 billion limit set by the Government of Canada.

Three months ended 30 September

<i>(in millions, unless otherwise indicated)</i>	New securities guaranteed (\$B)		Guarantee and application fees received ¹	
	2025	2024	2025	2024
NHA MBS	47	45	219	210
CMB	16	15	65	63
Total	63	60	284	273

¹ Guarantee and application fees received for NHA MBS; guarantee fees received for CMB.

Nine months ended 30 September

<i>(in millions, unless otherwise indicated)</i>	New securities guaranteed (\$B)		Guarantee and application fees received ¹	
	2025	2024	2025	2024
NHA MBS	129	118	589	535
CMB	46	46	191	198
Total	175	164	780	733

¹ Guarantee and application fees received for NHA MBS; guarantee fees received for CMB.

Q3 2025 vs Q3 2024 and YTD 2025 vs YTD 2024

For NHA MBS, new securities guaranteed increased compared to last year due to timing differences between quarters. The fees received on NHA MBS increased, due to higher volumes, as well as a higher average term, resulting in higher associated fees.

For CMB compared to the same three-month period last year, new securities guaranteed increased slightly due to more funding demand from program participants for five-year issuances.

For CMB compared to the same nine-month period last year, new securities guaranteed were the same while fees received decreased. This is mainly due to lower 10-year issuances in 2025 compared to 2024, driven by a greater proportion of multi-unit loans securitized with shorter terms, which carry lower fee rates.

<i>(in percentages)</i>	Three months ended 30 September		Nine months ended 30 September	
	2025	2024	2025	2024
Operating expense ratio	5.9	5.9	5.7	5.9
Return on equity	32.6	45.0	35.2	43.5

Q3 2025 vs Q3 2024 and YTD 2025 vs YTD 2024

The operating expense ratio decreased compared to the same nine-month period last year mainly due to an increase in guarantee and application fees earned as older pools with lower fees are fully recognized and are replaced with new pools with higher associated fees. Return on equity decreased in both the three- and nine-month periods due to a higher average equity this year due to the suspension of the dividend since Q3 2024.

Government Funding

The following table reconciles the amount of government funding authorized by Parliament as available to us during the Government's fiscal year (31 March) with the total amount we received in our calendar year.

Nine months ended 30 September

<i>(in millions)</i>	2025	2024
Amounts provided for housing programs:		
Amounts authorized in 2024-25 (2023-24)		
Main estimates	5,628	5,105
Supplementary estimates A ^{1,2}	199	1,004
Supplementary estimates B ^{1,3,5}	742	394
Supplementary estimates C ^{1,4,6}	-	91
Total fiscal year government funding	6,569	6,594
Less: portion recognized in calendar 2024 (2023)	(2,782)	(3,455)
Less: government funding lapsed for 2024-25 (2023-24)	(892)	(919)
Less: frozen allotment	(208)	(170)
2024-25 (2023-24) government funding recognized in 2025 (2024)	2,687	2,050
Amounts authorized in 2025-26 (2024-25)		
Main estimates ⁷	6,368	5,628
Supplementary estimates A ^{1,2,7}	-	199
Supplementary estimates B ^{1,3}	-	742
Total fiscal year government funding	6,368	6,569
Less: portion to be recognized in subsequent quarters	(4,758)	(3,662)
Less: forecasted lapse for 2025-26 (Actual lapse in 2024-25)	-	(892)
Less: frozen allotment	(242)	(208)
2025-26 (2024-25) government funding recognized in 2025 (2024)	1,368	1,807
Total government funding – Nine months ended 30 September	4,055	3,857

¹ Supplementary estimates are additional government funding voted on by Parliament during the Government's fiscal year.

² Approved 2024-25 supplementary estimates A for Urban, Rural and Northern Indigenous Housing Strategy (URN) and transfer to HICC to support the transition of leadership for housing policy and program development (2023-24 for HAF and Granville Island),

³ Approved 2024-25 supplementary estimates B for Provincial and Territorial Initiatives, Canada Housing Benefit (CHB), HAF, AHF, ACLP, Co-operative Housing Development Program (CHDP), Federal Lands Initiative, Canada Greener Homes Loan Program, First Time Home Buyer Incentive, and Shelters and transition houses for Indigenous women, children and 2SLGBTQIA+ people, (2023-24 for AHF, Pyrrhotite, ACLP, RHI, Natural disaster resilience, Emergency shelter for women and girls, URN, and CECRA).

⁴ Approved 2023-24 supplementary estimates C for CHB.

⁵ We exclude funding received in 2023-24 for the Granville Island Emergency Relief Fund from our consolidated financial statements as we do not control the activities of Granville Island.

⁶ 2024-25 Supplementary estimates C was not tabled due to prorogation of Parliament.

⁷ 2025-26 Main Estimates were approved on 27 June 2025. Due to the timing, amounts otherwise expected to be obtained in Supplementary Estimates A were incorporated into the Main Estimates. Following the dissolution of Parliament on 23 March 2025, CMHC obtained authorities through Governor General Special Warrants for appropriation authorities from 1 April 2025 to 27 June 2025.

Capital Management

Frameworks

For the Housing Programs Activity, a reserve fund is maintained pursuant to Section 29 of the CMHC Act which includes profits of the Corporation, after providing for all matters that, in the opinion of the Board of Directors, are required to carry out the purposes of the Corporation. Aside from the reserve fund, capital is not held for Housing Programs activities, as they do not present material financial risks that are not already otherwise mitigated.

For the Mortgage Insurance Activity, our capital management framework follows OSFI regulations with respect to the use of the MICAT as our Own Risk and Solvency Assessment (ORSA) economic capital is lower than OSFI's regulatory capital requirements.

For the Securitization Activity, our capital management framework follows industry best practices and incorporates regulatory principles from OSFI, including those set out in OSFI's E19 – Own Risk and Solvency Assessment guideline, and those of the Basel Committee on Banking Supervision. Our capital adequacy assessment uses an integrated approach to evaluate our capital needs from both a regulatory and economic capital basis to establish capital targets that take into consideration our strategy and risk appetite.

In August 2025, the Board of Directors approved maintaining the internal targets and operating levels of 155% and 165% respectively for Mortgage Insurance and 105% and 110% for Securitization for 2026. For Securitization, the Board approved a change to our capital management framework effective 1 January 2026, whereby liquidity will no longer be the binding constraint for capital decisions and ORSA capital targets have been redefined based on equity measures to better support capital management. This will have an impact on our economic capital available to economic capital required ratio beginning in 2026.

Ratios

The following table presents our capital management ratios.

<i>(in percentages)</i>	As at 30 September 2025	As at 31 December 2024
Mortgage Insurance: Capital available to minimum capital required (MICAT)	191	188
Securitization: Economic capital available to economic capital required ¹	161	140

¹ In Q3 2025, capital required was updated to reflect minimum capital required instead of capital required at the operating level, to better facilitate assessment of our capital position against our capital targets.

Dividends to the Government of Canada remain suspended to conserve capital for multi-unit growth and the transition to the new MICAT framework effective 1 January 2026.

Furthermore, as indicated in the Risk Management section above, excess capital from the Securitization Activity will be transferred to the Mortgage Insurance Activity in Q4 2025 and in subsequent years. This will reduce the economic capital available to economic capital required ratio and increase the MICAT ratio in Q4, prior to the effects of implementing the revised Securitization capital management framework and the new MICAT framework in 2026.

The Mortgage Insurance capital available to minimum capital required ratio increased mainly due to the increase in capital available that was generated from our comprehensive income.

Securitization capital available to capital required ratio increased compared to last year, mainly due to suspension of dividends.

Refer to Note 9 – Capital Management of the unaudited quarterly consolidated financial statements for further disclosure on capital management.

Historical Quarterly Information

<i>(in millions, unless otherwise indicated)</i>	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Consolidated Results								
Total assets	357,522	339,775	336,047	327,355	323,693	311,253	312,424	299,569
Total liabilities	341,768	324,707	321,432	313,321	309,835	298,102	299,592	287,006
Total equity of Canada	15,754	15,068	14,615	14,034	13,858	13,151	12,832	12,563
Total revenues and government funding	1,322	1,331	3,288	1,522	1,533	1,280	2,581	1,937
Total expenses (including income taxes)	829	912	2,854	1,132	1,167	916	2,207	1,619
Net income	493	419	434	390	366	364	374	318
Housing Programs								
Government funding	575	680	2,658	918	980	708	2,000	1,450
Net income (loss)	(6)	2	2	(1)	(1)	(17)	1	(8)
Total equity of Canada	893	847	820	817	860	863	872	814
Mortgage Insurance								
Insurance-in-force (\$B) ¹	462	452	442	440	431	424	418	414
Total insured volumes	22,254	25,363	18,206	23,643	21,535	23,090	16,892	18,709
Premiums and fees received	792	794	557	690	582	616	401	423
Insurance revenue	385	331	298	285	256	262	284	266
Claims paid	8	4	8	15	15	9	6	15
Insurance service expense	59	44	17	47	45	5	40	53
Net income	297	218	236	200	182	216	196	156
Arrears rate	0.32%	0.30%	0.30%	0.30%	0.30%	0.28%	0.29%	0.29%
Insurance service expense ratio	15.3%	13.3%	5.7%	16.5%	17.6%	1.9%	14.1%	19.9%
Operating expense ratio	12.7%	16.6%	15.4%	17.5%	18.8%	19.1%	16.9%	18.8%
Combined ratio	28.0%	29.9%	21.1%	34.0%	36.4%	21.0%	31.0%	38.7%
Initial contractual service margin ratio ³	49.7%	49.9%	62.0%	63.4%	61.8%	62.5%	59.9%	62.7%
Severity ratio ⁴	22.7%	22.4%	26.2%	28.0%	25.2%	27.4%	26.7%	21.4%
Return on equity	9.8%	7.5%	8.2%	7.1%	6.6%	8.2%	7.6%	6.2%
Return on required equity	11.2%	8.6%	9.4%	8.0%	7.4%	9.1%	8.4%	6.7%
Capital available to minimum capital required (% MICAT)	191%	195%	193%	188%	191%	186%	185%	185%
% Estimated outstanding Canadian residential mortgages with CMHC insurance coverage (\$)	20.0%	19.9%	19.6%	19.8%	19.5%	19.5%	19.4%	19.3%
Securitization								
Guarantees-in-force (\$B) ¹	577	569	561	553	539	528	524	508
Securities guaranteed (\$B)	63	58	54	51	60	52	52	55
Guarantee and application fees received	284	262	234	330	273	229	231	303
Guarantee and application fees earned	244	243	239	235	226	222	218	211
Net income	198	198	196	189	185	164	176	168
Operating expense ratio	5.9%	5.9%	5.4%	5.9%	5.9%	6.0%	5.9%	7.0%
Return on equity	32.6%	35.1%	38.2%	41.0%	45.0%	44.7%	48.2%	48.0%
Economic capital available to economic capital required ^{2,3}	161%	153%	147%	140%	132%	122%	120%	120%
% Estimated outstanding Canadian residential mortgages with CMHC securitization guarantee (\$)	25.0%	25.0%	25.0%	24.9%	24.4%	24.4%	24.4%	23.8%

¹ Our total exposure is less than the sum of these figures because we insure a portion of the instruments included in guarantees-in-force.

² In 2023 the capital required in the Securitization ratio was updated to consider the minimum liquidity target.

³ In Q3 2025, capital required was updated to reflect minimum capital required instead of capital required at the operating level, to better facilitate assessment of our capital position against our capital targets.

⁴ In Q3 2025, the calculation methodology for the severity ratio was revised to improve accuracy. We have restated the prior period figures to align to the new methodology.

Unaudited Quarterly Consolidated Financial Statements

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Management's Responsibility for Financial Reporting

Period ended 30 September 2025

Management is responsible for the preparation and fair presentation of these unaudited quarterly consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting*, and for such internal controls as Management determines are necessary to enable the preparation of unaudited quarterly consolidated financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the unaudited quarterly consolidated financial statements.

Based on our knowledge, these unaudited quarterly consolidated financial statements present fairly, in all material respects, the Corporation's financial position, results of operations and cash flows, as at the date of and for the periods presented in the unaudited quarterly consolidated financial statements.



Coleen Volk, CPA

President and Chief Executive Officer



Michel Tremblay, CPA

Chief Financial Officer and Senior Vice President,
Corporate Services

13 November 2025

Consolidated Balance Sheet

<i>(in millions of Canadian dollars)</i>	Notes	As at 30 September 2025	As at 31 December 2024
Assets			
Cash and cash equivalents		4,056	1,655
Securities purchased under resale agreements		1,225	950
Income taxes receivable		37	-
Accrued interest receivable		1,973	1,117
Investment securities:			
Fair value through profit or loss	10	51	57
Fair value through other comprehensive income	10, 11	24,498	23,287
Amortized cost	10, 11	3,814	3,569
Derivatives		4	-
Due from the Government of Canada	6	779	177
Loans:	12		
Fair value through profit or loss		476	521
Amortized cost		318,807	294,528
Accounts receivable and other assets		517	476
Investment property		398	396
Defined benefit plans asset		360	199
Deferred income tax assets		527	423
		357,522	327,355
Liabilities			
Accounts payable and other liabilities		1,088	693
Income taxes payable		-	229
Accrued interest payable		1,897	1,043
Derivatives		154	205
Insurance contract liabilities	7	9,708	8,455
Borrowings:	13		
Fair value through profit or loss		60	148
Amortized cost		325,497	299,325
Defined benefit plans liability		177	180
Unearned premiums and fees		3,187	3,043
		341,768	313,321
Commitments and contingent liabilities	20		
Equity of Canada	9		
Contributed capital		25	25
Accumulated other comprehensive income (loss)		126	(90)
Reserve fund		130	172
Retained earnings		15,473	13,927
		15,754	14,034
		357,522	327,355

The accompanying notes are an integral part of these quarterly consolidated financial statements.

Consolidated Statement of Income and Comprehensive Income

<i>(in millions of Canadian dollars)</i>	Notes	Three months ended 30 September		Nine months ended 30 September	
		2025	2024	2025	2024
Interest income		2,272	2,055	6,475	5,956
Interest expense		(2,236)	(2,027)	(6,367)	(5,861)
Net interest income		36	28	108	95
Insurance revenue	7	385	256	1,014	802
Insurance service expense		(59)	(45)	(120)	(90)
Insurance service result		326	211	894	712
Investment income		229	198	635	559
Net losses on financial instruments	14	(10)	(56)	(102)	(162)
Insurance finance expense for contracts issued		(87)	(67)	(253)	(189)
Net financial result		132	75	280	208
Government funding	6	575	980	3,913	3,688
Housing programs expenses	6	(498)	(884)	(3,678)	(3,422)
Premiums and fees earned		255	236	757	695
Operating expenses		(154)	(157)	(462)	(496)
Other income (loss)		(2)	1	(11)	(7)
Income before income taxes		670	490	1,801	1,473
Income taxes	18	(177)	(124)	(455)	(369)
Net income		493	366	1,346	1,104
Other comprehensive income (loss), net of tax					
Items that may be subsequently reclassified to net income					
Net unrealized gains from debt instruments held at fair value through other comprehensive income		116	400	242	323
Reclassification of losses (gains) on debt instruments held at fair value through other comprehensive income on disposal in the year		(1)	29	14	82
Insurance finance expense for contracts issued		(27)	(83)	(40)	(52)
Total items that may be subsequently reclassified to net income		88	346	216	353
Items that will not be subsequently reclassified to net income					
Remeasurement gains (losses) on defined benefit plans	17	105	(5)	158	128
Total other comprehensive income, net of tax		193	341	374	481
Comprehensive income		686	707	1,720	1,585

The accompanying notes are an integral part of these quarterly consolidated financial statements.

Consolidated Statement of Equity of Canada

<i>(in millions of Canadian dollars)</i>	Notes	Three months ended 30 September		Nine months ended 30 September	
		2025	2024	2025	2024
Contributed capital		25	25	25	25
Accumulated other comprehensive income (loss)					
Fair value reserve balance at beginning of period		15	(445)	(126)	(421)
Other comprehensive income (loss) – fair value		115	429	256	405
Fair value reserve balance at end of period		130	(16)	130	(16)
Opening insurance finance reserve		23	131	36	100
Other comprehensive income (loss) – insurance finance reserve		(27)	(83)	(40)	(52)
Insurance finance reserve balance at end of period		(4)	48	(4)	48
Balance at end of period		126	32	126	32
Reserve fund					
Balance at the beginning of period		131	122	172	72
Net income (loss)		(1)	30	(42)	80
Balance at end of period		130	152	130	152
Retained earnings					
Opening retained earnings		14,874	13,318	13,927	12,787
Net income		494	336	1,388	1,024
Other comprehensive income (loss)		105	(5)	158	128
Dividends	9	-	-	-	(290)
Total retained earnings		15,473	13,649	15,473	13,649
Equity of Canada	9	15,754	13,858	15,754	13,858

The accompanying notes are an integral part of these quarterly consolidated financial statements.

Consolidated Statement of Cash Flows

<i>(in millions of Canadian dollars)</i>	Notes	Three months ended 30 September		Nine months ended 30 September	
		2025	2024	2025	2024
Cash flows from (used in) operating activities					
Net income		493	366	1,346	1,104
Adjustments to determine net cash flows from operating activities					
Amortization of premiums and discounts on financial instruments		(2)	(22)	(46)	(45)
Net losses (gains) on financial instruments		(101)	60	159	9
Capitalized interest on loans	12	(47)	(34)	(127)	(98)
Deferred income taxes	18	(105)	(26)	(147)	(145)
Depreciation, amortization and impairment of fixed and intangible assets		8	9	26	28
Changes in operating assets and liabilities					
Derivatives		115	(6)	(55)	165
Accrued interest receivable		(841)	(586)	(856)	(787)
Due from the Government of Canada		(111)	(125)	(546)	(299)
Accounts receivable and other assets		(5)	6	(18)	18
Accounts payable and other liabilities		(114)	333	408	493
Income taxes payable/receivable		94	(94)	(337)	(549)
Accrued interest payable		814	566	854	781
Insurance contract liabilities		455	361	1,136	741
Defined benefit plans		8	8	23	20
Unearned premiums and fees		70	76	144	145
Other		(1)	6	-	6
Loans	12				
Repayments		2,334	5,706	25,070	29,021
Disbursements		(16,760)	(15,797)	(49,131)	(49,427)
Borrowings	13				
Repayments		(5,743)	(10,746)	(36,818)	(42,341)
Issuances		20,859	20,979	62,325	63,342
		1,420	1,040	3,410	2,182
Cash flows from (used in) investing activities					
Investment securities					
Sales and maturities		13,105	2,634	20,287	8,698
Purchases		(12,344)	(4,419)	(20,954)	(10,631)
Foreign currency forward contract maturities					
Receipts		119	114	378	256
Disbursements		(166)	(86)	(400)	(233)
Investment property					
Additions		-	-	(2)	-
Securities purchased under resale agreements		(356)	(301)	(275)	(401)
Property and equipment and intangible asset acquisitions		(22)	(8)	(43)	(34)
		336	(2,066)	(1,009)	(2,345)
Cash flows used in financing activities					
Dividends paid			-		(290)
Change in cash and cash equivalents		1,756	(1,026)	2,401	(453)
Cash and cash equivalents					
Beginning of period		2,300	2,512	1,655	1,939
End of period		4,056	1,486	4,056	1,486
Represented by					
Cash		69	136	69	136
Cash equivalents		3,987	1,350	3,987	1,350
		4,056	1,486	4,056	1,486
Supplementary disclosure of cash flows from operating activities					
Amount of interest received during the period		1,691	1,669	6,285	5,933
Amount of interest paid during the period		1,524	1,534	5,742	5,479
Amount of income taxes paid during the period		181	231	926	1,051

The accompanying notes are an integral part of these quarterly consolidated financial statements.

Notes to Unaudited Quarterly Consolidated Financial Statements

1. Corporate Information

Canada Mortgage and Housing Corporation (CMHC, we, or us) was established in Canada as a Crown corporation in 1946 by the *Canada Mortgage and Housing Corporation Act* (CMHC Act) to carry out the provisions of the *National Housing Act* (NHA). We are also subject to Part X of the *Financial Administration Act* by virtue of being listed in Part 1 of Schedule III, wholly owned by the Government of Canada (Government), and an agent Crown corporation. Our National Office is located at 700 Montreal Road, Ottawa, Ontario, Canada, K1A 0P7.

These unaudited quarterly consolidated financial statements are as at and for the three and nine months ended 30 September 2025 and were approved and authorized for issue by our Audit Committee on 13 November 2025.

2. Basis of Preparation and Material Accounting Policy Information

The unaudited quarterly consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* (IAS 34) and do not include all information required for full annual consolidated financial statements. We follow the same accounting policies and methods of application as disclosed in Note 2 of the consolidated financial statements for the year ended 31 December 2024 and these unaudited quarterly consolidated financial statements should be read in conjunction with those financial statements.

Seasonality

We have concluded that our business is not highly seasonal in accordance with IAS 34; however, we are exposed to some seasonal variation. Premiums received for some insurance products vary each quarter with the seasonality in housing markets. Variations are driven by the level of mortgage originations and related mortgage insurance policies written, which, for purchase transactions, typically peak in the spring and summer months. Insurance claims vary from quarter to quarter primarily as the result of prevailing economic conditions as well as the characteristics of the insurance-in-force portfolio, such as size and age. In the Securitization Activity, guarantee fees received on NHA MBS are generally higher in the last quarter of the year as more issuers guarantee higher fee pools above the Tier 1 threshold as they manage their liquidity and capital requirements. In the Housing Programs Activity, there are typically higher volumes in the first quarter of each year as this is the Government of Canada's fiscal year end.

3. Current and Future Accounting Changes

Current accounting changes

There were no new or amended standards issued by the International Accounting Standards Board (IASB) that we adopted during the period that had a material impact on our unaudited quarterly consolidated financial statements.

Future accounting changes

IFRS 18 Presentation and Disclosure in Financial Statements – effective date of 1 January 2027

In April 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18), which will replace IAS 1 *Presentation of Financial Statements*.

The objective of IFRS 18 is to improve how information is communicated in the financial statements, with a focus on information in the consolidated statement of income and comprehensive income.

IFRS 18 will include requirements for additional defined subtotals in the consolidated statement of income and comprehensive income (categorizing the results between operating, investing, and financing), disclosures about management performance measures, and strengthened requirements for aggregation and disaggregation of information.

We have not yet assessed the impact on our consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 – effective date of 1 January 2026

In May 2024, the IASB issued amendments to the classification and measurement requirements in IFRS 9 Financial Instruments and IFRS 7 *Financial Instruments Disclosures*. The objective of the amendments is to address diversity in accounting practice by making the requirements more understandable and consistent.

The amendments include changes to classification and measurement requirements under IFRS 9 for the de-recognition of financial liabilities and additional guidance to assess the contractual cash flow characteristics of financial assets with environmental, social and governance (ESG)-linked, non-recourse and contractually linked features. The proposed amendments to IFRS 7 include additional disclosure requirements for investments in equity instruments held at FVOCI and financial instruments with contingent events.

We are assessing the impact on the consolidated financial statements.

4. Critical Judgments in Applying Accounting Policies and Making Estimates

Use of estimates

The preparation of financial statements in accordance with IFRS requires various judgments, estimates and assumptions, that can significantly affect the amounts recognized in the financial statements. Actual results may differ from these estimates. Where these differ, the impact will be recorded in future periods. We have disclosed in Note 4 of our 31 December 2024 consolidated financial statements, the key assumptions concerning the future and other important sources of estimation uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year. Notable changes to the key estimates are reflected below.

Estimation Uncertainty

The related economic and market uncertainties including enacted trade tariffs, have caused a heightened level of estimation uncertainty for CMHC. Our 30 September 2025 financial results are based on information about these market conditions that were reasonably available at the balance sheet date, and therefore, do not reflect subsequent changes in these market conditions.

Given the higher market uncertainty, we have updated our macroeconomic assumptions to reflect a greater probability of default over the next 12 months. Despite these changes, the resulting increases in our expected credit losses on debt securities and loans have been insignificant. Refer to the discussion below on expected credit losses.

In relation to the Mortgage Insurance Activity the enacted trade tariffs have not led to significant increases in the unemployment rate or decreases in house prices. Therefore, we have not seen significant increases in our arrears or our liability for incurred claims or a higher present value of future claims or a lower contractual service margin.

We generally expect forward looking volatility in these estimates to be higher than recent quarters and may change from quarter to quarter.

Insurance contract liabilities

Insurance contract liabilities are estimated using deterministic cashflow models that consider a range of possible economic conditions.

The following table sets out the weighted average percentage used for key insurance contract liability assumptions:

	30 September 2025	31 December 2024
Claim frequency ¹	0.8%	0.8%
Claim severity ²	47.8%	45.2%
Unemployment rate ³	6.1%	5.9%
Repeat-sales price index ³	551	509

¹ The weighted average assumption includes the weighted average arrears, claims, termination and cure rate. Reflects the probability of a loan going from healthy to claim during its life.

² Reflects net claim, including expenses as a percentage of the insured loan amount, when a loan defaults.

³ Refers to national ten-year average projected rates.

Risk adjustment

We target an overall risk adjustment confidence level for both the LRC and LIC to be within the range of 85%-90%. As at September 30, 2025, the risk adjustment for our insurance contracts corresponds to a 87% confidence level (87% at December 31, 2024) for LRC and LIC combined.

Discount rate

The weighted average discount rates applied for discounting of future cash flows as at 30 September 2025 and 31 December 2024 are listed below:

Portfolio duration

	1–5 years		5–10 years		10–15 years		15–20 years		20–25 years		over 25 years	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Discount rates	3.6%	4.0%	4.3%	4.5%	4.9%	4.9%	5.2%	5.1%	5.3%	5.1%	5.2%	5.0%

Mortgage Insurer Capital Adequacy Test (MICAT)

Insurance-in-force (IIF) is a key input in determining our MICAT ratio and is subject to estimation. Due to availability of data, IIF used in the MICAT is the higher of 1) a projection reflecting an estimate of new business, terminations and claims from our most recent previous quarter-end; and 2) our actual IIF as reported by lenders for the previous quarter-end. Changes in underwriting requirements, regulatory environment and market trends can add volatility to our estimate.

Expected credit losses

Our methodology for the estimation of expected credit losses (ECL) on debt securities classified as amortized cost or FVOCI and our loans at amortized cost includes different economic scenarios (baseline, optimistic and pessimistic) that are based on forecasted macro-economic inputs published by third parties and reviewed and approved by our Deputy Chief Economist. The significant inputs to the ECL model include forecasted Canadian and US equity markets, unemployment rates, credit spreads, oil price and volatility index (VIX). We assign a weight to the different scenarios for the purpose of calculating the ECL provisions. The appropriate weight assigned to each economic scenario is determined by our Deputy Chief Economist. The ECL at 30 September 2025 were calculated using a 30% weighting to the pessimistic scenario, 55% weighting to the baseline and 15% weight to the optimistic scenario (31 December 2024 – 40% pessimistic, 45% baseline and 15% optimistic). The revised macroeconomic assumptions, reflect a higher probability of losses in the next 12 months when compared to 31 December 2024. See Notes 11 and 12 for more information on expected credit losses.

5. Segmented Information

The unaudited quarterly consolidated financial statements include the Housing Programs (HP), Mortgage Insurance (MI) and Securitization (SEC) segments, each of which provide different products and programs in support of our objectives. We include the accounts for Canada Housing Trust (CHT), a separate legal entity, within the Securitization reportable segment. We determine the financial results of each segment using the accounting policies described in Note 2 of our audited consolidated financial statements for the year ended 31 December 2024. For all segments, revenues are attributed to, and assets are located in, Canada.

We generate revenues for the reportable segments as follows:

- Housing Programs revenues include government funding and interest income on loans and investments;
- Mortgage Insurance revenues include insurance revenues, premiums, fees and investment income; and
- Securitization revenues include guarantee and application fees, investment income and interest income on loans.

Three months ended 30 September

(in millions)	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest income	234	188	-	-	2,038	1,868	-	(1)	2,272	2,055
Interest expense	(201)	(164)	-	-	(2,036)	(1,867)	1	4	(2,236)	(2,027)
Net interest income	33	24	-	-	2	1	1	3	36	28
Insurance revenue	-	-	385	256	-	-	-	-	385	256
Insurance service expense	-	-	(59)	(45)	-	-	-	-	(59)	(45)
Insurance service result	-	-	326	211	-	-	-	-	326	211
Investment income (losses)	-	-	194	172	35	30	-	(4)	229	198
Net gains (losses) on financial instruments	(21)	(24)	6	(34)	-	1	5	1	(10)	(56)
Insurance finance expense for contracts issued	-	-	(87)	(67)	-	-	-	-	(87)	(67)
Net financial result	(21)	(24)	113	71	35	31	5	(3)	132	75
Government funding	575	980	-	-	-	-	-	-	575	980
Housing programs expenses	(498)	(884)	-	-	-	-	-	-	(498)	(884)
Premiums and fees earned	-	-	11	10	244	226	-	-	255	236
Operating expenses	(89)	(94)	(49)	(49)	(16)	(14)	-	-	(154)	(157)
Other income (loss)	-	-	(2)	(1)	-	2	-	-	(2)	1
Income before income taxes	-	2	399	242	265	246	6	-	670	490
Income taxes	(6)	(3)	(102)	(60)	(67)	(61)	(2)	-	(177)	(124)
Net income	(6)	(1)	297	182	198	185	4	-	493	366
Other comprehensive income (loss)	52	(2)	117	278	25	76	(1)	(11)	193	341
Comprehensive income (loss)	46	(3)	414	460	223	261	3	(11)	686	707
Total revenues and government funding ¹	587	980	448	291	281	260	6	-	1,322	1,531
Less Inter-segment income (loss) ²	-	1	(5)	3	(1)	(4)	6	-	-	-
External revenues and government funding	587	979	453	288	282	264	-	-	1,322	1,531

¹ Includes net interest income, insurance service result, net financial result, government funding, premiums and fees earned and other income.

² Inter-segment income (loss) relates to the following:

- Housing Programs recognizes interest income from investing in holdings of CMB;
- Mortgage Insurance recognizes investment income from investing in holdings of CMB; and
- Within Securitization CHT recognizes interest expense on CMB held by Housing Programs and Mortgage Insurance.

Nine months ended 30 September

(in millions)	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Interest income	651	532	-	-	5,824	5,426	-	(2)	6,475	5,956
Interest expense	(560)	(456)	-	-	(5,815)	(5,418)	8	13	(6,367)	(5,861)
Net interest income	91	76	-	-	9	8	8	11	108	95
Insurance revenue	-	-	1,014	802	-	-	-	-	1,014	802
Insurance service expense	-	-	(120)	(90)	-	-	-	-	(120)	(90)
Insurance service result	-	-	894	712	-	-	-	-	894	712
Investment income (losses)	-	-	543	485	101	84	(9)	(10)	635	559
Net gains (losses) on financial instruments	(62)	(60)	(48)	(87)	-	(17)	8	2	(102)	(162)
Insurance finance expense for contracts issued	-	-	(253)	(189)	-	-	-	-	(253)	(189)
Net financial result	(62)	(60)	242	209	101	67	(1)	(8)	280	208
Government funding	3,913	3,688	-	-	-	-	-	-	3,913	3,688
Housing programs expenses	(3,678)	(3,422)	-	-	-	-	-	-	(3,678)	(3,422)
Premiums and fees earned	-	-	31	29	726	666	-	-	757	695
Operating expenses	(260)	(300)	(151)	(147)	(51)	(49)	-	-	(462)	(496)
Other income	(1)	-	(15)	(14)	5	7	-	-	(11)	(7)
Income before income taxes	3	(18)	1,001	789	790	699	7	3	1,801	1,473
Income taxes	(5)	1	(250)	(195)	(198)	(174)	(2)	(1)	(455)	(369)
Net income	(2)	(17)	751	594	592	525	5	2	1,346	1,104
Other comprehensive income (loss)	78	63	267	357	34	73	(5)	(12)	374	481
Comprehensive income (loss)	76	46	1,018	951	626	598	-	(10)	1,720	1,585
Total revenues and government funding ¹	3,941	3,704	1,152	936	841	748	7	3	5,941	5,391
Less Inter-segment income (loss) ²	-	2	1	8	(8)	(13)	7	3	-	-
External revenues and government funding	3,941	3,702	1,151	928	849	761	-	-	5,941	5,391

¹ Includes net interest income, insurance service result, net financial result, government funding, premiums and fees earned and other income.

² Inter-segment income (loss) relates to the following:

- Housing Programs recognizes interest income from investing in holdings of CMB;
- Mortgage Insurance recognizes investment income from investing in holdings of CMB; and
- Within Securitization, CHT recognizes interest expense on CMB held by Housing Programs and Mortgage Insurance.

As at 30 September 2025 and 31 December 2024

(in millions)	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations ¹		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Assets										
Cash and cash equivalents	2,138	1,388	1,917	262	1	5	-	-	4,056	1,655
Securities purchased under resale agreements	1,225	950	-	-	-	-	-	-	1,225	950
Income taxes receivable	(8)		84		(39)		-	-	37	-
Accrued interest receivable	67	74	173	123	1,733	921	-	(1)	1,973	1,117
Investment securities:										
Fair value through profit or loss	-	-	51	57	-	-	-	-	51	57
Fair value through other comprehensive income	-	-	19,418	19,298	5,080	4,499	-	(510)	24,498	23,287
Amortized cost	3,814	3,644	-	-	-	-	-	(75)	3,814	3,569
Derivatives	-	-	4	-	-	-	-	-	4	-
Due from the Government of Canada	779	177	-	-	-	-	-	-	779	177
Loans:										
Fair value through profit or loss	457	502	19	19	-	-	-	-	476	521
Amortized cost	20,017	16,713	20	24	298,770	277,791	-	-	318,807	294,528
Accounts receivable and other assets	-	90	288	265	229	121	-	-	517	476
Investment property	398	396	-	-	-	-	-	-	398	396
Defined benefit plans asset	153	85	195	107	12	7	-	-	360	199
Deferred income tax assets	(84)	(106)	604	511	5	16	2	2	527	423
	28,956	23,913	22,773	20,666	305,791	283,360	2	(584)	357,522	327,355
Liabilities										
Accounts payable and other liabilities	926	530	126	115	36	48	-	-	1,088	693
Income taxes payable	-	3	-	204	-	22	-	-	-	229
Accrued interest payable	194	147	-	-	1,703	897	-	(1)	1,897	1,043
Derivatives	78	70	76	135	-	-	-	-	154	205
Insurance contract liabilities	-	-	9,708	8,455	-	-	-	-	9,708	8,455
Borrowings:										
Fair value through profit or loss	60	148	-	-	-	-	-	-	60	148
Amortized cost	26,729	22,121	-	-	298,770	277,791	(2)	(587)	325,497	299,325
Defined benefit plans liability	76	77	95	97	6	6	-	-	177	180
Unearned premiums and fees	-	-	473	383	2,714	2,660	-	-	3,187	3,043
	28,063	23,096	10,478	9,389	303,229	281,424	(2)	(588)	341,768	313,321
Equity of Canada	893	817	12,295	11,277	2,562	1,936	4	4	15,754	14,034
	28,956	23,913	22,773	20,666	305,791	283,360	2	(584)	357,522	327,355

¹ The balance sheet eliminations remove inter-segment holdings of CMB and inter-segment receivables/payables.

6. Government Funding and Housing Programs Expenses

We used government funding to administer housing programs and operating expenses, as shown by core responsibility.

<i>(in millions)</i>	Three months ended 30 September		Nine months ended 30 September	
	2025	2024	2025	2024
Assistance for housing needs	317	708	1,844	2,106
Financing for housing	284	273	1,117	1,103
Housing expertise and capacity development	27	59	1,094	648
Total	628	1,040	4,055	3,857
Net change in government funding deferred in the period	(53)	(60)	(142)	(169)
Total government funding recognized¹	575	980	3,913	3,688
Operating expenses	(81)	(95)	(235)	(290)
Expected credit loss (recovery)	4	(3)	-	19
Capital expenditures ²	-	2	-	5
Total housing programs expenses recognized	498	884	3,678	3,422

¹ Total government funding recognized does not include gains resulting from below market rate funds borrowed under the Crown Borrowing Program, which are recognized in net gains (losses) on financial instruments. These gains totaled \$32 million and \$95 million for the three and nine months ended 30 September 2025 (three and nine months ended 30 September 2024 – \$38 million and \$106 million).

² Relates to housing programs expenses in which the appropriations are deducted from the carrying amount of the related capital expenditures.

The following table presents the change in the due from (to) the Government of Canada account. The outstanding balance as at 30 September 2025 is mainly composed of Housing Programs expenses incurred but not yet reimbursed.

<i>(in millions)</i>	As at 30 September 2025	As at 31 December 2024
Balance at beginning of the year	177	240
Total government funding	4,055	4,832
Government funding received during the period	(3,439)	(4,885)
Third party remittances from (owing to) the Government of Canada	(20)	(14)
Balance at end of period before prior/future period adjustments	773	173
Net change in One-time top-up to the Canada Housing Benefit advances	-	24
Net change in prior period adjustments	6	(20)
Balance at end of period	779	177

7. Mortgage Insurance

Overview of insurance contracts

The following table presents the insurance contract liabilities by portfolio at period end.

<i>(in millions)</i>	As at 30 September 2025	As at 31 December 2024
Insurance contracts		
Transactional homeowner	3,622	3,312
Portfolio	91	103
Multi-unit residential	5,995	5,040
Total insurance contract liabilities	9,708	8,455

Insurance contracts by remaining coverage and incurred claims

The following tables present the reconciliation of insurance contract liabilities by LRC and LIC.

As at 30 September 2025

<i>(in millions)</i>	LRC	LIC	Total
Insurance contract liabilities at beginning of year	8,204	251	8,455
Insurance revenue			
Contracts under the fair value approach	(343)	-	(343)
Other contracts	(671)	-	(671)
	(1,014)	-	(1,014)
Insurance service expenses			
Incurred claims and other insurance expenses	-	229	229
Amortization of insurance acquisition cash flows	52	-	52
Changes to the liabilities for incurred claims	-	(161)	(161)
	52	68	120
Insurance service result	(962)	68	(894)
Insurance finance expenses	298	9	307
Total changes in the statement of income and comprehensive income before income taxes	(664)	77	(587)
Cash flows			
Premiums received	1,992	-	1,992
Claims and other insurance service expense paid	-	(20)	(20)
Insurance acquisition cash flows	(132)	-	(132)
Total cash flows	1,860	(20)	1,840
Insurance contract liabilities at end of period	9,400	308	9,708

As at 31 December 2024

<i>(in millions)</i>	LRC	LIC	Total
Insurance contract liabilities at beginning of year	6,876	203	7,079
Insurance revenue			
Contracts under the fair value approach	(464)	-	(464)
Other contracts	(623)	-	(623)
	(1,087)	-	(1,087)
Insurance service expenses			
Incurred claims and other insurance expenses	-	193	193
Amortization of insurance acquisition cash flows	51	-	51
Changes to the liabilities for incurred claims	-	(107)	(107)
	51	86	137
Insurance service result	(1,036)	86	(950)
Insurance finance expenses	337	11	348
Total changes in the statement of income and comprehensive income before income taxes	(699)	97	(602)
Cash flows			
Premiums received	2,155	-	2,155
Claims and other insurance service expense paid	-	(49)	(49)
Insurance acquisition cash flows	(128)	-	(128)
Total cash flows	2,027	(49)	1,978
Insurance contract liabilities at end of period	8,204	251	8,455

As at 30 September 2025 there were nil loss components (31 December 2024 – nil).

Insurance contracts by measurement components

The following tables present the reconciliation of insurance contract liabilities by measurement component.

As at 30 September 2025

<i>(in millions)</i>	Present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under the fair value approach	Other contracts	
Insurance contract liabilities at beginning of year	1,614	1,322	2,144	3,375	8,455
Changes that relate to current services					
CSM recognized for services provided	-	-	(240)	(396)	(636)
Change in the risk adjustment for non-financial risk	-	(93)	-	-	(93)
Experience adjustments	(4)	-	-	-	(4)
Changes that relate to future services					
Contracts initially recognized in the period	(1,499)	425	-	1,074	-
Changes in estimates that adjust the CSM	(91)	153	29	(91)	-
Changes that relate to past services					
Changes to the liabilities for incurred claims	(110)	(51)	-	-	(161)
Insurance service result	(1,704)	434	(211)	587	(894)
Insurance finance expenses	80	70	42	115	307
Total changes in the statement of income and comprehensive income before income taxes	(1,624)	504	(169)	702	(587)
Cash flows					
Premiums received	1,992	-	-	-	1,992
Claims and other insurance service expense paid	(20)	-	-	-	(20)
Insurance acquisition cash flows	(132)	-	-	-	(132)
Total cash flows	1,840	-	-	-	1,840
Insurance contract liabilities at end of period	1,830	1,826	1,975	4,077	9,708

As at 31 December 2024

<i>(in millions)</i>	Present value of future cash flows	Risk adjustment for non-financial risk	CSM		Total
			Contracts under the fair value approach	Other contracts	
Insurance contract liabilities at beginning of year	1,178	1,071	2,318	2,512	7,079
Changes that relate to current services					
CSM recognized for services provided	-	-	(301)	(391)	(692)
Change in the risk adjustment for non-financial risk	-	(128)	-	-	(128)
Experience adjustments	(23)	-	-	-	(23)
Changes that relate to future services					
Contracts initially recognized in the period	(1,676)	329	-	1,347	-
Changes in estimates that adjust the CSM	144	(6)	73	(211)	-
Changes that relate to past services					
Changes to the liabilities for incurred claims	(71)	(36)	-	-	(107)
Insurance service result	(1,626)	159	(228)	745	(950)
Insurance finance expenses	84	92	54	118	348
Total changes in the statement of income and comprehensive income before income taxes	(1,542)	251	(174)	863	(602)
Cash flows					
Premiums received	2,155	-	-	-	2,155
Claims and other insurance service expense paid	(49)	-	-	-	(49)
Insurance acquisition cash flows	(128)	-	-	-	(128)
Total cash flows	1,978	-	-	-	1,978
Insurance contract liabilities at end of year	1,614	1,322	2,144	3,375	8,455

8. Securitization

We guarantee the timely payment of principal and interest of CMB issued by CHT under the CMB program and NHA MBS issued by Approved Issuers on the basis of housing loans under the NHA MBS program and under the Insured Mortgage Purchase Program (IMPP) in the event that an issuer is unable to satisfy its obligations under these programs. In that circumstance, we will mitigate our loss by realizing on the collateral securing the obligations, consisting primarily of insured mortgage loans, under each of the programs. In Q2 2025, the IMPP fully matured, ending our timely payment guarantee for this program.

At the balance sheet date, we have not received a claim, nor do we expect to receive a claim, in excess of the unearned guarantee fee on our timely payment guarantees (TPG). As such, no provision in addition to the remaining unearned premium is required.

The following table presents the changes in the unearned TPG fees balance.

<i>(in millions)</i>	As at 30 September 2025			As at 31 December 2024		
	NHA MBS	CMB	Total	NHA MBS	CMB	Total
Balance at beginning of year	1,932	728	2,660	1,874	624	2,498
TPG and application fees received in the period	589	191	780	801	262	1,063
TPG and application fees earned in the period	(599)	(127)	(726)	(743)	(158)	(901)
Balance at end of period	1,922	792	2,714	1,932	728	2,660

9. Capital Management

We consider our capital available to be equal to the total equity of Canada less regulatory deductions.

Our primary objective with respect to capital management is to ensure that our commercial operations, being our Mortgage Insurance and Securitization activities, have adequate capital to deliver their mandate, while remaining financially self-sustaining, and to follow prudent business practices, OSFI guidelines and other guidelines existing in the private sector as appropriate. We use the Capital and Dividend Policy Framework for Financial Crown Corporations as issued by the Department of Finance in conjunction with our Risk Appetite Framework, Capital Management Policy and other internal capital adequacy processes to manage the capital of our commercial operations.

We perform an Own Risk & Solvency Assessment (ORSA), which is an integrated process that evaluates capital adequacy on both a regulatory and economic capital basis and is used to establish capital targets taking into consideration our strategy and risk appetite. Our 'Own View' of capital needs is determined by identifying our risks and evaluating whether an explicit amount of capital is necessary to absorb losses from each risk. With this, we also meet the requirements of the CMHC Act and the NHA.

We set an internal target for our Mortgage Insurance Activity and our Securitization Activity at a level that is expected to cover all material risks. The internal target is calibrated using specified confidence intervals and is designed to provide an early indication of the need to resolve financial problems. Under our capital management policy, we operate at available capital levels above the internal target on all but unusual and infrequent occasions. Accordingly, we have established an operating level for our Mortgage Insurance Activity and our Securitization Activity in excess of our internal target.

We declare dividends to the Government from our Mortgage Insurance and Securitization Activities to the extent there are profits and retained earnings not allocated to reserves, capitalization or to meet our needs for purposes of the NHA, CMHC Act or any other purpose authorized by Parliament relating to housing. We did not declare or pay dividends during the three and nine months ended 30 September 2025 (three and nine months ended 30 September 2024 – nil and \$290 million).

The components of consolidated capital available are presented in the following table.

<i>(in millions)</i>	As at 30 September 2025	As at 31 December 2024
Contributed capital	25	25
Accumulated other comprehensive income	126	(90)
Reserve fund	130	172
Appropriated retained earnings	11,371	10,861
Unappropriated retained earnings ¹	4,102	3,066
Total equity of Canada²	15,754	14,034
Less: regulatory deductions	(274)	(187)
Total capital available	15,480	13,847

¹ Unappropriated retained earnings represent retained earnings in excess of our operating level for the Mortgage Insurance and Securitization Activities.

² Equity of Canada includes the impact of eliminations

Mortgage Insurance capital

The following table presents the components of capital available.

<i>(in millions, unless otherwise indicated)</i>	As at 30 September 2025	As at 31 December 2024
Appropriated capital ¹	10,409	9,721
Unappropriated capital	1,886	1,556
Total Mortgage Insurance capital	12,295	11,277
Less: regulatory deductions to unappropriated capital	(274)	(187)
Total Mortgage Insurance capital available	12,021	11,090
Internal target	155%	155%
Operating level	165%	165%
Capital available to minimum capital required (% MICAT)	191%	188%

¹ We appropriate retained earnings and accumulated other comprehensive income (AOCI) at the operating level of 165% of MICAT.

Securitization capital

Securitization capital is appropriated for the guarantees provided by our NHA MBS and CMB programs. There is no regulatory capital, and the appropriated amount of capital is based on our ORSA. Effective 1 January 2025 the Board of Directors approved an increase of the economic capital required at the operating level from \$2.2 billion to \$2.6 billion. This compares to \$5.3 billion of assets available at 30 September 2025 (31 December 2024 – \$2.2 billion total assets required and \$4.6 billion assets available), excluding assets and liabilities related to IMPP. Unappropriated capital is subject to a minimum liquidity requirement. The liquidity requirement ensures that our investment balance (cash, cash equivalents, investment securities and related accrued interest), along with our other borrowing capabilities, is sufficient to cover the largest exposure to a single counterparty. At 30 September 2025, our investment balance was \$5.1 billion (31 December 2024 – \$4.5 billion) and the liquidity requirement has resulted in a cap of \$1.5 billion to our unappropriated earnings. In 2025 and 2024, the binding constraint is the liquidity requirement.

The following table presents the components of the capital available.

<i>(in millions, unless otherwise indicated)</i>	As at 30 September 2025	As at 31 December 2024
Appropriated capital	1,052	1,010
Unappropriated capital	1,510	926
Total Securitization capital available	2,562	1,936
Economic capital available to economic capital required (%) ¹	161%	140%

¹ In Q3 2025, capital required was updated to reflect minimum capital required instead of capital required at the operating level, to better facilitate assessment of our capital position against our capital targets.

Housing Programs capital

Lending programs

We maintain a reserve fund pursuant to Section 29 of the CMHC Act, which includes the profits of the Corporation, after providing for all matters, that in the opinion of the Board of Directors, are required to carry out the purposes of the Corporation. The reserve fund is subject to a statutory limit of \$240 million (2024 – \$240 million). Should the statutory limit be exceeded, the excess would be required to be returned to the Government.

Retained earnings comprises all other amounts comprising Housing Programs Equity of Canada that are not in the reserve fund, including unrealized fair value fluctuations as well as remeasurement gains and losses on defined benefit plans. The Housing Programs' portion of remeasurement gains and losses on defined benefit plans is recorded in retained earnings until it is reimbursed by or to Government through government funding for housing programs.

Aside from the reserve fund and retained earnings, we do not hold additional capital for our Housing Programs activities, as they do not present material financial risks that are not already otherwise mitigated.

The following table presents the components of the capital available.

<i>(in millions)</i>	As at 30 September 2025	As at 31 December 2024
Reserve fund ^{1,2}	133	174
Retained earnings	735	618
Total Lending programs capital available	868	792

¹ Excludes the impact of eliminations of \$3 million (2024 – \$2 million).

² In the first quarter of 2025, \$53 million was reclassified from the reserve fund to retained earnings to better reflect the nature of certain items.

10. Fair Value Measurement

We measure certain financial instruments and non-financial assets at fair value in the consolidated balance sheet and disclose the fair value of certain other items. Fair value is determined using a consistent measurement framework.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Fair value measurement of non-financial assets (i.e. investment property) takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. For financial instruments, accrued interest is separately recorded and disclosed.

Fair value hierarchy

The methods used to measure fair value make maximum use of relevant observable inputs and minimize the use of unobservable inputs. Fair value measurements are classified in a fair value hierarchy as Level 1, 2 or 3 according to the observability of the most significant inputs used in making the measurements.

Level 1: Assets and liabilities that are measured based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Assets and liabilities that are measured based on observable inputs other than Level 1 prices. Level 2 inputs include prices obtained from markets that are not considered sufficiently active, and fair values obtained by discounting expected future cash flows, making maximum use of directly or indirectly observable market data.

Level 3: Assets and liabilities not quoted in active markets that are measured using valuation techniques. Where observable inputs are not available, unobservable inputs are used. For Level 3 assets and liabilities, unobservable inputs are significant to the overall measurement of fair value.

Comparison of carrying and fair values for financial instruments not carried at fair value

The following table compares the carrying and fair values of financial instruments not carried at fair value. Carrying value is the amount at which an item is measured in the consolidated balance sheet.

(in millions)	As at 30 September 2025			As at 31 December 2024		
	Carrying value	Fair value	Fair value over (under) carrying value	Carrying value	Fair value	Fair value over (under) carrying value
Financial assets¹						
Investments at amortized cost ²	3,814	3,838	24	3,569	3,580	11
Loans at amortized cost ³	318,807	318,637	(170)	294,528	291,141	(3,387)
Financial liabilities						
Borrowings at amortized cost ⁴	325,497	326,985	1,488	299,325	296,387	(2,938)

¹ Does not include cash and cash equivalents of \$2,111 million (31 December 2024 – \$1,303 million) and securities purchased under resale agreements of \$1,225 million (31 December 2024 – \$950 million) carried at amortized cost as the fair value of these financial instruments is equal to their carrying value.

² \$995 million (31 December 2024 – \$764 million) fair value categorized as Level 1 and \$2,843 million (31 December 2024 – \$2,816 million) fair value categorized as Level 2.

³ \$308,617 million (31 December 2024 – \$282,837 million) fair value categorized as Level 2, \$10,020 million (31 December 2024 – \$8,304 million) fair value categorized as Level 3.

⁴ \$281,141 million (31 December 2024 – \$240,490 million) fair value categorized as Level 1, \$45,844 million (31 December 2024 – \$55,897 million) fair value categorized as Level 2.

Fair value hierarchy for items carried at fair value

The following table presents the fair value hierarchy for assets and liabilities carried at fair value in the consolidated balance sheet.

(in millions)	As at 30 September 2025				As at 31 December 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents								
Interest bearing deposits with banks	-	-	-	-	-	128	-	128
Federal government issued	24	1864	-	1,888	-	207	-	207
Corporate/other entities	-	58	-	58	-	17	-	17
Total cash equivalents	24	1,922	-	1,946	-	352	-	352
Investment securities								
Fair value through profit or loss (FVTPL)								
Debt instruments								
Corporate/other entities	-	14	-	14	-	20	-	20
Equities								
Limited partnership units	-	-	37	37	-	-	37	37
Total at FVTPL	-	14	37	51	-	20	37	57
FVOCI								
Debt instruments								
Corporate/other entities	6,265	5,820	-	12,085	3,774	4,345	-	8,119
Federal government issued	4,829	1,078	-	5,907	7,440	3,290	-	10,730
Provinces/municipalities	6,100	142	-	6,242	3,974	159	-	4,133
Sovereign and related entities	248	16	-	264	258	47	-	305
Total at FVOCI	17,442	7,056	-	24,498	15,446	7,841	-	23,287
Loans designated at FVTPL	-	3	-	3	-	20	-	20
Loans mandatorily at FVTPL	-	11	462	473	-	12	489	501
Derivatives	-	4	-	4	-	-	-	-
Investment property	-	-	398	398	-	-	396	396
Total assets carried at fair value	17,466	9,010	897	27,373	15,446	8,245	922	24,613
Liabilities								
Borrowings designated at FVTPL	-	(60)	-	(60)	-	(148)	-	(148)
Derivatives	-	(76)	(78)	(154)	-	(136)	(69)	(205)
Total liabilities carried at fair value	-	(136)	(78)	(214)	-	(284)	(69)	(353)
Net assets at fair value	17,466	8,874	819	27,159	15,446	7,961	853	24,260

Transfers between fair value hierarchy levels

For assets and liabilities measured at fair value on a recurring basis, we determine if reclassifications have occurred between levels in the hierarchy by re-assessing categorization at each balance sheet date. Transfers are dependent on internal classification criteria that are based on variables such as observability of prices and market trading volumes considered as at each balance sheet date. Transfers between levels are deemed to occur at the beginning of the quarter in which the transfer occurs. During the nine months ended 30 September 2025, there were \$2,456 million of transfers from Level 2 to Level 1 and \$2,818 million of transfers from Level 1 to Level 2 (during the twelve months ended 31 December 2024 – \$3,269 million and \$2,476 million, respectively).

Change in fair value measurement for items classified as Level 3

The following table presents the change in fair value for items carried at fair value and classified as level 3.

<i>(in millions)</i>	Investment securities — FVTPL	Loans — FVTPL	Investment property	Derivatives	Total
Fair value as at 1 January 2025	37	489	396	(69)	853
Purchases/issuances	-	11	2	-	13
Net gains (losses) in profit or loss ^{1,2}	2	9	-	(9)	2
Cash receipts on settlements/disposals	(2)	(47)	-	-	(49)
Fair value as at 30 September 2025	37	462	398	(78)	819
Fair value as at 1 January 2024	51	446	398	(47)	848
Purchases/issuances	-	61	-	-	61
Net gains (losses) in profit or loss ^{1,2}	(5)	22	(2)	(22)	(7)
Cash receipts on settlements/disposals	(9)	(40)	-	-	(49)
Fair value as at 31 December 2024	37	489	396	(69)	853

¹ Included in net gains (losses) on financial instruments for investment securities, loans and derivatives; other income for investment property.

² Solely relates to unrealized gains for assets held at the end of the respective periods.

Unobservable inputs for items classified as Level 3

The valuation of instruments classified as Level 3 use unobservable inputs, changes in which may significantly affect the measurement of fair value. Valuations were based on assessments of the prevailing conditions at 30 September 2025, which may change materially in subsequent periods. The techniques and unobservable inputs used in valuing the items classified as Level 3 at 30 September 2025 did not materially change from 31 December 2024. The sensitivity of the fair value of items classified as Level 3 to changes in unobservable inputs remained as disclosed in the audited consolidated financial statements for the year ended 31 December 2024.

11. Investment Securities

Credit quality

The following table presents the credit quality of our cash equivalents and investment securities based on our internal credit rating system. Amounts in the table represent the gross carrying amounts.

<i>(in millions)</i>	Credit Rating ¹											
	As at 30 September 2025						As at 31 December 2024					
	AAA	AA- to AA+	A- to A+	BBB- to BBB+	Lower than BBB-	Total	AAA	AA- to AA+	A- to A+	BBB- to BBB+	Lower than BBB-	Total
Cash equivalents	2,334	690	963	-	-	3,987	365	567	659	-	-	1,591
Investment securities²												
FVTPL	14	-	-	-	-	14	20	-	-	-	-	20
FVOCI	7,253	6,206	7,046	3,889	104	24,498	11,500	4,187	4,837	2,698	65	23,287
Amortized cost	1,404	1,348	1,062	-	-	3,814	1,321	1,684	564	-	-	3,569

¹ The internal credit ratings are based upon internal assessments of the counterparty creditworthiness. These ratings correspond to those provided by credit rating agencies except in cases where stand-alone ratings exist. A counterparty internal credit rating cannot be higher than the highest stand-alone rating from any of the agencies. A stand-alone rating removes the assumption of government support from the rating.

² Includes fixed income investments.

Expected credit losses

The ECL allowance for debt instruments held at FVOCI and amortized cost was \$10 million at 30 September 2025 (31 December 2024 – \$4 million) with a loss of \$1 million and a loss of \$6 million recognized in net gains (losses) on financial instruments during the three and nine months ended 30 September 2025, respectively (three and nine months ended 30 September 2024 – gain of \$10 million and loss of \$2 million).

12. Loans

The following table presents the cash flows and non-cash changes for loans.

Nine months ended 30 September 2025

(in millions)	Cash flows			Non-cash changes					Balance at end of period
	Balance at beginning of period	Repayments	Disbursements	Fair value changes	Accretion	ECL	Capitalized Interest	Transfers ¹	
FVTPL									
Lending programs	502	(43)	-	9	-	-	-	(11)	457
MI Activity loans	19	(11)	11	-	-	-	-	-	19
Total at FVTPL	521	(54)	11	9	-	-	-	(11)	476
Amortized cost									
CMB program loans	277,456	(24,026)	45,283	-	57	-	-	-	298,770
Lending programs ²	16,713	(630)	3,837	(80)	40	(1)	127	11	20,017
IMPP loans	335	(335)	-	-	-	-	-	-	-
MI Activity loans ³	24	(25)	-	-	8	13	-	-	20
Total amortized cost	294,528	(25,016)	49,120	(80)	105	12	127	11	318,807
Total	295,049	(25,070)	49,131	(71)	105	12	127	-	319,283

¹ Transfers are matured loans that have been renewed where the new loans are no longer part of a portfolio of economically hedged loans and borrowings and therefore classified at amortized cost.

² Fair value changes for loans at amortized cost relate to losses recognized immediately upon initial advance of loans issued below market value.

³ These loans are classified as Stage 3 and they are not impacted by changes in macro-economic assumptions or weightings as discussed in Note 4.

Twelve months ended 31 December 2024

(in millions)	Balance at beginning of period	Cash flows		Non-cash changes					Balance at end of period
		Repayments	Disbursements	Fair value changes	Accretion	ECL	Capitalized Interest	Transfers ¹	
FVTPL									
Lending programs	494	(42)	45	23	-	-	-	(18)	502
MI Activity loans	18	(15)	16	-	-	-	-	-	19
Total at FVTPL	512	(57)	61	23	-	-	-	(18)	521
Amortized cost									
CMB program loans	255,130	(37,925)	60,203	-	48	-	-	-	277,456
Lending programs ²	12,616	(693)	4,776	(178)	32	7	135	18	16,713
IMPP loans	2,866	(2,531)	-	-	-	-	-	-	335
MI Activity loans	38	(26)	-	-	11	1	-	-	24
Total amortized cost	270,650	(41,175)	64,979	(178)	91	8	135	18	294,528
Total	271,162	(41,232)	65,040	(155)	91	8	135	-	295,049

¹ Transfers are matured loans that have been renewed where the new loans are no longer part of a portfolio of economically hedged loans and borrowings and therefore classified at amortized cost.

² Fair value changes for loans at amortized cost relate to losses recognized immediately upon initial advance of loans issued below market value.

We are assured collection of principal and accrued interest on 99% (31 December 2024 – 99%) of our loans by various levels of government, CMHC mortgage insurance or by investment grade collateral representing the sole source of repayment on our loans under the CMB program and IMPP.

Expected credit loss

Total undrawn loan commitments outstanding at 30 September 2025 were \$13,015 million (31 December 2024 – \$10,632 million), of which \$12,675 million are subject to 12-month ECL (31 December 2024 – \$10,235 million) and \$nil (31 December 2024 – \$1 million) are commitments outstanding on purchased or originated credit impaired loans.

At 30 September 2025, the ECL on undrawn loan commitments was \$9 million (31 December 2024 – \$11 million), and the ECL on loans was \$37 million (31 December 2024 – \$49 million). We recognize changes in ECL in net gains (losses) on financial instruments.

13. Borrowings

The following table presents the cash flows and non-cash changes for borrowings.

Nine months ended 30 September 2025

<i>(in millions)</i>	Cash flows			Non-cash changes			Balance at end of period
	Balance at beginning of period	Issuances	Repayments	Fair value changes	Accretion and other	Eliminations	
Designated at FVTPL							
Borrowings from the Government of Canada – Lending programs	148	-	(89)	1	-	-	60
Amortized cost							
Canada mortgage bonds	276,869	45,283	(23,951)	-	57	510	298,768
Borrowings from the Government of Canada – Lending programs	22,121	17,042	(12,443)	(95)	104	-	26,729
Borrowings from the Government of Canada – IMPP	335	-	(335)	-	-	-	-
Total amortized cost	299,325	62,325	(36,729)	(95)	161	510	325,497
Total	299,473	62,325	(36,818)	(94)	161	510	325,557

Twelve months ended 31 December 2024

<i>(in millions)</i>	Cash flows			Non-cash changes			Balance at end of period
	Balance at beginning of period	Issuances	Repayments	Fair value changes	Accretion and other	Eliminations	
Designated at FVTPL							
Borrowings from the Government of Canada – Lending programs	219	-	(77)	6	-	-	148
Amortized cost							
Canada mortgage bonds	254,389	60,193	(37,765)	-	48	4	276,869
Borrowings from the Government of Canada – Lending programs	17,502	24,557	(19,930)	(140)	132	-	22,121
Borrowings from the Government of Canada – IMPP	2,866	-	(2,531)	-	-	-	335
Total amortized cost	274,757	84,750	(60,226)	(140)	180	4	299,325
Total	274,976	84,750	(60,303)	(134)	180	4	299,473

When we hold CMB to maturity or acquire CMB in the primary market, we exclude the related cash flows from the consolidated statement of cash flows. During the nine months ended 30 September 2025, we have excluded \$75 million (nine months ended 30 September 2024 – \$103 million) of CMB maturities from repayments in the previous table (twelve months ended 31 December 2024 – \$160 million) and from investment securities – sales and maturities in the consolidated statement of cash flows. We have also excluded nil during the nine months ended 30 September 2025 (nine months ended 30 September 2024 – \$10 million) of CMB purchases in the primary market from issuances in the previous table (twelve months ended 31 December 2024 – \$10 million) and from investment securities – purchases in the consolidated statement of cash flows.

Borrowing authorities

The Minister of Finance approves our Borrowing Plan annually and establishes limits and parameters for borrowings, namely capital market borrowings and borrowings from the Government of Canada in the Housing Programs and Securitization activities.

For 2025, the limits on our short-term borrowings outstanding and long-term borrowings issued are \$7 billion and \$9.5 billion, respectively (31 December 2024 – \$7 billion and \$6.5 billion). Actual short-term borrowings outstanding as at 30 September 2025 were \$2.7 billion (31 December 2024 – \$2.2 billion). Actual long-term borrowings issued in the nine months ended 30 September 2025 were \$4.6 billion (31 December 2024 – \$4.3 billion).

14. Financial Instruments Income and Expenses

Gains and losses from financial instruments

The following table presents the net gains (losses) related to financial instruments recognized in the consolidated statement of income and comprehensive income.

<i>(in millions)</i>	Three months ended 30 September		Nine months ended 30 September	
	2025	2024	2025	2024
Financial instruments designated at FVTPL				
Loans	-	1	-	1
Borrowings	-	(2)	(1)	(5)
Total financial instruments designated at FVTPL	-	(1)	(1)	(4)
Financial instruments mandatorily at FVTPL				
Equity securities	1	-	2	(2)
Derivatives	(161)	36	32	(142)
Loans	4	12	9	20
Total financial instruments mandatorily at FVTPL	(156)	48	43	(124)
Debt instruments held at FVOCI ¹	165	(77)	(92)	15
Loans – amortized cost ²	(58)	(60)	(156)	(183)
Borrowings – amortized cost ³	32	38	95	106
Expected credit losses on financial assets	7	(4)	9	28
Total	(10)	(56)	(102)	(162)

¹ Includes a foreign exchange gain and loss during the three and nine months ended of \$128 million and \$114 million (three and nine months ended 30 September 2024 – \$56 million loss and \$111 million gain) resulting from the translation of U.S. dollar-denominated debt instruments.

² Includes losses on loans recognized immediately upon initial advance of \$30 million and \$82 million (three and nine months ended 30 September 2024 – \$49 million and \$145 million) and the amortization of deferred net losses of \$28 million and \$74 million (three and nine months ended 30 September 2024 – \$12 million and \$39 million).

³ Includes gains from the issuance of borrowings during the three and nine months ended of \$32 million and \$95 million (three and nine months ended 30 September 2024 – \$38 million and \$106 million).

Deferred losses on financial instruments

The following table presents the deferred net losses on financial instruments for certain Lending program loans not recognized in the consolidated statement of income and comprehensive income.

<i>(in millions)</i>	Three months ended 30 September		Nine months ended 30 September	
	2025	2024	2025	2024
Balance at beginning of the period	655	492	578	433
Deferred net losses on financial instruments in the period	74	42	197	128
Recognized net losses on financial instruments in the period	(28)	(12)	(74)	(39)
Balance at end of period	701	522	701	522

15. Market Risk

Market risk is the risk of adverse financial impacts arising from changes in underlying market factors, including interest rates and foreign exchange rates. Despite changes in economic and market conditions, there were no material changes to our assessment and management of market risk in the nine months ended 30 September 2025.

Currency risk

We are exposed to currency risk from our holdings in foreign currency denominated investment securities. Our internal policies limit the amount of foreign currency investments and require full hedging of currency risk. We held \$7,372 million in debt instruments denominated in U.S. dollars as at 30 September 2025 (31 December 2024 – \$4,548 million), which we present as investment securities at FVOCI or at FVTPL.

Value at Risk (VaR)

We evaluate market risk for investment securities in the Mortgage Insurance and Securitization Activities through the use of VaR models. VaR is a statistical technique used to measure the maximum potential loss of an investment portfolio over a specified holding period with a given level of confidence. The VaR for the Mortgage Insurance and Securitization Activities calculated with 95% confidence over a 22 business day holding period is outlined in the following table. The VaR figures are based on one year of historical prices and correlations of bond markets and 26 weeks of volatility.

<i>(in millions)</i>	Mortgage Insurance		Securitization	
	30 September 2025	31 December 2024	30 September 2025	31 December 2024
Investment securities:				
Interest rate risk on debt instruments				
CAD-denominated securities	159	163	79	72
USD-denominated securities	108	80	-	-
Effect of diversification	(9)	(8)	-	-
Total VaR	258	235	79	72

Interest rate sensitivity

We evaluate market risk for the Housing Programs Activity portfolio of loans, investments, borrowings and swaps by measuring their sensitivity to changes in interest rates.

For the Housing Programs Activity's financial instruments designated at FVTPL and derivatives, we assessed the net impact of a 200 bps shift in interest rates on fair value as immaterial as at 30 September 2025 after accounting for derivatives.

The Housing Programs Activity's financial instruments measured at amortized cost are also exposed to interest rate risk. The net impact of a shift in interest rates on their fair value as at 30 September 2025 is presented in the following table.

<i>(in millions)</i>	As at 30 September 2025 Interest rate shift		As at 31 December 2024 Interest rate shift	
	-200 bps	+200 bps	-200 bps	+200 bps
Increase (decrease) in fair value of net assets ¹	(1,111)	919	(840)	695

¹ The changes in fair value of net assets resulting from interest rate shifts presented in this table would not be recognized in comprehensive income as the underlying financial instruments are measured at amortized cost.

16. Credit Risk

Credit risk is the potential for financial loss arising from failure of a borrower or an institutional counterparty to fulfill its contractual obligations. We disclose full descriptions of credit risks related to our financial instruments and how we manage those risks in Note 19 of our audited consolidated financial statements for the year ended 31 December 2024. There has been no significant change in the nature of the risks and how we manage them in the three- and nine-month periods ended 30 September 2025.

17. Pension and Other Post-Employment Benefits

The following table presents the expenses, remeasurements and contributions for the defined benefit plans.

Three months ended 30 September

<i>(in millions)</i>	Pension plans		Other post-employment plans	
	2025	2024	2025	2024
Current service cost	10	9	-	1
Net interest expense (income)	(1)	(1)	1	1
Expense recognized in net income	9	8	1	2
Net actuarial gains arising from changes in financial assumptions	38	(105)	1	(4)
Return on plan assets, excluding amounts included in net interest expense ¹	86	101	-	-
Net remeasurements recognized in other comprehensive income (loss) ²	124	(4)	1	(4)
CMHC's contributions	1	1	1	1
Employee contributions	6	5	-	-
Total contributions	7	6	1	1

¹ The return on assets rate used to measure the return on plan assets for the three months ended 30 September 2025 was 4.41% (30 September 2024 – 5.23%).

² We remeasure the defined benefit plans quarterly for changes in the discount rate and for actual asset returns. All other actuarial assumptions are updated at least annually.

Nine months ended 30 September

<i>(in millions)</i>	Pension plans		Other post-employment plans	
	2025	2024	2025	2024
Current service cost	29	27	-	1
Net interest expense (income)	(4)	(2)	4	3
Expense recognized in net income	25	25	4	4
Net actuarial gains (losses) arising from changes in financial assumptions	76	32	2	-
Return on plan assets, excluding amounts included in net interest expense ¹	109	117	-	-
Net remeasurements recognized in other comprehensive income (loss)²	185	149	2	-
CMHC's contributions	3	6	3	3
Employee contributions	19	19	-	-
Total contributions	22	25	3	3

¹ The return on assets rate used to measure the return on plan assets for the nine months ended 30 September 2025 was 7.26% (30 September 2024 – 8.57%).

² We remeasure the defined benefit plans quarterly for changes in the discount rate and for actual asset returns. All other actuarial assumptions are updated at least annually.

We determine the discount rate in accordance with guidance issued by the Canadian Institute of Actuaries by reference to Canadian AA-rated corporate bonds with terms to maturity approximating the duration of the obligation. The discount rate we used to remeasure the defined benefit obligations at 30 September 2025 was 4.9% (31 December 2024 – 4.7%).

18. Income Taxes

The following table presents the components of income tax.

<i>(in millions)</i>	Three months ended 30 September		Nine months ended 30 September	
	2025	2024	2025	2024
Current income tax expense	282	150	602	514
Deferred income tax relating to origination and reversal of temporary differences	(105)	(26)	(147)	(145)
Total income tax expense included in net income	177	124	455	369
Income tax expense (recovery) on other comprehensive income (loss)				
Net unrealized gains (losses) from FVOCI financial instruments	44	136	80	110
Reclassification of prior years' net unrealized losses realized in the period in net income	-	13	5	27
Insurance finance income (expense) for insurance contracts issued	(8)	(27)	(13)	(17)
Remeasurement gains on defined benefit plans	20	(3)	29	21
Total income tax expense (recovery) included in other comprehensive income (loss)	56	119	101	141
Total	233	243	556	510

19. Related Party Transactions

We defer and amortize the Government fees paid in recognition of its financial backing of the Mortgage Insurance and Securitization Activities. In Mortgage Insurance Activity, these fees will reduce the CSM on initial recognition and are subsequently amortized over the expected coverage period of the related insurance contracts with equal offsetting amounts to insurance revenue and insurance service expenses in the period. This amounts to \$10 million and \$25 million for the three and nine months ended 30 September 2025 (three and nine months ended 30 September 2024 – \$6 million and \$17 million). In Securitization these fees, which are recorded in operating expenses, amount to \$7 million and \$23 million for the three and nine months ended 30 September 2025 (three and nine months ended 30 September 2024 – \$7 million and \$22 million). All other material related party transactions and outstanding balances are disclosed in relevant notes.

20. Commitments and Contingent Liabilities

As at 30 September 2025, we have \$7,496 million in contractual financial obligations relating to Housing Programs which extend for periods up to 25 years and \$448.1 million in other contractual obligations up to the year 2034 (31 December 2024 – \$8,645 million and \$190 million, respectively).

We hold the following cash and cash equivalents that are intended for use as part of the respective programs:

<i>(in millions)</i>	As at 30 September 2025	As at 31 December 2024
Affordable Rental Housing Innovation Fund	35	31
Apartment Construction Loan Program (ACLP)	1,104	657
Affordable Housing Fund (AHF)	878	577
Direct Lending (DL) – Economically Hedged	58	128
Total	2,075	1,393

Legal claims

The Company is, from time to time, subject to various claims, lawsuits and other legal proceedings that arise in the ordinary course of business. As of September 30, 2025, management, in consultation with legal counsel, has reviewed the status of all known contingencies and has determined that there are no legal claims or proceedings that are probable or reasonably possible of resulting in a material loss to CMHC.

20251002-001A.2

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