SECOND QUARTER
30 JUNE 2026
(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 14 August 2026, is prepared for the second quarter and six-month period ended 30 June 2026 and is intended to provide readers with an overview of our performance including comparatives against the same quarter in 2025. This MD&A should be read in conjunction with the unaudited quarterly consolidated financial statements, as well as the 2025 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 2025 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 second quarter of 2026.

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 2026" 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 section of the 2025 Annual Report.

The Operating Environment and Outlook for 2026

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

Economic conditions and housing indicators

Canada's economy strengthened in the second quarter of 2026 after stalled growth in the first quarter. Growth was supported by resilient household spending, recovering export activity and continued government spending. However, elevated geopolitical tensions and trade-related uncertainty continued to weigh on the economic outlook, while slower population growth moderated domestic demand.

Consumer spending continued to expand, supported by lower short-term borrowing costs. Business sentiment remained cautious. However, with more adaptation to evolving trade conditions, business investment improved. Government spending continued to support economic activity, including measures announced through the Spring Economic Update aimed at accelerating housing construction, supporting skilled trades and advancing major infrastructure projects. Finally, export activity also improved during the quarter, but a quicker recovery in imports resulted in a muted contribution of net trade to overall growth.

Labour market conditions in Q2 remained soft despite tentative signs of improving economic activity. The unemployment rate increased marginally to 6.7% from 6.6%, despite a 0.1% drop in total population.

Inflation increased during the quarter, largely due to higher energy prices associated with conflict in the Middle East. However, underlying measures of inflation remained within the Bank of Canada's target range. In this environment, the Bank of Canada maintained its policy interest rate at 2.25% throughout the quarter.

Against this economic backdrop, housing market conditions in the first half of 2026 remained soft but showed signs of stabilization. MLS® home prices averaged $674,000, essentially unchanged year-over-year. MLS® sales averaged 438,000 SAAR (seasonally adjusted annualized rate) units, down 5% year-over-year. Housing starts averaged 248,000 SAAR units, down 2%.

These economic conditions, including the geopolitical uncertainty, continue to have an impact on our financial results. The market uncertainty led to an increase in mid-term interest rates, especially in the United States, resulting in unrealized losses on our investments in the first half of 2026. Despite the uncertainty, the economy and households have continued to show resilience, the unemployment rate although increased slightly remains low, and as a result 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 remain low and within risk tolerances, with a stable outlook. Credit, market, liquidity, capital, and insurance risks continue to be assessed as stable.

While geopolitical and economic uncertainty persists, including potential impacts from inflation, labour market conditions, trade-related disruptions, and housing market developments, these factors continue to be actively monitored. Based on current conditions, risk indicators remain consistent with our risk assessments. The Corporation's pricing, reserving, and capital positions are considered appropriate to manage foreseeable risks, supporting the overall low-risk assessment and stable outlook across all financial risk categories.

For more details, please refer to our 2025 Annual Report.

2025 Federal Budget and 2026 Spring Economic Update

Update since 2026Q1

The following updates occurred in Q2 2026:

Impacts to the Housing Program Activity

There were no new housing programs announced in the second quarter of 2026.

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

Impacts to the Mortgage Insurance Activity

The Government of Canada launched a consultation to:

- Amend mortgage insurance rules to permit private mortgage insurers to offer multi-unit mortgage loan insurance on five to eight-unit residential properties to promote competition and offer lenders more choice; and
- Amend mortgage insurance rules to increase flexibilities for mortgage insurers to offer products to borrowers building new three and four-unit housing, helping unlock financing for "missing middle" homes such as triplexes and fourplexes – an important step toward increasing housing supply and addressing Canada's housing shortage.

The consultation period ended on July 2, 2026 and the results have not been announced.

Refer to the previous quarterly financial report and the most recent Annual Report for details on the 2025 Federal Budget and the 2026 Spring Economic Update.

Other updates

Climate Related Financial Disclosures

In the second quarter of 2026, we completed and submitted our first Climate Risk Return to the Office of the Superintendent of Financial Institutions (OSFI) and continued to progress on cross industry metrics reporting, while advancing scope 3 emissions methodologies and data, maintaining alignment with the OSFI climate reporting expectations.

We remain current with climate risk management and disclosure standards. As they evolve, we continue to adapt our plans and disclosures accordingly.

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

Update since Q1 2026 OFSI Consultations and Guidelines

The following consultations were completed by OSFI in Q2 2026:

Capital Adequacy Requirements (CAR) – Guideline (2027)

In February 2026, OSFI concluded the industry consultation period on the proposed changes to the CAR that are expected to be finalized in 2026. We are monitoring developments and any changes to this guideline as the Mortgage Insurance Capital Adequacy Test (MICAT) framework is largely consistent with the current CAR as it pertains to multi-unit exposures.

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

Current Guideline Changes

On 1 January 2026, OSFI's changes to the multi-unit residential mortgage insurance capital requirements for the liabilities for remaining coverage came into effect. This new framework leverages the CAR for standardized banks, which is based on Basel III and differentiates required capital based on the type of exposure. As a result, different considerations are given to properties with and without elevated risks, whether they are under development or construction, and second position mortgages. The new framework impacts any new business written across our multi-unit insurance products in the period, while business that originated prior to December 31, 2025, will be transitioned to the new capital framework over a five-year period. At January 1, 2026 business that originated up to December 31, 2019 transitioned to the new MICAT framework and required an additional $1.2 billion in capital at our operating level of 165% MICAT and had a 20% impact on our MICAT ratio at March 31, 2026. To support the transition to the new capital framework, the Government of Canada injected $3.1 billion of capital into our Mortgage Insurance (MI) Activity, the injection was recognized as contributed capital and increased the consolidated Equity of Canada in the period. In the quarter, the proceeds from the capital injection were re-invested in line with our MI Strategic Asset Allocation (SAA) refer to Notes 10 and 15 for further details. The re-investment has decreased our MICAT ratio by 3%, as we are holding additional capital for credit and market risk on these assets. We expect this change to increase the investment income earned in the MI activity over the coming periods.

Updates on future and current changes to Accounting Standards

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

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 financial performance is measured but will affect the presentation of the financial statements and the disclosure requirements for some notes to the consolidated financial statements. Under IFRS 18, there will be a revised Statement of Income and Comprehensive Income presentation and additional disclosure requirements, including management defined performance measures (MPM's).

We are currently assessing the impact of these amendments on our consolidated financial statements and will apply these amendments for the annual reporting period beginning after 1 January 2027.

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

Effective January 1, 2026, we adopted IASB's recent amendments to IFRS 9 and IFRS 7. We assessed the impact of these amendments and concluded they do not have material impact on the consolidated financial statements. Refer to Note 3 for additional information.

Financial Results

Key Financial Highlights

Condensed consolidated balance sheets

As at 30 June 2026 and 31 December 2025

	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
(in millions)	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Total assets	34,854	30,858	30,069	25,212	328,421	300,941	2	2	393,346	357,013
Total liabilities	34,021	29,989	12,127	10,912	327,034	299,952	(2)	(2)	373,180	340,851
Total equity of Canada	**833**	**869**	**17,942**	**14,300**	**1,387**	**989**	**4**	**4**	**20,166**	**16,162**

Total equity of Canada has increased by $4,004 million (25%) primarily driven by the $3,100 million capital injection received from the Government of Canada in the Mortgage Insurance Activity in the first quarter of 2026, to support the transition to the new multi-unit MICAT framework and comprehensive income of $904 million for the six-month period ended 30 June 2026 described further below.

Total assets increased by $36,333 million (10%) primarily due to:

- An increase in loans at amortized cost of $29,358 million (9%), with $26,929 million in net issuances of Canada Mortgage Bond (CMB) program loans as new issuances exceeded maturities. Additionally, the Housing Programs Activity realized an increase of $2,430 million of additional loans driven by the Apartment Construction Loan Program (ACLP), Affordable Housing Fund (AHF) and Canada Greener Homes Loan (CGHL) lending programs.
- An increase in investment in securities at fair value through other comprehensive income of $5,303 million (20%), driven by the $3.1 billion capital injection received from the Government of Canada and investment of net cash inflows from operations.
- An increase in Due from Government of Canada of $373 million (193%) driven mainly by significant housing programs expenses at the end of the government fiscal year.
- An increase of $1,561 million (33%) in investment in securities at amortized cost driven by higher borrowings in the ACLP and AHF programs that were not advanced as loans.
- An increase in accrued interest receivable of $177 million (13%) related to CMB program loans primarily driven by higher volumes and higher average interest rates.
- The above increases were offset by maturities of $371 million (14%) in securities purchased under resale agreements, as these funds were used to support the housing program loan advances discussed above.

Total liabilities increased by $32,329 million (9%) mainly driven by $30,682 million (9%) of higher borrowings at amortized cost in the CMB program and the remainder being the result of an increase in borrowings from the Government of Canada to fund housing program loans as noted above. In addition, a $244 million (29%) increase in accounts payable and other liabilities mainly attributed to higher accruals at the end of the government fiscal year and a $172 million (13%) increase in accrued interest payable due to higher volumes and average interest rates in the CMB program, as noted above.

Condensed consolidated statements of income and comprehensive income

Three months ended 30 June

(in millions)	Housing Programs Activity 2026	Housing Programs Activity 2025	Mortgage Insurance Activity 2026	Mortgage Insurance Activity 2025	Securitization Activity 2026	Securitization Activity 2025	Eliminations 2026	Eliminations 2025	Total 2026	Total 2025
Government funding	681	680	-	-	-	-	-	-	681	680
Housing programs expenses	(618)	(619)	-	-	-	-	-	-	(618)	(619)
Premiums and fees earned	-	-	14	10	249	243	-	-	263	253
Insurance service result	-	-	347	287	-	-	-	-	347	287
Operating expenses	(84)	(88)	(52)	(56)	(20)	(18)	-	-	(156)	(162)
All other income[1]	(23)	24	101	48	31	38	-	1	109	111
Income (loss) before income taxes	**(44)**	**(3)**	**410**	**289**	**260**	**263**	**-**	**1**	**626**	**550**
Income taxes	7	5	(103)	(71)	(65)	(65)	-	-	(161)	(131)
Net income (loss)	**(37)**	**2**	**307**	**218**	**195**	**198**	**-**	**1**	**465**	**419**
Other comprehensive income (loss)	30	25	54	36	17	(28)	-	1	101	34
Comprehensive income (loss)	**(7)**	**27**	**361**	**254**	**212**	**170**	**-**	**2**	**566**	**453**

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

Quarter to date (QTD) 2026 vs QTD 2025

Government funding and housing programs expenses have remained flat compared to the same quarter last year, as increases across several key initiatives were offset by planned decreases and program sunsetting.

Increases were primarily driven by a $46 million increase in the Co-operative Housing Development Program (CHDP) as uptake continued from a strong first quarter of 2026, a $15 million increase in the Canada Housing Benefit (CHB) and a $7 million increase in the Canada Community Housing Initiative (CCHI). These increases were offset by planned funding decreases, including $28 million in the Canada Greener Homes Affordability Program (CGAH) and $15 million in transfers to province under social housing agreements. In addition, a decrease of $8 million from the sunsetting of the Indigenous Shelters and Transitional Housing Initiative and a net $8 million in the AHF from declines in the community housing and repair streams that were partially offset by an increase in the rapid housing stream. Due to the nature of these programs, funding patterns may vary significantly year-over-year.

Total income before income taxes increased by $76 million (14%) mainly due to:

- An increase in insurance service result of $60 million (21%), this growth was driven by a $16 million increase in insurance revenue within the transactional homeowner insurance product alongside a $46 million increase in the multi-unit insurance product, as we continue to see new business growth in our Mortgage Insurance Activity that exceeds maturities.
- An increase of $6 million (2%) in guarantee fees earned in the Securitization Activity due to price increases in recent years and higher CMB annual issuance limits, which have resulted in higher volumes in the quarter compared to the same quarter of last year.

Other comprehensive income (OCI), net of tax, increased by $67 million (197%) from the same quarter last year mainly due to lower interest rates this quarter, which led to a decrease in unrealized losses on investments of $106 million (331%) and a decrease in insurance finance income for contracts issued of $48 million (320%).

Six months ended 30 June

	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
(in millions)	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Government funding	3,606	3,338	-	-	-	-	-	-	3,606	3,338
Housing programs expenses	(3,485)	(3,180)	-	-	-	-	-	-	(3,485)	(3,180)
Premiums and fees earned	-	-	26	20	495	482	-	-	521	502
Insurance service result	-	-	689	568	-	-	-	-	689	568
Operating expenses	(158)	(171)	(106)	(102)	(40)	(35)	-	-	(304)	(308)
All other income[1]	(31)	16	215	116	66	78	-	1	250	211
Income (loss) before income taxes	**(68)**	**3**	**824**	**602**	**521**	**525**	**-**	**1**	**1,277**	**1,131**
Income taxes	12	1	(207)	(148)	(130)	(131)	-	-	(325)	(278)
Net income (loss)	**(56)**	**4**	**617**	**454**	**391**	**394**	**-**	**1**	**952**	**853**
Other comprehensive income (loss)	20	26	(75)	150	7	9	-	(4)	(48)	181
Comprehensive income (loss)	**(36)**	**30**	**542**	**604**	**398**	**403**	**-**	**(3)**	**904**	**1,034**

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

Year to Date (YTD) 2026 vs YTD 2025

Government funding and housing programs expenses increased compared to the same period last year, mainly driven by an increase of $155 million in CHDP as described in the quarter-to-date section above, and increases of $94 million in CHB and $53 million in CCHI driven by higher government fiscal year-end claims. Due to the nature of many housing programs, funding patterns may vary significantly year over year.

Total income before income taxes increased by $146 million (13%) from the six-month period last year mainly due to:

- An increase in insurance service result of $121 million (21%) driven by higher insurance revenue of $70 million within the transactional homeowner insurance product and a $84 million increase in the multi-unit insurance product, as described in the quarter-to-date section above. This was offset by an increase in insurance service expenses of $33 million (54%), due to growth in the multi-unit volumes.
- An increase of $13 million (3%) in guarantee fees earned in the Securitization Activity due to price increases in recent years and higher National Housing Act Mortgage-Backed Securities (NHA MBS) and CMB annual issuance limits, which have resulted in higher volumes compared to the same period last year.

OCI, net of tax, decreased by $229 million (127%) compared to the same period last year due to an increase in short-term interest rates, which led to a decrease in unrealized gains on investments of $210 million (149%). In addition, a decrease in long-term interest rates was offset by stronger returns on defined benefit plan assets when compared to the same period last year, which led to a decrease in net remeasurement gains on the defined benefit plans of $13 million (25%).

Financial Metrics and Ratios

Mortgage Insurance

(in millions, unless otherwise indicated)	Insurance-in-force ($B)		Contractual Service Margin (CSM)	
	As at 30 June 2026	As at 31 December 2025	As at 30 June 2026	As at 31 December 2025
Transactional homeowner	159	159	2,516	2,535
Portfolio	51	55	47	56
Multi-unit residential	287	257	4,761	4,197
Total	**497**	**471**	**7,324**	**6,788**

CMHC's total insurance-in-force is $497 billion which is compliant with the legislated limit of $800 billion set by the Government of Canada. This year, insurance-in-force increased by $26 billion due to new volumes insured exceeding the run-off of existing policies-in-force. New loans insured were $47 billion, while estimated loan amortization and pay-downs were $21 billion.

Multi-unit residential CSM increased by $564 million (13%) as our new business continues to outpace the recognition of earned profit due to continued high demand. Transactional homeowner CSM decreased by $19 million (1%) primarily due to higher projected future claims under the most recent economic assumptions forecast driven by lower projected house prices compared to the prior forecast.

Three months ended 30 June

(in millions, unless otherwise indicated)	Insured volumes (units)		Insured volumes ($)		Premiums and fees received[1]		Claims paid[2]	
	2026	2025	2026	2025	2026	2025	2026	2025
Transactional homeowner	18,309	18,102	7,554	6,961	278	255	10	4
Portfolio	1,568	4,336	393	1,196	1	4	-	-
Multi-unit residential	69,612	82,068	16,819	17,206	620	535	1	-
Total	**89,489**	**104,506**	**24,766**	**25,363**	**899**	**794**	**11**	**4**

[1] Premiums and fees received include self-insurance contracts and therefore will not equal premiums received on insurance contracts written in the period in Note 7 of the consolidated financial statements.

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

Six months ended 30 June

(in millions, unless otherwise indicated)	Insured volumes (units)		Insured volumes ($)		Premiums and fees received[1]		Claims paid[2]	
	2026	2025	2026	2025	2026	2025	2026	2025
Transactional homeowner	28,768	28,132	11,776	10,804	431	390	29	11
Portfolio	8,677	5,083	2,528	1,388	8	4	-	1
Multi-unit residential	141,345	137,451	32,762	31,377	1,263	956	1	-
Total	**178,790**	**170,666**	**47,066**	**43,569**	**1,702**	**1,350**	**30**	**12**

[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.

Q2 2026 vs Q2 2025 and YTD 2026 vs YTD 2025

Transactional homeowner unit volumes remained stable, with slight increases of 207 units (1%) and 636 units (2%) for the three and six-month periods, respectively. Portfolio unit volumes decreased by 2,768 units (64%) for the three-month period and increased by 3,594 units (71%) for the six-month period. The quarter-to-date decline was driven by a lower volume of large pool issuances during the period. In contrast, the year-to-date increase primarily reflects the issuance of a significant pool in the first quarter of 2026, which more than offset the lower issuance activity in the current quarter. Enhanced business development efforts with lenders also contributed to the year-to-date growth.

Multi-unit residential volumes declined by 12,456 units (15%) and increased by 3,894 units (3%) for the three and six-month periods, respectively. The quarter-to-date decline is mainly caused by less refinance activity, as well as smaller projects in the purchase category. The year-over-year growth primarily reflects increased new construction activity, particularly through ACLP, along with higher average unit count per loan across all new construction projects.

Total insured volumes decreased during the three-month period, primarily due to lower multi-unit refinance activity, as well as a reduction of large portfolio pool issuances, as discussed above. For the six-month period, total insured dollars increased, driven by higher unit volumes and a higher average loan amount per unit across all categories.

Premiums and fees increased compared to the prior year, primarily due to higher average premium rates for multi-unit products following updates to the premium structure and premium rates implemented in the second half of 2025. Premiums and fees from transactional homeowner business also increased as a result of higher volumes, as noted above.

Despite the increase in claims paid when compared to prior year, claims remain below historical norms. The increase in claims paid is due to more claims from more recent vintages, with higher average claim amounts, and a change in the mix of claim processing types.

	Three months ended 30 June		Six months ended 30 June	
(in percentages)	**2026**	**2025**	**2026**	**2025**
Insurance service expense ratio[1]	11.7	13.3	12.0	9.7
Operating expense ratio	13.2	16.6	13.5	16.2
Combined ratio	24.9	29.9	25.5	25.9
Initial contractual service margin ratio	65.4	49.9	65.4	54.8
Severity ratio	26.1	22.3	24.3	24.8
Return on equity	6.9	7.5	7.7	7.8
Return on required equity	8.8	8.6	9.6	9.0

[1] Insurance service expense ratio excluding multi-unit residential product was 8.1% and 10.6% for the three and six months ended 30 June 2026 (14.0% and 13.7% for the three and six months ended 30 June 2025).

Q2 2026 vs Q2 2025 and YTD 2026 vs YTD 2025

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 six-month period in the prior year, the insurance service expense ratio increased primarily due to fluctuations in multi-unit arrears.

The operating expense ratio decreased primarily due to increased insurance revenues, as noted in the Key Financial Highlights section above.

The initial contractual service margin ratio increased for transactional homeowner due to increased profitability assumptions for the 30-year amortization product. The ratio increased for the multi-unit product primarily due to updated risk adjustment assumptions and higher average premium rates due to price increases.

The severity ratio increased from the same quarter in the prior year as sales proceeds were lower. Compared to the same six-month period in the prior year, the severity ratio decreased as sales proceeds were higher in the current period.

The return on equity ratio decreased due to higher average equity arising from the $1.75 billion transfer of excess capital from the Securitization Activity to the Mortgage Insurance Activity in Q4 2025, the $3.1 billion capital injection received from the Government of Canada in Q1 2026, and continued retention of capital. This is partially offset by higher net income.

The return on required equity increased compared to prior year due to higher net income. This is partially offset by higher capital required due to the growth in multi-unit business line as well as the increased capital requirements from the new multi-unit MICAT framework.

	As at 30 June 2026		As at 31 December 2025	
	No. of delinquent loans	Arrears rate	No. of delinquent loans	Arrears rate
Transactional homeowner	2,894	0.42%	2,914	0.41%
Portfolio	704	0.18%	771	0.18%
Multi-unit residential	123	0.27%	143	0.33%
Total	3,721	0.33%	**3,828**	**0.32%**

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 remained stable compared to last year.

Securitization

	Total guarantees-in-force ($B) As at	
	30 June 2026	31 December 2025
NHA MBS	254	277
CMB	323	296
Total	**577**	**573**

Total guarantees-in-force represents the maximum principal obligation related to our timely payment guarantee. Guarantees-in-force (GIF) have increased by $4 billion (1%) since 2025, as new guarantees exceeded maturities, principal run-off and prepayments. The CMB increase reflects higher guarantee volumes following the increase in the annual issuance limit in 2026 from $60 billion to $80 billion. Consequently, higher volumes of NHA MBS were needed and sold to CHT to accommodate the higher CMB limits, resulting in lower GIF for market NHA MBS compared to last year. Higher prepayment rates during the year also contributed to the decline in NHA MBS GIF. Overall, total guarantees in force remain within the $800 billion limit set by the Government of Canada.

Three months ended 30 June

(in millions, unless otherwise indicated)	New securities guaranteed ($B)		Guarantee and application fees received[1]	
	2026	2025	2026	2025
NHA MBS	43	44	195	200
CMB	19	14	78	62
Total	**62**	**58**	**273**	**262**

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

Six months ended 30 June

(in millions, unless otherwise indicated)	New securities guaranteed ($B)		Guarantee and application fees received[1]	
	2026	2025	2026	2025
NHA MBS	85	82	386	370
CMB	40	30	159	126
Total	**125**	**112**	**545**	**496**

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

Q2 2026 vs Q2 2025 and YTD 2026 vs YTD 2025

For NHA MBS compared to the same three-month period last year, new securities guaranteed and fees received decreased slightly due to timing differences between quarters.

For NHA MBS compared to the same six-month period last year, new securities guaranteed and fees received increased due to the updated annual guarantee limits announced in the 2025 Federal Budget. The NHA MBS annual limit in 2026 is now $190 billion (increased from $170 billion).

For CMB, new securities guaranteed and fees received increased compared to last year, mainly due to the updated annual guarantee limits announced in the 2025 Federal Budget

(in percentages)	Three months ended 30 June		Six months ended 30 June	
	2026	2025	2026	2025
Operating expense ratio	6.8	5.9	6.5	5.7
Return on equity	60.9	35.1	65.9	36.9

Q2 2026 vs Q2 2025 and YTD 2026 vs YTD 2025

The operating expense ratio is higher mainly due to an increased allocation of corporate costs.

The return on equity is higher due to lower average equity following the transfer of capital from the Securitization Activity to the Mortgage Insurance activity in Q4 2025.

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.

Six months ended 30 June

(in millions)	2026	2025
Amounts provided for housing programs:		
Amounts authorized in 2025-26 (2024-25)		
Main estimates	6,368	5,628
Supplementary estimates A[1,2,5]	-	199
Supplementary estimates B[1,3]	101	742
Supplementary estimates C[1,4]	-	-
Total fiscal year government funding	**6,469**	**6,569**
Less: portion recognized in calendar 2025 (2024)	(2,420)	(2,782)
Less: government funding lapsed for 2025-26 (2024-25)	(548)	(892)
Less: frozen allotment	(507)	(208)
2025-26 (2024-25) government funding recognized in 2026 (2025)	**2,994**	**2,687**
Amounts authorized in 2026-27 (2025-26)		
Main estimates	6,128	6,368
Supplementary estimates A[1,5]	9	-
Supplementary estimates B[1,3]	-	101
Supplementary estimates C[1,4]	-	-
Total fiscal year government funding	**6,137**	**6,469**
Less: portion to be recognized in subsequent quarters	(5,040)	(4,674)
Less: forecasted lapse for 2026-27 (Actual lapse in 2025-26)	-	(548)
Less: frozen allotment	(349)	(507)
2026-27 (2025-26) government funding recognized in 2026 (2025)	**748**	**740**
Total government funding – Six months ended 30 June	**3,742**	**3,427**

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

[2] Approved 2026-27 supplementary estimates A for the Canada Housing Benefit for Survivors of Gender-Based Violence (CHB-SGBV) and Northern Housing. (2024-25 for Urban, Rural and Northern Indigenous Housing Strategy (URN) and transfer to Housing, Infrastructure and Communities Canada to support the transition of leadership for housing policy and program development).

[3] Approved 2025-26 supplementary estimates B for Co-operative Housing Development Program (CHDP), Shelters and transition houses for Indigenous women, children and 2SLGBTQQIA+ people, ACLP, CHB, HAF, CGHL. (2024-25 for CCHI, Provincial and Territorial Initiatives, CHB, HAF, Affordable Housing Fund (AHF), ACLP, Federal Lands Initiative, CHDP, CGHL, First Time Home Buyer Incentive, and Shelters and transition houses for Indigenous women, children and 2SLGBTQQIA+ people).

[4] 2024-25 Supplementary estimates C was not tabled due to the prorogation of Parliament.

[5] 2025-26 Main Estimates were approved 27 June 2025. Due to the timing, amounts otherwise expected to be obtained in Supplementary Estimates A were incorporated into the Main Estimates.

Capital Management

Frameworks

For our Housing Programs Activity, we maintain a reserve fund 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, we do not hold capital for our 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 our 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% MICAT and 165% MICAT, respectively, for Mortgage Insurance and 105% and 110% for Securitization for 2026.

Ratios

The following table presents our capital management ratios.

(in percentages)	As at 30 June 2026	As at 31 December 2025
Mortgage Insurance: Capital available to minimum capital required (MICAT)	221	210
Securitization: Economic capital available to economic capital required[1]	162	139

[1] In 2026, ORSA capital targets have been redefined based on equity measures to better support capital management decisions. Minimum capital required will be based strictly on the results of our ORSA, and the capital available will be based strictly on Equity. We have updated the figures and ratios for 2026, and prior years based on our 2025 ORSA results.

Management actions have been taken to conserve capital due to increased multi-unit insurance volumes in recent years and the transition to the new multi-unit insurance capital framework. Actions include the continued suspension of dividends to the Government of Canada, the transfer of excess capital from the Securitization Activity to the Mortgage Insurance Activity in Q4 2025 and the $3.1 billion capital injection from the Government of Canada Q1 2026. The need for additional management actions in coming years will be assessed based on projections of the Mortgage Insurance Activity's capital position.

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

Historical Quarterly Information

(in millions, unless otherwise indicated)	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024
Consolidated Results								
Total assets	393,346	381,468	357,013	357,522	339,775	336,047	327,355	323,693
Total liabilities	373,180	361,868	340,851	341,768	324,707	321,432	313,321	309,835
Total equity of Canada	20,166	19,600	16,162	15,754	15,068	14,615	14,034	13,858
Total revenues and government funding	1,400	3,666	1,716	1,322	1,331	3,288	1,522	1,533
Total expenses (including income taxes)	935	3,179	1,239	829	912	2,854	1,132	1,167
Net income	465	487	477	493	419	434	390	366
Housing Programs								
Government funding	681	2,925	1,009	575	680	2,658	918	980
Net income (loss)	(37)	(19)	(16)	(6)	2	2	(1)	(1)
Total equity of Canada	833	840	869	893	847	820	817	860
Mortgage Insurance								
Insurance-in-force ($B)[1]	497	486	471	462	452	442	440	431
Total insured volumes	24,766	22,300	22,900	22,254	25,363	18,206	23,643	21,535
Premiums and fees received	899	803	760	792	794	557	690	582
Insurance revenue	393	390	402	385	331	298	285	256
Claims paid	11	19	14	8	4	8	15	15
Insurance service expense	46	48	28	59	44	17	47	45
Net income	307	310	294	297	218	236	200	182
Arrears rate	0.33%	0.33%	0.32%	0.32%	0.30%	0.30%	0.30%	0.30%
Insurance service expense ratio	11.7%	12.3%	7.0%	15.3%	13.3%	5.7%	16.5%	17.6%
Operating expense ratio	13.2%	13.8%	15.2%	12.7%	16.6%	15.4%	17.5%	18.8%
Combined ratio	24.9%	26.1%	22.2%	28.0%	29.9%	21.1%	34.0%	36.4%
Initial contractual service margin ratio	65.4%	65.3%	64.2%	49.7%	49.9%	62.0%	63.4%	61.8%
Severity ratio[2]	26.1%	23.4%	22.5%	22.7%	22.4%	26.2%	28.0%	25.2%
Return on equity	6.9%	7.8%	8.8%	9.8%	7.5%	8.2%	7.1%	6.6%
Return on required equity	8.8%	9.8%	10.6%	11.2%	8.6%	9.4%	8.0%	7.4%
Capital available to minimum capital required (% MICAT)	221%	223%	210%	191%	195%	193%	188%	191%
% Estimated outstanding Canadian residential mortgages with CMHC insurance coverage ($)	20.5%	20.2%	19.8%	20.0%	19.9%	19.6%	19.8%	19.5%
Securitization								
Guarantees-in-force ($B)[1]	577	580	573	577	569	561	553	539
Securities guaranteed ($B)	62	63	51	63	58	54	51	60
Guarantee and application fees received	273	272	263	284	262	234	330	273
Guarantee and application fees earned	249	246	245	244	243	239	235	226
Net income	195	196	199	198	198	196	189	185
Operating expense ratio	6.8%	6.2%	5.8%	5.9%	5.9%	5.4%	5.9%	5.9%
Return on equity	60.9%	72.5%	44.4%	32.6%	35.1%	38.2%	41.0%	45.0%
Economic capital available to economic capital required[3]	162%	138%	139%	360%	329%	305%	288%	262%
% Estimated outstanding Canadian residential mortgages with CMHC securitization guarantee ($)	23.7%	24.0%	24.0%	25.0%	25.0%	25.0%	24.9%	24.4%

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

[2] 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.

[3] In 2026, ORSA capital targets have been redefined based on equity measures to better support capital management decisions. Minimum capital required will be based strictly on the results of our ORSA, and the capital available will be based strictly on Equity. We have updated the figures and ratios for 2026, and prior years based on our 2025 ORSA results.

Unaudited Quarterly Consolidated Financial Statements

Contents

Management's Responsibility for Financial Reporting

Period ended 30 June 2026

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, our 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

14 August 2026

Consolidated Balance Sheet

(in millions of Canadian dollars)	Notes	As at 30 June 2026	As at 31 December 2025
Assets			
Cash and cash equivalents		1,309	1,512
Securities purchased under resale agreements		2,226	2,597
Accrued interest receivable		1,525	1,348
Investment securities:			
Fair value through profit or loss	10	64	50
Fair value through other comprehensive income	10,11	31,668	26,365
Amortized cost	10,11	6,263	4,702
Derivatives		7	176
Due from the Government of Canada	6	566	193
Loans:	12		
Fair value through profit or loss		446	461
Amortized cost		346,855	317,497
Accounts receivable and other assets		606	539
Investment property		303	379
Defined benefit plans asset		366	324
Deferred income tax assets		1,142	870
		393,346	**357,013**
Liabilities			
Accounts payable and other liabilities		1,072	828
Income taxes payable		3	92
Accrued interest payable		1,447	1,275
Derivatives		338	81
Insurance contract liabilities	7	11,068	10,112
Borrowings:	13		
Fair value through profit or loss		-	21
Amortized cost		355,710	325,028
Defined benefit plans liability		181	176
Unearned premiums and fees		3,361	3,238
		373,180	**340,851**
Commitments and contingent liabilities	20		
Equity of Canada	9		
Contributed capital		3,125	25
Accumulated other comprehensive income (loss)		(9)	79
Reserve fund		122	127
Retained earnings		16,928	15,931
		20,166	**16,162**
		393,346	**357,013**

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

Consolidated Statement of Income and Comprehensive Income

(in millions of Canadian dollars)	Notes	Three months ended 30 June 2026	Three months ended 30 June 2025	Six months ended 30 June 2026	Six months ended 30 June 2025
Interest income		2,606	2,124	5,036	4,203
Interest expense		(2,565)	(2,100)	(4,958)	(4,131)
Net interest income		**41**	**24**	**78**	**72**
Insurance revenue	7	393	331	783	629
Insurance service expense		(46)	(44)	(94)	(61)
Insurance service result		**347**	**287**	**689**	**568**
Investment income		271	204	531	406
Net losses on financial instruments	14	(99)	(16)	(106)	(92)
Insurance finance expense for contracts issued		(102)	(86)	(197)	(166)
Net financial result		**70**	**102**	**228**	**148**
Government funding	6	681	680	3,606	3,338
Housing programs expenses	6	(618)	(619)	(3,485)	(3,180)
Premiums and fees earned		263	253	521	502
Operating expenses		(156)	(162)	(304)	(308)
Other income (loss)		(2)	(15)	(56)	(9)
Income before income taxes		**626**	**550**	**1,277**	**1,131**
Income taxes	18	(161)	(131)	(325)	(278)
Net income		**465**	**419**	**952**	**853**
Other comprehensive income (loss), net of tax					
Items that may be subsequently reclassified to net income (loss)					
Net unrealized gains (losses) from debt instruments held at fair value through other comprehensive income		77	(39)	(64)	126
Reclassification of losses on debt instruments held at fair value through other comprehensive income on disposal in the year		(3)	7	(5)	15
Insurance finance income (expense) for contracts issued		(33)	15	(19)	(13)
Total items that may be subsequently reclassified to net income		**41**	**(17)**	**(88)**	**128**
Items that will not be subsequently reclassified to net income					
Remeasurement gains on defined benefit plans	17,18	60	51	40	53
Total other comprehensive income, net of tax		**101**	**34**	**(48)**	**181**
Comprehensive income		**566**	**453**	**904**	**1,034**

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

Consolidated Statement of Equity of Canada

(in millions of Canadian dollars)	Notes	Three months ended 30 June 2026	Three months ended 30 June 2025	Six months ended 30 June 2026	Six months ended 30 June 2025
Contributed capital					
Balance at the beginning of period		3,125	25	25	25
Contributed capital from the Government of Canada		-	-	3,100	-
Balance at end of period		**3,125**	**25**	**3,125**	**25**
Accumulated other comprehensive income (loss)					
Fair value reserve balance at beginning of period		(80)	47	63	(126)
Other comprehensive income (loss)		74	(32)	(69)	141
Fair value reserve balance at end of period		(6)	15	(6)	15
Opening insurance finance reserve		30	8	16	36
Other comprehensive income (loss)		(33)	15	(19)	(13)
Insurance finance reserve balance at end of period		(3)	23	(3)	23
Balance at end of period		**(9)**	**38**	**(9)**	**38**
Reserve fund					
Balance at the beginning of period		129	125	127	172
Net income (loss)		(7)	6	(5)	(41)
Balance at end of period		**122**	**131**	**122**	**131**
Retained earnings					
Opening retained earnings		16,396	14,410	15,931	13,927
Net income		472	413	957	894
Other comprehensive income		60	51	40	53
Total retained earnings		**16,928**	**14,874**	**16,928**	**14,874**
Equity of Canada	9	**20,166**	**15,068**	**20,166**	**15,068**

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

Consolidated Statement of Cash Flows

(in millions of Canadian dollars)	Notes	Three months ended 30 June 2026	Three months ended 30 June 2025	Six months ended 30 June 2026	Six months ended 30 June 2025
Cash flows from (used in) operating activities					
Net income		465	419	952	853
Adjustments to determine net cash flows from operating activities					
Amortization of premiums and discounts on financial instruments		(23)	(15)	(47)	(44)
Net (gains) losses on financial instruments		3	64	(314)	260
Capitalized interest on loans	12	(51)	(42)	(98)	(80)
Deferred income taxes	18	(112)	(34)	(286)	(42)
Depreciation, amortization and impairment of fixed and intangible assets		9	10	17	18
Loss on disposal of investment property		-	-	55	-
Changes in operating assets and liabilities					
Derivatives		97	(37)	426	(170)
Accrued interest receivable		562	680	(177)	(15)
Due from the Government of Canada		1,025	856	(335)	(435)
Accounts receivable and other assets		(10)	(1)	(53)	(13)
Accounts payable and other liabilities		(645)	(324)	264	522
Income taxes payable/receivable		(20)	(110)	(51)	(431)
Accrued interest payable		(529)	(647)	172	40
Insurance contract liabilities		599	506	876	681
Defined benefit plans		6	10	11	15
Unearned premiums and fees		58	48	123	74
Other		2	(1)	(4)	1
Loans	12				
Repayments		10,286	12,312	13,596	22,736
Disbursements		(20,896)	(15,623)	(42,817)	(32,371)
Borrowings	13				
Repayments		(13,851)	(16,387)	(20,717)	(31,075)
Issuances		25,470	20,044	51,339	41,466
		2,445	1,728	2,932	1,990
Cash flows from (used in) investing activities					
Investment securities					
Sales and maturities		9,048	3,467	14,470	7,182
Purchases		(10,836)	(4,677)	(21,119)	(8,610)
Foreign currency forward contract maturities					
Receipts		94	218	423	259
Disbursements		(189)	(40)	(367)	(234)
Investment property					
Additions		-	(3)	-	(2)
Disposals		-	-	21	-
Securities purchased under resale agreements		(651)	(409)	371	81
Property and equipment and intangible asset acquisitions		(20)	(18)	(34)	(21)
		(2,554)	(1,462)	(6,235)	(1,345)
Cash flows used in financing activities					
Contributed capital		-		3,100	
Change in cash and cash equivalents		(109)	266	(203)	645
Cash and cash equivalents					
Beginning of period		1,418	2,034	1,512	1,655
End of period		1,309	2,300	1,309	2,300
Represented by					
Cash		43	61	43	61
Cash equivalents		1,266	2,239	1,266	2,239
		1,309	2,300	1,309	2,300
Supplementary disclosure of cash flows from operating activities					
Amount of interest received during the period		3,368	3,027	5,294	4,594
Amount of interest paid during the period		3,100	2,808	4,848	4,218
Amount of income taxes paid during the period		290	269	664	745

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 six months ended 30 June 2026 and were approved and authorized for issue by our Audit Committee on 14 August 2026.

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 2025 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

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

Effective January 1, 2026, we adopted IASB's recent amendments to IFRS 9 and IFRS 7, which introduced refined guidance for the derecognition of financial liabilities, assessing contractual cash flow characteristics, and additional disclosure requirements. The amendments did not have a material impact on the consolidated financial statements.

Future accounting changes

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* (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 Statement of Income and Comprehensive Income. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted.

IFRS 18 introduces significant changes to the presentation of financial performance, including the classification of income and expenses into five defined categories – Operating, Investing or Financing, Income taxes and Discontinued Operations – and the requirement to present new mandatory subtotals, such as "Operating profit and loss". Furthermore, the standard establishes new disclosure requirements for Management-defined Performance Measures.

We are currently assessing the impact of these amendments on our consolidated financial statements and will apply these amendments for the annual reporting period beginning after 1 January 2027.

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 2025 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 at least the next twelve months. Notable changes to the key estimates are reflected below.

Estimation uncertainty

We continue to monitor uncertain and evolving macroeconomic and geopolitical conditions that create estimation uncertainty for CMHC. As at 30 June 2026, we have not observed a material impact from these uncertainties on our results.

We generally expect forward-looking volatility in our estimates to be higher than in recent years and this 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 percentages used for the key insurance contract liability assumptions:

	30 June 2026	31 December 2025
Claim frequency[1]	0.9%	0.8%
Claim severity[2]	48.5%	48.6%
Unemployment rate[3]	6.0%	6.1%
Repeat-sales price index[3]	543	556

[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 have estimated our risk adjustment for non-financial risk using a quantile approach. The quantile approach requires us to estimate a distribution of the fulfillment cash flows and select a confidence level that reflects our risk appetite. As at 30 June 2026, the risk adjustment for our insurance contracts corresponds to a 85% confidence level (85% at December 31 2025) for both the liability for remaining coverage (LRC) and liability for incurred claims (LIC).

The risk adjustment is reassessed annually during the fourth quarter as part of the year-end valuation process. Throughout the year, we monitor actual claim experience and economic indicators. If evidence justifies a revision before the next scheduled reassessment, adjustments to the risk adjustment may be made accordingly.

Discount rate

The weighted average discount rates applied for discounting of future cash flows as at 30 June 2026 and 31 December 2025 are listed below:

Portfolio duration

	1–5 years		5–10 years		10–15 years		15–20 years		20–25 years		over 25 years	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Discount rates	3.9%	3.8%	4.5%	4.5%	5.0%	5.1%	5.3%	5.3%	5.4%	5.4%	5.4%	5.3%

5. Segmented Information

The unaudited quarterly consolidated financial statements include the Housing Programs (HP), Mortgage Insurance (MI) and Securitization (SEC) segments, each of which provides 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 previously described in Note 2. 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 June

	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
(in millions)	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Interest income	284	203	-	-	2,322	1,921	-	-	2,606	2,124
Interest expense	(246)	(186)	-	-	(2,319)	(1,918)	-	4	(2,565)	(2,100)
Net interest income	**38**	**17**	**-**	**-**	**3**	**3**	**-**	**4**	**41**	**24**
Insurance revenue	-	-	393	331	-	-	-	-	393	331
Insurance service expense	-	-	(46)	(44)	-	-	-	-	(46)	(44)
Insurance service result	**-**	**-**	**347**	**287**	**-**	**-**	**-**	**-**	**347**	**287**
Investment income (losses)	-	-	243	175	28	33	-	(4)	271	204
Net gains (losses) on financial instruments	(65)	8	(32)	(26)	(2)	1	-	1	(99)	(16)
Insurance finance expense for contracts issued	-	-	(102)	(86)	-	-	-	-	(102)	(86)
Net financial result	**(65)**	**8**	**109**	**63**	**26**	**34**	**-**	**(3)**	**70**	**102**
Government funding	681	680	-	-	-	-	-	-	681	680
Housing programs expenses	(618)	(619)	-	-	-	-	-	-	(618)	(619)
Premiums and fees earned	-	-	14	10	249	243	-	-	263	253
Operating expenses	(84)	(88)	(52)	(56)	(20)	(18)	-	-	(156)	(162)
Other income (loss)	4	(1)	(8)	(15)	2	1	-	-	(2)	(15)
Income before income taxes	**(44)**	**(3)**	**410**	**289**	**260**	**263**	**-**	**1**	**626**	**550**
Income taxes	7	5	(103)	(71)	(65)	(65)	-	-	(161)	(131)
Net income (loss)	**(37)**	**2**	**307**	**218**	**195**	**198**	**-**	**1**	**465**	**419**
Other comprehensive income (loss)	30	25	54	36	17	(28)	-	1	101	34
Comprehensive income (loss)	**(7)**	**27**	**361**	**254**	**212**	**170**	**-**	**2**	**566**	**453**
Total revenues and government funding[1]	658	704	462	345	280	281	-	1	1,400	1,331
Less Inter-segment income (loss)[2]	-	-	-	3	-	(4)	-	1	-	-
External revenues and government funding	658	704	462	342	280	285	-	-	1,400	1,331

[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.

Six months ended 30 June

	Housing Programs Activity		Mortgage Insurance Activity		Securitization Activity		Eliminations		Total	
(in millions)	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Interest income	544	417	-	-	4,492	3,786	-	-	5,036	4,203
Interest expense	(473)	(359)	-	-	(4,485)	(3,779)	-	7	(4,958)	(4,131)
Net interest income	**71**	**58**	**-**	**-**	**7**	**7**	**-**	**7**	**78**	**72**
Insurance revenue	-	-	783	629	-	-	-	-	783	629
Insurance service expense	-	-	(94)	(61)	-	-	-	-	(94)	(61)
Insurance service result	**-**	**-**	**689**	**568**	**-**	**-**	**-**	**-**	**689**	**568**
Investment income (losses)	-	-	476	349	55	66	-	(9)	531	406
Net gains (losses) on financial instruments	(50)	(41)	(54)	(54)	(2)	-	-	3	(106)	(92)
Insurance finance expense for contracts issued	-	-	(197)	(166)	-	-	-	-	(197)	(166)
Net financial result	**(50)**	**(41)**	**225**	**129**	**53**	**66**	**-**	**(6)**	**228**	**148**
Government funding	3,606	3,338	-	-	-	-	-	-	3,606	3,338
Housing programs expenses	(3,485)	(3,180)	-	-	-	-	-	-	(3,485)	(3,180)
Premiums and fees earned	-	-	26	20	495	482	-	-	521	502
Operating expenses	(158)	(171)	(106)	(102)	(40)	(35)	-	-	(304)	(308)
Other income (loss)	(52)	(1)	(10)	(13)	6	5	-	-	(56)	(9)
Income before income taxes	**(68)**	**3**	**824**	**602**	**521**	**525**	**-**	**1**	**1,277**	**1,131**
Income taxes	12	1	(207)	(148)	(130)	(131)	-	-	(325)	(278)
Net income (loss)	**(56)**	**4**	**617**	**454**	**391**	**394**	**-**	**1**	**952**	**853**
Other comprehensive income (loss)	20	26	(75)	150	7	9	-	(4)	(48)	181
Comprehensive income (loss)	**(36)**	**30**	**542**	**604**	**398**	**403**	**-**	**(3)**	**904**	**1,034**
Total revenues and government funding[1]	3,575	3,354	930	704	561	560	-	1	5,066	4,619
Less Inter-segment income (loss)[2]	-	-	-	6	-	(7)	-	1	-	-
External revenues and government funding	3,575	3,354	930	698	561	567	-	-	5,066	4,619

[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 June 2026 and 31 December 2025

	Housing Programs Activity		Mortgage Insurance Activity[2]		Securitization Activity		Eliminations[1]		Total	
(in millions)	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Assets										
Cash and cash equivalents	982	880	327	631	-	1	-	-	1,309	1,512
Securities purchased under resale agreements	2,226	2,597	-	-	-	-	-	-	2,226	2,597
Accrued interest receivable	84	81	216	177	1,225	1,090	-	-	1,525	1,348
Investment securities:										
Fair value through profit or loss	-	-	64	50	-	-	-	-	64	50
Fair value through other comprehensive income	-	-	27,647	22,740	4,021	3,625	-	-	31,668	26,365
Amortized cost	6,263	4,702	-	-	-	-	-	-	6,263	4,702
Derivatives	-	-	7	176	-	-	-	-	7	176
Due from the Government of Canada	566	193	-	-	-	-	-	-	566	193
Loans:										
Fair value through profit or loss	418	441	28	20	-	-	-	-	446	461
Amortized cost	23,828	21,398	18	19	323,009	296,080	-	-	346,855	317,497
Accounts receivable and other assets	60	119	403	293	143	127	-	-	606	539
Investment property	303	379	-	-	-	-	-	-	303	379
Defined benefit plans asset	158	140	196	173	12	11	-	-	366	324
Deferred income tax assets	(34)	(72)	1,163	933	11	7	2	2	1,142	870
	34,854	**30,858**	**30,069**	**25,212**	**328,421**	**300,941**	**2**	**2**	**393,346**	**357,013**
Liabilities										
Accounts payable and other liabilities	905	648	136	134	31	46	-	-	1,072	828
Income taxes payable	12	10	(15)	62	6	20	-	-	3	92
Accrued interest payable	247	207	-	-	1,200	1,068	-	-	1,447	1,275
Derivatives	76	77	262	4	-	-	-	-	338	81
Insurance contract liabilities	-	-	11,068	10,112	-	-	-	-	11,068	10,112
Borrowings:										
Fair value through profit or loss	-	21	-	-	-	-	-	-	-	21
Amortized cost	32,703	28,950	-	-	323,009	296,080	(2)	(2)	355,710	325,028
Defined benefit plans liability	78	76	97	94	6	6	-	-	181	176
Unearned premiums and fees	-	-	579	506	2,782	2,732	-	-	3,361	3,238
	34,021	**29,989**	**12,127**	**10,912**	**327,034**	**299,952**	**(2)**	**(2)**	**373,180**	**340,851**
Equity of Canada	**833**	**869**	**17,942**	**14,300**	**1,387**	**989**	**4**	**4**	**20,166**	**16,162**
	34,854	**30,858**	**30,069**	**25,212**	**328,421**	**300,941**	**2**	**2**	**393,346**	**357,013**

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

[2] In Q1 2026, we received a capital injection of $3.1 billion from the Government of Canada that is reflected in the Mortgage Insurance activity. This injection was required to support growth in multi-unit insurance and to meet the capital requirements under the revised multi-unit MICAT framework that is now in effect. The capital injection is recognized in our contributed capital and directly increased the Corporation's Equity of Canada.

6. Government Funding and Housing Programs Expenses

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

	Three months ended 30 June		Six months ended 30 June	
(in millions)	2026	2025	2026	2025
Assistance for housing needs	242	255	1,704	1,527
Financing for housing	235	214	1,033	833
Housing expertise and capacity development	271	271	1,005	1,067
Total	**748**	**740**	**3,742**	**3,427**
Government funding received unrelated to Housing programs expenses	(67)	(60)	(136)	(89)
Total government funding recognized[1]	**681**	**680**	**3,606**	**3,338**
Operating expenses	(67)	(79)	(131)	(154)
Expected credit loss (recovery)	4	18	10	(4)
Total housing programs expenses recognized	**618**	**619**	**3,485**	**3,180**

[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 $39 million and $93 million for the three and six months ended June 30 2026 ($30 million and $63 million for the three and six months ended June 30 2025).

The following table presents the change in the due from (to) the Government of Canada account. The outstanding balance as at 30 June 2026 is mainly composed of Housing Programs expenses incurred but not yet reimbursed.

(in millions)	As at 30 June 2026	As at 31 December 2025
Balance at beginning of the year	193	177
Total government funding	3,742	5,107
Government funding received during the period	(3,402)	(5,093)
Third party remittances from (owing to) the Government of Canada	39	(24)
Balance at end of period before prior/future period adjustments	**572**	**167**
Net change in One-time top-up to the Canada Housing Benefit advances	4	-
Net change in prior period adjustments	(10)	26
Balance at end of period	**566**	**193**

7. Mortgage Insurance

Overview of insurance contracts

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

(in millions)	As at 30 June 2026	As at 31 December 2025
Insurance contracts		
Transactional homeowner	3,799	3,693
Portfolio	82	88
Multi-unit residential	7,187	6,331
Total insurance contract liabilities	**11,068**	**10,112**

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 June 2026

(in millions)	LRC	LIC	Total
Insurance contract liabilities at beginning of year	**9,800**	**312**	**10,112**
Insurance revenue			
Contracts under the fair value approach[1]	(201)	-	(201)
Other contracts	(582)	-	(582)
	(783)	**-**	**(783)**
Insurance service expenses			
Incurred claims and other insurance expenses	-	189	189
Amortization of insurance acquisition cash flows	41	-	41
Changes to the liabilities for incurred claims	-	(136)	(136)
	41	**53**	**94**
Insurance service result	**(742)**	**53**	**(689)**
Total finance expense from insurance contracts	217	5	222
Total changes in the statement of income and comprehensive income before income taxes	**(525)**	**58**	**(467)**
Cash flows			
Premiums received	1,586	-	1,586
Claims and other insurance service expense paid	-	(22)	(22)
Insurance acquisition cash flows	(141)	-	(141)
Total cash flows	**1,445**	**(22)**	**1,423**
Insurance contract liabilities at end of period	**10,720**	**348**	**11,068**

[1] On transition to IFRS 17 the fair value approach was applied to determine the CSM of the LRC for those insurance contracts that existed prior to 1 January 2021.

As at 31 December 2025

(in millions)	LRC	LIC	Total
Insurance contract liabilities at beginning of year	**8,204**	**251**	**8,455**
Insurance revenue			
Contracts under the fair value approach[1]	(455)	-	(455)
Other contracts	(961)	-	(961)
	(1,416)	**-**	**(1,416)**
Insurance service expenses			
Incurred claims and other insurance expenses	-	321	321
Amortization of insurance acquisition cash flows	71	-	71
Changes to the liabilities for incurred claims	-	(244)	(244)
	71	**77**	**148**
Insurance service result	**(1,345)**	**77**	**(1,268)**
Total finance expense from insurance contracts	359	12	371
Total changes in the statement of income and comprehensive income before income taxes	**(986)**	**89**	**(897)**
Cash flows			
Premiums received	2,736	-	2,736
Claims and other insurance service expense paid	-	(28)	(28)
Insurance acquisition cash flows	(154)	-	(154)
Total cash flows	**2,582**	**(28)**	**2,554**
Insurance contract liabilities at end of period	**9,800**	**312**	**10,112**

[1] On transition to IFRS 17 the fair value approach was applied to determine the CSM of the LRC for those insurance contracts that existed prior to 1 January 2021.

As at 30 June 2026 there were nil loss components (31 December 2025 – nil).

Insurance contracts by measurement components

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

As at 30 June 2026

			CSM		
(in millions)	Present value of future cash flows	Risk adjustment for non-financial risk	Contracts under the fair value approach[1]	Other contracts	Total
Insurance contract liabilities at beginning of year	**1,838**	**1,486**	**2,010**	**4,778**	**10,112**
Changes that relate to current services					
CSM recognized for services provided	-	-	(150)	(350)	(500)
Change in the risk adjustment for non-financial risk	-	(50)	-	-	(50)
Experience adjustments	(3)	-	-	-	(3)
Changes that relate to future services					
Contracts initially recognized in the period	(1,268)	217	-	1,051	-
Changes in estimates that adjust the CSM	85	61	(22)	(124)	-
Changes that relate to past services					
Changes to the liabilities for incurred claims	(87)	(49)	-	-	(136)
Insurance service result	**(1,273)**	**179**	**(172)**	**577**	**(689)**
Total finance expense from insurance contracts	48	43	29	102	222
Total changes in the statement of income and comprehensive income before income taxes	**(1,225)**	**222**	**(143)**	**679**	**(467)**
Cash flows					
Premiums received	1,586	-	-	-	1,586
Claims and other insurance service expense paid	(22)	-	-	-	(22)
Insurance acquisition cash flows	(141)	-	-	-	(141)
Total cash flows	**1,423**	**-**	**-**	**-**	**1,423**
Insurance contract liabilities at end of period	**2,036**	**1,708**	**1,867**	**5,457**	**11,068**

[1] On transition to IFRS 17 the fair value approach was applied to determine the CSM of the LRC for those insurance contracts that existed prior to 1 January 2021.

As at 31 December 2025

			CSM		
(in millions)	**Present value of future cash flows**	**Risk adjustment for non-financial risk**	**Contracts under the fair value approach[1]**	**Other contracts**	**Total**
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	-	-	(318)	(561)	(879)
Change in the risk adjustment for non-financial risk	-	(135)	-	-	(135)
Experience adjustments	(10)	-	-	-	(10)
Changes that relate to future services					
Contracts initially recognized in the period	(2,051)	523	-	1,528	-
Changes in estimates that adjust the CSM	(179)	(228)	127	280	-
Changes that relate to past services					
Changes to the liabilities for incurred claims	(174)	(70)	-	-	(244)
Insurance service result	**(2,414)**	**90**	**(191)**	**1,247**	**(1,268)**
Total finance expense from insurance contracts	84	74	57	156	371
Total changes in the statement of income and comprehensive income before income taxes	**(2,330)**	**164**	**(134)**	**1,403**	**(897)**
Cash flows					
Premiums received	2,736	-	-	-	2,736
Claims and other insurance service expense paid	(28)	-	-	-	(28)
Insurance acquisition cash flows	(154)	-	-	-	(154)
Total cash flows	**2,554**	**-**	**-**	**-**	**2,554**
Insurance contract liabilities at end of year	**1,838**	**1,486**	**2,010**	**4,778**	**10,112**

[1] On transition to IFRS 17 the fair value approach was applied to determine the CSM of the LRC for those insurance contracts that existed prior to 1 January 2021.

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.

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.

	As at 30 June 2026			As at 31 December 2025		
(in millions)	NHA MBS	CMB	Total	NHA MBS	CMB	Total
Balance at beginning of year	1,923	809	2,732	1,932	728	2,660
TPG and application fees received in the period	386	159	545	791	252	1,043
TPG and application fees earned in the period	(396)	(99)	(495)	(800)	(171)	(971)
Balance at end of period	**1,913**	**869**	**2,782**	**1,923**	**809**	**2,732**

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 or not 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.

In August 2025, our 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.

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. Under OSFI's new multi-unit MICAT framework effective January 1, 2026, business originated prior to December 31, 2025, will transition to the higher capital requirements over a 5-year period. As of January 1, 2026, this transition required an additional $1.2 billion in capital at the 165% MICAT operating level. To support the transition to the new multi-unit MICAT framework, dividends to the Government of Canada remain suspended, excess capital from the Securitization Activity was transferred to the Mortgage Insurance Activity in Q4 2025 and in Q1 2026 the Government of Canada injected $3.1 billion of capital into the Mortgage Insurance Activity. The capital injection was recognized in contributed capital as noted below.

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

(in millions)	As at 30 June 2026	As at 31 December 2025
Contributed capital	3,125	25
Accumulated other comprehensive income	(9)	79
Reserve fund	122	127
Appropriated retained earnings[1]	9,333	9,995
Unappropriated retained earnings[1,2]	7,595	5,936
Total equity of Canada[3]	**20,166**	**16,162**
Less: regulatory deductions	(301)	(268)
Total capital available	**19,865**	**15,894**

[1] In 2026, ORSA capital targets have been redefined for Securitization based on equity measures to better support capital management decisions. Minimum capital required will be based strictly on the results of our ORSA, and the capital available will be based strictly on equity. We have updated the figures and ratios for 2026, and prior years based on our 2025 ORSA results.

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

[3] Equity of Canada includes the impact of eliminations.

Mortgage Insurance capital

The appropriated retained earnings of the Mortgage Insurance Activity is based on our ORSA. As regulatory capital, based on guidelines developed by OSFI, is higher than our economic capital requirements, we have set our capital targets based on regulatory capital. OSFI's minimum regulatory capital requirement is 100% of the MICAT. The OSFI Supervisory target is 150% of the minimum capital required. We set an internal target above the Supervisory capital required under OSFI guidelines.

The following table presents the components of capital available.

(in millions, unless otherwise indicated)	As at 30 June 2026	As at 31 December 2025
Contributed capital[1]	4,852	1,752
Accumulated other comprehensive income (loss)	(11)	83
Appropriated retained earnings	8,360	9,174
Appropriated capital[2]	**13,201**	**11,009**
Unappropriated capital	4,741	3,291
Total Mortgage Insurance capital	**17,942**	**14,300**
Less: regulatory deductions	(301)	(268)
Total Mortgage Insurance capital available	**17,641**	**14,032**
Internal target	155%	155%
Operating level	165%	165%
Capital available to minimum capital required (% MICAT)	221%	210%

[1] In Q1 2026, the Government of Canada injected $3.1 billion of capital in the Mortgage Insurance Activity to support the growth in multi-unit business line and the revised multi-unit MICAT framework that is now in effect.

[2] We appropriate retained earnings and AOCI at the operating level of 165% of MICAT.

Securitization capital

Securitization capital is held for the guarantees provided by our NHA MBS and CMB programs. As there is no regulatory capital requirement, the level of appropriated capital is determined through our ORSA process. Effective in 2026, amendments to the Securitization Liquidity and Capital framework approved by the Board of Directors in August 2025, eliminate the fixed liquidity constraint. This constraint was replaced with an approach based on forecasted counterparty exposures offset by all liquidity sources across the Mortgage Insurance and Securitization Activities (Cash reserves and credit facilities, Securitization investment portfolio, Insurance Government Assets and Crown Borrowing Program). Therefore, liquidity is no longer the binding constraint for capital decisions and ORSA capital targets have been redefined based on equity measures to better support capital management decisions. Minimum capital required will be based strictly on the results of our ORSA and liquidity will be assessed and managed separately. These changes were applied starting in 2026 and comparative figures have been revised accordingly. Consequently, the ratio and the appropriated and unappropriated amounts for prior periods have been revised based on the 2025 ORSA results. At 30 June 2026, our Equity was $1.4 billion and the appropriated capital is $940 million per ORSA, this resulted in $447 million of unappropriated capital.

The following table presents the components of the capital available.

(in millions, unless otherwise indicated)	As at 30 June 2026	As at 31 December 2025
Accumulated other comprehensive loss	(33)	(39)
Appropriated retained earnings[1]	973	821
Appropriated capital[1]	940	782
Unappropriated capital[1]	447	207
Total Securitization capital available	**1,387**	**989**
Economic capital available to economic capital required (%)[1]	162%	139%

[1] In 2026, ORSA capital targets have been redefined based on equity measures to better support capital management decisions. Minimum capital required will be based strictly on the results of our ORSA, and the capital available will be based strictly on equity. We have updated the figures and ratios for 2026, and prior years based on our 2025 ORSA results.

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 (2025 – $240 million). Should we exceed the statutory limit, we would be required to return the excess 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 the 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 we do not already otherwise mitigate.

The following table presents the components of the capital available.

(in millions)	As at 30 June 2026	As at 31 December 2025
Reserve fund[1]	125	130
Retained earnings	683	714
Total Lending programs capital available	**808**	**844**

[1] Excludes the impact of eliminations of $3 million (2025 - $3 million).

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.

	As at 30 June 2026			As at 31 December 2025		
(in millions)	Carrying value	Fair value	Fair value over (under) carrying value	Carrying value	Fair value	Fair value over (under) carrying value
Financial assets[1]						
Investments at amortized cost[2]	6,263	6,273	10	4,702	4,720	18
Loans at amortized cost[3]	346,855	345,132	(1,723)	317,497	316,037	(1,460)
Financial liabilities						
Borrowings at amortized cost[4]	355,710	355,894	184	325,028	324,351	(677)

[1] Does not include cash and cash equivalents of $995 (31 December 2025 - $883 million) and securities purchased under resale agreements of $2,226 (31 December 2025 – $2,597 million) carried at amortized cost, as the fair value of these financial instruments is equal to their carrying value.

[2] $3,288 (31 December 2025 – $1,957 million) fair value categorized as Level 1 and $2,985 (31 December 2025 - $2,763 million) fair value categorized as Level 2.

[3] $337,773 (31 December 2025 – $304,990 million) fair value categorized as Level 2, $7,359 (31 December 2025 – $11,047 million) fair value categorized as Level 3.

[4] $315,488 (31 December 2025 – $276,550 million) fair value categorized as Level 1, $40,406 (31 December 2025 – $47,801 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.

	As at 30 June 2026				As at 31 December 2025			
(in millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents								
Interest bearing deposits with banks	-	-	-	-	-	19	-	19
Federal government issued	13	301	-	314	-	610	-	610
Total cash equivalents	13	301	-	314		629	-	629
Investment securities								
Fair value through profit or loss (FVTPL)								
Debt instruments								
Corporate/other entities	-	35	-	35	-	18	-	18
Equities								
Limited partnership units	-	-	29	29	-	-	32	32
Total at FVTPL	-	35	29	64	-	18	32	50
FVOCI								
Debt instruments								
Corporate/other entities	12,737	2,666	-	15,403	6,239	6,892	-	13,131
Federal government issued	7,980	600	-	8,580	4,809	1,616	-	6,425
Provinces/municipalities	7,228	133	-	7,361	6,481	182	-	6,663
Sovereign and related entities	297	27	-	324	121	25	-	146
Total at FVOCI	28,242	3,426	-	31,668	17,650	8,715	-	26,365
Loans designated at FVTPL	-	-	-	-	-	1	-	1
Loans mandatorily at FVTPL	-	10	436	446	-	11	449	460
Derivatives	-	7	-	7	-	176	-	176
Investment property	-	-	303	303	-	-	379	379
Total assets carried at fair value	**28,255**	**3,779**	**768**	**32,802**	**17,650**	**9,550**	**860**	**28,060**
Liabilities								
Borrowings designated at FVTPL	-	-	-	-	-	(21)	-	(21)
Derivatives	-	(262)	(76)	(338)	-	(4)	(77)	(81)
Total liabilities carried at fair value	**-**	**(262)**	**(76)**	**(338)**	**-**	**(25)**	**(77)**	**(102)**
Net assets at fair value	**28,255**	**3,517**	**692**	**32,464**	**17,650**	**9,525**	**783**	**27,958**

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 reassessing 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 three months ended 30 June 2026, there were $5,472 million of transfers from Level 2 to Level 1 and $1,083 million of transfers from Level 1 to Level 2 (during the twelve months ended 31 December 2025 – $2,938 million and $4,120 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.

(in millions)	Investment securities — FVTPL	Loans — FVTPL	Investment property	Derivatives	Total
Fair value as at 1 January 2026	**32**	**449**	**379**	**(77)**	**783**
Purchases/issuances	-	28	-	-	28
Net gains (losses) in profit or loss[1,2]	(3)	(1)	(55)	1	(58)
Cash receipts on settlements/disposals	-	(40)	(21)	-	(61)
Fair value as at 30 June 2026	**29**	**436**	**303**	**(76)**	**692**
Fair value as at 1 January 2025	**37**	**489**	**396**	**(69)**	**853**
Purchases/issuances	-	13	-	-	13
Net gains (losses) in profit or loss[1,2]	1	8	(17)	(8)	(16)
Cash receipts on settlements/disposals	(6)	(61)	-	-	(67)
Fair value as at 31 December 2025	**32**	**449**	**379**	**(77)**	**783**

[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 June 2026, which may change materially in subsequent periods. The techniques and unobservable inputs used in valuing the items classified as Level 3 at 30 June 2026 did not materially change from 31 December 2025. 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 2025.

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.

	Credit Rating[1]											
	As at 30 June 2026						As at 31 December 2025					
(in millions)	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	636	190	440	-	-	1,266	618	165	695	-	-	1,478
Investment securities[2]												
FVTPL	35	-	-	-	-	35	18	-	-	-	-	18
FVOCI	10,084	7,747	8,605	5,117	115	31,668	7,835	6,480	7,681	4,255	114	26,365
Amortized cost	2,058	1,922	2,283	-	-	6,263	1,761	1,597	1,344	-	-	4,702

[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 June 2026 (31 December 2025 – $17 million) with a gain of $6 million and $7 million recognized in net gains (losses) on financial instruments during the three and six months ended 30 June 2026 (three and six months ended 30 June 2025 – gain of $8 million and a loss of $5 million).

12. Loans

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

Six months ended 30 June 2026

		Cash flows		Non-cash changes					
(in millions)	Balance at beginning of period	Repayments	Disbursements	Fair value changes	Accretion	ECL	Capitalized Interest	Transfers[1]	Balance at end of period
FVTPL									
Lending programs	441	(21)	-	(1)	-	-	-	(1)	418
MI Activity loans	20	(20)	28	-	-	-	-	-	28
Total at FVTPL	**461**	**(41)**	**28**	**(1)**	**-**	**-**	**-**	**(1)**	**446**
Amortized cost									
CMB program loans	296,080	(13,104)	39,974	-	59	-	-	-	323,009
Lending programs[2]	21,398	(444)	2,815	(88)	43	5	98	1	23,828
MI Activity loans	19	(7)	-	-	3	3	-	-	18
Total amortized cost	**317,497**	**(13,555)**	**42,789**	**(88)**	**105**	**8**	**98**	**1**	**346,855**
Total	**317,958**	**(13,596)**	**42,817**	**(89)**	**105**	**8**	**98**	**-**	**347,301**

[1] Transfers are matured loans that have been renewed where the new loans are no longer part of a portfolio of economically edged 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.

Twelve months ended 31 December 2025

	Cash flows			Non-cash changes					
(in millions)	Balance at beginning of period	Repayments	Disbursements	Fair value changes	Accretion	ECL	Capitalized Interest	Transfers[1]	Balance at end of period
FVTPL									
Lending programs	502	(57)	-	8	-	-	-	(12)	441
MI Activity loans	19	(13)	14	-	-	-	-	-	20
Total at FVTPL	**521**	**(70)**	**14**	**8**	**-**	**-**	**-**	**(12)**	**461**
Amortized cost									
CMB program loans	277,456	(41,109)	59,651	-	82	-	-	-	296,080
Lending programs[2]	16,713	(842)	5,403	(110)	55	(9)	176	12	21,398
IMPP loans	335	(335)	-	-	-	-	-	-	-
MI Activity loans	24	(34)	1	-	13	15	-	-	19
Total amortized cost	**294,528**	**(42,320)**	**65,055**	**(110)**	**150**	**6**	**176**	**12**	**317,497**
Total	**295,049**	**(42,390)**	**65,069**	**(102)**	**150**	**6**	**176**	**-**	**317,958**

[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 2025 – 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 losses

Total undrawn loan commitments outstanding at 30 June 2026 were $15,048 million (31 December 2025 –$15,760 million), of which $14,765 million are subject to 12-month ECL (31 December 2025 – $15,451 million).

At 30 June 2026, the ECL on undrawn loan commitments, which we record in accounts payable and other liabilities, was $14 million (31 December 2025 – $21 million) and the ECL on loans was $35 million (31 December 2025 - $44 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.

Six months ended 30 June 2026

(in millions)	Balance at beginning of period	Cash flows: Issuances	Cash flows: Repayments	Non-cash changes: Fair value changes	Non-cash changes: Accretion and other	Non-cash changes: Eliminations	Balance at end of period
Designated at FVTPL							
Borrowings from the Government of Canada – Lending programs	21	-	(21)	-	-	-	-
Amortized cost							
Canada mortgage bonds	296,078	39,974	(13,104)	-	59	-	323,007
Borrowings from the Government of Canada – Lending programs	28,950	11,365	(7,592)	(93)	73	-	32,703
Total amortized cost	**325,028**	**51,339**	**(20,696)**	**(93)**	**132**	**-**	**355,710**
Total	**325,049**	**51,339**	**(20,717)**	**(93)**	**132**	**-**	**355,710**

Twelve months ended 31 December 2025

(in millions)	Balance at beginning of period	Cash flows: Issuances	Cash flows: Repayments	Non-cash changes: Fair value changes	Non-cash changes: Accretion and other	Non-cash changes: Eliminations	Balance at end of period
Designated at FVTPL							
Borrowings from the Government of Canada – Lending programs	148	-	(128)	1	-	-	21
Amortized cost							
Canada mortgage bonds	276,869	59,651	(41,034)	-	82	510	296,078
Borrowings from the Government of Canada – Lending programs	22,121	24,164	(17,338)	(138)	141	-	28,950
Borrowings from the Government of Canada – IMPP	335	-	(335)	-	-	-	-
Total amortized cost	**299,325**	**83,815**	**(58,707)**	**(138)**	**223**	**510**	**325,028**
Total	**299,473**	**83,815**	**(58,835)**	**(137)**	**223**	**510**	**325,049**

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 six months ended 30 June 2026, we have excluded nil (six months ended 30 June 2025 – $75 million) of CMB maturities from repayments in the previous table (twelve months ended 31 December 2025 - $75 million) and from investment securities – sales and maturities in the consolidated statement of cash flows. We have also excluded nil during the six months ended 30 June 2025 (six months ended 30 June 2025 – Nil) of CMB purchases in the primary market from issuances in the previous table (twelve months ended 31 December 2025 - Nil) 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 2026, the limits on our short-term borrowings outstanding and long-term borrowings issued are $7.5 billion and $11.5 billion, respectively (31 December 2025 – $7 billion and $9.5 billion). Actual short-term borrowings outstanding as at 30 June 2026 were $3.0 billion (31 December 2025 – $2.9 billion). Actual long-term borrowings issued in the six months ended 30 June 2026 were $4.1 billion (31 December 2025 – $6.9 billion).

14. Financial Instruments Income and Expenses

Net 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.

	Three months ended 30 June		Six months ended 30 June	
(in millions)	**2026**	**2025**	**2026**	**2025**
Financial instruments designated at FVTPL				
Borrowings	-	-	-	(1)
Total financial instruments designated at FVTPL	**-**	**-**	**-**	**(1)**
Financial instruments mandatorily at FVTPL				
Equity securities	(2)	-	(3)	1
Derivatives	(192)	214	(370)	193
Loans	1	3	(1)	5
Total financial instruments mandatorily at FVTPL	**(193)**	**217**	**(374)**	**199**
Debt instruments held at FVOCI[1]	152	(251)	308	(257)
Loans – amortized cost[2]	(110)	(41)	(155)	(98)
Borrowings – amortized cost[3]	39	30	93	63
Expected credit recoveries on financial assets	13	29	22	2
Total	**(99)**	**(16)**	**(106)**	**(92)**

[1] Includes a foreign exchange gain during the three and six months ended of $161 million and $310 million (three and six months ended 30 June 2025 – loss of $245 million and $242 million) resulting from the translation of U.S. dollar-denominated debt instruments.

[2] Includes losses on loans recognized immediately upon initial advance during the three and six months ended of $78 million and $88 million (three and six months ended 30 June 2025 – $26 million and $53 million) and the amortization of deferred net losses during the three and six months ended of $32 million and $67 million (three and six months ended 30 June 2025 – $15 million and $45 million).

[3] Includes gains from the issuance of borrowings during the three and six months ended of $39 million and $93 million (three and six months ended 30 June 2025 – $30 million and $63 million).

Deferred losses on financial instruments

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

	Three months ended 30 June		Six months ended 30 June	
(in millions)	**2026**	**2025**	**2026**	**2025**
Balance at beginning of the period	828	605	773	579
Deferred net losses on financial instruments in the period	84	65	174	121
Recognized net losses on financial instruments in the period	(32)	(15)	(67)	(45)
Balance at end of period	**880**	**655**	**880**	**655**

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 the ongoing economic uncertainty and changing market conditions, there were no material changes to our assessment and management of market risk in the six months ended 30 June 2026.

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 $9,744 million in debt instruments denominated in U.S. dollars as at 30 June 2026 (31 December 2025 – $7,883 million), which are presented 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.

	Mortgage Insurance		Securitization	
(in millions)	**30 June 2026**	**31 December 2025**	**30 June 2026**	**31 December 2025**
Investment securities:				
CAD-denominated securities	186	161	51	46
USD-denominated securities	120	99	-	-
Effect of diversification	(13)	(14)	-	-
Total VaR	**293**	**246**	**51**	**46**

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 as immaterial as at 30 June 2026 as all holdings in the Direct Lending – Economically Hedged portfolio have matured.

The Housing Programs Activity's investments, loans and borrowings 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 June 2026 is presented in the following table.

	As at 30 June 2026 Interest rate shift		As at 31 December 2025 Interest rate shift	
(in millions)	-200 bps	+200 bps	-200 bps	+200 bps
Increase (decrease) in fair value of net assets[1]	(1,479)	1,219	(1,241)	1,024

[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 2025. There has been no significant change in the nature of the risks and how we manage them in the three and six-month periods ended 30 June 2026.

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 June

	Pension plans		Other post-employment plans	
(in millions)	2026	2025	2026	2025
Current service cost	8	10	-	-
Net interest expense (income)	(2)	-	1	1
Expense recognized in net income	**6**	**10**	**1**	**1**
Net actuarial gains (losses) arising from changes in financial assumptions	(74)	38	(3)	1
Return on plan assets, excluding amounts included in net interest expense[1]	148	21	-	-
Net remeasurements recognized in other comprehensive income (loss)[2]	**74**	**59**	**(3)**	**1**
CMHC's contributions	1	1	-	1
Employee contributions	9	8	-	-
Total contributions	**10**	**9**	**-**	**1**

[1] The return on assets rate used to measure the return on plan assets for the three months ended 30 June 2026 was 6.96% (30 June 2025 – 1.97%).

[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.

Six months ended 30 June

	Pension plans		Other post-employment plans	
(in millions)	**2026**	**2025**	**2026**	**2025**
Current service cost	17	19	-	-
Net interest expense (income)	(5)	(3)	2	3
Expense recognized in net income	**12**	**16**	**2**	**3**
Net actuarial gains (losses) arising from changes in financial assumptions	(38)	38	(2)	1
Return on plan assets, excluding amounts included in net interest expense[1]	88	23	-	-
Net remeasurements recognized in other comprehensive income (loss)[2]	**50**	**61**	**(2)**	**1**
CMHC's contributions	2	2	1	2
Employee contributions	14	13	-	-
Total contributions	**16**	**15**	**1**	**2**

[1] The return on assets rate used to measure the return on plan assets for the six months ended 30 June 2026 was 5.92% (30 June 2025 – 2.85%).

[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 June 2026 was 4.9% (31 December 2025 – 5.0%).

18. Income Taxes

The following table presents the components of income tax.

	Three months ended 30 June		Six months ended 30 June	
(in millions)	**2026**	**2025**	**2026**	**2025**
Current income tax expense	272	165	610	320
Deferred income tax relating to origination and reversal of temporary differences	(111)	(34)	(285)	(42)
Total income tax expense included in net income	**161**	**131**	**325**	**278**
Income tax expense (recovery) on other comprehensive income (loss)				
Net unrealized gains (losses) from FVOCI financial instruments	26	(19)	(21)	36
Reclassification of prior years' net unrealized losses realized in the period in net income	(1)	2	(2)	5
Insurance finance income (expense) for insurance contracts issued	(10)	4	(6)	(5)
Remeasurement gains on defined benefit plans	11	9	8	9
Total income tax expense (recovery) included in other comprehensive income (loss)	**26**	**(4)**	**(21)**	**45**
Total	**187**	**127**	**304**	**323**

19. Related Party Transactions

We defer and amortize fees paid to the Government of Canada in recognition of its financial backing of the Mortgage Insurance and Securitization Activities. In the 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. This amounted to $10 million and $20 million for the three and six months ended 30 June 2026 (three and six months ended 30 June 2025 – $8 million and $15 million). In Securitization these fees, which are recorded in operating expenses, amount to $9 million and $17 million for the three and six months ended 30 June 2026 (three and six months ended 30 June 2025 – $8 million and $16 million). All other material related party transactions and outstanding balances are disclosed in relevant notes.

20. Commitments and Contingent Liabilities

As at 30 June 2026, we have $6,512 million in contractual financial obligations relating to Housing Programs which extend for periods up to 27 years and $463 million in other contractual obligations up to the year 2032 (31 December 2025 - $8,097 million and $248 million, respectively).

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

(in millions)	As at 30 June 2026	As at 31 December 2025
Affordable Housing Fund	132	65
Affordable Rental Housing Innovation Fund	18	22
Apartment Construction Loan Program	600	498
Canada Greener Affordable Housing	-	2
Co-operative Housing Development Program	49	-
Direct Lending – Economically Hedged	-	19
Shared Equity Mortgage Program	11	-
Total	**810**	**606**

Legal Claims

CMHC is, from time to time, subject to various claims, lawsuits and other legal proceedings that arise in the ordinary course of business. As of June 30, 2026, 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.

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